

PERSONAL

PRIME MINISTER

VISIT TO THE SOVIET UNION

I remain uneasy about the Party Chairman's participation in your visit to the Soviet Union.

There is no dispute at all that he is entitled to come to Armenia to see the school which he had such a hand in creating. He had been going to do that anyway, flying there direct with Jeffrey Sterling (who provided much of the money for the school). Now that Mr Baker has said he is going with you instead, Jeffrey Sterling is thinking of pulling out.

I continue to think that Mr Baker's involvement in your programme in Moscow and Kiev will give rise to a lot of comment and claims that the visit is being exploited for party purposes: and that this will detract from the visit and even overshadow it. Bernard agrees.

In addition, the Foreign Secretary has now heard that Mr Baker is accompanying you and is put out.

I think the best way to resolve this is:

- ✓ for Mr Baker to fly with Jeffrey Sterling to Kiev on the afternoon of the second day of your visit.
- for both of them to accompany you in the Soviet aircraft from Kiev to Armenia, and take part in the programme there.

Agree to put this to him?

Yes

C.D.P.

Charles Powell

15 May 1990

c: Soviet (MJ)

PERSONAL

PRIME MINISTER

VISIT TO THE SOVIET UNION

You are visiting the Soviet Union from 7-10 June. On present plans, you will spend the last day of that visit in Armenia, to open the British School, before returning to London.

Mr. Baker is very keen to accompany you, ostensibly for the Armenian part of the visit, because of his involvement in the original decision to provide funds for the school: but in practice for all of it, on the grounds that he cannot get to Armenia unless he comes to Kiev with you. My understanding is that he has your agreement in principle to this - or the Armenian part at least.

I am perfectly happy to go ahead and make arrangements. He could accompany us on the aircraft and no doubt find something useful to do in connection with British Week in Kiev. But I am a little worried about the following points:

- the Foreign Secretary will not be accompanying you: it will look a little odd if Mr. Baker does so;
- in particular, the fact that he is Party Chairman may be used by some to allege that the whole purpose of the visit is Party political;
- there are not very convincing arguments why he should be there as Chancellor of the Duchy of Lancaster;
- it is just possible that Mr. MacGregor, as current Secretary of State for Education, will feel that he ought to be involved in the Armenia part of the visit (although he has never mentioned it).

PERSONAL

PERSONAL

- 2 -

All these points are no doubt manageable in one way or another. But it would be a pity if a row over Mr. Baker's presence and participation were to distract attention from the real nature and purpose of the visit. It seems to me that the choices are:

- to let Mr. Baker come along throughout the visit as he wishes;
- to say that he should make his own way to Kiev in time to accompany you to Armenia only;
- to drop the idea of his participation altogether.

I think if you decide on the second or third of these options, you will need to speak to Mr. Baker personally.

C.D.P.

C. D. POWELL
30 April 1990

The primary school
was his idea - he
has some reason to
come. He has also been
a Trade Minister and could
well do something in Kiev,
not

PERSONAL

CONFIDENTIAL

FILE 810



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

21 May 1990

PRIME MINISTER'S VISIT TO THE SOVIET UNION

I promised to let you know the arrangements which we envisage for the Chancellor of the Duchy of Lancaster to join the Prime Minister's party for the visit to Armenia for the opening of the British school. The Prime Minister has now discussed this with Mr. Baker. The plan is that he and Sir Jeffrey Sterling (who was one of the main private contributors to the school) should fly out to Kiev in the course of Saturday 9 June. It is not quite clear what time they will arrive but probably during the afternoon. They would both then fly down with the Prime Minister on the Soviet plane to Leninakan on Sunday morning, accompany her during the programme there and back to Kiev, returning to London on Sir Jeffrey Sterling's aircraft.

We have already provided for Mr. Baker to stay in the Government Guest House in Kiev. I imagine we should help Sir Jeffrey find accommodation in a hotel, ideally the same one as other members of the Prime Minister's party will be in. There is also the question of a programme for Mr. Baker and Sir Jeffrey on the Saturday. They would like to visit the British exhibition, but should do this separately from the Prime Minister. Perhaps the Embassy in Moscow could provide somebody to escort them. The only point at which they would be involved directly in the Prime Minister's programme in Kiev would be at the Opera and subsequent reception that evening.

I should be grateful if you could put the necessary arrangements in hand.

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

dti

the department for Enterprise

cegc

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Robert Canniff Esq
Private Secretary to the
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

071-215 5622

PE5ANQ

Direct line
Our ref
Your ref
Date

4 June 1990

EO 4/6

See Robert

CHANCELLOR OF THE DUCHY OF LANCASTER'S VISIT TO THE SOVIET UNION

Richard Gozney wrote to the you on 24 May about the Chancellor's visit to Kiev on 9 June and invited DTI to provide further advice about companies' stands which he might visit when he tours the British Industry Today exhibition.

I attach a copy of the brief we have provided for the Prime Minister's tour earlier that day. We have been advised that she intends to visit as many stands as possible during her 30 minutes there and that it would be inappropriate for us to select particular stands beforehand. If any selection is needed for the Chancellor's visit, we believe that this would be best made on the spot in Kiev, where staff of the DTI, British-Soviet Chamber of Commerce and the British Embassy will by then have become full acquainted with the exhibition as a whole and with the stands where Mr Baker's support would best be directed.

I also enclose a copy of a background brief on UK/USSR trade.

I am copying this letter to Charles Powell (No 10) and Richard Gozney (FCO).

Yours ever

Ben Slocock

BEN SLOCOCK
Private Secretary



Recycled Paper

BRITISH INDUSTRY TODAY EXHIBITORS

Stand No	Exhibitor	Business in USSR	Personnel	Points for discussion
1	John Brown Plc	In "USSR" since 1840 and probably UK's most active company. Main interests in process plant development for chemical, gas and healthcare industries; also plastics processing (food packaging, audio and visual tapes, automotive components, medical equipment) and automated assembly systems. The PM will later witness signature of John Brown's joint venture, Asetco (Novi Urengoi), to carry out a major polyethylene project.	Allan Gormly, MD Tony Bruce, Marketing Director Gerry Preskey, Regional Director (based in Moscow) B R Osbourne C F J Siegl R Dangerfield	a) Satisfactory progress in Budyennovsk polypropylene plant signed during PM's 1987 visit b) Good progress on modernisation and expansion of polyethylene plant, again at Budyennovsk c) Signature of Novi Urengoi
2	Davy McKee	Over 30 process engineering projects carried out in USSR in chemical, methalurgical, food and pharmaceuticals industries. Very active.	Patrick McTighe, Chief Executive, Process Division A J Powell	Number of projects being pursued. Prospects for major projects given Soviets' shortage of hard currency?
3	Wellcome Foundation	Very active in supply of pharmaceuticals and diagnostics. Interest in projects to build pharmaceutical factories.	Martyn Cooke, Regional Manager John Apps, USSR Manager	
4	Amersham International Plc	Nearly 30 years in USSR, principally sales of life science products for genetic research. Also purchase from USSR and co-operation ventures Negotiating joint venture with Institute of Cardiology in Moscow, which invited OM to visit (programme schedule did not permit).	Bruce Beharrell, USSR Regional Director Grahame Guilford, USSR Manager Valery Popkov, Moscow rep	Value of Soviet science and technology - complemented by Western expertise in development, marketing etc
5	J P Kenny	Subsea engineering consultancy on major oil and gas projects in USSR. Joint venture Intershelf. Also Sov ga sco consortium for managing Soviet gas sales to UK to pay for British exports. (British Gas, British Steel, National Power, Bank of Scotland/Fiscot Ltd). DTI financial assistance.	J P Kenny, Chairman P Davies, MD M Goodings, Dep MD (Moscow) S I Degtiariov V Ch Promstroibank USSR V P Matvienko, Ch Promstroibank Ukraine Mr Tikonov, Dep Ch, Energy Committee of USSR Council of Ministers Mr Nikitin, 1st Dep Min, Ministry of Oil & Gas	a) joint ventures only partly successful because of Soviet bure aucracy and lack of business training. Need for further Western help. b) Shortage of hard currency. Scope for oil and gas production sharing agreements.

<u>Stand No</u>	<u>Exhibitor</u>	<u>Business in USSR</u>	<u>Personnel</u>	<u>Points for discussion</u>
6	Smiths Industries Medical Systems	USSR since 1960s in medical equipment and disposables. In 1979 technology transfer deal for manufacture of anaesthesia disposables in Leningrad. Business between £10,000-£1 million a year.	George Kennedy, Chairman Ray Morgan, MD SIMS Medical Distribution Int H Jueress, Area Manager S Maynard	
7	Case Communications Ltd	Part of Dowty Group. Data communications for all industries. 6 years in USSR, where sales reached £5 million in 1989. Visited by Mr Gorbachev in April 1989.	Nick Applegarth, Area Manager	a) Mr Gorbachev's visit b) COCOS
8 and 10	Tambrands Ltd	Manufacture Tampax tampons in 7 countries, sales in 135 countries. Joint venture, Femtech, near Kiev. Production since March 1989. Sales excellent. Fivefold expansion planned, including further factories. Export of bleached cotton as payment for machinery, UK profits etc been held up by Soviet Customs bureaucracy.	Constantin Ohanion, Director Tambrands and VP USSR and Eastern Europe Yuri Saakov, General Manager Femtech C J Curry D N Paterson G West	Climate for investment in USSR. Need for transparent legislation
9	Rank Xerox	Office machinery, notably photocopiers. Copy shop joint venture in Moscow. Pursuing potential for countertrade, using Soviet timber resources - paper exports to pay for photocopiers.	David Thompson, Chairman RX (UK) Ralph Land, General Manager, RX Eastern Europe	
11	Racal Electronics	"USSR" over 100 years (Chubb). Sales of marine radars, navigation equipment, professional tape recorders, data communications and security systems. Local manufacture of radars and other projects under discussion.	Alan Carnell, Commercial Director, Racal-Decca Soviet Director General of factory with which negotiating joint production of marine radars	a) radar production project b) COCOS
12	ICL	Office in Moscow since 1989. Successful jv in Leningrad assembling personal computers. Many Soviet customers for computing equipment.	John Connor Richard Turner, STC Director	COCOS
13	Philips Scientific	Scientific instruments Stand will display spectrophotometers and chromatographs	Barry Brook	
14	BP Nutrition	Interests in whole food chain: animal feed, meat processing, poultry and livestock breeding (Eurihid) high quality fresh food. Large supplier of grain to USSR.	Jaap Vente, MD, Hybio Broilers Graham Scott, Director, Specialities Div P Mayhew, Tradigrain	Increased use of hard currency generated by sale of Soviet oil to BP for purchase of agricultural products

Stand No	Exhibitor	Business in USSR	Personnel	Points for discussion
15	Glaxo	Major supplier of pharmaceuticals to USSR. Negotiating joint company to manufacture pharmaceuticals at Krasnodar	J Muller, Area Manager Y Antipov, Moscow rep	Glaxo's long term commitment to USSR. Real need for modern pharmaceutical factory
16	Brittain Engineering Ltd	Some previous sales to Soviet market. Chosen Kiev to launch systematic approach. Non-destructive testing equipment and processes	Paul Beza, MD Eike Leaman, Technical Consultant	
17	Ethical Pharmaceuticals	New company (1985). Turnover £3 million, of which 60% exports. Specialise in development of innovative pharmaceuticals. Also advise on construction of pharmaceutical factories and import Soviet references. Notably successful in dealing direct with small enterprises in regions.	Geoffrey Guy, ED David Harper, Director Paul Gibbons, Business Development Director Nicholas Guryev, agent in Kazakhstan	Use of British institutions to raise capital for speculative projects and development of innovative technologies

18 Allied-Lyons Plc

Food and drink. Sale of spirits in USSR and marketing of Stolichnaya vodka in UK and elsewhere.

Projects include two bars and an ice cream shop in Moscow hotels. Second ice cream shop being built in Moscow, selling British ice cream for hard currency. (Had hoped PM or Mr Thatcher could open this). Agreement to build ice cream plant in Moscow.

Pursuing other projects in food and drink processing sector, especially in Ukraine.

Sir Hugh Bidwell, Lord Mayor of London, who will close Trade Exhibition in Kiev on 14 June is Chief Executive of Allied-Lyons Eastern Ltd.

Anthony Hales, Chief Exec.
J Lyons
Godfrey Linnett
David Priestley
Jim Hubner
Anthony Allen

18/ British Food
21 Consortium (BFC)

Informal group of companies with complementary interests in food sector. Chairman Sir Ronald McIntosh.

Other BFC companies will be represented on the Allied-Lyons and APV stands.

Nigel Peters, Taylor Woodrow
Peter Cheshire, Booker Tate
Peter Bridle, Union
International Consultants

19 Courtaulds Plc

Long history in USSR. Have built 8 major installations in last 30 years (over 4.650 million).

Prolonged problems over projects to refurbish acrylic fibre factories, despite constructive responses to continually changing scope of projects.

Courtaulds deciding to concentrate on areas of highest priority to Soviets - food and consumer goods production.

Eric Summers, Director,
Courtaulds Engineering

a Need for ECGD support in USSR.

b Need for clear guidance from Soviets on priority projects.

20	Regency Mowbray	Flavours and colours for food industry. Product development and formulation and extensive testing and other services.	Raymond Malbon, MD Carole Malbon, Financial Controller Norman Critchett, Technical Services Manager	a) Tax relief on capital expenditure for export growth b) Climate for investment in USSR. Possible HMG assistance?
21	APV Plc	World leader in supply of equipment to food, beverage and plastics industries. Long history in USSR, especially dairy industry. £50m contract in 1989 to provide 10 lines to produce breakfast cereals. Pursuing projects for equipment to produce potato snacks, baby food, meat, dairy, freezing and confectionary plant - also aid funded projects in Armenia.	Sir Peter Cazalet, Chairman Lady Cazalet Richard Baldwin, Chairman APV Baker Laurie Cannon Barry Webb Guy Fraser David Gardner, Moscow rep	
22	Genus (also representing R J Fulwood & Bland and Scottish Agricultural Colleges) and Pig Improvement Company	Milk Marketing Board business in supply of bovine embryos and bull semen, with related technologies. Specialist pig breeders. £2.2m contract for hybridisation programme in Ukraine.	Paul Jefferson, Regional Marketing Director Paul Millar, consultant John Gibson, Overseas Project Manager Nikolai Dekatch, Director of Bybridisation Complex S I Sokolenko, Director General, Ukrimpex P N Pouk, Chif of Pig Production for Ukraine Mr Karasik, Chief of Animal Production for Ukraine	BSE scare: Soviets' ban on UK beef and related products
23	Foster Refrigerator	Commercial refrigeration equipment. Sales for 1980 Moscow Olympics. Current successes for in-flight catering unit at Moscow Airport and Pizza Hut Moscow.	Zoe Callender, Export Co-ordinator Rudi Valentini, Marketing Consultant	
24	SPEC Ltd	Personal computers and peripherals networking systems. Access control and desk-top publishing systems.	Ben Brahms, MD	

25	ICI Plc	Trading links over 70 years. Office in Moscow since 1979. Agrochemicals a major activity. Involvement in intensive cultivation of winter wheat and fodder peas; also food packaging, polyurethanes. Joint venture in Leningrad for paints. Recent contract to supply seed corn for 500,000 acres. (PM was invited to visit ICI farm consultancy project near Kiev, for increasing fodder pea yields).	Roger Hart, ICI Agrochemicals	
26	John Crane (UK) Ltd	Mechanical shaft seals for food, agriculture, medical and pharmaceutical industries.	David Pack	Visa Delays
27	British Livestock	Supply of pedigree breeding livestock, bovine embryos and semen to USSR over 25 years. Two joint ventures (Ukraine and Estonia) producing genetically superior cattle by embryo transfer	David Hodge, Chairman Geoff Corke, Director A T Baidyuk, Chairman of Ukraine j.v. Other Soviets from j.v.	BSE scare
	and Micronizing	Industrial infra red cereal cooling equipment. 1989 sales to feed mill in Byelorussia for improving nutritional value of animal feeds. Visit to UK by Byelorussian Grain Minister in March very successful and expected to lead to further business for Micronizing and other UK companies.	Roderick Newton, Sales Director	
28	Trade Advisory Service	Soviet trade specialists in hotel construction and refurbishment. Stand features work on refurbishment of Izmailovo Hotel in Moscow.	Anne Dyer Joe O'Neill	
29	Ernst & Young	Accountancy firm with consultancy expertise on USSR, especially on establishment of joint ventures and other forms of investment.	Lorenz McDougall, Director Accounting and Audit Stuart Thorn, Director, Business Services Richard Lewis, Manager, Moscow	Climate for investment in USSR
30	British Airways	About to conclude joint operating agreement with Aeroflot. Hinges on development of second international airport in Moscow, which UK Airports Group pursuing. BA laid on special direct service to Kiev for June 1990.	Andrew Fiddaman Sue Walker	
Outside Space	JCB	Earth-moving and mechanical handling equipment. Active and successful in Soviet Union.	Bob Hudson	

VLVAAG

BRITISH-SOVIET TRADE RELATIONS

INTRODUCTION

1 1989 was a mixed year for UK-USSR trade; the trade figures were, and continue to be, very good but some clouds gathering on the horizon have begun to cast their shadow.

2 On one hand, the political climate has been favourable for an increase in trade. Visits by Mr Gorbachev and Mrs Biryukova in 1989 placed particular emphasis on the Soviets' need to improve their light industry and consumer goods production. UK businesses are well-placed to take up the resulting commercial opportunities.

3 On the other hand, the economic and foreign trade reforms in the Soviet Union have been slowing down trade, making the business community tread cautiously. In the long term, decentralisation of responsibility is expected to lead to useful end-user contacts. However, at present it has resulted in confusion. Organisations have been changed drastically, making Soviet officials unsure of their responsibilities. It is often difficult to establish who has the authority to make decisions. In enterprises and Republics, managers have been given new powers, but they do not yet have the necessary training or experience to wield them with confidence. Additionally, new organisations have no banking histories, making their financial standing impossible to assess.

UK/USSR TRADE

4 According to UK statistics, UK exports in 1989 were £682m, a rise of 33% on 1988 (£512m) - and exports for the first four months of 1990 show an increase of 35% on the same period of 1989. They consist mainly of cereals, industrial machinery, and machine parts, scientific instruments and chemicals. UK imports in 1989 were £833m, an increase from 1988 of 14% (£732m). Nearly half our imports consist of oil and oil products, the remainder mainly of wood products, Lada cars, chemicals and metals.

5 On Soviet statistics, calculated on a different basis, UK exports in 1989 were 1009m roubles (1988: 623m roubles) and imports were 2209m roubles (1988: 1794m roubles). Turnover has therefore increased from £2.4bn roubles in 1988 to 3.2bn roubles in 1989. They therefore argue that we have achieved the aim, agreed by the Prime Minister and Mr Ryzhkov, of a 40% increase in trade to 2.5bn roubles by 1990.

6 Mrs Thatcher and Mr Ryzhkov signed a new UK/USSR Economic and Industrial Co-operation Programme for 1991-2000 in Moscow on 8 June 1990.

SOVIET TRADE AND ECONOMIC REFORMS

7 As part of perestroika, far-reaching foreign trade reforms have been introduced since 1987, aimed at modernising Soviet industry and increasing the efficiency and quality of domestic production. A major theme of these reforms is to reduce bureaucratic control and encourage initiative.

8 From 1 April 1989 all enterprises whose output is competitive on world markets were granted the right to trade with foreign companies and to retain a proportion of their export earnings to spend on new equipment. There are now over 14,000 of these organisations.

9 As a result of these changes, the traditional and fairly strict separation between foreign trade operations and planned production is supposed to be overcome. Priority is being given to purchases which will enable industrial enterprises eventually to substitute Soviet products for current imports, and for equipment which will upgrade their product range to enable them to increase exports. The main emphasis is on modernisation and refurbishment of existing plant, though hard currency has also been allocated for emergency purchases of consumer goods to meet a dire need among the Soviet people.

10 The implication of the foreign trade reforms for companies wishing to trade with the Soviet Union is that it ought to be possible to get much closer to Soviet end-users than in the past. To do this it is essential for them to cultivate a much wider range of contacts in the industrial Ministries, enterprises and relevant technical institutes, both in Moscow and the Republics.

TRADE PROSPECTS

11 Despite the economic problems, not least the shortages of food and consumer goods, transport and distribution difficulties, poor harvests and shortages of energy, the opportunities for UK companies are good. The main barrier to trade, unavailability of hard currency, need not be insurmountable if both sides consider all possible forms of payment available.

12 The political will exists on both sides to increase trade. Promising sectors appear to be agriculture, food industries, pharmaceuticals, chemicals, automation and factory modernisation. Conversion of defence factories to civilian use is given a high priority by the Soviets. The Gorbachev reforms are putting pressure on industry to modernise and convert itself quickly. This presents opportunities for UK companies to supply technology and equipment. A delegation of conversion specialists has been invited to visit the UK.

13 Working Groups are one of the ways that western companies have been using to get close to Soviet foreign trade officials and end users. They have been proved to be effective in getting business. The UK has 15 working groups covering such areas as energy, agriculture, healthcare, chemicals, railways, instruments etc.

14 UK trade prospects will depend mainly on the success of UK companies winning further contracts for major projects as well as maintaining regular smaller business. Success will depend not only on competitiveness, but also on willingness both to help generate Soviet hard currency by helping with Soviet exports, and to enter into countertrade deals and joint ventures.

15 Payment problems may prove a further hindrance to the expansion of trade. The USSR has historically had a first-rate record for repaying foreign debt. But in recent months Western companies have been experiencing lengthy delays in payment from a number of Foreign Trade Organisations. The precise reason for these is unclear, but the UK and other Western countries have made high-level representations about the effect on small companies in particular. DTI and ECGD have received pleas for help from almost 40 companies, with a total of some £30m outstanding. The Soviets have responded to international concern by accepting that the State has to take responsibility for problems arising from economic changes and by announcing a package of measures to honour outstanding debts. But this has yet to be implemented.

JOINT VENTURES

16 A major component of the foreign trade reforms is the setting up of joint ventures on Soviet soil. The main Soviet aims are to acquire Western equipment and technology, capital, management and marketing expertise and quality control techniques without having to commit scarce foreign currency; and as a short cut to establishing export orientated and import-saving industries.

17 Joint venture legislation was introduced in 1987 to encourage western investment in the USSR. The UK has 86 registered joint ventures at the last count, fourth behind the FRG, Finland and Japan. In common with other countries, many are relatively small, service joint ventures and few are actually in operation. Changes to joint venture legislation were introduced with effect from 1 January 1989. They remove the restriction which previously existed that foreign partners were limited to 49% of the equity. They also allow a foreign national to manage the joint venture and local payments to be made in Roubles. Rules governing the hiring and firing of local staff are now less strict. Umbrella legislation on foreign economic activity, which will have a major impact on joint ventures and other forms of investment, is being drafted but is not expected before 1991.

KIEV: "BRITISH INDUSTRY TODAY"

18 To complement the FCO exhibition in Kiev on life in Britain, there will be a trade exhibition from 4-14 June, concentrating on four sectors: food and food processing; scientific instruments and medical equipment; hotels, tourism and services; and pharmaceuticals. Some 40 British companies will be exhibiting on 30 stands.

19 HRH The Princess Royal will open the event; Mrs Thatcher, Lord Whitelaw, Mr Baker and the Lord Mayor of London will visit it, as hopefully will Mr Gorbachev.

UK/USSR TRADE FIGURES

1 UK Basis (£m)

	1984	1985	1986	1987	1988	1989	1990 (4 months)
Exports to USSR	735	537	539	492	512	682	299
Imports from USSR	854	724	695	875	732	833	252
Total trade	1589	1261	1234	1367	1244	1515	551
Trade balance	-119	-187	-156	-383	-220	-152	+ 47

1988 Top 5 Imports into UK (£m)

Petroleum & its prods	314
Wood & Wood prods	161
Road vehicles	67
Inorganic chemicals	36
Organic chemicals	24

1989 Top 5 Imports into UK (£m)

Petroleum & its prods	397
Cork & Wood	157
Road vehicles	60
Organic chemicals	27
Cork & Wood manufactures	27

1988 Top 5 Exports from UK (£m)

Scientific instruments	60
Cereals & prepar'ns	49
Specialised Machinery	46
Inorganic chemicals	38
Chemical materials & products	31

1989 Top 5 Exports from UK (£m)

Cereals & prepar'ns	121
Specialised machinery	73
Scientific instruments	58
Machinery & machine parts	40
Electrical machinery & machine parts	39

2 Soviet basis (million Roubles)

	1984	1985	1986	1987	1988	1989
Imports from UK	819.4	683.8	514.6	524.3	623.1	1009.1
Exports to UK	1,392.7	1,217.8	1,274.0	1,586.2	1,794.1	2208.7
Total trade	2,212.1	1,901.6	1,788.6	2,110.5	2,417.2	3217.8
Trade balance	-573.3	-534.0	-759.4	-1061.9	-971.0	-1199.6

PM TOURS: USSR, Oct 89



A7E

RESTRICTED

165523
MDHOAN 9670

RESTRICTED
FM FCO
TO IMMEDIATE MOSCOW
TELNO 985
OF 301645Z MAY 90
INFO PRIORITY UKMIS GENEVA

PRIME MINISTER'S VISIT: MR BAKER AND SIR JEFFREY STERLING

1. AS WE WARNED YOU LAST WEEK, THE CHANCELLOR OF THE DUCHY OF LANCASTER AND SIR JEFFREY STERLING INTEND TO TRAVEL TO KIEV IN SIR JEFFREY'S PLANE TO ACCOMPANY THE PRIME MINISTER IN ARMENIA.

2. WE HAVE DRAWN UP THE FOLLOWING DRAFT PROGRAMME:

SATURDAY 9 JUNE
(ALL TIMINGS LOCAL)

0700 : MR BAKER LEAVES HATFIELD IN SIR J STERLING'S PRIVATE PLANE
0920 : ARRIVES GENEVA, PICKS UP SIR J STERLING
1000 : DEPART GENEVA
1330 : ARRIVE KIEV. MET BY MEMBER OF EMBASSY STAFF
1430 : ARRIVE UKRAINIAN PARK OF ECONOMIC ACHIEVEMENTS. TOUR OF 'BRITISH LIFE TODAY' EXHIBITION ACCOMPANIED BY RICHARD MUIR
1630 : FAIR OF 'BRITISH INDUSTRY TODAY' EXHIBITION ACCOMPANIED BY ?
1730 : LEAVE FOR HOTEL: REFRESHMENTS
1820 : DEPART FOR OPERA HOUSE
1830 : RECEPTION AT OPERA HOUSE
1850 : TAKE SEATS
1900 : XERXES (MR BAKER APPARENTLY DISLIKES OPERA: THERE IS THEREFORE AN OUTSIDE POSSIBILITY THAT HE WILL NOT ATTEND)

LATER - ATTEND RANK XEROX/BRITISH COUNCIL RECEPTION
LATER - RETURN TO STATE GUEST HOUSE (MR BAKER) OR HOTEL (SIR JEFFREY STERLING)

SUNDAY 10 JUNE
MR BAKER AND SIR JEFFREY WILL TRAVEL TO LENINAKAN ON THE PRIME

PAGE 1
RESTRICTED

RESTRICTED

165523
MDHOAN 9670

MINISTER'S PLANE AND WILL FOLLOW HER PROGRAMME FOR THE DAY.
THEY WILL RETURN TO LONDON FROM KIEV ON SIR JEFFREY'S PLANE ON
10 JUNE.

3. PROTOCOL DEPARTMENT HAVE ALREADY ASKED YOU TO ARRANGE
ACCOMMODATION FOR MR BAKER AND SIR JEFFREY. SIR JEFFREY'S
OFFICE HAVE MADE ACCOMMODATION ARRANGEMENTS FOR THE FLIGHT
CREW.

HURD

YYYY

DISTRIBUTION

42

MAIN 40

LIMITED
SOVIET D
KIEV UNIT
PROTOCOL D

PRU
INFO D
PS
PS/PUS

ADDITIONAL 2

~~PS/N010~~
PS/CHANCELLOR OF THE DUCHY

NNNN



Foreign and Commonwealth Office

London SW1A 2AH

24 May 1990

com

Jean Robert,

Chancellor of the Duchy of Lancaster's
Visit to the Soviet Union

Although we have not yet established a firm ETA for the Chancellor of the Duchy of Lancaster in Kiev, on the assumption that he will arrive around mid-afternoon we have made a stab at a programme for him and Sir Jeffrey Stirling. I enclose a copy. You may also be interested in the enclosed account of the British Days in Kiev.

We will suggest which companies' stands Mr Baker might visit when we have had further advice from the Coordinator's Office in Kiev and the DTI; we shall want the Chancellor of the Duchy to give his personal support and encouragement to some of the stands which the Prime Minister will not be visiting.

I am copying this letter to Charles Powell (No 10) and Ben Slocock (DTI).

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

Robert Canniff Esq
PS/Chancellor of the Duchy
of Lancaster

"BRITISH DAYS IN THE USSR (KIEV, JUNE 1990)"

From 4 to 30 June, upwards of 25 exhibitions, stage productions, musical performances and other activities will take place in Kiev. This will be by far the largest British event staged in the Soviet Union. The aim is to inform the Ukrainian and other Soviet people about contemporary Britain; and to promote co-operation between people in Britain and the Ukraine, especially in commerce and industry, the arts and the media. A list of events is attached.

HRH The Princess Royal will open the event in the course of the first official visit to the Soviet Union by a member of the British Royal Family. The Prime Minister together, it is hoped, with Mr Gorbachev will attend as well as Lord Whitelaw, President of the Great Britain-USSR Association, the Lord Mayor of London, the Lord Provost of Edinburgh (Kiev's twin city) and the Leader of Birmingham City Council (the host city to a similar Soviet event in 1988), the chairman of the British Council and other personalities.

Kiev

Kiev is the capital of the Ukrainian republic - a territory of over 600,000 square kilometres with a population exceeding 50 million. The city, more than 1500 years old and the cradle of ancient 'Rus' civilisation, is now the third largest in the Soviet Union, with nearly 3,000,000 inhabitants, and is a major cultural, scientific and industrial centre.

Organisation

"British Days" is being co-ordinated in this country by the Great Britain-USSR Association in close collaboration with the Foreign and Commonwealth Office. Further information can be obtained from:

John Candlish/Tim Barrow
Kiev Unit
FCO
King Charles Street
London SW1A 2AH

Tel: 071-270 2428
Fax: 071-270 2963

Anne Vaughan/Muir Brown
Great Britain-USSR Association,
14 Grosvenor Place
London SW1X 7HW

Tel: 071-235 2116
Fax: 071-259 6254

14 May 1990

LIST OF EVENTS

'BRITISH LIFE TODAY' EXHIBITION (4 - 30 June)

The centre-piece of "British Days" will be a major exhibition, 'British Life Today', organised and funded by the Foreign and Commonwealth Office. It aims to present Britain as a dynamic, innovative and open society, using the theme of a family of five and illustrating all aspects of their daily lives and their place in society.

BRITISH INDUSTRY TODAY (4 - 14 June)

The trade exhibition, organised by the Department of Trade and Industry in conjunction with the British-Soviet Chamber of Commerce, will concentrate on those sectors of industry which have particular interest to the Ukraine, eg scientific instruments and medical equipment; agriculture, food and food processing; pharmaceuticals; hotels and tourism. It is expected that the Lord Mayor of London will close the exhibition on 14 June. The London Chamber of Commerce and Industry are organising a seminar programme to accompany the trade exhibition.

ENGLISH NATIONAL OPERA (7 - 10 June)

The ENO will give two performances of its award winning production of 'Xerxes' by Handel (7 and 9 June) and two of Jonathan Miller's production of 'The Turn of the Screw' by Benjamin Britten (8 and 10 June).

FILM AND TELEVISION FESTIVAL (4 - 11 June)

A festival of British television and film coordinated by the British Academy of Film and Television Arts (BAFTA), Central Independent Television and the British Council. It is hoped to show 7 films including a gala showing of the recently restored 'Lawrence of Arabia' in the presence of the Princess Royal on 4 June. A selection of British television programmes will be shown at peak time on Ukrainian TV and there will also be a season of British television programmes at two major cinema locations focussing on a variety of different themes. The British Council are organising a complementary exhibition entitled 'Contemporary British Filmmakers'.

TWENTIETH CENTURY BRITISH ART EXHIBITION (4 - 30 June)

An exhibition of 20th century fine art with approximately 20-30 major works from the British Council collection documenting the vitality of 20th century British art. Artists included will be: the Freuds, Hockney, Sickert, Paul Nash, Sutherland, Henry Moore, Ben Nicholson, Bridget Riley and Howard Hodgkin.

RED ARROWS (23 - 24 June)

Displays by the Royal Air Force Red Arrows aerobatic flying team.

ii) A double-decker exhibition bus will be driven out to Kiev where it will be used both at the main exhibition complex and at other sites around the city. The lower deck will be arranged as a walk-round exhibition and the upper deck will have a screen and seats where people may watch a short video on the World Service.

TRANSPORT FOR THE DISABLED (4 - 22 June)

A specially adapted minibus will be driven to Kiev to transport local residents with mobility difficulties to the exhibitions and other events. In so doing, it will demonstrate a social service which operates throughout London and other British cities.

FASHION EXHIBITION (4 - 30 June)

A British Council touring exhibition entitled 'All Dressed Up' which chronicles the main developments and recent trends in British fashion during the 1980's. It illustrates the creativity and diversity within the fashion industry in Britain.

NEW WORKS ON PAPER EXHIBITION (4 - 30 June)

A British Council exhibition of about 60 contemporary works, all on paper, using different techniques (eg, wax crayons, watercolours, acrylic, collage) which demonstrates the interest in figuration which has developed in Britain in recent years.

BOOK EXHIBITIONS (4 - 30 June)

Three separate exhibitions of books on management, English language teaching and of popular periodicals and journals.

FILM ANIMATION PROJECT (10 - 30 June approx)

During the last seven years, the Animation Workshop in Edinburgh has pioneered a programme of animation film making by young people. The aim of this project is to produce a 5 minute animation film made by a class of schoolchildren (13/14 year olds) in Kiev. The film will be made in a local school over a two week period with a further week of post production, editing etc and the completed film will eventually be shown on Kiev TV.

CONCERTS OF BRITISH MUSIC

Concerts (possibly with British soloists) to be performed by the State Symphony Orchestra of the Ministry of Culture of the USSR under its Artistic Director, Gennady Rozhdestvensky, who founded it on his return to Moscow after his time as Chief Conductor of the BBC Symphony Orchestra.

CONFIDENTIAL

FILE 8W



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 May 1990

Dear Richard,

PRIME MINISTER'S VISIT TO THE SOVIET UNION

I have now seen Moscow telegram no. 967 about the Prime Minister's programme in the Soviet Union.

It is still not clear whether the Embassy have pressed the Russians hard to allow us to have a meeting with the Soviet military on the Friday morning, before the start of the official programme. It seems to me this is the only occasion when we shall really have time for a proper talk, of which we need at least a clear hour. Having it at 1630 or so would be very much second-best and would mean sacrificing various media opportunities, which would be a pity. I should be grateful if Sir Rodric Braithwaite could use all his powers of persuasion with the Russians in favour of the earlier meeting. We can always drop the Anglo-Soviet trade centre briefing: the Prime Minister has already had it once. Mr. Thatcher could go in her stead.

I have already written with suggestions for Mr. Thatcher's programme which I hope will not have been received in Moscow.

Similarly I have given some pointers for Mr. Baker. I understand he would like to visit the exhibition in the afternoon, once the Prime Minister has moved on to other things, and have suggested that a member of the Embassy could be detailed to accompany him. He will want to attend the Opera in the evening. I understand that Sir Jeffrey Sterling will no longer accompany him.

*Yours sincerely,
C. D. Powell*

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL