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WITHDRAWAL SHEET

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
14. agenda	PRG meeting, Tuesday, March 29, 1988 (1p)	n.d.	P-1
15. memo	from C. Powell to Chief of Staff re: Joint US-USSR Commercial Commission meeting, Moscow, March 15-16 (2pp)	2/25/88	P-1
16. report	"Overview of US-Soviet Trade Issues fro Joint US-USSR Commercial Commission in Moscow, March 15-16, 1988" (12pp)	n.d.	P-1 <i>Folder 1</i>
17. memo	from S. Danzansky to C. Powell re: US-Soviet economic relations (1p)	3/23/88	P-1 <i>Folder 2</i>
18. issue paper	re: US-Soviet economic relations (2pp)	n.d.	P-1
19. memo	to Eric Melby (1p)	3/9/88	P-1
20. report	(4pp)	3/9/88	P-1
21. memo	from S. Danzansky to C. Powell re: JCC meeting, Moscow, March 15-16 (1p)	2/24/88	P-1
22. memo	from C. Powell to Chief of Staff re: JCC (2pp)	n.d.	P-1
23. report	same as item # 16 (12pp)	n.d.	P-1
COLLECTION: DANZANSKY, STEPHEN I.: Files			db
FILE FOLDER: <i>(2 of 5) RAC Box 12</i> Soviet Union (US-Soviet Economic Relations) {1 of 3} Box 91819			11/16/94

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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Econ Relations
(1 of 3)
Duhzansky

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NATIONAL SECURITY COUNCIL



March 18, 1988

TO: STEVE DANZANSKY
BOB DEAN
FRITZ ERMARTH

SUBJECT: Draft JCC Joint Statement

Commerce has asked for our comments on their attached draft JCC Joint Statement.

I would appreciate your comments by 4 p.m. today.

Thanks.

Eric Melby

Attachment

*For Fritz
see*

JOINT STATEMENT
on the further development of
US-USSR commercial relations

U.S. Secretary of Commerce C. William Verity and USSR Minister of Foreign Economic Relations Konstantin F. Katushev, at the conclusion of the Tenth Session of the Joint U.S.-USSR Commercial Commission held in Moscow March 15-16, 1988, at the instruction of President of the United States Ronald Reagan and General Secretary of the CPSU of the USSR Michael Gorbachev to develop concrete proposals for the expansion of U.S.-Soviet trade, issued the following Joint Statement.

The Governments of the United States of America and the Union of Soviet Socialist Republics strongly support expansion of mutually beneficial commercial relations, which they believe can contribute to the development of a more constructive relationship between the two countries.] *conmigo 12/10/89*

Both sides encourage the efforts of firms, enterprises, and business and other organizations to explore prospects for expanding peaceful trade and commercial transactions. They note that the improved price competitiveness of American suppliers and the expanded foreign trade and cooperation capabilities of Soviet organizations create opportunities for expansion of mutually beneficial trade and commercial transactions.

They recognize that additional commercial information on business opportunities and contacts, as well as improved business facilities, will be needed by their firms, enterprises, business and other organizations to conclude mutually beneficial contracts in the changing environment.

They agree that commercially viable joint ventures complying with the laws and regulations of both countries can play a role in the further development of commercial relations.

Both sides believe that opportunities currently exist for increased mutually-beneficial trade and commercial transactions. Each will take steps toward the removal of obstacles to trade expansion where possible and consistent with the laws and regulations of its country.

Each side intends to expand trade and economic cooperation in accordance with its own laws, national security interests, and market demands. Accordingly both sides agree to concentrate their activities in areas where concerns due to these reasons will be minimal.

Both sides recognize that additional interests, including non-economic interests, bear on the prospects for a fundamental improvement in bilateral trade relations. They agree that such fundamental improvement would permit trade to make a fuller contribution to the bilateral relationship. Each will consider possible steps toward improving conditions for a more complete trade relationship and will consult with the other. R

During the Tenth Session of the Joint Commercial Commission the two sides took the following practical steps to facilitate the expansion of bilateral trade and commercial cooperation:

- Established Joint Commission working groups to identify opportunities and eliminate obstacles to the conclusion of contracts in the agribusiness and food-processing, energy, construction, health, consumer goods, and tourism sectors.
- Agreed that commercially viable joint ventures are encompassed by the terms and conditions of the Long-Term Agreement Between the United States of America and the Union of Soviet Socialist Republics To Facilitate Economic, Industrial and Technical Cooperation of June 29, 1974.
- Established a Joint Commission Working Group to study foreign investment, including joint ventures, in the USSR.
- Agreed to organize seminar exchanges between legal experts of their ministries to improve understanding of the new legal conditions affecting U.S.-Soviet trade and investment; Legal seminars
- Undertook to make information on business opportunities and contacts readily available so as to facilitate the prompt identification and contact of potential business partners;
- Committed themselves to accelerate efforts to improve business facilities for company offices and representatives; Business facilities
- Encouraged representatives and experts of their respective firms, enterprises, and consortia, organizations to visit the official commercial offices of the other side. Visit commercial offices

Both sides affirm their intention to inform their respective firms, enterprises, and organizations of the contents and recommendations of this Joint Statement and to work toward their full implementation.

Sealed
I must
begin with
Tension

Econ Relations
(10 of 3)
Danzansky

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Econ Relations
(10+3)

Danzansky

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CONCRETE STEPS TO BE TAKEN BY THE
JOINT US-USSR COMMERCIAL COMMISSION
TO EXPAND US-SOVIET TRADE AND ECONOMIC RELATIONS

PROPOSED BY THE U.S. DELEGATION TO THE
US-USSR WORKING GROUP OF EXPERTS
FEBRUARY 18-19, 1988

The U.S. delegation stressed the relationship between trade and the overall bilateral relationship, stating its hope that further improvements in other aspects of the relationship would be such as to permit fundamental improvements in the underlying conditions for trade relations. The delegation drew particular attention to the U.S. policy of the relationship between MFN and emigration.

Within the context of the overall relationship, the U.S. delegation expressed the strong interest of the U.S. side in increasing mutually beneficial bilateral trade and economic relations. The delegation pointed to the Summit Statement's instructions to the Joint Commission to develop concrete ways of expanding trade and economic relations.

In pursuit of this objective, the U.S. delegation proposed that the 10th session of the US-USSR Joint Commercial Commission agree on a series of specific steps that would improve the conditions and prospects for doing business in the USSR. The delegation expressed its interests in further steps to create a business climate which would allow viable contracts or joint venture agreements in non-strategic areas to be signed. In addition, the delegation noted the strong U.S. business interest in seeing the Soviet side focus on concluding some long-standing contract negotiations that have been underway with U.S. firms.

The U.S. delegation proposed agreement on the following concrete measures:

Improving Marketing Access and Information.

The the Soviet side would agree to establish mechanisms creating a greater marketing transparency. In particular, the U.S. seeks: (1) an information clearing center on the specific import requirements of Soviet entities having decentralized importing authority; (2) information sufficient to allow U.S. companies to reach the holders of key trade positions in the reorganized Soviet trade structure; and (3) Soviet endorsement of a U.S. "Commercial Newsletter" to be sent to those individuals on a periodic basis.

As the Soviet trade structure changes, a central trade information center of import requirements would benefit both sides. A greater number of U.S. and other companies would be able to more readily determine what products and services Soviet enterprises wanted to import. Soviet enterprises would find more bidders as a result, meaning more competition and lower prices. The central trade information center would have no role in trade decisions. It would be only a depository of information. The U.S. side provided a copy of the "Commerce Business Daily" as an example of a central information source on U.S. government contracts.

Provision of lists of Soviet trade decision makers and official endorsement of a commercial newsletter would greatly improve the ability of U.S. companies to offer their products in the Soviet market, improving their business prospects and also improving the prospects that Soviet buyers would find better products at better prices. Copies of U.S. Commercial Newsletters distributed in other countries were provided to the Soviet delegation.

Initiating a Trade Missions Program.

The United States would initiate a program of trade missions and company seminars in the USSR in non-strategic areas of interest to both countries. The Soviet side would agree to facilitate this program by providing appropriate assistance to help the missions identify and meet prospective business partners.

Establishing High Potential Sectoral Working Groups.

Both sides would agree to establish sectoral working groups to expand trade in peaceful industry sectors where both agree the potential for trade and economic cooperation is highest. These groups would provide a continuing means of following up on business proposals and identifying particular trade prospects. They would facilitate the prospects of buyers and sellers establishing contact, and would help reduce time delays and problems that have delayed the completion of business arrangements. The U.S. delegation proposes that the first groups be established in food processing, energy equipment, construction equipment, and medical equipment.

Forming a Tourism Working Group.

Believing that tourism in the USSR represents significant potential for expanding mutually beneficial business, both sides would agree to establish a tourism working group under the JCC for the purpose of facilitating resolution of tourism-related commercial issues. Such a working group could open new possibilities for cooperation between U.S. travel suppliers and Soviet organizations in the area of tourism in the USSR. Subjects could also include possibilities for cooperation with U.S. hotel corporations. The group could also explore joint venture opportunities between Soviet organizations and U.S. hotel firms and other firms in the tourism industry.

Facilitating Use of the US Commercial Office in Moscow.

The Soviet side would agree to encourage Soviet trade executives and end users to utilize the facilities of the U.S. Commercial Office (USCO) in Moscow. USCO maintains a well equipped commercial library containing commercial directories and other information on products and services available from U.S. companies. Entry to USCO is presently barred by police unless visitors have specific authorization. The U.S. delegation seeks Soviet agreement to have open access to USCO with no authorization needed, and also seeks an open letter to the Soviet trading community from Chairman Kamentsev or Minister Katushev encouraging them to visit and use the USCO facilities -- to find U.S. suppliers, but also to find prospective U.S. customers as well.

In addition, the U.S. delegation seeks the agreement of the Soviet side that the State Committee on Science and Technology (GKNT) will cooperate fully in providing the necessary facilitation assistance to single company shows and seminars at USCO. The Foreign Trade Ministry has provided the support agreed at earlier JCC meetings, but GKNT has not, despite repeated requests. Lack of such support, particularly GKNT's encouragement of end users to visit the shows and seminars, is a significant obstacle to the successful use of USCO.

Improving Business Facilities.

The Soviet side would agree to take steps to improve business facilities for U.S. companies operating in the USSR. U.S. companies, like other Western firms, face high rents and phone bills, difficulties in being able to hire personnel, problems with office space, and other impediments. Soviet efforts to improve the work environment for U.S. firms could aid considerably in facilitating bilateral business.

Creating a Working Group on Foreign Investment In USSR.

Both sides would agree to create a joint working group to study the conditions affecting foreign investment in the USSR, including joint ventures. The Soviet joint venture law opens up new opportunities in nonstrategic commerce, but also raises questions of uncertainty, and hence risk. The Working Group would be comprised of government and industry representatives from both countries. It would explore incentives and impediments associated with foreign investment in the USSR, and would focus on the conditions for safeguards in areas such as dispute settlement and intellectual property rights protection.

Establishing a Joint US-USSR Legal Seminar Series on Business Law.

Both sides would agree to establish a legal seminar involving government and private lawyers from both countries. The ongoing reform of the USSR's foreign trade sector as well as the domestic economy will significantly change the forms and methods of doing business for Western companies. The goal would be a greater understanding of the practical legal aspects of business dealings between U.S. firms and the USSR. The first US-Soviet seminar would be proposed for mid 1988.

Explaining Trade Reform Measures. The U.S. delegation seeks a discussion at the JCC regarding the Soviet trade reform measures. The U.S. side seeks details on the functioning of the entities that are obtaining foreign trade rights, and how these entities will relate to the Foreign Economic Commission, the Ministry of Foreign Economic Relations, and other government entities. The U.S. delegation seeks to understand the scope of the reforms, and to learn the extent to which Soviet enterprises will be permitted to contract directly with foreign suppliers and customers. The U.S. side also seeks to ascertain how restraints on trade will be imposed. For example, would import restraints be for balance of payments or other internationally recognized reasons only? Would restraints be in a fully transparent manner?

Econ Relations (10/8)
C. Danzansky

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2/11/88

Soviet delegation to Experts Meeting beginning Feb. 18

Yury Znamensky, First Dep Chief of Division for Cap and Develop Countries, State Foreign Economic Commission

Nikolay Zinoviev, Administration Chief, Ministry of Foreign Economic Relations

Vladimir Akulin, Advisor, USA Dept., Ministry of Foreign Affairs

Alexander Komarov, Dep Chief of Legal Department, Ministry of Foreign Economic Relations

Vladimir Mordasov, Dep Chief, Main Engineering and Technical Administration, Ministry of Foreign Economic Relations

Aleksey Volkov, Senior Secretary, Secretary of Joint U.S.-Soviet Commission on Fisheries, Ministry of Fisheries

Tentative U.S. Delegation to JCC

Commerce

Secretary Verity, Chairman
Under Secretary Donna Tuttle
Acting Under Secretary Paul Freedenberg
Assistant Secretary Louis Laun
Deputy Assistant Secretary Frank Vargo

State

Under Secretary Allen Wallis
EUR/SOV - Robert Clarke

USTR

AUSTR James Murphy

NSC

Stephen Danzansky
Robert Dean

Draft JCC Agenda

March 15

- AM -- JCC Plenary chaired by Secretary Verity and Minister Katushev. Kamentsev, Deputy Chairman of the Council of Ministers and Chairman, Foreign Economic Commission, will open session.
- PM -- JCC Working Session. Louis Laun will chair U.S. delegation

March 16

- AM -- [USTEC Plenary
Secretary Verity and Minister Katushev will speak.]
- PM -- JCC Plenary -- Closing Session
Dinner hosted by Gorbachev for JCC and USTEC delegations.