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CIA No. 7889

30 NOV 1973

MEMORANDUM FOR: Mr. William Morell
Special Assistant to the Secretary
for National Security
Department of the Treasury

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SUBJECT : Soviet Government-to-Government Agreements
with Industrial Western Countries

[Redacted]

In response to your request concerning Soviet interest
and participation in long-term cooperation agreements with
industrial Western countries, we have put together the
attached study. If we can be of any further assistance on
this subject, please let us know.

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MAURICE C. ERNST
Director
Economic Research

Attachment:
As stated

- Distribution: (S-5722)
- Orig. & 1 - Addressee w/att
 - 2 - D/OER w/att
 - 1 - D/U w/att
 - ✓ 1 - St/P/C w/att
 - 1 - SA/ER w/att
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Soviet Government-to-Government Cooperation
Agreements with Industrial Western Countries

Introduction

1. In recent years the USSR has concluded a number of framework agreements with industrial Western governments covering economic and technical cooperation.^{1/} The purpose of this brief is to examine the agreements with Western countries and assess their role in Soviet economic relations with the West. For purposes of achieving perspective, a brief discussion of trade agreements is also included.

Background

2. In the early postwar years, Soviet trade with Western countries was based largely on one-year trade and payments agreements, if indeed there was any formal agreement at all. Imports from the West were largely for making up shortfalls in domestic production, and exports were generated to pay for the imports. As trade with the West grew in the 50s and 60s and Western products and technology became increasingly important to the Soviet economy, the USSR endeavored to formalize trade through a series of long-term trade and payments agreements covering three to five years. If, as the Soviets have claimed, these agreements provide a more stable base for planning trade, there is little evidence to suggest that they, in fact, have fulfilled this role. Chronic trade deficits over the last decade and occasional radical shifts in exports and imports of various products indicate otherwise.

1. These agreements generally cover not only cooperation in the economic and industrial spheres, but also scientific exchanges. Some agreements call for cooperation only in science and technology. Subagreements within this overall framework are the specific scientific, technical, and industrial pacts negotiated to carry out the aims of the overall agreement. Considerable overlap occurs between technical and industrial in this context, but for the purposes of this brief technical refers to the exchange of technical information or personnel and industrial refers to the exchange of equipment, data, or know-how involved in an industrial product or process.

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3. The mid-60s saw an acceleration of efforts by the Soviets to acquire Western equipment and technology to spur domestic economic growth and overcome its technological lag. One of the features of these initiatives was the conclusion of scientific and technical agreements with private Western firms and later with governments. Through these agreements the Soviets hope to gain greater access to Western know-how and technology.

Highlights

4. The conclusion of framework cooperation agreements between the USSR and industrial Western governments began essentially in the mid-60s and has continued to date.^{2/} The USSR has concluded them with about a dozen industrial Western countries.^{3/} The first broad intergovernmental cooperation agreement was concluded with Italy in April 1966; a more elaborate agreement was signed with France in the summer of the same year. Subsequent agreements were concluded with Austria in 1968 and the United Kingdom (science and technology only) in 1968; Belgium-Luxemburg in 1969; Denmark and Sweden in 1970; the Netherlands in 1971 and Canada in 1971 (science and technology); Norway in 1972, and West Germany in 1973. Agreements were renewed for 10 years with France and Austria in 1973; a renewal agreement with Italy was initialed in 1973; and in the same year draft 10-year agreements have been tabled for consideration by the United Kingdom and Belgium.

5. Prior to the intergovernmental agreements, the USSR had concluded many agreements with individual firms, non-governmental organizations such as trade associations, and some quasi-government institutions. Economic cooperation with Japan is based on an agreement with the Japan-Soviet Economic Committee composed of Japanese firms and Soviet trade organizations. A number of the nongovernment agreements remain in force and more have been concluded on the basis of the intergovernmental agreements. Framework agreements have now been concluded with all the major Western industrial countries except Japan and the United States.

2. A cooperation agreement was concluded in 1955 with Finland with whom the USSR has a special relationship. See page 14 below.

3. See Appendix A for listing of agreements.

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6. The conclusion of cooperation agreements with the Common Market countries has special importance for the USSR. Under EEC rules, beginning in 1975 trade agreements must be negotiated with the EEC Commission rather than separately with member countries. Cooperative agreements, which do not directly include trade deals or terms under which trade will be conducted, fall outside the Commission's jurisdiction and may be negotiated bilaterally. The USSR, by concluding such agreements with EEC countries, is hoping to maintain bilateral ties with the individual countries beyond 1974.^{4/}

7. The framework agreements vary. Virtually all the agreements signed before 1973 call for cooperation in broad sectors of the economy -- industry, agriculture, transportation, for example, but in some cases in specific branches like machine tools, ferrous metallurgy, etc. The 1973 Soviet-West German agreement follows the former format, the 1971 Soviet-French agreement, the latter. Still others are more restricted in scope, e.g., science and technology exchanges only. The 1973 agreements -- concluded or tentative -- usually call for a life of 10 years. Most of the earlier ones are open-ended. All of the broad 1973 agreements stress long-term cooperation presumably in major development projects. The 1973 Soviet-French agreement, like the 1971 agreement, is specific with respect to fields of cooperation.^{5/}

8. Mixed commissions are involved with implementing these agreements -- either established before the agreement or by the agreement. The commissions are at least a partial solution to the problem of stimulating the interest of Western firms in participation. They are staffed with high-level government officials from both sides who together seek to identify potential areas for cooperation. Once such areas are identified, working groups -- comprised of representatives from Western firms and Soviet officials -- are established to further delineate and encourage cooperative possibilities. The commissions, in turn, monitor the progress of their working groups and act as a channel for bringing problems to the attention of high government leaders. Soviet negotiators are more comfortable in such a bureaucratic

4. The Commission now wants a control over the cooperation agreements claiming that they are concerned with trade since they provide for payment in goods or foreign exchange for goods and services from the Common Market.

5. Copies of the 1971 agreement with France and the 1973 agreement with West Germany are in Appendix B.

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environment, and Western firms are encouraged by official backing given to the discussions. The mixed commissions also have served as the source for subsequent long-term framework agreements. This has been the case in the UK, Italy, and France where they have drafted additional cooperation agreements which more closely address the particular types of cooperation deals that appear most beneficial.

9. Government-to-government cooperation agreements with industrial Western countries are highly valued by the USSR. By participating in these agreements, the Western government is made to feel a responsibility to encourage private business participation in the exchanges and trade contacts. In addition, government participation presumably can make Western firms more willing to participate because they expect government cooperation in facilitating trade, financing, and the like. These are pluses for the USSR, but perhaps the value of the agreements is overestimated by the Soviets. Experience with long-term trade agreements has shown that they do not guarantee that Western firms will conclude contracts with the Soviets. On balance, the cooperation agreements do not appear to stimulate cooperation to any significant degree. The greatest input appears to have been in France and Italy. Even Italy and France, however, where government influence and control over business and industry is substantial and where the governments have shown greater willingness to cooperate with the USSR than other Western countries, have often been frustrated by the reluctance of the private sector to conclude deals or to accept low quality Soviet goods.

10. The framework agreements are useful for the Soviets because they provide a bureaucratic framework for negotiations. In themselves, however, they neither provide stability to nor facilitate planning. The specific projects which are formulated under a framework agreement and bilaterally approved obviously are integrated into the plan, and long-term projects are made part of the long-term plan. In this sense the framework agreements are indirectly helpful to the planning process. But agreements on specific projects do not require the existence of broad agreements just as trade does not require formal trade agreements.

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Agreements with Western Countries

France

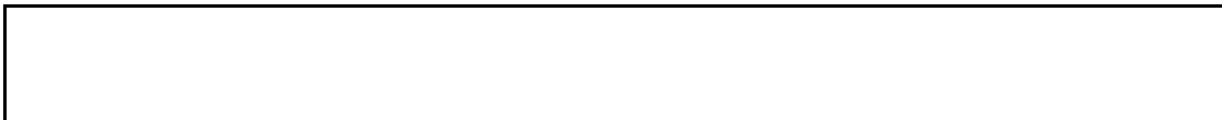
11. Soviet-French economic cooperation has developed from the special Soviet-French relationship. In the mid-60s the French under de Gaulle were particularly interested in concluding an agreement with the USSR to gain an edge over Western competitors in the Soviet market.

12. In 1966 the two nations signed a broad agreement on cooperation, establishing a high-level government group -- the Grand Commission -- to oversee the total structure of bilateral agreements.^{6/} At this time the two countries also signed an agreement on scientific, technical, and economic cooperation, which in turn was to be supervised and implemented through a second mixed commission -- the Petite Commission -- and its subordinate working groups. The main thrust of the latter agreement was directed toward expanding the exchange of scientific and technical information via delegations, technology transfers, and joint research efforts.

13. The French have been relatively forthcoming in providing scientific and technological know-how as part of the cooperative schemes concluded under the 1966 agreements. The Soviets appear to have been the major gainers in this respect, although the gains cannot be measured accurately. The French, on the other hand, increased exports to the USSR from \$160 million in 1966 to more than \$400 million in 1972, while Soviet exports increased only about half that amount.^{7/} To be sure, much of the French export growth was predicated on generous French credits, but the French managed to increase its share of the Soviet market at the expense of other Western countries.

14. Soviet-French cooperation was reinforced in 1971 with the signing of a 10-year economic agreement prepared by the Grand Commission. Unlike the 1966 accord, the new agreement -- while general in nature -- stresses the promotion of long-term cooperation in major development projects. The two countries have, in fact, concluded several

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7. Based on Soviet data. See Appendix A for Soviet trade with selected Western countries.

project agreements in recent years, including a natural gas-for-equipment deal and the Soviets participation in the French construction of a steel mill and oil refining complexes.

15. In July 1973 a second ten-year economic agreement -- called by the French a supplementary agreement -- was signed in Moscow at a Grand Commission session. It enumerates more specifically than the 1971 agreement areas of potential cooperation. This latest agreement was apparently concluded at the request of the French, who felt that their special relationship with the USSR was being threatened by the US-Soviet detente. A major cooperative venture stemming from this agreement calls for the supply of a French pulp combine to the USSR to be paid off in products. Other ventures were also mentioned in the agreement and additional French credits were promised. A separate 10-year scientific and technical agreement was also concluded, but this evidently was mainly for cosmetic purposes.

16. In contrast to most of the other Western countries, the initiative for these agreements has not come largely from the Soviets. For political reasons and to capture a bigger share of the Soviet market from the more competitive Germans and Japanese, the French government has urged its industrialists to expand their relations with the Soviets. French businessmen have succeeded in expanding exports to the USSR but have resisted importing Soviet manufactured goods because of the poor quality of most of them.

17. Franco-Soviet trade agreements have complemented and supported cooperative efforts. The latest, signed in 1969, called for a doubling of trade over the five-year period it covered.^{8/} In addition, the pact called for new measures to stimulate French imports from the USSR, especially manufactured goods.

Italy

18. The Italians have been quite active in expanding economic cooperation with the USSR, and Italian firms were among the first in the West to conclude large scale cooper-

8. The trade agreement expires at the end of 1974. As indicated above, beginning in 1975 individual Common Market countries may not conclude bilateral trade agreements.

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ation agreements with the Soviets. In the late 50s ENI of Italy concluded a \$200 million swap agreement with the USSR involving Italian pipe and Soviet oil. In April 1966 the two governments concluded a basic framework agreement calling for economic, scientific, and technological cooperation in several sectors, but specific reference was made largely to industrial technology and modernization and to exchanges in science and technology. A mixed commission was formed by the agreement and, through the use of working groups, was tasked with implementing the agreement's directives. Given the quasi-public nature of Italy's major industrial and financial firms, the Soviets have been particularly successful in stimulating cooperation on a commercial level, e.g., the Fiat's participation in building the large motor vehicle plant at Tol'yattigrad and the natural-gas-for pipe deal in 1969.

19. At their February 1973 meeting, the mixed commission agreed that an additional ten-year cooperation agreement should be formulated, patterned after the more comprehensive Soviet-French agreement. An agreement was subsequently initialed in May and currently awaits final signature. It is believed that the agreement will cover specific areas of cooperation, probably including activities discussed at the meetings of the mixed commission's last session, e.g., expansion of the Tol'yattigrad plant.

20. Italian exports to the USSR grew substantially -- from \$95 million in 1966 to \$317 million in 1969 -- and in 1969 Italy reversed its usual deficit with the USSR. Italian exports have failed to increase since that time and imports have climbed to the point where trade is now roughly balanced. The Italians are attempting to stimulate this trade. The trade agreement concluded in 1970 calls for increases in trade, but trade and cooperation probably will not grow measurably without Italian credit. Recognizing that long-term credit is essential to the development of Italo-Soviet trade, the Italians have provided ample amounts. The last credit line -- offered in 1973 -- was for \$600 million.

United Kingdom

21. The United Kingdom has been a trading partner of the USSR since the latter's formation, although there was no postwar trade agreement between the two countries until 1959. The UK was also one of the first Western countries to conclude a government-to-government agreement with the USSR in the science field. An agreement was signed in 1965 to formalize and facilitate scientific exchanges between the two countries. Cooperation was broadened and intensified as a result of a 1968 agreement covering cooperation in technological research and development, industrial technology, and long-term industrial development. This latter agreement called for the formation of mixed working groups to study specific areas of potential cooperation, and provided for annual meetings between representatives of the UK ministry of Technology and the Soviet State Committee for Science and Technology.

22. Although some progress was made through the use of the initial working groups established in 1968, the two nations agreed in 1970 to form a special commission to further emphasize the potential for industrial and technical cooperation. This high level mixed commission concentrated on exploring areas for cooperation, with the British -- who have yet to conclude a major cooperative venture with the USSR -- seeking to exploit potential opportunities for increasing British exports of capital goods to the USSR. The Soviets, for their part, are bidding for British government support for the conclusion of major cooperative projects of interest to the Soviets. At its second meeting, held earlier this year, the commission recommended the signing of a 10-year cooperation agreement which would better identify those opportunities for British industry and which would probably increase the level of official British support for those major cooperative projects currently under consideration.

23. The USSR and the UK also concluded a trade agreement in 1969. It specifically calls for the facilitation of long-term cooperative agreements. In contrast to all of the USSR's other major Western trading partners, British exports to the USSR have fallen over recent years -- from \$273 million in 1968 to \$226 million in 1972 -- and the UK probably hopes that increased cooperation will ultimately lead to a higher level of exports to the USSR.

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West Germany

24. West Germany has been the USSR's chief Western supplier in the past few years. Soviet imports from West Germany grew from \$350 million in 1969 to more than \$700 million in 1972. Exports have lagged considerably, coming to about \$325 million in 1972. The growth of Soviet-West German trade has come about in spite of the fact that no formal trade agreement existed from 1963 to 1972. In fact, one of the largest cooperative venture agreements concluded between the USSR and a Western country was signed in 1970, involving the swap of West German large-diameter pipe for Soviet natural gas.

25. No formal agreements were concluded between the two countries until 1970 -- in this instance a scientific exchange agreement between the USSR and the German Research Society which was designed to produce an increased level of exchanges of scientific delegations. Following the 1971 meeting between Brezhnev and Brandt in the USSR, however, movement toward increased economic and technical cooperation was accelerated.

26. A mixed commission for economic and scientific-technical cooperation was formed in 1971 to examine the potentials for Soviet-West German cooperation, and the first meeting was held in 1972. The Soviets sought to direct the commission's activities toward industrial technology transfer and specific cooperative projects. The USSR was anxious to increase the level of German governmental support for such agreements and encouraged the conclusion of a broad intergovernmental agreement on cooperation. A Soviet-West German Trade and Economic Cooperation Agreement was signed in April 1972 which provided for the creation of a high-level intergovernmental committee (not to be confused with the mixed commission) to monitor cooperation and trade. The agreement expires on 31 December 1974 in keeping with EEC rules.

27. The West German government has insisted that the role of the mixed commission be limited to providing a forum for private negotiations, and insisted that ultimately all agreements could only be made by private West German firms. The commission, in any event, came up with a ten-year economic,

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industrial, and technical cooperation agreement in time for the May 1973 summit meeting between Brandt and Brezhnev. It is quite general. Both governments pledge to support long-term cooperation, and potential areas of cooperation are listed, but implementation of specific projects will require consent of West German private concerns. The two countries have, in fact, concluded several large-scale cooperation projects, including two gas-for-pipe deals, outside the framework of a bilateral agreement. Major West German participation in a large steel plant in Kursk is also anticipated.

Austria

28. Since 1955, when four-power occupation ended, Soviet-Austrian trade has grown steadily if unspectacularly. Long-term trade agreements have been a feature of this trade since 1957, as was the bilateral clearing arrangement (until 1971) which enabled the USSR to incur deficits without hard currency outlays. Even so Soviet-Austrian trade is small -- about \$100 million in each direction.

29. In May 1968 a framework agreement for cooperation in the economic, scientific, and technical fields was concluded and a mixed commission was formed. The majority of the work of the mixed commission and subordinate working groups has been to explore possibilities for Austrian cooperation in the development of Soviet industry and resources. The highlight of Soviet-Austrian cooperation thus far was the June 1968 contract for the long-term supply of Soviet gas in return for Austrian large-diameter pipe. The commission claims it is active in promoting cooperation in various industries, e.g., machine building and the chemical industry.

30. The Soviets have also used the mixed commission to stress the importance of increased trade in machinery and equipment, especially expanded Soviet machinery exports to Austria. Since its inception the commission has recommended that a new trade agreement be formalized. As a result, a five-year trade agreement was signed in 1970. The fifth meeting of the mixed commission held in early 1973 also produced a 10-year agreement on the development of economic, scientific, and technical cooperation. The agreement -- signed in July 1973 -- spells out some of the industries and other fields for increased cooperation.

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Benelux

31. Formal Soviet cooperation agreements with the Benelux nations began with the 1969 signings of two separate agreements. In that year the Soviets concluded a memorandum with the Central Chamber for Promoting Trade of the Netherlands which covered scientific and technical cooperation. A more inclusive framework agreement was signed with Belgium^{9/} in the same year which calls for government facilitation of scientific, technical, and economic cooperation and the creation of a mixed commission.

32. In 1971 the Soviet-Dutch cooperation effort was further expanded by the signing of a framework agreement covering scientific, economic, and technical fields. The Soviets, while pressing for the agreement, were accommodating to Dutch demands that the language of the agreement be couched in generalities. It provides for the establishment of a mixed commission to delineate the potential areas of cooperation.

33. The USSR has also continued to further define and expand cooperation with Belgium. Operating through the mixed commission set up in 1969, the two nations drafted a ten-year economic cooperation agreement this year. The two governments have agreed to it in principle, but have as yet to work out the details.

34. In 1971 the USSR's economic relationship with Benelux was advanced with the signing of a four-year trade agreement. This accord marked the initial Soviet recognition of the union. Trade with Belgium had been increasing even prior to the agreement, with Soviet exports reaching more than \$130 million in 1972 (up from \$83 million in 1969), but imports changing little at about \$80 million. Soviet-Dutch trade has remained at roughly the same level in recent years, with Soviet exports approximating \$175 million annually -- about double the value of imports. The conclusion of the trade agreement apparently has had little effect on trade, but there has been some movement in scientific and technical exchanges.

9. The agreement was concluded with the Belgium-Luxemburg Economic Union (BLEU).

Scandinavian Countries

35. Soviet economic relations with Sweden have a history about as long as Soviet-British trade and in the early post-World War II period Sweden was alone among Western nations to extend long-term credit to the USSR. Soviet-Swedish trade has not been especially dynamic, however, and Swedish exports to the USSR have fallen to below \$100 million in 1972 while imports from the USSR have grown to more than \$130 million. Soviet-Swedish trade has been conducted under long-term trade agreements since the late 1950s, and the latest five-year agreement concluded in 1970 was for the period 1971-75.

36. The impetus for Soviet-Swedish industrial and commercial cooperation came from Sweden's private sector, which in 1968 established a committee to promote trade and cooperation with the USSR. The Soviets formed a similar committee early the following year, and later in 1969 the two committees met and agreed to draft a broad cooperative agreement covering scientific, technical, and economic fields. As a result, an intergovernmental framework agreement was formalized and signed in 1970. A mixed commission was established to implement the accord and promote -- through the use of working groups -- various types of cooperation.

37. As with Sweden, Soviet-Norwegian trade relations were formalized under an agreement in the 1920s. Trade between the two countries has always been relatively small, however, with two-way trade approximately \$50 million in recent years. The 1971-1975 trade agreement apparently cleared the way for negotiations on possible Soviet-Norwegian cooperation. The Soviet proposed such an agreement at the December 1971 signing of the trade agreement, and in mid-1972 the two nations signed a framework agreement covering cooperation in the scientific, technical, industrial, and economic fields. The open-ended agreement will be implemented through a mixed-commission.

38. Soviet trade with Denmark is roughly of the same magnitude as that of Norway. Formal trade relations trace back to 1946. The latest long-term trade agreement was concluded in 1969 and covers the years 1970 to 1975. An inter-

governmental commission -- apparently created in mid-1970 -- set up an agreement of cooperation between the Soviet Chamber of Commerce and Danish firms as well as a framework agreement on economic, scientific, and technical cooperation between the two governments.

Canada

39. Soviet-Canadian trade has been conducted since 1956 under a trade agreement concluded that year and renewed periodically since that time. Soviet exports have been relatively insignificant but Soviet imports of Canadian grain have been substantial, exceeding \$300 million in 1966 and 1972. In 1971, the two nations signed a five-year agreement covering "Cooperation In Industrial Application of Science and Technology." The agreement resembles framework agreements concluded with other Western countries and includes economic cooperation. A mixed commission was formed to implement the agreement, and working groups have been established to examine the potential for cooperation in several areas. While the commission has stated that Soviet-Canadian trade is far below potential levels and that trade could be increased through cooperation, to date most of the commission's actual progress has been in identifying potential projects and in increasing commercial contacts between Canadian businessmen and Soviet trade officials.

Switzerland

40. The level of Soviet trade with Switzerland has traditionally been relatively small, with Soviet imports exceeding \$100 million for the first time in 1972. Soviet exports are about one-third the value of imports. There is no formal trade agreement because the Swiss have not wanted one. In 1970, however, two Swiss chemical firms and the Swiss Watch Association concluded cooperation agreements with the Soviets. Early this year the two countries exchanged notes, agreeing to establish a mixed commission on scientific, technical, and economic cooperation, but no framework agreement was concluded.

Finland

41. Because of the special Soviet-Finnish relationship, economic relations between the two countries have been close and have been formalized by a series of agreements, beginning with a commercial treaty concluded in 1947.

42. In 1955 Finland became the first Western nation to conclude a broad cooperative agreement with the USSR. In 1967, the two countries formed a permanent intergovernmental commission for economic cooperation replacing the commission formed in 1955. The new commission has concentrated on expanding cooperation on long-term and other major development projects. Working groups were established in several areas and a broad cooperation accord was drafted in 1971. The document is a treaty¹⁰ rather than an agreement and will run an initial period of 10 years, followed by 5-year renewal periods. The treaty calls for the development of cooperation in virtually every phase of economic life. This all-encompassing agreement probably would not have been agreed to by Finland were it not for its subordinate status in the bilateral relationship. Several cooperative ventures have been finalized under the auspices of the new mixed commission, including a natural gas-for-pipe deal, the construction of a nuclear power plant in Finland, the joint-development of Soviet timber resources, and a host of other ventures.

43. Project agreements concluded in recent years will probably provide some stimulus to trade, which has been lagging in recent years. Until the mid-60s Finland was the USSR's most important trade partner, but it now ranks behind several other Western countries. Exports and imports are about \$350 million each. Long-term trade agreements are concluded every 5 years. The 12th meeting of the mixed commission in November 1972, in drafting a long-term cooperation program, called for a trade agreement to be concluded for the period 1976-1980.

Japan

44. The Japanese private sector -- operating through a Japanese-Soviet Economic Committee, with participation by

10. Regarded by the Soviets as more formal than an agreement, no doubt to indicate the special nature of Soviet-Finnish economic relations.

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the Japanese Federation of Economic Organizations (Keidanren) -- has played an active role in promoting industrial cooperation with the USSR. Since the formation of the committee and its Soviet counterpart in 1966, three major cooperative agreements have been concluded: the joint development of the Vrangel Bay port, the exchange of wood processing facilities for wood chips, and the delivery of timber harvesting equipment in exchange for wood and wood products. The potential for Soviet-Japanese industrial cooperation seems particularly fruitful, given the complementarity of the highly industrialized and resource-poor Japanese economy and the rich but underdeveloped Siberian resources. The Japanese government, however, has taken a hands-off attitude toward a broad cooperation agreement with the USSR. As a result, Soviet-Japanese cooperation has been conducted solely by the Japanese private sector.

45. Until 1973 scientific-technical exchanges also have taken place without formal government support. In 1967 the USSR concluded an agreement on scientific and technological exchanges with the Japan-USSR-East Europe Trade Association, calling largely for scientific exchanges, delegations, etc. Most transfers of technology, however, have probably come as a result of science and technology agreements the USSR has concluded with Japanese firms such as Mitsubishi, Itoh, Sumitomo, and others. In October 1973 the USSR and Japan concluded a two-year scientific and technical agreement which calls for exchanges and joint research in certain fields. A joint commission has been formed to monitor the agreement.

46. The Japanese government has not shown any interest to date in concluding a broad intergovernmental agreement with the Soviets which would require it to play an uncharacteristic role of trying to influence private industry to cooperate with the Soviets. For the time being, at least, government-to-government economic agreements will be confined to long-term trade agreements. The last agreement (1971-75) calls for substantially increased trade. Currently two-way trade is about \$1 billion and is growing.

Soviet Agreements Concluded with the West

<u>Nation</u>	<u>Trade Agreement*</u>	<u>Mixed Commission</u>	<u>Economic Scientific-Technical Cooperation Agreement</u>	<u>Remarks</u>
Austria	1970	1968	1968 1973	The 1973 cooperation agreement covers a ten-year period and mentioned the potential for cooperation in specific areas.
Australia	1973	1973	--	The 1973 trade agreement stressed the joint desire for economic cooperation and created a mixed commission.
Belgium-Luxemburg	1971	1969	1969	The 1971 trade agreement was signed with the entire Benelux group. A tentative agreement has been reached for a ten-year cooperation agreement.
Canada	1970	1971	1971	The 1971 cooperation agreement is limited in scope and covers a five-year period.
Denmark	1970	1971	1970	

Soviet Agreements Concluded with the West

<u>Nation</u>	<u>Trade Agreement*</u>	<u>Mixed Commission</u>	<u>Economic Scientific-Technical Cooperation Agreement</u>	<u>Remarks</u>
Finland	1971	1955 1966	1955 1971	A second mixed commission was created in 1966 to expedite economic cooperation in major development projects. The 1971 cooperation agreement took the form of a definitive treaty.
France	1969	1966	1966 1971 1973	The 1966 cooperation agreement stressed scientific and technical exchange, while the latter two are directed towards increasing economic cooperation.
Italy	1970	1966	1966	A ten-year economic cooperation agreement was initiated earlier this year.
Japan	1970	1966 1973	1973	The 1966 mixed commission was founded by the Japanese private sector without any Japanese government involvement. The 1973 cooperation agreement, which created a mixed commission, concentrates on scientific-technical exchange and will be in force for two years.

Soviet Agreements Concluded with the West

<u>Nation</u>	<u>Trade Agreement*</u>	<u>Mixed Commission</u>	<u>Economic Scientific-Technical Cooperation Agreement</u>	<u>Remarks</u>
Netherlands	1971	1971	1971	The 1971 trade agreement was signed with the entire Benelux community.
Norway	1971	1972	1972	
Sweden	1971	1970	1970	
Switzerland	--	1973	--	The mixed commission was formed through an exchange of notes by the respective governments.
United Kingdom	1969	1968 1970	1968	The 1969 trade agreement mentions the mutual desire to expand economic cooperation, and in 1970 a mixed commission was created to explore this field. Negotiations on a ten-year cooperation agreement have begun.
United States	--	1972	--	The USSR proposed a ten-year cooperation agreement in October 1973.

Soviet Agreements Concluded with the West

<u>Nation</u>	<u>Trade Agreement*</u>	<u>Mixed Commission</u>	<u>Economic Scientific-Technical Cooperation Agreement</u>	<u>Remarks</u>
West Germany	1972	1971 1972	1973	A second mixed commission was formed in 1972 as part of the 1972 trade and economic cooperation agreement. The 1973 cooperation agreement covers a ten-year period.

* The last trade agreement to be concluded.

APPENDIX B

Agreement Between the Government of the Federal Republic of Germany and the Government of the USSR Concerning the Development of Economic, Industrial and Technical Cooperation

The Government of the Federal Republic of Germany and the Government of the USSR

Wishing to deepen economic, industrial and technical cooperation in accordance with the agreement of August 12, 1970, between the Federal Republic of Germany and the Union of the Socialist Soviet Republics.

With reference to the agreement concerning general questions of trade and shipping between the Federal Republic of Germany and the Union of the Socialist Soviet Republics of April 25, 1958, and with reference to the long-term agreement between the government of the Federal Republic of Germany and the government of the Union of the Socialist Soviet Republics concerning trade and economic cooperation of July 5, 1972.

In the endeavor to promote the development of cooperation in Europe.

In the knowledge that it is useful to secure and expand cooperation through long-term agreements are agreed as follows:

Article 1

The parties to this agreement will strive for the expansion and deepening of the economic, industrial and technical cooperation between their responsible organizations and businesses on the basis of mutual benefit and will support this cooperation in all possible areas.

Article 2

The parties to this agreement will agree in the commission, which is established in Article 7, as to those areas in which it is desirable to expand the cooperation over the long-term. In doing so, they will particularly take into consideration mutual needs and resources with regard to raw materials, energy, technology, equipment, and consumer goods.

Article 3

The cooperation within the framework of this agreement, includes particularly the erection of industrial plants which correspond to the mutual economic interests as well as the extension and modernization of industrial operations; the cooperation in the production of equipment and other products; the cooperation in the production of raw materials; the exchange of patents, licenses, know-how, and technical information; the application and improvement of existing technologies and the development of new ones, as well as the exchange of experts for technical services and for training.

Article 4

The parties to this agreement support the conclusion and execution of (specific) agreements regarding plans for economic, industrial and technical cooperation. They will facilitate these arrangements whenever possible.

Article 5

The conditions for the individual plans for economic, industrial and technical cooperation are to be agreed to by the respective interested organizations and businesses on both sides in harmony with the laws and ordinances which are valid in each of the two states.

Article 6

The parties to this agreement will support the cooperation of their responsible organizations and businesses in third countries.

Article 7

The Commission of the Federal Republic of Germany and the Union of the Socialist Soviet Republics for economic and scientific/technical cooperation is authorized to support and to monitor the practical execution of this agreement. It will work out proposals for the long-term prospects of the development of mutual economic, industrial and technical cooperation.

Article 8

Consistent with the four-power agreement of September 3, 1971, this agreement is extended to Berlin (West) in accordance with established procedures.

Article 9

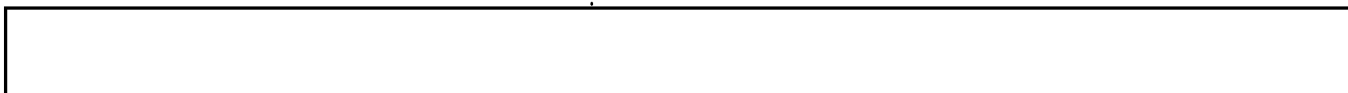
This agreement does not affect the bilateral and multi-lateral treaties and agreements earlier concluded by the Federal Republic of Germany and the Union of the Socialist Soviet Republics, in this connection, the parties to this agreement will carry out consultations, at the suggestion of one treaty party, although these consultation may not place in question the basic objectives of the agreement.

Article 10

This agreement comes into force on the day of its signature and is valid for a period of ten years. The parties to this agreement will agree to necessary measures for the further development of economic, industrial and technical cooperation at the latest six months before the expiry of this time period.

Done at Bonn on May 19, 1972 in two originals each in German and Russian, both texts being equally binding.

25X1



Agreement Between the Government of the USSR and the
Government of France on the Development of Economic, Technical,
and Industrial Cooperation

The Government of the USSR and the Government of France

Referring to the agreement on mutual trade relations
and on the statute of the USSR trade representation in France
of 3 September 1951 and to the 30 June 1966 agreement on
scientific and technical and economic cooperation and also
to the 26 May 1969 agreement between the USSR and France on
trade and economic cooperation in the period 1970-74.

Noting with satisfaction the successful results of
economic and scientific and technical cooperation between
both countries on the foundation established for this pur-
pose.

Wishing to consolidate the results of this cooperation
and to promote the further development of Soviet-French
relations.

Realizing that, with a view of insuring and expanding
in the future the favorable results of Soviet-French cooper-
ation by elaborating measures for a longer period.

Have agreed to the following:

Article 1

Both governments will in the future also make efforts
aimed at promoting the development and consolidation of
economic and scientific and technical cooperation which is
a factor of progress for both countries.

Article 2

With this aim they have decided to encourage the partici-
pation of the organizations, enterprises and firms of each
country in implementing both the existing 5-year plans and
the forthcoming plans of the other country.

Article 3

By mutual agreement both governments define the various fields in which the expansion of cooperation is desirable, taking into account in particular the requirements and resources of each of the countries for raw material, equipment, and technology determined for a lengthy period.

The fields of motor vehicle and tractor building, machine-tool building, shipbuilding, electrical power engineering, instrument building, computer equipment, communications, ferrous metallurgy, petroleum refining, gas, coal, and ore mining, timber processing, chemical and light industries, water problems and in general all fields which, taking into account the resources and possibilities of each side, have prospects for favorable development, will be the object of particular attention.

Article 4

Both governments will promote cooperation between interested organizations and enterprises of both countries and also the conclusion, in accordance with the legislation in operation in both countries, of agreements and contracts, including long-term ones, between the corresponding Soviet organizations and French individuals and corporate bodies, in particular to insure the participation of Soviet organizations in the construction of industrial complexes in France and the cooperation of French industry in the construction of industrial complexes in France and the cooperation of French industry in the construction of industrial complexes in the USSR and also in modernizing and expanding light industry enterprises which produce consumer goods.

Both sides will facilitate the conclusion of long-term contracts, particularly for the delivery of raw materials which France requires.

Article 5

Both governments have also decided, by coordinating their activity, to seek opportunities for the use of this cooperation in third countries.

Article 6

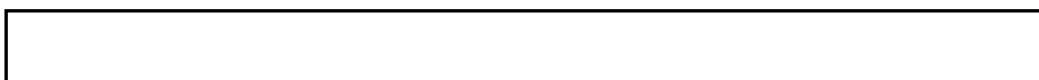
The organization of the practical a implementation of the above articles is assigned to the permanently operating Joint Soviet-French Commission created in accordance with the 30 June 1966 declaration, which in pursuit of this aim presents a program for intensifying Soviet-French cooperation for a 10-year period.

Article 7

The present agreement has been concluded for a 10-year period, and goes into effect on the day it is signed.

Six months before the above-mentioned period expires both sides will agree on the measures essential to insure the further implementation of economic, technical, and industrial cooperation between the two countries.

Concluded in Paris on 27 October 1971 in two copies each in Russian and French and both texts having equal force.



25X1

SOVIET TRADE WITH SELECTED WESTERN COUNTRIES

Million US \$

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		1966	1969	1970	1971	1972
Total Developed West Trade	Exports	1,711	2,230	2,345	2,712	2,083
	Imports	1,742	2,495	2,780	2,859	4,095
	Turnover	3,453	4,725	5,125	5,571	6,978
Austria	Exports ^{b/}	48	66	74	101	100
	Imports ^{b/}	71	91	98	90	98
	Turnover	119	157	172	191	198
Australia	Exports	1	2	2	2	2
	Imports	38	45	67	76	86
	Turnover	39	47	69	78	88
Belgium-Luxemburg	Exports	67	83	82	109	132
	Imports	39	80	66	79	98
	Turnover	106	163	148	188	230
Canada	Exports	15	12	8	18	23
	Imports	346	33	131	151	340
	Turnover	361	45	139	169	363
Denmark	Exports	34	29	23	29	30
	Imports	22	19	26	24	29
	Turnover	56	48	49	53	59
Finland	Exports	257	262	287	359	360
	Imports	217	294	303	273	368
	Turnover	474	556	590	632	728
France	Exports	130	141	140	216	235
	Imports	160	323	319	313	424
	Turnover	290	464	459	529	659
Italy	Exports	155	232	212	259	276
	Imports	95	317	313	291	285
	Turnover	251	548	524	550	561
Japan	Exports	239	357	379	419	462
	Imports	224	264	345	396	525
	Turnover	463	621	725	815	987
Netherlands	Export	80	173	168	171	187
	Imports	39	85	80	78	82
	Turnover	119	258	248	249	269
Norway	Exports	23	18	27	47	26
	Imports	18	17	25	18	19
	Turnover	41	35	52	65	45
Sweden	Exports	71	108	117	123	132
	Imports	44	129	144	95	96
	Turnover	115	237	261	218	228
Switzerland	Export	16	21	27	40	37
	Imports	23	60	78	83	110
	Turnover	39	81	105	123	147
United Kingdom	Exports	330	427	465	452	449
	Imports	169	240	248	222	226
	Turnover	499	667	713	674	675
United States	Exports	47	61	64	60	92
	Imports	63	117	115	143	558
	Turnover	110	177	179	203	650
West Germany	Exports	189	229	257	292	322
	Imports	102	125	125	125	710
	Turnover	333	579	632	776	1,032

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a. Components may not add to the totals shown because of rounding.
 b. Soviet exports to and imports from the indicated trading partner.