

## Mikhail Gorbachev and Roland Dumas discuss Gulf crisis

MIKHAIL GORBACHEV met French Foreign Minister Roland Dumas in the Kremlin on Saturday (August 25).

They have known each other well for a long time. This meeting demonstrated again a high level of mutual trust and the profound and unique character of a Soviet-French dialogue.

Their conversation reflected the fact that the Soviet and French leaders are now engaged in a deep analysis of processes in Europe and the world, the definition of a new role of their own and other countries in the world's advance towards new goals and the assessment of the ability of each of them to adapt to enormous, unprecedented changes.

Dumas handed to Gorbachev a message from President Mitterrand. It reaffirmed the identity of views on Soviet-French interaction as a crucial factor of international scope, which was convincingly revealed in connection with the crisis in the Gulf area.

If our dialogue had not reached its present level, it would be much more difficult to respond adequately in such acute situations, we would be unable to use our potentialities properly, Gorbachev said. Mutual understanding between the leaders of the two countries since the very beginning of the Iraqi invasion, the coordination of their approaches within the Security Council framework and in contacts with other countries have played and continue to play an indispensable part.

Gorbachev and Dumas expressed similar

ideas about a possible development of events and methods of the implementation of the Security Council resolutions. Vigilance, attention and practical solidarity within the UN framework will make it possible to prevent the expansion of the conflict and its turning into an armed clash with unpredictable, most serious consequences.

All that was achieved recently in the improve-

### Gorbachev's message to Saddam Hussein

SOVIET President Mikhail Gorbachev sent an urgent personal message to President Saddam Hussein of Iraq, describing the Gulf situation as extraordinary and extremely dangerous.

The message reiterated the Soviet Union's position of principle that the annexation of Kuwait was illegal.

It stressed the pressing need for the Iraqi Government to begin fulfilling without delay United Nations Security Council resolutions over the Iraqi invasion of Kuwait and the position of foreign nationals in Kuwait and Iraq. Evading the fulfilment of the resolutions will inevitably compel the Security Council to adopt corresponding extra measures.

It now depends on the Iraqi side how the Security Council will choose to act. Gorbachev in his message urged Saddam to immediately take the proper steps. □

(Moscow, August 24)

ment of international relations, the coming closer to a new, peaceful order in the history of civilisation is now going through a difficult test. This is why the cohesion and resolve of states acting under the aegis of the UN, their universal organisation, against aggression and the violation of international law are of principled importance. The present crisis placed special responsibility on the Arab world. The sides stressed the importance of contacts with all Arab states.

It is symbolic that at such an acute, dangerous moment the honoured representatives of France is visiting Moscow, which gives us an opportunity to analyse the situation together and to outline joint or parallel steps, Gorbachev stressed. The idea was expressed that the developments connected with the activity of the Iraqi regime make even more necessary an international conference on the Middle East.

Much attention was devoted to the co-operation between the Soviet Union and France in the European process. The sides reaffirmed the topicality of the Soviet-French summit and the desirability of a considerable consolidation of the political and legal basis of relations between the two countries – both in their own interests and in the interests of the solution, with the participation of all Europeans, the US and Canada, of problems that are of crucial importance for Europe in a shorter and longer perspective.

The meeting was attended by Eduard Shevardnadze, Yuri Dubinin, J.M. Merillon and E. Danon. □

## Shevardnadze on Security Council Sanctions

ON August 25 a TASS diplomatic correspondent asked Eduard Shevardnadze to comment on the UN Security Council resolution on measures to impose sanctions on Iraq following its invasion of Kuwait.

The Soviet Foreign Minister made the following reply:

The Soviet Union's voting for resolution 665 of the UN Security Council reflects our utmost concern over the situation in the Gulf area and the desire to achieve an early elimination of the extremely dangerous threat to the world peace and security.

In this situation we have acted and continue to

act in accordance with the UN Charter, consistently upholding the principle of collective efforts within the framework of the Security Council and the settlement of the existing crisis by peaceful means.

I should like to point out that the political leadership of the country and Soviet diplomats have been working most strenuously these days, promoting the formation of international accord and an adequate response of the world community to the developments in the Gulf area.

Since the beginning of the crisis we have held close contacts with other permanent members of the Security Council – Britain, China, the US and France, and with all its member states. Our co-operation with the United States has acquired an unprecedented character. A telephone communication line connecting Moscow, Washington and Wyoming (US Secretary of State James Baker has been staying there during the past several days) was functioning. Regular contacts were maintained with the European Community and its present Chairman – Italian Foreign Minister Gianni de Michelis. We promptly exchanged views with West German Vice-Chancellor Hans-Dietrich Genscher and French Foreign Minister Roland Dumas. The latter is now staying in Moscow, and we intend to discuss with him in detail the Middle East situation.

We have kept informed the leadership of the Warsaw Treaty member states and passed on information to governments of many neighbour-

ing and friendly countries, including India, Yugoslavia, Turkey and Iran.

We devoted special attention to a political dialogue with all Arab countries, the leadership of the Arab League and the Palestine Liberation Organisation.

Our contacts with the Iraqi leadership did not stop even for one day. Aside from political problems, practical matters were discussed with it, including the evacuation of Soviet citizens from Kuwait and the departure of women and children from Iraq. On these issues we met with understanding displayed by the Iraqi side.

All this work was focused on finding ways out of the critical situation, created by the Iraqi invasion and on avoiding further use of force in the Gulf area.

We believe that this can be achieved with the help of measures ensuring the effectiveness of the regime of sanctions imposed by the decision of the Security Council. This is exactly the aim of the new resolution of the Security Council. I should like to stress that the resolution consolidates the Council's control over actions to implement sanctions and envisages the coordinating role of the Security Council Military Staff Committee. These are very important elements of the adopted resolution.

The results of the voting on resolution 665 (it was adopted with 13 votes for and two abstain-

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# Shevardnadze and Dumas at press conference

**SPEAKING** at a joint press conference in Moscow on August 26, whose topic was the results of the visit to Moscow of French Foreign Minister Ronald Dumas, Soviet Foreign Minister Eduard Shevardnadze said that the Moscow talks "made it possible to achieve progress in coordinating the two countries' stands on a wide range of topical problems."

He pointed to the importance of a Soviet-French dialogue for the consolidation and development of positive changes in Europe and the world. According to Shevardnadze, the talks were "very capacious." He said that he and Dumas had exchanged views on the preparation of the all-European summit in Paris and the main items of the agenda for this forum. According to Shevardnadze, they discussed the development of the all-European process, the establishment of new relations between military-political alliances, disarmament on the continent and the functioning of the two-plus-four mechanism.

Pointing out that much attention was devoted to the situation in the Gulf, Shevardnadze said that, as a result of the talks, the text of a joint Soviet-French statement dealing with the developments in that region was coordinated.

He said that the sides showed understanding of the need for concluding as soon as possible the working out of an international convention banning chemical weapons.

Participants in the talks exchanged views on

*(continued from previous page)*

ing) show the unanimity of the Council with regard to measures to be taken in the existing situation.

We hope that the Iraqi leadership will draw proper conclusions from this fact, will take steps to de-escalate the conflict and will start acting in accordance with provisions of the adopted resolutions. This is our good advice to the Iraqi leadership. It was frankly expressed in a personal message of the Soviet President, sent to Baghdad on the eve of the session of the Security Council. We expect the Iraqi leadership to take it into account.

We should like Iraq to know that the Soviet Union wishes well to the Iraqi people and is ready to further promote a peaceful settlement of the crisis.

All the parties concerned need today the utmost responsibility and supreme political wisdom. The situation is overheated already, and the aggravation of the confrontation could lead to an explosion.

The resolution approved by the Security Council is an action, aimed at preventing a more dangerous development of events. If all sides act in accordance with common sense, display a well-thought-over and responsible approach and follow the letter and spirit of the adopted resolution, this will promote an advance towards a political settlement and peace in the Middle East.

Unity demonstrated at the supreme authority for maintaining peace and security, primarily by its permanent members – the USSR, the US, China, Britain and France – is an event of historic significance and without precedent in modern politics. It gives a unique chance for forming effective mechanisms of protecting law and justice in international relations. □

many aspects of Soviet-French relations, Shevardnadze continued. He pointed to the mutual desire of the two countries to begin drawing up a document or a series of documents "that will fix an entirely new stage in Soviet-French relations." He said that it is planned to sign these documents during the forthcoming visit of the Soviet President to Paris.

Responding to questions for journalists that were directed mostly at him and dealt with the situation in the Gulf area, Shevardnadze said that although the USSR had voted for **resolution 665** of the UN Security Council, it did not intend to resort to force in the Gulf. "We shall promote this document and bear our share of responsibility for its implementation. As for the use of force, we have no such plans," Shevardnadze said. He stressed that "there is no direct connection between the fact, that we are not counting on the use of force, and the evacuation of our citizens from Iraq." Shevardnadze specially pointed to the importance of the quest for methods of a political settlement of the problem and stressed that "another way would mean a catastrophe."

Speaking about the evacuation of Soviet citizens from Iraq, Shevardnadze pointed out that it was actually under way. At present women and children are being evacuated. Later on, "when the problem emerges and the necessity arrives, we shall evacuate other citizens working at various projects in Iraq," he added.

The Soviet Foreign Minister said that reports by some of the media that Soviet military specialists in Iraq are allegedly taking part in the drawing up of plans for military operations are "at variance with reality."

In connection with the Middle East situation, Shevardnadze stressed the importance of the use of the potentialities of the UN Military Staff Committee. He said that if its potentialities are used, the USSR is ready to provide it and the Security Council in general with information about armaments delivered to Iraq.

Shevardnadze linked the possibility of the Soviet Union's participation in the activities of multinational forces in the Gulf with the adop-

tion of a corresponding resolution by the Security Council. "If the Security Council adopts this resolution and the Soviet Union votes for it, we shall live up to our commitments. However, a decision to form and use multinational forces has not been made so far," he said.

According to Roland Dumas, at present Soviet-French co-operation is an "important, if not the most important factor of balance in the world."

He pointed out that the Moscow meetings mean "the deepening of relations between the Soviet Union and France," which follows from the results of the talks. He described his conversation with President Mikhail Gorbachev as being "very useful and fruitful."

Describing the Moscow talks, Roland Dumas said that "the talk was about the analysis of crucial problems facing us." The Gulf developments influenced the discussion, he continued. The sides "attached the greatest importance to the perspective for the reopening of the Paris conference "is becoming clearer."

According to Dumas, the sides also discussed at the talks the development of the European process, the preparation of a summit meeting of participants in the Conference on Security and Co-operation in Europe, foreign aspects of the reunification of Germany and the Cambodian problem. The analysis of the developments led participants in the talks to the conclusion that the perspective of the reopening of the Paris conference "is getting clearer."

The ministers focused their attention on problems of disarmament, including chemical disarmament. Both sides expressed regret over the lack of progress at the talks on banning chemical weapons, Dumas said.

Speaking about bilateral relations, the minister stressed that they "are becoming an important element of world relations" and pointed to the need for confirming it in a legal way. He believes that this could take the form of a treaty, prepared to be signed by the two heads of state during their forthcoming meeting. The meeting, Dumas continued, "could take place in Paris next October, if Gorbachev's schedule permits it." □

## Soviet-French Statement

*Here follows the text of the Soviet-French Statement on the situation in the Gulf published in Moscow on August 26:*

The Soviet Union and France, deeply concerned over the crisis created by the Iraqi invasion of Kuwait, welcome the adoption of **resolution 665** by the UN Security Council, which is to ensure the strict implementation of sanctions against Iraq. This resolution is another evidence of the agreement of permanent members of the Security Council and the world community over the need for putting an end as soon as possible to the situation, which constitutes a gross violation of the basic principles of interstate relations and a serious encroachment on world peace and security.

The sides reiterate their allegiance to the principle of collective actions taken in accordance with the UN Charter, in order to achieve a political settlement of the crisis on the basis of the withdrawal of Iraqi troops from Kuwait and the restoration of the sovereignty of that Arab country.

Expressing serious concern over the situation

with foreign citizens, who are forcibly kept in Iraq and Kuwait contrary to the commitments that follow from the standards of international law and human rights, the ministers recall the demand of the Security Council that Iraq should give an opportunity to these people to leave for home immediately and without any obstacles. They insistently urge Baghdad to refrain from any actions hampering the work of diplomatic and consular missions in Kuwait and violating the status and immunity of their personnel.

The USSR and France urged Iraq to be realistic, to display common sense and heed the will of the world community expressed in Security Council resolutions that deal with the Gulf crisis.

The sides are positive that this crisis proved once again the need for stepping up efforts to achieve an early settlement of other conflict situations in the Middle East, especially the Palestinian problem. They reiterate their support for actions of Arab countries promoting the settlement of the Lebanese crisis.

The Soviet Union and France will continue close co-operation with regard to developments in the Gulf zone. □



# Mikhail Gorbachev meets Egyptian Foreign Minister

PRESIDENT Mikhail Gorbachev received Abdel Maguid, the Egyptian Foreign Minister, in the Kremlin on August 27. Although extremely busy, Gorbachev found it necessary to hold the meeting after the escalation of tensions in the Gulf.

After the Soviet and Egyptian presidents established personal contacts and Soviet-Egyptian relations reached a level worthy of the two countries, co-operation between the two countries at such moments acquires special significance.

The meeting focused on the need to increase "the Arab factor", which is crucial for preventing an armed conflict in the region with countless grave consequences for the entire world as a result. The discussion also centred on prospects for settling the Middle East issue on the whole. The Kuwait crisis, created this time by the fault of an Arab state, pushed this problem, including the Palestinian issue, into the background.

Under current circumstances, Gorbachev said, Arabs should display their ability to consolidate quickly, to take joint decisions in their own interests and in the interests of the entire world. This would be highly assessed by the international community and have great significance for further developments in world politics.

The countdown is quickening and great dynamism is needed to utilise all rational channels and connections to peacefully and justly defuse the crisis, he said.

Political means have not been exhausted. It is necessary to exert every effort to realise this opportunity and to prevent an armed conflict. Resolutions of the UN Security Council will be

strictly fulfilled. Iraq must draw the correct conclusions from the solidarity which the international community expressed in these resolutions, not exacerbate the situation and itself seek a way out of the impasse.

Special attention was paid to the plight of foreigners in Iraq and the inadmissibility of any anti-humane, illegitimate actions against them.

The meeting underlined the depth of relations between the USSR and Egypt. Gorbachev and Maguid expressed complete satisfaction over the fact that everything has passed successfully and in a satisfactory atmosphere. At the same time, Gorbachev noted, there are great reserves for intensifying co-operation and interaction.

He asked Maguid to convey his best wishes to President Hosni Mubarak. □



## Soviet and Egyptian foreign minister's meet

SOVIET Foreign Minister Eduard Shevardnadze met Abdel Maguid, Egyptian Deputy Prime Minister and Foreign Minister, for consultations concerning the Gulf crisis in Moscow on August 27.

During the conversation, held in an atmosphere of mutual understanding, the ministers exchanged views, assessments and information about the situation in the region and the Middle East as a whole.

The views expressed by the ministers were

similar in many respects. The ministers favoured a persistent search for political ways to defuse the situation. They stressed the need to prevent a further escalation of tension in the Gulf region.

Shevardnadze briefed Maguid on recent contacts with representatives of Arab and Western states and the Iraqi leadership relating to the Iraqi-Kuwaiti crisis and to the release of foreign citizens held in Iraq and Kuwait in particular.

The Egyptian minister told his Soviet counterpart about efforts made by Egypt and the Arab countries to solve the crisis and about President Hosni Mubarak's initiative.

The sides were unanimous in their belief that the crisis should be settled by political means in keeping with the UN Security Council's resolutions. Military confrontation may bring about dangerous, unpredictable consequences not only for the Middle East region, the ministers stressed.

They confirmed their readiness to closely cooperate in order to reach a peaceful settlement.

The ministers spoke in support of UN Security Council resolution 665 on measures to ensure strict observance of sanctions imposed in connection with the Iraqi invasion of Kuwait.

Shevardnadze stressed that before approving this decision, the Soviet leadership used all available opportunities to convince Iraq of the need to obey the will of the international community, expressed in the earlier adopted resolutions of the UN Security Council.

The two ministers expressed satisfaction with the exchange of views and stressed the importance of their agreement to continue the dialogue concerning the entire range of problems connected with the Gulf situation. □

## Pravda: policy on Gulf crisis is "balanced"

THE Soviet leadership is pursuing a balanced policy in the Middle East conflict, says Alexei Vasiliev in *Pravda* on August 23.

His arguments are as follows: diplomatic relations with Baghdad have not been disrupted and a permanent communication channel for consultations and even persuasion has remained open.

The Soviet leadership has not been distracted Vasiliev notes, by media attacks, describing as

"cynical" the profits the Soviet Union can derive from higher oil prices and "immoral" any weapons sales.

Vasiliev admits that the favourable situation on the oil market will certainly help improve our trade balance. As regards arms sales, he says, Sweden and France prosper because they sell not only beer and cosmetics.

"I do not seek to justify anything. But I believe that arms exports should only be waived on a basis agreed by all major suppliers. Would Baghdad's political behaviour be different if its tanks had been supplied not by the Soviet Union, but by France or China?"

Vasiliev notes that each participant in the Middle East tragedy triggers by its actions a chain reaction, many consequences of which are unpredictable.

"Unfortunately, many people in Moscow believe that any steps and actions by the Soviet leadership prompted by good intentions will be happily hailed by everybody and everywhere." But in fact, the scientist notes, the response to Moscow's steps is far from uniform and often contradictory.

"Incidentally," Vasiliev points out, "not all people in Moscow think that co-operation and mutual understanding with the United States imply full and unconditional support of all Washington's actions. We must be prepared for this.

"This is the first North-South armed conflict since the end of the cold war." While joining the North, the Soviet Union still wants to preserve its special relations with many Third World countries.

In particular, it has preserved a certain credit of trust with the Arabs and is gaining such credit in the West. This is why it can play a constructive role in easing or settling the dangerous conflict in the Middle and Near East, Vasiliev points out. □

## Soviet special envoy meets Yasser Arafat

YASSER ARAFAT, head of the Executive Committee of the Palestine Liberation Organisation, had a meeting with the special envoy of the Soviet leadership Mikhail Sytenko in Baghdad on August 26, the Palestinian news agency Wafa reports. According to Wafa, they exchanged views on the situation in the Gulf area in the light of a dangerous concentration there of the troops of the United States and its allies.

Arafat supported a more active and important role of the Soviet Union in lessening tension in the region and promoting the efforts of Arab countries aimed at settling the crisis without foreign interference and threats. The Palestinian leader categorically rejected US attempts to impose its influence on the region and to set its terms.

The sides discussed issues dealing with the situation on occupied lands, Wafa reports. They supported the efforts aimed at the termination of the Israeli occupation and the granting to the Arab people of Palestine the right to self-determination and the creation of their own state. □

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## Mikhail Gorbachev's interview with Soviet television

SOVIET President Mikhail Gorbachev said that the main political tasks of the country are transition to a market economy and revival of the union state on renewed principles.

On August 23 he gave an interview to Soviet television on the results of his meetings with representatives of the union government and members of a group of specialists which was formed by the Soviet President and President of the Supreme Soviet of the Russian Federation Boris Yeltsin to prepare the concept of the transition to a market economy.

Gorbachev expressed satisfaction with the meetings. He said that "great advance has been made" in the work on the programme of the transition to a market, although "some questions should be refined." Gorbachev continued that "the Soviet Union will have a positive programme of advance to a market."

The President said that the programme "indicates an approach which Soviet society must take." He went on to say that "Soviet society

should advance to a market economy through the stabilisation of the situation in the economy, in the financial market within a few months." He said that this will make it possible to avoid sharp price rises. Through the development of enterprise, widening of economic activity of enterprises and on the basis of denationalisation much will be done to ensure that new players appear on the market and that the production and labour initiative of people be tapped.

Gorbachev said that "there are considerable advances to be made by the union government and the republics to meet each other in the understanding for the need for the market and more rational ways of advance to it."

Gorbachev said that a joint meeting of the Presidential Council and the Federal Council with the participation of scientists and heads of the autonomous formations will be held in the near future. He also said that these days he plans to meet leaders of the republics, specifically Boris Yeltsin, "to bring the approaches as close as possible. There is a basis for this," the Soviet President said. □

## Hot autumn ahead for President Gorbachev

By Andrei Orlov, TASS

PRESIDENT Mikhail Gorbachev may well consider the military exercises he recently witnessed on the Black Sea coast no more than child's play in comparison with the political manoeuvring he will have to do upon return to Moscow.

The President's top priority list includes work to try to rescue from complete disintegration the already fragmenting Soviet federation (or at least to impart a civilised character to the divorce procedure that is already underway), to give the ailing Soviet economy a resolute push towards market relations, and to finally pull the plug on the already terminally ill but still dangerous power-and-pressure system.

### Gorbachev decree a mistake says Yeltsin

RUSSIAN President Boris Yeltsin on his arrival at Yelizovo Airport on the Kamchatka Peninsula on August 25 held an impromptu press conference on the tarmac, Yeltsin said President Mikhail Gorbachev's decree repealing the Russian Parliament's August 9 resolution was a "mistake".

The parliamentary resolution annulled deals to sell diamonds, gold and other strategic resources, conducted without the Russian Government's approval.

"The President's decree does not effect the decision of the Russian Supreme Soviet. He does not have the right. I would advise (him) not to quarrel with Russia, where 150 million live," Yeltsin said.

Yeltsin is expected to visit fish-processing and building industries in the area and meet local lawmakers.

Local authorities said they will seek Yeltsin's support in tackling the area's mounting economic and social problems.

Kamchatka is the last stop in Yeltsin's Far East tour. □

## Gorbachev overrules Russian Parliament

SOVIET President Mikhail Gorbachev declared null and void a decree by the Russian Parliament's Presidium intended to protect the economic basis of the Russian republic's sovereignty.

The decree, issued on August 9, declared federal agreements to sell a number of goods abroad ineffective and gave the republican government control over the country's gold and other strategic resources.

In his decree of August 23, Gorbachev said that the powers and property of the centre and republics can only be delimited by a new Soviet Union treaty, which is now being drafted.

He instructed that it should be made known to the Soviet Union's foreign partners that it will fulfil its foreign economic contracts unswervingly. □

## Soviet and Turkish presidents have telephone talk

TURKISH President Turgut Ozal contacted Mikhail Gorbachev on August 25 by telephone. They had a very informative and friendly conversation.

They pointed to the favourable development of bilateral economic relations and expressed some important ideas in this sphere. They also pointed out with satisfaction the good-neighbourly atmosphere typical of Soviet-Turkish relations, which is especially valuable at the present stage of the international development, in conditions of profound and tempestuous perestroika in the USSR.

Gorbachev confirmed the invitation to the Turkish President to pay an official visit to the USSR. They agreed to hold more regular consultations on any issues affecting the interests of both countries and to keep each other informed, which is especially valuable in these troubled days.

The presidents stated with satisfaction a profound mutual understanding with regard to the Gulf situation and approaches to its settlement. They believe that the Security Council resolutions must be implemented. This will make it possible to prevent the deepening of the conflict and to settle it by peaceful means. Special attention was devoted to the problem of foreign citizens who happened to be in Iraq, as well as the responsibility of Iraqi authorities for their safety and for giving an opportunity for them to leave the country.

The sides pointed to the role the Arab world should play in the settlement of the conflict. □

## The Wonders and Problems of Lake BAIKAL

Lake Baikal is often called "the gem of Siberia" or "the Siberian Sea". It has a surface area of 31,500 square kilometres. Baikal is the world's deepest lake (1,620 metres), containing one-fifth of the fresh water on the surface of the planet.

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# Soviet Prime Minister appears on television

A JOINT meeting of the Presidential Council and the Federation Council of the USSR will be held on August 31. It will discuss questions connected with the deepening of the economic reform. Soviet Prime Minister Nikolai Ryzhkov announced this on Friday (August 24) in his weekly appearance on Soviet television.

He called for a speed up in the process of the drafting and adoption of a new union agreement. He said that the destiny of the country and the life of the people largely depend on this.

The head of the Soviet Government believes that all the tendencies and agreements expressed by union republics and proposals of various programmes should be taken into account in that document.

Ryzhkov said that urgent measures are needed to overcome drawbacks characteristic of the country's development in 1990. "We are very much concerned over the situation," Ryzhkov stressed and added that "there is every opportunity to remedy the situation if appropriate decisions are taken and society rallies.

"The main thing is the awareness that we should rally to resolve today's problems and those that may arise," Ryzhkov said.

Touching upon the theme of the harvest campaign the Prime Minister said that by August 20 grain was harvested on nearly half the areas planted to cereals, the yields being nearly 29 tonnes per hectare, an increase of 6.8 centners on last year's yields. "Our country has storage facilities for 300 million tonnes of grain," Ryzhkov said. He said that one of the main difficulties is posed by the shortage of railway cars for grain transportation.

Asked about the causes of acute shortage of tobacco products in the USSR, the Soviet Prime Minister said that the manufacture of tobacco

products is the responsibility of the republican governments, not the central one. He said, though, that one of the reasons for the shortage is the fact that half of the 50 Soviet tobacco factories were undergoing repairs in June and July. Other causes are the shortage of paper, filters and other materials that result from "narrow territorial egoism," because of which a number of production facilities were closed in various regions of the country.

Ryzhkov said that the USSR Council of Ministers took urgent measures to remedy the situation. The production of cigarettes in the USSR has now reached the usual level (over one billion cigarettes a day). After the conclusion of the repair of tobacco factories, cigarette production will be restored in its full volume in the days ahead. And the increase of the imports is aimed at meeting the additional demand, caused by panic.

The Prime Minister went to talk about the Soviet Union's international ties. In particular on Afghanistan and on the Persian Gulf situation. He, specifically, emphasised the importance of the development of "mutually advantageous relations with Afghanistan and establishment of trade." Soviet Union republics, particularly Central Asian republics, could do much in this process, Ryzhkov said.

The Soviet Premier also said that a working group including representatives from the Foreign Ministry, the Defence Ministry and other organisations had been formed at the Soviet Government from the very first days of the Iraqi-Kuwaiti conflict.

Eight-hundred-and-eighty-two Soviet citizens were in Kuwait at the time the conflict started. They worked in the Embassy, at the Trade Mission and on construction sites. Their evacuation had been completed by Friday (August 24), the Prime Minister said.

"Soviet citizens in Iraq are not regarded as hostages, unlike citizens of Western countries, but we cannot take risks," Ryzhkov said. He

said Soviet women and children are now to be evacuated from Iraq. There are some 8,000 Soviet citizens in Iraq, some 900 of them women and children. The first group will fly out of Baghdad on Sunday, August 26. "We hope to evacuate all women and children by September 1. Specialists will remain," Ryzhkov said. □

## Ryzhkov and Afghan President discuss co-operation

SOVIET Prime Minister Nikolai Ryzhkov and President Najibullah of Afghanistan, who has been vacationing in the Soviet Union, held talks in the Kremlin on August 24.

They discussed a wide range of issues concerning Soviet-Afghan political interaction and economic co-operation.

The situation in Afghanistan was discussed first of all in the context of the Afghan leadership's dynamic policies and constructive proposals for achieving international and inter-Afghan accords to restore peace in the country.

Najibullah spoke highly of Soviet efforts to assist an Afghan settlement, including its external aspects and all-round help to Afghanistan at a difficult time in its development. This backing has appreciably helped national reconciliation policies and democratic change in Afghanistan.

Soviet-Afghan economic relations featured prominently during the discussion. Emphasis was put on the need to make fuller use of existing potential to make these relations mutually beneficial.

Najibullah expressed the Afghan leadership's profound gratitude to the people of the Soviet Union for their multifaceted support and solidarity. □

## New forms of foreign economic ties

MORE than 2,000 joint ventures with the participation of foreign capital already function in the Soviet Union, *Pravitelstvenny Vestnik* (Government Herald) reports. "Joint enterprise should develop and should become a larger part of our economy undergoing remodelling," Vladislav Malkevich, President of the Presidium of the USSR Chamber of Commerce and Industry, told the weekly.

The existence of numerous problems containing the development of joint ventures was noted in the interview. This is insufficient development

of legislation and the internal economic mechanism regulating the functioning of joint ventures, the fact that the rouble is not convertible and has an unrealistic rate of exchange, insufficient qualifications of managers and specialists working in the area of foreign economic activity.

Foreign investors are most of all concerned with restrictions on the part of incomes of foreign partner in roubles that can be converted into hard currency and taken abroad. Malkevich is of the opinion that these restrictions could be lifted when a foreign partner is engaged in the manufacture of consumer goods or in some other priority sector of the economy.

The question of the ways of using foreign economic ties in the solution of the problems of the conversion of war industry was also raised in the interview. One of major reserves of the conversion is the use of scientific and technological achievements for civilian needs, also for export. It is said in the interview that it can bring hard currency and help the country to obtain the products it needs.

Scientific and technological projects are in demand abroad and can be the contribution of a Soviet partner to joint ventures. Such enterprises have already been created in Western Europe. Israeli businessmen and leaders showed interest above all in this area of co-operation, emphasising that Israeli business can commercialise scientific and technological projects. □

### Nuclear Deterrence: Past and Future

By Konstantine Nikolayev

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## DOCUMENTS AND MATERIALS

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# Trade in weapons: politics, business and law

By V. Pogrbenkov, *Novosti military observer*

ANTON CHEKHOV, the classical Russian author, said that theatre has its logic and that the gun which hangs on the wall in the first act of the play must be fired in the final act.

This is true both for theatrical performances and for political life. The gun "had its say" in the conflict between Iraq and Kuwait. In this context, there are some questions on "the first act" when "the gun is hung on the wall". Who is the merchant and who is the client, and what is the reason for trade in weapons? What kind of weapons should be sold, and how? What should be done next: limiting or completely banning trade in arms?

Today, Iraq buys weapons from many countries of the world. The Soviet Union is its biggest partner accounting for more than 50 per cent of Iraqi purchases. When the former Soviet leadership began selling weapons and military hardware to Iraq in 1972, their considerations were both commercial (by some estimates, they earned about 12-13 billion dollars) and political and ideological. Iraq was viewed by the Soviet Union as a country "of socialist orientation", as a neighbouring state with which friendly relations were necessary, and as a major bulwark in the Arab world against Israeli expansion.

However, Iraq makes war on its neighbours,

## USSR Defence Ministry refutes *Sunday Times* report

A SPOKESMAN for the Press Centre of the Soviet Defence Ministry has refuted a report by the *Sunday Times* that a defence attache at the Soviet Embassy in the United States allegedly supplied the Pentagon with the drawings of the missile adopted by the Iraqi Army.

According to a report by the Defence Ministry Press Centre, published on August 14, the Soviet military attache, who visited the Pentagon on August 19 at the request of the American side, set forth a well-known Soviet stand with regard to the settlement of the Persian Gulf conflict, on the instruction of the Soviet Defence Ministry. He also mentioned types of armaments and military hardware delivered to Iraq at various periods. This information had appeared in the press before. The number of weapon systems and their tactical characteristics were not mentioned because of contractual commitments with regard to Iraq and the existing practices in this sphere of international relations.

The Soviet Defence Ministry Press Centre described as fanciful other 'sensational' reports published by the *Sunday Times*, specifically, those saying that Soviet ships heading for the Persian Gulf are allegedly ready to take US servicemen on board for the purpose of establishing effective ties between the two countries and that Soviet ships will be subordinated to the US.

"The impression is that such publications cover the desire of some circles to put in bad light the clearly expressed Soviet stand concerning the situation in the Persian Gulf," the spokesman of the Defence Ministry Press Centre said. □

rather than on Israel. Its war with Iran which lasted eight years and resulted in the death of about one million people, its aggression against Kuwait, as well as its continued confrontation with Israel were not in the political and ideological interests of the Soviet Union.

What about the economic aspect then? When Iraq attacked Kuwait, the Soviet Union stopped its arms supplies, and, of course, this is going to affect its commercial interests. Theoretically, the losses from the arms embargo on Iraq could be more than compensated by a rise in oil prices which normally happens in the Gulf region when critical situations develop. An effective rise in prices, say, by about 10 dollars per barrel could, by some estimates, earn another 5 billion in hard currency for the Soviet Union. In the past when it was in confrontation with the West, the Soviet Union would be happy with such a situation both economically and politically. However, in today's interconnected and interdependent world, priority should be given to the interests of security and a strict legal regulation of trade in weapons.

Still lacking national legislation regulating the procedure of arms supplies and procurements, the Soviet Union seeks to comply with the internationally acknowledged rules in relation to the conflict between Iraq and Kuwait. For example, some foreign legislations provide for suspension of arms supplies to countries in military confrontation with other states or involved in a conflict which could lead to military confrontation, as well as countries with internal armed conflicts or if there is a possibility of using military supplies to violate human rights.

However, besides legislative steps, openness is needed for these rules to be observed. Until recently, it was prohibited to write in the Soviet press that the Soviet Union sells weapons to other countries. Today, allegedly for the sake of keeping commercial secrets, this issue is raised with great reluctance. The Soviet Union still has no public statistics on this issue.

If such statistics were published, the Soviet Ministry of Defence would hardly be able to claim as it does now that "military hardware for purely defensive missions was delivered to Iraq." According to one international bulletin, the Soviet Union has supplied Iraq with 1,500 tanks T-62 and T-72 (incidentally, China has delivered the same amount), about one hundred attack planes SU-20 and SU-25, 350 surface-to-

surface missiles with a range of up to 300 km, and so on. One can hardly call these weapons "purely defensive".

No doubt, trade in weapons is becoming a global problem calling for an early solution. In this context, serious consideration should be given to the proposals listed in the Soviet Foreign Minister Shevardnadze's letter to the UN Secretary General. Its main point is to work out new approaches to the issue of international sales and deliveries of weapons. The letter views this phenomenon as, on the one hand, a dangerous source of the proliferation of arms race to different parts of the world. On the other hand, says the letter, every state has the inalienable right, recognised by the UN Charter, to collective and individual self-defence. Aware of these two factors, the Soviet minister proposes the following.

In the first place, one should consider the principle of transition from excessive military build-ups to a reasonable defence sufficiency, in the sales and deliveries of conventional weapons. Both suppliers and receivers of arms should practice self-control and mutual restraint, to prevent the creation of offensive capabilities and the proliferation of most destructive and destabilising means of warfare.

Then, legality and openness should be ensured in weapons trading. This issue should be studied by top legislative bodies of the UN member states. Such an approach would help consolidate the national systems of control over the production, export and re-export of weapons, prevent illegal supplies, often associated with terrorism and drug trafficking, establish coordination and co-operation between national customs and law-enforcement agencies, and create a mechanism for investigating the cases of violation of the UN Security Council's resolutions on trade in weapons.

If the principle of openness is implemented, data on defence budgets, arms production, export and re-export could be published, say, in the UN standard annual reports, which would, in turn, lessen suspicions and increase mutual confidence.

Finally, the task of drafting a UN convention limiting international sales and supplies of arms is on the agenda. The search for consensus in this issue has not yet produced any negotiated solutions, but they are quite possible, in my opinion, if the mutual interests are taken into account. □

## Shevardnadze receives Saudi envoy to discuss Gulf

SOVIET Foreign Minister Eduard Shevardnadze received Saudi special representative Prince Bandar bin Sultan on August 22 to discuss the Gulf crisis.

Both expressed concern over mounting tensions in the region, stressing that a direct confrontation between the parties involved in the crisis would have most dangerous international and regional consequences.

The two officials reaffirmed the Soviet Union's and Saudi Arabia's determination to press for the withdrawal of Iraqi troops from Kuwait and the restoration of that country's sovereignty.

Shevardnadze stressed the important role of the UN Security Council, that represents the will of the entire international community, in preventing the conflict and remedying the situation. □

Council resolutions clearly define the basis for a Gulf settlement and methods to attain this settlement.

Bandar bin Sultan described the Saudi leadership's view of the Gulf developments and assessment of the threat to the security of Saudi Arabia and other states in the subregion.

He informed Shevardnadze about measures adopted by Saudi Arabia in order to ensure the security of its territory and Saudi diplomatic efforts to finding a way out of the situation.

The Soviet side displayed understanding of the Saudi leadership's concerns.

The two officials discussed on a positive plane the issue of upgrading Soviet-Saudi political and diplomatic relations.

The sides stressed the need for the further invigoration of various contacts and the expansion of mutual understanding between the USSR and Saudi Arabia. □



# On the improvement of retail trade and services for foreign currency on the territory of the USSR

(Resolution of the USSR Council of Ministers No. 712)

THE USSR Council of Ministers notes that as a result of greater foreign economic activity of state, co-operative and other public enterprises, associations and organisations, and due to an increased number of trips made by Soviet citizens abroad and by businessmen and tourists from other countries to the USSR, amounts of freely convertible currency, including cash, which can be channelled into paying for goods and services on the territory of the USSR, have greatly grown.

At the same time standards of trade and consumer services offered to work collectives of enterprises, associations and organisations, as well as to Soviet and foreign nationals who have foreign currency, do not meet their requirements, nor the interests of the state. The sphere of trade and services offered for foreign currency lacks the required material and technical facilities and personnel, while in a number of Union republics and other regions they are practically absent.

All this is restricting substantially the possibilities of collectives of enterprises, associations and organisations, Soviet citizens and foreign nationals, to acquire goods and obtain services for foreign currency, is promoting speculation and a black market in goods and foreign currency, and other adverse phenomena.

In order to streamline and develop widely trade and services for freely convertible or equivalent currency and increase its receipts for the needs of the country, the USSR Council of Ministers resolves:

1. To find it necessary to set up in the country on the principles of cost accounting, hard currency self-sufficiency and self-financing a unified system of specialised trading and of paid services for foreign currency, this system including:

the All-Union Foreign Trade Association "Commercial House", based on units of the foreign economic association Vneshepostyrtorg of the USSR Ministry for Foreign Economic Relations;

the All-Union Foreign Economic Association of Consumer Co-operatives;

commercial centres in Union and autonomous republics and regions;

a network of specialised enterprises and trade-name shops.

The All-Union Foreign Trade Association "Commercial House", the All-Union Association of Consumer Co-operatives, and republican (regional) commercial centres shall all be juridical persons and shall be set up as associations, on the basis of voluntary membership and with full autonomy retained, by Soviet enterprises, associations and organisations (no matter what their form of ownership), and also by joint ventures involving foreign juridical persons and citizens.

2. To establish that beginning on August 1, 1990:

Soviet enterprises, associations and organisations (regardless of their form of ownership), joint ventures with the participation of foreign juridical persons and citizens, as well as republican (regional) commercial centres, may carry out specialised trade and render services on the territory of the USSR for freely convertible or equivalent currency by permission of the Council of Ministers of Union and autonomous republics (or, upon their authorisation, by republican bodies of state administration);

ministers and government departments of the USSR, organisations with a Union status and

Tsentrosoyuz shall issue permission for the establishment of trade-name enterprises and shops for the conduct of specialised trade and rendering of services for foreign currency in the appropriate branches of the national economy.

The All-Union Foreign Economic Association "Commercial House" and the All-Union Foreign Economic Association of Consumer Co-operatives shall acquire the right to conduct specialised trade and render services upon the endorsement of their statutes and registration.

Joint ventures with the participation of foreign juridical persons and citizens and enterprises based on the property of Soviet citizens and on collective property shall conduct specialised trade (render services) only with products (services) of their own manufacture.

3. The sale of goods and rendering of services on the territory of the USSR for freely convertible or equivalent currency shall belong with export transactions carried out on the territory of the USSR, and shall be subject to appropriate measures of state regulation of foreign economic activity, including registration of commercial centres, specialised enterprises and trade-name shops with the USSR Ministry for Foreign Economic Relations, and to other measures as provided for in the existing legislation.

Commercial centres, specialised enterprises and trade-name shops shall be registered by the USSR Ministry for Foreign Economic Relations in agreement with Vneshekonombank of the USSR.

To establish that acceptance of payments in freely convertible or equivalent foreign cash is conducting specialised trade may be effected only provided there is a separate accounting of the marketing of goods and services, and also that such operations are handled in a statutory manner by Vneshekonombank of the USSR and other banks authorised to carry out foreign currency transactions.

The currently existing specialised enterprises conducting trade and rendering services for freely convertible or equivalent currency shall also be subject to registration with the USSR Ministry for Foreign Economic Relations (without agreement with Vneshekonombank of the USSR).

The USSR Ministry of Finance, Vneshekonombank of the USSR, and appropriate ministries and government departments of the USSR shall give methodological assistance in ensuring the conduct at commercial centres, specialised enterprises and trade-name shops of bookkeeping and accounts associated with the conduct of trade and rendering of services for freely convertible or equivalent currency.

4. The basic functions of commercial centres shall be:

a) of the All-Union Foreign Trade Association "Commercial house":

assistance in the setting up of republican and regional commercial centres, specialised enterprises and trade-name shops, providing help to carry out commercial work and study of business conditions, to establish commercial ties and organise various kinds of services, and to train staff;

coordination of the activities of republican and regional commercial centres, assistance in drafting their development programmes;

provision of reference materials and catalogues;

rendering, through specialised enterprises belonging to the Association, services to foreign and Soviet citizens and to Soviet enterprises, including in the sphere of everyday services, recreation, health and communications, in the construction of dwelling houses and other objects of social, cultural and everyday designa-

tion, and in sales of tourist vouchers and vouchers to rest homes of the USSR;

rendering assistance in setting up enterprises (including joint ventures with the participation of foreign juridical persons and citizens) for the manufacture of consumer goods, including by means of imported components, with the subsequent marketing of finished goods for freely convertible or equivalent currency, maintenance and repairs of such goods;

purchasing goods with one's own currency and also on terms of commission (consignation), organisation of auction, commission and mail-order trade in imported and Soviet goods, selling goods by catalogues, and other modern forms of trade.

The All-Union Foreign Economic Association of Consumer Co-operatives shall fulfil similar functions, with due account taken of the specifics of consumer cooperatives;

b) of republican (regional) commercial centres:

organisation of a network of specialised enterprises and trade-name shops for retail trade in imported and Soviet goods for freely convertible or equivalent currency;

rendering on the territory of a republic (region) to Soviet and foreign citizens, work collectives of enterprises, associations, and organisations various services, including in the sphere of everyday life, public catering, rest and recreation, health, and communications;

developments of new kinds of services (intellectual, recreation, personnel training and other) rendered to foreign nationals temporarily staying in the USSR, including on the basis of joint ventures involving foreign juridical persons and citizens;

establishing enterprises (including joint ventures with the participation of foreign juridical persons and citizens) for the manufacture of consumer goods, including with the use of imported components, with the subsequent marketing of finished items for freely convertible or equivalent currency, maintenance and repairs of such goods;

purchasing goods with their own currency, and also on terms of commission (consignation), organising auction, commission and mail-order trade in imported and Soviet goods, selling of goods by catalogue, and other modern forms of trade;

fulfilling intermediary functions in marketing on the territory of a republic (region) on a commission basis goods produced by state or other enterprises, associations and organisations, and also acquisition with their currency food products and manufactured consumer goods;

fulfilling other jobs and services associated with their main activities.

5. To lay down that sales of goods and rendering of services on the territory of the USSR for freely convertible or equivalent currency shall be effected to:

Soviet citizens, foreign nationals and stateless persons in cash or on account, including by remittance of currency from current accounts in banks, involving the use of signed cheques, credit cards and other means of payment in the indicated currency;

juridical persons on account, including by remittance of owner's currency from bank accounts, involving the use of credit cards and other means of payment in the indicated currency.

6. Soviet citizens, foreign nationals and also stateless persons may open current accounts in foreign currency with Vneshekonombank of the USSR and, in a statutory manner, with other

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# Ryzhkov: our concept is a single free market for the entire USSR

By Vladimir Mytarev, *Novosti* observer

SOVIET Premier Nikolai Ryzhkov is due to present the government's latest free-market programme to the Supreme Soviet session on September 10. How will this one differ from the previous one, put forward in May?

Ryzhkov believes that talk in the press of a second, third and, more recently, fourth programme drawn up jointly with a presidential working group is a little wide of the mark.

"There was and remains one programme," he stated in an interview with the *Novosti* Information Agency. "Certain specific aspects have been reworked, of course, but its foundations remain and we regard the current work as finalisation of the version that we submitted at the Second Congress of USSR People's Deputies."

Dubbed the "Abalkin Programme", it was reasonably long-term (1990-93) and envisaged a smooth transition to a market by creating key banking, supply and legal frameworks, and introducing a vast amount of legislation ensuring equality for all forms of ownership, independence for producers and accessibility of the Soviet economy to foreign business. A look at recent moves will show that government policy in this respect is consistent. The laws on property, land, the co-operatives and taxation of individuals and businesses, plus government resolutions and presidential decrees on joint-stock companies, securities, small businesses and others provide convincing evidence that reform of the economy is being taken seriously.

Naturally, believes Ryzhkov, changes in the political scene have compelled the government to move quicker toward a market economy. A closer look reveals, however, that the accelerat-

ed programme spoken of in February of this year merely brought the envisaged changes forward, from 1993 to 1991. This time as well, the government's concept itself remains unchanged.

Ryzhkov now considers his report to the USSR Supreme Soviet session to have been a tactical blunder, misjudging the attitudes of a public whose attention homed in on hefty price rises. Yet the programme that he will deliver in September will be based on more or less the same ideas. He stressed that the changes that have been made are not simply his, Abalkin's or Gorbachev's whims but the result of the major changes in society and the political atmosphere that have taken place since May.

The moves towards independence by union and autonomous republics have cast the issue of delimitation of powers and responsibility for decision-making in a new light. In the economy, this means most of all sharing of incomes and of tax and foreign-trade revenues. Preparation for the market is taking place parallel to that of a new union treaty, which is also to be based on delimitation of economic powers. Since the republics themselves are drawing up the limits to these powers, the market's programme's section on the relationship between republican and federal authorities cannot be completed without the consent of the former, which all the subsequent sections have to take into account.

But the new programme does not differ only in that the republics have the final say. Due to public pressure, more attention is given to social welfare; also, the government has not restricted itself to protecting low-income groups from inflation or considering the employment problem but has also undertaken to protect savings by refraining from a monetary reform and freezing deposits.

Plans for denationalisation of the means of production are set out in greater detail (privatisation and conversion into joint-stock companies), as are those for creating the required market infrastructure (currency, commodity and stock exchanges, commercial banks and centres), and so on.

Adjustments have been made to the procedure for price reforms, a subject of particular public concern. There is an honest admission that price rises are inevitable, coupled with agreement to maintain eight types of staple food, public utilities and alcoholic drinks at their present levels, even if this means maintaining subsidies. The rest Ryzhkov intends to hand over to the republics to decide; it will be up to them whether to opt for "free" or the present level of prices.

In conclusion he said, "We see a market completely without restrictions, with a single and sound monetary system aiming to make the rouble convertible, and with a single central bank."

In voluntary transferring numerous rights and functions to the republics, the federal government points out that the economic reform should be based on the interests of commodity producers rather than mutual claims between republican and central authorities. Only full freedom for producers, including access to foreign markets, can guarantee success, and it goes without saying that such freedom should be granted to all throughout the Soviet Union, without various customs and other artificial barriers.

"We hope," said Ryzhkov, "that our point of view will in the main coincide with that of the presidential working group that is drawing up the economic foundation of the new union treaty."

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bank offices of the USSR by depositing cash in foreign currency or with other means of payment in foreign currency or by transferring such from abroad without restriction and without presenting documents on the sources of the sums concerned.

The USSR Finance Ministry and Vneshekonombank of the USSR shall lay down the procedure for keeping such accounts, using means from these accounts, and size and conditions of paying interest on them.

7. Retail prices in freely convertible or equivalent currency for state specialised enterprises and trade-name shops shall be fixed by Councils of Ministers of Union republics, ministries and government departments of the USSR and organisations with a Union status, the All-Union Foreign Economic Association "Commercial House" and the All-Union Foreign Economic Association of Consumer Co-operatives.

Retail prices in foreign currency shall be fixed with due account taken of the level of prices for similar goods and services of foreign firms in retail networks abroad, the size of dues and custom duties paid in freely convertible or equivalent currency in case of importing goods into the USSR, with due account taken of the quality of goods and services, and also business conditions on the domestic market.

8. Soviet enterprises, associations and organisations shall acquire goods and services at commercial centres, specialised enterprises and trade-name shops with their currency on terms laid down in Paragraph 29 of the No.231. Resolution of the CPSU Central Committee and the USSR Council of Ministers of March 15, 1989,

"On Measures for the Financial Improvement of the Economy and Consolidating Money Circulation in the Country in 1989-1990 and in the Thirteenth Five-Year Period (Svod Postanovlenii SSSR, 1989, No. 22. column 69).

9. To lay down that commercial centres, specialised enterprises and trade-name shops shall deduct in 1990 to the state, 57 per cent of the sum in excess of actual currency receipts over payments, and 65 per cent of currency earnings when marketing for freely convertible or equivalent currency the goods and services bought with Soviet roubles. In so doing 42 per cent and 35 per cent of the indicated currency deductions shall be respectively placed at the disposal of Councils of Ministers of Union and autonomous republics and executive committees of local Councils of People's Deputies.

Currency deductions contributed to the currency funds of Councils of Ministers of Union and autonomous republics, executive committees of local Councils of People's Deputies shall be directed to republican (territorial, regional and city) special funds and shall be spent on social development of respective regions with mandatory regular coverage of this aspect of currency trade in mass media.

Currency resources of commercial centres, specialised enterprises and trade-name shops shall be used for the development of their material and technical facilities, technical retooling, purchasing of goods to conduct currency trade and rendering paid services, renting trading, service and auxiliary premises and for other purposes as provided for by the existing legislation.

To apply to enterprises, associations and organisations that supply goods in accordance with this decision, rates for currency deductions fixed for them in case of exporting goods abroad.

Earnings in freely convertible currency from commercial centres, specialised enterprises and trade-name shops to the suppliers of products and executors of work (services) shall be counted as fulfilment of currency plans of ministries and government departments of the USSR, of Councils of Ministers of Union republics and organisations with a Union status with appropriate deductions from those earnings to centralised currency funds at fixed rates.

No commercial centres, specialised enterprises and trade-name shops may sell goods purchased abroad with centrally allocated sums of money for sale to the population through the retail distributive system.

To fix for 1990 for commercial centres, specialised enterprises and trade-name shops payments into the budget at 60 per cent of balance-sheet profits as stipulated by the existing legislation.

10. The USSR Ministry of Finance, the USSR Ministry of Trade, Gosbank of the USSR, and Vneshekonombank of the USSR shall examine a package of questions related to the sale of goods and rendering of services for foreign currency and shall submit proposals to the USSR Council of Ministers within two months.

11. The USSR State Committee for Labour and Social Affairs shall draw up a unified system of remuneration for the personnel of commercial centres, state specialised enterprises and trade-name shops conducting trade for foreign currency, including incentives stimulating their interest in increased sales of goods and rendering of services.

12. The USSR State Committee for Statistics shall set up a reporting system on operations transacted in accordance with this resolution.

13. The USSR Ministry of Justice, jointly with the USSR Ministry of Finance, Vneshekonombank of the USSR and the USSR Ministry of Foreign Economic Relations, shall draw up and submit proposals to the USSR Council of Ministers within two months on amendments to be made to the existing legislation arising from this resolution. □

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