



From the Minister for Trade

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From the Minister

YOUR FORTHCOMING VISIT TO MOSCOW

I would like you to have a note of my meeting last week with Professor I D Ivanov and the Soviet Ambassador.

Professor Ivanov is Deputy Chairman of the new Soviet Commission for Foreign Economic Relations, a body of some 40 senior administrators set up by Mr Gorbachev to unify and steer the Soviet Union's economic policy towards the rest of the world.

He speaks perfect English, but strongly accentuated and almost inaudibly. This makes it virtually impossible for those accompanying him - Ambassador, statutory KGB Attache etc - to follow what he is saying.

From Professor Ivanov's point of view this is probably just as well. He is clearly a man in the Gorbachev mould, alive to the many weaknesses of the Soviet economy but determined to tackle them with the same refreshing boldness. He was obviously glad to report, for instance, that Soviet enterprises could now plan to produce goods for export instead of just planning to produce goods and trying to export those found to be surplus to Soviet domestic requirements; he seemed sensibly flexible about the framework envisaged for joint ventures with Western companies; and he admitted the disparity in expertise between Western and Soviet managers (some of whom are to be sent to Western business schools). He spoke with evident pride of changes that gave 'autonomy' of purchasing power and foreign contractual relationships to some 70 separate enterprises within the Soviet Union.

He did, however, balk when I asked his reaction to the prospect of Western capital taking an equity stake in certain high-tech Soviet industries (!).



Towards the end of the meeting Professor Ivanov duly raised certain other points in his brief prompted - and in most cases supplemented - by the Ambassador. He indicated that "it would contribute to the success of the Prime Minister's visit" if she could help the USSR on three trade matters, namely UK import restrictions on urea, alleged UK rigidity on COCOM and visa ceilings on Soviet trade personnel in the UK. All three are contentious and it seems unlikely that we can respond very positively to any of them, although DTI and FCO officials have been asked to investigate the possibilities.

My own view is that the 'success' of the visit will be assessed on macro-political grounds. And you will be the judge of these. But I thought it might be helpful to receive this further testimony to the urgent pace at which the Soviets (or a party within them) are trying to modernise. The spectre of capitalist efficiency is now being quite openly invoked, although the Ambassador pulls a pretty sour face.

AC