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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

12 July 1972

MEMORANDUM FOR:

Soviet Bloc Reports; Economic Section
DDP

SUBJECT : Soviet-Owned Firms in the West

In accordance with your request for information on Soviet-owned firms in the West, I am forwarding a listing of all such firms and a description of their operation. All material is unclassified except those paragraphs classified separately. For further information on Soviet banking and insurance see Soviet International Banking and Insurance, ER IM 71-170.

Office of Economic Research

75 (12 July 1972)
Automatically Declassified
on Approval of the DCI

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Soviet-Owned Firms in the West

AUSTRIA

Garant: Garant is a Vienna based subsidiary of the Administration of Foreign Insurance of the USSR (Ingosstrakh). Entirely owned by Ingosstrakh, Garant specializes in the reinsurance and credit guarantee insurance of exports to the USSR and Eastern Europe. While the Austrian government had previously placed restrictions on the scope of the firm's insurance operations, we have no information concerning any restrictions which may have been placed on Soviet personnel based in the Vienna office. The chairman and six of the eleven directors are Soviet nationals, with the rest of the firm's personnel presumably comprised of Austrian citizens.

FINLAND

Konela: Konela was formed by the USSR to merchandise and service Soviet automobiles sold in Finland. The company is headquartered in Helsinki, but operates sales and service centers throughout Finland. The firm appears to be entirely Soviet owned. Although Konela has continued to expand, actual Soviet presence is presumably limited, with most of the technicians consisting of Finnish personnel trained in the USSR.

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FRANCE

Russebois: Russebois is engaged in the purchase and sale of timber and timber products in France. Acting as the sole Soviet agent in this field, the firm transacted \$32 million in trade between the USSR and France in 1970. No information is available regarding the number of Soviet personnel involved in the operation or the share of Soviet ownership. Presumably the firm, which is a direct agent for the USSR, is largely Soviet-owned.

Sogo and Co. S.A.: Sogo and Company was established in 1968 to handle all USSR-French trade in essential oils and Soviet exports of chemical commodities. Gross sales topped \$6 million in 1970.

Actif-Avto: Actif-Avto was incorporated in 1966 to handle sales and service for Soviet tractors, trailers, and other agricultural equipment sold in France. The firm is jointly owned by the Soviet foreign trading organization TRACTOROEXPORT (70%) and the French farm cooperative Interagra (30%), with the Soviets contributing \$2 million towards the \$3 million initial investment. The firm is headed by a Frenchman, while the positions of Executive Vice President and Vice President for Finance are held by Soviet nationals. Some Soviet engineers are also present.

Stankofrance: Stankofrance was formed in 1971 as the USSR's agent for the sale of Soviet produced metal-cutting and forging equipment in France.

Banque Commerciale pour l'Europe du Nord (BCEN): The Paris based bank is entirely owned by the USSR. Operating under a French director, the Board of Directors is composed of a combination of French and at least one Soviet national. In 1965 BCEN had a staff of 265 employees, only three of which were Soviet. Current employment is estimated to be approximately 300, with the Soviet presence presumably largely unchanged.

ITALY

Stankoitaliana: Stankoitaliana was established in June 1971 to promote the sale of Soviet machinery in Italy. The firm was capitalized at \$512,000, with

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the USSR contributing 85% and the Italians 15%. Stankoitaliana will be headquartered in Milan and was scheduled to begin operations early this year. The president is Italian, with Soviet nationals serving as vice president and as two of the councilors.

NETHERLANDS

Transworld Marine Agency: The USSR recently established a branch of the Antwerp based Transworld Marine Agency in Rotterdam. While the Netherlands government has refused to allow the establishment of an independent Soviet firm in Rotterdam, the USSR hopes that eventually the Rotterdam branch -- which currently only handles the interests of the Antwerp office -- will be able to take over responsibility for all Soviet shipping in the Netherlands. Because the Dutch authorities refuse to grant residence permits to the three Soviet officials who were to be sent to Rotterdam to manage the branch, the Soviets assigned to Rotterdam may initially be forced to reside in the Antwerp area.

Elorg BV: Elorg BV was recently formed to sell Soviet computers in the West and to export combinations of Soviet computers and US peripherals to both the West and the USSR. The USSR holds a 65% interest in the firm, with the remainder held by the Dutch firm Datacon NV. Elorg BV is located in Hilversum, with no information available on the composition or size of the staff.

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NORWAY

Konela Norge Bill: Konela Norge Bill was established by the USSR to handle the sales and services of Soviet produced cars sold in Norway. Similar in operation to Konela of Finland, the firm maintains commercial and technical centers in Oslo and Drammen.

SPAIN

Sovispan: Sovispan was formed to service the Soviet fishing fleet operating in the Canary Islands area. The firm is jointly owned by the USSR and the Spanish firms Vapores Suardiaz and Tabacos de Filipinas

SWEDEN

Matreco Bil Ab: Matreco Bil is another of the USSR's foreign automotive sales and service organizations. The firm has a commercial and technical center in Stockholm. Presumably Soviet presence is limited, with most of the operations managed by Swedish nationals.

SWITZERLAND

Wozchod Handelsbank, A.G.: Wozchod Handelsbank was established in Zurich in 1966. The bank is entirely owned by the USSR, but like other Soviet-owned banks, is staffed by Western personnel. Approximately three Soviet nationals are included on the bank's governing board. Initially capitalized at \$2 million, paid up capital has increased to roughly \$5 million.

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