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PRIME MINISTER

.....  
Cecil Parkinson led our delegation to the Eighth Session of the British Soviet Joint Commission from 23-26 October. I attach a copy of his report which I am sure you will find of interest.

I am sending a copy of this minute and attachment to Peter Carrington.

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J. N.

Department of Trade  
5 November 1979

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Soviet  
Union

8 November 1979

The Prime Minister has seen the Secretary of State for Trade's minute to her of 5 November together with its enclosure. She has taken note of the contents of Mr. Parkinson's report.

MICHAEL ALEXANDER

Stuart Hampson, Esq.,  
Department of Trade.

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JOINT COMMISSION WITH USSR

I visited Moscow from 23-26 October to chair the British delegation at the 8th Session of the British-Soviet Joint Commission.

The main impression I received was of very great friendliness from our Russian hosts both to me personally and to the whole British delegation. The Russians had clearly decided either not to raise contentious trade issues at all, or if they did raise them, as in the case of quota restrictions, to do so in a low key, even perfunctory manner. On the very eve of the meeting we had indicated that we did not wish to discuss the renewal of the Credit agreement. I do not know whether the message got through, but the subject was never raised with me by any of the Ministers or officials whom I saw.

There were some critical comments on the Prime Minister's Luxembourg speech from Minister of Foreign Trade Patolichev, Academician (and Deputy Prime Minister) Kirillin and Kuzmin. The first two did not labour the subject and appeared to appreciate the point when I referred to the passage in the speech which called for increased contacts at all levels to promote understanding and trade with peoples who were, after all, fellow Europeans. The most senior Minister on whom I called, Deputy Prime Minister Arkhipov, who is in charge of Foreign economic relations, did not mention the subject at all, but at the end of a meeting of over an hour made a special point of referring to the Soviet Union's desire for peace. Kuzmin criticised the Prime Minister's speech on a number of occasions. After firm discussion we agreed to disagree.

I can only speculate about the reasons for this sweetness and light. The Russians seemed genuinely pleased to hear that our new Government wished to increase trade between us. They pointed out again and again that more trade led to better political relations. It may be that this attitude was part of a peace offensive to back up what appears to be their

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current geopolitical strategy. I preferred having friendly to confrontationist discussions, but I have no doubt that the Russians would change from one to the other in a trice if that suited their overall aims better.

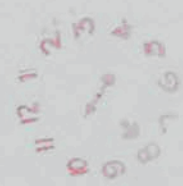
This friendliness did not appear to presage any very firm intention to take a significantly increased level of exports from us. There was much talk of the need to increase our mutual trade and of the opportunities which would be open to British firms under the new Five Year Plan when it is adopted, but very little in the way of statements, or even hints, that any of the major contracts currently under discussion were likely to come our way. I took five senior businessmen with me who took part in the Joint Commission meetings and pursued their own interests separately. They professed themselves well satisfied with what they had achieved but it was clearly only one more step along the hard road which leads to successful exporting to the Soviet Union. But their contribution to my discussions was considerable and I strongly support the policy of including businessmen on our delegations to Joint Commissions.

What of a Ministerial presence at these sessions? I must confess that I was shaken in my previous feeling that this is not a good use of Ministerial time. It is clear that in state trading countries politics and trade are closely linked together and that a good political relationship (which implies a high level relationship) greatly improves the general trade atmosphere, even if one cannot expect particular contracts to be awarded on this basis. All the businessmen active in Eastern Europe with whom I have spoken share this view. I am sure that regular Ministerial visits to these countries are important and there is certainly something to be said for their taking place at Joint Commissions which are occasions those Governments are used to and fully understand. They are needless to say for the Minister concerned a boring grind but Ministerial presence does seem to open doors to businessmen which might otherwise remain closed.

*Cecil Parkinson*



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FM MOSCOW 311501Z

TO ROUTINE FCO

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RPTD INFO TO DOT (FOR MOS(T)'S PRIVATE OFFICE AND CRE 4)  
AND TO DEPT OF ENERGY (FOR PUSS' PRIVATE OFFICE AND CIP2)

8TH SESSION OF THE BRITISH-SOVIET JOINT COMMISSION.

1. WE HAVE REASON TO BE SATISFIED WITH THE OUTCOME OF THE JOINT COMMISSION HELD IN MOSCOW 24-26 OCTOBER. THE COMMISSION IS A MAJOR INSTRUMENT FOR EXPRESSING OUR INTEREST IN ANGLO-SOVIET TRADE AND SCIENTIFIC RELATIONS AND IT MEETINGS ARE IMPORTANT IF WE ARE TO MAINTAIN, LET ALONE IMPROVE, THE BRITISH POSITION IN THIS MARKET. THE FACT THAT THE MINISTER OF STATE FOR TRADE ATTENDED AND UNDERTOOK A HEAVY PROGRAMME OF CALL ON SOVIET MINISTERS HELPED TO REINFORCE BRITISH INTEREST AT THE POLITICAL LEVEL. MR PATOLICHEV TOOK ADVANTAGE OF A CALL BY THE MINISTER OF STATE TO REFER WITH SOME BLUNTNESS TO THE PRIME MINISTER'S SPEECH IN LUXEMBOURG. MR PARKINSON POINTED OUT ON THIS AND OTHER OCCASIONS THAT THE SPEECH SHOULD BE READ AS A WHOLE AND PROVIDED A BASIS FOR A CONSTRUCTIVE RELATIONSHIP WITH THE USSR. THIS WAS A TIMELY OPPORTUNITY TO PUT INTO THE PROPER CONTEXT A SPEECH WHICH THE SOVIET PRESS AT LEAST HAD MISINTERPRETED. IT WAS NOTEWORTH THAT DEPUTY PRIME MINISTER ARKHIPOV DID NOT MENTION MRS THATCHER'S SPEECH WHEN MR PARKINSON SAW HIM THE NEXT DAY.

2. THIS SESSION WAS THE FIRST ORGANISED BY THE SOVIET MINISTRY FOR FOREIGN TRADE RATHER THAN THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY. BOTH SIDES FIELDING LARGE DELEGATIONS, THE BRITISH INCLUDING FIVE BUSINESSMEN. THE WORK OF THE SESSION CONSISTED ESSENTIALLY OF A REVIEW OF A YEAR IN WHICH OUR COMMERCIAL PROGRESS HAD BEEN DISAPPOINTING AND THE MEETING OF THE TRADE AND ECONOMIC SUB-COMMITTEE WAS NOTABLE FOR SOME STRAIGHTFORWARD SPEAKING ABOUT BUSINESS PROBLEMS BY THOSE DIRECTLY CONCERNED. ONE POSSIBLY IMPORTANT

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RESULT IN TERMS OF FUTURE BUSINESS WAS THE AGREEMENT RECORDED IN THE PROTOCOL THAT WORK SHOULD BEGIN UPDATING THE EXISTING LONG-TERM ECONOMIC AND INDUSTRIAL COOPERATION PROGRAMME OF 1975. IT WAS ALSO AGREED, AND RECORDED IN THE PROTOCOL, THAT A FURTHER HIGH-LEVEL MEETING OF BUSINESS REPRESENTATIVES OF THE TWO SIDES, FOLLOWING ON FROM THAT HELD IN THE UK IN MARCH 1978, SHOULD BE HELD NEXT YEAR IN THE SOVIET UNION.

3. IT WAS USEFUL TO HAVE THE PRESENCE ON THE FIRST DAY OF MR LAMONT, PUSC FOR ENERGY, AS FURTHER EMPHASISING THE SERIOUSNESS OF THE BRITISH GOVERNMENT'S COMMITMENT TO DEVELOPING POSITIVE TECHNOLOGICAL AND TRADE RELATIONS WITH THE SOVIET UNION. HE PROPOSED THE ESTABLISHMENT OF A JOINT WORKING GROUP ON THE OIL AND GAS INDUSTRIES, AN IDEA WHICH THE RUSSIANS NOTED. THAT HE STAYED ON FOR THE ENERGY SYMPOSIUM THIS WEEK WILL HAVE UNDERLINED OUR GENERAL INTEREST. DESPITE THE FACT THAT THE STATE COMMITTEE WERE NOT THIS TIME RESPONSIBLE FOR ORGANISING THE JOINT COMMISSION, THERE WAS NO SOVIET TENDENCY TO PLAY DOWN THE IMPORTANCE OF SCIENCE AND TECHNOLOGY. A DECISION WAS TAKEN TO TRY TO ALIGN THE OPERATIONS OF THE TECHNOLOGICAL WORKING GROUPS WITH COMMERCIAL ACTIVITIES. THE TWO NEW SOVIET REPRESENTATIVES (VELIKHOV, OF THE ACADEMY, AND KOMAROV, OF THE STATE COMMITTEE) MADE A GOOD IMPRESSION WHICH AUGERS WELL FOR FUTURE COLLABORATION.

4. FULL RECORDS OF THE JOINT COMMISSION PROCEEDINGS ARE BEING PREPARED AND WILL BE SENT BY BAG. TWO EXTRANEOUS MATTERS RAISED WERE:

A) THE SOVIET CO-CHAIRMAN SAID DURING THE PLENARY SESSION THAT THE TIME HAD NOW COME TO REMOVE RESTRICTIONS ON THE NUMBERS OF THE SOVIET TRADE DELEGATION IN LONDON "THROUGH DIPLOMATIC CHANNELS AS PREVIOUSLY AGREED". THOUGH THE RUSSIANS EVENTUALLY AGREED TO LEAVE ANY MENTION OF THIS SUBJECT OUT OF THE PROTOCOL THEY SEEM CERTAIN TO RETURN TO THE QUESTION AND MAY PERHAPS SPURIOUSLY ARGUE THAT LIFTING THE RESTRICTIONS IS A NECESSARY PRE-CONDITION FOR INCREASING ANGLO-SOVIET TRADE.

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B) MR PARKINSON SAID HE REGRETTED THAT THE SOVIET REFUSAL TO AGREE TO THE NECESSARY RISE IN THE FREIGHT RATE IN 1980 FOR THE ANGLO-SOVIET SHIPPING SERVICE. HE HOPED A SOLUTION COULD BE REACHED IN THE NEAR FUTURE, SO AS TO AVOID A DIFFICULT SITUATION.

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