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USSR Report

INTERNATIONAL AFFAIRS

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7 APRIL 1987

USSR REPORT
INTERNATIONAL AFFAIRS

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EAST-WEST RELATIONS

AMBASSADOR, CORRESPONDENTS VIEW CSCE PROCESS, PROGRESS

Kashlev Interview

AU200941 Budapest NEPSZABADSAG in Hungarian 13 Feb 87 p 4

[Interview given by Ambassador Yuriy Kashlev, head of the Soviet delegation at the Vienna follow-up meeting, to NEPSZABADSAG representative Gyula L. Ortutay in Budapest on 12 February: "There Is a Possibility of an Agreement" -- first paragraph is newspaper's introduction]

[Text] Ambassador Yuriy Kashlev, head of the Soviet delegation participating in the Vienna follow-up meeting, who is at present in Budapest gave an interview to our newspaper on Thursday [12 February] in connection with the Vienna follow-up meeting and the changes in the Soviet Union.

[Ortutay] Would you please analyze the work of the Vienna follow-up meeting. Has there been any essential change since the conference resumed work after the break?

[Kashlev] The second round of the Vienna meeting began on 27 January. The situation at that time was as follows: Prior to this date the socialist countries had already submitted substantial proposals regarding all aspects of the all-European process. Among the other participants, only neutral Austria and Switzerland submitted proposals. The socialist countries had suggested a move forward in all areas of the process, while some of the NATO countries, especially the United States, the UK, and Canada wanted to narrow down the conference to one particular subject: humanitarian issues.

Unfortunately this has been the same since January, although the editorial committees must already begin their work on 19 February. In the meantime we have heard 40 proposals. (For instance, the north European states made proposals on environmental protection and they believe that, although some points require clarification, the proposals are positive.) In 1 week the NATO countries made 10 proposals, but all of them dealt with human rights and exit regulations, and not one of them with cultural issues, which is typical. The picture seems to be that they are striving to deform the all-European process and, while one-sidedly choosing their subjects, they would like to enforce their views to the maximum in the documents and the terminology which would be far beyond the text of the documents issued in Helsinki, Madrid, and

elsewhere. Their aim is thus to "legalize" the discussion of questions concerning the socialist countries internal affairs.

Of course, we have proposals as well, and in debate it will be decided how the documents should be formulated. We are worried about something else, namely, the fact that so far no proposal has come forth from NATO countries regarding either military-political issues or the subject of economic and trade cooperation. This means that more than 11 years after Helsinki the European process seems to be narrowed down to one particular group of questions.

[Ortutay] In your view, how far and in what way can the discussion be influenced by the new approach that is developing in the Soviet Union?

[Kashlev] This is certainly felt. The Soviet delegation is completely open in the discussions of the current Vienna meeting. We have no taboos, we are ready to talk about everything. For instance, as far as human rights are concerned, the 27th CPSU Congress declared humanitarian cooperation to be one of the foundations of the international security system. This is also the reason why we suggested holding a conference on this issue in Moscow. On the subject of humanitarian issues our approach is open, flexible, one could even say, initiatory at the Vienna meeting.

[Ortutay] You are the head of the main department on humanitarian and cultural affairs in the Moscow Foreign Ministry. Could your mission in Vienna be regarded as a sign that--partly as an answer to the West's approach--the Soviet side considers this issue to be especially important at the current conference?

[Kashlev] This main department was set up after the 27th Congress. This in itself explains a lot. Yet I do not believe that I was appointed head of the Vienna delegation just because I am the head of this department. However, it is indisputable that we must activate, or more precisely, increase our work in this field. Yet this does not at all mean neglecting other areas.

All this cannot be separated from the fact that the party insists on broadening democracy and practicing openness. Flexibility in cultural life shows that works are being published which were refused under a previous, more conservative approach. More patience is being shown toward pluralism, even in culture. It is not surprising then that the influence of this openness is also felt beyond borders. Our delegation in Vienna does indeed feel that references are made to this in connection with the issues with which we are dealing at the moment. It is well known that artists living in the West, Lyubimov, Nureyev, and others have made contact with their homeland. We here in Vienna also see the facts of emigration. But here I can refer to a decision announced a few days ago regarding the issue of people convicted for antigovernment activities. In any case, we are humanizing the penal code and the articles are being reviewed so that certain offences will be regarded with less severity, while others will cease to be punishable. All this is felt in Vienna.

[Ortutay] What is the typical feature of the proposal made by the NATO countries on 4 February regarding human rights?

[Kashlev] The NATO countries called this proposal a central issue on which the result of the entire conference depends. Its essence is to establish a mechanism in the individual countries to monitor human rights violations and examine complaints. The governments of participating countries would be obliged to report on human rights violations, not only to other governments, but even to private organizations and individuals. According to this, anybody could demand redress for a violation, calling on bilateral government consultation or even on the conference of all 35 participating countries. This is such an extreme [maximalista] idea that is beyond the limits of the Helsinki agreement.

We have the impression that, by misusing our openness, certain NATO countries are raising the stakes higher and higher. Whether they themselves believe in the seriousness of their proposal is another question. The fact that they turn to such bargaining in the initial period of conferences is not a new phenomenon. According to their logic at the moment, disarmament should be referred to the system of relations between the Warsaw Pact and NATO, and economic issues to the European Commission of the UN. What then will be left for the Vienna follow-up meeting? It would not even cover the third basket, because they are not interested in educational and cultural issues to the extent that they have put forward no proposals on this issue, and they have narrowed down the question of human contacts to exits from socialist countries, although this issue has been solved in certain socialist countries, while elsewhere problems do still exist. After all, the Helsinki Final Act referred to 10 fundamental principles of intergovernmental relations. None of them can be separated.

[Ortutay] We have received news from Brussels 2 days ago that NATO suggested to the Warsaw Pact the holding of a round of preliminary consultations in Vienna regarding negotiations on reduction of European armed forces and conventional weapons. What is the position in this regard?

[Kashlev] The Warsaw Pact issued its appeal in Budapest last year, but NATO did not answer it for 6 months. Now the 11 February Brussels declaration calls for a consultation regarding not disarmament, but rather "the elimination of imbalance." The word 'disarmament' does not even appear in the statement. This means that they want the Stockholm conference of 35 members to deal only with measures that increase confidence. The crux of the matter is that they want the all-European conference to abandon the disarmament issue once and for all and let NATO and the Warsaw Pact negotiate, using their terminology, on the verification of conventional weaponry.

We received an invitation to see the French ambassador on Tuesday [17 February]--not to see the head of the conference's French delegation--in order to discuss the matter of consultations on future negotiations between NATO and the Warsaw Pact. The heads of delegations from socialist countries will attend this discussion. We will listen to what they have to say, but we will also explain that, from the Atlantic Ocean to the Urals, one finds other countries than the member-states of these two alliances; and so far 35 states have been negotiating on questions of military security, including the neutral and nonaligned countries, which played a positive role in Stockholm.

Finally, I would like to add something. In spite of all difficulties and disputes, we feel that there is a possibility of concluding the Vienna meeting with success. I am not only referring to the forward-looking approach of the neutral and nonaligned countries, but also to the fact that important NATO countries, such as France and the FRG, have shown interest in an agreement on certain issues; the former on security policies, and the latter on economic cooperation.

Political Obstructions Hamper Progress

PM161501 Moscow IZVESTIYA in Russian 14 Feb 87 Morning Edition p 4

[Dispatch by special correspondents V. Matveyev and N. Novikov: "Before a Crucial Phase"]

[Text] Vienna--Following very hard frosts and copious snowfalls, Vienna has reverted to its usual appearance. It is milder. Rain has cleared the streets of snow barriers. These have also disappeared from in front of the Hofburg Palace, where the meeting of representatives of the CSCE participant states is continuing its work. This forum has been working for months now. The date by which the meeting's final document is to be adopted, as agreed, is not far off--31 July 1987.

But it is not obstructions of a natural kind but political obstructions that are hampering the desired progress. This must be stated most definitely now that the forum's work has entered the crucial phase of examining new proposals and recommendations.

The delegations of the United States and its Western partners are sidestepping any reply to the proposals which the USSR and the other socialist countries have made on military-political problems and are unwilling even to comment on them.

But time is passing. It was agreed that on 19 February the meeting participants must begin drawing up the text of its final document. However, to make a comparison with a house under construction, the Americans and some of their partners would like to erect not its four walls but just one, and they have very specific plans for that one wall. In recent days these delegations have come up with several draft recommendations, presented as a "development" of what the Final Act is said to contain on humanitarian questions. You do not have to give them a careful reading to see the dime-sized area to which the recommendations' authors have reduced the broad, capacious concept of the problem. They make no mention of mass unemployment. There is no allusion to the absence of rights for millions of people in the West--foreign workers exploited by local employers without a twinge of conscience. Nor is there anything about the millions of unfortunate people in Britain, for example, who have gone there from Caribbean and Asian countries and encountered racial discrimination...

The hypocritical ballyhoo over what the Americans and some of their partners pass off as "concern for human rights" is being used to divert attention from

those forum participants' empty diplomatic bags, which contain no sensible suggestions on the burning problems of military detente and disarmament on our continent. The distortion is so obvious that it prompts even certain Westerners to strike a note that is out of tune with what the Americans are talking about. Pierre-henri Renard, head of the French delegation, cautiously expressed this viewpoint when he declared at the 30 January plenary session: "It must not be a question of concern about just one question to the exclusion of another." Everyone understood perfectly the essence of that retort. Even in the past, French delegation spokesmen have not concealed their skeptical attitude to the U.S. stand, aimed at squeezing neutral and nonaligned countries out of talks on urgent questions of security and disarmament in Europe.

Here in Vienna, the voice of these countries sounds unambiguously in favor of concrete steps in this sphere. Thus, addressing the 3 February plenary session, Markku Reimaa, head of the Finnish delegation, advocated widening the mandate of the second stage of the Stockholm conference to include questions of disarmament.

The recent speech by FRG Foreign Minister Genscher urging the West to respond positively to the Soviet Union's new peace initiatives elicited a positive response among many delegations. In one of the working commissions of the Vienna meeting recently the FRG delegate spoke in favor of convening in Moscow the forum proposed by the Soviet Union on a range of questions of humanitarian cooperation.

Many meeting participants were perplexed to read in newspapers the words of U.S. Secretary of State Shultz, who called that USSR proposal "strange." Such is the practical worth of U.S. figures' words about "human rights."

This is the state of affairs at the Vienna meeting today. A persistent struggle is having to be waged there for much that is urgent and constructive. The proposals advanced by the socialist countries' delegations on a wide range of questions form a solid package. A worthy place among them is occupied by specific considerations on how to work toward a substantial arms cut on our continent simultaneously with a broadening of confidence-building measures in the military sphere. This is the purport of the proposal submitted by the Polish delegation to supplement the Stockholm conference's mandate.

There are also many useful and interesting recommendations from other countries' delegations. There are proposals from North European countries to hold a meeting of experts on questions of the environment. Representatives of France, Italy, the FRG, Ireland, Turkey, Canada, and Finland expressed readiness to try to get a point on the need to develop scientific and technical cooperation on an all-European scale included in the final document. The Hungarian and Austrian delegations advocated setting up a European folk creativity center.

There is a truly immense arena for constructive action on our continent. And in this arena we must cultivate the good shoots of peaceful action, not pile up mountains of highly dangerous weapons.

SOCIALIST COMMUNITY AND CEMA AFFAIRS

BULGARIA'S ROLE IN CEMA COMMUNICATIONS

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, 1986 pp 66-68

[Article by Atanas Popov, minister and chairman of the State Communications Association of the People's Republic of Bulgaria under the rubric "Implementing the Comprehensive Program of Scientific-Technical Progress": "Scientific-Technical Progress in Communications"]

[Text] In the modern world, the role of the communications system grows every year. It provides the means for efficient management of the national economy and political, social and cultural life, and creates conditions for bringing people together. A completed communications network is an indicator of a country's economic potential and its cultural flowering.

In the People's Republic of Bulgaria, the party and government attach great significance to the development of this sector of the national economy. The 13th Congress of the Bulgarian Communist Party gave special consideration to the role and place of communicators in the country's economy and prospects for its development.

According to the summary report of the Central Committee of the Bulgarian Communist Party, "The development of services in the communications sector must be directed toward perfecting the supplies and machinery base, sharply improving the quality of service in the communications sector, and ensuring that the country is completely enveloped by quality radio and television signals."

The documents of the congress fix the 9th 5-Year Plan (1986-1990) and the period up to the year 2000 as the time when a scientific and technical revolution must become the foundation and heart of the struggle to build a well-developed socialist society. The aims of communications in Bulgaria have been mapped out specifically to comply with the overall goal.

The reliability and quality of the work of automated communications systems must be enhanced significantly; modern technological systems and the technical means to mechanize and automate postal communications must be mastered; and, in telephone and telegraph communications, primarily, modern electronic digital switching techniques and digital transmission technology, including

fiber-optic systems, must be employed. Simultaneously, we should proceed to the development and introduction of new subscriber terminal equipment.

The provision of 53-55 personal-use telephone points for every 100 families is planned by 1990. We must achieve this to raise the level of automation and to improve significantly the quality of telephone communications.

Electronic computerization [elektronizatsiya] and utilization of modern information technology are the main trends in rebuilding the communications system.

Analog communications facilities which have already been introduced cannot be replaced practically by digital means in the current phase. But we must proceed to modernize them so that they will function more efficiently in the future. This process will be accomplished through electronic computerization of the separate stages of the electromechanical stations, the installation of equipment to register the cost of local, intercity, and international calls which are carried on automated lines, the introduction of multichannel transmission aided by digital equipment, and full, automated control over all equipment, processes and technology.

Beginning next year, the installation of obsolete, electromechanical stations in the telephone network will stop. New generations of microprocessor controlled stations will be of the quasi-electronic or digital electronic type. For this, we have available modern technical solutions and industrial production capabilities. To a large degree, we count on the help of the Soviet Union to carry out this task. This will allow us to begin partial completion of the project to develop telephone communications in the republic as early as the current 5-year plan. Simultaneously, the introduction of digital transmission equipment will continue. Today, Bulgaria has available several thousand digital telephone channels. An international automated digital telegraph station has been in operation since 1982 and a similar telephone station will come into service in 1986.

Experiments with fiber-optic lines are being conducted and the production of optical-electronic and glass fiber elements to supply fiber-optic systems is being organized.

The dynamic development of information exchange is not possible without the organization of a national, specialized data transmission network. Several parallel systems for the processing of data exist in the country right now. They were established in traditional facilities by individual sectors of the industry, do not possess the necessary operating speeds, are inefficient, and are expensive.

Hundreds of computer information centers and thousands of terminals scattered throughout the country must exchange information and also have access to data banks in the NRB and abroad. In this way, the problems of managing various industries, transport, banking affairs, the compilation of statistical data, and so forth, can be resolved. The creation of a national data transmission network based on the packet switching principle--BULPAK, has begun.

Initially, it will ensure fast, qualitative information exchange between computer centers and other users in the capital and surrounding centers. Expansion of the network, with the possibility of development of an automated management system of national importance, is planned, thereby harmoniously linking departmental systems and the information flow.

In April of this year in Sofia, a unified network which unites in a single system the resources of the capital's computer centers became operational.

The development of communications technology is dependent upon the creation of a unified digital communications system. Its purpose is to provide trunk lines for information exchange and the means to integrate telecommunications services. Then, the telephone will be transformed from a simple instrument for long distance conversation into a terminal with a wide range of applications for facsimile communications, video text, video telephone, selection of radio and television programs, conference communications, and other uses.

A scientific and technical revolution in telephone communications right now demands a complex approach to its development which does not slow the tempo of telephone installation.

In the 9th 5-Year Plan, qualitative reception of national radio programs (including stereo programs in the 87.5-108 megahertz band) and also two television programs will be assured throughout the territory of Bulgaria. The establishment of an experimental cable circuit for radio and television broadcasting is envisaged, and multi-program line broadcasting in the capital, surrounding cities, resorts, and tourist centers will be expanded. Space communications will be developed further.

Mechanization and automation of production processes in postal communications and press dissemination enterprises will be introduced at an accelerated pace to reduce sharply the use of physically hard, uninviting manual labor. Toward these ends, construction of a large sorting center will begin in Sofia and later in 4 other cities. The rapid development of containerization in postal communications and the introduction of new loading and unloading equipment will be given special attention.

The rebuilding of the communications system on this scale and accelerated organization to achieve scientific and technical progress in this direction in the future will be accomplished in close cooperation with the Soviet Union and other member countries of SEV.

Our country's participation in the permanent committee of CEMA for cooperation in the area of electrical and postal communications, in the organization for cooperation of socialist countries in the area of electrical and postal communications, in the international organization for space communications -- INTERSPUTNIK, and in other appropriate international organizations has great significance for the expansion and modernization of communications in Bulgaria, for the introduction of operational technical communications network management systems, for the further automation and mechanization of production processes in postal communications and press dissemination enterprises, and for the development and use of promising instruments and equipment.

The long-term program between the Union of Soviet Socialist Republics and the People's Republic of Bulgaria for development of economic and scientific and technical cooperation in the period to the year 2000, signed on 7 June, 1985, points out that, "In the area of communications, cooperation will be directed mainly toward: increasing the carrying capacity of communications lines, including by means of the installation of an underseas, coaxial trunk line cable and utilization of INTERSPUTNIK; the establishment of a common system of switching technology facilities and common system of facilities for digital transmission of information; and development of the communications systems of both countries."

Bulgarian workers value highly the complex program of the CEMA member countries for scientific and technical progress to the year 2000, which sets the goals, tasks, principles and paths for accelerating socio-economic progress and raising the standard of living of the people, and materially improving working and living conditions, and all spiritual and cultural development.

Of 5 priority directions pointed out in the program for multilateral cooperation within CEMA limits, 2 apply directly to systems and networks for electrical and postal communications: computerization of the economy and comprehensive automation. Moreover, perspectives for development and perfection of communications techniques are specifically reflected in the adopted document. This is the establishment of a unified system for digital transmission of information, ensuring a sharp increase in the carrying capacity and reliability of communications systems and unification of equipment being used.

The program is large scale and deliberate, but imposes a large responsibility. The aims of communications are clearly set forth in the program. The labor collectives of the industry exert every effort for their rapid and efficient fulfillment.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

LEGAL FORMS OF SOVIET-CEMA S&T COOPERATION

Moscow KHOZYAYSTVO I PRAVO in Russian No 11, Nov 86 pp 61-65

[Article by M. Braginskiy, doctor of legal sciences, and L. Trakhtengerts, candidate of legal sciences: "Improvement of the Legal Forms of Scientific and Technical Cooperation of Soviet Organizations with Organizations of CEMA Member Countries"]

[Text] It was emphasized from the rostrum of the 27th CPSU Congress that "in the immediate years ahead it is planned to take a large step in the development of socialist integration on the basis of the decisions of the Economic Conference of CEMA Member Countries at the Highest Level... The core of all this work will be the systematic realization of the Comprehensive Program of Scientific and Technical Progress of CEMA Member Countries to the Year to 2000.... From these positions our central planning and economic organs, ministries and departments must organize their foreign-economic work."(footnote 1)

The Comprehensive Program of Scientific and Technical Progress of CEMA Member Countries to the Year 2000 adopted by the CEMA Session at the 41st (extraordinary) meeting in 1985 specifies the need of coordinated actions by CEMA member countries for the creation and use of essentially new types of equipment and technology as applied to five priority objectives (application of electronics in the national economy, comprehensive automation, atomic power engineering, new materials and technology of their production and processing and also biotechnology).

Much attention is devoted in the Comprehensive Program to the fulfillment of tasks formulated in it. Specifically, an agreement of the parties was secured to translate without delay the proper priorities into the language of specific agreements and contracts encompassing all stages of the cycle "science--equipment--production--sale." The obligations assumed by the parties in such agreements and contracts will be taken into consideration in coordination of the national-economic plans of CEMA member countries as well as in plans of economic and social development of these countries.

A special place in accomplishment of the Comprehensive Program is assigned to head coordinating organizations, in which role leading Soviet organizations, which are the strongest and most prestigious, serve--intersectoral scientific-

technical complexes, scientific-production associations and large scientific institutions. Priority problems have to be worked out under their organizing authority. The head organizations have been made responsible for a high technical level and quality, for fulfillment of targets in prescribed periods and also for preparing plans of agreements and treaties and other proposals relating to cooperation for subsequent examination by participating parties according to established procedure. The job of a head organization includes preparing plans of technical and economic validation (TEO) and a detailed program of cooperation on a problem. Following the coordination of these documents by the interested countries, agreements are concluded on their basis for the performance of work designated by the program.

Head organizations exercise their functions within the framework of civil-law agreements concluded with other economic organizations participating in cooperation. The effectiveness of the organizing role of head organizations directly depends on how successfully the structure of contractual ties mediating the unified cycle "science--equipment--production--sale" is. The solution of the problem for different reasons runs into a number of difficulties. In the final analysis, this is to be explained by the fact that in cooperation a large number of organizations of two or more CEMA member countries usually participate. In addition, the forms of participation of each organization are distinguished by considerable diversity.

Depending on the content of the established relationships, the participants utilize the agreements (contracts) for performing work, providing services, transmitting products and so on. The integrated character of cooperation presupposes a need for mutual coordination of these numerous contracts that differ in their legal nature. In our view, synchronization of the work of all participants of cooperation (we have in mind organizations which develop technology, manufacture products for this technology and carry out their sale or use them in their production and so forth) could promote the conclusion between them of a single agreement for the organization of integrated cooperation. A constituent part of an agreement should be a general section encompassing the entire cycle of the cooperation program. It should include the program of scientific and technical development with an indication of technico-economic indicators of the technology or product being created, estimates of the preliminary need for them by the parties and approximate production volume while taking into account specialization and cooperation and also where possible the approximate volume and delivery times of the product. The agreement needs to secure the rights and duties of the head organization relating to coordination of the work of all the participants, provision of methodological assistance to the co-performers of the work and the like.

The agreement being discussed does not of itself give rise to equivalent punishment [equivalentno-vozmezdneye] relations among the parties. For the occurrence of such relations, it is necessary for the parties to conclude with each other civil-law, commercial agreements (deals) depending on the character of participation of the parties in cooperation for delivery, contract or other model. The legal importance of an agreement for the organization of integrated cooperation is restricted by the fact that there is a predetermined need for them to conclude commercial agreements (contracts) and to a significant degree the content of such agreements. It is useful to provide

in the agreement for organization of comprehensive cooperation sanctions in the form of a forfeit (fine) which can be applied to the party avoiding conclusion of the contract. In this way, the actually framed agreement acquires at the same time features of a preliminary agreement known to legislation or at the least to the practice of all CEMA member countries.(footnote 2)

The special legal position of a head organization is shown in the fact that it concludes an agreement with a client for the performance of all work designated by the program. It in its own name enters into contractual relations with those who are recruited by it for the purpose of individual themes or assignments. In such cases, one of two versions may be used in principle: the head organization concludes either with each of the co-performers individually an agreement (on the model of an "order for performance of work") or only one agreement, but with everybody together (a "cooperation agreement"). In our view, the first variant opens up for the head organization the possibility of performing more fully the functions of work coordinator assigned to it. In this variant, the formed structure of contractual relations draws closer to the system of "general contract" that is well known to the countries. The general contractor (in the given case, in such or at least a comparable role serves as the head organization) has the responsibility to the client for performing work not only by itself but also by subcontractors (work subperformers).

In arranging contractual relations for head organizations and co-performers, it is advantageous to use the Model Contract For Performance of Scientific-Research, Planning-Design and Exerimental Work to Order and Model Conditions of Contracts for Conducting Scientific-Research, Planning-Design and Experimental Work on a Cooperative Basis approved by the CEMA Conference on Legal Questions.

In working out specific agreements, there should be taken into account the special, comprehensive character of cooperation, encompassing the relationship of the head organization not only with co-performers but also with clients. In this connection the need arises to coordinate among everything else how the results of the work will be handled, how it will be transmitted to the customer and also how it they will be used by the developers themselves. The agreement must specify the conditions of financing the work, keeping in mind the possibility of performing the work either with funds allocated to the customer or the head organization by the country or with credit from the International Bank of Economic Cooperation or the International Investment Bank. Finally, one other possible variant--the creation of a joint fund by the participants for this purpose.

The same kind of assistance in making up the draft of a specific agreement can be provided by the Model Rules of Material Responsibility of Organizations for Contracts in the Field of Scientific and Technical Cooperation approved by the CEMA Conference on Legal Questions. They provide the possibility of initiation of material accountability in the form of a fine (forfeit) and compensation of losses. By losses are meant only expenditures made by the creditor and loss or damage to his property. Unlike Afticle 36 of Fundamentals of Civil Legislation of the USSR and Union Republics, "underpaid

income" ("omitted profit"), the party violating the contract should not provide compensation. Of these two forms of responsibility, compensation of losses occurs under the condition where the agreement was violated due to the fault of the performer and the payment of a fine on account of the actual fact of violation of the agreement. The performer is released from the need of paying the fine designated by the contract only in the case where he can prove that the contract was not fulfilled or was fulfilled improperly solely as the consequence of an irresistible force.

The Model Rules provide for various kinds of forfeit from the point of view of its relation to losses. Thus, they contain a general presumption in favor of a credited forfeit [zachetnaya neustoyka]: losses are subject to compensation only in the portion not covered by the forfeit. At the same time, with reference to individual types of violations, the creditor has the right of choice of demanding either a forfeit or the losses. Such an alternative forfeit was introduced particularly for cases of violation of the obligation to conclude an agreement on the use of scientific and technical results, to assist the contractor in performance of work or to inform him at the proper time of circumstances hindering its performance. The Model Rules enumerate cases in which the possibility may be provided in the agreement for recovering losses in the full amount above the forfeit, particularly from the party that violated the conditions of dealing with work results or ensuring the confidentiality of the development.

In the use of the Model Contract, Model Conditions and Model Rules, it is necessary to keep in mind that the norms included in them may be used only then when they are reproduced in a specific agreement or a direct reference to individual provisions of the appropriate document is contained in it.

The selection of an optimal structure of contractual ties depends to a significant degree on what the rights of Soviet organizations are in concluding contracts with organizations of other CEMA member countries. Corresponding questions have been regulated up to the present time almost exclusively by Decree No 651 of the USSR Council of Ministers of 9 July 1981. (reference 3) It specifically provides that industrial associations (actually the administrations of such associations), the Zagranpostavka Associations, production and scientific-production associations, enterprises and organizations have the right to conclude with organizations of CEMA member countries "economic agreements on scientific and technical cooperation." As provided by Decree No 652, such an agreement cannot deal with the commercial conditions of performing work. The latter are dealt with in another agreement--a contract concluded with a foreign organization by V/O Vneshtekhnika (a specialized foreign-trade organization of the USSR State Committee for Science and Technology). Soviet economic and scientific-technical organizations that signed the indicated "economic agreement," do not take part in this contract.

It is not difficult to establish that the structure of contractual ties is most complex in such cases. In addition to the "economic agreement on scientific and technical cooperation," we need at the least two more civil-law agreements; one of them would include a performer organization (client) with V/O Vneshtekhnika, while the other (the foreign-trade contract) would

associate the same V/O with the foreign ordering organization of the co-performer.

Thus, even with the two-stage structure ("economic agreement" in the first and the contract in the second stage), the work performers are actually deprived of the possibility to carry out the necessary operative cooperation among themselves and to directly influence the content of the obligations connected with performance of the work. They cannot affect each other in cases where obligations designated in the contract have been violated.

At the present time, very important exceptions have been established directly connected with the adoption of the Comprehensive Program from the described conditions. Head organizations have been granted the right to conclude contracts with the participation of V/O Vneshtekhnika for carrying out scientific-research work, fabricating experimental models of products provided by programs on problem cooperation as well as turning over work and required products, instruments and materials. They have received at the same time the right to conclude contracts together with V/O Vneshtekhnika on whose basis experimental batches of products made within the framework of the cooperation program cooperation relating to corresponding problems will be turned over.

Evaluation of the cited addition to the law depends on what meaning will be attached to the terms "with the participation of" and "jointly." In the former case, it is perfectly clear that the actual rather than the legal participation of V/O Vneshtekhnika is meant. Consequently, only one participant--the head organization--acts from the Soviet side in the contract.

For the purpose of realizing the right granted to head organizations of independent conclusion of a contract with foreign organizations, the necessary economic conditions have been granted to them: on their request, accounts in transferable rubles are opened for them on their request at Vneshtorgbank. Through these accounts, settlements have to be made for work performed by head organizations themselves or for them on the basis of contracts directly with an organization of any other CEMA member country. In such cases, the role of V/O Vneshtekhnika is limited to providing the head organization with various kinds of services (we have in mind cooperation in the development and coordination of the agreement's commercial conditions, information on existing world prices, on market business conditions and so forth). Since V/O Vneshtekhnika performs its work on the basis of cost accounting principles, its relations with the head organization connected with granting of services have to be based on the civil-law agreement concluded between them.

As we know, neither the Fundamentals of Civil Legislation nor the republic civil codes particularly single out service agreements. Nor are there any general acts dealing with such agreements. The closest to them is the contract agreement. But, in our view, while guided by the principle of analogy, it would be incorrect to employ in the said agreements norms relating to the contract. In such a case, the V/O Vneshtekhnika would be faced with an increased risk without an adequate basis that constitutes an inseparable element of the legal position of the contractor in a like agreement. In our opinion, the appropriate articles of the subsection "General Considerations" of the section "Liability Law" of the Fundamentals of Civil Legislation and

the republic civil codes should apply to the agreement of V/O Vneshtekhnika with a head organization for provision of services.

As has already been pointed out, the contract for transmission of experimental batches in distinction to a contract for carrying out work should be concluded not with the participation of V/O Vneshtekhnika but jointly with it. At first glance it might seem that the actual "transmission agreement" is similar to an "economic agreement on scientific and technical cooperation" concerning which mention has already been made or to the "economic agreement on specialization and cooperation of production" which in accordance with Decree No 652 also must be signed from the Soviet side jointly by the economic and foreign-trade organizations. But in reality a basic difference exists between both kinds of "economic agreements" and the contract for turning over of experimental batches. The "economic agreement" cannot give rise to equivalent punishment relations whose content consists of work performance or delivery of specialized products. Such relations arise only from a contract concluded on the basis of an "economic agreement" for performance of work or correspondingly for delivery of products).

Another matter is the contract which a head organization concludes for turning over experimental batches. The latter in its legal nature constitutes a commodity deal which as such gives rise to relations that are comparable to a regular commitment for product delivery.(footnote 4) A contract signed by a head organization for turning over of experimental batches of products (and similarly for performance of work) possesses all the criteria of a foreign-trade deal. Consequently, the conclusion of contracts by a head organization should now be completely regulated by civil-law norms existing in this regard. Specifically, in accordance with Article 125 of Fundamentals of Civil Legislation (Article 565 of the RSFSR Civil Code), the form of such transactions, regardless of where they might be concluded, must conform to USSR legislation. Nonobservance of the form established for foreign-trade transactions as well as the manner of signing foreign-trade deals should bring in its wake their invalidity on the strength of Article 45 of the RSFSR Civil Code. The decree of the USSR Council of Ministers "On the Manner of Signing Foreign-Trade Deals" of 14 February 1978 applies in its action to contracts of head organizations."(footnote 5) This indicates the need of a contract being signed by two parties. At the same time, the signing right belongs to the head and deputy head of the head organization as well as persons empowered with power of attorney signed individually by the head of the organization. In accordance with this decree, there is a need to publish in the journal VNESHNYAYA TORGOVLYA (if the pertinent ministry or department does not have its own press organ) the first and last names of persons who have the right by virtue of their position to sign appropriate contracts.

Within our country, the head organization coordinates the work of other Soviet organizations participating as subperformers connected with a problem included in the Comprehensive Program. The relationships established in this are not to be distinguished in their legal nature from those which arise between Soviet organizations--the orderer and performer of the work because of the agreement concluded with each other on carrying out scientific-research, experimental-design and experimental work. For this reason, the Model Statute on the Manner of Concluding Economic Agreements and Issuing

Intraministry Orders for Carrying out Scientific-Research, Experimental-Design and Technical Work should be used for this type of relationships.(footnote 6)

At the same time, it should be kept in mind that recently new acts were enacted for radically improving foreign economic activities.(footnote 7) Besides head organizations, broad rights for the implementation of direct ties, including signing of contracts for delivery of products and providing services, have also been granted to other Soviet associations and enterprises showing real possibilities for development of cooperation with partners in CEMA countries.

The Comprehensive program provides still another way of uniting the efforts of countries for the purpose of solving very important scientific and technical problems. We refer to the establishment of joint scientific-technical and production associations, international engineering and technological centers for the creation and production of new equipment, technologies and materials and centers for teaching, training and raising the qualifications of personnel as well as other joint enterprises and international scientific and technical collectives and laboratories. For the purpose of ensuring normal operation of such arrangements, certain property is issued, including monetary assets, equipment, instruments, buildings (residential accommodations) and others. This property of the enumerated arrangements is kept separate from other property of the participants. In this way such collective arrangements acquire the possibility of conducting economic activity in their own name as legal entities for the attainment of the goals set before them.

Scientific and technical collectives and laboratories perform their functions differently. They are usually created attached to one of the national scientific-research, planning-design or other organizations for carrying out scientific-research and planning-design work for the solution of a specific problem. Not being subjects of civil law, international collectives and laboratories cannot in their own name participate in civil (including naturally in foreign-trade) operations. In all law violations that occur in connection with the work performed by scientific and technical collectives and laboratories, the national organization under which they were created acts.

In conclusion, it is necessary to point out that in the course of performing the task set by the Comprehensive Program, prerequisites are undoubtedly determined for the selection in various cases of this or that organizational and legal form from among those that are already known. At the same time, reasons exist for expecting the appearance of new economic legal arrangements capable of providing most effectively comprehensive scientific and technical cooperation among CEMA member countries.

FOOTNOTES

1. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuza" [Materials of the 27th Congress of the Communist Party of the Soviet Union]. Moscow, Politizdat, 1986, p 256.

2. See: "Dogovornye pravo stran-chlenov SEV and SFRYu" [Contract Law of CEMA Member Countries and Yugoslavia]. Moscow, izd-vo SEV, 1985, pp 185-186.
3. Decree of the USSR Council of Ministers "On Further Improving Cooperation of USSR Ministries and Departments, Associations, Enterprises and Organizations with Appropriate Organs, Enterprises and Organizations of Other CEMA Member Countries in the Field of Science, Technology and International Specialization and Cooperation of Production" (SP SSSR, No 21, p 122).
4. In this way, the need is predetermined in particular of using for appropriate contracts General Conditions of Goods Delivery Among Organizations of CEMA Member Countries (OUP SEV 1968/1975 in the 1979 version).
5. SP SSSR, No 6. 1978, p 35.
6. "Sbornik normativnykh aktov po sovetskomu grazhdanskomu pravu. Ch. 2" [Collection of Normative Acts Relating to Soviet Civil Law. Part 2]. Moscow, "Yuridicheskaya literatura", 1984, pp 176-184.
7. PRAVDA, 24 September 1986.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

NEED FOR COOPERATION IN INDUSTRIAL CATALYSTS

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, 1986 pp 73-74

[Article by Roman Buyanov, director of the Coordination Center "Industrial Catalysts", Corresponding Member of the USSR Academy of Sciences: "Industrial Catalysts -- A Vital Area for Collaboration"; first two paragraphs are source introduction]

[Text] It is impossible to imagine modern chemistry in the absence of catalysts. More than 75 percent of the industrial chemical processes are catalytic and among new processes their number exceeds 90 percent. An increase in the activity and selectivity of catalysts is making it possible, with fewer capital expenditures, to improve the technological indicators for processes (productivity of a unit, consumption of raw materials, energy and others). Thus, extensive work is being carried out throughout the world in connection with achieving improvements in catalysts: at the present time, the area of catalysis is one of the most scientific-intensive spheres of action.

In the future, the use of catalysts will go far beyond the bounds of traditional chemical technologies. Thus, great opportunities are opening up for the use of catalytic methods for solving ecological problems associated with the decontamination of sewage water and industrial and transport waste materials; catalysts can be used for carrying out optimum variants for the burning of fuel and efficient processes for the drying of porous materials. Success in carrying out the tasks for polymer materials, as called for in the section "New Materials and Technologies for Their Production and Processing" of the All-Round Program for Scientific-Technical Progress for CEMA Member Countries Up To the Year 2000, will depend to a considerable degree upon the availability of suitable catalysts.

Industrial catalysts constitute a very important national economic problem, one that is being solved with the aid of more effective means of international collaboration. In 1971, the KOTs [koordinatsionnyy tsentr; coordination center] was organized for the problem concerned with "The Development of New Industrial Catalysts and Improvements in the Quality of Catalysts Being Used in Industry." At the present time, the KOTs combines the activities of 60 organizations in nine socialist countries: NRB [People's Republic of Bulgaria], VNR [Hungarian People's Republic], GDR, PNR [Polish People's

Republic], Republic of Cuba, SRR [Socialist Republic of Romania], USSR, ChSSR [Czechoslovak Socialist Republic] and SFRYu [Socialist Federated Republic of Yugoslavia]. As a result of collaboration, the assortment of industrial catalysts being produced in countries which are participating in this problem is constantly being renewed and expanded. Such catalysts as IK-1-6 for the production of sulphuric acid [USSR], palladium catalysts for the selective hydrogenation [GDR] and nickel catalysts for the conversion of natural gas NC-2S [SRR] are included among the best modern analogs (1). The council of authorized representatives has been assigned the task of organizing collaboration not only in connection with the development of catalysts but also their industrial production, specialization and cooperation.

Mutual deliveries in accordance with bi-lateral agreements will provide the foundation for this work. The catalysts are supplied either as an independent product or in a set with the appropriate equipment. For example, the PNR, which specializes in the production of equipment for sulphuric acid production operations, simultaneously supplies a catalyst for the first loading of a reactor; the NRB supplies automatic loaders in a set with a catalytic system for the purification of gases; many CEMA member countries use catalysts obtained from the USSR and GDR. The experience of such deliveries has made it possible to evaluate in an objective manner the quality of the goods being produced and to furnish recommendations relative to its use for various types of units and raw materials. Growth in the catalyst requirements of countries, in terms of both volume and assortment, is attaching greater importance to the problem of specialization in their production. From a quality standpoint, this requires a new level of economic relationships between countries and the strengthening of long-term partnerships. In the process, the producer of goods must ensure high quality in the specialized products, constant improvements in them and changes in the products in conformity with international trends.

In the opinion of the council of authorized representatives, it is not advisable for all of the needed catalysts to be produced in all countries, nor should their production be concentrated only in one country. Obviously, the optimum variant is to have the products produced in two or three countries. This is being achieved by means of competition aimed at achieving quality in the specialized products and in the delivery service.

International multilateral specialization in the production of catalysts began with the production of a group of catalysts for the petroleum refining industry. In 1981, within the MKhT "Internefteprodukt" framework, a multilateral agreement was signed (NRB, VNR, GDR, PNR, Republic of Cuba, USSR and ChSSR) which defined specialization in the production of catalysts for cracking, reforming and isomerization of gasolines, hydraulic cleaning and hydraulic cracking. In reviewing an expansion in the nomenclature for catalysts, the council of authorized representatives drew the conclusion that, based upon existing capabilities in the countries, it is impossible to satisfy fully their catalyst requirements, with the future development of the principal chemical production efforts being taken into account. The need was substantiated for the construction of a specialized enterprise in the interest of reducing to a minimum imports from capitalist countries, bringing about a change in the generation of catalysts and mastering basically new

developments. At the present time, a general agreement has been prepared for specialization in the production of catalysts based upon the creation of new capabilities in the USSR. In the process, long-term specialization by the USSR in accordance with an agreed upon catalyst nomenclature assumes cooperation with Hungary in deliveries of alumo-oxide carriers for a number of catalysts. The coordination center has already accumulated some experience in the organization of such work. By way of an example, allow me to cite the multilateral agreement (NRB, VNR, GDR and USSR) for the development of a new type of catalyst for the conversion of natural gas, with use being made of Hungarian carriers. Hungary is developing and producing carriers in conformity with the technical requirements of its partners, who in the future are planning the production of industrial models in cooperation with the VNR, which is specializing in commercial deliveries of carriers for newly created catalysts.

The council of authorized representatives views the construction of a specialized enterprise not only as a solution for the problem of supplying the country with catalysts but also as a new basis for scientific-technical collaboration. In the opinion of representatives of the parties in the council, the creation of a modern enterprise for the production of catalysts prepares the true conditions for an effective division of labor in the carrying out of scientific-research work associated with bringing about improvements in catalysts.

The main thrust of the program for scientific-technical collaboration up to the year 1990 is oriented towards improving the catalysts included in the nomenclature of an enterprise. And it is already taking shape today based upon combined forecasting materials which evaluate the prospects for developing new catalytic processes in the various countries.

FOOTNOTE

1. See: EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, 1982, No. 8.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

GOALS OF STANDARDIZATION IN CEMA LONG-RANGE PROGRAM

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, 1986 pp 75-80

[Article by Boris Remizov and Vladimir Proskuryakov, CEMA Institute for Standardization: "Overall Program for Scientific and Technical Progress: Goals and Tasks of Standardization"]

[Text] The experience accumulated within the CEMA framework shows that standardization is an effective tool for a coordinated and, in a number of cases, unified technical policy. Basic tenets of the Overall Program for Scientific and Technical Progress of CEMA Countries Until the Year 2000 stipulate that countries will carry out joint work on standard-technical and metrological support for its priority directions, including the development of necessary CEMA standards, rules, methods, and technical means of measurements conforming to the highest world level. At the same time, a whole set of problems, which were hardly encountered previously in the practice of cooperation, should be solved. This is also due to the vast scale of work and to the fact that new equipment, technology, and materials, whose development is only planned and which do not yet have analogs in world practice, will be the objects of standardization in most cases. In many respects it is necessary to organize the activity on standardization and metrology in a new way. Since priority problems are worked out under the direction of leading organizations--coordinators responsible for a high technical level and quality--appropriate standardization and metrological support should also be provided under their guidance. In specific agreements and detailed cooperation programs on problems concerning the overall program for scientific and technical progress it is necessary to envisage assignments for standardization and metrological support for the equipment being developed.

The preparation of the standard-technical base for the overall program for scientific and technical progress for the development of new equipment envisages the following:

rise in the technical level, quality, and reliability;

technical, information, and program compatibility of articles and systems;

creation of conditions for:

cooperative and specialized production, acceleration of the development and introduction of this equipment, materials, and technologies, and increased efficiency through a reduction in the production cost of equipment as a result of an increase in the series production of unified parts, assembly units, articles, and systems and a fuller satisfaction of the needs of CEMA countries for articles manufactured on the basis of unified parts and assembly units.

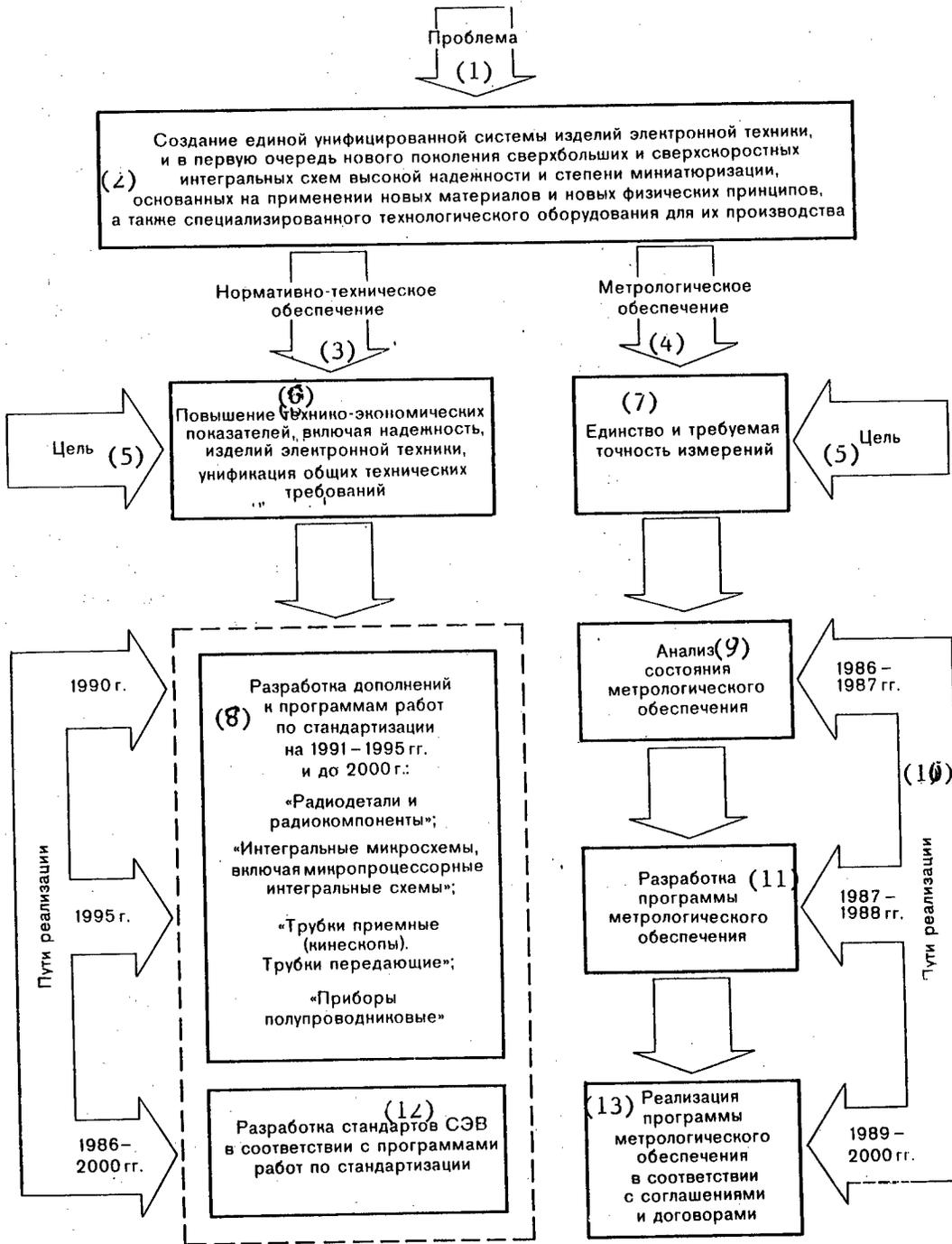
The development of CEMA standards, CEMA standard samples of the composition and properties of substances and materials, CEMA standard reference data and standard-technical documents, model means of measurements, and rules and methods for attaining the unity and required precision of measurements during the realization of the overall program for scientific and technical progress is the task of metrological support. Priority problems determine the specific content and periods of work on standardization and metrology.

The goals and basic stages in standardization and metrological support for one of the priority problems are shown in the diagram.

Electronization of the national economy--the first priority direction--envisages the introduction of the most advanced computer hardware into all the spheres of production and social life. Tasks are set to develop new-generation supercomputers with a speed of more than 10 billion operations per second, mass computer hardware, and personal computers with developed software for a wide saturation of national economic sectors. At the same time, standardization tasks are as follows: rise in technical and economic indicators, including in reliability, reduction in the material intensiveness and power consumption of computer hardware, and attainment of a technical, information, and program compatibility of hardware. It will be necessary to work out and introduce CEMA standards and standard documents of the Intergovernmental Commission on Cooperation Among Socialist Countries in the Field of Computer Technology in accordance with the program of work on standardization "information processing systems" with due regard for the supplements to it for 1991-1995.

This priority direction includes the development of a unified system of means of digital information transmission (unified system of means of digital information transmission), which sharply increase the capacity and reliability of the communication system and ensure the unification of applied hardware. Appropriate standardization measures should be directed at the regulation of technical requirements for the communication system apparatus for increasing the reliability of information transmission and creating conditions for the unification of apparatus and assembly units and elements. For this purpose it is planned to prepare for 1987-1995 supplements to the programs of work on standardization--"apparatus for the transmission of all types of information through the interconnected automated overall communication system and national communication networks of CEMA countries; wire communication and radio relay apparatus" and "apparatus for the transmission of all types of information through the interconnected automated overall communication system and national communication networks of CEMA countries; radio communication and radio

ELECTRONIZATION OF THE NATIONAL ECONOMY
(first priority direction)



Key on following page

Key:

1. Problem
2. Development of a single unified system of electronic engineering articles, primarily a new generation of superlarge and superspeed integrated circuits of a high reliability and degree of miniaturization based on the application of new materials and new physical principles, as well as of specialized technological equipment for their production
3. Standard-technical support
4. Metrological support
5. Goal
6. Rise in technical and economic indicators, including reliability, of electronic engineering articles and unification of general technical requirements
7. Unity and required precision of measurements
8. Development of supplements for programs of work on standardization for 1991-1995 and until the year 2000: "radio parts and radio components"; "integrated microcircuits, including integrated microprocessor circuits"; "receiver tubes (kinescopes); transmitting tubes;" "semiconductor instruments"
9. Analysis of the state of metrological support
10. Ways of realization
11. Development of metrological support program
12. Development of CEMA standards in accordance with programs of work on standardization
13. Realization of the metrological support program in accordance with agreements and contracts

broadcasting apparatus"--in the part of equipment for the unified system of means of digital information transmission and in accordance with these programs CEMA standards.

The development and introduction of high-speed, fiber-optic communication facilities for their application in national systems of CEMA countries are also envisaged. Standard support for this problem should be directed at regulating technical requirements for optofiber equipment components and apparatus and systems of light conducting means of information transmission,

which increase the capacity and lower the material and power intensiveness of communication networks. The preparation of programs of work on the standardization of optofiber equipment components, apparatus and systems of light conducting means of information transmission, and monitoring and testing equipment for light conducting communication systems and of appropriate CEMA standards is envisaged for this.

A wide range of various instruments, sensors, and monitoring and testing facilities developed on the basis of the achievements of microelectronics for a nondestructive inspection of machine parts and building structures, measurement of the composition and structure of substances and materials, automation of environmental control, and accelerated performance of scientific research will contribute to an increase in production efficiency and to the reliability of and improvement in the quality of products. Standardization and metrological measures for these problems should ensure the unity and precision of measurements, a high technical level of instruments, and the reliability and decrease in the material and power intensiveness of instruments, machinery, and equipment.

The basic goal of cooperation in the second priority direction--"overall automation"--is large-scale production automation. To attain this, rapidly restructured and flexible production systems for various purposes, as well as fully automated shops and plants, are needed. CEMA standards should regulate technical requirements for flexible production systems and their elements and ensure the unification, technical compatibility, and interchangeability of the equipment and components of flexible production systems, an increase in their reliability, and a decrease in the material and power intensiveness of production. Furthermore, standardization should contribute to the concentration and organization of specialized and cooperated production of subsystems, modules, and accessories for flexible production systems. Therefore, it is advisable to work out a program of work on standardization "flexible production systems" and on its basis appropriate CEMA standards.

This priority direction also brings forth tasks concerning the development and introduction of a computer aided design system, an automated system for technological preparation of production, a system for automation and acceleration of research and experiments, automated production management systems, automated management systems for technological processes, and integrated management systems. Standardization support in these areas is directed at raising the technical and economic indicators of these systems, developing the technical, information, and program compatibility of system hardware, and increasing its reliability.

In this connection the development of a program of work on standardization in the area of a computer aided design system for 1991-1995 and until the year 2000 and of supplements to the program of work "instrument making, automation equipment, and management systems," as well as the preparation of appropriate CEMA standards, is envisaged.

This priority direction also includes problems concerning the development of industrial robots and manipulators. Here standardization tasks lie in ensuring the technical compatibility of equipment and of components for various functional purposes forming part of industrial robot engineering facilities on the basis of an extensive application of the unit-module principle in increasing the reliability and efficiency of operation of industrial robots and manipulators. The preparation of appropriate CEMA standards in accordance with the program of work "industrial robot engineering facilities" has already begun.

The development and introduction of automated technologies for the output of superprecision equipment and instruments are of great importance. Standardization should be directed at establishing parametric and dimensional series of groups of equipment and measuring devices for precision machine building, as well as at regulating the list of quality indicators and norms of precision of equipment and measuring devices. Programs of work on standardization "equipment and machining centers for precision machining and their components" and "built-in monitoring and testing instruments for automation of interoperation and postoperation control" and appropriate CEMA standards should be worked out.

Plans have been made to develop unified mechanical, hydraulic, pneumatic, electrical engineering, electronic and other accessories; a number of control and diagnostic devices for automated machines and technological equipment; active control facilities and highly durable and outfitted tools; quality control systems. In this connection CEMA standards should ensure the unification of accessories, subassemblies, and parts for general machine building application, tools, and attachments and contribute to an improvement in the technical and economic characteristics of articles, including reliability, and to a decrease in material intensiveness.

The development of 127 CEMA standards has already begun. In all there should be 324 such standards by 1990.

This priority direction envisages developing and introducing unified series of technical facilities for the automation of transport lifting, loading-unloading, and transport-warehouse operations, waste utilization facilities, sensors for various purposes for industrial robots, and flexible production modules. Here standardization tasks consist in regulating specifications for a rise in the technical and economic indicators of automation equipment and the establishment of unified series of groups of uniform products, modules, units, subassemblies, and devices, as well as requirements for the quality, reliability, and safety of mutually delivered equipment. For this it is necessary to work out appropriate CEMA standards for the program "basic facilities for the mechanization of loading-unloading and warehouse operations."

The main goals of cooperation among fraternal countries in the third priority direction--"accelerated development of atomic power engineering"--are an in-depth qualitative restructuring of the power facilities of CEMA countries,

increase in the efficiency and reliability of electric supply, reduction in the utilization of organic fuel, improvement in heat supply for cities, environmental protection, and efficient power utilization.

The most urgent problems include the improvement and further construction of AES with water-cooled type reactors (VVER-440 and VVER-1000) of an increased technical and economic efficiency and with a high degree of standardization and unification of equipment and highly reliable, qualitatively new systems for the management, control, and automation of technological processes. To attain the unity and required precision of measurements, a program for the development of standards and model means of measurements for metrological support for AES apparatus should be worked out on the basis of an agreement.

A set of standard-technical documents, including CEMA standards and other standard-technical documents, will be prepared for the establishment of AES safety norms.

The fourth priority direction--"new materials and their processing and production technologies"--envisages extensively introducing fundamentally new types of materials into the national economy, primarily into industry, as well as developing industrial technologies for their production and processing.

CEMA standards should regulate technical requirements for materials and articles from them at the level of the best world achievements, unify control methods, and prepare the conditions for their specialized and cooperated production.

As is well known, new plastics can replace critically scarce natural materials and ferrous and nonferrous metals. Standardization support is intended to establish norms and technical requirements for materials. Therefore, it is important to supplement the already existing programs of work on standardization "synthetic rubbers and latexes" and "large-tonnage plastics" and to adopt CEMA standards.

This priority direction envisages the development, by means of powder metallurgy methods, of new wear-resistant and other materials on the basis of ferrous and nonferrous metals, as well as high-melting compounds. The regulation of technical requirements for materials with a high level of consumer properties and the unification of material testing methods are primarily the tasks of standard-technical support in this area. Hence it is important to refine the programs of work on standardization "metal powders, sintered materials, and hard alloys" and "metal products, powders, sintered materials, and hard alloys and quality control" and in accordance with them to work out CEMA standards.

Provision has been made for the development of amorphous and microcrystalline materials possessing a unique combination of mechanical, electrical engineering, anticorrosion, and other properties, of new semiconductor materials for microelectronics, and of metals and their high-purity compounds with special physical properties. Technical requirements for these materials should be regulated by CEMA standards.

Improving the casting production technology of continuous steel teeming and developing nonfurnace steel treatment technology for the production of metal with improved qualities and of an extrahigh quality should be singled out among other priority-direction problems. Standardization support for this problem should be directed at regulating technical requirements for metal, rolled metal, pipes, and reprocessed ferrous rolled metal products determining extrahigh metal quality; lowering the metal intensiveness of machines, equipment, and metal structures; reducing the power intensiveness of metal production. Therefore, it is necessary to work out CEMA standards in accordance with the program of work "steel brands, rolled metal, reprocessed ferrous rolled metal products, and steel pipes."

A sharp increase in food resources is one of the goals of cooperation among CEMA countries in the fifth priority direction--"accelerated development of biotechnology." In particular, the development and extensive application of microbiological agents for protecting plants against pests and diseases, of bacterial fertilizers, of plant growth regulators, and of highly productive, new varieties and hybrids of agricultural plants resistant to unfavorable environmental factors, which are obtained by genetic and cellular engineering methods, contribute to the attainment of this.

At the same time, standard-technical support should be directed at regulating technical requirements and establishing uniform quality control methods. In this connection plans are made to develop CEMA standards for microbiological plant protection agents, for plant growth regulators, for new strains of nitrogen-fixing microorganisms, and for methods and means of measuring and controlling technical processes in the production and quality of finished products.

The development of valuable feed additives and of biologically active substances for increasing the productivity of animal husbandry and of new bioengineering methods for an effective prevention, diagnosis, and therapy of basic diseases in farm animals remains no less important a problem.

In accordance with the problem standardization measures should be oriented toward the determination of technical requirements for the quality of embryos of highly productive farm animals and for testing methods, regulation of the requirements for the transportation and storage of frozen embryos, and establishment of qualitative characteristics and methods of testing new preparations, feed additives, and biologically active substances. Appropriate CEMA standards will be worked out for this purpose.

The large volume of work, which will have to be done for standard-technical and metrological support for the overall program for scientific and technical progress, will require, on the one hand, the development and application of CEMA standards for new types of products promising for the organization of specialized and cooperated production, which include indicators of the technical level and quality conforming to the world level of scientific and technological development, or exceeding it. On the other hand, it is necessary to ensure the application of national standards of CEMA countries

meeting the world level and of international standards. Furthermore, extensive work is ahead on developing CEMA standards, CEMA standard samples of the composition and properties of substances and materials, standard reference data, model and working means of measurements, and the necessary CEMA standard and standard-technical documents in the area of metrology.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

MEASURES FOR IMPROVING CEMA EXPORT MANAGEMENT

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, 1986 pp 92-97

[Article by Andrey Goryachev, Doctor of Economic Sciences and Yuriy Korlyugov, Candidate of Economic Sciences: "Improvements in the Administration of Export Operations"]

[Text] The implementation of the decisions handed down during the 27th CPSU Congress, with regard to raising the rates of economic growth for the USSR during the 12th Five-Year Plan, calls for the reorganization of and improvements in the administrative forms and methods and in the economic mechanism as a whole. Here we have in mind an efficient and flexible system which is in keeping with the achieved level of development and which makes it possible to utilize more fully the advantages of the socialist method of production.

This task is rather complicated in nature and the measures for solving it must be comprehensive in nature and encompass all elements of the administrative system and all spheres of the national economy.

This fully applies to the administration of foreign trade. Participation in the international division of labor, primarily within the framework of the Socialist Bloc, is a most important factor for the intensification of national economic development. An acceleration in the process of socialist integration and international production specialization and cooperation assumes leading rates of growth for foreign trade compared to growth in national income. As a result, the sphere of foreign economic activity begins to play an increasingly greater role in the process of social reproduction.

This then explains the great amount of attention that is being given in the Soviet Union and in other CEMA member countries to improving various aspects of foreign trade activity and strengthening its flexibility, efficiency and orientation towards achieving high final results.

"In advancing the task of making active use of foreign economic activity for the purpose of accelerating our development" noted M.S. Gorbachev during the 27th CPSU Congress, "we have in mind the step by step reorganization of the

structure of foreign trade turnover and making export and import operations more efficient in nature."

These questions are of special importance during this modern stage in the development and interaction of CEMA member countries, which together are solving the large-scale problems associated with accelerating scientific-technical progress and searching for new forms for production specialization and cooperation.

Comprehensive measures are presently being undertaken in the CEMA member countries aimed at developing and improving the mechanisms for administering foreign trade. This applies mainly to the creation of those organizational-economic prerequisites needed for achieving rapid growth in the profitability of export operations by enterprises, mainly of the processing branches of industry. Only on this basis will it be possible to achieve an optimum export structure, one which guarantees a stable foreign exchange required for import operations and a high national economic return for all foreign trade. A considerable amount of experience has been accumulated in this area and many examples could be cited illustrating the successful development and efficient production and marketing of competitive and high quality products on the world markets. A mutual study of this experience is of great interest today.

Strengthening the Role of Industry

The principal directions to be followed for improving the administrative mechanism for foreign trade, including export activities, are associated with strengthening the role and interest of industrial enterprises. Together with foreign trade organizations, they must bear responsibility for achieving high export indicators.

In order to draw production closer to the problems concerned with the administration of export operations, administrations have been created in the all-union associations of the USSR MVT [Ministry of Foreign Trade]. Formed on an equal basis, these administrations consist of representatives of the associations and corresponding branch ministries and departments. This has made it possible to strengthen somewhat collaboration among interested organizations and to take into account more completely the requirements of the foreign market with regard to the technical level and structure for export products.

At the same time, a number of measures were introduced for stimulating the producers of export products, particularly mark-ups added on to wholesale prices, bonuses for timely deliveries and high quality and also foreign exchange deductions.

The importance of stimulating export production operations was taken into account during a large-scale experiment carried out in the USSR. In particular, the practice of using export mark-ups for adding on to wholesale prices for improved quality or for increases in the assortment or volume of export products was expanded and strengthened.

Under conditions involving the spread of new managerial methods and intensifying their effect on accelerating scientific-technical progress, the system of economic levers for raising the competitive nature of export products is undergoing further development. The priority importance being attached to achieving dynamic collaboration with socialist countries has raised a need for radically improving the mechanism for administering foreign economic relations. The Politburo of the CPSU Central Committee has approved a complex of measures calling for a substantial expansion in the rights of branch ministries, production associations and enterprises in foreign economic activities and directed towards creating economic and organizational conditions for expanding in every possible way direct production contacts among associations and enterprises within the CEMA framework and the creation of joint enterprises and production operations.

The introduction into operational practice of new forms for regulating foreign economic activities underscores the advisability of a detailed study of the rich experience accumulated in this area in CEMA member countries.

There are many common factors in the development of systems for administering foreign trade in European CEMA member countries. Roughly up until the late 1960's, relationships with the world market were carried out by VTO's [foreign trade organizations], the activities of which were strictly controlled. The MVT possessed considerable authority in the matter of exercising operational control and intervening in their activities. Accounts with suppliers of export products and consumers of import products were maintained on the basis of domestic wholesale prices, which differed considerably from the world prices. The activities of VTO's were separated apart from enterprises engaged in the production of export products.

In the late 1960's and early 1970's, a number of measures were carried out in the Socialist Bloc countries aimed at improving the administration of foreign trade. Despite difference caused by the specific conditions found in each country. these measures had a common goal: to ensure mutual interest and responsibility among all participants in foreign trade activities. For example, in the NRB [People's Republic of Bulgaria], VNR [Hungarian People's Republic] and GDR, the commission form received the greatest dissemination. The essence of this form was as follows: the actual earnings from the sale of export products was added to the account of a KhO [economic organization], which in turn paid a commission amount to the VTO. Hence the final results of foreign economic activity in this instance had a direct effect upon the formation of the income of industrial enterprises. Thus, in the GDR, commencing in 1971, the income of all centrally subordinated combines was determined with the aid of a so-called unified economic result for a combine, which consisted of the results of domestic sales (output in wholesale prices, less production expenditures) and foreign sales (export earnings and subsidies, less total export expenditures) and also the production result (net profit) of the foreign trade enterprises, if such existed.

As is evident from this example, when determining the income from foreign economic activity, not only the export earnings but also the subsidies are taken into account. This derives from the fact that the exporting of some goods becomes unprofitable owing to considerable differences between the

international and domestic prices. However, in the interest of national economic development, the following action is taken: the state undertakes to cover the associated losses by paying export subsidies to the enterprises.

In evaluating the effect of the subsidy system on improvements in the efficiency of foreign trade activity, its dual nature must be taken into account. On the one hand, it stimulates a quantitative increase in exports. In the GDR, for example, the subsidies are calculated as a percentage of the planned earnings and they are paid out based upon the actual result. On the other hand, the existence of constant additional payments does not serve to stimulate improvements in the efficiency of export operations. For an enterprise, this opens up the possibility of expanding export operations which are unprofitable from a national economic standpoint and this is in conflict with the tasks of intensification.

Thus the subsidy mechanism must be formed in a manner so as to eliminate unprofitable export operations. For example, enterprises of the VNR, which do not receive subsidies, obtain instead a number of tax and credit privileges. At the same time, the size of the subsidies for low profitability enterprises is gradually decreasing. The process of strengthening the sources for the self-financing of export operations is in progress. In the GDR, in particular, it is stipulated that within the framework of a combine the profit obtained from foreign economic activity can be used for covering the price difference formed from the exporting of products by a number of unprofitable enterprises, through a redistribution of a portion of the profit in the combine's general fund.

In the ChSSR [Czechoslovak Socialist Republic], an experiment has been underway since 1983 in connection with increasing the direct responsibility and interest of production organizations in the results of foreign trade activities. The profits or losses in this area are now being reflected in the overall indicators of the KhO's.

A great amount of work is being carried out in connection with strengthening the organizational-economic relations of KhO's and VTO's. For example, an industrial organization is authorized to carry out foreign trade activities independently in its own behalf and through its own VTP [foreign trade enterprise], which is transferred over to its authority from the ChSSR MVT system. Commission agreements are concluded between the KhO's and VTP's as they apply to the MVT. And in both instances, direct responsibility for the results of the foreign trade activity is borne by the producer of the export products.

The commission forms for interaction between industry and foreign trade are undergoing further development. Thus Bulgarian KhO's and VTO's are authorized, independently and in the absence of interference by state organs, to distribute among themselves the funds formed as a result of the difference in the actual and planned foreign trade prices. The relationships between the KhO's and VTO's in Hungary are roughly the same. Here, in addition, use is made of so-called contractual associations. They provide for joint responsibility by production and foreign trade organizations in the production and sale of products.

In actual practice, use is being made of other levers for stimulating enterprises in the production of export products. This includes payments in national currency from various incentive funds, the formation of a foreign exchange fund and the presentation of foreign exchange credits.

For example, a special incentive fund for exports has been created in the MVT for the NRB. This fund is intended for providing compensation for the expenditures of KhO's for above-plan exports and for issuing individual incentives to the producers of products. In addition, the KhO's are paid bonuses for over-fulfillment of the export plan: 0.5 levs for each foreign currency lev. In the event of non-fulfillment of the plan, the KhO's are fined in the same proportion. The GDR, which uses a similar form for issuing bonuses, takes into account two indicators -- the absolute increase in exports and the proportion of the export output compared to overall production. The resources of special funds of a combine -- administrative or reserve funds -- are also used for issuing bonuses.

There is still one other form for stimulating export production -- the formation of foreign exchange funds of KhO's, for example, by means of deductions from foreign exchange earnings. In the NRB, in particular, 1 percent of the current foreign exchange receipts and 70 percent of the above-plan foreign currency receipts are added to this fund. These funds are distributed in the following manner: 30 percent to the branch ministry, 10 percent to the district council and 60 percent is placed at the disposal of the KhO's. The resources of the fund are used for purchasing imported equipment, raw materials, licenses, temporary duty for specialists and so forth.

The role played by self-financed sources for export operations is raised with the aid of foreign exchange recurring credits -- the KhO's obtain them mainly for importing machines and equipment. Credit in this instance is repaid by means of additional foreign exchange earnings, formed as a result of an increase in export operations. In the process, more stern requirements are imposed with regard to validating credit requests and the bank percentage rates are determined as a rule based upon the international level. This is necessary in order to ensure the most efficient use of the borrowed funds, their rapid repayment and thorough balancing.

On the whole, in evaluating the formation of foreign exchange funds and credits, it should be noted that, as a result of limited foreign exchange resources, it cannot ensure complete foreign exchange self-financing for export production and is considered to be additional in nature.

In addition to the commission method, there are also other forms for interaction between industry and foreign trade. For example, foreign economic activity can be carried out through VTO's which, by acquiring products from national suppliers at domestic prices, can independently determine their own foreign trade policy. In the VNR, this form encompasses approximately 15 percent of the foreign trade turnover. It is especially effective when a VTO is involved with a large number of suppliers of small batches of products. However, owing to the limited financial potential of some VTO's, this form is

being employed on an increasingly infrequent basis. In the GDR, a computation according to domestic prices is carried out with enterprises of the food and agricultural industry and of local subordination, and with the difference between the foreign trade prices being reimbursed by means of the budget. Finally, a KhO can carry out foreign economic activity independently. In such instances, not all of the results are credited to its account and the profit is distributed between the production and foreign trade subunits in conformity with the regulations.

New Trends in the Planning of Foreign Economic Relations

A typical feature of the modern stage includes not only an increase in the role played by industrial enterprises in the entire volume of foreign economic activity, but also their participation in the planning of foreign economic relations. More and more frequently, specific plan indicators are being determined as a result of the mutual coordination of preliminary recommendations advanced by central organs and also by KhO's and VTO's.

Thus, in the NRB, the KhO's develop a counter plan based upon indicators (planned foreign trade prices, taxes, customs and so forth) "issued" by the branch ministries. The VTO's are also assigned tasks. The structure of the export operations, the specific volumes and also the amount of foreign exchange receipts are determined during the course of concluding agreements between the KhO's and VTO's. In addition, these agreements take into account operations with goods not included in the state plan for exports in natural form.

In the PNR, the VTO's play the most active role in the planning process for foreign trade. Orientations prepared in the "center" through the appropriate VTO's are made available to the economic organizations. The latter, after developing an independent program, issue a report on it to the central and local organs, to their service banks and to the VTO's, where in the final analysis it is coordinated with the draft central plan.

In the VNR, the foreign trade plan prepared in Gosplan is mandatory for the central organs of administration. In the case of enterprises, no directive indicators for export or import are available for them, either in a natural or a cost sense. However, this is not meant to imply that planning at the national economic and enterprise levels is isolated from one another. Enterprises form the program for their foreign trade turnover based upon an analysis of the foreign and domestic processes. The merging of plans prepared at various administrative levels is carried out by the branch ministries, the MVT and Gosplan. When necessary (upon the condition that this conforms fully to the goals for national economic development), the central organs are authorized to carry out the required changes in behalf of particular enterprises. And these in turn strive to achieve foreign trade volumes in which the state will be interested.

At the present time, a conversion over from detailed planning to determining the summary cost indicators for foreign trade activity is being observed in practically all of the CEMA member countries. This is associated with the

need for taking into account the changes in world market conditions and implementing the appropriate corrections to the tasks.

The foreign trade activities of Hungarian KhO's and VTP'S, which have not been supplied with directive indicators, are centrally regulated in accordance with direct action channels, for example on the basis of licenses, quotas and an authorization system for export and import operations. The approval of quotas represents one form for the funding of material resources; a quota for a particular product can be obtained only after an order has been carried out within the established limit. For the supplier (VTP), the carrying out of such an order is mandatory. All goods must be authorized for importing or exporting. Thus the system of such levers serves as a means for controlling the foreign trade activities of KhO's in behalf of state interests.

Forms and Methods of Stimulation

Measures aimed at raising the role played by industry in controlling foreign economic activities are being carried out in combination with strengthening the responsibility and interest of foreign trade workers. Thus, for example, a wage system for workers was adopted in the NRB according to which they are initially paid an advance, with a final accounting being carried out based upon the results of their work. The overall amount of income for a VTO consists of payments from export work, commission withholdings for export and import services and also the difference between the actual and planned foreign trade prices.

The issuing of bonuses by foreign trade organizations in the GDR is carried out depending upon plan fulfillment in terms of three indicators -- foreign exchange payments from export operations, profitability of exports and net profit. The bonus fund is increased proportionately for each percent of over-fulfillment of the plan and for non-fulfillment it is decreased.

In 1980, the law on working self-administration and cost accounting operations in foreign trade activity and international economic cooperation was adopted in the SRR [Socialist Republic of Romania]. Its goal -- the use of financial-economic levers for regulation in a given area. The accounts with suppliers of export products are now being maintained according to foreign prices, recomputed on the basis of a unified trade policy. In the event of overfulfillment of the export plan, a considerable portion of the additional foreign exchange received remains at the disposal of the production enterprises. Since 1984, the wages for foreign trade workers has largely depended upon fulfillment of the export and import plans. The wage fund is formed based upon normative withholdings from operations, mainly export operations.

In the PNR, the interrelationships of industry with foreign trade are also carried out on a commission basis. However, the accounts with suppliers within the country for export products are carried out in accordance with domestic market prices. Naturally, such a method does nothing to promote interest in the KhO's in developing their export operations. Thus use is made of additional stimuli. For example, a turnover tax for export products is not imposed.

The use of direct and indirect methods for regulating foreign trade activities on the whole demonstrates a high level of effectiveness. Measures for improving these forms and methods, carried out in the European CEMA member countries, are having a positive effect on the functioning of national economic mechanisms.

A radical improvement in the competitive nature of export products can be achieved only on the basis of progressive advances in developing the productive forces and steady growth in labor productivity. Decisive importance is being attached in this regard to factors for accelerating scientific-technical progress and the rapid introduction of its results into operational practice.

In particular, this is the aim of the decree of the CPSU Central Committee and the USSR Council of Ministers entitled "Extensive Dissemination of New Managerial Methods and Strengthening Their Effect On Accelerating Scientific-Technical Progress." Other CEMA member countries are undertaking decisive steps in this direction.

Experience testifies to the fact that under modern conditions it is impossible to solve complicated scientific and engineering problems if reliance is placed only upon the resources of individual countries. One country alone is incapable of properly organizing the production of all types of modern products. The achieving of leading goals and the profitable mass production of competitive scientific-intensive products can be ensured only by working together on the basis of multi-lateral collaboration. Tremendous reserves in this regard are embodied in the all-round program for scientific-technical progress by CEMA member countries and in the development between them of intensive forms for interaction, including direct relationships, joint directives and enterprises and other "motive forces" for collaboration.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

OVERVIEW OF CEMA FOREIGN TRADE 1981-1985

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, 1986 pp 98-100

[Article by Valeriy Orlov, CEMA Secretariat: "Foreign Trade of CEMA Member Countries During 1981-1985"]

[Text] During the past five-year plan, the foreign trade relationships of the Socialist Bloc countries continued to develop successfully, despite the complicated international situation. The rates of growth and the foreign trade volume of CEMA member countries were adequately high.

In 1985, the foreign trade turnover in current prices on the whole amounted to 323.3 billion rubles, an increase of 43.7 percent compared to 1980. During the 1981-1985 period, the value of exports increased from 112.5 billion to 163.8 billion rubles (by 45.7 percent) and imports -- from 112.5 billion to 159.5 billion rubles (by 41.7 percent).

Growth in the commodity turnover of fraternal states with individual groups of countries is shown in Table 1.

Table 1
(billions of rubles)

Страны 1	1980 г.			1985 г.			1985 г. в % к 1980 г.		
	2 оборот	3 экспорт	4 импорт	2 оборот	3 экспорт	4 импорт	2 оборот	3 экспорт	4 импорт
Социалистические 5	130,4	65,7	64,7	213,3	106,8	106,5	163,5	162,6	164,5
В том числе страны — члены СЭВ 6	121,1	60,9	60,2	198,1	99,3	98,8	163,6	163,1	164,2
Развитые капиталистические 7	68,7	32,8	35,9	78,3	39,2	39,1	114,0	119,7	108,9
Развивающиеся 8	25,9	14,0	11,9	31,7	17,8	13,9	122,2	127,2	116,4

Key:

- | | |
|--------------|------------------------------------|
| 1. Countries | 5. Socialist |
| 2. Turnover | 6. Including CEMA member countries |
| 3. Export | 7. Developed capitalist |
| 4. Import | 8. Developing |

Over the past five year period, a basic feature of trade by CEMA member countries was an increase in the proportion of reciprocal commodity turnover in its geographical structure. Reciprocal deliveries by fraternal countries, compared to their turnover with other groups of states, increased at leading rates. The annual increase during 1981-1985 amounted to 10.3 percent (see Table 2).

Table 2 (in %)

	Среднегодовые темпы ↑ прироста		
	1971— 1975 гг.	1976— 1980 гг.	1981— 1985 гг.
2. Внешнеторговый оборот:			
3 со всеми странами	17,0	11,8	7,5
4 со странами — членами СЭВ	14,4	10,9	10,3
5 с другими социалисти- ческими странами	16,8	14,8	10,2
6 с развитыми капиталис- тическими странами	22,5	11,6	2,7
7 с развивающимися стра- нами	18,2	16,2	4,1

Key:

- | | |
|-----------------------------------|---|
| 1. Average annual rates of growth | 5. With other socialist countries |
| 2. Foreign trade turnover | 6. With developed capitalist countries. |
| 3. With all countries | 7. With developing countries |
| 4. With CEMA member countries | |

The data in the table testifies to the fact that during the 1970's, as a result of the expansion in business contacts with the West during the period of relaxed international tension and also owing to the sharp increase in prices for energy carriers and other types of raw material goods on the world capitalist market, the foreign trade turnover of CEMA member countries with developed capitalist states increased more rapidly than that for reciprocal trade. The rates for such turnover declined considerably during the 1981-1985 period, while at the same time those for reciprocal trade remained stable.

Excessive growth in exports compared to imports is typical for trade by the fraternal countries on the whole and, as a result, the foreign trade balance in recent years has been constantly active and has amounted to approximately 37 billion rubles.

The foreign trade of CEMA member countries has developed in a more dynamic manner compared to both world trade on the whole and also developed capitalist states. Thus the average annual rates of growth for exports by CEMA member countries (in current prices) during 1981-1985 amounted to 7.8 percent, international exports -- 4.4 (1), developed capitalist countries -- 5.5 (1) and countries of the European Economic Community -- 3.9 percent (1). And the average annual increase in imports for CEMA member countries during this period was 7.2 percent, while that for international imports was 5.1 (1), developed capitalist countries -- 4.6 (1) and for countries of the European Economic Community -- 2.0 percent (1).

Just as in previous years, the principal portion of the foreign trade turnover of Socialist Bloc countries during the 1981-1985 period consisted of reciprocal trade, the proportion of which increased constantly: from 53.8 percent in 1980 to 61.3 percent in 1985. The importance of the reciprocal exchange by fraternal states is also borne out by its proportion with regard to the overall foreign trade turnover of individual countries. In 1985, in the NRB [People's Republic of Bulgaria], it amounted to 75.6 percent, VNR [Hungarian People's Republic] -- 70.1 (based upon exchange rates of the International Bank for Economic Collaboration), GDR -- 63.6, Republic of Cuba -- 82.9, MNR [Mongolian People's Republic] -- 96.3, PNR [Polish People's Republic], SRR [Socialist Republic of Romania] -- 51.0, USSR -- 54.9 and ChSSR [Czechoslovak Socialist Republic] -- 74.1 percent.

The dynamics of reciprocal commodity turnover by CEMA member countries during the past five-year plan (in prices for the corresponding years) are shown in Table 3.

Table 3

Страна 1	1985 г. в % к 1984 г. 2	1985 г. в % к 1980 г. 3
4 НРБ	106,3	167,6
5 ВНР	106,4	156,0
6 ГДР	104,6	152,1
7 Республика Куба	109,9	186,8
8 МНР	108,3	187,0
9 ПНР	107,7	150,1
10 СРР ¹	114,6	143,0
11 СССР	106,8	169,7
12 ЧССР	106,1	167,8

13 ¹ Индексы рассчитаны на основе данных в левых.

Key:

- | | |
|----------------------------------|--|
| 1. Country | 8. Mongolian People's Republic |
| 2. 1985 in % of 1984 | 9. Polish People's Republic |
| 3. 1985 in % of 1980 | 10. Socialist Republic of Romania (1) |
| 4. People's Republic of Bulgaria | 11. USSR |
| 5. Hungarian People's Republic | 12. Czechoslovak Socialist Republic |
| 6. GDR | 13. (1) Indices computed on the basis of data in levs. |
| 7. Republic of Cuba | |

During a high level economic conference for CEMA member countries, the furnishing of assistance to the SRV [Socialist Republic of Vietnam], the Republic of Cuba and the MNR [Mongolian People's Republic] in accelerating the development and raising the effectiveness of their national economies was recognized as being a very important task. An important role in solving this problem will be played by the foreign trade of European CEMA member countries, which developed during the 1981-1985 period at more rapid rates than the reciprocal trade of fraternal countries on the whole (see Table 4).

Table 4

Торговля 1	1985 г. в % к 1980 г.		
	2 3 оборот	4 экспорт	5 импорт
6 Взаимная стран — членов СЭВ	163,6	163,1	164,2
7 Европейских стран—членов СЭВ:			
8 с СРВ	197,0	201,6	180,8
9 с Республикой Куба	189,5	170,4	211,5
10 с МНР	168,8	163,8	183,8

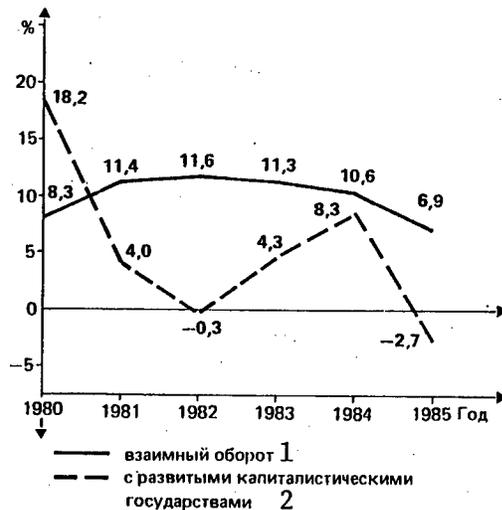
Key:

- | | |
|----------------------|-------------------------------------|
| 1. Trade | 6. reciprocal trade of CEMA members |
| 2. 1985 as % of 1980 | 7. of European CEMA members |
| 3. turnover | 8. with the SRV |
| 4. export | 9. with the Republic of Cuba |
| 5. import | 10. with the MNR |

The steady growth in the reciprocal trade of CEMA member countries testifies to the strengthening of the international socialist division of labor and to the further development of production specialization and cooperation.

The trade-economic relations with other socialist states developed in an active manner, with the turnover with these countries increasing by 62.4 percent over a period of 5 years. Among these states, the strongest foreign trade partner is Yugoslavia; in 1985, its proportion amounted to approximately two thirds of the commodity turnover with this group of countries.

Annual Rates of Growth in Commodity Turnover of CEMA Member Countries in Reciprocal Trade and With Developed Capitalist Countries



- Key: 1. Reciprocal turnover
2. With developed capitalist states.

Trade between CEMA member countries and the KNR increased at a dynamic rate. Over the past 2 years alone, the turnover between them doubled, primarily as a result of an expansion in the foreign trade of the Soviet Union with China; the barter between them during this period increased by a factor of 3.3

Trade with developed capitalist countries was affected by the complicated international situation and by the various forms of boycott implemented by the ruling circles of the U.S.A. and some of their allies; the rates of growth in both the value and physical volume of commodity turnover declined. As a result, the proportion of this group of states compared to the overall turnover of CEMA member countries decreased constantly -- from 30.5 percent in 1980 to 24.2 percent in 1985.

Among the developed capitalist states, the principal trade partners of the Socialist Bloc countries were the states of Western Europe. The largest of these were the FRG, Italy, France, Austria and Finland. EES [European Economic Community] countries accounted for more than 50 percent of the foreign trade turnover with developed capitalist countries and EAST -- [European Association for Free Trade] -- for approximately 23 percent.

Foreign trade with Finland developed in an especially successful manner, the turnover of which increased by 24 percent over a period of 5 years. The interest of this country in maintaining trade relations with CEMA member countries is borne out by the fact that its proportion of CEMA foreign trade turnover amounted to 23.7 percent in 1985, with 40 percent of the machine building products exported by Finland being shipped to CEMA member countries.

During the 1981-1985 period, the trade-economic and scientific-technical collaboration of fraternal states with developing countries (the largest of whom are India, Libya, Iraq, Egypt, Iran and Argentina) became stronger and expanded on the basis of full equality and mutual advantage. Exports to this group of states increased during the five-year period by 27.2 percent and imports from them -- by 16.4 percent, with an increase taking place in the number of trade partners from developing countries. In the trade structure of their exports to liberated states, a leading place was occupied by machines and equipment for industry, transport and agriculture. More than one third of these machines and equipment was exported in 1985 in the form of all-round shipments. The fraternal countries also supplied raw materials, fuel, chemical products, finished products and semi-finished goods needed for growth in their economies.

Fuel, mineral raw materials, metals and raw materials for the production of food and non-food goods accounted for more than three fourths of the value of goods imported by CEMA member countries from developing states.

In recent years, fuel, mineral raw materials and metals constituted the greatest proportion of the exports by CEMA member countries to all other countries and on the import side -- machine building products (see Table 5).

Table 5 (in %)

Товарный раздел 1	Экспорт		Импорт	
	1980 г.	1985 г.	1980 г.	1985 г.
4 Машинны, оборудова- ние и транспортные средства	29,1	29,8	32,7	33,4
5 Топливо, минеральное сырье, металлы	35,7	36,8	26,6	28,7
6 Сырье и продукты его переработки (непродо- вольственные), сырье для производства пи- щевкусовых товаров, пищевкусовые товары	14,2	12,6	22,7	19,0
7 Промышленные това- ры народного потреб- ления	9,0	8,4	8,3	9,4
8 Химические продукты, удобрения, каучук, строительные материа- лы и другие товары	12,0	12,4	9,7	9,5

Key:

- | | |
|--|--|
| 1. Products | 6. Raw materials and processed products (non-food), raw materials for the production of food goods |
| 2. Export | 7. Industrial consumer goods |
| 3. Import | 8. Chemical products, fertilizers, rubber, construction materials and other goods |
| 4. Machines, equipment and transport means | |
| 5. Fuel, mineral raw materials and metals | |

During the past five-year period, the fraternal countries satisfied, to a greater degree than during the previous five years, their import requirements for the principal types of machine building products, fuel, raw materials and food goods by means of reciprocal trade. Thus, in 1985 their import requirements for machines, equipment and transport means were satisfied by 74.2 percent. It bears mentioning that in 1985 the exporting of machine building products to all countries was carried out at leading rates. For a number of European fraternal countries, the proportion of this product last year amounted to one half of all of the exports (ChSSR -- 57.0 percent, PNR -- 49.4, NRB -- 47.9 and GDR -- 46.6 percent).

Foreign trade specialization by CEMA member countries was reflected in reciprocal deliveries of the more important types of machine building products. For example, in 1985 Bulgaria satisfied 97 percent of their requirements for the importing of battery-driven trucks and electrically operated loaders. The VNR supplied its CEMA partners with approximately 98 percent of all autobuses being exported; the GDR -- more than 90 percent of the ships and shipboard equipment, tractors and agricultural machines; the PNR -- with 89 percent of the highway and highway construction machines and equipment; the SRR -- 89 percent of the petroleum refining equipment; the USSR -- 74 percent of the power engineering equipment; ChSSR -- 71 percent of the trucks.

Over the past five-year period, the exporting of mineral raw materials and metals by fraternal states to all countries throughout the world increased by 50 percent.

One of the principal conditions for successfully developing the economies of CEMA member countries is that of satisfying their import requirements for fuel and raw materials. In 1980, the proportion of imported fuel, raw materials and metals from CEMA member countries, compared to the overall volume of imports, amounted to 54.9 percent and in 1985 -- 65.9 percent. In 1985, by means of reciprocal deliveries, particularly from the USSR, the import requirements of fraternal countries for petroleum and petroleum products were satisfied by 75 percent, natural gas -- by 93, iron ore -- by 81 and rolled ferrous metals -- by 56 percent.

The exporting of industrial consumer goods by fraternal states to all countries increased by 36.8 percent during the five-year period and yet the proportion of these products compared to overall exports was not sufficiently high and showed a decrease compared to 1980. This is explained by irregular growth in the exporting of some commodity groups and by failure to meet consumer requirements in terms of volume, assortment and quality of the products.

In the majority of the CEMA member countries, industrial consumer goods constitute one of the largest export items in their trade both with all countries and in reciprocal turnover. In 1985, 70 percent of all reciprocal exporting of industrial consumer goods was carried out by the GDR, ChSSR, VNR and PNR. The Soviet Union was the largest importer of these goods (62 percent).

The results of foreign trade by CEMA member countries during the 1981-1985 period underscore the important contribution being made by this trade in the development of their national economies.

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CSO: 1825/93

SOCIALIST COMMUNITY AND CEMA AFFAIRS

BRIEFS

CEMA S&T COOPERATION HANDBOOK--A handbook NAUCHNO-TEKHNICHESKOYE SOTRUDNICHESTVO STRAN SEV (Moscow "Ekonomika," 1986, edited by O. Chukanov) contains rich factual material characterizing the fundamental aspects of the organization and practical implementation of scientific and technical cooperation of CEMA countries. The results of this cooperation and the work of CEMA organs responsible for its conduct are coming to light. A detailed classification of existing agreements and treaties and international economic organizations carrying out scientific and technical cooperation is given. [Text] [Moscow OBSHCHESTVENNYE NAUKI in Russian No 1, 1987 p 203] [COPYRIGHT: Izdatelstvo "Nauka", "Obshchestvennyye nauki", 1987]

CSO:18 07/197

GENERAL ECONOMIC AFFAIRS

ENTERPRISES ENTER WORLD MARKET UNDER NEW DECREE

Moscow IZVESTIYA in Russian 18 Jan 87 p 1

[Article by V. Gavrilov, section head at the USSR Academy of Sciences' Institute of the Economics of the World Socialist System, under the rubric "Specialist's Commentary": "67 Enterprises Enter the Foreign Market"]

[Text] Since the beginning of the year more than 20 ministries and departments, as well as 67 of the largest associations and enterprises, have received the right to independently carry out foreign trade operations.

In order to expand the independence of associations and enterprises and give them a greater stake in the development of exports, they have been authorized to create their own hard-currency deduction funds. They are added to through earnings from exports. The principle of hard-currency self-financing and self-supporting production [samookupayemost] presupposes that all the hard-currency outlays of the enterprise or association will be covered out of its own--earned or borrowed--money.

With this money enterprises can purchase the materials and equipment they need and, in the CEMA member-countries, can also purchase cultural and consumer goods for houses of rest, clubs, childrens' institutions and housing construction.

Thus, the producer gains a stake in the production of products for export and in their prompt sale on the world market. Export-import results are reflected in the general indices of an enterprise's economic activity, including the formation of wage and economic-incentive funds.

Under the new conditions, special emphasis is placed on Soviet enterprises' and associations' development of direct ties with their foreign partners in the CEMA countries. A shift from primarily trade ties to intensive production cooperation is planned for their economic cooperation. This cooperation is based on the Comprehensive Program for the Scientific and Technical Progress of the CEMA Countries up to the Year 2000, with its five priority areas: the widespread use of electronics, automation, new materials and technologies, nuclear power engineering, and biotechnology.

Soviet head organizations have been given the right independently to decide all questions of cooperation, work out the areas and goals of cooperation, select partners and sign contracts and economic agreements with them, determine the economic terms of cooperation, and reach agreements on prices. Head organizations have the right to open hard-currency accounts in the Foreign Trade Bank and obtain hard-currency loans.

An economic agreement concluded between the partners becomes the chief element of the new economic mechanism of cooperation. The partners may draw it up and sign it without the involvement of superior organizations and other departments, such as the USSR Ministry of Foreign Trade.

To all intents and purposes, the economic agreement represents a plan for cooperation between the sides. It specifies the dates and procedures for the performance of individual stages of work, and the amounts and conditions for reciprocal deliveries of goods and provision of services. All the contract's provisions acquire the force of a commercial contract.

Such forms of cooperation with foreign partners as joint enterprises, associations and firms are also envisaged. They operate on the basis of full economic accountability, self-supporting production, and self-financing.

Assignments for hard-currency earnings, including earnings in freely convertible currency, are introduced for organizations and enterprises that have received the right to enter the external market.

The entry of Soviet enterprises and organizations into the foreign market is the logical continuation and extension of the reform that has been begun in the country's economy.

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CSO: 1825/098

UNITED STATES AND CANADA

COMMENTARY ON U.S.--SOVIET COOPERATION IN FISHING

Moscow SOVETSKAYA ROSSIYA 14 Jan 87 p 5

[Article by Boris Nadein, captain and director of motorship SULAK of the Vladivostok base of the trawler and refrigeration fleet, Vladivostok: "A Friend Is Always Ready to Yield...; Reflections of a Soviet Captain on Joint Work with American Fishermen"]

[Text] Captain Lewis smiles happily. We have just totaled the score of the socialist competition of the mother ship's fish processors. According to tradition, we did not forget to mention our partners of the Soviet-American company for use of sea resources. For this reason Lewis feels as if he were the hero of the day. He is acknowledged as the best among the "fishers," for which he is given a cake and a beautiful keepsake medal made by the SULAK's skilled craftsmen. These awards, of course, hardly add anything to the business of the master of the trawler OKEANIK, but who is indifferent to praise for good work?

For 9 years, the mother ship has conducted joint operations with American fisherman. United into a single flotilla, we work for a "common pot." Five American trawlers--"fishers" catch fish and turn it over to the mother ship. Here it is processed into finished products. It is a customary business familiar to fisherman of the whole world. And we did a good job of establishing it with our colleagues. From year to year, the fishing volume increases and the product assortment expands. Demand for it is growing in many countries.

Friends frequently ask: how do we get along with them? Is not a coolness felt in our relations? I reply: it works excellently! I will say more, the vessels' crews have become friends. It probably could not be otherwise. For 8-9 months we are side by side in a stormy sea--here the slightest falseness is quickly revealed, and one finds out who is who.

How many times have we helped "fishers" in emergency repairs of engines and trawler winches, how many times have our divers gone down into a tumultuous sea in order to clear trawlers' propellers.... The SULAK's physicians have repeatedly offered emergency medical assistance to neighbors. I am trying to recall now if there have been any acute conflict situations in fishery. And I can't. Of course, there were arguments, and sometimes quite hot ones, various

points of view clashed, but work is work. And always one side or the other was able to yield, to find an acceptable variant.

But then an initiative would be picked up for the summer if it would benefit the work. Thus, on the basis of a mutual agreement, fuel, diesel and hydraulic oil for the trawlers was kept on board the SULAK. Their crews turn over to the mother ship all extra equipment and products so that nothing interferes with the work. At a joint "subbotnik," a sector was organized on the SULAK's deck for effectively repairing trawls and "kutsy," and repair of nets was conducted together.

I remember the joyful face of the OKEANIK's captain when he received an award, and I see other people tensely gathered together in the tragic moment of an ordeal. Then in the deep of night, from the dynamics of the SULAK's radio station there could be heard snatches of sentences. It was possible to make out: the trawler KARINA EKSPLORIYER hit at full speed an underwater reef, tore the bottom, and the vessel was beating against the rocks and taking on water....

On 31 May of last year, SOVETSKAYA ROSSIYA described this operation in detail. I will therefore only say that in the course of it the OKEANIK was subjected to mortal danger: when it attempted to be the first to make its way to its comrade, the strong current pulled the vessel toward the rocks. Dozens of volunteers among us on the SULAK stepped forward to make a boat landing in which the chance of success was no bigger than the chance of failure. Real courage was demanded of both Soviet and American fishermen, desperately risking themselves for the purpose of saving their friends. We succeeded: from the ice-cold water we picked up the crew of the destroyed KARINA, and not a single one of the fishermen was a casualty.

Nine years ago, a Soviet-American company was organized in the city of Seattle for the use of sea resources. The years that have passed have been difficult in the relations of the two countries. But I know that in the coldest times the American fishermen struggled at different levels all the way up to Congress for the existence of the company. Of course, our partners are a businesslike people. They evaluated us from business positions: the Russians turned out to be reliable colleagues and they know how to work well. But I think it would be wrong to reduce everything solely to the quality of the products we put out. I am confident that a rupture would hurt badly not only the pocketbooks of the American fisherman but also their feelings. So many invisible human threads have linked us together for long years.

We were able to become acquainted with many American specialists on the SULAK in the course of these years. But there is a person who must be mentioned-- Captain Barry Fisher. He is one of those, as they say, who holds up our common cause.

It was namely he who energetically defended the very idea of a company when clouds thickened over it. Fisher has special reasons for this. As a 15-year old boy, he became a sailor in the fleet in order to help our fighting people against the aggressor country. Barry twice visited Murmansk as a member of convoys when military cargoes were being delivered for Soviet soldiers. "We

fought together against fascism," he said at our last year's meeting in Nakhodka, "and I am glad that today I am again with Russians and we are again engaged in a struggle for friendship between our countries, for close economic cooperation and for the sake of peace on earth!" I recalled these words at the time of the last voyage when fate provided us and the Americans another difficult test.

...The SULAK was riding out a storm, waiting for the bad weather to end. Doors and portholes were tightly shut, and we had a feeling of disquiet. Early in the morning those on watch noted a plane flying low over the waves. The pilot said over the radio: during the night the American fishing trawler NORMAR 2 disappeared without a trace, and the fate of the crew was unknown.

We learned that all vessels flying the American flag were assembling together to start a wide-scale search. Could we remain indifferent? Making contact with the command of coastal defense, we offered our help. They thanked us and asked us to take the place of the leader on the left flank. Thus the SULAK found itself at the head of a tremendous column of more than 40 vessels! On command, this entire fleet began a search stretching out into a line more than 70 kilometers long....

It then occurred to me that this had already happened before! In the same way, Soviet and American vessels moved together in a difficult year helping each other, forcing their way through the mine fields and torpedo attacks of the fascists. And we found it just as difficult as allies during the war to experience together with the Americans the loss, for we did not succeed in finding the crew of the lost trawler....

We have proved with our work of 9 years' duration that it is possible to agree, that it is possible to cooperate and be friends if we are honest with each other. But isn't this what the Soviet government is striving to achieve with Washington's administration?

...Pilot Bob Boynton, an affable elderly seaman of medium height, moves the handle of the telegraph to "slow speed ahead," and the bulk of the mother ship enters the inner harbor of the port Dutch Harbor through a winding channel. We shall have to take on supplies, change American observers and company representatives. We note with joy: the authorities for the first time have permitted the entire crew to go on shore. We go on excursions, play football with the Americans and dance in a friendly fashion on the evening off.

And again I catch myself thinking: how much we have in common! In habits, character, history.

I remember that special attention with which the Americans greeted the Vladivostok speech of Mikhail Sergeyevich Gorbachev. As emotional, straightforward people, the fishermen with exclamations of approval followed words on the need of expanding mutually advantageous contacts in the basin of the Pacific Ocean. In the years of cooperation, we learned to look identically at fundamental questions disturbing the planet--questions of war and peace. And regardless what political storms might range over the earth, our small flotilla will not turn away from this harbor.

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UNITED STATES AND CANADA

U.S.- USSR JOINT FISHING COMPANY DISCUSSED

Moscow PRAVDA in Russian 24 Jan 87 p 6

[Article by V. Chebakov: "And Once Again, a Trip to Moscow: Friendship Born of the Sea"]

[Text] Trawlers from the Nakhodka Active Marine Fishing Base have left for joint work with U.S. fishermen. They are opening up Fishing Season '87 of the Soviet-American company for marine resources in the region of the Aleutian Islands. Over the present season as a whole the two countries' fishermen plan to catch and process more than 250,000 tons of fish in several expeditions.

Ten years ago the Marine Resources Company was formed. Half of the company was provided by the (Bellingham) Cold Storage Company, a private firm, and half by the Sovrybflot [Soviet Fishing Fleet] All-Union Association of the USSR Ministry of the Fish Industry. This commercial organization is the sole existing Soviet-American company.

"The Marine Resources Company's main task," says Yuriy Zhigalov, Sovrybflot's general director, "was and continues to be the joint catching and processing of fish, the sale of products in the United States and other countries, and the maintenance and repair of Soviet ships in U.S. ports." Joint operations within the company's framework are oriented mainly toward commercial fish and other marine products in the coastal regions of the states of Washington and Oregon, in the Bering Sea, and around the Aleutian Islands. American fisherman in the fishing region turn in the fish they catch to Soviet ships for processing. Of course, the two countries' fishermen work in close contact. The catch has been growing, and so have the profits. Whereas about 900 tons of fish was caught and processed in 1978, last year the figure was more than 200,000 tons.

Even in years when trade between our countries was reduced to practically nothing because of the U.S. administration, the Marine Resources Company continued to operate successfully.

Jim (Talbott) is of moderate height, thin, with gray, slightly curly hair. Despite his 60 "plus" years, he is very energetic. He, the president of Marine Resources Company on the American side, firmly shakes the hand of Yu.

Zhigalov, the Soviet president. For more than 10 years now, (Talbot) has been a frequent guest in Moscow.

"I live in Seattle, but your capital and Nakhodka are my second home. After all, that's where our company's divisions operate under the name SovAm. But this visit is special. The thing is, I've opened a new agency in the United States called Troika, Incorporated. It's main task is business tourism. This means that American businessmen can make not just a simple tourist trip to the Soviet Union but can also meet with their colleagues and discuss professional questions of cooperation. Right now I've brought the first group to Moscow; it includes business people representing major American fishing companies from the Alaska region."

"What's the program for the group's stay?"

"My colleagues have already had a useful business meeting in the USSR Ministry of the Fish Industry. Now we are visiting Leningrad, Riga and Tallin. In addition to seeing the sights in those cities, we are also expected by our colleagues, with whom we will discuss a number of proposals. The northern parts of the Atlantic and Pacific are zones of cooperation between Soviet and American fishermen, and we see great opportunities for mutual work: for example, the exchange of technologies and specialists. The establishment of joint enterprises.

"In addition to this branch, my firm has submitted proposals for mutually advantageous cooperation in the area of wood processing and the construction of enterprises for the production of board. There are proposals to conduct joint work on environmental protection. Honestly speaking," (Talbot) adds, "I view the development of relations between our countries with optimism."

In an office in the Ministry of the Fish Industry I saw a photograph in a frame. On the deck of a ship beside a mountain of fresh fish, strong fellows--Soviet and American fishermen--stood smiling. In their hands they held the two countries' flags. They had done a first-rate job, made a first-rate catch! That photo is clear and irrefutable proof of how people of the USSR and the United States want to live, how they yearn to make friends and work together. It's too bad that some people overseas don't want to understand simple truths.

8756

CSO: 1825/099

WESTERN EUROPE

BRITISH-SOVIET ROUNDTABLE ON TRADE MEETS IN LONDON

1 March Report

LD012324 Moscow TASS in English 1759 GMT 1 Mar 87

[Text] London March 1 TASS--A round-table conference of representatives of the Soviet and British business communities continued its deliberations near London today.

Britain's Prime Minister Margaret Thatcher addressed a message of greetings to the participants in the conference. It says, in part, that the conference is a brilliant opportunity for British businessmen wishing to develop trade with the Soviet Union, to learn more about possibilities for cooperation, especially those which, as we believe, will be opened up by the reforms currently being effected in the Soviet Union.

The head of the British Government expressed the hope that her upcoming visit to the Soviet Union would allow her to get familiarized personally with these sweeping changes which take place in the Soviet Union now.

At today's session the participants in the conference discussed in practical terms the chances for broadening Soviet-British cooperation in the trade and economic sphere. Both sides expressed the conviction that there existed substantial prospects for developing bilateral business ties, for raising them to the level which accords with both countries' high economic potential.

I.D. Ivanov, head of the Soviet delegation and deputy chairman of the State Foreign Economic Commission of the USSR Council of Ministers, and other Soviet representatives made reports on progress in the economic reorganization effort in the USSR, which creates new propitious conditions for extending foreign economic ties.

They stressed that the Soviet [word indistinct] creative plans in the economy, its readiness to develop and upgrade cooperation with other countries reflect- ed peaceful foreign policy aspirations of the USSR.

The conference continues its work.

2 March Report

LD022204 Moscow TASS in English 2122 GMT 2 Mar 87

[Text] London March 2 TASS--A round table conference for representatives of the Soviet and British business circles was held in Brocket hall near London. British Prime Minister Margaret Thatcher welcomed it as an excellent opportunity for British businessmen wishing to develop trade with the Soviet Union to learn more about prospects for cooperation. The head of the British cabinet expressed the hope that her coming visit to the USSR would enable her to familiarize herself with major changes now taking place in the Soviet Union.

A communique circulated today says that the participants in the conference arrived at the consensus about the need for joint dynamic efforts to implement the task of increasing the volume of bilateral trade by 40-50 percent in the years ahead, as was proposed during the visit to Great Britain of a delegation of the USSR Supreme Soviet headed by Mikhail Gorbachev.

Both sides noted that commercial, economic, scientific and technological ties between the USSR and Great Britain can play an important role in the consolidation of stability and development of bilateral relations and thus promote the strengthening of confidence and mutual understanding between the two countries.

The conference arrived at the consensus that a positive trend began in business relations between the two countries and that these relations had reached a satisfactory level. But they do not yet fully realize the potential existing in both countries.

The sides noted with satisfaction that the recently signed Soviet-British intergovernmental agreement on credits offers a firm basis for the programme of the development of economic and industrial cooperation between the two countries in 1986-1990 with the awareness of the fact that the proposals put forward by British companies must be competitive from both commercial and technological viewpoints.

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CSO: 1812/91

WESTERN EUROPE

NOVOSTI PRESS AGENCY DIRECTOR VIEWS AUSTRIAN EC LINKS, MISSILES

AU251147 Vienna DIE PRESSE in German 25 Feb 87 p 1

[Burkhard Bischof report: "Soviet Functionary Falin on EC Debate: 'Solution of Problem Conceivable'"]

[Text] Vienna--In an interview with DIE PRESSE, Valentin Falin, director of the Soviet Novosti Press Agency since March 1986, stated his opinion on the recently resumed Austrian discussion about closer links with the EC.

Falin, who knows the domestic situation from his own experience (in the mid-1960's he was first councilor at the Soviet Embassy in Vienna), says: "We could imagine a solution to the problem if a way were found that takes into consideration the EC's double function. Because, according to its own documents, the EC is not only an economic and political community, but it forms an essential basis for the Western military alliance. This is in the documents, has not been refuted by anyone up to now, and, therefore, it must not be neglected in any case."

At present it is necessary to demilitarize the international relations as a whole, said Falin.

Falin's statement on the purchase of missiles for the army, a subject that has also been intensively discussed in recent times, is as follows: "We are not dreamers and utopians and we are very closely following the development in Austria. We proceed from the premise that the Austrian side will tackle this problem with the same responsibility as it has been doing this for decades." After all, in the state treaty Austria accepted certain obligations and Moscow considers this treaty still an important part of the peace order in Europe, said Falin.

In Falin's opinion, the solution to Austria's defense problems does not consist of purchasing new arms systems. Because, Falin states: "New arms do not create security." The solutions to the problems in Austria and in other neutral and nonaligned countries consists much more in their being ready for thorough and radical disarmament measures.

/8309

CSO: 1812/93

WESTERN EUROPE

SPANISH POLITICAL CLIMATE VIEWED BY CORRESPONDENT

Moscow NEW TIMES in English No 7, 23 Feb 87 pp 18-19

[Article by Alexander Lebedev]

[Text]

I first visited Madrid about a year before Franco's death. I took a taxi to the place where an international conference was being held (my being a participant in the conference accounted for the relative ease with which I obtained an entry visa). When I gave the address the driver's face—Spaniards are usually friendly—instantly took on a cold, even hostile expression. Later I realized why. The conference was being held in the building of the Francoist trade unions. The ordinary people hated "vertical trade unions" and rejected fascism.

Today, Spain is different.

Visiting El Pais

El Pais, which means "The Country," first appeared in 1976 in the post-Franco era and perhaps embodies to some extent the new era Spanish society has entered. The editorial offices and the printshop are situated in a huge modern factory-like building away from the city centre. Inside, the building is at once rational and cosy. The foreign news editor Maria Dolores Ruiz de Elvira (her colleagues call her Marilo), a witty, charming young woman and an experienced journalist, took me around the building. The newspaper has a staff of about 200 writers. Sitting together in a vast hall (American style) are heads of departments and editors. Each has a display on his or her desk. There is hardly any noise, although people are

in constant communication with one another. They don't look like robots, but I got the impression that there is little idle talk here. Exchanging information and impressions is another matter. The department head can plug into the display of any of the staff and see how they are getting along without hindering them. If necessary, he steps in to help. Members of the staff can relay information to each other through the computer display system.

I confess that Marilo's explanations made me feel rather small: can a person used to a typewriter or, worse, a pen quickly learn to use all this gadgetry? The journalists, some of whom were far from young, assured me it was not so difficult. A little training is all you need to acquire the necessary skills. (Incidentally, most journalists today have a personal computer at home.)

As I found out, the way El Pais is run makes many West European newspapers envious. The French Le Monde and the British Guardian have sent their people to look at its work. The newspaper comes out daily on 56 to 96 pages and has a circulation of some 400,000. It also publishes a colourful Sunday supplement. The paper's finances are in good order.

As for its political orientation, it is usually described as liberal and centrist (subtitled: "independent"). It is often said that the paper is close to the Socialist government. The staff reject that description, while admitting to having contacts at the personal level.

Be that as it may, El Pais is trying to live up to its title. Its director, Juan Luis Cebrian, a prominent figure in Spanish politics, is an amiable man of 42, shrewd and dynamic. He is a professional journalist and author of several books. Cebrian readily answered my questions, one of which, naturally, was about the state of Soviet-Spanish relations established ten years ago.

The No. 1 Talking Point

The paper's director noted that the Soviet Union is still little known in Spain and that there is great untapped potential for cooperation between the two countries which, in his opinion, should be free of any ideological interference. He spoke of the significance of Soviet-Spanish relations in the general context of European détente.

El Pais carries not a few articles about the Soviet Union. The quality of these articles varies and they are by no means always friendly. Recently the Soviet Union has been in the spotlight in the Spanish media. The January plenum of the CPSU Central Committee was the number one talking point. We were showered with questions about the current reforms in the Soviet Union at every meeting (Vyacheslav Sluzhivov of the Soviet Peace Committee and I were guests of Spanish anti-war organizations). People from various walks of life were interested in the prospects for economic reforms and the democratization of the Soviet political system.

Most questions asked were prompted by sincere interest. Plans for drastic change in all spheres of Soviet life have aroused a keen interest, the like of which had not been seen for some time, in the experience and example of socialism. Combined with the current renewal of Soviet society, Soviet foreign policy is winning more and more supporters.

Some activists of the anti-war groups who only recently thought the U.S.S.R. and the U.S. were equally to blame for the arms race said that the Soviet moratorium and the processes taking place in the U.S.S.R. have made them change their minds.

One should not oversimplify matters, of course. The anti-war movement involves people of diverse political

persuasions and there is considerable ideological and political confusion in its midst. Some are calling on the Soviet Union to introduce a multi-party system (unconvinced by the argument that there are various possibilities for the democratic process within a one-party system), and hope to discover signs of capitalism in the current reforms (they still find it hard to believe that socialism has more to offer the people in economics and politics). The people who call themselves "bakus" (after Bakunin, a famous Russian anarchist) were unimpressed by our explanations of the kind of self-management we are seeking; they feel it cannot provide an antidote to bureaucracy. Others say that talks on disarmament are not getting anywhere and that unilateral disarmament is the only answer. The implication is that the Soviet Union must set an example again and again (though they do admit that the West has failed to make the slightest step to meet us halfway).

However, all these questions were asked without the overt hostility characteristic of the past. In general, it has to be said that the Soviet Union is not perceived in Spain as "an enemy." The latest opinion polls show that most Spaniards believe the threat to peace comes from the United States and not from the Soviet Union. As we gathered from talks we had with Spanish intellectuals and academics, there is no question of whether the Soviet reforms should or should not be supported. The attitude to the process of modernization in Soviet society is by and large positive, although some realize that a renewed Soviet Union keeping abreast of the latest developments in every field is causing concern amongst the ultra-right, especially in the U.S.

The business community is exhibiting keen interest in the possibilities for cooperation in the new conditions. We have been asked many questions about how joint enterprises will function, and whether there will be a chance to establish, say, Spanish restaurants (famous for their cuisine) together with Soviet partners.

During our stay in Madrid Soviet musicians were performing there and in other cities, pictures of Soviet artists were on display (they were presented by Boris Ugarov, president of the U.S.S.R. Academy of Arts). In Barcelona, we met Jesus del Rio, a pro-

minent leader of the Socialist Workers' Party of Spain, assistant representative of the central government in Catalonia. A young, charming and dynamic individual, he spoke strongly in favour of extending Spanish-Soviet cooperation. We were also accorded a warm reception at the preparatory committee for the 1992 summer Olympics and were promised that Soviet athletes would be welcome in Barcelona.

We were not aware of any hostility or ill will while we were in Spain (although not all Spaniards are our friends). And yet, links and cooperation between the two peoples and exchanges of information could be greater. When I spoke at the Autonomous University of Barcelona and at the Centre for Information and International Documentation, people complained that Soviet scientists and journalists were rare guests.

Could There Be a Return to the Past?

Spain has indeed changed in the past decade. Although I was aware that change was inevitable during my first visit ten years ago, it was only the dictator's death that made the restoration of democracy possible.

To my mind, for all the contradictions in Spanish politics, credit is due to those who insured the country's relatively smooth transition to a new road (the government was led then by the Centrist leader, Adolfo Suarez). Of course, it can only be called smooth with reservations. In February 1981 the ultra-right staged an abortive military coup. But Franco's successors did not have Franco's luck. King Juan Carlos behaved with restraint and cool-headedness and refused to back the conspirators, confirming his reputation as a kind of guarantor of Spain's advance along the path of bourgeois democracy. The putschists were jailed.

The Sunday issue of *Diario* featured the arrogant faces of the conspirators. Some say that plans are afoot to allow them to resume service in the army. I asked the Spaniards I met whether they felt there was a threat of a right-wing coup. Almost all of them—Communists, Socialists, leftists of every hue, journalists, peace activists—were unanimous in denying that such a danger exists.

This is not just an emotional reaction. They all cite similar arguments. A right-wing coup is unlikely because the Socialist government led by Felipe Gonzalez has no serious opposition. By and large, its policy suits the banks, the industrialists and the army (the latter is being modernized).

The Political Parties

The Spanish Socialist Workers' Party has no rivals either on the right or the left, say local commentators. The left is divided as is the right. The Centrists are in disarray.

It is suggested that Spanish Socialists may remain in power for as long as the Social Democrats have done in Sweden.

Clearly, this would require skillful handling of social, economic and foreign affairs. So far Felipe Gonzalez has been able to meet the challenge. Within the Socialist Party the left wing is more of a theoretical idea than an organized group. As for the opposition, the extreme right Popular Alliance is in the throes of a struggle for the vacant post of leader after the defeat of Fraga Iribarne, a "historic" Francoist, in the parliamentary elections. Some suggest that conditions are ripening for the political comeback of Adolfo Suarez, leader of the Democratic and Social Centre. But even his supporters are not counting on a major success at the forthcoming local elections in June and are now looking to the longer term.

As a result of divisions, there are several Communist parties and Marxist groups active in Spain. We met the representatives of some of them. They do not seem to feel that the restoration of unity, and the creation of a large and influential Communist party that would express the sentiments of a sizable section of Spanish society is likely in the near future. The active participation of left-wing forces in the anti-war movement and their cooperation holds out some promise.

The bourgeois parliamentary system has been established and is functioning

as if the long years of fascism had never been. Has the ideology and policy of the Spanish Falange really become an anachronism and died a natural death with Franco? This is not the impression one gets from the demonstrations periodically staged by veterans and young neonazis. However, we have been assured that these were just the antics of a fringe, rather than a serious political force. Well, Spaniards know better, although coups take place without advance notice.

It is also true that the number of former Franco admirers who come to his grave is shrinking every year. Incidentally, the grave is tucked away in a mammoth shrine hewn by convicts in a granite mountain in the Valley of the Dead. Franco ordered the building of this pretentious structure as a symbol of reconciliation in society as fighters of both camps in the Spanish civil war were buried there. In fact, the dictator was more concerned to build a mausoleum for himself than to commemorate the dead and achieve reconciliation in society. The shrine, topped by a jumbo-sized stone cross (which turned out to be higher than the dome of St. Peter's in Rome, a fact that drew protests from the Vatican), leaves a depressing feeling. With its huge armour-plated doors, a surfeit of marble of every hue, and high domes, the pretentiousness of the building merely underlines the futility of attempts by dictators to assert their power and ensure their immortality. The monument in the Valley of the Dead is a tourist attraction, a symbol of a bygone era.

The Spaniards are not given to raking up the past and reliving the tragedies of the civil war. They prefer to look to the future that they are building today.

Madrid—Moscow

19274
CSO: 1812/94

SPANISH POLITICAL, ECONOMIC PROBLEMS SURVEYED

Moscow NEW TIMES in English No 9, 9 Mar 87 pp 22-23

[Article by Alexander Lebedev: "Intoxication with Europeanism"]

[Text]

Soviet journalists are often reproached for giving too much space to demonstrations and strikes in the leading capitalist countries. But how can these things be ignored when they intrude so dramatically in the seemingly well-ordered life of those countries? During my recent visit to Spain, for instance, the streets of Madrid and Barcelona were full of protesting high school pupils and college students. Police interference, in my opinion, only made matters worse—the brutality of the guardians of the law merely aggravated the situation.

When I returned to Moscow I learned from the press and the TV that student unrest in Spain was continuing, gaining in scope, and now had the support of the trade unions.

What the Students Demand

A radical reform of the entire educational system, more democracy, and the breakdown of social barriers. Their action was an expression of social and economic problems which had accumulated under Franco rule but which had not been resolved since then, not even by the Socialist government (true, the government has now made some concessions).

The youth want to start out in life with the guarantee of being able to play a useful role in society. However, the outlook, at any rate for most of them, is unemployment.

The number of jobless in Spain today is around three million, nearly one third more than in 1982 when the Socialists came to power. The unemployment figure is approximately the same as in Britain whose population is one and a half times that of Spain. In other words, the permanently unemployed in Spain account for 21 per cent of the national labour force. Moreover, more than 1.5 million do not receive any unemployment relief. Young men begging for alms can be seen not only on the steps of churches but at busy downtown crossings. At the same time, there seem to be ten times more ultramodern bank buildings than there were 10 years ago. The poorer the country gets, the more banks there are, the Spaniards say bitterly.

The government contends that this is the price that has to be paid for economic revival and combating inflation. True enough, inflation did decline from 14 per cent in 1982 to 8.3 per cent in 1986. As for economic activity, the growth of the gross national product last year (2 per cent) was only a few tenths of one per cent above the previous year and was below the 1982 level. The government's arguments in justification of its economic policy are very much like those advanced by the Thatcher government in Britain in a similar situation. But, after all, Spain has a Socialist government.

I recall a talk I had with a Spanish journalist last year when the question of Spain's entry into the Common Market had been decided. He was euphoric: at

last Spain would be hundred per cent European. His rapture was shared by many: they believed that membership in the European community would enable Spain to emerge at long last from its international isolation.

EEC and NATO

It seems to me that this "intoxication with Europeanism" is slowly beginning to wear off. And with the sobering up, dissatisfaction is coming to the fore—for one thing because everything Spanish is regarded as second-rate compared with the genuine "European." The pressure of the transnationals, with their essentially extraterritorial way of doing things makes itself felt.

Spain's foreign policy too is beginning to be seen in a somewhat different light. In the early post-Franco years its independent course won it sympathy both in the traditional zone of Spanish diplomatic activity and beyond it. The prestige of Madrid grew notably both in Spanish-speaking America and in the Mediterranean, particularly in many Arab countries, and in Europe as well.

Sentiments in the country, including in some ruling quarters, were strongly in favour of a policy of positive neutrality (something in the nature of "Spanish Gaullism"), active cooperation with Third World countries, and a deepening of détente with the East. Entry into NATO ran counter to these sentiments. The pro-NATO camp argued that membership of the bloc was an inseparable component of the general "Europeanization" process and even an additional safeguard against a return to dictatorship. In reply, the opponents of involvement in the bloc pointed to the sad example of Greece whose NATO status had not saved it from the takeover by the "black colonels."

In the early eighties the leadership of the Socialist Workers' Party of Spain was opposed to Spain's participation in the North Atlantic alliance. Addressing a million-strong rally in Madrid at that time, Felipe Gonzalez promised to take Spain out of NATO.

Later that stance changed. Last year the government did hold the promised referendum to decide the issue of participation in NATO. But the question put

to the vote was formulated ambiguously and was preceded by a preamble which laid down three conditions for remaining in the alliance. Namely, non-participation in the NATO military organization, a ban on the stationing and storing of nuclear weapons on Spanish territory or their delivery to Spain, and the gradual reduction of the U.S. military presence there.

By an insignificant majority the referendum endorsed Spain's participation in NATO. How are the above conditions being observed?

Leaders of Spanish peace organizations maintain that Spain's "non-participation in the NATO military organization" is purely formal and that the collaboration is in fact growing.

In early February long-drawn-out Spanish-American negotiations on the question of bases took place in Madrid. Attention was focussed on two bases, one in Torrejon near Madrid, where 79 F-16 bombers are stationed, and the naval base in Rota. The latter base hardly figured in the talks which focussed on the future of the Torrejon base. Madrid insists on the gradual replacement of U.S. aircraft with even more up-to-date types, also U.S.-made but belonging to the Spanish air force. Washington is opposed to this.

So far the talks have bogged down, and several more rounds are due to be held. The Spanish government has warned that if no compromise is reached it will not prolong the bilateral agreement on military cooperation with the U.S.—it expires in May 1988, with notification of denunciation to be given six months in advance. Passions are running high. Washington is pressuring, Madrid is holding out.

At any rate this is how things seem to stand, judging by press and television reports. However, a Spanish journalist acquaintance of mine evaluates the situation differently. Spanish-American relations, he says, are better than they are made to appear, but slightly worse than Washington would like them to be. In any case, an agreement will eventually be reached.

As for nuclear weapons, no one I spoke with had the slightest doubt that the bases already have stocks of them. Not to speak of the regular entry into Spanish ports of U.S. nuclear-armed

ships. It is evidently not by chance that Gonzalez was strongly opposed to the inclusion in the government programme of a point on banning the entry of nuclear-armed vessels into Spanish waters. "Anything but the New Zealand variant!" he exclaimed, clearly revealing his attitude to the position taken on this issue by the Lange government of kindred party affiliation.

Spanish Mini-Bomb?

While I was in Madrid the El Pais newspaper published the results of an investigation which throw light on a new and rather piquant aspect of the nuclear problem. It transpired that Spain is almost a nuclear power. As a matter of fact, it had been reported earlier that nuclear research had been going on in Spain as far back as the seventies.

Documents published by El Pais indicate that what is in question is the development by Spain of its own nuclear bomb, if only a small, tactical one (the necessary means of delivery are already there). When Franco discussed the question with de Gaulle the French called the future Spanish bomb a "bombinette." But however small, it would nevertheless be a nuclear bomb, with all the consequences ensuing therefrom.

It is highly probable that NATO quarters are surreptitiously preparing the ground for expanding the West European "nuclear club." And even if this is done on the pretext of strengthening defences "independent" of the U.S., this nuance can hardly cut much ice with the Warsaw Treaty countries.

Incidentally, El Pais reports that the government has earmarked 40 million pesetas annually for a super-modern research centre. Headed by Professor Guillermo Velarde, who is connected with the General Staff, the centre is working on nuclear projects, including some linked with the development of nuclear-pumped lasers under the "star wars" programme.

Not surprisingly, such reports cause anxiety among the Spanish public. The Felomares incident when an atom bomb broke loose from a U.S. bomber and did not explode by sheer accident has not been forgotten.

March 15 and the Pacifists

Spanish anti-war organizations are now preparing some powerful protest actions. On March 15, the anniversary of the referendum on participation in NATO, they expect to rally several hundred thousand people for a march on the Torrejon base.

The anti-war organizations—the Association for Peace and Disarmament, the Anti-NATO commissions, the Year 2000 Association, the Civil Platform of anti-war organizations, the Greens, the peace committees of the Workers' Commissions, and others—function independently of one another. But what is needed is concerted action. Hence the establishment of the coordinating committee of anti-war organizations.

However, there are differences which the leaders of some of these organizations consider fundamental. For instance, the majority, despite the outcome of last year's referendum, continue to stand for withdrawal from NATO and a policy of neutrality which, naturally, would imply the closing of the American bases. On the other hand, the leaders of the Civil Platform, for example, hold that the decision to stay in NATO is irreversible, and confine themselves to demanding the shutdown of the bases and observance of a nuclear-free status.

The March action will demonstrate the potential of the Spanish anti-war movement. The Anti-NATO commissions and other such associations, while still small, are dynamic organizations capable of mobilizing public opinion. What is important is that the trade unions are taking an increasingly active part in the anti-war movement. True, that movement is mainly left-of-centre. However, there are doubtless plenty of people in other political circles who are against the nuclear threat and are conscious of the dangers which involvement in the Pentagon's schemes would spell for Spain. It is noteworthy that the Movement for Peace, Disarmament and Freedom, which is said to be under Socialist influence, has become more active of late.

There is a notable awakening in Spanish society of interest in problems of world politics which had formerly

seemed remote and abstract. The state of the economy has a great deal to do with this, of course. It is hard to imagine that people who have no work or are in danger of losing their jobs, as well as those whose well-being has not grown more secure in the recent period, are unaware that the Spanish economy is clearly not experiencing a boom, while military spending is considerably ahead of other budget expenditures. Spending on the armed forces and armaments has practically doubled since 1982—from 368,370 million pesetas to 704,007 million.

Nevertheless it is not only economic troubles that compel the Spaniards to give thought to the problems of war and peace. There was a time, they say, when they were the "backyard" of Europe where the nuclear danger was not keenly felt. Today they feel that this threat is on their doorstep. Last year's referendum, when hundreds of thousands came out into the streets to protest against participation in NATO, was a clear indication of a change in the popular mood.

Yes, much has changed in the country in the past ten years or so, especially the political atmosphere. In my opinion, the Spanish people with all their numerous problems and differences, feel somewhat more confident in themselves and are looking for their own Spanish ways of resolving these problems.

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CSO: 1812/098

LATIN AMERICA AND CARIBBEAN

CUBANS TO PARTICIPATE IN FAR EAST TIMBER PROJECT

Moscow LESNAYA PROMYSLENNOST in Russian 20 Jan 87 p 1

[Article by N. Kasatkina: "Facets of Socialist Integration: An Agreement Is Signed"]

[Text] An intergovernmental Soviet-Cuban agreement on cooperation in wood procuring and integrated processing on the territory of the Soviet Union was signed in Moscow at the USSR Ministry of Timber, Cellulose and Paper and Wood Processing Industry. The document was signed by the USSR Minister of Timber, Cellulose and Paper and Wood Processing Industry M. I. Busygin and the Cuban Ambassador Extraordinary and Plenipotentiary to the USSR Julio Camacho Aguilera.

The agreement provides for the creation of a powerful integrated timber industry complex in the Far East during the period 1987-1995. It will include enterprises for wood procuring and forest renewal, a timber mill, and a plant for the production of splint-slab shingles. Industrial wood chips for the cellulose and paper industry and hydrolized raw materials will be produced with the introduction at the complex of waste-free technology by the reprocessing of scraps and saw mill operations.

Moreover, within a comparatively short period Cuban workers and specialists should build a modern settlement with a well-ordered dormitory and all the necessary social, domestic, and cultural facilities.

To implement the project the Soviet Union is allocating the necessary material, technical, and power resources, and felling stock, and providing project specifications developed by Soviet organizations. The Cuban side is sending to the USSR the required number of workers and specialists for constructing and operating the complex.

The timber products provided at the complex will be divided between the Soviet Union and Cuba according to their outlays.

The timber procurors of the industry have 20 years of experience in working jointly with colleagues from the People's Republic of Bulgaria and the Korean People's Democratic Republic in opening up timber resources on USSR territory; this experience has confirmed the mutually advantageous nature of such cooperation. The participation of the Republic of Cuba in the construction and operation of the timber industry complex will not only create a reliable and stable source of timber materials to satisfy the republic's national economic needs most fully, but will also make it possible to step up the industrial opening up of the timber resources of the Far East as well as development of the economic potential of the region as a whole.

"Implementation of the agreement," said M. I. Busygin at the signing ceremony, "is making it possible to extend the horizons of Soviet-Cuban economic cooperation; this will promote the implementation of the discussion of the Economic Summit Conference of Cema Member Countries and the successful execution of the long-range program for the development of the economic and scientific and technical cooperation between the Soviet Union and Republic of Cuba to the year 2000."

"The signing of the agreement," said Julio Camacho Aguilera, "is a usual manifestation of friendship which unites the peoples of our countries and we are ready to exert all our efforts to successfully implement the projected plans."

CSO:18 25/1130-P

CHINA/ FAR EAST/ PACIFIC

BRIEFS

MALAYSIAN-SOVIET TRADE--Soviet-Malaysian trade and economic ties are expanding and growing stronger. The Soviet Union is one of the largest suppliers of machine building products to the Malaysian market. Malaysia exports natural rubber, palm oil, and other goods to the USSR in return. In the photograph: Soviet Belarus tractors at the International Agricultural Fair in Kuala-Lumpur. [Text] [Moscow EKONOMICIESKAYA GAZETA in Russian No 3, Jan 87 p 7]

CSO: 1825/118

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

INDIA, USSR SIGN AGRICULTURAL COOPERATION PROTOCOL

Vremya Newscast

LD172022 Moscow Television Service in Russian 1530 GMT 17 Feb 87

[From the "Vremya" newscast; report by correspondent B. Levchenko]

[Text] A long-term cooperation program between the Soviet Union and India in the field of the agro-industrial complex for the period up to the year 2000 has been signed in Delhi. The program has laid the basis for cooperation between the two countries in this field, which is principally new in its scope and prospects. The development of this program is the concrete result of the talks between Mikhail Sergeyevich Gorbachev and Rajiv Gandhi in November of last year. Over the past decades, India has achieved considerable success in implementing the so-called "Green revolution." In the production and processing of certain agricultural crops, India has acquired valuable experience which is of interest to our country, too. At the same time, such important changes for India in the agrarian sector are still of a local nature and occur only in certain areas, beyond whose confines lie the main bulk of the traditional and often very backward farms.

Cooperation with the Soviet Union is being urged to promote the acceleration of agricultural production development in India on a nationwide scale.

The program that has just been signed covers many branches of agriculture and related industries, says Gurdial Singh Dhillon, Indian minister of agriculture and rural development. We will jointly develop advanced technical and economic methods of conducting agriculture and continue cooperation in those directions where good contacts between us already exist. [video shows representatives from two sides signing and exchanging documents]

Delhi Newscast

BK041602 Delhi Domestic Service in English 1530 GMT 4 Mar 87

[Text] The Soviet Union has offered India assistance to set up a farm machinery repair base and to reconstruct the agro-industrial enterprises with advanced

equipment. A spokesman of the Soviet state agro-industrial committee said in Moscow that both the countries have also agreed to set up joint enterprises for processing agricultural products, such as soybeans, potatoes, fruits and vegetables. He said a team of Indian agricultural experts is expected to visit the Soviet Union soon to finalize the deals for the repair base and procurement of the equipment.

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CSO: 1825/120

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

SOVIET AID REVIEWED, USSR-AFGHAN COOPERATION PROJECTS PRAISED

PM051157 Moscow PRAVDA in Russian 28 Feb 87 First Edition p 5

[V. Okulov Kabul dispatch: "The Fires of Friendship"]

[Text] From early morning until the hour when the winter dusk descends on Kabul from the mountains above there are crowds of people around this new building. And although the city's central state clinic is designed for 600 visits per day, the chief physician, Dr (Vali), confesses that they admit anything up to 2,500-3,000 patients per day.

"The clinic," the doctor says, "is provided with the most up-to-date medical equipment. It was built with economic and technical assistance from the USSR--the design and all the equipment and material are Soviet. The USSR supplies medicines as aid. A total of 29 Afghan doctors and 25 Soviet doctors work side by side in our clinic. The prestige enjoyed by our friends and colleagues from the USSR is extremely high. Every patient tries to be seen by them. And the Afghan doctors themselves are skilled specialists--many graduated from the Kabul Medical Institute and five of them studied at Soviet VUZ's. I myself graduated from the Kharkov Institute and will continue to feel deep respect for my teacher--Academician Lyubov Trofimovna Malaya--for the rest of my life...."

The clinic in the center of Kabul is just one of many examples of Afghan-Soviet cooperation, which is based on the Treaty of Friendship signed in Moscow on 28 February 1921. Since the April revolution this cooperation has sharply increased and become firm and stable.

In the last 8 years more than 50 projects have been built in various sectors of Afghanistan's economy and in its social sphere with the aid of its northern neighbor, M. Aziz, deputy chairman of the DRA Council of Ministers and chairman of the State Planning Committee, says. I will list only the most important: high-voltage power lines, a satellite communications station, a road and railroad bridge over the Amu Darya, motor transport enterprises, the Jar Quduq gas field, the largest integrated laboratory in the region for the analysis of mineral resources, bakeries, mills, grain elevators, a canning plant, machine and tractor service stations, veterinary centers, seed testing laboratories, academic centers for training national cadres, and the Social Sciences Institute.

The enterprises built with the USSR's economic assistance, M. Aziz stressed, account for more than 60 percent of the country's factory and plant products. Soviet-Afghan cooperation projects extract all natural gas, produce large-panel housing construction products and nitric fertilizers, guarantee the harvesting of olives and citrus fruits, and account for 60 percent of all electricity produced.

The national reconciliation policy conducted by the DRA people's power opens up new prospects for Soviet-Afghan economic and technical cooperation. During the recent working visit to the USSR by S.A. Keshtmand, member of the PDPA Central Committee Politburo and chairman of the DRA Council of Ministers, the sides expressed their willingness to look for new directions and forms of cooperation, including a role for Afghan national private capital. Bilateral trade--including border trade--will become more balanced and trade operations with Afghan employers will expand. Joint Soviet-Afghan enterprises will be more actively set up. This will help to create new jobs--a factor of considerable importance in view of the growing flood of refugees returning to their own country.

There is fruitful cooperation between our neighbor countries in every sphere of life. And the lights burning in the evenings in the windows of the clinic in the center of Kabul are only a fraction of those now burning at Soviet-Afghan friendship projects all over Afghanistan.

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CSO: 1807/196

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

USSR-INDIA AGREEMENT ON ECONOMIC-TECHNICAL COOPERATION

[Editorial Report] Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK (OTDEL VTOROY) in Russian Number 2, 1987 carries on pages 23-32 the 3100-word text of an agreement on economic and technical cooperation between the USSR and India. The agreement consists of 16 articles and is signed by V. Kamentsev for the USSR and N. Tivari for India. Article One outlines cooperation in building a hydroelectric power complex, reconstruction and modernizing steel smelting and rolling shops at the Bokara steel plant and constructing four coal mines. Prospecting for coal in West Bengal is also called for in the agreement.

The remaining articles deal with credit and financial terms as well as the obligations undertaken by both sides. Section I of Article Three, which stipulates the terms of India's participation, states in part: "Equipment, mechanisms, materials and manufactured goods left over after work has been fulfilled can be sold by Soviet organizations, subcontractors or sub-shippers in accordance with existing Indian legislation and/or can be exported from India without obstacles and without payment of duties or taxes." In Section II, India is also obligated to "buy in third countries certain equipment and material not manufactured in the USSR or India." Section III also provides that India, if necessary, "will buy licenses for technological processes and equipment."

CSO: 1807/204

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

INDIAN PETROLEUM WORKERS STUDYING AzSSR EXPERIENCE

Baku BAKINSKIY RABOCHIY in Russian 14 Jan 87 p 3

[Article: "USSR-India: A Dialogue of Petroleum Workers"]

[Text] On-the-job training of representatives of the Indian State Petroleum and Gas Commission in Baku has initiated a direct dialogue between petroleum workers of India and Azerbaijan. It is taking place at the base of the Azerbaijan Scientific Research and Planning Institute of the Petroleum Industry (AzNIPInefti).

In the opinion of the foreign specialists, the developments of the Azerbaijan specialists in the field of gas-lift exploitation of wells are of the greatest interest in increasing India's petroleum potential. They saw with their own eyes the advantages of this method as they became acquainted with its application at the Petroleum-Gas Extraction Administration imeni Serabrovskiy. By wise use of the energy of associated gas an additional 25,000 tons of petroleum and 205 million cubic meters of natural gas were extracted here last year. The Indian trainees intend to apply this experience at the off-shore fields in the Arabian Sea where they are developing the continental shelf near Bombay.

Thermal, chemical, and other effective methods of stimulation in petroleum formations successfully applied in the fields of Azerbaijan are being studied by the Indian specialists. The authors of many of these latest technologies first used in this country are associates of the AzNIPInefti. They are thoroughly familiarizing the trainees with their developments and organizing practical exercises at the fields for them.

CSO:18 25/128

- END -