

# U.S.-Soviet 'black book' shows plot to repeal Jackson-Vanik

by Scott Thompson

On May 15-17, the twelfth annual directors and members meeting of the U.S.-U.S.S.R. Trade and Economic Council, Inc. (USTEC) was held at the McLean Hilton hotel in Virginia. This was by far the largest USTEC gathering since the organization was founded at the height of "Détente I" on June 22, 1973, through the signing of a Protocol by the U.S. and Soviet governments. Secret documents obtained from this Council reveal a back-room scheme to repeal the Jackson-Vanik Amendment, so that military-related technology can be sent to Moscow.

However, the Bush administration did not convene an intra-government meeting of the U.S.-U.S.S.R. Joint Commercial Commission attending this annual meeting, as has often been the case previously; it is the Joint Commercial Commission that sets priorities in trade, negotiates trade agreements (e.g., the "Long-Term Grain Agreement"), and establishes channels for science and technology transfer to the U.S.S.R. Other signals from the Bush administration have also been mixed, despite the fact that President Bush addressed expansion of trade in his May 12 "peace in our time" speech at Texas A&M University. Bush had done so in the context of envisioning a potential waiver of the Jackson-Vanik Amendment, which has precluded granting the Soviets Most-Favored Nation trade status and Export-Import Bank credits.

The Soviet co-chairman of USTEC, Vladislav L. Malkovich, who is also chairman of the KGB- and GRU-linked U.S.S.R. Chamber of Commerce and Industry, characterized a major speech to USTEC participants by Commerce Secretary Robert Mosbacher as being in part like "drops of cold rain falling on your head." Still, American USTEC co-chairman Dwayne Andreas, who is chairman of the grain cartel firm Archer Daniels Midland Co. and a member of David Rockefeller's Trilateral Commission, countered by saying that the most important feature of Mosbacher's appearance was that he had delivered a letter seen as favorable to expansion of trade from President George Bush. That letter, dated May 16, reads in part:

"In the year since your last session, much has happened in the Soviet Union to improve relations between our countries and expand our mutual commerce. In *perestroika* we

find a program that holds out the promise of a new era of political and economic reform in the U.S.S.R. which can benefit trade between the United States and Soviet Union.

"The United States welcomes the Council's [USTEC] efforts to promote more frequent contacts between Soviet and American businesses. I especially commend the Council for inviting to this year's session a large number of executives from Soviet enterprises and private cooperatives who have received, for the first time, foreign trade authority.

"I wish you success in your deliberations and in your efforts to improve commercial relations between the United States and U.S.S.R."

## A word from the co-chairmen

Dwayne Andreas is interviewed in the latest issue of the privately circulated *Journal of the U.S.-U.S.S.R. Trade and Economic Council*, in terms reminiscent of President Bush's reference to the period during World War II when the United States and the Soviet Union were allies:

"Overall relations are at the highest point I have seen in the more than 35 years I have been traveling to the Soviet Union. With all the startling changes under way in the Soviet Union, both in the economic and political spheres, there is more genuine cause for optimism than I can ever recall. . . .

"The dynamics of the market have changed dramatically. Who could have imagined, even five years ago, an INF agreement signed in Washington—or, from the American perspective, Ronald Reagan and Mikhail Gorbachov strolling through Red Square? Increased trade always follows improved political relations, and you would have to go back to the Second World War, when the U.S. and the U.S.S.R. were fighting a common enemy, to remember a time when relations were so good. But just as it takes time for the political situation to improve, it also takes time for trade to make its own headway. . . .

"If U.S.-Soviet trade is to realize its potential, it must grow both ways. This requires the development of a Soviet export capability, which is one of Mr. Gorbachov's expressed objectives. But it also requires the ability to export specifically to the United States, which brings us inevitably to Jackson-Vanik. . . .

"I know that Charles Vanik himself is actively leading a movement to get a waiver for the legislation. Nothing is going to happen unless there is agreement among the White House, the Congress, and the Jewish advocacy groups that the time for action has come. But I think that's just what's happening now. There is an increasing consensus that the U.S. should respond positively to the changes taking place in the Soviet Union and that one of the responses should be a reconsideration of Jackson-Vanik restrictions."

Co-chairman Malkevich is also cited in the *USTEC Journal* attempting to clean up the image of his U.S.S.R. Chamber of Commerce and Industry. According to a declassified CIA report printed by the U.S. State Department (see *EIR*, Jan. 6, 1989, "The Commerce Chief and the Soviet KGB"), almost one-third of the Chamber's known staff of 140 are KGB officers, and the Chamber also maintains ties to the GRU for purposes of technological espionage to modernize the Soviet military through theft of secrets. Further, the past chairman of the Chamber, who was also a board member of USTEC until recently, is Lt. Gen. Yevgeni Petrovich Pitovranov, whose KGB career dates back to the dreaded Lavrenti Beria. Thus Malkevich, who claimed in response to a question from *EIR* at a concluding press conference, that these were all "retired" KGB and GRU officers, oversees an agency that, again according to the State Department report, has the single greatest percentage of Soviet intelligence officials in its upper echelons of any agency outside the KGB.

At the press conference, Andreas compounded Malkevich's cover story by stating that he did not mind working with "former" KGB officers, because, after all, President Bush had been Director of Central Intelligence!

Malkevich's elaborate cover story on the Chamber in USTEC's *Journal* follows; see if you can figure out how the KGB and GRU would exploit such activities for technological espionage:

"The goal of a gradual integration of the Soviet economy into the world economy system demands an efficient framework for trade policy. . . . A special government regulation was adopted to promote joint ventures and to create favorable conditions for foreign investors. It provides, *inter alia*, for a deregulation of the partners' share in the authorized fund and for a considerable simplification of joint venture registration procedures. . . .

"For the past two years of the foreign economic reform in the Soviet Union, about 400 joint ventures have been established involving industrial concerns, organizations and companies from developed and developing countries.

"The foreign economic strategy of the Soviet Union envisages its broader participation in the international division of labor and closer relations with the international economic organizations, such as the European Economic Community, GATT, IMF, and others. The issue of 'zones of joint entrepreneurship' in the Soviet Union is being studied in depth. . . .

"The priority task of the Chamber—consulting and in-

formation services—will be dealt with primarily through a newly established association, V/O Vnesheconomservice.

"The association provides consulting on project feasibility studies, on the efficiency of export/import transactions, engineering services, marketing, market projections, and it assists its clients in the preparation of documentation for setting up joint ventures and other commercial materials requiring a knowledge of private international law and relevant Soviet legislation.

"A firm within the structure of this association, Intercontact, engages in the search for specific partners for joint venture projects and in the exploration of new, non-traditional forms of economic cooperation. It also renders services in organizing scientific workshops, seminars and conferences, translation of technical and economic documentation and interpretation.

"In the nearest future, a data bank on potential projects for the organization of joint ventures in the U.S.S.R. is planned to be set up. The next step to be taken will be drawing on the relevant foreign data banks and providing Soviet enterprises with the appropriate information. Accordingly, there are plans to proceed to creating joint consulting/brokerage organizations. V/O Vnesheconomservice intends to use them to arrange for a rapid and well-conceived search for projects and joint venture partners upon requests from both Soviet and foreign firms and organizations. . . .

"The U.S.S.R. Chamber of Commerce and Industry takes an active part in the activities of the U.S.-U.S.S.R. Trade and Economic Council and joint chambers by providing them with the required support in exploring ways of further development of trade and economic and scientific technological relations between the U.S.S.R. and countries concerned, implementation of integrated programs and finding new progressive forms of business cooperation."

### **EIR obtains fiscal operating plan**

A source at the USTEC meeting provided *EIR* with a copy of the *Operating Plan—Fiscal 1989* or "Black Book," which would otherwise have been known only to board members. The plan summarizes membership, finances, mission objectives, and activities for the board.

Some of the highlights of USTEC's activities, summarized in the introduction, include: "1) An aggressive membership drive that netted almost 50 new U.S. members since January 1989; 2) A trade promotion program to call attention to the benefits of expanded U.S.-Soviet trade and economic relations; . . . 7) Increased contact and coordination with other organizations that contribute to the success of expanded trade and economic relations between the two countries; 8) General assistance to the development of consortia and new forms of economic cooperation."

The proposed board included the following U.S. Directors: Dwayne Andreas\*, U.S. co-chairman; John J. Murphy\*, Dresser Industries, Inc. and U.S. vice co-chairman;

William F. Farley, Farley Industries, Inc.; John J. Gutfreund, Salomon Brothers, Inc.; James R. Houghton, Corning Glass Works; Donald R. Keough\*, the Coca-Cola Company; Geoffrey C. Bible, Philip Morris International; Frank Popoff, Dow Chemical Company; Robert A. Schoellhorn, Abbott Laboratories; Robert V. Roosa, Brown Brothers Harriman and Co.; Paul Van Orden, General Electric Company; Edgar M. Bronfman\*, Seagram Company Ltd.; Maurice R. Greenberg, American International Group, Inc.; Barry MacTaggart, Pfizer International, Inc.; Thomas G. Labrecque, Chase Manhattan Bank; Robert H. Malott, FMC Corporation; Dr. Armand Hammer\*, Occidental Petroleum Corporation; Allen F. Jacobson, Minnesota Mining and Manufacturing Company; Walter C. Klein, Bunge Corporation; Robert J. Lanigan, Owens-Illinois, Inc.; Richard J. Mahoney, Monsanto Company; Ara Orztemel, Satra Corporation; Whitney MacMillan, Cargill, Inc.; James D. Robinson III, American Express Company; William P. Stiritz, Ralston Purina Company; Roger A. Enrico, Pepsico Worldwide Beverages; Richard D. Wood, Eli Lilly and Company; Robert J. Carbonell\*, RJR Nabisco, Inc.; Dr. Richard Lesher, U.S. Chamber of Commerce; Charles E. Hugel, Combustion Engineering, Inc.; G.A. Schaefer, Caterpillar, Inc.; James W. Burke, Johnson and Johnson; Harold A. Poling\*, Ford Motor Company; Alexander B. Trowbridge, National Association of Manufacturers; James H. Giffen, The Mercator Corporation and American Trade Consortium.

There are an equal number of Soviet directors. The Soviet component of the board's executive committee includes: Vladislav L. Malkevich, U.S.S.R. co-chairman; Pavel S. Fedirko, Central Union of Consumer Societies of the U.S.S.R.; Yuri S. Moskovsky, U.S.S.R. Bank for Foreign Economic Activity; Vladimir V. Ezhkov, U.S.S.R. State Committee for Science and Technology; Alexander I. Kachanov, Ministry of Foreign Economic Relations and U.S.S.R. vice co-chairman; Aleksandr S. Samsonov, First Moscow Watchmaking Factory.

At the end of fiscal 1988, U.S. membership registered 304 companies with an annualized revenue totaling \$1,388,050. On April 30, 1989, as a result of a membership drive, U.S. membership had risen to a record 352 companies with annualized revenues totaling \$1,615,650. Of these 352, over 89 have gross sales in excess of \$1 billion. There are 181 Soviet members.

Among the more interesting "objectives" of USTEC for fiscal 1989 are stated thus:

- During 1988, "regular and continuous contact was maintained with the National Security Council, the State Department and the Department of Commerce. Commerce Secretary C. William Verity, Jr. participated in the Council's

Eleventh Annual Meeting in Moscow, heading a large delegation of government officials that included Undersecretary of State Allen Wallis." During 1989, "close and regular liaison will continue to be maintained in the new Bush administration with appropriate cabinet officers and government agencies involved with U.S.-Soviet trade."

- During 1988, "contact was maintained with staff members of the House Ways and Means Trade subcommittee, House Foreign Affairs subcommittee on Trade, House Agricultural Committee, Senate Banking Committee, Senate Commerce Committee, Senate Finance Committee, and Senate Foreign Relations Committee. Increased contact will be made with Congress by representatives of the New York office to disseminate educational information on U.S.-Soviet trade in 1989."

- "Assistance will be given to ensure fulfillment of agreements on scientific and technical cooperation between the State Committee for Science and Technology (GKNT) and American companies, and to increase the number of such agreements as well. As of February 1988, 47 agreements and two Memoranda of Intent signed by GKNT and U.S. companies are in force, of 89 agreements on scientific and technological cooperation concluded between 1973 and 1987." During 1989, USTEC was involved in projects on biotechnology, the creation of a joint scientific-technical center in Moscow for fertilizer production, and a joint technological center in Vladimir, U.S.S.R. with Du Pont. Any of these projects might potentially augment Soviet chemical-biological warfare capability.

- Other objectives include: 1) expanding communications between member companies and USTEC on foreign investment opportunities in the U.S.S.R. 2) A public relations campaign oriented toward the media to build a more favorable climate for trade, and, presumably, to lobby for the waiver or repeal of such restrictions as Jackson-Vanik. 3) Increased contacts with Washington think tanks "to gain their support" for expanded U.S.-Soviet trade and economic relations. 4) Encourage member companies to participate in international exhibitions in the U.S.S.R. 5) Promote a traveling Soviet exhibition and a Soviet exhibition of export goods in the United States. 6) Encourage regular exchanges of Soviet and American specialists to supply the Soviets with technology assistance, such as a program by Combustion Engineering and Chevron Corporation to discuss oil product processing and chemical industry issues.

Objective 5 above played a major role in the December 1988 mini-summit of Gorbachov, Reagan, and Bush in New York, where USTEC helped promote a Soviet exhibition of export commodities at the Javits Center. Gorbachov was to have opened the exhibition, until his visit was cut short by the earthquake in Armenia. Still, 50 contracts were signed between Soviet organizations and U.S. companies, worth more than \$303 million in a trade balance that heavily favored the Soviets.

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\* U.S. members of the board's executive committee. David Rockefeller of Chase Manhattan Bank and Donald M. Kendall of Pepsico are U.S. Directors Emeritus.