THE USSR FOREIGN TRADE
UNDER N.S. PATOLICHEV

1958—1985
Dedicated to the hundredth anniversary of Nikolay Semyonovich Patolichev’s birth and in loving memory of him

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

THE USSR FOREIGN TRADE UNDER N.S. PATOLICHEV (1958—1985)
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The book is devoted to a man of outstanding personality of the Soviet state — Patolichev Nikolay Semyonovich (1908–1989) — the Minister of Foreign Trade of the USSR from 1958 to 1985. During this period under his direction a powerful complex for foreign economic activities was formed, which played an exclusive role in the development of industry, energy, transport, agriculture and meeting the demands of the population. Thus, that was quite an outstanding period in the Russian Foreign Trade history.

The authors of the book for many years have been engaged in the system of foreign economic relations, participated or continued undertakings of N.S. Patolichev.

Vladislav Leonidovich Malkevich, the General Director of the Central Exhibition Complex “Expo-centre”, used to work in the Ministry of Foreign Trade of the USSR (MFT) as a member of the Board (the Chief of Engineering and Technology Department), the Deputy Minister, the First Deputy Minister, the President of the Chamber of Commerce of the USSR.

Igor Leonidovich Mitrofanov in 1980–1990s was engaged in scientific researches in the field of foreign trade, and then was the Chief of the General Directorate of the government regulation of foreign trade activity, the First Deputy Minister of Trade of the Russian Federation.

Alexander Sergeyevich Ivanov having graduated from the Moscow Institute of International Relations has devoted all his life to the development of foreign economic relations of the USSR and Russia, worked under the direction of N.S. Patolichev from the first days of his stay in the Ministry and now continues working in the field of foreign trade research in the All-Russian Market Research Institute.

The work presented to the reader is based on the archive of N.S. Patolichev, the memories of his daughter N.N. Trubitsina-Patolicheva, his colleagues and contemporaries. The authors tell of what was done by N.S. Patolichev and with his support, about the invaluable experience of building up and developing foreign trade, about the new standards created in those years which are still being effected. After having read the book, the reader would acquaint himself with the rewarding experience of those years, which is highly important for today’s participants of foreign economic activities.

The Patolichevs express their deep appreciation to V.L. Malkevich for taking the initiative to write the book and for arranging its publication.

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To the Reader

Here is a book about a person from the recent history of our country and his hard and intense life in which selflessness, and sometimes self-sacrifice fully served the state and nation. Here a person and the era are inextricably linked. They deserve each other and have mutual influence.

We are talking about an outstanding statesman — Nikolay Semyonovich Patolichev. During the very difficult decades his name was constantly on the hearing. The activity of Nikolay Semyonovich was always tangible and — importantly — necessary for the survival and development of the country, as well as for being closer to the international economic community.

The realities of today often return us to the experience and the appearance of a galaxy of the most significant representatives of the Soviet era, and N.S. Patolichev was one of them. His selfless work during the period of initial five-year plans as well as the Great Patriotic War, in the postwar reconstruction and modernization of the economy is described in detail in Nikolay Semyonovich’s meaningful memoirs — those by the man awarded the title of Hero of Socialist Labour and two “Hammer and Sickle” gold medals, the recipient of 11 Orders of Lenin, the highest decoration of the Soviet Union, apart from many other orders and medals of the USSR and foreign countries.

In the postwar years, having acquired most valuable experience of economic redevelopment of the country, N.S. Patolichev headed the foreign trade of the USSR, and attained in this field such an outstanding success which no one repeated in the past century.

This book is about the leader, under whose direction in the country previously focused on isolation and self-sufficiency, a powerful complex for foreign economic activities was formed, which became an important independent factor of the country’s growth and modernization, as well as developing market structures.

Nikolay Semyonovich understood that his task was no less complicated than the moving of the largest industrial enterprises to the east during the Second World War. He took up the matter with his inherent will, toughness and desire to overcome the field of state activity not yet mastered by him. Studying the materials of that time one can see that the Minister of Foreign Trade did not have a shad-
ow of doubt about the chosen way, concentration and boldly daring mind prevailed in him.

In certain periods of a country’s life, mostly critical ones, the foreign trade is of particular strategic importance. So was it in the post-war years, when our country had lost millions of the active age people in the war and needed a reliable source of rebuilding its strength. One of the most important was the foreign trade.

This meant as much as the creation for the Soviet Union of the equitable international trade and political field under the initiative and the direction of N.S. Patolichev. That was the period of forming an industrial export sector, providing for annual supplies of high-tech products and technologies abroad.

The largest developed countries of the world up to now continue producing by some licenses acquired in the USSR in those years. At the same time new industries and large-scale infrastructure projects (oil and gas pipelines, high-voltage power transmission lines, trading and fishing fleet) have been created, a network of international marketing of domestic products and the reliable forecasting of a market conjuncture have been established. An impeccable image of a Russian business partner has been formed. We have been taking advantage of all that up to now.

Unfortunately, Nikolay Semyonovich had no time to tell about the progress of foreign trade, although he had started this work. He bequeathed to me, along with his colleagues and friends to complete this work.

Therefore, his colleagues, the Soviet veterans and the employees of foreign trade of various executive-levels and periods of work, considered it to be their duty to tell about the activity of the Minister, about what he had made and what had been made under his support — using the archive of Nikolay Semyonovich, publications of those years, documents and materials of the Ministry, memories of his daughter Natalia Nikolayevna.

I am convinced that the book about N.S. Patolichev and the foreign trade in 1950—1980s will be useful not only for contemporary participants of foreign trade activity, international economists, political scientists, university students of humanities, but also for a wide range of readers interested in the history of the foreign trade of the country, as well as for foreign researchers.

Dr.sc.oec V.L. Malkevich
Introduction

Moscow, September 2008. The grandly decorated hall at the Expo Center was crowded. On that day World War II and foreign trade veterans, international economists, public figures, academics and official foreign representatives, major economic leaders gathered to celebrate the 100th anniversary of the birth of Nikolay Semyonovich Patolichev, an outstanding public figure and statesman of our country. He was the organizer of tanks’ production in the critical days of the German offensive, the head of the restoration of the destroyed city of Rostov-on-Don, of the postwar revival of Belarus (every fourth citizen of which was killed during the Nazi invasion), and finally, the minister, who headed the Soviet foreign trade during about three decades, the branch of economy which has made a great contribution in forming and developing the national economy.

Nikolai Semyonovich’s friends and fellows in arms from Yaroslavl, Chelyabinsk, Minsk, Moscow were speaking. The outstanding character of the statesman, patriot, enthusiast, wise organizer, whose activity was connected with coherent and devoted work of twenty thousand employees of the Ministry of foreign trade, was emerging from the small but significant details and his huge achievements.

Huge is seen at a distance. Paradoxically, but as time goes the meaning of the state and economic achievements of N.S. Patolichev are becoming more clear, particularly, the unique system of the trans-European gas pipelines built up with his participation, the one which has been in use for already 40 years for the benefit of the generation that has entered the market economy, and, in a number of areas, has not yet succeeded in surpassing the done before.

It naturally leads to a wish to take a closer look at work of Nikolay Semyonovich Patolichev as the Minister of Foreign Trade of the USSR, to evaluate his comprehensive activities and the positive experience that can be successfully adapted to today’s requirements. This should also be done because his efforts embody the devoted and unselfish work of many employees of the Soviet MFT, the state foreign trade monopoly.

Nikolay Semyonovich had written and published a very informative book, containing a lot of little-known facts about his work dur-
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ing the war and the early postwar years. He was about to begin his analytical memoirs about his later work in MFT, but he had not managed to do it. Therefore, we, his colleagues, feel obliged to continue these recollections. His speeches, articles, documents, and our grateful memory of the daily work with him will help us much with it.

While working on this book the authors came across a rather significant and affecting phenomenon: having learnt about the work at the book, many staff members of the former Ministry of foreign trade were glad to share their memories about the activity of Nikolai Semyonovich and their work under his management. It let us broaden the contents and enrich the book by some vivid examples and facts.

We would like to invite the reader to plunge into the complicated and contradictory era, when, however, everyone aimed to make his contribution to the future prosperity of the country: somewhere and sometimes — modestly, somewhere and sometimes — successfully.
PART I

Ministry of Foreign Trade in 1958–1985
The USSR foreign trade under N.S. Patolichev

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov
Among many steep staff decisions of the supreme authorities of Khrushchev’s period the appointment of N.S. Patolichev as a leader of the foreign trade sphere was probably the most logical and reasonable.

He had developed a great experience of organizational and economic work in Yaroslavl and Chelyabinsk regions, had headed the restoration of war-torn regions (Rostov region, Belorussia) and finally, had responsibly operated in the external sphere as the First Deputy Minister of Foreign Affairs of the USSR.

All that had naturally led to his transition from the 7th to the 5th floor in the high building in Smolenskaya Square, where the Ministry of Foreign Affairs and the Ministry of Foreign Trade coexisted and collaborated combining their efforts. Moreover, N.S. Khrushchev preferred to keep the young talented and promising leader, the Secretary of the CPSU since 1946, away from the political elite.

It should be said that N.S. Patolichev received worthy heritage. Anastas Ivanovich Mikoyan, who headed the Ministry of Foreign Trade in the early postwar years, had made much effort to create an active highly professional team of “vneshtorgovtsev” (foreign trade professionals) as a reliable basis for developing large-scale foreign economic relations of our country. The apparent achievement of A.I. Mikoyan was the fact that during the first years after the war he was able to protect the numerous personnel of the Ministry of Foreign Trade from insubstantial accusations and any repressions. Anastas Ivanovich had left good memories among both managerial-level workers and ordinary employees.

Before the war A.I. Mikoyan had been in charge of the foreign trade, the useful contribution of which can be revealed by the following little-known fact. Soon after the conclusion of the Non-aggression pact between the USSR and Germany in 1939, a group of specialists was able to visit German aircraft plants to review new equipment for possible purchase.
At Messerschmitt’s and Heinkel’s plants the demonstration flights were performed personally by General-Feldzeugmeister Udet, a World War I ace and Goering’s Deputy. The Germans tried to suppress our delegation with the “unattainable perfection” of their equipment.

A.S. Yakovlev, the outstanding designer of famous Yak aircrafts and Deputy Head of the USSR People’s Commissariat for Aviation Industry asked I.V. Stalin for 100—200 thousand marks for some purchase. I.V. Stalin referred the solution of this problem to A.I. Mikoyan and ordered to provide the delegation with 1 million marks, and in case of any need, with another 1 million. Our Trade Representation in Berlin was struck by the size of allotments and insisted on carrying out the usual prolonged bureaucratic procedures (an application to the Trade Representation, a request to the People’s Commissariat of Foreign Trade, coordination with the Air Force, with the People’s Commissariat for Aviation Industry, etc.).

Having received a cryptogram from A.S. Yakovlev, I.V. Stalin with the participation of A.I. Mikoyan ordered to resolve purchase issues directly on site, without unnecessary formalities. As a result, exactly one year before the Great Patriotic War, five fighter aircrafts “Messerschmitt-109”, two bomber aircrafts “Junkers-88”, two bomber aircrafts “Dornier-215”, as well as the newest fighter aircraft “Heinkel-100” were delivered to Moscow. Naturally, this allowed to take into account the vulnerability of the German air units and to strengthen the combat power of our airplanes before launching them to line production. Throughout the war the Soviet planes matched the German ones in speed.

Ascension of Nikolay Semyonovich to foreign trade concurred with the post war period in the world policy and economy, when the world balance was changing dramatically. The world had been split into two systems, and after Winston Churchill’s speech in Fulton in 1946 the Cold War began, leading in 1949 to the formation of the NATO military and political bloc that brought about the formation of the defensive Warsaw Pact as a counterweight.

Simultaneously some regional economic groupings were created in Europe: the European Economic Community (EEC, Com-
mon Market) and European Free Trade Organization (EFTA), which opposed themselves to the Soviet Union and Eastern Europe. Thus the latters had to form the Council for Mutual Economic Assistance (CMEA).

The USA was conducting an active discriminatory trade policy against the socialist countries, trying by force methods to commit all Western countries to it. At their initiative the Coordinating Committee on Export Controls (COCOM) was established within the NATO, which worked out and approved a list of several thousand goods and technologies the export of which to the socialist countries was banned or limited. In 1951, to bring pressure on its allies the U.S. Congress adopted the Mutual Defense Assistance Act (the Battle Act), which prohibited provision of American military and economic aid to the countries, which did not observe the export bans and limits in trade with the socialist bloc countries. And the foreign firms trading with those countries were to be recorded in the “black list” and could lose the right to access the U.S. market.

The reduction or elimination of customs duties in mutual trade of closed economic organizations and groups (EEC, EFTA) also discriminated the foreign trade organizations of the USSR as compared to the resident companies.

The discriminatory policy of the USA and other Western countries negatively affected the trade of the Soviet Union with the industrially developed countries — their share in the USSR foreign trade turnover fell immediately by 2.5 times — from 38% in 1946 to 15% in 1955.

Along with the “East-West” opposition the third (so-called “Southern”) force was also being formed as “Group-77” in the United Nations and in the GATT, oppositional to the industrial “North”. So according to the level of their economic development and the national economy type, the countries of the world were broken up into three groups: industrially developed countries, emerging developing countries and “the states with the centrally-planned economy”, the two latter quite often presenting a united front on the world scene. Nikolay Semyonovich was going to have a role to play in those concerted actions.
Having received an appointment to the post of the Head of the foreign trade administration of the country, Nikolay Semyonovich Patolichev understood that the successful work in the new complicated field would depend substantially on the interaction and necessary coordination of foreign trade and foreign policy.

Meanwhile, during the 1950s the position of stars in the state sky of the Soviet Union extraordinary favored the two leading directions of the international activity of the country. In February, 1957, Andrey Andreevich Gromyko, the skilled forceful and ambitious figure, became the Minister of Foreign Affairs. He had already had many apparent achievements in the diplomatic field: the Soviet Ambassador to the USA, the Permanent Ambassador of the USSR to the UN Security Council, the Ambassador to Great Britain, the First Deputy of the Minister of Foreign Affairs, a participant of Yalta, Potsdam and many other conferences of the major powers.

Having become the Minister of Foreign Affairs, he immediately suggested that N.S.Patolichev should be his first deputy. It was the act testifying both appreciation of business qualities of Nikolay Semyonovich, his reliability as a colleague, and recognition of his professional potential as a member of the State elite. It was an extremely efficient and even brilliant tandem. N.S. Patolichev worked at that post in the Ministry of Foreign Affairs till the middle of 1958.

When in 1958 N.S. Patolichev occupied the office of the Minister of the foreign trade, allocated in the same skyscraper at Smolenskaya Square, where also the Ministry of Foreign Affairs was, the tandem was not broken up, but even became stronger. The two powerful spheres of the international activities were headed by the skilled, forceful and partnership-like professionals having both mutual respect and great trust to each other. The following decades showed that the country had only benefited from it.

N.S. Patolichev knew that during the life of any state either policy or economy could take the top in foreign affairs, depending on the epoch and prevailing interests. Theoretically, both of the directions advance the national interests, interacting and adding to each other.
The historical merit of coordinating the world in an integrated unity through a network of the trading ways dating back to the remote ages belongs to economy. It created overland and sea dotted lines of roads between the East, the West, the North and the South. And the policy constantly tore and reintegrated those networks. The Russian embassies served as main backbones for strengthening the trade ties with the outer world.

The role of foreign trade communications incredibly increased in the XX century, especially after the world wars and the revolutions, which interrupted the normal economic life of the country for long periods of time. In those cases there was a tight convergence, even a certain concretion of the diplomatic and foreign trade services.

After establishing the diplomatic relations with the USA in 1933 A.A. Trojanovskey, the former Chairman of the Board of the State Export and Import Office of RSFSR, a member of the Board of the People’s Commissariat for Foreign Trade became the Ambassador of the USSR in Washington. The country needed the national economy recovery, and the trade ties with the USA were considered to be one of the sources for it. In the first conversation with the newly appointed American Ambassador to Moscow Bullit I.V. Stalin raised the question of purchasing the necessary railway equipment from the USA. In Washington Trojanovskey devoted the most part of his activity to solving economic problems and to settling debts. He persistently achieved in developing trade and economic relations with the USA on mutually advantageous conditions, and in concluding contracts for purchasing high-end industrial and engineering equipment.

It is necessary to mention that representatives of the business circles in the USA took a great interest in the extension of exports of their goods to Russia. However the policy destructively intruded into the economy. In 1934 the Congress of the USA passed Johnson’s Bill, which forbade granting loans and credits to debtor countries, and the USSR was included in this list (on the debts of the former Imperial and Interim governments). But nevertheless, two years later a trade agreement with the USA was achieved according to which the USSR was provided with the most-favored-nation clause in trade. However, after the Second World War, the
Cold War liquidated most of the positive arrangements with the USA.

The further historical events came thick and fast. So in 1958 N.S. Patolichev, a wise and far-sighted politician who unlike many diplomats was well aware of the then domestic life of the country realized that a new period in the country development was approaching. The so-called perspective expectations were coming. In the political and spiritual life the 1960s were called “The Thaw” for its social optimism but in fact they were marked by the aspiration to reorganize the economic structure of the country in line with the world standards, the scientific and technical achievements of other countries as well as to create an up-to-date industry, and also to restore efficiency and stability to the agriculture.

Foreign trade, as understood by N.S. Patolichev who was mentally outlining plans of his new job, had to fulfil a special mission — to break into the markets of investments, credits and goods with its scale projects and with domestic exports. In order to foster the objections it was necessary to carry out a thorough analysis of the global economy, to define the most advantageous approaches to the purpose and to streamline the strategy of trade and political operations.

One of the problems was that the domestic “Thaw” regardless of all its limitations started and continued for some time under the conditions of remaining “cold”. The world was still frozen by “the Cold War”. There were 15 years to wait until the first real foreign political “Thaw” (the so called “detente” or “relaxation of the international tension”, that was not to last long either). In 1958 N.S. Khruschev started an active preparation of a turnaround in the foreign policy, putting forward a number of high-profile initiatives. In particular, he suggested concluding an agreement on general and complete disarmament including elimination of nuclear arsenals within four years. There was also offered a memorandum on creating a nuclear-free zone in Central Europe as well as ideas of banning the use of Space for military purposes, of eliminating foreign bases on other countries’ territories, of international co-operation in the field of space exploration, measures for preventing a sudden attack and some other suggestions.
However, in spite of certain shifts in world public opinion towards normalization of the international relations, the authorities of the USA, other NATO countries and their American allies in Asia and other regions of the world did not change their attitudes essentially.

N.S. Patolichev realized clearly that a key to a positive change in the existent relations between the USSR and the Western countries was there in establishing business ties with the USA. The leader of the world capitalism by the very fact of opening a tangible mutual intercourse with the USSR could open a green signal for the rest of the capitalist world still conformable to its will. At the same time N.S. Patolichev realized that the international atmosphere in which he had to defend the foreign economic interests of his country which was having a very trying time, was still extremely complicated, troublesome and contradictory in many aspects. He knew that better than anyone else in his Ministry. He did know that, because by that time he had gone through the epicenter of the country’s foreign policy elaboration in the Ministry of Foreign Affairs where together with A.A. Gromyko he was submerged day and night in overcoming the conflicts and problems almost permanently affecting the Soviet-American relations. Both of the superpowers were wary of all most important events on the world arena, suspecting the other side’s evil intents.

There were still heard some echoes of the Korean War, the sharpest military conflict since the Second World War. The armed forces of the USA and China had been directly involved in it whereas the Soviet Union had participated indirectly (generally through delivering weapons to North Korea). For four years thereafter there remained a prevailing sensation of the imminent collision between the USSR and the USA.

China which had come against the US army through its “national volunteers” during the war, substantially facilitating the outcome of the war beneficial for the People’s Democratic Republic of Korea, was indicating its increasing self-sufficiency in the policy and building up of its military power aiming at the possession nuclear weapons. Moscow opposed the possible appearance of another nuclear power. It was the beginning of the Soviet-Chinese break of 1958—1960 which lasted for three decades,
having gone through stages of vigorous ideological polemics (generally on the development of the strategy of socialism); dangerous opposition, and long-term arduous negotiations followed by normalization of the relations only in 1989. Thus it should be mentioned that mutual interest in development of the trade and economic ties, scientific and technical communications had been working for all those years as an attractive mechanism, gradually pushing both of the sides for searching compromises.

Opportunities for positive processes including traditional trade and economic ties had started shrinking quickly in the Asian region. Methods of lining up the allies in the front applied by the Americans in Europe had begun to be transferred to Asia. There in 1954 the South-East Asia Collective Defense Treaty (SEACDT) embracing the USA, England, France, Australia, New Zealand, Pakistan, Philippines and Thailand was formed. Among the bloc activities there was interference in the development of Vietnam (after the French army had suffered defeat there) by active militarization of South Vietnam, and then subjugating the whole of Indochina. Since 1955 the USA had been directly involved in the events in Vietnam, the country exhausted by the previous war against the Japanese and French colonizers. For many years the Vietnamese “epopee” was hanging as a gloomy thundercloud over the global policy, poisoning the sprouts of the detent appearing from time to time.

A vigorous decolonization had begun since the middle of 1950s; new independent states in Asia, Africa and Latin America appeared. The political tone to the movement was set by India which proclaimed independence in the late 1940s. It was the time of both major and local changes in the world, repeatedly causing outbursts of tensions between the two systems headed by Washington and Moscow. Some colonial parent states’ nerves snapped after their helpless beholding the precious pearls dropping out of their imperial crowns.

The attack in 1956 of England, France and Israel linking up with them against Egypt where the new authorities nationalized the Suez Canal, understanding its economic and strategic importance for the country, caused a new splash of opposition on the line East — West as the USSR was resolutely standing against that aggres-
sion having promised Egypt the needed assistance. The military activities were terminated, and the armies of the invaders were withdrawn. However the echo of the aggression was heard in the global policy for a long time, affecting the situation in Europe.

Before N.S. Patolichiev’s transfer to the Ministry of Foreign Trade there appeared a hope for regulating the political, economic and cultural ties on the continent.

The leaders of the East and the West gathered in Geneva to discuss the perspectives of lowering the tension in the world, first of all in Europe (the events in Berlin). There was a forerunner of the future relaxation that was called “the spirit of Geneva”. However hardly had the sense of peace saturated the atmosphere when there happened some sudden events in Hungary which, according to the Soviet authorities, were threatening the destiny of socialism in Europe as well as the security of the whole socialist system. The Warsaw Pact had been created shortly before that time and had to stand the first, rather tragic strength test. “The strength” in terms of those times meant a complete political and ideological unanimity among the authorities of the Warsaw Treaty states, conceding no exceptions.

The Hungarian events were followed by another variation of the Berlin crisis when Moscow demanded to get done with “the occupation regime” in Western Berlin and to turn the city into an independent demilitarized free zone, the access roads to which could be controlled by the GDR. In fact, the western powers were presented an ultimatum. As a matter of fact, N.S. Khruschev was eager to seize the initiative in the “Cold war”, having chosen such an area for confrontation where the USA could feel the most vulnerable. The turbulent 1959, the year of mutual threats and fears passed, fortunately, without outgrowing into a serious conflict.

The new Foreign Trade Minister, watching the world events, clearly realized that strengthening the trade and economic positions of the USSR would be under complicated circumstances. Diplomacy is easier in the similar conditions: a holdout of achieving an arrangement can be experienced within the country indirectly, with a substantial delay. Whereas a failure in the foreign trade sphere could affect directly the food shelves, the supplies of consumer goods, shortage of forages for animal husbandry, the delay
of building factories and plants, the solution of housing problems and also the tasks of strengthening the defense.

N.S. Patolichev was one of those people aimed at overcoming unfavorable circumstances actively. Short time would have passed after the election of Richard Nixon as the US President, and N.S. Patolichev would have accepted his invitation to the White House for the first benchmark negotiations (May, 1972), in the end of which the President declared, “the Soviet Union has established mutually beneficial economic relationship almost with all highly developed countries, and is ready to have the same relationship with the USA, based undoubtedly on the same principle of mutuality. Other approaches are inconceivable”. Unlike his predecessors the new US President answered that, he believed that “economic problems should be put more widely” and that he was ready “to go further in negotiations on the development of trading and economic relations with the USSR” as he is the one “who plays high stakes”. In conclusion he said: “trading and economic relations between us and agreements related to the field should be brought up to the standard appropriate to the two largest economic powers of the world”.

American presidents had never said such words to the Soviet representatives. It was N.S. Patolichev who was the first to hear that, — the one who was also good at “playing high stakes” in the field of international affairs.

Meanwhile the economy of the Soviet Union was developing step by step: industrial production was going up though driven by temporal or extensive factors and by some ideology-driven economic concepts and excessive rigidity of planning of production (and consumption), which eliminated flexibility and concealed in themselves dangers of essential economic discrepancies.

In some way the economic development in the USSR was based on the inertia of the post-war enthusiasm of winners maintained by a modest material stimulation and moral encouragement. Production grew owing to involving of new labor force and industrial resources saved up as a result of priority investments into “A” commodity group (manufacture of production means), and also with some capacities received as reparations. The educational factor — the active encouragement to develop a high pro-
fessional and educational level as well as the support of sciences (by then there were over 5 thousand scientific institutions in the country) were of great positive value.

At the same time the disproportions in the investment policy (group “A” to the prejudice of group “B” — consumption commodities) led to distortion of the structure of a gross product to ratios opposite to the world practice, i.e. to sharp recession of the role of consumption and inadequate material charging of labor remuneration. Even in 1960 consumer goods constituted only 30% of the country’s import, which included 17% of non-food goods.

At the end of the 1950s the new Minister of Foreign Trade had ambitious aims including:
— realization of economic diplomacy and aspiration to create favourable conditions in foreign trade;
— co-operation with producing industries to increase the competitiveness of export goods;
— increasing qualitative composition of export;
— supporting import supplies raising production potential and well-being of the people;
— developing market research activity for gaining the maximum benefit from the market situation at export-import transactions;
— developing transportation facilities and first of all merchant marine for transportation of foreign trade goods;
— diversing modern forms of foreign economic intercourses which appeared in the international economic relations by that time.

Nikolay Semyonovich had to solve those problems (as well as many others) sequentially throughout almost three decades.

Something was hindered by conservatism of separate enterprises, and somewhere he managed to overcome this conservatism and even to eradicate it as the logics of association with the foreign market dictating the necessity of acceptance of international “rules of the game”. Many of his achievements in this field were impressive and even statistically measurable. One of them was the fact that in 1958—1985 growth rates of foreign trade by one and a half time exceeded the increase of gross domestic prod-
uct. As a result the national economy was deeply involved in the international division of labor.

It is especially important to emphasize the new form of foreign trade activities which originated since 1950s: economic and technical cooperation with socialist and developing countries. Nikolay Semyonovich’s efforts during his work in the field of economic diplomacy for the Ministry of Foreign Affairs of the USSR in many aspects were aimed at the organizational support of those perspective foreign trade activities. With his support in 1958 the State Committee of Foreign Economic Relations (SCFER) (equal to a Ministry) was formed, which headed that new complicated sphere of activity. For the Soviet Union it was a way of cooperation and strengthening the national identity and statesmanship of the friendly countries as well as struggling for forming the markets of the developing countries counterweighing the high activity of the industrially developed states and monopolies.

One can criticize the authorities of the USSR for the participation in the economic competition with the West for the “Third World”, which in some way appeared to be too exhausting. It is possible to feel annoyed about the excessive outflow (partly irrevocable) of the capital and resources from the country. But the absolute fact consists in the huge contribution of our country in the development of economic potential of the emerging and socialist states and considerable attracting of their material resources to the USSR, as a way of disbursing the loans. Numerous enterprises in the socialist countries, the Indian metallurgical giants of Bhilai and Bokaro, the Egyptian hydro complex “Aswan”, basic branch-forming enterprises in dozens of countries, many objects of thermal, hydro- and nuclear engineering, medical care, preparation of experts have become visible symbols of that help.

What was the foreign trade like there in the Soviet Union in 1958 when Nikolay Semyonovich Patolichev became the Head of the Ministry that was in charge of that branch of state activity? It is necessary to say that it was the time of high hopes and gaining initiatives in foreign trade that were encouraged significantly by the experienced team of diligent professionals of the Ministry of Foreign Trade.
In 1958 the foreign trade turnover of the USSR amounted to $2.0 billion*: of which that with the socialist countries constituted $1.5 billion, with the industrially developed countries — $0.3 billion and with the developing countries — $0.8 billion. Export reached $1.0 billion, and import was a bit over $1.0 billion. The physical quantity of foreign trade of the Soviet Union in 1958 was almost seven times higher than the level of 1938.

The commodity structure of export included: machinery and equipment — 18.5%, metals and manufactures — 16.4%, fuel — 15.2%, grain — 8.3%, consumer goods — 3.6%. The import structure included: machinery and equipment — 24.5%, foodstuffs — 14.9%, consumer industrial goods — 14.4%.

Having recovered the industry destroyed during the Great Patriotic War by its own efforts, the Soviet Union could export in 1950 equipment amounting to $50 million. In 1985 this figure increased to almost $12 billion.

The growth rates of the Soviet export were especially high in those years when the state foreign trade was headed by Nikolay Semyonovich apart from the external circumstances. Such growth was conditioned by his constant and persistent efforts. Thus whereas in 1971—1975s the total delivery of machinery and equipment abroad amounted to $22.7 billion, in 1981—1985s it reached $55.3 billion, including running spares — $8.7 billion.

We should mention, that at that time many kinds of the Soviet equipment and cars were highly competitive, what was testified by the increased demand for them with foreign buyers. The Soviet hydraulic and thermal power units known for their high efficiency and reliability were in high demand in the international market. In many countries our aircrafts and rolling stock as well as marine and river vessels were popular. Powerful excavators

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*Hereinafter, the national statistical information is adjusted to the official currency rate (4 RUR = $1 up to 1960; 0.9—0.66 RUR = $1 since 1961)
with bucket volume of 5, 10, 15 and more (up to 100) cubic meters were exported from the USSR. And “Lada” cars were in demand, having won a position on the roads of many foreign countries.

Not only did the Soviet Union export heavy industrial equipment, vehicles, but various home appliances as well. So annually there were exported up to 20 million watches, including those with quartz crystals, of different modifications (about 5 million pieces annually), one million bicycles and also hundred thousand of washing machines, refrigerators, vacuum cleaners, cameras, radios and other household appliances which were popular among consumers in Europe, Asia, America and Africa.

The following data expresses the export volumes of the Soviet equipment: by January 1st 1985 the exported items had amounted to about 4.3 million cars and almost half-million of lorries of the Soviet production, more than 2.8 thousand airplanes and helicopters, over 80 thousand grain combines, 42 thousand road-building machines, 2.1 thousand marine vessels and water crafts, almost 250 thousand metal-cutting machine tools, 35 thousand units of forge-pressing equipment, 42.6 thousand dredges, 4.6 thousand of main diesel locomotives, 3.7 million electric motors, 8 million units of photo- and cinematographic equipment, about 150 million watches, 9.5 million televisions, 13.3 million radios and many others items.

To increase the competitiveness of the Soviet equipment for its ongoing modernization and technical maintenance abroad a chain of joint ventures and service centers was founded. In 1984 only in the CMEA member countries 49 service centers for the Soviet equipment maintenance functioned. On the whole, during that period over 4 thousand service stations were in operation abroad as well as 1.5 thousand spare part warehouses and 371 educational centers, where local service technicians could learn how to maintain our equipment.

High importance was attributed to the exchange of technologies and trade of scientific and technical know-how. In 1970s the Soviet Union achieved impressive results in this area. For example the English firm “Rolls-Royce” purchased from the USSR the
license for installation of the automated manufacturing of precision molding, Japanese “Kobe Steel” — licenses for plants of continuous steel teeming both of vertical and horizontal types. In many countries the batteries of dry suppression of coke, plants for aluminum and copper teeming in a magnetic field created by the Soviet technologies were in operation. Such corporations as “Mannesmann” (Germany), “Kaiser Aluminum”, “Alkoa” (USA), “Mitsubishi” (Japan) and many others were among the purchasers of the Soviet licenses and know-how.

Not only was the Soviet Union developing the industrial cooperation in equipment manufacturing with the member states of CMEA, but with many Western countries as well. For example, we exported large hydro turbines to Argentina, where the Argentinean enterprises were producing separated parts and spares for that equipment in accordance with Soviet drawings and technologies. The cooperation of the USSR in the field of joint production of equipment and machinery with Finland, Austria and other Western countries was developing widely.

In 1950s the Soviet foreign trade ties were being transferred onto the base of long-term agreements — with France, Italy, Austria, the German Federal Republic, Greece, Norway, Sweden, Finland and Iceland.

Protocols on mutual deliveries of goods, providing, as a rule, a turnover growth, were also signed with most of the socialist countries till the end of 1958.

The trade turnover with the developing countries increased by 5 times in 1958 as compared to 1953. A number of new trade and economic agreements were concluded with them. So, a five years’ trading agreement was concluded with India, a long-term Economic and technical cooperation Agreement and the Cooperation Agreement on building the Aswan Dam was signed with the United Arab Republic.

The Council for Mutual Economic Assistance (CMEA) created as an open European organization which other European countries could also join, laid the foundation for the wide planned development of multilateral economic cooperation of the social-
The USSR foreign trade under N.S. Patolichev

The USSR foreign trade under N.S. Patolichev

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

ist countries. Bulgaria, Hungary, Poland, Romania, the USSR, Czechoslovakia, Albania had been members of the CMEA since 1949 and the GDR since 1950, Yugoslavia and Finland took part in its work in some areas. Gradually the CMEA passed on from consideration of individual issues in the field of foreign trade to coordination of development plans of national economies of the CMEA countries to specialization and cooperation of production, and also to scientific and technical cooperation.

Special attention was given to the trade with China. The agreement on delivery of Soviet equipment for the 47 enterprises being built in the People’s Republic of China was signed on the 8th of August 1958. In the export structure of the USSR to this country machinery and equipment made up 50%.

The agreement on building of more than 78 large enterprises for the metallurgical, chemical, coal, oil, machine-building, electro-technical, radio technical and construction material industries as well as power stations in the People’s Republic of China in 1959—1967s was signed by Chairman of the Council of Ministers of the USSR N.S. Khrushchev and Prime Minister of the State Council of the PRC Zhou Enlai on the 7th of February 1959. Besides the Soviet and Chinese parties were making arrangements for concluding a long-term Agreement on mutual deliveries of goods.

While Nikolay Semyonovich was working in the Ministry the countries of Asia and Africa took a significant position in the Soviet system of foreign economic relations. The closest relations supported with corresponding agreements were established with the Arab Republic of Egypt, Afghanistan, Yemen, Ceylon, Burma, Indonesia, and Iraq.

The legal base for trade relations of the USSR with northern countries of Europe were the agreements on the regime of most favoured nation provided by the parties in the fields of trade and navigation as well as customs taxation. The USSR was doing the briskest trade with Finland. It supplied the USSR with more than $\frac{3}{4}$ of the exported vessels and equipment and fair quantities of forest paper goods.
All those changes were generalized and analyzed by N.S. Patolichev in his program article published in the April issue of “Foreign trade” magazine in April 1960. We shall not expound this interesting document in full, but dwell upon its basic positions only. So, Nikolay Semyonovich wrote:

“In the years of the first five-year plans for the national economy, before the war, as the country industrialization had just started, imports of cars, equipment and metals promoted the development of the heavy industry. In occasional years about half of the world export volume of the industrial equipment went to the Soviet Union. These orders promoted the employment increase at many enterprises of the United Kingdom, Germany, the USA and other countries.

In the post-war years foreign trade stimulated the recovery of the national economy and its further fast development. At the same time it played an important role in the formation of the world system of socialism and helped to lay the foundation of the economic relations of the USSR with all countries of the world. Foreign policy and economic value of the foreign economic relations were constantly increasing.

At that time the Soviet Union was one of the countries occupying the leading places in the international trade and the growth rates of the USSR foreign trade were considerably higher than in the most industrially developed countries. The development of the foreign trade turnover of the six countries with the greatest foreign trade volumes is revealed in the following data (1959 in percentage to 1955):

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<th>Country</th>
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<tr>
<td>USSR</td>
<td>162</td>
<td>Canada</td>
<td>120</td>
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<tr>
<td>Germany</td>
<td>153</td>
<td>United Kingdom</td>
<td>113</td>
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<tr>
<td>USA</td>
<td>122</td>
<td>France</td>
<td>112</td>
</tr>
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If we take a longer time interval the difference in the development rates will be even more vivid. In 1959 (as against the pre-war year of 1938) the USSR foreign trade volume in comparable prices grew more than by 8.5 times while the international trade increased approximately by twice.
The increase of export of many international trade goods has been continuous in recent years. The export of ironstone increased from 6.3 million tones in 1953 to 13.4 million tones in 1959; of oil and oil products — from 4.2 million tones to 25 million tones, of timber — from 1.3 million cu.m. to 4.4 million cu.m., of rolled ferrous metals — from 1.2 million tones to 2.4 million tones.

**Machinery and equipment were gaining greater importance in Soviet exports. In 1938, before the war, their share (in price value) was 5%, whereas in 1959 it exceeded 21%** (underlined by the author). Though the Soviet Union has just recently become a great exporter of machinery and equipment, by 1959 over 300 thousand of Soviet cars and 65 thousand of tractors had been in operation in foreign countries.”

Further in the article Nikolay Semyonovich emphasized the general economic significance of the all-round development of the export base:

While exporting its products, the Soviet Union enables itself to purchase goods needed in our country. **Therefore the further increase in exporting resources, the extension of export nomenclature and products quality increase are the most important challenges for all enterprises and national economy councils exporting goods** (highlighted by the author).

The socialist countries took the principal place in the Soviet foreign trade, their share made 3/4 of the entire foreign trade turnover of the USSR. In 1959 the trade with these countries made 70% of the total foreign trade turnover of the country.

The first place in foreign trade of the USSR in 1959 was taken by the Chinese People’s Republic with over $0.5 billion or by 35% more than in 1958. The turnover of commodities of the USSR with the majority of the socialist countries was based on long-term trading agreements.

During 1953—1959 the trade turnover of the USSR with the industrially developed capitalist countries increased in constant prices almost by three times. For the latest years the trading agreements have been signed with Finland, United Kingdom, Germany, France, Italy, Austria, Norway, Iceland and Greece.
The relations with the developing countries were making active headway. For the period from 1953 to 1959 the turnover of commodities with them increased in constant prices by eight times.

Machinery and equipment were the major import item. On the whole the machinery and equipment import was insignificant as compared to the domestic production volume of the machinery-producing industry. Nevertheless it played an important role in promoting modernization of the major industrial branches (especially chemical, metallurgical, construction industry, consumer goods and food), and in assimilating new producing types and introducing new technologies.”

Thus, in that article Nikolay Semyonovich summed up the past five-year plan, the year of his work as the Minister and indicated the guidelines for the development of the foreign trade of the country.

In his other article published in the same magazine a bit later, in July 1961, N.S. Patolichev underlined the mutual benefit of trade as the natural factor of strengthening political and economic ties:

“Aiming at the development of the mutually beneficial and equitable economic relations with all countries, the Soviet Union for less than 10 years has expanded the number of trading partners by twice. Whereas in 1950 their number had been about 40, a decade later there were more than 80 of them. The volume of the USSR foreign trade in 1960 increased by 9.3 times as against the pre-war 1938.

The development of all-round economic relations on the basis of equality of the parties and the mutual benefits promotes realization of those large advantages which are provided by the international labor specialization.

The one who doesn’t understand or doesn’t want to understand this reality, deprives his country of the opportunity to take these advantages profitably”. (highlighted by the author).

Along with the extension of the circle of partners and the increase in the foreign trade volume essential changes occurred also in its goods’ composition. These changes affected notably the ratio of the finished products and that of the raw materials.
The qualitative improvements in the structure of the USSR trade and economic relations were noted by qualified foreign specialists in that area. So, Lord Boyd-Orr, the President of the British Council for international trade assistance, while speaking at the Council annual meeting on the 12th December, 1962 declared: “The trade between the West and the East is much more important today for the improvement of our economy than ever, and any person acquainted with the international trade situation should recognize that there are great opportunities for its expansion.”

“I think, — he continued in the interview to “Export trade” weekly magazine, — that America is making a big error concerning the trade between the West and the East. You cannot cripple the East block strategically, refusing to trade with it. This is only making it more independent on the West. The matter is that the willingness to trade with the USSR is increasing. Embargoes and restrictions don’t constrain the trade but force it to take more aggressive forms”.

In the same years the Roman newspaper “Globo” published an article by Dino Del Bo, an outstanding representative of the Christian Democratic Party. “It is true, — he wrote, — that trade relations promote political mutual understanding ... but it is also true, that at the present stage foreign trade depends on the character of the political relations and, consequently, the expansion of the Soviet trade can be achieved as there appear true relaxation of international tension”. The major of the obstacles, as Del Bo specified, was the decision of the Atlantic block to prohibit its member countries from exporting the goods which can “be used for strategic purposes” to the socialist countries (in fact unlimited restrictions).

In other words, the trade, political and economic situation during the time when Nikolay Semyonovich was the Head of the Min-
istry of Foreign Trade of the USSR, was extremely complicated. It was necessary to invest every effort and remarkable skill for purchasing goods and services required for the national economy of the Soviet Union. The newly appointed Minister had to find new forms and ways of developing the trade and economic relations with the countries with different sociopolitical systems and new approaches to completing the tasks the Ministry was facing.

Further we will dwell upon the activity of the Foreign Trade Minister, who headed the development of the modern foreign economic complex of the country which positively affected the economic life and created a base for the development of market relations and the subsequent integration of Russia into the world economy.
Foreign Trade on Duty of Economic Build Up

At all the stages of its economic activity the Soviet Union widely used foreign economic relations as one of the means of creating the powerful diversified industry, the highly mechanized developed agriculture, strengthening the infrastructure and the social sector.

During the post-war period the range of trading partners of the USSR was constantly growing wider. In 1958 the volume of the USSR foreign trade in constant prices increased sevenfold as compared to the pre-war period. The foreign trade was increasing at a faster rate than the national income during the post-war period which spoke for the extending incorporation of the Soviet economy in the international division of labor.

The foreign economic relations of the USSR were developing even more successfully under the direction of N.S. Patolichev in the years of the ninth five-year plan (1971—1975), which remained unsurpassed on the foreign trade total run up. It was the time when Nikolay Semyonovich revealed his ability as a Minister of Foreign Trade to the full extent. By that time he had already had great experience in foreign trade, had been great at negotiations and had formed strong links with the principals of the industry and a number of foreign partners. Foreign trade was playing an increasing role in the development of the economy and the industry of the country.

The share of the machinery and equipment import (almost $3/4$ of which was bought in the socialist countries) made up about $1/6$ of the overall volume of domestic investments in that sector of the Soviet economy, and which showed the importance of foreign trade. In 1971—1975 only the country got purchases for $35$ billion of technically advanced equipment due to import. Complete sets of equipment were bought abroad for nearly 2 thousand industrial enterprises in different industries. The import of the equipment, which amounted to about $75$ million in 1950, was estimated at over $14$ billion in 1976.
In the years of the ninth five-year plan the import of machines, equipment and transportation equipment was playing an especially important role in the development of such industries as chemicals, motor industry, pulp and paper, woodwork and timber, consumer goods and food processing, shipbuilding, production of rolling-stock and buses.

In 1971—1975 there was bought equipment for the chemical industry for $2.8 billion, machine tools and press-forging plant — for $2.4 billion, hoisting-and-conveying equipment — for $2.0 billion, the equipment for motor plants — for $1.1 billion, equipment for food processing and consumer goods industries — approximately for $1.9 billion. About 950 vessels of various types for merchant marine fishing and river fleet were purchased.

Foreign trade of the USSR was actively used for further development of the technological level and efficiency of agriculture. During the years of the ninth five-year plan agricultural machines and equipment mainly from the socialist countries on the basis of specialization and manufacture cooperation were imported for more than $1.8 billion, including the equipment for dozens of breeding complexes, feed factories, hothouses.

Certainly the principal sources of developing productive powers of the Soviet Union were its huge territory, reserves of natural resources, fuel, raw materials, the powerful multi industry and developed agriculture, the achievements of the Soviet science and technology which obtained the world recognition and also the highly skilled experts in all branches of science and public production.

A lot of representatives of the Western business world were clear about the impossibility to hamper the development of the Soviet economy with prohibitions on trade. Thus, Samuel Pizar, a well-known American expert in the field of international law and international trade relations wrote in his article devoted to problems of the international detente and published in “New York Times Magazine” on the 25th September, 1977: “The judgement of many political strategists that if the West refused to trade with the socialist world it would disorder its economy and would force it to open the borders or, at least, to distract resources from the area of strategic actions, seems to me to be oversimplified”.

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D. Kaiser, a well-known representative of the American business world stated in his article published in the “Foreign Policy” magazine that the Soviet Union was able to offer much more perfect goods to export in the field of technologies than it was believed. In the article he specified the areas of production (metallurgy and welding, power, transport, mining industry, manufacture of medical equipment, medical products and others) in which the technical achievements of the Soviet scientific and production enterprises had been raised to the highest world level. In the article there were examples of purchases of Soviet licenses and know-how by American firms. “What does it mean?” — asks the author of the article and then answers his question: “Not that the American firms buy Soviet equipment and technologies because they are unable to develop them, but to save up time and money. The real reasons for the Soviet purchases of American technologies are the same. In other words, — concludes the author, — it is economically unviable to reinvent the wheel”.

The assistance of foreign trade in increasing the capital funds of the most progressive branches of the national economy meant its involving in developing the structure of the public production according to the demands of the technological revolution. Nikolay Semyonovich clearly realised it and considered acceleration of growth of the chemical industry to be one of the priorities of foreign trade as the technical progress in many other branches of the national economy depended on it. The import policy was being pursued for speeding up the production of plastics, chemical fibers, mineral fertilizers, i.e. the most demanded goods at that time.

At the same time the Soviet Union for accelerating the technological progress in the country along with importing modern machines, equipment and even whole complete plants was buying licenses for manufacturing the needed equipment, technologies and know-how abroad. Not only did all that give an opportunity to develop and accelerate the technological progress, but to achieve economy of time necessary for research and development and for managing the production of scarce goods in the country.
On the basis of the bought licenses the Soviet Union mastered the release of essential new types of goods being in great demand. The costs of purchasing licenses were on the average 10 times below the expenses connected with insourcing production. All that was leading to the cost cutout and acceleration of the technological progress in the national economy, apart from creating opportunities to refuse of imports and further to start exporting goods manufactured under the licenses (agreed with the licensor).

Analyzing the stimulating role of foreign trade in the technological progress it is worth mentioning the exceptional value of commodity export in that field. Export forced home producers to make production appropriate to the high requirements of the foreign markets that were permanently growing under the influence of competition and many other factors. Foreign trade organizations through raising requirements for home producers and getting them fulfilled, actively promoted increase of the technological level and the quality of export production, took an immediate part in its standardization and state certification, and also in discussing projected products, perspective for export. Development of export production was always transferred on the products intended for home market. It finally strengthened the competitiveness of manufactures in the country.

It is common knowledge that in the modern world the international division of labor will continue to develop owing to saving labour costs and raising its productivity. Each participant of joint manufacturing with the foreign partner does his best to produce better, more and at lowest costs. The foreign trade exchange with import of the goods on which much more work should have been done inside the country, resulted in saving of resources, growth of the production efficiency and lowering the cost of production of manufactured goods. For example, the unique facilities for ammonia and carbamide manufacture bought for the chemical industry of the USSR, permitted to cut costs by half as compared to the previous facilities, and entailed other considerable benefits.

Another example was no less impressive: the construction of the Baikal-Amur Mainline, one of the major constructions in the
country in the XX century. By now the skeptical and demagogical ponderism of the 1990s on the inefficiency of the project has already sunk into oblivion.

Powerful bulldozers, dredges, chisel and shaft-sinking and tunneling equipment which wasn’t produced in the USSR, were delivered for constructing the Baikal-Amur Mainline. While solving the problems of excavating the large ever-frozen and rocky ground at some sections of one of the tunnels the imported machinery promoted reaching a substantial growth of labor productivity. So, operating the imported drilling units reduced the period of manufacture three times that made it possible to master the technology of deviated drilling of split-hair accuracy. The imported mobile compressors of big capacity gave a chance to reduce the preparatory period by 5—6 months and to start tunneling before finishing compressor stations providing for power supply.

N.S. Patolichev reckoned that economic relations with foreign countries besides promoting the development of productive power of the country should contribute to increasing the well-being of people. For solving this problem Nikolay Semyonovich suggested concentrating on the following directions:

— import of the equipment, machines and raw materials for consumer goods and food processing industries as well as for communal services;
— differentiation of manufactured articles of mass consumption to be sold in the domestic market as well as foodstuffs;
— import of certain types of agricultural machines and equipment, as well as chemicals giving an opportunity to increase the labor productivity in agriculture for better securing public demand of foodstuffs, and the demand of industry of raw materials.

Thus, Nikolay Semyonovich was aiming not only at pure import of consumer goods, but at providing facilities for expanding the reproduction of the goods necessary for the population in his country. He clearly realized that it was time to serve human’s permanently growing exigency with the convenience goods. The deficit of foodstuffs and manufactured articles in 1970s and especial-
ly in 1980s was mainly of a threatening nature. It clearly showed what kind of cataclysms in the society that could result in.

In 1980s consumer goods and the equipment for their manufacture which was of no less importance accounted for 40% of all USSR import while the imported goods made about 10% of retail turnover.
New Forms of Foreign Trade and Economic Cooperation

In N.S. Patolichev’s years new progressive forms of foreign economic relations were being developed in practice. They were: compensating deals, licensing agreements, international production cooperation, leasing, etc. Through their incorporation the Ministry of Foreign Trade consistently provided construction of new enterprises and remodeling the existent industry-forming and township-forming enterprises of mechanical engineering operating first of all in machine-tool industry, metallurgy industry, chemistry, electrical engineering, professional equipment, consumer goods industry, in food-processing industry and, finally, motor industry and a supporting network of technical and transportation service.

Compensating deals were understood as the transactions concluded with firms of the developed countries for a long term which provided granting long-term directed credit (by a bank or a firm) for purchasing machines, equipment, materials and other goods necessary for building of a respective object. Thus the repayment of credit was carried out by deliveries of the goods produced or extracted at such objects. The production manufactured at those enterprises was used by the Soviet side both for export (for repayment of the credit) and for exigency of the national economy, as well as for deliveries to the third countries.

In the situation when unsatisfied exigency of the population for the most necessary goods (in the meantime the salary was growing) demanded considerable currency resources for public consumptions the compensating deals were a true “magic wand”! In addition to it the foodstuffs deficit rose every year. Under such conditions the foreign trade which was an important source of development of the productive power of the country making it appropriate to the world standard, could have been diluted because of substandard approaches to decision making.

Compensating deals created an opportunity to obtain the equipment for billions of dollars without direct currency expens-
es, for developing productive power of the country and satisfying the exigency of the national economy. Thus, the diverted commodity weights in foreign exchange disbursements to the West didn’t exceed the acceptable $\frac{1}{3}$ of the resources. We should give credit to the Deputy Minister of Foreign Trade V.N. Sushkov who had worked hard at this problem with the support of N.K. Baibakov (Chairman of State Planning Committee) and, of course, to N.S. Patolichev. Under the conditions of increasing economic and structural degradation this prevented us from transforming the foreign trade into “the fire-fighting crew” feeding the country. Afterwards, at M.S. Gorbachev’s time almost all the import “was being eaten” without giving any return for the national economy: which caused the upheavals our country had to survive.

The qualitative novelty of compensating deals consisted in the passage from incidental export-import transactions to the cooperation on a long-term basis. The deals provided extension by the Western partner of a long-term credit, delivery on account of his equipment, machines, materials, licenses for building with us large industrial objects and counter purchases on a long-term basis (10—15 years) the part of the production of these objects in the volume completely covering the total amount of the granted credit, including the interest. The share of production delivered for export under the compensation agreements amounted usually to 20—30% from the total output.

By the end of 1980 contracts for delivery to the USSR on a compensating basis of the equipment and materials for 60 large industrial facilities of chemistry, petro chemistry, oil and gas, wood and pulp and paper industries had been concluded. The volumes of many compensating deals exceeded hundreds of millions and sometimes billions of roubles. Compensating deals became operative in trade and economic relations with Austria, Italy, Germany, France, Finland, Japan and also with some companies of the USA.

So, companies of Austria, Italy, Germany and France granted credits and delivered large-diameter pipes and equipment for constructing of gas-main pipelines to the Soviet Union. This created an opportunity for a substantial increase of the natural
gas output and delivery of this fuel for export, played an important role in speeding up the development of major gas fields in Western Siberia and increasing exports of the fuel needed for the Western partners.

Specific were the cooperation agreements for developing oil and gas fields on the shelf of the island of Sakhalin under which the Japanese side delivered on a credit basis floating drill rigs, equipment and various materials for carrying out geological exploration works by the Soviet side. In case of detection of commercially viable oil and gas fields for industrial development, repayment of the credit was to be carried out by deliveries of a part of the oil and gas output.

The specified agreements spoke for the extensive technological exchange between the East and the West and, moreover, testified to the massive breakout of the Iron Curtain and the triumph of the long-term strategy of N.S. Patolichev who had been devoting all his abilities and energy to the elimination of the trading barriers. By the multi-billion deliveries we managed to receive the most advanced technologies, including “double-purpose” ones. Delivered in the course of operating compensation agreements the modern equipment allowed progressive technological decisions to be implemented and unique manufactures to be created on their basis. Under designing and constructing the enterprises and facilities, mounting, debugging of the equipment, production assimilation diversified technological knowledge was mutually imparted: methods and design experience, technological and normative and technical documentation, skills of mounting and equipment maintenance; methods, rules and norms in building and construction work; original solutions of some technological and industrial problems; a production organization advanced experience etc.

For example, while constructing the Ust-Ylym timber processing complex with the involvement (on the basis of compensating) of French firms “Parsons and Whittmore” and “Krebs”, Swedish “KMB”, the Finnish “Valmet” and “Rauma Repola” along with the delivery of the complete equipment a
lot of engineering specifications for various technological processes were transferred and contract supervision of the equipment and training of the service staff was done.

The construction project of giant Oskolsky electrometallurgical plant with a group of West German firms (“Korf Shtal”, “Salzgitter”, “Krupp”, “Siemens”, etc.), apart from delivery of complete set of equipment, the basic and preparatory manufactures, accessory, transport and other equipment included an extensive technological exchange in the form of the license agreement and the for-project, the technical operational documentation and training of the Soviet specialists.

Compensating agreements between Italy and the USSR were being successfully implemented. Under the contracts signed with “Montedison,” “Snia Viscose”, “ENI” firms, 12 chemical plants were constructed in the Soviet Union in exchange for delivery of the Soviet ammonia.

General agreements based on intergovernmental arrangements on economic and scientific and technical cooperation were being concluded with foreign countries. From the Soviet side general agreements were usually concluded by the Ministry of Foreign Trade. The general aims and objectives of cooperation and the ways of its realization were stated in it.

An important part of a general agreement was the list of obligations which each of the sides was to fulfil. The volume and order of financing as well as repayment of the credits were stipulated in it. The supplier undertook to guarantee a certain level of productivity of the equipment. The repayment of credits was provided directly by deliveries of the production earmarked for the currency fund from which respective payments were to be carried out.

Upon reaching the basic arrangement fixed in the general agreement, the sides concluded export-import contracts.

In the contracts for import to the USSR of the equipment and materials, the purchase of the licenses for manufacture, technological processes, and also the complete equipment and the technological services were provided. From the Soviet side the import
contracts were concluded by the foreign trade organizations responsible for respective commodity nomenclature, specified types of work or services and goods.

The firms-suppliers were large foreign industrial-trading firms. In some cases special organizations (consortiums) of several firms participating in compensating projects were founded for realization of especially large deliveries of goods and services to the USSR. They coordinated the activities of firms-participants, watched the realization of project works, equipment deliveries, and putting them into operation; they also attracted other firms as sub-contractors.

In most cases the contracts for exporting goods from the Soviet Union for repayment of credits under the compensating projects were being concluded simultaneously with the import contracts.

As the deliveries of goods began some years after the beginning of the deliveries of equipment, the contracts for export of raw materials and semi-finished products contained the general conditions of sales. While approaching the time of deliveries on account of the repayment of the credit the sides worked out detailed contracts on the sales terms of the domestic product.

Selling of raw materials and semifinished products on account of the repayment of the credit under the compensating projects was carried out by the foreign trade organizations the nomenclature of which included these goods. Thus, on the Soviet side in compensating projects on import there was one group of organizations specializing on purchase of the complete equipment, as for export, there was another group of organizations trading in raw materials.

In 1979 N.S. Patolichev stated in one of his speeches:

"Transactions on a compensating basis are more often incorporated in our mutual relations with the Western states. This matter is important and promising. May I remind that the first agreement of the kind was the General agreement on deliveries to the USSR of equipment, machines and materials from Japan for the development of wood resources of the Far East and compensating the delivery to Japan of forest products from the USSR. Besides, we should mention the agreement on deliveries to the USSR of steel
pipes from the Western countries for a gas pipe-line, equipment and materials for mastering of gas fields, the cost of which was covered by the deliveries of the Soviet natural gas. Nowadays the gas pipe-line is used for transportation of the Soviet gas sold on a long-term basis.

Now more than 60 large objects are being constructed on the basis of compensating agreements in the USSR and negotiations on some new projects are being carried on. Without any exaggeration one may say: the relationships in this area are developing perfectly.

Firms of Germany, Italy, France, the USA, Japan and other countries take part in compensating cooperation with the Soviet Union”.

The significance of compensating agreements for industrial cooperation was marked in the Final Act of Conference on Security and Cooperation in Europe, signed in Helsinki on August 1st, 1975. The states-participants admitted in it that where there is mutual interest in industrial cooperation it is necessary to develop such specific forms as “cooperation in creation of industrial complexes, having in mind obtaining part of the production produced at them”. It should be noted that the group of qualified experts of the Ministry specially sent to the negotiations by N.S. Patolichev was actively working at the formulation of the Helsinki document. It was an essential contribution of the Ministry to the consolidation of international cooperation and to the confirmation of our interests in such a high international legal charter.

Among the largest compensating agreements signed with the direct participation of Nikolay Semyonovich there should be mentioned a cooperation agreement with German firms in Oskol-sky electrometallurgical plant, cooperation with “Renault” company in deliveries of equipment and development of technological processes for the Soviet motor industry; the agreement with the American company “Occidental Petroleum Corporation”, providing mutual deliveries of the chemical goods within 20 years; the General agreement on cooperation in the field of exploration of deposits, oil recovery and gas on the shelf of the island of Sakhalin and on deliveries of these goods to Japan.
The legal basis for concluding compensating agreements was provided by intergovernmental arrangement on economic, scientific and technical cooperation with the states concerned.

The directions of the Soviet-French trade and economic cooperation for 1980—1990s were defined in the Soviet-French documents signed in Moscow in April, 1979 during the summit. The increasing role of the cooperation between the two countries on a compensating basis was underlined in them. It concerned constructing the industrial complexes in the USSR on the basis of full or partial compensating of the bought equipment and licenses with deliveries of products of chemical, petrochemical, gas, metallurgical, engineering, woodworking, pulp-and-paper, consumer goods and food processing industries.

Implementation of projects on a compensating basis was also provided by the agreement on economic cooperation between the USSR and the Italian Republic in the period of 1980—1985.

Relevant statements about trade extension on a compensating basis were contained in the long-term programs and agreements on cooperation development signed between the USSR and Great Britain, the USSR and Belgium-Luxembourg economic union, the USSR and Germany, the USSR and Canada, the USSR and Switzerland.

While being realized, the concluded long-term agreements and contracts on cooperation on a compensating basis were contributing greatly to the growth of goods turnover of the USSR with the developed capitalist countries. In 1978 deliveries under compensating transactions with these countries accounted for about 15% of the volume of mutual trade.

The Soviet exports to the developed countries on a compensating basis had been increasing with putting into operation the appropriate objects and creating additional production capacities. In 1976—1978 the volume of such deliveries amounted to about $2.5 billion.

Another new form of economic cooperation was the trade in licenses to use inventions and some technological innovations.

It is common knowledge that in the century of scientific and technical revolution no developed country could move forward if it didn’t use the world achievements in science, technology and
know-how. Therefore, an increasingly larger role in the acceleration of scientific and technical progress was played by import of licenses for using foreign scientific and technical achievements and know-how.

It should be said unequivocally that as the world experience of 1960—1980 indicated, upon the purchase of a license from a licensee (the author, the owner of a right to the invention) the quality of the licensed production of a licensor (the purchaser of the right to produce output under a license for a certain reward, under certain conditions and for an estimated period) reached usually 80% from the original quality. Only Japan, having surprised the world, was producing the goods of much higher quality under a license, than that of the licensor. For the USSR production of goods under a license was undoubtedly a step forward and promoted improvement of the quality and technological level of licensed products.

Starting from 1960 countries of the socialist community have been actively participating in trading licenses with developed countries. The total cost of the so-called “forwarding” licenses bought together with imported equipment three times exceeded the cost of “pure” ones, connected with only separate special samples of technology equipment and the accessories at the cost of less than 50 of the % of the pure license. The percentage of “forwarding” license was from 10 to 25% (depending on the equipment nomenclature) of the common costs for import of machinery and technical production, reaching in some cases concerning the high-tech equipment to 40—50%.

The import of licenses from the countries of Western Europe, the USA and Japan was used by the socialist countries for increasing the technological level of their own production, the extension of its assortment and export deliveries. For the post-war period up to the early eighties over 3000 licenses were bought by them in the developed countries. ¾ of this quantity was effected in 1970s.

In 1979 the Soviet Union and Bulgaria bought licenses for manufacture of mid-speed hydro motors for a drive of oper-
ating devices of agricultural machines from the Danish firm of “Danfoss”. In accordance with the license agreements both the Bulgarian and Soviet sides received all documentation on the mid-speed hydro motors of a heavy series and hydro motors of a light series from “Danfoss”. Each of the sides in perspective was going to produce hydro motors of both types.

In the same 1979, basing on the license agreement signed with the firm “Danfoss”, the USSR Ministry of agricultural machinery and the Ministry of foreign trade of the USSR on the one hand, and the Ministry of machine industry of People’s Republic of Bulgaria and the Ministry of foreign trade of People’s Republic of Bulgaria, on the other hand, concluded an Agreement on cooperation in the organization of manufacture and mutual supplies of licensed mid-speed hydro motors.

In 1980 the trade in licenses between the socialist countries and the developed countries exceeded 10% of the total volume of the world trade in licenses. The main flow of the acquired licenses included mechanical engineering, professional equipment, electronic engineering, chemical and electrical industries. However the trade in licenses was subject to limitations under the COCOM provisions.

The export of licenses was an essential and fast developing direction in the trade of licenses between the socialist countries and the West. For the Soviet Union, selling licenses was a relatively new form of realization of research and development.

During 1971—1975, the CMEA member countries concluded over 700 agreements on the sale of licenses with firms from the Western countries. The flow of technology from the socialist countries was increasing steadily. Its growth rate twice exceeded the growth rates of the import of licenses. And the cross exchange of licenses was further expanding.

The leading position in the exports of licenses among the socialist countries belonged to the USSR. The Soviet licenses were used in more than 40 countries of the world. The average annual growth rate of license export of the USSR reached 35—40% at the end of the 1970s. The great merit in the development of the
license trade belonged to the specialized foreign trade organization of “Licensintorg” established within the Ministry of Foreign Trade in 1962. It had highly-skilled personnel of devoted enthusiasts and specialized in purchasing and selling licenses.

The practice of selling licenses for inventions created jointly within the socialist commonwealth inventions to third countries was extended. Thus, the licenses for spindleless pneumatic spinning machine BD-200, developed jointly by the experts of the USSR and Czechoslovakia, were sold to firms of the Western countries. Licenses for manufacturing automatic transfer lines of nonwoven materials, such as “Befama-Malimo” (a joint development of the specialists of the GDR and Poland) were sold to the USA.

The Research and Production Association “Plastopolimer” (USSR) and “Leunawerke” Plant (GDR) jointly developed manufacturing process of low-density polyethylene “Polymer 50”. This technology was a subject of the license agreement between “Licensintorg” and the West German firm “Salzgitter Industriebau GmbH”.

The Soviet foreign trade organizations used to sign annually around 100—120 agreements on export licenses with foreign partners. Among the largest there was a licensing agreement with the firm “J. Ray McDermott” (USA) for a method of contact welding of large diameter pipes for a period of 17 years.

The Soviet Union sold the license for manufacturing ceramic shell molds for casting parts under investment pattern to the West German firm “Schubert and Sulzer”. The rights to using the technology and their prescription composition were transferred to the firm and special facilities for preparation of mixtures were delivered to it.

The license for technology of underground gasification of coal was sold to the American firm “Texas Utilities”.

Apart from the usual terms and conditions, the license agreement with the Italian firm “Montedison” on transferring to it a method of manufacturing of polycarbonates provided
joint development with the Soviet experts of the progressive technological process, which significantly improved the capacity of the setting in our country. It is an indicative and very characteristic fact illustrating positive effect of exporting licenses to accelerate the progress in the country of the licensor (contrary to the different popular belief).

The technology of applying titanium nitride on cutting tools, which had been specially modified for mastering that particular process, was sold to the American company “Multi Arc Vacuum Systems”. To work in Europe the company created a branch in Germany, expanded the nomenclature and standard sizes of the work pieces. In other words, the Russian technology was of extensive use.

By 1971—1973 the foreign exchange receipts from the sale of licenses for the Soviet inventions and technological innovations had increased more than three times as compared to 1966—1970. In those years some large-scale licenses were sold to firms of the USA, Germany and Japan: on technology of evaporative cooling of blast furnaces, dry coke-quenching installation, a pouring practice of aluminum and copper in a magnetic field, on underground coal gasification and the hydraulic method of coal mining. Licenses to install vertical continuous-casting and then horizontal continuous-casting machines for getting work pieces of round and square section; licenses for the building material “steklopor” as well as those for ophthalmic medicated films, healthcare products kermipolitsin, etmozin, nonahlazin and other developments on medical products, were sold to the USA, Spain, Japan and other countries in 1978.

Due to the growth of selling know-how (based on various licenses), in the USSR there were effected favorable conditions for expanding export of services of “engineering” kind, more effective implementation of modern technologies, an exchange of the newest technical knowledge and advanced experience with the foreign partners.

Export of services of “engineering” kind was carried out by foreign trade organizations, both in large projects and under sep-
arate licenses. Rendering such services, for example, was stipulated in the agreements of “Licensintorg” with the Italian company “Nuovo Pignone” on manufacturing multiphase weaving machines, with the company “Kleckner Humbold Deutz” (Germany) — on a method of processing ore-bearing heavy metals. The agreement between “Licensintorg” and the company “Sumitomo Shoji Kaisha” (Japan) on a system of pipeline container pneumotransport included, apart from transferring to the company of appropriate patent rights, the know-how and technical assistance as the implementation by the Soviet side of the installation project for the transportation of bulk materials and household waste through a single pipeline system. About one hundred (!) Soviet inventions were used in that project.

Services of “engineering” kind were offered, as a matter of fact, in accordance with the agreement on a new effective method of cooling of the blast furnaces, signed with the firm “Nippon Steel” (Japan), because apart from transferring the know-how on construction of Soviet refrigerating plates, assistance in realization of the project of building and assembly works, drafting and, finally, in training of the personnel to service the new blast furnace in the city of Nagoya was granted for the licensee.

Certain prospects for extending the scope of services of “engineering” kind also emerged on account of the establishment of mixed engineering societies using the licenses for Soviet inventions. These societies carried out (in addition to designing of objects abroad) coordination of Soviet engineering solutions with the partners’ requirements.

The creation of joint companies in the West contributed to the expansion of business contacts and commercial opportunities. Thus, the Italian joint stock company “Teknikon” founded in 1977, developed several projects in the field of ferrous and non-ferrous metallurgy, based on Soviet licenses. In particular, this company developed technical project and commercial proposal for the construction of power complex with the use of Soviet turbine generating units for blast furnace of metallurgical plant in the city of Taranto. For metallurgical plant in Tubarao, (Brazil), “Teknikon” developed the project, prepared working drawings
and exercised a designer supervision of constructing dry coke-quenching installation. Along with this “Teknikon” carried out selling of Soviet licenses in the Italian market, acting as an agent of “Licensintorg”. West German firm “Tehnounion” (Essen), also created in conjunction with “Licensintorg” was bringing into effect joint projects on the basis of Soviet scientific and technical solutions.

Among the first high-tech export transactions of that kind there were licenses for a turbo-drill for oil-well drilling; Soviet vascular staplers; installations for continuous casting of steel. Earlier, before the creation of “Licensintorg”, the selling of licenses was carried out by various foreign trade organizations, according to their commodity specialization.

Since the year of 1962, the export of all pure licenses, i.e. with minimum volume of the associated equipment and the overwhelming volume of their import was carried by “Licensintorg”. The trade in licenses became an independent fast growing sector of the Soviet foreign trade. Methodical instructions of calculating prices of licenses were worked out, the staff was trained, and substantial experience was gained.

The trade in licenses differs from classical barter. Bernard Shaw said: “If you exchange apples, each of you will still have one. But if you exchange ideas, each of you will have twice more”.

There was an allowing procedure of selling and purchasing of the licenses in the USSR, which implied that without positive decision of the state, represented by the State Committee for Science and Technology of the USSR and the State Committee of Inventions and Discoveries of the USSR no license could be sold abroad or bought from any country. Before taking a decision on exporting license, the invention underwent patenting procedure in the State Committee of Inventions and Discoveries of the USSR no license could be sold abroad or bought from any country. Before taking a decision on exporting license, the invention underwent patenting procedure in the State Committee of Inventions and Discoveries. Annual currency allocations for registration maintenance of patents (within the framework of the Paris Convention) were required. They were earmarked as a separate item purposeful for licenses to be exported until the decision to withdraw from the patenting of inventions was taken. This procedure allowed regulating trade in licenses throughout the country, to carry out effective
control over purchasing and selling rights for using inventions, to improve the commercial viability of such operations since experienced specialists, professionally trained in the field of intellectual property participated in these affairs.

The branch ministries, some prime research and manufacturing organizations and research institutes made proposals for the sale and the purchase of licenses. Of course, the conclusion of the Ministry of Foreign Trade predefined the decision. Any solution required examining both licenses intended for selling and those to be purchased. Firmly established in the international market as a major exporter and importer of licenses, "Licensintorg” had steady and mutually beneficial commercial relations with companies from over 40 countries. The vast majority of the inventions offered by the trade organization for export had been proven and already implemented in industrial production developments.

Some works of E.O. Paton Institute of electric welding, such as electroslag remelting process and electroslag molding of metal, plasma-arc remelting, flux cored wires for welding and other inventions acquired worldwide reputation and licenses for them were sold in many countries.

Central Research Institute of the ferrous metallurgy which developed new processes and settings for producing iron, steel and rolled products, created the world’s first installation of continuous casting of steel. Selling licenses for the production of such aggregates was one of the first major deals concluded by “Licensintorg”.

The objects of the license agreements were high production cold-rolling mills, developed by Research Institute of Metallurgical Engineering.

Over 10 licensing agreements on technology of manufacturing casting molds and cores made of liquid self-hardening mixtures, developed by Central Research Institute of mechanical engineering technology, were concluded for selling.

Another innovation consisted in concluding agreements on both the use of the object of license, and on further improvements
of a new process or a machine. Such contracts were concluded by the trade organization with two Italian companies: “Montedison” — for manufacturing polycarbonates, and with “Nuovo Pignone” — for multiphase weaving machine. It enabled us to share new products throughout the period of validity of the agreement, and thus, to save with the partner leading positions as to the object of the license.

The Soviet technologies were highly appreciated in the world market. Even in those areas where the Western countries traditionally had a leading position, the Soviet Union could make an offer. For example, the French company “Moet Enesy”, producing the famous champagne, bought a technology of champagnization in continuous flow, which reduced the production cycle from three years to four weeks. Doing credit to the French, they were able to overcome the barrier of excellence for the sake of business interests, and successfully cooperated with us.

“Licensintorg” actively acted in the markets of many developed countries (almost exclusively) as a buyer of licenses in various fields of science and technology. Licenses purchased in the USA, Germany, Italy, Japan were successfully applied in many branches of economy of the Soviet Union. Among the licensors of the trade organization there were the well-known American corporations — “General Motors”, “Robertson”, “AMI”, “Townsend”, whose licenses for the technology of production high pressure sodium lamps, the technology of making paints for painting rolled metal, etc., were bought. Many licenses to be used at the Volga Automobile Plant, as well as licenses for electrical engineering, printing, pharmaceuticals were purchased in Italy. Among the licensors in Germany we could indicate “Siemens AG”, “M.A.N.”, “Robert Bosch”, “Henkel”, “Winter und Sohn”, “Schubert und Salzer”, etc.

It should be said that as world experience of 1960—1980s had evidenced (we have already mentioned it), at purchasing a license the quality of products manufactured under the license by a licensee used to reach around 80% of a licensor. The quality of licensed products, especially if it comes with a trade mark of the licensor was a subject of a special control from the seller of the
license at all stages of a technological chain. The licensor had the right to monitor the technological process at any time — without the prior notification to licensee’s staff. For inadequacy in quality of products manufactured under the license (in respect to technological conditions) the licensee may be deprived of the right to its further production. Thus, the license for the production of cigarettes “Marlboro” was withdrawn from Russian utilization because of low quality of tobacco cultivated in Moldova (“Barley” variety).

The plant for manufacturing soft drink “Pepsi—Cola” in Novorossiysk was temporarily discontinued due to serious violations of production schedules. The firm “Adidas” constantly monitored technological mode of production of sneakers and quality output, being anxious for promoting its acknowledged brand image.

An important role in the development of trade in licenses with the companies of developed capitalist countries belonged to the intergovernmental agreements on trade, economic, industrial, scientific and technical cooperation. Agreements signed by the Soviet Union with many western countries — Austria, Germany, UK, the USA, France, Finland, Italy and other countries — provided for extension of a mutual commercial exchange of patents and licenses, advanced equipment and technology. Provisions of the Final Act of the Conference on Security and Cooperation in Europe in respect of license exchange were an important reason for the development of international technological exchange with the West.

Speaking about the new forms of foreign trade there should be noted agreements on production cooperation on a long-term and balanced basis establishing productive relationship between the partners in the process of creating a new product. Its ultimate goal was the adjustment of mutually advantageous sale of cooperated production. The copartners created or developed the capacity to implement the terms of the agreement. The production cooperation, as a rule, was carried out on the basis of scientific and technical decisions of one of the partners; therefore, its implementation was associated with a certain unification of the applied technology, accessories, available means of production and test equipment for both of the partners.
Any form of production cooperation provided for in some way transfer of scientific and technical knowledge, modes of which were varied: collaborative research, dispatching of experts, staff training, rendering of technical assistance, including supply of necessary means of production and control.

The cooperative agreements between socialist and developed countries provided for different forms of technology transfer. Almost 59% of all agreements included training of staff and rendering of technical assistance, 19% — transferring of technical documentation, 28% — sale of equipment, 16% — various combinations of these forms.

The agreements on production cooperation reduced duration of preparation for manufacturing new types of produce on average by 1, 5—2 years in comparison with making it with its own forces; preproduction costs were reduced by 50—70% and 93—98% of the quality level of production of the foreign partner was achieved, whereas self-sufficient mastering of production of import technologies secured only 70—80% of this level.

In the 1970s in the East-West relations the most widespread form of production cooperation was co-production. The agreements on coproduction and specialization often stipulated also joint actions in marketing and legal protection of industrial property. This form of cooperation related to 20% of the USSR agreements on industrial cooperation with developed countries. An agreement of “Licensintorg” with the French companies “Thomson—TSSF” and “SFIM” on co-creation of perspective flight and navigation complex with Tupolev development design office was a typical example of such cooperation. The agreements were concluded at the stage of of starting construction of the equipment, i.e. by the time of practical realization of the idea. As a result of teamwork of Soviet and French experts the samples of the flight and navigation complex and also ground-based systems of its programming and service were created and tested. Demonstration of a new complex on the TU 154 at Le Bourget in 1979 aroused great interest of experts and confirmed the correctness of the chosen concept of constructing a future product.
The “Treaty on Co-production and Cooperative Marketing” of machines “Shtrek-1” between “Licensintorg” (manufacturer — the Ministry of Coal Industry of the USSR) and the company of FRG “Maschinenfabrik Scharf GmbH” was a typical example of cooperation based on domestic scientific and technological solutions.

Research Institute of the Ministry of Coal Industry of the USSR (based near Moscow) had developed machine “Sh-trek-1”, designed for integrated mechanization of work in coal mines. It was shown for the first time at the exhibition “Ugol-75” in Donetsk and evoked a great interest. Foreign companies wished either to purchase these machines in the USSR, or to produce them under Soviet licenses.

In 1979, “Licensintorg” signed a treaty with a German firm providing for finalizing design of the machine “Shtrek-1” under hydraulics and electrical components of West German manufacture, and also for completion of domestic machines with these components both for export to Germany, and for sale in the domestic market. The treaty defined the commodity markets of the object of cooperation as well as the order of training of technitians, etc. The cooperation allowed the West German partner to apply unique installation which did not have analogs in the market and had not been known earlier by West mine owners. At the same time the firm compensated a part of production costs by deliveries of specialized products for export.

Since 1977, there had been a contract between “Licensintorg” and the firm “Shtetter” (FRG) for co-production and sale of mobile concrete pumps. Chosen as the object of cooperation mobile concrete pump of the firm “Shtetter” was of high performance (80 cubic meters. per hour), of advanced design and technology. The license agreement stipulated transfer of technical documentation, patent rights and know-how to the Soviet side. The cooperated production was assanged on the basis of mutual deliveries of assembly units and details which were listed in special supplements to the contract. As required, the list of assembly units
and details could be adjusted, and commercial contracts for the mutual deliveries of parts were concluded annually. The duration of the contract was five years with the right of its prolongation by partner’s consent. A new model of mobile concrete pump was produced on the basis of mutual deliveries, which was unified and suitable for installation on chassis of both Soviet and other trucks. The organization of production of mobile concrete pumps of high efficiency in the USSR demanded that new design and technological decisions should be introduced in all technological chain: the mobile assembly unit for concrete preparation — concrete mixer truck — mobile concrete pump.

In summary, we should note that production cooperation on balanced deliveries with the companies of Germany allowed our builders to make a breakthrough and, in some areas, to eliminate the backlog of 20—30 years practically without any expenses. The positive attitude of workers who showed themselves able to work as “equals” with the German partners was no less important.

At the beginning of 1977, “Licensintorg” signed an agreement with Japanese firm “Aida” on the production of eight modules of sheet-metal presses with pressure force from 100 to 200 tons. This allowed the domestic industry to introduce innovative methods of forming, to reduce metal consumption, improve product quality and to reduce the use of manual labor by 2.5 times. Simultaneously with signing of the agreement, the parties decided to arrange co-operative production of presses by mutual deliveries of units and details on a balanced basis. The Soviet side delivered metal parts to the press, and our foreign partner (“Aida”) — component parts for the production of presses under licenses (pneumatics, hydraulics, electrical equipment, etc.). Such cooperation considerably reduced the implementation periods in production of innovative types of presses. Moreover, the cooperation helped to improve structure and to expand volume of the Soviet exports to Japan. According to the agreement, the USSR carried out deliveries to Japan of fabricated assemblies and mechanical equipment instead of exporting castings. Unfortunately, before the collapse of the country, this innovation did not manage to win general recognition.
A few words should be said about such form of foreign economic relations, as leasing. Foreign trade became an important branch of national economy; there were searches for new export-oriented forms, responding to the requirements of foreign markets. The Deputy Minister of Foreign Trade, V.I. Vorontsov (1987—1991), and the Department Head of the Ministry of Foreign Trade, J.P. Ledentsov (1986—1991) told about practice of using the work of the all-union trade organizations, delivering machinery and equipment for export on the terms, having been a pre-image of leasing operations.

At the time of N.S. Patolichev’s work in the Ministry of Foreign Trade, there was no legislative definition of “leasing”, however, such form of operations started to be applied really since 1965. At that time the trade organization “Mashinoexport”, which had been headed by V.I. Vorontsov for many years, concluded with a British company a contract for delivery of building cranes and excavators on consignment on non-refundable basis for a period of five years. The same terms and conditions were fixed in the contract of another organization —“Traktoroexport” with the same firm for delivery of bulldozers and other road-building equipment. “Autoexport” delivered cars to French firm “Jacques Poch and C.” under leasing terms. So, it was the first time when a prototype of leasing appeared in the work of engineering export organizations.

The methods of the firm “Jacques Poch and Co” deserve to be recalled. A noticeable growth of the share of machinesy and equipment in the Soviet exports to France took place during the period of 1970s — the beginning of 1980s.

These were the years when Soviet tractors and other farm equipment such as sprayers, organic fertilizer sprayer, were exported to this country by hundreds of units. At the same time, our domestic refrigerators were delivered to France by dozens of thousands. As a result of the cooperative production on the basis of Soviet mechanisms and French cases, ladies’ and men’s watches moved ahead on the market due to a mixed capital company “Slava”. Our metal turning lathes were in demand as well.
We have to say about the delivery of a heavy press to an engineering company located in the department Pyui-de-Dome; President of the French republic Valery Giscard d’Estaing came to the ceremony on putting it into operation! Hull elements of well-known “Mirage” aircraft were molded on this press.

However, it is necessary to mention in greater details such export item of our mechanical and technical export to France, as the cars, produced at the Volzhskiy motor plant in Togliatti.

As the prospering French companies “Renaults”, “Peugeot”, “Citroen” prevailed at the national market, the all-union organization “Avtoexport” was promoting on the frankly spoiled French market up to 30 thousand of our “Lada” and “Niva” annually.

The family-owned company “Jacques Poch and Co” was our agent for their selling. Pre-sales center was located in a small town of Agno (neighbors, the Germans persistently called it “differently” — Hagenau) thirty kilometers north off Strasbourg, close to two railway shunting branches belonging to (as property) Jacques Poch and his son. Moreover, two or three times a year upon the occurrence of an emergency Jacques Poch leased these railway branches out for a week to the French military department.

The cars “Lada” and “Niva” were bought by our agent on his own account. The competent price policy, flexible inventive forms of payment in installments of cars sold to students and other “persons with modest incomes”, — in other words, leasing, unusual advertising campaigns on appearance of new models, an incredibly quirky and effective opposition to the Brussels bureaucrats in their rare attempts to initiate anti-dumping procedure (Jacques Poch, we should note, was the president of the European association of car importers) — all this allowed the talented Frenchman to run business on the promotion of our cars on the French market successfully. Our “Niva” was in great demand: buyers — fans of “Niva” were ready to wait for up to two months in a “waiting list”.

At the same time, there was a massive campaign of promoting of the 8th model of “Lada”. Jacques Poch “mobilized” a dozen journalists from the leading mass media, writing on car topics, and he arranged a five-day rally on “hexagon” perimeter (so on
a slang the territory of France without Corsica and overseas departments and territories is named) with the finish — a dinner at the restaurant “Pavillon Armenonville” in Boulogne wood, laid for two hundred persons. Under the napkin everyone could find original lottery tickets in the sealed envelopes. Two “lucky beggars” received “Lada” of the 8th model as a prize.

The monograph “Economy and foreign economic relations of the USSR” (V. Malkevich, I. Ustinov, etc.) published in 1989 also mentioned already existing practice of leasing equipment as part of broader agreements on services, mainly in construction. Besides, road-building, agricultural equipment, VAZ automobiles were rented and transactions on machine time sale by the mixed companies (leasing) were concluded; “Sovrybflot” and “Sovkomflot” leased vessels of merchant fleet and fishing industry of the USSR to foreign firms and organizations.

In some cases, for carrying out of geological prospecting and exploratory operations as well as for construction or installation of complete equipment from the Soviet Union, the technology leased to organizations in the country of the customer was used. When constructing on the contract conditions the supplier was obliged to provide construction with the necessary equipment and materials, project design documents and with workforce.

Despite imperfection of the legislation on leasing operations, and the novelty of the concept of “leasing”, under Nikolay Semyonovich heading Foreign Trade Ministry, the principals of foreign trade organizations resorted to leasing transactions owing to their inevitable technological “embeddedness” in the complex contracts. Forms of the involvement of the equipment were various: the delivery to a consignment warehouse, for temporary use, for servicing finishing works on the object or for its repair/maintenance, etc.

In other words, the practice of non-standard terms of deliveries to foreign markets of domestic machinery and equipment (25—30 years prior to the appearance in the Russian professional usage of the term “leasing”) had been a substantial source of foreign exchange earnings to the country.
New progressive forms of cooperation, actively implemented by talented, enthusiasts — foreign trade employees in coordination with the markets of the West, unquestionably synchronized the development of the domestic economy with the tendencies and the rhythms of world economy and broadened the basis for multilateral cooperation on a global scale.
The war and the first post-war years showed that even large and diversified Soviet economy could not be completely self-sufficient. The Soviet Union was getting more and more involved in the international labor specialization, and not only within the limits of socialist commonwealth, but also beyond it. One was pushed to it, first of all, by scientific and technical revolution to which any autarchy was contradictory, whereas trade allowed the Soviet Union in many aspects to split up resisting “camp of cold war”, proving harmful effect and hopelessness of the West trade policy. Under these complicated conditions the task of contractual legal provision of foreign trade of the USSR taking into account its state monopoly and opposing to the discriminator policy of the West required a stable solution.

The realization of this task, in its turn, went on stage by stage, concentrating firstly on creation and working out bilateral trading agreements of the USSR with the largest commercial powers of the world. Then transition to multilateral diplomacy in the world took place, in which globalization trends of the world economic ties gained in strength. N.S.Patolichev had the most direct relation to both these stages, optimizing country’s foreign trade policy with reference to bilateral, and later to multilateral vectors of developing interstate relations.

By N.S. Patolichev appointment to the MFT the system of bilateral international trade contracts and agreements of the USSR had already been organized in many aspects, which was a doubtless success of Soviet diplomacy. However, Nikolay Semyonovich from the very beginning firmly adhered to a line that the contractual tools directly working on country’s interests were needed, instead of hollow diplomatic achievements. Even the most favorable formulations of these contracts demanded practical filling and accepted precedents, as well as understanding and support from business partners and world community.

Contractual Tools of the Foreign Trade. GATT and WTO
For that reason at the initiative of the minister and his closest adherents the formal, legal base of these contractual tools began to “be grounded” actively on concrete actions programs, new forms and barter mechanisms and also on organic merge of country’s foreign economic policy with its general international policy.

In this regard such trade and political innovations can be mentioned as acceptance of quantitative objectives and prospects of the foreign trade with certain countries, giving to business of both parties long-term confidence in the future; the compensation agreements on the basis of which a considerable part of the export sector of Russia began to work, development of marketing network abroad for realization and servicing of our machinery and equipment export (its share in total export of the country in 1970s was four times higher than at the present) refer to such tools. However, the network that serviced foreign trade operations and embraced about 400 foreign, Soviet and joint enterprises abroad, was almost entirely lost during the so-called “reforms”.

And now we are approaching the main issue. These transformations were caused by the logic of market relations development and were accompanied by the adequate qualitative gains of the Soviet suppliers. Firstly, the skeleton of the professionals in respect of market economy in practice was generated in the country, instead of those undergone Harvard courses or theories of western management (reformers of 1990 didn’t need this experience for some reason).

Secondly, we succeeded in forming abroad favourable to the Soviet Union authoritative lobby of the public and business circles, interested in mutual cooperation (which was lost up to now). Thirdly, we succeeded in creating a circle of reliable trading partners in emerging developing countries, having assured the access to their resources (on non-currency basis) through technical help and capital construction (the area, where, most likely, we are starting from zero point now).

It is characteristic that all it was objectively reached, despite the official doctrines about “disintegration of the indivisible world market” and “secondary importance” for us of capitalist market, though at that time it was in essence adequate to the world. But
the undertaken innovative actions allowed strengthening international and economic position of the USSR significantly. Without loud declarations we succeed in decomposing — the hostile to us front of cold war manoeuvering among discrimination barriers and supporting political decolonization with economic activities (construction of the Asuan dam in Egypt, creation of national metallurgy in India etc.). As to Germany and Japan normalization of relations with them in general started directly with trade.

The CMEA countries received considerable advantages from all it, when along with planned targets on goods turnover some new, creative forms of co-operation also found their implementation. Specialization, cooperation, outsourcing, direct communication between enterprises and still now working major infrastructural projects refer to them. It certainly raised overall performance of the CMEA and of number of the preconditions of cooperation put in those years undergo a sort of reincarnation even now, when “euroscepticism” is growing in the countries of Central and Eastern Europe, which willingly accepted their absorption by the European Union. Though, as we see now, it turned out to be “love without pleasure”.

Nikolay Semyonovich succeeded in finding forms of business ties between the foreign trade organizations and domestic enterprises — the exporters as well as the importers. Apart from the membership in intergovernmental mixed commissions created for realization of trading contracts, our business began receiving certain stimulus and privileges in respect of export supplies and selection of purchased goods and technologies.

The above said in many respects explains also a muted response of the Soviet Union to the General agreement on tariffs and trade (GATT). Though it was based on free trade principles, this agreement could hardly be the guarantor of our equitable presence in the world market. Firstly, from the very beginning it wasn’t universal in membership and competence, without being United Nations’ body, and couldn’t be considered in any way as a variant of the international trading organization about what it was initially said. Secondly, claiming for a role of a uniform legal field for the international goods exchange, the GATT didn’t con-
sider the striking post-war differences in resources of its members. In practice it was created for unhindered access by the USA and other strong countries of the West to the markets of developing countries without real reciprocity. Thirdly, the GATT put out of the law the basic forms of participation of countries in foreign trade, discriminating them, what such primary members of the GATT as Chechoslovakia and Cuba felt on themselves.

Therefore the policy of close monitoring of GATT’s activity conducted at this stage under N.S. Patolichev, was quite proved. The emphasis was placed on real gaining of those benefits, which the USSR could receive through most favored nation principle in trade contracts with the GATT member countries from liberalization of world trade under this Agreement.

Such position, however, was not always fair. The USSR had even more often to reckon with that for effective protection of its interests in the world since the built system of bilateral relations became already insufficient. Large orders began to be carried out by consortiums of countries; earlier national firms-partners had grown into transnational corporations and, finally, the world trade policy was formed more and more not by summation of bilateral precedents, but rather on multilateral basis and unfortunately without our participation.

The creation by the Ministry of Foreign Trade of the Administration of international economic organizations (UMEO) within its structure, which was headed later by talented organizer and specialist M.S.Pankin was the response to it. He was conversant in what we call now multilateral economic diplomacy. And having in mind our country’s interests our relation to existing institutes was targeted not on some imperative forms of interaction with the GATT, but on the creation of conceptual analog in the UN system.

From the perspective of nowadays expediency of such choice can be argued, which veterans of foreign trade often do in their circles. However taking into account the historical specificity of that period it is difficult to pick up arguments against the position which N.S. Patolichev and his collegues (Deputy Minister P.N. Kumykin, Director of the All-Russian Market Research In-
stitute (VNIKI) N.V. Orlov, Head of Administration of international economic organizations (UMEO) K.G. Tretjakov and later M.S. Pankin) adhered to. The point was, that the Ministry of Foreign Trade protected the interests of the socialist countries with state-planned economy, for which there was simply no place in the accented “market” within GATT. The GATT remained a “not universal” agreement and not fully legitimate organization, inclusive of about half of the UN member countries. Growing service sphere, international flows of capitals, multinational corporations’ activity, thorny questions of international commodity trade, trade exchange proportions, development of the young countries etc. were beyond its competence. In its turn, the United Nations even under the littleness of its economic authority did more often interfere with world trade problems, seizing from GATT the initiative of regulating them on more universal and democratic base. The sentiments in the developing countries as well as the initiate process of economic decolonization and the “North-South” conflict also worked for the benefit of such choice. “Principles on which GATT is based, — declared in the UN a delegate from Brazil, in particular, — can’t serve the purposes of using trade as a development tool”, and such attitudes were spreading fast.

Therefore in May, 1962 the head of the Soviet government N.S. Khrushchev proposed convocation of the International conference of the United Nations on problems of the trade, targeted at the foundation of International trade organization (ITO), including all countries of the world without any discrimination. In 1963 the memorandum prepared by the Ministry of Foreign Trade of what particularly Soviet Union saw in International trading organization, was circulated in the United Nations, and in spring 1964 United Nations Conference on Trade and Development gathered in Geneva. Following the results of preparatory work it was transformed to permanently acting United Nations' body on the given problems with universal participation of all its member countries. The socialist countries gathered in Geneva together with there formed “Group-77” composed of developing counties, played major role in it. Subsequently it became their collective voice in all international organizations. As a basis of activity of United
Nations Conference on Trade and Development (UNCTAD) the overwhelming majority of votes put the principles, proclaimed in the performance program by N.S. Patolichev. They were put forward as a resolution of Conference by delegations of the USSR, Poland and Czechoslovakia and reflected a principle of respect of sovereign equality of the countries and self-determination of nations, non-interference to internal affairs, inadmissibility of discrimination, irrespective of distinction in social and economic systems, observance of mutual advantage and most favored nation treatment taking into account interests of developing countries. In UNCTAD Council developed countries got only $\frac{1}{3}$ of votes which excluded their domination or dictatorship.

The turn which the West got in Geneva in 1964, can be illustrated by the confidential demarche (only now it is allowed to tell about it) before delegation of the USSR with the offer to accept our country in the GATT immediately and without any conditions, if we had refused of the foundation of UNCTAD. However Nikolay Semyonovich didn’t agree to this speculative exchange and on prepared for us in the GATT “suffocation by means of embraces”. The GATT and UNCTAD entered an era of their competitive existence.

It is could be again argued on to what party this competition historically played, but it is a well-known fact that soon GATT expanded its competence and included to the charter the special chapter on preferences for development. As to the Soviet Union with all weak places of the United Nations which came to light later, UNCTAD became for it not just an anti-imperialist tribune, but thanks to N.S.Patolichev’s wisdom a source of some obvious trade and economic advantages.

Certainly, the developing countries — “Group-77” quite often acted there with maximalist claims, also addressing them “to all rich”, including the socialist countries. But it was the contacts with that group that encouraged more and more developing countries to trade with our country under the creation of favorable conditions for Soviet export in them, and promoted the support of the initiatives which could hardly have been obtained in the United Nations with less substantive support. So, within the
PART I. Ministry of Foreign Trade in 1958–1985

limits of UNCTAD the system of tariff preferences for finished products of developing countries and countries with transitive economy was developed, which Russia has been using up to now. There also the Code of the linear sea navigation was accepted, which allowed the Soviet merchant marine fleet to come out to many earlier monopolized lines, as well as a number of documents on industrial property protection, the Code of struggle against restrictive business practices and also a number of commodity (stabilization) agreements etc. were concluded.

It should be mentioned especially on the international commodity agreements (on wheat, tin, coffee, cocoa, lead and zinc, nickel, sugar, rubber, olive oil, textile fibers, iron ore). Many of them directly referred to the basic goods of the USSR (exported and imported) and hence the trading balance and balance of payment directly depended on the stability of their markets and price levels. While pooling efforts of main exporters and importers, they were based either on quoting export (import) of the given goods depending on market situation, or on creating “buffer stocks” for stabilization interventions in the market at exceeding of the agreed price ranges. In some cases commodity agreements also carried unessential, consulting character, but their effect for foreign trade could hardly be overestimated. In particular, because of the agreements our country obviously won on importing tin, rubber, wheat, cocoa, coffee and on exporting nickel, lead and zinc, sugar. So, at that time the Soviet Union was the second exporter of sugar in the world with a 1,1 million tons quota, and growth under the agreement of the world price of sugar brought in the treasury additional dozens of million dollars.

Multilateral economic diplomacy was implemented by N.S. Patolichev in many directions merging together — for reorganization of the international economic relations on the basis of fair and democratic principles, for liquidation of all forms of discrimination. These principles were fixed in such documents of the United Nations initiated through UNCTAD, as the Declaration

It is necessary to underline especially that Nikolay Semyonovich always used to work out thoroughly his program statements at plenaries of international forums. These were speeches filled with reality, accessible to everyone, visually and convincingly explaining positions and interests of the country, tracing frameworks of real agreements. They couldn’t be ignored even by ill-wishers. “Perhaps, surprisingly, — “Financial Times” wrote, — London and Washington began to treat the UNCTAD within the United Nations’ framework with due respect”.

It is also important, that he didn’t neglect personal negotiations with representatives of countries, groups of countries, while giving at the same time-certain freedom of maneuver and initiative to Soviet delegation members. As for the World Trade Organization, it was founded on the basis of the GATT only 10 years later after Nikolay Semyonovich had left the Ministry. Nobody denies that exactly the concept of the UNCTAD had forced leaders of the GATT to conduct the necessary readjustment of old GATT-48 to GATT-94 although the WTO, hasn’t solved contradictions in international trade till now, about which the painful delay of decisions in frameworks of the “Doha round” testifies.

As for the question why our country had not entered the GATT (the WTO) earlier, one can mention that under the different social and economic structure it was either impossible or capitulary for us. In 1988 our country received the observer status in the WTO. And now, after the long and thorough accommodation of Russia’s entry in WTO, the country has become a member of that organization.
Consistently and purposefully the new Foreign Trade Minister took up for solving economic priorities — whether development of export base, of related infrastructure or validity of necessary purchases.

But the first tasks he had to face were overcoming of dependence of the USSR on foreign shipping companies, on restrictions on ship charters existing at that time and also for creation of our own powerful trading fleet. By the way, the transport component in our export was traditionally very large: at cost equality of export and import of the country the weight of the exported goods exceeded the weight of the imported ones by 6—9 times. Therefore it was extremely important to achieve economy of foreign exchange on the freight.

Moreover, the significance of increase in transport for foreign trade efficiency was determined mainly by the fact that over 90% of its distribution costs referred to transportation expenses. They included costs for carrying cargoes, their unloading, storage and transport-forwarding services.

Among the factors cutting down expenses on transportation, the most important are the enhancement of material base of transport, improvement of operation of vehicles, rational transportation schemes, more effective distribution of cargo flows between certain types of transport, — in other words, everything that is a prerogative of logistics (that was just appearing then). At the initiative of the Ministry of foreign trade and personally of N.S. Patolichev the program of modernization of the Soviet marine trade fleet (1964) was implemented after the Caribbean crisis.

Nikolay Semyonovich wrote about it in his memoirs:

“In 1960 under pressure of the State department the American oil monopolies have refused to deliver to revolutionary Cuba oil and oil products. The Soviet Union went to aid. The first Cuban delegation headed by Nunjes Hímenes arrived in Moscow.
I remember meeting them at Sheremetyevo airport late at night... The agreement between the USSR and Cuba was signed on June 18th, 1960. We have undertaken the obligation to satisfy completely the requirements of Cuba for oil and oil products in the volume of 4.5 million tons per year.

But here is a problem: there are over ten thousand kilometers from our Black Sea ports to Cuba, and we did not have enough of sea-crafts for transportation of oil and oil products. Certainly, Americans knew well about it. And ship-owner companies which would rent their boats for the transportation of the Soviet oil to Cuba would be brought in “black list”, their ships were forbidden to come into ports of the USA and they would not be allowed to transport American cargoes any more.

For that time it was a very serious decision. Actually the blockade extended not only on Cuba, but also on the Soviet Union having decided to help it. Our shipping organization “Sovfracht” was going to start negotiations on chartering tankers. And here under the threat of “black list” Greek firm “Chandris” and Swedish “Stig Gortok” withdrew the offers, Italian “Tankerflot” refused from already concluded contract, and firms less dependent on the American monopolies — such as French “Kalmar Kargotank” and Italian “Galisko”, though did not refuse directly, but took waiting attitude.

Here such situation existed with our agreement with Cuba. And by the way, at this time capitalist shipping companies had 300 lied up bulk-oil tankers with total load-carrying capacity of more than 5 million tons.

What is a solution? It is necessary to search how to break through the American blockade. After all we deal with the world of capital. It already knows us, but also we know it, we know its force and its weaknesses. We know it thirsts for profit.

We had to find a weak spot in the blockade of Cuba and we did find it. The British firm “London and Overseas Freighters”, apparently judged that in the arose situation “these Russians” were forced to make concessions, and suggested to conclude a long-term, four-year contract for all 17 tankers, which the company possessed, with total tonnage of about 300 thousand tons, that provided possibility of transportation up to 3 million tons per year.
Thus, the problem of supply to Cuba was thereby almost solved. But the prices for the freight were high.

And here our trade representative in London reported by phone that the president of the shipping company was in the Trade representation. He was pressing us. Either we sign the contract now, or he is leaving, and all is terminated with this offer. Premeditation of the president of the company was clear: we were in a really difficult situation and this pressure was giving him chance for success. I asked to wait a little and went together with the assistants to Mikoyan to confirm the issue; after all it was quite significant money.

Just arrived at the Kremlin, we entered to the chamber of Anastas Ivanovich, we got another call from London, very disturbing: “Either it is signed now, or he is leaving and won’t wait any more. But Mikoyan was having an important meeting in his study.

What’s to be done? Then I, the Foreign Trade Minister of the USSR, took the responsibility and instructed to sign the agreement with the British firm. Deputy Ministers agreed with this decision.

At that moment the meeting came to an end, and A. Mikoyan invited us for the report. But what could we report? The decision we had to make independently, without his authorization?

The whole capitalist world learnt about the agreement very soon. The blockade was broken through, all ship-owners’ firms being in eager rivalry started to offer the services trying to outdo each other, and the problem of deliveries of oil to Cuba was solved. But, as always, the decision of one problem caused others to life. The American oil monopolies “Shell”, “Exxon”, “Texako” had refused to refine the Soviet oil at their Cuban enterprises and then the government of Cuba started their nationalization.

Accurate accomplishment of all obligations taken by the Ministry of Foreign Trade of the USSR was an immutable principle of our foreign trade policy and always ensured the enhancement of our international standing, promoted strengthening of trade relations, cause of peace and the international safety.

At the same time blockade of Cuba by the USA and experience of overcoming barriers have shown us that the country is still absolutely not ready to carry serious foreign trade, even if we had goods for such trade. We didn’t have enough sea-crafts for this quantity
and consequently were dependent on the foreign shipping companies. The growing weight of the USSR, of other socialist countries in world economy required liquidation of this “bottleneck”. Along with building of marine trade fleet on our shipyards we involved in this work tens of ship-building enterprises of socialist and developed countries. For these years as the Foreign Trade Minister, I visited shipyards of Japan, Finland, Italy, England, Sweden, Norway, Austria, Yugoslavia, GDR, Poland, Bulgaria and many others. Within the shortest terms the powerful marine and river fleets of the USSR were created. Otherwise foreign trade could not contribute in development of production forces of the country”.

As a result of N.S. Patolichev activity the marine trade fleet of the Soviet Union by the middle of 1960s had reached to 11.4 million register gross tons and the problem of redundant dependence on foreign transport operators had been solved. If in late 1950s the share of the Soviet ships in the foreign trade transportations of the country was low, by the middle of 1970s it reached 60%, and besides transportation of the international cargoes of the third countries increased by 2.3 times. The marine trade fleet of the USSR has replenished by modern diesels-electric ships and specialized steam-ships (tankers, timber carrying vessels, ore carriers, bananas carriers, ships of “ro-ro” type and universal type) and became the sixth in the world (in 1975 — 2,678 crafts of 18.7 million tons deadweight — 4, 3% of the world tonnage; in 1986 — 2,822 crafts of 21.2 million tons deadweight).

The development of the domestic tonnage of marine fleet was accompanied by modernization of ports, growth of mechanized load-unload of cargoes and work organization improvement. As a result due to implementation of a considerable quantity of cranes, transporters and other types of equipment the complex mechanization on the Soviet transport considerably increased.

With expansion of the geography area of foreign trade of the country the role of marine transport increased — for quarter of the century (by 1985) its share in foreign trade transportation increased to 50%, irrespective of the rise of specific weight of pipeline transport in export from 0 to 31% that also was N.S. Patolichev’s achievement, about what it will be said later on.
Foreign trade cargoes transportation of the USSR by transport types

<table>
<thead>
<tr>
<th>Total turnover</th>
<th>1960</th>
<th>1970</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mln. t</td>
<td>share %</td>
<td>mln. t</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>marine</td>
<td>44.7</td>
<td>45.0</td>
<td>121.4</td>
</tr>
<tr>
<td>pipeline</td>
<td>1.0</td>
<td>1.0</td>
<td>28.0</td>
</tr>
<tr>
<td>railroad</td>
<td>49.5</td>
<td>49.9</td>
<td>86.5</td>
</tr>
<tr>
<td>river</td>
<td>3.8</td>
<td>3.8</td>
<td>11.2</td>
</tr>
<tr>
<td>automobile</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Note. In brutto tons. Air transportation is statistically insignificant.

In opinion of American economist B.O. Szuprowicz the Soviet fleet was growing rapidly since 1962 and took the sixth place in the world in quantity of trade ships and carring capacity, having outrun the USA fleet. The Soviet Union concentrated on large modern dry cargo ships, small multi-purpose tankers, universal ships of “ro-ro” type. These ships could be unloaded through the big sliding ramps, without port cranes, what were rather useful for trade with Third World countries. The Soviet marine merchant fleet operated in over 60 trade routs with calling at ports of 120 countries of the world. Without participating in the international linear conferences, the Soviet carriers could offer service rates by 20% under the established rate structures. Some western competitors were really afraid that in the future the Russians would grasp the traffic between Europe and Japan, using cheap distant sea transportations and runs on the Trans-Siberian trunk-railway. However, the destructive events of the years of Perestroika and after that didn’t allow those fears to come true.

In the meantime the structure and the directions of goods traffic in foreign trade were changing, its transport infrastructure was differentiating, its new segments were developing and growing.
The country needs in transportation of mass goods grew, overtaking sea transport capability. In connection with the decrease in efficiency of agricultural industry of the USSR deficit of the foodstuffs began to grow. Since 1960s the Ministry of Foreign Trade had to increase purchases of oil, meat, raw sugar and, finally, grain. In this situation in search of additional currency resources N.S.Patolichev suggested (together with Minister of gas industry A.K. Kortunov) to enhance export of natural gas. Then there a question of building of the main export gas pipelines arose, for which steel pipes of large diameter were required. “We build a grain gas pipeline”, — Nikolay Semyonovich used to say figuratively at that time. But many difficulties had to be overcome. After the Caribbean crisis of 1962 the West imposed embargo on supply of steel pipes and large gas-pumpover aggregates into the USSR.

Career officer of the Ministry of Foreign Trade, subsequently Deputy Minister of trade of Russia R.F. Piskoppel nowadays working for “Gasexport”, remembers: “To me as to a member of “Gazprom” system, it is pleasant to mention that N.S. Patolichev was one of those people who stood at the initiation of construction projects of transit gas pipelines from the USSR to Europe. He has made a great contribution to creation and realization of essentially new system of cooperation with the West. The well-known transaction “gas-pipelines”, arose at the initiative of authorities of the Ministry of Foreign Trade of the USSR and personally of N.S. Patolichev, allowed to raise funding from consortium of the western banks for building of huge pipeline system. And up to now natural gas from Russia has been transmitted to Europe through these gas pipelines”.

As a result of N.S. Patolichev’s long, well prepared negotiations (backed by the increase of Soviet production of pipes) it became possible to break the embargo held by Great Britain and Italy, and in 1970 to sign 20-year-old contract of “gas-pipelines” with Germany on a compensatory basis with supply of 3 billion cu.m. of natural gas per year.
The foreign trade relations sometimes were affected by events which could seem absolutely not concerned with interstate negotiations. So it occurred with signing of the credit agreement on supply of equipment from Italy for the Urengoj-Pomary-Uzhgorod pipeline construction.

The second half of January 1970. Hugo Njutta, Director of the Office (the Chief of the Secretariat) of the Italian Foreign Trade Minister Riccardo Mizazi, phoned the Soviet Trade Mission and invited K.K. Bakhtov, the trade representative, to visit the Minister in its Italian Ministry of Foreign Trade. It was extremely preferable to come that day at any time convenient for the trade representative. The visit of the trade representative to Minister Mizazi was agreed for 17.30.

Right on time the trade representative Bakhtov entered the reception of Minister Mizazi. Hugo Njutta led him to the Minister’s study immediately. Minister Mizazi, the 37-year-old bon vivant, who was normally in a good temper, that time looked very upset and anxious about something. Having specified that he was meeting with the trade representative by the order of the Chairman of the Minister Council of Italy, Mizazi told about an incident that had happened in Moscow the day before, which was the reason for the hard order from his boss, Mister Moro. The case was, Mizazi continued, that the day before in the central department store (TSUM), located close to the Bolshoi Theater, two youngsters, (non-adults, under the Italian legislation), 20-year-old young man and girl who were members of the organization “Youth for Europe” and representing the youth organization of the right-wing party “Italian social organisation”, had chained themselves with handcuffs to a ladder handrail of the central lobby in the department store. They began to blow around the leaflets denouncing the Soviet authorities for uncountable human rights violations and containing the requirements about immediate release of some Soviet dissidents. According to Mizazi, “that nonsense” proceeded no longer than three minutes. Immediately a militia tour of duty came, unchained “these cretins” and took them
The USSR foreign trade under N.S. Patolichev

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

into custody. Further, probably, having pulled himself up and overcoming his confusion, Mizazi asked the trade representative Bakhtov to pass along to his Soviet colleague Patolichev his personal request: “To outline to the country leaders some considerations concerning that “inadmissible incident”.

Suggestions came down to the fact that both of the youths were to be judged under the Soviet legislation. Moreover, it was offered to declare them a sentence of court with indication of the term which was “due” to them under the Soviet Criminal Code, but then, however, to order them out of the Soviet Union under the guarantee of the Consular Department of the Italian Embassy to the USSR. Minister Mizazi added that the Italian government intentionally didn’t want to involve the Soviet embassy in “unbinding” of this incident, having noticed thus, that in the beginning of March we would run important negotiations on conclusion of credit agreement for delivery of the equipment and pipes of large diameter for the first transcontinental gas pipeline of Urengoj-Pomary-Uzhgorod.

Mizazi imparted his apprehensions: if by that time the incident with the youths from the “Youth for Europe” had not found a “well-minded conclusion”, the parliamentarians from the ultra-right Italian Social Movement could have bothered the life out of the Italian parliament before they had managed to “jump down their throat”.

After the Trade Representative had promised Mizazi that very day to send Minister Patolichev a telegram outlining the contents of the conversation, Mizazi confessed that he had got such a thankless assignment from his boss because until recently he had headed the youth organization of the ruling Christian Democratic Party. That explanation of Mizazi, of course, was included in the text of the “top-priority” telegram addressed to Nikolay Semyonovich Patolichev.

Two days later there came Nikolay Semyonovich’s reply. “Considerations of Minister Mizazi are being studied carefully. You will be focused on further developments in time.” Meanwhile, in Italy, the hullabaloo around the incident, made by all the writing, telling and showing Italian mass media, including,
incidentally, the left ones, was on the rise. The minor young people were promised moon!

Soon on the table of the Trade Representative there was “the timely orientation” promised by Nikolay Semyonovich. It contained an indication to the Trade Representative to meet with the Minister Mizazi on a certain date, exactly at 15.00 on Central European time and inform him that at this time the district court adjudicated upon the case of “the minor young people” from the organization “Youth for Europe”. The court took into account their political immaturity and considered it possible to be restricted by the deportation offenders under the guarantee of the consular department of the Embassy of Italy in the USSR.

Having listened to the report of the Trade Representative with a considerably crazy look, to put it mildly, Mizazi immediately telephoned the Prime Minister to tell him the “good news from Moscow” that was evidently being waited for at high level.

The negotiations on the loan under the supply of equipment, facilities, materials and large diameter pipes for the arrangement of natural gas fields in Western Siberia and the laying of the transcontinental gas pipeline Urengoy-Pomary-Uzhgorod-Western Europe were culminated by the signing of the agreement, too, in a timely manner, in the second half of March, 1970.

In 1971, a twenty-year contract was signed with Finland, and then — agreements with a number of other European countries for the supplies of necessary equipment. As a result, in 1971—1975s imports of steel pipes of large diameter increased in volume by 2,3 times compared to the previous five years. This let us lay a basis of the fundamental energy transport system in Western and Central Europe for decades ahead. It operates today.

As a result of joint work of a number of ministries and with the direct participation of Nikolay Semyonovich as early as by 1982 natural gas extraction for the first time exceeded 500 billion cubic meters. In the USSR a unique system of gas supply was created,
including 140 thousand kilometers of pipelines, hundreds compressor stations and hundreds of dozens of underground gasholders which provided reliability of gas supply in the USSR and guaranteed stability of gas supplies for export.

The biggest importers of Soviet gas in those years were CMEA member countries and the Socialist Federal Republic of Yugoslavia. For 10 years, natural gas exports from the Soviet Union increased nine times and reached 60 billion cubic meters per year. For 10 years, the aggregate exports of natural gas exceeded 350 billion cubic meters, of which to the socialist countries — about 190 billion cubic meters and to the industrially developed countries — more than 160 billion cubic meters.

Due to natural gas supplies from the Soviet Union nearly 100% of the total gas demand was met in the People’s Republic of Bulgaria, about 70% — in the Czechoslovak Socialist Republic, about 60% — in the German Democratic Republic, the People’s Republic of Poland, the Socialist Federal Republic of Yugoslavia and almost 40% — in the People’s Republic of Hungary. Natural gas exports from the Soviet Union greatly facilitated the fuel and energy balances of these countries.

Natural gas supplies from the Soviet Union on the basis of long-term agreements turned in the factor strengthening not only the development of certain industries, but also the state of a national economy of the socialist countries as a whole.

In CMEA member countries, the modernization and acceleration of development of chemical, metallurgical, cement, ceramic and glass industries was performed on the basis of received gas, as well as active expansion of production of polymers, synthetic fibers, nitrogen fertilizers, and other valuable chemicals.

Therefore, the increasing value, according to Nikolay Semyonovich, the cooperation of the socialist countries was to acquire in the development of new gas fields and its extraction, in the construction and operation of joint ventures, provided in the Complex program to further developing and improving of the cooperation and the development of socialist economic integration of CMEA member countries. N.S. Patolichev constantly kept in the spotlight these issues during the meetings with his CMEA counterparts.
The largest object of the gas industry built by CMEA member countries jointly was the development of Orenburg gas condensate field and construction of gas pipeline “Soyuz” of the total length of 2750 km. Through this pipeline put into operation in 1979, the socialist countries had received since 1980 15.5 billion cubic meters of natural gas annually, including the Czechoslovak Socialist Republic, the People’s Republic of Bulgaria, the People’s Republic of Hungary, the German Democratic Republic and the People’s Republic of Poland — each 2.8 billion cubic meters, and the Socialist Republic of Romania — 1.5 billion cubic meters. A distinctive feature of this project was that the gas pipeline was being constructed with a wide direct participation of CMEA member countries, executed specific scope of work and participated in material and financial costs in proportion to the total cost of construction of the whole pipeline.

The economic benefits from the participation in the construction of this object were testified by the following calculations made by the experts of the GDR: the amount of natural gas, which annually this country got through the pipeline “Soyuz”, was in line with energy of about 20 million tons of lignite. In addition, for extraction and processing of this coal it would have been required 2.5 times more means than the share interest of the GDR in gas pipeline building.

Another example was the successful cooperation between the Czechoslovak Socialist Republic and the USSR in the field of gas transportation.

The first experience of cooperation in this field was obtained in 1967, when by joint efforts of the USSR and the Czechoslovak Socialist Republic on its territory a 600-kilometer pipeline “Brotherhood” was built for supplying gas from the USSR to the Czechoslovak Socialist Republic. Using this, pipeline deliveries of Soviet gas to Austria started. However, the further increase in natural gas exports from the USSR, of which to the countries of Western Europe required creation of a whole system of transport gas pipelines. With this purpose on the territory of the Czechoslovak Socialist Republic a system of main gas pipelines of a large diameter was later constructed. Building up of new transit system
was carried out with the logistical assistance of the USSR and the GDR.

In 1983, the transit gas pipeline system included about 3150 km of main gas pipelines (in one line calculus) and 10 compressor stations.

The accumulated experience of multilateral cooperation in creating gas pipelines let start the solution of an ambitious new gas project, known worldwide as a project “gas-pipes”.

The beginning of natural gas exports from the USSR to the industrialized countries of Western Europe is also associated with the name of N.S. Patolichev and refers to 1960s, when the gas industry had made significant progress in extraction and exploration of “blue fuel”. During 1961—1970s the extraction of natural gas increased nearly four times and reached 198 billion cubic meters in 1970, and with the reserves of this type of energy commodities the USSR had risen to the first place in the world. At that time, European industry was experiencing a period of high economic growth rates, causing a large demand for energy.

The combination of these two factors contributed decisively to the entrance of the Soviet Union to Western European markets as a new major seller of natural gas.

In May 1968, the All-Union trade organization “Soyuzgasexport” signed an agreement with the Czechoslovak Socialist Republic on the transit of natural gas from the Soviet Union to Austria, and on June 1, 1968, the first contract for delivery to this country of 1.5 billion cubic meters per year of natural gas was signed with the Austrian firm “OMF”. In May 1977, the second contract, providing the increase in natural gas exports from the USSR up to 2.5 billion cubic meters of gas per year and the extension of the natural gas supply to Austria till the year of 2000 was signed.

In 1969, “Soyuzgasexport” signed a contract for delivering 6.0 billion cubic meters of gas per year to the Italian company “SNAM” up to 2000, whereas in 1975, an agreement on supplying additional 1.0 billion cubic meters of natural gas per year during 1978—2000s was signed.

In 1970—1974s, consistently three contracts were signed with the company “Ruhrgas” (FRG) providing total delivery of about 11.5 billion cubic meters of natural gas annually.
In April 1971, an agreement on the supply of natural gas to Finland was signed, and at the beginning of 1972 — a long term contract with the Finnish company “Neste” for export of 1.4 billion cubic meters of natural gas per year for 1974—1993s.

In 1972 and 1974, two contracts for supply of 4.0 billion cubic meters of natural gas per year during 1976—2000s were signed with the French company “Gaz de France”.

The Soviet Union always promptly and reliably performed its obligations under the concluded long-term contracts. In 1982, the shares of USSR natural gas in gas supply of European countries were in France 14%, Germany — 20%, Italy — 34%, Austria — 67% and Finland — 100%.

The powerful fuel and raw material potential of the Soviet Union, geographical proximity to Western Europe, as well as the historical experience of mutually beneficial trade contracts had created particularly favorable conditions for cooperation in the gas industry on a compensation basis. Long-term compensation agreements, which were started with signing first contracts in 1968—1972s, represented a qualitatively new form of foreign economic relations what was beyond traditional trade contracts. Such forms of economic relations had the most beneficial effect on the development of the fuel and energy complex, saving time, substantial financial and material resources. For West European countries such agreements meant — in addition to obtaining valuable fuel and raw materials for chemical industry, which natural gas was — increasing of orders, promotion of business activity, creating more employment in industries suffering from protracted economic recession.

A new stage in the development of exports of natural gas was signing on November, 20th, 1981 in Essen (FRG) of the Agreement on the basic terms of supply of natural gas from the Soviet Union to Germany, which provided annual supply during 25 years, of 10.5 billion cubic meters of natural gas starting from 1984. The peculiarity of this agreement was that it was signed within the framework of the transaction, which received a well known name “gas-pipes”, stipulating supply of natural gas from areas of Western Siberia to Western Europe with construction of export gas
pipeline Urengoy-Pomary-Uzhgorod of the total length of over 4,450 km.

In 1982, “Soyuzgasexport” signed similar agreements on supply of natural gas to France, Italy, Austria and Switzerland. The total sales amounted to over 30 billion cubic meters of natural gas per year.

These agreements, linking large-scale deliveries of the Soviet natural gas to West European countries with delivery to the USSR of large diameter pipes and the arrangement of the main gas pipeline, were called “project of the century” and it was a creative initiative in solving economic problems in Western Europe. They became a spectacular example of mutually beneficial business and economic cooperation between East and West for the long term and demonstrated the possibility and the mutual benefit of the international division of labor. Such large-scale complex transaction was possible only in the current atmosphere of international confidence.

The agreements on delivery of natural gas from the USSR to Western Europe made guideline for the twenty-first century, and were oriented on long-term perspective in economic relations, a lasting peaceful coexistence, on good-neighborliness. Life has proved the correctness of the prospects.

A lot was done with the participation of Nikolay Semyonovich on developing oil industry. Equipment was being bought, pipelines were being built, new fields were being developed, including the attraction of foreign capital, foundations for future development, were made.

It should be mentioned that even with natural resources, including oil, the Soviet Union was not waited on the world market. The market had to be broken through, overcoming stiff resistance from traditional merchants — the leading developed countries and major international monopolies.

So, the way of Soviet oil to the Italian market was uneasy.

In summer 1991, a correspondent of a Moscow newspaper wrote uncomplimentarily about some Italian golfer Enrico Mattei. He turned out to be a prominent businessman who car-
ried on important negotiations in Moscow for mutually beneficial transactions. A small publication in a Soviet newspaper caused a sort of political scandal, which ended with the request of the Ministry of Foreign Affairs of Italy to publish objective information about Mattei in the same newspaper, which was done. It emerged that he was a hero of the Italian Resistance, contributed in defeat of fascism. In 1948 he was elected to the parliament and became the main initiator of creation of oil and gas state concern ENI, which headed subsequently.

Mattei’s associates were the future Prime Minister of the Italian Republic, Giulio Andreotti, a close associate on a resistance movement, Professor Marcello Boldrin, soon appointed Vice President of ENI group, an old guerrilla comrade and a constant advisor Eudzhino Chefis. They decided to make the emblem of ENI concern, more precisely, of its main oil and gas division AGIP — the image that came to be well-known: the mythical fire-breathing Capitoline wolf who had suckled the legendary founders of Rome — Romulus and Remus.

The business life of ENI head was full of drama associated with the desire of Italy to get a greater autonomy in the supply of “black gold”. And it meant to weaken the dependence on the owners of the world oil market — the companies of the USA, Britain, France and Holland.

The ENI management independently proposed a number of oil-rich developing countries very advantageous terms of mining. Demarche succeeded. Some states willingly met the Italians. “The challenge to the U.S. and the UK interests has been accepted, the oil war has started”, — commented the British “Sunday Times” with dismay.

Mattei went on. Within the framework of the Common Market, he raised the question of the right of the EEC countries to import oil from regions of the world outside the zones of influence of British, American and French oil companies. The only major independent supplier was the Soviet Union. “Soyuznefteexport” really supplied Soviet oil to foreign markets. From the very beginning the Soviet side expressed a desire not only to sell oil, but also to buy goods made in Italy.
In October 1960, in Moscow the first large-scale contract for supplying 12 million tons of Volga oil to concern ENI during the 1961—1965s was signed. Payment was to be made partially by delivery to the Soviet Union of various types of equipment, synthetic rubber and other commodities. Thus the Anglo-Saxon blockade of oil exports to Western Europe was torn.

N.S. Patolichev, when the signatures under the contract with Italian partners were put in his office, informed Signor Mattei of a gift waiting for him. It appeared to be a frisky half-year-old bear cub. Enrico Mattei was deeply touched and saw something symbolic in the fact that the legendary Capitoline wolf and the Russian bear became relatives.

Immediately after signing the first contract with ENI, Moscow and Rome began to prepare for a new, even more ambitious agreement under the name “Soviet oil in exchange for Italian goods”. Enrico Mattei participated in the most responsible business meetings. Unfortunately, on October, 27th, 1962 he died tragically in the sky over Milan in a mysterious explosion of his personal airplane. The causes of the death of the leader of an independent oil policy of the Western countries remained unknown.

In November, 1963 a new agreement was signed between the USSR and the Italian side, with the volume twice higher than the previous one. It provided the supply to Italian concern in the 1964—1970s for more than 25 million tons of oil in exchange for transfer to the Soviet Union of Italian machinery, equipment, petrochemical and other goods.

The new agreement left no doubt that the physical destruction of the first president of the Italian state ENI concern did not significantly change the concern’s policy in the interests of the country. “Although Enrico Mattei is dead, — admitted, for example, Journal of American oil industrialists “Oil and Gas”, — his policy continues to live”.

The example of the Italians break to the Russian oil, was followed by national companies in Japan, Germany and other coun-
tries. Soviet oil started to be imported by large industrial corporations on the basis of long-term contracts with the payment by its national currency, or industrial products. Thus, in the conditions of the Cold War, the USSR tried to achieve equitable cooperation in the global oil market.

The other agreements were the result of breaking the oil embargo. Thus, the work that is being done on oil and gas developing in Sakhalin now — is the result of the negotiations that were initiated, conducted and resulted under N.S. Patolichev in signing a volume general agreement with the Japanese side. According to it the Japanese granted a loan for exploration and arrangement of the fields on Sakhalin Island, which was to be compensated subject to the successful discovery and development of these fields. Since the beginning of 1980s, unique floating drilling platforms and equipment for geological exploration were purchased on the basis of the Japanese credit. Repayment of the principal part and the interest on the loan to be compensated in case of success should have been made by annual deliveries of oil or gas from jointly opened and co-equipped oil or gas fields.

However, during the time of perestroika the state treasury turned out to be empty, and it was necessary to stop the charging of interest, which was being made in any case, regardless of project success; taking into account its scales, it had made hundred million dollars.

Taking into account the existing in the second half of 1980s extremely low oil prices and the state of the national economy, the profitability of explored (with proven reserves) fields Chayvo and Odoptu, which should have been assimilated at first, appeared to be a question, what was announced by the Soviet side in the negotiations with the Japanese partners. At the end of 1980s the principals of the USSR raised a question of freezing the project and imposing interest on the loan.

In that difficult time the first Deputy Minister of Foreign Trade V.L. Malkevich was authorized by the government of the country to negotiate with the Japanese consortium “Sodeco”, representing the interests of the Japanese side in this project. The main task was to settle the issues related to the interest accrual.
In June 1987 in Tokyo, there was humid and hot weather. Those days were truly hot for Soviet-Japanese negotiations. The position of the Soviet side was extremely difficult; the agreement did not provide possibility of the suspension of interest due to force majeure. But in the end the parties signed the addition to the general agreement. As colleagues remember, it was undoubtedly the success of V.L. Malkevich, it had been done not without losses — he flew to Moscow with a heart attack, while his counterpart from the Japanese side was dismissed.

Later the interest to implementation of this large-scale project was indicated, besides Japanese, by U.S. corporations and corporations of other countries.

Currently, field development of the shelf of Sakhalin Island is carried out within the framework of the projects of “Sakhalin-1” by the corporations “Exxon Mobil” (USA), “Sodeco” (Japan), “Rosneft” (Russia) and others; “Sakhalin-2” — by “Shell”, “Mitsui” and others; “Sakhalin-3” and “Sakhalin-4” are being considered. In 2009 long awaited deliveries of liquefied natural gas to Japan started. Thus, the project launched under N.S. Patolichev, having survived in the crisis of late 1980—1990s, is being successfully developed nowadays.
Organizational Structure of Foreign Trade

To solve successfully the tasks set by the authorities of the country and to meet the requirements of economy, N.S. Patoli- chev did a lot for formatting effective organization and personnel management of the Ministry of Foreign Trade of the USSR. The success of business in many respects depended on it. Improvement of personnel management of foreign trade, the order of its functioning was among the priority concerns of Nikolay Semyonovich since his taking office as minister. He applied his great experience of managing regions, republics, and armaments’ production during the war.

Recalling that time once again will not be superfluous. At the end of September, 1941 in the center of Moscow in broad day-light it was possible to watch an air fight over Arbatska- ya and Smolenskaya Squares — just above the headquarters of the future Minister of Foreign Trade. It would have taken Nazi planes some 7—10 seconds to get to the Kremlin. But far from it: two of our “hawks” tightly clutched each bomber, forcing them to leave in the upper and lower flight levels. They relentlessly pursued the Nazi planes. Sparks were seen. Half a century later, it became known that our fighters were equipped with the engines M-105 of the batch 3453 produced in July-September at an air-engine constructing plant in Rybinsk, administered by the Secretary of the Yaroslavl Regional Committee, N.S. Patolichev. In October, 1941 he evacuated the plant, having forced Nazi to bomb empty workshops.

Suddenly the number of the planes in the sky over Ar- bat decreased dramatically (our “Hawks” disappeared), and at once a fierce outburst of antiaircraft fire started (it means, there was a coordinated command calculated per seconds) on the remaining enemy planes. The Nazi planes had to run high and dry from the towers of the Kremlin. The organized sys- tem, the thought-out disposition worked.
Similarly, in the time of peace on foreign trade boundaries the new minister was to “adjust” management, a system of actions concerning other “rules of the game”, also used on rather dynamic trading field.

The base management of foreign trade and order of its functioning had been already formed in 1930s. Headquarters — the People’s Commissariat of Foreign Trade of the USSR (since 1946 — the Ministry), peripheral departments — Trade Missions of the USSR abroad, and, finally, all-Union foreign trade organizations (in fact, independent economic units), actually carrying out export-import transactions for assigned to them goods.

However, it was obvious that a significant improvement of the system, refinement of its activity were necessary. In existing conditions by strengthening the system containing certain advantages thanks to the power of the state monopoly of foreign trade and planned base, it was necessary to ensure at the same time certain flexibility in conducting export-import operations and also procedures meeting the requirements of rapidly developing foreign market.

The development of engineering and technical department of the Ministry may serve as an example. In the early 1970s, N.S. Patolichev, being concerned about increasing protectionist actions of the Western countries, invited to head the Technical Section of the Ministry of Foreign Trade of the USSR one of the authors of this book, V.L. Malkevich. In a very short period of time, the Section became a Technical Department, and later the General Engineering and Technical Department. This division in the Ministry of Foreign Trade was closely engaged in developing export control system in the Soviet Union and its further implementation. At that time, our efforts were aimed at countering the Coordinating Committee for Multilateral Export Controls (COCOM), which applied during the Cold War against the CMEA countries the embargo on the export of advanced technology, the latest models of equipment, including computers.

Since 1947, COCOM consisted of 17 developed countries of Europe and the USA: the Community included also several associated members (Switzerland, Austria and others).
The General Engineering and Technical Department was carefully patronized by Nikolay Semyonovich, and it punctually coordinated work of divisions of the Ministry of Foreign Trade and of foreign Trade Missions in the given direction, as well as of all the Foreign Trade Ministry with the Government Military Industrial Commission and representatives of special services of the USSR.

In addition to the export control, the General Engineering and Technical Department was also engaged in a number of other problems. For example, in the foreign trade organizations there was an active advertising and information work, coordination of which was concentrated in the General Engineering and Technical Department. Subsequently, at the suggestion of Nikolay Semyonovich it mastered questions of legal protection of intellectual property in foreign trade operations.

As V.L. Malkevich recollects, the General Engineering and Technical Department headed by him, received in 1973 new functions, including the patenting of inventions, licensing matters and managing of specialized foreign trade organization “Licensintorg”. Time has proved that such decision was very timely, promised great advantages for national economy development, and allowed using of foreign technological experience and promoting domestic technical achievements to the West.

In those years the talented staff of the General Engineering and Technical Department contributed greatly to the technological development and increasing of the competitiveness of the domestic products, including the defense industries.

It is especially necessary to mention the work of the deputies of the Managing Director who distinguished themselves by high responsibility, and also by creative approach to business combined with the personal initiative. It was a team of adherents whose energy accelerated the introduction of new products for exports, as well as the transition to new forms of foreign economic relations. Their names were well-known to their foreign partners. Deputies of the Director of General Engineering and Technical Department in different years were: V.N. Azarov, A.M. Akopian, I.I. Greben, A.I. Gusev, A.A. Zozulin, M.F. Katchalov, V.V. Korostylev, I.M. Lo-
boda, V.G. Mordasov, K.I. Novokreschenov, V.A. Porfiryev, A.P. Shiryaev. These people made great and invaluable contribution to the strategic tasks of the General Engineering and Technical Department of the Ministry of Foreign Trade of the USSR.

On the whole, talking of the Ministry, by the end of 1960s—the beginning of 1970s the structure of the central administrative office, meeting the requirements of that time, had been formed as follows:

**Directorates General for Exports**
— industrial equipment;
— transport, road-building and agricultural machines;
— raw materials;
— manufactured products and consumer goods.

**Directorates General for Imports**
— machinery and equipment from the socialist countries;
— machinery and equipment from the capitalist countries;
— industrial commodities;
— consumer goods and raw materials for their production.

**Regional Trade and Political Departments**
— trade with the socialist countries of Europe;
— trade with countries — members of the CMEA;
— East Department;
— trade with the countries of the West;
— trade with the countries of America;
— trade with the countries of Asia;
— trade with the countries of Africa.

**Functional administrations**
— economic planning;
— foreign exchange;
— engineering and technical;
— international transportation;
— of compensatory projects with the capitalist countries;
— customs.

**Functional headquarters**
— international economic organizations;
— contractual and legal;
— financial;
— capital construction and maintenance of foreign objects;
— organization of work and information systems;
— financial control, accounting and reporting;
— department of history of foreign trade;
— State Quality Inspection of export goods.

The USSR Chamber of Commerce functioned within the system of the Ministry of Foreign Trade, greatly supporting the development of foreign trade, jointly with such dynamic organizations as Expocentre and Sovincenter.

Among the functions performed by the USSR Chamber of Commerce, the important place was taken by the patenting of the Soviet inventions abroad and of foreign ones in the USSR, patenting of industrial samples, as well as the registration of trade marks for the export and import products. “Sojuzpatent” of the USSR Chamber of Commerce carried out by attorney of the Soviet and foreign citizens, enterprises, organizations and firms measures to protect their rights under national legislation and international treaties on protection of the industrial property.

“Vneshekonomservis” was established to provide advisory and intermediary services in the system of the USSR Chamber of Commerce. It advised on all aspects of legal support of foreign economic relations, on economic efficiency of creation of joint ventures, and also performed marketing and economic research, searching for partners to establish direct contacts and coproduction.

The USSR Chamber of Commerce, through its “Soyuzexpertiza” acted as a recognized organization for quality control of imported and exported goods. 259 bureaus of commodity expertise were organized in 176 cities of the country which granted the certificates and acts, to be admitted by foreign firms.

“Vneshtorgreklama” was transferred to the system of the USSR Chamber of Commerce of the Ministry of Foreign Trade in order to improve coordination in granting marketing services.
The structure of the Ministry of Foreign Trade of the USSR covered also educational institutions — All-Union Academy of Foreign Trade, Higher Language Training Courses, research-and-development center — All-Russian Market Research Institute, Research and Development Centre of Automatic-Control System and Print Media — “Foreign Trade” journal and “Bulletin of International Commercial Information” published by the Market Research Institute.

In the years of 1960—1970, with the active role of the N.S. Patolichev the operating offices of the Ministry — the system of All-Union foreign trade organizations was more than twice expanded (from 22 to 47 organizations) and qualitatively updated. Along with the exporters of the traditional commodities (“Exportles”, “Exportleb”, “Exportlyon”, “Sojuzpushnina”, “Sojuznefteekxport”), 13 trade organizations dealing with machinery and equipment were established (“Aviaexport”, “Traktoroexport”, “Tehsnabexport”, “Tehmasheexport”, “Energomasheexport”, “Mashpriborintorg”, etc.), and more than half of them exported the domestic equipment. Some organizations were formed for promoting modernized industries, particularly chemical and automobile in the country (“Tehmashimport”, “Avtopromimport”). Thus, the window for familiarizing the country with modern technology was opened widely.

The part of new organizations reflected new forms of foreign economic relations (“Licensintorg”, “Zapchastexport”, “Vneshtorgreklama”); another group was focused on regional trade — in those years there was basically a frontier trade (“Dalintorg”, “Lenfintorg”). The organizations of the Ministry of Foreign Trade implemented more than 90% of the foreign trade turnover of the country. About 5% fell on 14 foreign trade organizations of the State Committee for Foreign Economic Relations, established in 1959, and the rest — on organizations of other agencies (transport, tourist, insurance etc.).

Since the middle of 1960s Nikolay Semyonovich achieved the increase of the material interest of the companies producing quality production for export, by introducing a system of bonuses. A
notable step in the convergence of producer/consumer with the foreign market was the introduction of (the decision of the Council of Ministers from 1978) a new governing body of an organization — the board of directors (12—18 people) with the participation on an equal footing of representatives from relevant government agencies and the affected industries, as well as large industrial enterprises. General Director of the foreign trade association was the Chairman ex officio.

At this time, particularly acute question arose on closer interaction of the trade organizations with the industry, on rapprochement with client enterprises and more complete taking into account their interests at the implementation of the foreign trade activity.

For improving work of foreign trade the Council of Ministers of the USSR adopted on May 31, 1978 Resolution № 416 on the order and date of the reorganization of all-Union foreign trade organizations into self-supporting foreign trade organizations within the system of the Ministry of Foreign Trade.

The foreign trade organizations were arranged, usually by industry basis, in accordance with the existing system of economic management, for export and import operations. The management of the organizations was assigned to the Ministry of Foreign Trade with participation of the industry ministries and departments.

The structure of the organizations was constantly improved on the basis of the rational combination of one-man management and collegiality: under control of the General Director and the Board of Directors. Commercial activities on behalf of the organization were to be carried out by specialized (by commodity line) firms supported by functional departments: economic, market research, monetary and financial, technical, transport, accounting, advertising, etc. Their structure became identical to modern models of Western companies.

The chronology of creation of the foreign trade organizations in the Ministry of Foreign Trade shows quite an “ambitious” period of their formation in 1960s under the direction of N.S. Patolichev.
### All-Union Foreign Trade Organizations in the system of the USSR Ministry of Foreign Trade
(chronology of the formation)

<table>
<thead>
<tr>
<th>Commodities and Semimanufactures</th>
<th>Machinery and Equipment</th>
<th>Manufactures and Servicing of Trade</th>
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<tr>
<td>Soyuzpushnina – 1931 (Furs &amp; manufactures)</td>
<td>Technopromimport – 1931 (Equipment for consumer industries)</td>
<td>Raznoexport – 1930 (Sport goods, musical instr., glassware, electric appliances)</td>
</tr>
<tr>
<td>Eportlen – 1932 (Flax, cotton &amp; articles)</td>
<td>Sudoimport – 1954 (Vessels)</td>
<td>Medexport – 1961 (Medical preparations, instruments, cotton, etc.)</td>
</tr>
<tr>
<td>Scotoimport – 1934 (Cattle)</td>
<td>Avtoexport – 1954 (Cars, trucks)</td>
<td>Vneshposiltorg – 1963 (Parcel abroad service)</td>
</tr>
<tr>
<td>Exportleb – 1935 (Grains, seeds, preparations)</td>
<td>Techmachimport – 1959 (Equipment for chemical industry)</td>
<td>Novoexport – 1965 (Handycraft, carpets, paintings, antiques)</td>
</tr>
<tr>
<td>Raznoimport – 1936 (Non-ferrous metals, rubber)</td>
<td>Mashpriborintorg – 1959 (Watches, cameras, radio-sets etc.)</td>
<td>Mebelintorg – 1981 (Furniture)</td>
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<td></td>
<td>Tractoroexport – 1961 (Tractors)</td>
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<tr>
<th>Organization</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promsiryeimport</td>
<td>1936</td>
<td>(Ferroalloys, rolled steel)</td>
</tr>
<tr>
<td>Vostokintorg</td>
<td>1939</td>
<td>(Trans-border trade with Middle-East neighbours)</td>
</tr>
<tr>
<td>Soyuskhimexport</td>
<td>1951</td>
<td>(Paints, plastics, perfumes)</td>
</tr>
<tr>
<td>Lenfintorg</td>
<td>1960</td>
<td>(Office of regional trade of Leningrad area)</td>
</tr>
<tr>
<td>Prodintorg</td>
<td>1952</td>
<td>(Foodstuffs, sugar, cocoa, coffee, tea, wines, etc.)</td>
</tr>
<tr>
<td>Dalintorg</td>
<td>1964</td>
<td>(Office for regional trade of Far East area)</td>
</tr>
<tr>
<td>Sovfraht</td>
<td>1932</td>
<td>(Freighting agency)</td>
</tr>
<tr>
<td>Soyuzvnesneptrans</td>
<td>1962</td>
<td>(Transportation service of foreign trade)</td>
</tr>
<tr>
<td>Prommashimport</td>
<td>1964</td>
<td>(Equipment for wood-pulp production)</td>
</tr>
<tr>
<td>Sovuskhimexport</td>
<td>1967</td>
<td>(Paints, plastics, perfumes)</td>
</tr>
<tr>
<td>Zapchastexport</td>
<td>1965</td>
<td>(Trade in spares)</td>
</tr>
<tr>
<td>Prompromimport</td>
<td>1966</td>
<td>Equipment for car industry</td>
</tr>
<tr>
<td>Techmashexport</td>
<td>1966</td>
<td>(Equipment for food, textile and oil-processing industries)</td>
</tr>
<tr>
<td>Energomashexport</td>
<td>1966</td>
<td>(Power equipment, electric locomotives)</td>
</tr>
<tr>
<td>Energomashexport</td>
<td>1966</td>
<td>(Power equipment, electric locomotives)</td>
</tr>
<tr>
<td>Stroymaterialintorg</td>
<td>1977</td>
<td>(Supply of building materials)</td>
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<tr>
<td>Vneshtorgreklama</td>
<td>1964</td>
<td>(Advertising service)</td>
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<tr>
<td>Metallurgimport</td>
<td>1971</td>
<td>(Smelting equipment)</td>
</tr>
<tr>
<td>Technoinorg</td>
<td>1979</td>
<td>(Electronic equipment)</td>
</tr>
<tr>
<td>Electronorgtechnika</td>
<td>1970</td>
<td>(Electronic equipment)</td>
</tr>
</tbody>
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Notes: 1. The Table shows the years of trading organizations’ original foundation.
2. In bold type are those, which were founded after 1958.
In 1960—1970s the system of Trade missions of the USSR abroad, covering 80 countries (versus 25 in the post-war years) — in the form of separate trade missions (in 48 countries), or the administrations of the trade counselor at the embassies of our country (in 32 countries) was expanded and strengthened. Additional regional offices of the trade missions were opened in 11 countries: in Finland, China, Italy, Turkey, Iran, Brazil, India, Mongolia, etc. Trade mission carried out protection of our trade and political interests, and diplomatic support to the most important contracts and projects, and also collected commercial information, carried out market research and, while including representatives of the trade organizations, used to conclude on their behalf the transactions, and also provided consulting and any other assistance to businessmen.

Responding to the demands of the time, N.S. Patolichev aspired to expand the rights of the foreign trade organizations regarding market operations. In furtherance of these efforts, the Resolution of the Council of Ministers of the USSR of 31 May, 1978, the organization was permitted to perform in the country and abroad, credit and bill transactions, as well as acquire, take and lease the overseas enterprises, chattels and real estate, and to establish their own affiliates, offices and other missions for performing the tasks of the organization, including through directed loans of the Ministry of Finance. However, even before this resolution the ministerial organizations de facto had actively formed foreign affiliates for promoting and servicing goods.

For example, “Technical & Optical Equipment”, created by “Mashpriborintorg” in London, as far back as in 1960s sold dozens of thousands of cameras and radio sets, and hundreds of thousands of watches in England. In the monograph by B. O. Szuprowicz, mentioned above, with reference to US, CIA’s data it was reported that “in 1970s there was an explosive expansion of Soviet foreign-based firms to promote the Soviet products and services. From a mere 28 units at the beginning of 1970s their number by the end of 1976 had tripled — up to 84. The activities of those firms mostly concentrated in ship-
ping and fishing operations, banking and insurance, marketing and leasing of Soviet products.”

An important, far-reaching step of N.S. Patolichev on development of foreign trade of the state was creating expanded network of authorized representatives of the Ministry of Foreign Trade of the USSR in Soviet republics and some economic regions of the country (Kaliningrad, the Leningrad Region, the Far East, etc.). It is difficult to overestimate their role in the further development of the foreign economic relations of the regions.

In the matters of developing of foreign trade, N.S. Patolichev adhered to the principle of gradualism, as he realized that the economic structure of the country was not ready to one-stage opening gateways for wide using of market mechanisms. But he was little by little going to them.

Considering the structure of the foreign trade administration of “the period of Patolichev” in a long retrospect, we come unwittingly to a conclusion that this administration was the most powerful, professional, ambitious in its sphere of activity, of public outreach and functional strength as compared to all periods of the Russian history — imperial, soviet, and contemporary.

Almost three decades of Patolichev’s managing of the Ministry were rather bright and fruitful years in the work of the of national foreign trade department, which had coherent effective structure (following at the end of 1980—1990s a huge number of convulsive reorganizations of the foreign trade administration and short-term appointments of heads without appropriate experience didn’t serve to strengthening of the external economic complex of the country). While working in the “Procrustean bed” of the centrally planned economy, N.S. Patolichev managed to use its trade and political benefits and also to arrange the work of the administration with inclusion of the elements of the flexible market economy. As a result, the foreign trade complex of the country became a notable factor in accelerating growth of the Russian economy and in upgrading quality of the country’s export nomenclature. On foreign trade outposts the modern market mechanisms were verified before “perestroika” approached.
In December 1924, the Presidium of the Central Executive Committee of the USSR approved the Customs Charter of the Soviet Union. It was the first regulatory document, in which clauses of various resolutions of the Soviet government and people’s commissariats, conducting the customs authorities in the period preceding the publication of the Charter, were consolidated.

In accordance with that Charter the management of customs throughout the Soviet Union was a part of the People’s Commissariat of Foreign Trade, performing its tasks on the central and local levels through the General Customs Administration. The Charter specified rights and duties of customs offices, resulting from the goals of foreign trade in the period of recovery of the national economy. During this period, prevention of smuggling on a large scale was one of the main tasks of the customs offices.

A transition to a policy of industrialization of the country demanded a significant increase in imports, mainly of the equipment and of particularly scarce types of industrial raw materials for construction enterprises under the first five-year plan and, of course, of increasing exports of goods to meet the sharply increased currency payments for imports.

A new stage in economic development set new tasks in the regulation of foreign trade, which, in turn, required the appropriate changes in the customs legislation.

At the end of the Great Patriotic War the General Customs Administration in short time, organized a peripheral system of customs points and customs offices in the ports of the Baltic and the Black Sea, at the railway and highway crossings on our western borders, undertook training and education of many hundreds of new employees who came to the customs offices from the army.

An important measure to further simplification of customs formalities, which Nikolay Semyonovich was engaged in, was a change in the order of the admission of the foreign trade cargoes through the state boundary of the USSR. Previously, on each lot
of cargo to be sent to the USSR or exported, the import or export license was to be provided. Due to the sharp increase in foreign trade there was an urgent need to simplify the order of registering goods at border points and ports. The changing of the organizational forms of foreign trade of the Soviet Union and granting wider powers to the trade organizations allowed to renounce submitting import or export license to the Customs.

The practice showed the timeliness and the importance of this measure. Standby time of the rolling-stock was eliminated; passing cross the boarder of the cargo under the orders of foreign trade organizations was speeded up. However, other non-ministry organizations and agencies as well as individuals were still obliged to submit the import or export license of the good to the Customs.

N.S. Patolichev realized that the development of economic, tourist, cultural, scientific, sports and other relations of the Soviet State with foreign countries set new points in improving forms and methods of customs control before the customs agencies. They had to provide a quick pass of constantly increasing flow of foreign goods, various Soviet and foreign delegations, representatives of business circles, tourists, foreigners arriving in the Soviet Union, and of Soviet citizens going abroad.

In this regard, in 1960s he carried out a number of measures to simplify customs formalities for hastening goods’ delivery and persons’ crossing border, and also to improve customs control and prevention of smuggling the goods prohibited or limited for import or export from the USSR.

In 1961 the Council of Ministers of the USSR adopted a new Customs Tariff of the USSR, worked out with the direct participation of Nikolay Semyonovich. It took into account the developments in trade policy of the Soviet Union and the nomenclature of goods of export and import in the postwar period of reconstruction and development of national economy.

It should be noted that in its structure, the tariff at that time was among the most preferential and simplest in the world. Tariff was double column with the minimum and maximum rates of du-
ties. System of rates was ad valorem, i.e., determined in percentage of customs value of the goods. Of the 244 of commodity heading of the Customs Tariff in the column of minimum rates — 155 positions provided the import of goods in the USSR free of duty. The rest lower rates ranged from 1 to 10%. The average rate of duty in the column of maximum was 15%.

In the resolution of the Council of Ministers which confirmed the Customs tariff, it was established that the minimum rates of customs duties were applied to the goods originating in or imported from the countries which applied the regime of most favoured nation to the Soviet goods, and the maximum rates — to the goods from the countries which did not apply this regime.

On May, 5th, 1964 the Presidium of the Supreme Soviet of the USSR had confirmed the Customs code of the USSR developed under the direction of N.S. Patolichev which regulated customs procedures up to 1991.

Legal norms and organizational principles of the management of customs procedures in the country were further developed in the Customs Code of the USSR. It established that the management of the customs procedures came within the terms of reference of the Ministry of Foreign Trade comprising the General Customs Administration.

The General Customs Administration managed the local customs offices, provided them with policy guidance and controlled the accomplishment of legislation and rules of customs procedures.

With the development of international relations and trade and economic relations between the Soviet Union and foreign countries, the volume of custom processing was increasing steadily.

Nikolay Semyonovich made a point of the international cooperation of customs authorities of the USSR with the customs authorities of foreign countries. General Customs Administration of the Ministry of Foreign Trade of the USSR actively participated in the conference of the heads of Customs Authorities of the socialist countries, being one of the initiators of creation of this representative forum. For 20 years since the date of the first confer-
ence (1957), there were 18 meetings, which discussed questions of the cooperation between customs authorities in various fields of customs control in order to accelerate the passage of increasing trade turnover, postal traffic and passenger traffic, prevention of smuggling and violation of the customs law.

In 1978, the Soviet Union was a participant of 10 multilateral international agreements on customs matters concluded between the socialist countries as a result of that conference. They included such important ones, having great practical significance, inter alia:

— Agreement on customs cooperation and mutual assistance;
— Agreement on simplification and unification of customs registration of trade fairs’ and exhibition cargoes;
— The agreement on unilateral customs inspection of the foreign trade cargoes.

The cooperation of customs authorities of the USSR with the customs authorities of Hungary, Mongolia, Poland and Czechoslovakia was carried out also through the adjacent customs, the executives of which used to meet regularly for discussing arising problems and for sharing experience.

Being under a constant control of Nikolay Semyonovich, the enhancement of the customs legislation and of structuring of customs offices had been gradually preparing the basis for the future transition to full-fledged market relations.
Art of Negotiations

Having grown up in a centrally planned economy, Nikolay Semyonovich demonstrated outstanding ability to orientate in the elements of the market economy, what was implemented by him in determining both market strategy and tactics of commercial negotiations. Thus, he relied on a reasonable estimation of power relations and negotiating resources and carefully analyzed the strengths and weaknesses of the trading partner, scrupulously practicing argumentation support of his stand, as well as the sequence of steps forward.

While conducting a thorough and comprehensive (at all terms and conditions) harmonization of contracts, he sometimes engendered discontent of the industrial ministers by protraction of negotiations, but eventually he managed to “strike a bargain” contract prices sometimes for many millions of dollars. In this collective work he endowed some freedom for sensible young negotiators, recommending them to use the competition between foreign companies thus consistently defending interests of the country, achieving high commercial results.

The people who worked with Nikolay Semyonovich recall as in 1979, when the European Union imposed embargo on the supply of some goods from the Soviet Union, some experts at the meeting assembled by him at the Ministry offered to take countermeasures. Having estimated “weight categories of the partners” and the possible consequences, he providently mentioned: “What, a trade war? If it’s a war, we need rearguard, rear areas, intelligence support, a heavy defense in case the enemy battles through. Do we have it all? — And he continued: — Let’s try not to fight, try to find a peaceful solution.” Thus, Nikolay Semyonovich offered a principle of gradualism. By wearing out. Like Kutuzov. And it paid off. The negotiations with our partners had been continued, for about a year and the partners were able to convince themselves in senselessness of such policy. And indeed, the embargo was gradual-
ly beginning to weaken, and trading again resumed its natural course. Since then, the problems in the relations with the EU in such categorical form did not arise.

Nikolay Semyonovich was not only a brilliant negotiator, but also carefully chose the heads of the delegations for the talks, which he did not take part in, passing them his experience and deep knowledge of people.

In 1972 at Smolenskaya-Sennaya Square where the Ministry of Foreign Trade of the USSR was situated at that time, the Americans of nine working groups responsible for key questions of conducting Soviet-American relations landed. The groups were headed by officials in the rank of a deputy minister. At the Soviet side the delegations under the leadership of administrators of the corresponding rank were also formed. One of them — “About elimination of the double taxation” — was headed by the Chief of the Technical Department of the Ministry of Foreign Trade, V.L. Malkevich. At first the concern of the Americans about questions of double taxation wasn’t very clear, but later everything straightened out.

The first round of talks revealed intrinsic intentions of the American delegation. Having talked about “debts” of the Soviet side for the help during the Second World War (lend-lease, caravans of arms and military equipment, equipment for the defense industry and foodstuffs, which broke with heavy losses from the Atlantic to Murmansk and Arkhangelsk), the Americans immediately outlined their main interest. They offered us to conclude an intergovernmental agreement — the “Convention on the elimination of double taxation between the USA and the USSR”.

The U.S. tax system was being formed and polished for two centuries. All incomings of natural and legal persons — trade, wages and salaries, fees, bank interest, bonuses, royalties and lump-sum payments, profits, mass of the succession, personal property, real estate ... in short, everything was taxable. And in the USA in terms of taxation there is no such concept — “civil servant” (i.e. employees of the state administration are the same taxpayers, as the American businessmen), while there is a strict
differentiation of jurisdiction for taxes levied at the federal level and at the level of states (and the federal authority is not a fist to the states).

With the same universal approach the tax offices related to foreign citizens. Only those citizens, whose government concluded with the USA on an equal footing the agreement on the elimination of the double taxation could avoid the tax burden on the American territory. In other words, the sides should agree that the combined income of their citizens earned in the territory of other country, is taxed only once and only in their country. And if the residence of foreign nationals in other country exceeded 183 days, then without those intergovernmental agreements they automatically became the American taxpayers.

This theme on a primary activity profile had nothing in common with any general department of the Ministry of Foreign Trade of the USSR including General Engineering Department. Moreover, there were no leading specialists, well versed in the American tax system, and they had no knowledge of the English language. But the Ministry received the instruction of the Government, and N.S. Patolichev, having taken the responsibility for the outcome of the case, directed the negotiations in the working group to V.L. Malkevich, saying: “Could you, please take up this burden. There is nobody in the Ministry to guide this working group”. At that time, it was said in the Ministry: “If you do not know who may be entrusted a solution of a problem — direct it to Malkevich”.

The working group headed by V.L. Malkevich included three highly qualified specialist: a professor of the Institute of State and Law of the Academy of Sciences of the USSR, M.M. Boguslavsky, taxes and levies specialist of the Ministry of Finance of the USSR, A.P. Bukina and the Chief of the General Engineering Department (well versed person) G.P. Kalinina. Negotiations were difficult, sometimes approaching the point of total disruption because of the absolute incompatibility of two tax systems, as well as excessively high fees, which the Americans insisted on. High level of professionalism of negotiating team, a huge endurance, clarity and quickness of thinking, and sometimes — sense
of humor were required. Later, in Washington, four Russians had to hold the fort and, if necessary, to attack the professional and experienced teams of the State Department and the Ministry of Finance of the USA.

The Soviet delegation left for the United States several times. Negotiations were in Washington — in the Ministry of Finance and the State Department. The Summit was on the way, intergovernmental documents had to be prepared for signature. The “Agreement on the Elimination of Double Taxation between the Government of the USSR and the United States” was in the package of the documents, scheduled to be signed.

At the end of the first round of the talks in Moscow, it became clear how far our contractors were prepared to go.

At that time, in the Soviet Union tax authorities didn’t come up to the foreigners even on a gun shot. They (neither individuals nor representatives of the foreign firms) were not imposed any taxes under any circumstances. During the talks in Washington, the Head of the Department of taxes of the U.S. Department of the Treasury, Mr. Gordon showed to V.L. Malkevich a brochure of the Minister of Finance of the USSR, V.F. Garbuzov — “The USSR for the abolition of all taxes”. Of course, the brochure did not strengthen our bargaining position. But in America, our government officials (to them we assign the staff of foreign trade organizations and joint stock companies owned by the government), academics, journalists, sportsmen, as well as our export operations were tax entities. What else do the Americans want to get rid of in our country? And where was the parity?! So, there was a question: why do the guests pay such an impressive attention to the Soviet citizens working in the USA?

The Americans would not have been true to themselves if they had not formulated their claims firmly and “in a single package.” For the exemption of all categories of our citizens, as well as bank interest, royalties, etc. from the U.S. taxation, they demanded the USSR joining to the Universal copyright convention (Geneva). The Americans were simply enraged with “the piracy of the Russians” in the copyright — in the Soviet Union ones could “play the grooves off the record “to a hit of any melody of foreign compos-
er, translate and publish any book of the foreign author in huge edition, start up in hire “pirated” copy of a foreign movie, use the “alien” scholarly works — without a permission and without paying honorary or fee to the authors of literary, artistic or scientific works. In the USSR there was always “freedom of translation”. Now we were demanded to have “licensing of translation”.

Visits to the United States meant hard work “at home”, clarifying the position with the diplomats, financiers, experts in the copyright and intellectual property, preparation and approval of guidelines for negotiations.

At the meetings with the Americans we had to coordinate operatively unusual questions, but time was limited. At that time they had already equipped their offices with modern office equipment, commonly called the organizational setting machines (essentially, the first models of personal computers). The chief of the American delegation, Mr. Gordon arranged an excursion of our delegation to the office of the Ministry of Finance. The things seen there shook imagination by new opportunities for editing texts, several times reducing the time of documents’ preparation.

Every day of negotiating the delegations moved to the draft treaty text in Russian and English — paragraph by paragraph, refining the style, adding or deleting words, phrases and sometimes the whole paragraphs and sections. The well equipped Americans edited the text in half an hour, we sat for hours. By the next morning it was necessary to prepare the Russian text with all edited version, but there were just typewriters in our office of the trade mission in Washington. The members of our delegation had to perform all the technical work overnight, to say nothing about semantic work.

In Washington, both at the State Department and the Ministry of Finance, after years of interstate exclusion of members of the Soviet delegation — representatives of the USSR — were considered in an American way, with undisguised curiosity, and sometimes brusque, literally head-to-toe, and estimated intelligence and knowledge of foreign languages (with amazement and even respect), showed great interest to a dialogue in an informal setting. As a rule, our American colleagues tried to invite us to
dinner or supper, to talk during the weekend. Knowing about the restrictions for contacts with foreigners they transferred in advance to the Trade Mission not only an invitation, but also the information about the American participants of such meetings (personnel information).

During such meetings, the Americans showed themselves with a human side, their family life; emotions and naturalness in a dialogue (could throw the arms round a neck almost with tears of emotion in the face of). They were sincerely delighted with the fact that all members of the Soviet delegation were fluent in two or three foreign languages. The Americans themselves, as representatives of the “great nation” were convinced that everyone who wanted to communicate with them, should know their language, and did not bother learning the language and culture of other nations. This increased attention began to prevent the work, and V.L. Malkevich had to limit the inflood of invitations for informal meetings.

The time of the summit talks was inexorably approaching. The delegation understood that the outcome document should have been brought into line before the departure from the U.S. capital. But on key issues the sides were still far from consensus. Firstly, it was the status of foreign trade organizations of the USSR and of their employees. The organizations were in national property, and our businessmen, by deep conviction of members of the Soviet delegation, were civil servants. The Americans could not accept such interpretation — civil servants should not be engaged in business in general and trade in particular.

Secondly, the Americans provided the Soviet side with the tax preferences only at the federal level. And the delegation lost the day of extending these preferences to the level of the state. Each state had a real independence from the center and its own system of taxation.

Finally, the third question. A special category consisted of journalists, writers, composers, sportsmen, scientists and actors, i.e., all the categories of citizens of one contracting party, which could receive fees or other monetary compensation, got from the other contracting party. By our rules, these individuals also rep-
resented the country and, gave to the budget a considerable part of the fees, prizes and awards. The American side (with its extensive practice on the conclusion of such intergovernmental agreements) faced it for the first time.

All the arguments were presented by the parties and discussed in details. Mutual objections were listened to, but nevertheless progress in the positions of the parties was not achieved. In general, there was no sign of convergence of the positions. The Soviet side insisted on including its wording in the agreement, and the Americans fiercely resisted. That document did not seem to be on the cards!

At that critical time of the negotiations V.L. Malkevich suggested to the head of the American delegation, Mr. Gordon to meet face-to-face. There was no other way. There was nothing to do except estimating the consequences of total failure of the American package. It should be recalled that it was initiated by the Americans on the Soviet Union joining the Geneva Convention for the Protection of Copyright and the end of “piracy”, from which American authors of scientific, literary and artistic works bore financial losses.

Mr. Gordon had already been the Chief of Tax Department of the Treasury Department of the USA for a long time. An aged man, a very experienced and competent tax specialist, he had unquestioned authority in the tax sphere and was substantially more significant than the officials of his level in other spheres. Everybody trembled before the tax service in the USA. In the mentality of the Americans the truth was: there is no worse crime than non-payment of taxes. A careless tax payer becomes an outlaw, a scoundrel and a state criminal.

During the face-to-face meeting Mr. Gordon was told the following:

“You have proposed the idea of a “package i.e., double taxation relief in exchange for licensing the use of copyright. Our interest is to fully and broadly release all categories of the Soviet citizens, including the disputed by you, foreign trade organizations from the taxation in the United States. The package agreement was initiated by you. I am entitled to believe that the interest of the
American side in the whole package is much greater than that of the Soviet one. Existing in the USSR, the order of freedom of translation ensures availability of works of the world culture in all the languages of nations and nationalities of the USSR (over 100) and publication of cheap books, records, etc.

In the USSR, as you know, now there is a 100% literacy and a high educational level of the population. Universal access to works of world culture is a part of such education. In this sense, the membership in the Geneva and Berne Convention creates certain financial burden for the country. Without settling the basic tax article of the “package”, I would prefer to abandon it altogether. I ask you, together with the Chief of the Legal Department of the State Department, Mr. Bayer to discuss this situation.”

To such proposal the Head of the U.S. delegation replied: “Vladislav, I’ve got to object, but I will not do it. I will pass your position to the ideologists of the “package” and let them decide it”.

After the consultations, the very next day, the Americans agreed with the Soviet delegation. Then, as members of the delegation told, it all looked incredible. We did what we had been fighting for several months. Immediately and in full!

The fact that authentic texts of the Agreement in the Russian and the English languages, and subject to ratification of the highest state authorities were prepared in-house, testified to the professionalism of the members of the delegation. The Americans after the signing of the agreement admitted that their attitude to the Russian delegation during the negotiations was changing from sympathy to a deep respect.

The end of “piracy” of copyright in the Soviet Union meant the beginning of a new era — an era of civilized behavior of the country in the world community, changes in the philosophy of treatment, both foreign nationals and our own authors. Finally, substantial funds from the Russian treasury should have been directed for the payment of royalties! It may be said without exaggeration that a small working group solved a rather difficult problem.

In fact, it was a “pilot model” agreement on taxation between countries of two diametrically different socio-economic systems.
Analogues of this type of legal text just did not exist, and N.S. Patolichev realized it. But he also knew that the positive solution of the problem had become an essential assistance to Soviet negotiators abroad and helped in removing many questions related to the purchase of high technology products.

Under the pressure from the Soviet side, the Americans had to make big concessions. Everything that seemed to the American side abnormally generous under the circumstances was hidden into exchange letters. It was a question of the special status of the Russian journalists, sportsmen, scientists — a case unprecedented for the U.S., as these categories of individuals had always paid taxes at the place of earnings.

The Convention was to be ratified by the Supreme Soviet of the USSR and the U.S. Senate (which took about three years: the Americans had protracted debates in the Congress because of “excesses” stated in exchange letters).

Subsequently, the developed model of an intergovernmental agreement was worked out by us with Finland and several other countries, then, this vast reservoir of work was “reclaimed” and passed over to the Ministry of Finance of the USSR (later — to the Ministry of Finance of Russia).

In 1978, a high-level U.S. delegation appeared in Moscow again — now negotiations were in the Ministry of Finance of the USSR, which had been concluding by that time this type of agreement with one country after another — on the conveyor.

Both of the parties — the USA, and the USSR — wanted to change the original version of the Convention: the Americans were eager to withdraw unprecedented privileges for the Soviet citizens and the Soviet business, and the Ministry of Finance wanted to extend the Convention on the taxes of states and civil servants (supposedly “to correct the defects of the team of Malkevich”). However, no fundamental changes occurred. The basic text of the Convention, signed on the results of our work in two authentic copies in Russian and English, has been in operation until now.

A lot of other negotiating operations conducted under the direction of N.S. Patolichev deserve attention. In particular it is
well known that since 1960s the Soviet Union had started regular purchases of grain in the West, having become a net importer of grain. It was a forced step for the country, where agriculture was chronically not effective. However, in close guardianship of N.S. Patolichev, experienced specialists of foreign trade made all efforts within their capabilities to achieve the best terms of procurement for the country, to save as many foreign exchange resources as possible.

In the drought period of 1972 there occurred a need to purchase about 20 million tons of grain. As it was mentioned in the memoirs by V.N. Sushkov, the former Deputy Minister of Foreign Trade of the USSR, qualified specialists of the Ministry of Foreign Trade “in close contact with professionals from “Exporthleb” and the All-Union Market Research Institute determined the volume of purchases and tactic of negotiations with grain companies, which were coordinated from the united center. Carefully dosing the information on the extent of needs and goals of negotiations, skillfully choosing partners in the U.S. and Canada, and taking into account their individual interests, as well as using the contradictions between them, our negotiators had succeeded in an atmosphere of privacy, without disturbing the market (!), to purchase the necessary quantity of grain at the lowest price in those years — $60 per ton. Interestingly, this price actually absorbed a part of the state grain subsidies of the USA; partly as a result of these purchases a loaf of bread in the USA went up by 5 cents. At the same time the Soviet Union according to the testimony of industry experts, saved about $600 million! It was really a great commercial success achieved through planned and well constructed strategy of negotiations. Abroad, the deal got the resonant name of “great grain robbery”.

In this regard, the correspondent of “U.S. News and World Report” magazine (March 18, 1974) asked N.S. Patolichev in his interview: “Aren’t you worried about the fact that, in the opinion of many Americans, the Soviet Union has surpassed the United States in grain bargaining?” — Nikolay Semyonovich replied with a simple-hearted directness: “Do not say
that we have bypassed you. After all, the Americans are the real old sea-dogs in trade, and we are just young sailors. We arrived in the United States and asked if you had any grain for to sell us? And we were answered: “yes”. Well, we did not blare it out. We appealed to the grain companies, with which we had run business before. They fixed a price and we paid it. We bought wheat in Canada and Australia at the same price. Everything was done in accordance with the classical traditions in the trade.”

One recalls the subsequent negotiations on grain purchases in mid-1980s, when they were carried out in the United States on the basis of 5-year agreements. The USA were obliged to deliver and the USSR to buy annually, in particular, 4 million tons of wheat at the world price which, precisely wasn’t determined, because in practice it was defined by the price of the U.S. market. However, at that time there was an original bundle of “world” prices: in the U.S. the price was $120, and in France — $80 per ton. Our side suspended purchases in the USA, as there was a question, at what “world” price to buy.

In the midst of the holiday period, the Deputy Minister of Agriculture of the USA invited the principals of the Trade mission of the USSR in Washington for an audience, where our side was transferred the decision of the U.S. President to sell us 4 million tons of wheat at a “world price”. The acting trade representative, Albert Melnikov made it clear that this information would be immediately referred to our government. However, without authority, he could not comment that decision (no comment). The reporter of “All-Soviet Union Market research institute” representing the Trade Mission emphatically pronounced “no comment”, but to reserve some room for maneuver he asked at what formula the world price would be calculated, because on that, probably, a great deal of the matter would depend.

Indeed, a few days later we were informed of a discount of $ 13 and later $15, i.e., till the price $105 per ton. Moscow continued to refrain from purchasing, carefully watching the actions of the U.S. Ministry of Agriculture, observing failures and display of
inconsistency. And then, after some time, an authoritative Commission of the Congress arrived in our Trade mission to verify the implementation of decisions of the President of the United States with the question, why purchases had not been renewed. We — the followers of negotiating school of N.S. Patolichev — had already accumulated some arguments and outlined the whole range of our claims.

There was an impression that the Ministry of Agriculture of the USA itself did not very zealously execute the decision of the U.S. President. After all, $105 — this is not 80 and not even half the way towards it. Moreover, we were required to take those 4 million tons during nearly two months, whereas the approach of our ships to the shores of the United States had to be permitted by the U.S. authorities two weeks beforehand.

Something wrong was with ethical questions. The Ministry of Agriculture convened a press conference about the President’s decision to sell, to which they forgot to invite us. We were remembered later: it was a wedding without the groom. But most distressing fact was that after our emphatic “no comment” the Deputy Minister of Agriculture spoke in the Congress, having declared that the Russians said that they were buying the grain (the representative of Market research institute had not missed the opportunity to visit the Congress and to fix that sly “inaccuracy”). As a result, business circles were misinformed, and the price of wheat in the U.S. market soared up far beyond $120.

To honor of the congressmen — members of the Commission, they reported objectively on our arguments in the Congress, where our position was treated with understanding.

The matter was ended by selling us wheat neither at 120 nor at 105, but at $80 per ton. The Deputy Minister of Agriculture after a while somehow ceased to occupy his post, whereas Head of “Exporthleb” Viktor Ivanovich Pershin, who had realized this commercial operation, was deservedly awarded the title of the Hero of Socialist Labor. Because 160 million dollars do not grow on trees.

One case which occurred in 1980-s shows the ability to solve successfully difficult questions during negotiations. It was con-
nected with the fact that ignoring legal protection of industrial property in major licensing deal, and unawareness of the industry of the requirements of the international commercial trade law — led to serious consequences for our country.

Back in the early 1970s the Ministry of Foreign Trade on behalf of the Council of Ministers of the USSR had signed a licensing agreement with British firm “Pilkinton Ltd.”, the inventor, the owner of the process and the leader of the world production of polished flat glass. Under the agreement, “Technpromimport” (in the foreign trade monopoly a party to the contract could only be a foreign trade organization) has got the rights, equipment and know-how for the construction of a continuous line for the production of such glass. The recipient of the new technology was Bor Glass Manufacturing plant (a town of Bor, Saratov Region.), managed by the Ministry of Construction Materials Producing Industry of the USSR (represented by its Department — “Glavsteklo”).

Polished glass is widely used in the motor vehicle industry as the basis for production of “laminated glass”, as well as the glazing glass (clear window glass and glazing plate glass). High quality is achieved due to the fact that the liquid glass melt is poured on the molten tin, and the glass surface turns out to be ideally smooth and requires no further technical processing to obtain excellent optical qualities.

The Soviet experts had been working at the problem of creating high-quality glass in a similar way, and for many years, particularly in the All-Soviet Union Research and Development Institute of Glass (Saratov). For a long time neither our experts, nor the foreign ones managed to succeed: the liquid glass being poured out on the layer of tin, immediately cracked (it was so called “devitrification”).

And suddenly, the British did it! — they were ahead of us! “Pilkinton Ltd.” firm for some reason preferred not to patent its invention, but to protect its rights under the contract law, passing the technology process as confidential know-how with all the ensuing obligations of a receiving party (“Technpromimport”) to comply with the confidentiality regime.
In general, it was clear that the British had something to hide carefully that in this technological process, as the saying goes, something “lies on the surface.” Patent protection seemed to them less preferable, since the patent description assumed some disclosing of the essence of the process. Besides, patent law had no extraterritorial nature, provided a time-limited legal protection and securing the process in each country separately was troublesome, long and costly.

The featured strategy of commercial realization of the outstanding achievements — through the protection of process under the contractual right as know-how — allowed “Pilkinton Ltd.” to sell licenses for the production of polished glass in many countries (including the USSR) and to receive, in addition to a lump sum payment under each concluded contract, also royalties: the monthly deductions from each square meter of glass produced by the licensee.

The firm used very efficiently its invention for creating the dominant position in the global glass market, and for this purpose applied both legal means and illegal actions of restrictive business practices, which at that time, had already been condemned by international organizations under the auspices of the UN.

In particular, the firm practically eliminated a competition in this market segment and divided commodity markets, having limited the right of licensees to supply glass for export, dictated its strict commercial terms, which partners had to take — for lack of similar technology on the market. The lawyers of the firm developed an intricate text of the agreement surrounded with applications, appendices and lots of cross references, which was to be signed by the partners only in English (that all was also related to measures of pressing the partners). The law applicable to the contract was English, and the procedural law — Swedish. A point of contention was the knowledge and know-how, which were by the legal nature closely related to industrial property (inventions, utility models). Disputes under this agreement were to be reviewed at the Stockholm arbitration, assembled ad hoc — on a particular occasion, composed of the persons with a strictly stipulated status.
The specialists from the All-Soviet Union Research and Development Institute of Glass, having left with the firm the subscription of confidentiality, studied the installation (as eyewitnesses spoke, even “crawling under it on their stomachs”), passed training and took away with themselves a hefty volume of knowhow (the description of secrets of production) sent to the trade organization under the license agreement.

A few months later the Bor Plant was already producing at full capacity, polished glass, desperately demanded by Volga automobile plant; produced “Lada”, on the basis of the scale international agreement with the Italian firm “Fiat”. Then the production of polished glass was put on stream, including tinted, for construction purposes. Royalties were carried out through the above said foreign trade organization, which was de jure the recipient of all rights and, accordingly, taken up the overall responsibility under the agreement.

Some years passed. And there was a bolt from the blue. “Pilkington Ltd.” firm made “Technopromimport” a claim, rather similar to the ultimatum. It possessed the following information: the Soviet Union was operating six lines instead of the licensed one, thus five of the rest were not provided by the license agreement and carried out the production of glass without paying royalties; The “Guidelines for the development of the economy” (in fact, the task for the branch for a five-years period. — Comm. of the authors) contained the line: “The sharp increase in the production of polished glass for needs of the national economy” — which meant further intention of the country to increase the production of “counterfeit goods”.

The firm informed — in the legally correct language (but, in fact, in a rather hard-line manner) that it had filed a suit to Stockholm Arbitration Court, and that it intended to “wipe out” the unlawful construction of lines for the production of polished glass (with a list of the places of their location).

The first reaction of All-Soviet Union Research and Development Institute of Glass, which presented a report to the Government of the USSR, was: rather questionable: we would protect ourselves from the unjust attacks of industrial bigwigs of
the West. The struggle demanded joint efforts of all involved in the problem ministries and departments. It was akin to the mobilization of forces in connection with the emergence of a serious military conflict. The Ministry of Foreign Trade of the USSR (represented by the General Engineering Department, the Contractual and Legal Department and Trade with West Countries’ Department), the Ministry of Construction Materials Producing Industry (Glavsteklo, scientific and industrial branches of the industry), the USSR Chamber of Commerce and Industry, the Academy of Sciences of the USSR, the USSR Council of Ministers’ State Committee for Inventions and Discoveries consulted among themselves, seconded qualified experts to the Ministry of Foreign Trade (“Technopromimport”), jointly worked out arguments of protection and the line of attack.

The brunt of the blow was taken over by First Deputy Minister of Foreign Trade, N.D. Komarov who was supervising this trade organization and other large-scale projects. He had to report to the Government of the USSR of the circumstances of the problem and the preparation of the protection in the arbitration. The history of the Soviet foreign trade didn’t know more scale business. The General Engineering Department led by V.L. Malkевич, with the Department of patenting of the Soviet inventions abroad of the USSR Chamber of Commerce and Industry (M.L. Gorodissky) conducted working out of questions of license trade together with legal protection of objects of the industrial property. The General Engineering Department was also developing a line of an attack, based on application by firm restrictive business practices against us.

To prepare materials for arbitration it was necessary to employ two Swedish lawyers of a “royal” rank and three English lawyers (barristers and solicitors). A group of leading experts from the above-mentioned ministries and agencies on their own and under the guidance of lawyers (periodically leaving for England, then for Sweden) worked continuously for about 10 months. The review duration of the case in the arbitration was moved forward under the pressure of circumstances. Too
extensive period of time had to be studied, analyzed and described. In the end, about 60 volumes of documentation were formed — 30 in Russian and 30 in English, both texts being authentic. They were prepared for submission to the Stockholm Arbitration Court at target date, no longer overdue, according to its regulations, or subject to additional transfer. The group worked seven days a week, at the end of the allotted time not only days but nights with a two-hour break for sleeping...

The dramatic events unfolded in London, literally 5 minutes before sending to Heathrow a bus with the volumes of the arbitration documents stranded and carefully packed in boxes. The industry experts made a sensational statement: “Proceedings of protection are based on questionable documents (?!).” The head of the Soviet delegation, the Deputy Chairman of “Technopromimport”, G.M. Karmazin had to realize this statement and to make urgent decision — there was no time for coordinating with the “center”. And he made a decision in this situation, which was correct and outright — the Swedish royal lawyers were instructed to contact immediately with the Arbitration in Stockholm and on any pretext to take a timeout.

Even after two and a half decades, it is difficult to evaluate, what was the cost of the team of qualified experts, who affixed their names to about 100 copyright certificates based on the know-how obtained from the company under the licensing agreement. Costs of monopoly of foreign trade, of course, affected — the obligations under the foreign trade contracts were taken entirely by one organization, and executed by another, related to the validity acts of acceptance of the equipment, technologies and the materials, with disproportionately lower responsibility.

The firm “Pilkington Ltd.” did not patent its outstanding invention for one simple reason. The British were helped by “its Majesty the case”! After years of unsuccessful research in this direction at one of the test runs a worker accidentally dropped a wooden sledgehammer in the liquid glass melt — it burned down, having left carbon and burning products in
the liquid glass melt... and the process began! This “luck” was strictly impossible to disclose in the case of registration of patent protection (so everything was hidden carefully in the form of know-how, secrets of production), as it would be impossible to prove in the Arbitration, that we also accidentally dropped in a glass-melting furnace something wooden like a sledgehammer!

Later the industry experts were paying dearly for their actions by heart attacks and strokes ... “The process of the century”, fortunately, did not take place. They managed to avoid the penalty: with the firm, due to N.D. Komarov’s negotiation experience and skill it was agreed to supply the thin glass denominations necessary for electronics industry on the basis of an out-of-court settlement. In other words, a new contract was signed for the benefit of the country.

These are just a few examples when the negotiating skills of Nikolay Semyonovich and his colleagues “rescued” the country in the process of solving international disputes and allowed to avoid losses, saving considerable foreign currency.
Quality of Export Products

In Russia along with the unique originality of micto-products of the famous left-handed handyman from the town of Tula and of Faberge eggs and the modern ingenious integration and lapped details of our spaceships a conventional sledge-hammer was used to make a lot of products. As F.I. Shalyapin, an outstanding Russian singer used to sing: “a wise Englishman invented machines to make his work easier but a Russian muzhik while working hard would sing a song about a sledge-hammer…”

Fenced off by mountains, remote and concentrated Switzerland presented the generation of elite watchmakers to the world. Unrelated by laws, following within the rational precedents, Protestant England was at the forefront of the industrial entrepreneurship, working for the demands of the growing market. Whereas, the civilization of ancient Egypt had left to us only geometrically verified relicts of individual glorification — the giant pyramids of Pharaohs. However, the Russians with their awkwardness built the Aswan Dam to relieve life for numerous fellahs there. But it was two thousand years later ... already in Patolichev’s time.

From the very beginning of work in the Ministry of Foreign Trade the new minister faced a problem of quality of domestic products and of our service. In this regard, we recall one incident, when, still being the first secretary of Rostov regional party committee, he had come into the store and, having bought some spaghetti, had asked to wrap it up. :”We have no wrapper”, — the saleswoman had muttered. Then he had stretched his hat: “Put it here!” The store manager who came to the rescue nearly fainted. That was a very significant and instructive episode.

Now, on the other side of “the counter” there was a demanding, discerning foreign buyer, and the country started entering equipment markets. Options to establish standards, terms of sorting and packaging of traditional products (mainly raw materials) of the Russian exports were laid in 1923 at the People’s Commissariat of Foreign Trade. But since then, the character and the
complexity of the production had radically changed the requirements to quality characteristics had immeasurably increased, life cycles of the mechanical and electrical goods and an appearance of new models had substantially accelerated.

The merit of N.S. Patolichev was that under his leadership an extensive system for monitoring the quality of goods being the subject of the foreign trade transactions, was created and it positively affected not only the technical level of production and the quality of their manufacturing, but also raised the industrial culture as a whole. This system in different years was headed by capable and dedicated to their work employees. The most advanced computer technology was bought for the State Quality Inspection, that allowed the State Quality Inspection to demand from the industry a sharp decrease of the recurring defects, threatening by significant losses.

Nikolay Semyonovich with his deputies V.L. Malkevich and N.N. Smelyakov personally supervised the work of State Quality Inspection. Rostislav Mikhailovich Tikhonov was appointed as the Head of it, a competent expert — a former naval officer (master of sports and the Scuba Diving National Team Captain), graduated from the Leningrad High Naval Engineering College, and then — the All-Union Academy for Foreign Trade.

Back in 1966, when graduate from the Academy R.M. Tikhonov was the Director of a showroom of the Soviet machinery and equipment in Karachi, Nikolay Semyonovich rewarded him for the successful transaction on an exchange of a load of GAZ-69 cars for a steamer of high-grade rice “Basmati”. The successful sale of our vessel for U.S. $9 million was not forgotten either. R.M. Tikhonov was also one of the employees of the Ministry of Foreign Trade, who, on-the-job, using vacations and evenings managed to prepare a solid PhD thesis and get a scientific degree at the All-Soviet Market Research Institute.

R. M. Tikhonov recollects the achievements of that time. Firstly, the general direction of the State Quality Inspection of export goods was changed: its main attention was concentrated on the
quality control of machinery and equipment. More than 1500 skilled professionals, mainly in the key industrial centers and at the border check points were engaged in that job.

Secondly, the General Engineering and Technical Department was established, which along with other major functions had a serious impact on the increasing of the competitiveness of the domestic machinery equipment. The General Engineering and Technical Department was a brainchild of a student of Nikolay Semyonovich — Vladislav Leonidovich Malkevich who had developed a modest technical department into an original branch of the industry — improving the quality and technical level. He organized and established covering dozens of countries a clear system for collecting information about all the innovations of science and technology abroad, having made the General Engineering and Technical Department a forefront of the technological progress in the struggle for the competitiveness of the domestic products.

Thirdly, the control over the quality of imported goods was also strengthened by more than 8000 experts (partly on a freelance basis) of the Commodity Inspection Department; being part of the Soviet Union Chamber of Commerce (later on this basis the organization “Soyuzexpertiza” was established).

Active work to improve the quality was conducted both in the theory and in the education, and above all — in practice. Many times at the meetings of the board of the Ministry of Foreign Trade Nikolay Semyonovich withstood attacks of CEOs of all-union foreign trade organizations the because of suspension by the Chief Inspector of shipment of the goods for elimination of the defects and the deficiencies.

It was a “golden time” of the active export of the Soviet equipment (1960s—1980s) when in certain periods there were annually exported: 250 thousand cars and 35 thousand trucks, about 100 aircrafts and 150 helicopters, more than 200 electric and diesel locomotives, 4 thousand harvesters, about 1 million household refrigerators, 1 million bicycles, about 20 million watches, more than 800 thousand cameras, more than 350 thousand washing machines, more than 800 thousand TV sets, 1.2 million radios.
The State Quality Inspection of the Ministry of Foreign Trade became essentially the coordinating center, as the work was carried out not in a mode of the All-Union Technical Control Department, but in finding measures to improve the quality characteristics. Suffice it to say that in FT Ministry’s State Quality Inspection the meetings of the heads of inspections on the quality of the branch ministries and representatives of the State Standards Committee of the USSR were held, and its head periodically reported on a state of affairs at the meetings of the Commission on Foreign Trade in the Kremlin.

Moreover, the Soviet Union Chamber of Commerce, General Engineering and Technical Department of the Ministry of Foreign Trade and the State Quality Inspection in a regular manner of cooperation with the State Standards Committee of the USSR took part in all international symposiums and meetings concerning quality what was important for the convergence of our finished products with the international quality parameters and standards.

We would like to recall the traditions of the high engineering culture revealed in the evaluation and quality control of imported products to the USSR, as there are very reputable evidences.

Back in 1930, the Deputy Commander in Chief of the Soviet Air Force, J.I. Alksnis visited in Germany, the designer Heinkel bombers with a trial order for flying boats with catapults. Heinkel recalled: “They put me a contract containing dozens of items and an incredible amount of details: the exact date of delivery, the control from the Russian side, the usual penalty in the case of non-delivery or reducing characteristics as compared with those in the draft ... I asked: “Will the Acceptance Commission arrive? “Sure,” — said Alksnis. — “Many aircrafts require many eyes. Many eyes can see well“.

Later Heinkel complained about the Russian inspectors: “They interfered in every detail ... My people could not get rid of them. They tested materials hundreds of times. They tested every wire, every piece of the cloth, each wooden part. Their
control soon forced me to strengthen the supervision. We sud-
ddenly started to work with such precision and at a rapid pace
which we had never had before. I always thought that my
plant operated as a good orchestra, but the Bolsheviks were
working better. It is worth something ...The construction of
these aircrafts for the Russians proved to be very important
to me, as it helped me to live through a terrible crisis which
covered not only aviation but all the industry as well..."

In March 1940, Heinkel offered the Russian Purchas-
ing Commission to test the newest XE-100. In this regard, he
wrote: “A young pilot, a Hero of the Soviet Union before the
first flight at the speedest of all aircrafts which he had ever
flown, had only one ten-minute consultation with one of my
best test-pilots. Then he lifted the plane in the air and hurled
it in the sky, carrying out such a performance that my pilots
were almost speechless with surprise.”

Nikolay Semyonovich constantly held meetings on the quality
of imported products, at which he demanded very rigidly from
the organizations to observe all the norms. We can recall the way
he once commented A.A. Malinin’s (the Chairman of the organiza-
tion “Raznoexsport”) report. At a meeting A.A. Malinin said that
poor quality shoes were one percent of all deliveries. The Minister
immediately objected mentioning that for someone who would
buy that pair of shoes, the defect would be 100%. Especially, in
this respect the socialist countries sinned which received planned
tasks exceeding their capabilities and had to “remove” all the
stocks from the warehouses. There were problems with deliver-
ies of footwear from the developed states. As a result, the quality
control was toughened and by the results of random inspections
at border crossings a party of footwear, which was identified as
defective, was returned to the manufacturer.

In the years of “perestroika” and the destruction of the state-
hood the country quickly lost its market positions of mechanical
and electrical products. To break is not to build. But it was after
Patolichev. And now, at the beginning of the second decade of the
XXI century, the restoration of the technological manufacturing
in the “uniforms” of the Western standards slowly grows into the bowels of joint ventures with foreign multinational corporations. However, these pockets of relatively high-quality products do not grow to a national-scale industry, and often embrace only some segments of manufacture.
Market Analysis in the Ministry of Foreign Trade

“Look before you leap” — the proverb says. Therefore, N.S. Patolichev among the priorities of the Ministry of Foreign Trade from the very beginning singled out the research, the analysis and the forecasting of the markets.

The basis of the market research of the Ministry of Foreign Trade was founded in the early postwar years by Anastas Ivanovich Mikoyan. Nikolay Semyonovich Patolichev with the help of his colleagues significantly expanded and strengthened this system; made it more efficient and directly aimed at commercial work. His numerous innovations in this area could be summarized as follows.

Coordination of market research work in the Ministry was reached through regular market research meetings in the specialized foreign trade organizations and market research meetings of the Ministry of Foreign Trade with the participation of all these organizations and the All-Soviet Union Market Research Institute.

The All-Soviet Union Market Research Institute, established in 1947, was expanded and strengthened, and became de facto a scientific and information headquarter of the foreign economic sector of the country. Its staff for 1960—1970s was doubled to 450 persons. The terms of reference included general economic and commodity market research, forecasting, participation in working out commercial policy and the international economic cooperation, etc. In 1972, the Institute was among the first economic research institutions in the country, which for its work was awarded the Order of the Red Banner of Labour, and later in 1978, it was awarded the status of the first national category, with assigned additional functions of guiding the branch institutes in the field of studying commercial opportunities of the world commodity markets. Unique experience of acquiring information and analysing market economy began to spread to the diversified field of the whole country.
Therefore, in the post-Soviet period the All-Russia Market Research Institute with its publications and advisory practice, made a significant contribution to the process of formation and access to external markets of a large number of new Russian participants, helping them to navigate in the unfamiliar competitive environment and to learn the basics of the international business. In turn, many employees of the All-Russia Market Research Institute, having mastered their fields of work, found their place in responsible positions in the bodies of state administration and business.

What the Market Research Institute had to deal with in practice and what the benefit of its work was can be judged by the reconstruction of the foreign trade statistics of the People’s Republic of China made by it. During the last 18 years of Mao Zedong’s ruling, the People’s Republic of China did not publish data on its foreign trade and its trade partners were forced to conduct commerce with the Chinese side “blindly”. Therefore, “the mirror” statistics of the foreign trade of the People’s Republic of China (PRC) was calculated by the Institute according to the data of import-export of 80 of its partner countries broken down in thousands of commodity positions by quantity and value (and hence the prices and their dynamics) of the supply of each product distributed countrywise. The statistics for the Chinese trade, reconstructed in such a way were released in 150 copies and supplied to all the foreign trade organizations and the state departments concerned. So, when the negotiations were conducted with Chinese organizations for purchasing some products, we knew when, to whom and for how much they sold them, whereas our partners, blinkered with their own secret, (judging by their reactions) were not in the know. The same calculation was carried out in the Market Research Institute on the compilation “from nothing” of foreign trade statistics of Afghanistan. In those peaceful times, this statistic was presented by the Ministry to the King of Afghanistan, who expressed his deep gratitude because it was a real contribution to the economic development of the
friendly country. Jules Golovin, the statistician who had made the calculations, was awarded a gold medal by the King.

In the 1960—1970s, the subscription to foreign information resources was significantly enhanced, and also own network of correspondents abroad within TASS offices (in London, Bonn, Paris, New York, Tokyo, New Delhi) and at the trade missions in about fifteen countries. With support of Nikolay Semyonovich for their maintenance, and also for the subscription to the economic literature it was allocated annually 1 million dollars — in those times a lot of money. The library of the Market Research Institute and the Ministry of Foreign Trade exceeded 70 thousand units of foreign publications. Unfortunately, during the reform years, the network was largely lost, and the All-Russia Market Research Institute was deprived of state treasury funding.

Since the end of 1950 the information activities of the foreign trade within the country had been greatly enhanced. Under N.S. Patolichev the official journal of the Ministry — “Foreign trade” got a truly general business value. The minister himself regularly acted in it with articles, setting the tone to others. The journal constantly informed the functionaries of industries of opportunities and requirements of the foreign market; later it began to be published in English and was a subject of desired expectations of all foreign embassies and foreign ministries of the economic profile, as the statistics of foreign trade of the USSR was promptly published in it.

The description of foreign markets was carried out in “the Bulletin of Foreign Commercial Information”, which had been published by the All-Soviet Union Market Research Institute since 1948, and by the way, since the Stalin era — under the courageous resolution of A.I. Mikoyan — without censorship. Throughout decades, the “Bulletin of Foreign Commercial Information” was a unique business publication, not only in the Soviet, but also in the world practice of information supporting foreign economic relations of the country. It carried out the function of a “single information window” on the global market for the Soviet Union and the whole socialist commonwealth. For many generations of
economists of foreign trade in our country the materials of the “Bulletin of Foreign Commercial Information” were invaluable educational aid on foreign market economy. Under Nikolay Semyonovich the subscription to the “Bulletin of Foreign Commercial Information” reached its maximum size of about 10 thousand copies. Besides a supplement to the “Bulletin of Foreign Commercial Information” (up to 14 issues a year, including the traditional annual review of world markets) containing basic foreign economic and marketing studies began to be published in considerable quantity. Their operational quality printing was arranged in Finland. Great attention the “Bulletin of Foreign Commercial Information” devoted to publication of the materials on new directions of scientific and technical progress in foreign countries and, importantly, on world prices, including the prices of actual transactions, which allowed the country authorities to make important decisions on conducting domestic economy and its export potential. Nowadays the centralized system of state informing of foreign trade developments does not exist, the companies go by trial-and-error way, and it is not surprising that about half of anti-dumping prosecution of their operations abroad originated because of weak knowledge of world market pricing.

Nikolay Semyonovich supported progressive innovations ardently. One of those was the development within the Ministry of Automatic Control System (ACS) which was making a short-term (up to six quarters) forecasting of a wide range of commodities and agricultural products basing on the proposed multifactor economic and mathematical models of regression type. Based on the generalized multi-year forecast results obtained by the specialists of the All-Soviet Union Market Research Institute under the guidance of the Doctor of Economic Sciences, subsequently Professor, V.V. Polyakov in 1975 the Automated Prediction System (APS) “the Conjuncture” was created, and gradually covered 15 raw commodity markets. And the coefficients of reliability of the forecasting at the horizon of two steps were 72—85 %, and it was considered as a very high indicator. Thus, in the methods of predicting the Ministry was not inferior to the Western specialists. But behind the forecasts there was scarce currency and funds of
the goods needed for the country — the cost of failure would be extremely high.

In this regard, the case comes to mind when, in 1973—1974s due to the burst of the oil crisis there was a price hike on oil and many of the world predictions came true the other way around. However, according to the Royal Exchange report of forecasts (combined with the real prices) of 23 world’s largest forecast centers, the All-Soviet Union Market Research Institute turned out to take the third place due to its forecast accuracy. No, we did not hit the bull’s eye but were mistaken less than others. Nikolay Vasilievich Orlov, director of the Institute, was thrilled with the certificate from London, and immediately took it to Nikolay Semyonovich, although it was a late evening,. A few months later a number of experts of “Soyuznefteexport” and the Market Research Institute were commended with high government awards for predictive work and conducting successful sales on its basis. The transaction of a lump sum and a large purchase of American wheat (that received the title of “grain robbery” in the USA) were also carefully planned in the Market Research Institute. Later its main performers in the Ministry were awarded the highest title of the Hero of Socialist Labour.

Under N.S. Patolichev applied research of business trends was raised to a qualitatively new level by the conjugation with fundamental science. This was expressed in the preparation of the employees of the Ministry of several major analytical researches, as well as awarding some of them high academic degrees and titles, and appointing them on high posts in the system of the Russian Academy of Sciences or in government offices. Among them — a member of the Academy of Sciences, I.D. Ivanov, a corresponding member of the Academy of Sciences, I.S. Korolev, Dr.sc. (econ) and Professors V.D. Andrianov, V.L Malkevich, E.S. Shershnev, Cand. Sc.V.S. Alchimov, A.A. Manukyan, V.N. Burmistrov, M.S. Pankin — an impressive galaxy of top-class specialists in the structures of foreign trade organizations. It really was a golden
fund of navigators, cohort of lookouts helping the captains of foreign economic sector of the country to lay a rational course.

In 1970—1980s the market work of the Ministry went on the path of wide international cooperation. It was expressed in close ties of experts of the Ministry of Foreign Trade with the relevant the UN structures (including the work of some of them in these structures), a regular mutual consultations at the level of foreign trade missions with countries — members of COMECON, the signing of cooperation agreements with research organizations in the field of foreign trade of the CMEA countries, etc.

Such an approach completely corresponded to world practice. In those years many world-famous leading economists, including Nobel Prize Winners Simon Kuznets (1971) and Friedrich A. von Hayek (1974), the founder of the Austrian Institute for market research were involved in the development of market research techniques and practical forecasts. With the development of the concept of marketing as the production-marketing system focused on the market requirements and even forming these requirements, market studying was appreciably synthesized in marketing researches. In contemporary conditions the number of the centers and services, monitoring economic conjuncture all over the world increased vastly, as well as the number of consumers of market research — among firms, governmental authorities and international organizations.

The All-Soviet Union Market Research Institute made a large contribution to the establishment of the system of national economic forecasting of the USSR and the world in general, projected on to the practical planning. In the post-reform Russia this experience, unfortunately, was untapped and largely lost, whereas many departmental predictions nowadays are deviating from reality, almost from the very moment of their issue.

In his work, N.S. Patolichev keenly listened to the opinion of scientists and relied on healthy forces of economic science. In 1970s the convergence of the two world systems was largely promoted by social movement for peace with the participation of representatives of science and culture, including the Pugwash Movement and the Soviet-American Dartmouth meetings.
In 1975, when the U.S. delegation headed by David Rockefeller arrived in the USSR, they went to Tbilisi and met local people. Once Rockefeller went up to the 4th floor as there wasn’t an elevator, in the dark, because the local authorities having failed to paint the porch, had screwed the bulbs out. Nevertheless the hearty Georgian welcome could not help but impressing the guests. The party was a success. However, Rockefeller doubted if it could have been a “Potemkin village”. Having seen on the wall a portrait of Hemingway, he strongly removed a picture. Just imagine his surprise (or disappointment) when he discovered that the wall paper behind the picture hadn’t faded — the picture had been hanging there for a long time.

So, step by step on parallel paths a desired way to political compromise and economic cooperation was trodden out and justified.

The period of N.S. Patolichev’s leadership in foreign trade of the country, was marked by a significant strengthening of the position of the Soviet Union in a number of important segments of world trade. The centralized state monopoly of foreign trade contributed to a situation at which the Soviet Union in a number of commodities and also in trade and political clusters could move from passive monitoring and forecasting of conjuncture to the active influence on its formation and rational use, with a view to ensuring the national interests of our country. Besides, large single contracts of the Ministry of Foreign Trade created among foreign business a lobby for the Russian economic (and other) interests, without what a modern economic diplomacy was impossible. It is enough in this regard to mention such names as Armand Hammer, or Otto von Amerongen. And this was — a great merit of Nikolay Semyonovich and his colleagues.
Staff Training System

Without knowing the specifics and the numerous subtleties of foreign trade occupations and having a good command of a foreign language it is simply impossible to work in this field: a skilled foreign partner will immediately show ignoramus up in his true colours. We must pay tribute — in the Ministry (and in the Ministry of Foreign Affairs) by the efforts of A.I. Mikoyan an orderly system of foreign training was arranged: since pre-war times the Academy of Foreign Trade of the USSR had been working, giving the second — foreign trade and language — education to the graduates of technical universities (for some reason, however, to men only). The Institute of Foreign Trade had also functioned and there was an Economic Faculty in the Moscow State Institute (University) of international relations of the Ministry of Foreign Affairs of the USSR. Specialists for relations with the Eastern countries had been prepared (up to 1954) by the Institute of Oriental Studies. Yevgeny Primakov, who became many years later Prime Minister of Russia, was one of its graduates.

In the Ministry of Foreign Trade there were language courses, aimed at improving the qualification of the employees of the Ministry. By the way, the employees got a 10% increase in pay for proficiency in a language, as for an Oriental or East European language, a 20% increase in pay was provided which was rather considerable in those days.

The courses were taught by experienced teachers. In the 1950s among them there was Sergey Sergeyevich Tolstoy — Leo Tolstoy’s grandson, the author of an English textbook published in 1929, he conducted a rather rare discipline, business English and commercial writing. His charm and complete devotion, with which he conducted classes, captivated the audience: everything was easy to learn, was pleasant in learning and firmly remembered. A commercial dictionary and books on business practices by E.E. Izrailevich were the handbooks for any employee of the foreign trade.
Nikolay Semyonovich was directed to the political path in 1956, during the period of “storm and stress” of the country’s voluntaristic leadership concerning the educational structures of international directions. In September 1954, the government resolution on de facto dissolution of the Moscow State Institute of International Relations was adopted hypocritically permitting the students (including the last year ones!) to enter any other institute as freshmen. Soon it was decided to close the Institute of Oriental Studies. Protesting students’ demonstrations began (which was unacceptable in those days) and the desperate petition to Minister of Foreign Affairs V.M. Molotov was taken.

Finally, senior courses of the Moscow State were allowed to study up (having added 6-th course), but the Institute “lost weight” at the cost of the younger students. Their place was taken by Faculty of Oriental Studies — from the remnants of the Institute of Oriental Studies, which was closed nevertheless. The only advantage of that painful surgery was that the specialists of economic profile got an opportunity to learn more than 20 languages beyond four Western ones.

Nikolay Semyonovich had to join the fight for preserving the educational structures while being already a Deputy Minister of Foreign Trade, when in 1958 it was decided to close the Institute of Foreign Trade. A compromise was found — to combine it with the Moscow State Institute of International Relations as a Faculty of Foreign Trade (hereinafter — the International Economic Relations). Graduates of the Faculty were trained for the system of foreign trade. The main thing that Nikolay Semyonovich managed to retain was the valuable elite of professors of the former Institute of Foreign Trade and the Institute of Oriental Studies.

There were such bright stars as Doctors of Economics, Professors Nikolay Nikolaevich Lyubimov, and Ferdinand Gansovich Piskoppel (his son Roald Ferdinandovich had been working with Nikolay Semyonovich for many years and later became Deputy Minister for Foreign Economic Relations of Russia), who taught the World Economy at the Institute of Foreign Trade, and then at the Moscow State Institute of Foreign Affairs.
N.N. Lyubimov — the coeval of the twentieth century, in 1922, was the youngest member of the historical Genoa Conference, which rejected the financial claims of the Entente to the RSFSR and opened the diplomatic recognition of the young republic. The successful result of the Conference was largely a result of diplomatic art, brilliant knowledge of history, economy and foreign languages of its Soviet participants — from the Head of the delegation, L.B. Krasin to its Secretary — N.N. Lyubimov. Later Nikolay Nikolaevich — a great expert of Western finance — gave a lot of time to teaching that complicated subject and easily delivered lectures in foreign languages.

The reporter’s memory keeps an episode of the brilliant science show, which Nikolay Nikolaevich Lyubimov performed at the International Economic Conference in Helsinki. He summed up his report, having brilliantly answered in English a tricky question from the audience asked in imperfect English. Then switching to his no less impeccable German (the question had been asked by a German), he finished his speech in his elegant French, having told a witty anecdote suitable for the occasion “and completed the show getting rapid applause. He was a person of rare erudition and valuable experience. N.N. Lyubimov was Nikolay Semenovich’s frequent guest in his 5th floor office of the Ministry; he had long talks with the assistants of the Minister — Savinov, Smolyakov, Stahurskiy.

N.N. Lyubimov’s enormous contribution to the upbringing the qualified personnel was greatly appreciated — he was awarded the Stalin Prize, and by his eightieth anniversary he was awarded the title of the Hero of Socialist Labour, his name was given to a memorial auditorium in the Moscow Institute of International Relations.

In the middle of 1930s F.G. Piskoppel was sent to work for the USSR Trade Mission in Belgium. He was entrusted a delicate task — to provide support for the anti-fascist movement in the Spanish Civil War. He transferred financial resources to Madrid, organized sending volunteers and military experts via Brussels. Upon his return to Moscow on the eve of the Great Patriotic War he was rewarded a “Horch” car by the Soviet government. It must be said that private cars were a unique rarity in those years.
Repression of that time did not spare him. In the 1940s he survived an arrest (although a patriot, but still a German), a transportation to the coal mines in Kazakhstan. A wise man, a sure advisor, an author of convincing petitions and letters — the convicts respected him and guarded carefully. After the “thaw” he returned to Moscow and took up teaching. In his modest attic in the 5th floor of a peaked house built for the German specialists near Kolkhoznaya (now Sukharevskaya) Square back in 1930s, he consulted his numerous students. He prepared over 100 Ph.D. in Economics. It seems to be a record.

The baton from the N.N. Lyubimov as the Head of the International Economic Relations’ Chair Moscow State Institute of International Relations was taken by his former student, Professor Nikolay Nikolaevich Liventsev, Dr. sc. econ., and his professional potential allowed him to perform expert functions in the structures of the UN, as well as to lead the courses of lectures (in English) at the High business school in Helsinki, at the Auvergne University (the city of Clermont-Ferrand, France), as well as at the Southern Illinois University (Carbondale city, the USA). And for a long time he was the Head of the Dissertation Board of the Moscow State Institute of International Relations, certifying highly qualified personnel.

Nikolay Semyonovich closely followed the new directions in research and teaching, appearing at the horizon of the international economic relations. They were continuously viewed by The Human Resources Department of the Ministry patronized by Deputy Minister Ivan Timofeevich Grishin, and later by Gennady Kirillovich Zhuravlyov. Developing traditional subjects of “Mikoyan”’s Institute of Foreign Trade — merchandising technique, a conjuncture in world commodity markets, organization and technique of foreign trade, transport, currency, finance, accounting and statistics — after 1958 in the united Moscow State Institute of International Relations new directions and interdisciplinary training segments were diversifying rapidly.

These were the years when apart from the growing commodity exchange in the world economy, diverse services, the flows
of capital and labor, new forms of relationships were multiplied. Accordingly, new Chairs were created: “Foreign Economic Relations,” “Management & Marketing,” “International commodity transportation and logistics”, “European Integration,” “Organization of foreign trade management” (at the same time the similar transformations were carried out in the All Union Academy for Foreign Trade).

During this period, the framework for future active directions of 1990—2000s were laid: mathematical methods and information technology, exchange’s business, insurance, audit, management, a wide range of marketing disciplines and advertising, and also such main directions of training as the international business and business administration, economic (and energy) diplomacy.

Very deep knowledge of foreign languages was given in the training system of the Moscow State Institute of International Relations and of the All Union Academy for Foreign Trade. It (including business language and commercial correspondence) enabled many experts of the Ministry of Foreign Trade to work, under the recommendation of the Ministry, at senior posts (including directorship), in the UN and other international organizations, leading discussions freely and preparing important international documents in the working languages. At those posts there worked prominent specialists of the Ministry: the member of the Russian Academy of Sciences, I.D. Ivanov, Doctors of Economics, Professors A.I. Belchuk, I.I. Dumoulen, N.N. Liventsev, B.M. Pichugin, PhDs, M.S. Pankin, A.S. Ivanov, O.K. Krotov, V.B. Naborov and many others.

Having mastered the Japanese language in the Moscow State Institute of International Relations, R.B. Nozdreva (later — Dr.sc.(econ), Professor, Head of the Chair of Management and Marketing), wrote several articles and two monographs on marketing in Japanese (by hieroglyphs), which were published in Japan: “Strategic Marketing and the System of Planned Advertising in Japan”. “Theoretical and Practical
Analysis” and “Development of Marketing and Advertising in Russia (comparing the positions of Russia and Japan). In Tokyo, the founders of the famous systems “kanban” and “kai-zen” admitted the originality and usefulness of the studies by the Russian expert in marketing. Moreover, the fundamental textbook by R.B. Nozdreva on marketing was subsequently awarded a gold medal at the All-Russia Exhibition of books of the Ministry of Education of the Russian Federation.

The concept of marketing within contemporary definitions appeared as back as in 1947 in the Ph.D thesis of Professor of the Institute of Foreign Trade, M.G. Shereshevsky. In 1975, with the support of Nikolay Semyonovich Patolichev in the Chamber of Commerce (the All-Union) Marketing Division was created composed of experienced specialists of the Ministry (the Chairman — Doctor of Economics. P.S. Zavialov, the Secretary — B.A. Khramtsov), which actively studied foreign experience and worked out adaptation recommendations for our conditions aimed at introducing new manufacturing and marketing systems in export practice. Great work on educating employees in industries on application of these systems was conducted by the Chair of Marketing of the All-Union Academy of Foreign Trade, under the direction of PhD in Economics, I.I. Kretov.

Nikolay Semyonovich greatly appreciated professors and teachers who had practical experience in foreign trade, who by their own example could instill students with the necessary knowledge and human qualities, a sense of patriotism. In 1950—1960s Professor Ivan Semyonovich Potapov, a comprehensive expert (the author of some monographs), rather democratic in communication, a responsive tutor, was the Head of the All-Union Academy for Foreign Trade.

In the days of the Nazi invasion, I.S. Potapov headed the Trade mission of the USSR in Turkey. In June, 1941 he conducted a brilliant operation to rescue the ships of our merchant fleet. Using his high prestige in the political and busi-
ness circles of Turkey, having shown resourcefulness and great diplomatic art, he persuaded the Turkish authorities to miss our ships through the Bosphorus, to save them from German torpedoes. For this operation, during the first few weeks of the war he was awarded the highest award of the country, the Order of Lenin. And for the benefit of the country he used all his capabilities to keep Turkey from joining the war in the critical days in October, 1941 when the Germans were approaching Moscow. The people of the Komi Republic, where he was born, can be proud of their outstanding fellow countryman.

Under the direction of the Rectors of the All-Union Academy for Foreign Trade (now — Russian Foreign Trade Academy) Professors, Doctors of Economics B.S. Vaganov and S.I. Dolgov a flexible system of full-fledged training of employees of the Ministry and industry (3 and 9-month evening courses) was implemented, as well as the individual task training in accordance with the appointments to non-standard major posts.

Great expert work for the Ministry, especially on trade policy issues and also participation in international economic organizations was conducted by Professor of the Russian Foreign Trade Academy, Doctor of Economics Ippolit Ippolitovich Dumoulen. As in 1960s, up to nowadays he has been a reputable expert in the field of relations with General Agreement on Tariffs and Trade (GATT)/ World Trade Organization (WTO).

Serious attention was paid by Nikolay Semyonovich Patolichev to training highly qualified specialists — candidates of economic science and Doctors of Economics in foreign trade, international economic relations, and the global economy. Over the past half-century (since the beginning of his work) in the postgraduate studies of the Russian Foreign Trade Academy and the Moscow State Institute of International Relations about 900 candidates of economic science were prepared.

Under direct support of N.S. Patolichev in 1970, the postgraduate study was opened in the All-Union Market Research Insti-
The USSR foreign trade under N.S. Patolichev

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

tute, which has prepared 225 candidates of science. During the
trendy doctrinaire pseudo-theorization Nikolay Semyonovich fo-
cused on applied side of the dissertations. In this sense, there was
a revealing example of the very first dissertation defense on the
world market of fishery products by the employee, Z.F. Baran-
nik of the “Bulletin of International Commercial Information”, in
the All-Soviet Union Market Research Institute. The defense was
accompanied by an unprecedented event (even for experienced
referents of the Higher Attestation Commission) — the regional
newspaper “Murmansk Pravda” published a summary of her dis-
sertation, which became a subject of grateful studying by fisher-
men of the trawl fleet and shore-based enterprises, there were a
lot of good reviews to this publication. That was the beginning of
scientific and applied direction of training “Patolichev’s” gradu-
ate students on “world economy” (a specialty 08.00.14).

The scientific guidance of postgraduate studies was carried
out by experienced professors and associate professors of the edu-
cational institutions of the Ministry of Foreign Trade, many of
whom had experience in teaching activities at universities abroad
(Europe or the U.S.), research work in the UN system. The ex-
tramural studies were usually arranged on flexible individual
schedules, taking into account the degree of readiness and profile
of each graduate student, with largely rationalized way of sci-
entific research. Characteristically, the extramural studies, more
numerous than the internal, showed even more impressive re-
sults.

Nikolay Semyonovich encouraged the training of the special-
ists from the regions of the country. Thus, there were PhDs on
foreign trade topics in Vladivostok, Yakutsk, Ulan-Ude, Norilsk,
Ukhta, Izhevsk, and other cities, without mentioning St.-Peters-
burg, Kiev and Minsk. They were appointed at high positions in
the administrations of regions, the chairs of local universities,
causing a chain reaction in the foreign trade education.

Only after many years it became possible to estimate the in-
sight of the Minister: so a nationwide system of support bridge-
heads of foreign trade education, the pupils of which were in such
a great demand with the advent of a market economy. Among the scientists of “Patolichev’s” school, there were both workers of mid-tier and well-known statesmen, including one of the Prime Ministers of Russia. Each of them earned established authority and made worthy scientific researches to be proud of.
Close Associates

On that August day in 1958 (which became crucial for the N.S. Patolichev and the whole sector of the country for nearly three decades), Nikolay Semyonovich was called to the First Secretary of the CPSU N.S. Khrushchev who bluntly offered him “to go on foreign trade”. It could be assumed, that N.S. Khrushchev tried to keep the young and respected party leader (Secretary of the Central Committee of the CPSU, Secretary of the Communist Party of the Ukraine, First Secretary of the Central Committee of the Communist Party of Belarus) away from the party Olympus. He probably did not forget an episode of his party biography, when due to the fantasies with “agrocities” he was ousted from the First Secretary of the Central Committee of the Communist Party of the Ukraine, and N.S. Patolichev became Secretary of the Central Committee of the Ukraine on agriculture.

While understanding the implicity of that unexpected offer, Nikolay Semyonovich nevertheless mentioned that he was not too versed in the problems of Foreign Trade. Then Khrushchev specified obstinately that he offered him to become not anyone, but the Minister. And having a healthy sense of humor, Nikolay Semyonovich replied: “Well, if the Minister, that’s quite another thing!”

The development of foreign trade in this period was complicated by the unfavorable international situation in conditions of the Cold War and the narrowness of the infrastructure for the expansion of trade turnover. But apparently, Khrushchev was induced to this appointment with other reasons too. He insisted: “We must bring order in the Ministry of Foreign Trade. A lot of Mikoyan’s personnel work there. The Ministry of Foreign Trade must be cleaned from these people. “He seemed to be ill-disposed to his old colleague then.

But that venture did not work. One of the fundamental merits of the new Minister was that he ignored the instructions and as a great value, kept and strengthened those personnel which had a unique international experience of commercial, financial, legal,
negotiation and language practice. And besides, having the credit of trust honestly conquered with foreign partners. Moreover, Patolichev united more closely around himself a team of professionals who became a harmonious team of associates in the nationwide interests.

The next year after the appointment Nikolay Semyonovich was to speak at a meeting of the Finnish-Soviet Chamber of Commerce in Helsinki — in the presence of A.I. Mikoyan and U. Kekkonen, President of Finland. It was his first public appearance in new capacity to the Western business community. He took his report out of the pocket and intended to go to the rostrum, but Mikoyan, who was sitting nearby, grabbed the paper: “Everyone can talk reading from the notes, you speak extempore “. Nikolay Semyonovich was not embarrassed and spoke brilliantly with his usual sincerity. The audience stood up applauding. The international recognition test was passed.

In those years the Minister, Nikolay Semyonovich Patolichev, and his Deputies were placed on the 5th floor of the Ministry. In various periods there were highly qualified specialists on these posts, who had formed an experienced team, and the operational headquarters of the Ministry.

The First Deputy Minister Sergey Alekseevich Borisov was responsible for general issues and transportation. He was an authoritative leader, having made an enormous contribution to the solution of hard problems of foreign trade. A cruel disease crippled him in the prime of life and put out of the main associates of Nikolay Semyonovich.

S.A. Borisov was replaced with Mikhail Romanovich Kuzmin, who was in charge of importing and exporting commodities, very experienced, well acquainted with the practice of foreign trade operations. In that field he was a greatly respected specialist, during the war he used to work in the Government Office and often received direct calls on operational matters from the Chairman of the Council of Ministers A.N. Kosygin. Mikhail Romanovich was an accurate and effective worker.
Later Patolichev’s closest assistant was Ivan Fyodorovich Semichastnov, who was responsible for exports and imports of mechanical and electrical products, trade in which was widely developing in 1970—1980s.

Nikolay Semenovich trusted greatly Nikolay Dmitrievich Komarov, his First Deputy since 1980. Having started his activity in aviation industry at the enterprises of Chief Designer S.V. Ilyushin, in 1946 Nikolay Dmitrievich was directed to the All-Union Academy for Foreign Trade. Since 1949 the graduate of the Academy worked in the system of the Ministry of Foreign Trade of the USSR, and for five years he headed the Department of the Soviet state assets in Finland. After his return he was engaged in the import of machinery and equipment, having become a Deputy Minister in 1965. Only in 1971—1975s — in the most favorable period of forming fixed assets of the country — complete sets of equipment for the 2000 industrial projects in chemical, automotive, pulp and paper, woodworking, consumer goods and food industries were imported.

There was a great personal involvement of N.D. Komarov in the creation of such giants of the domestic industry as the Volga Automobile Plant, KAMAZ, Oskol Electrometallurgical Works, Kostomuksha Mining and Processing Combined Works, Bratsk and Ust-Ilim Timber Processing Complexes, Kondopoga and Svetogorsk Paper Mills, Atommash, Orenburg Gas-industrial Complex, ammonia, carbamide, and sulfuric acid manufacturing plants.

In 1979—1980s there were deliveries of the complete sets of equipment “on turn-key terms”. At this time Zhlobin Plant for production of steel wire cord in Belarus, Volga Pipe Plant, several footwear plants were constructed. In Moscow there was a reconstruction on “turn-key terms” of the “Metropol” and “National” hotels as well as the buildings of the Moscow Art Theatre, Nikolay Dmitrievich was responsible for the import of machinery and equipment and the main work of the Ministry of Foreign Trade in this direction fell on his shoulders too.

One of the closest associates of Nikolay Semyonovich was Yuri Leonidovich Brezhnev. He was born on March, 31st, 1933
in Dneprodzerzhinsk. At the end of Grade 8 at school passed the external examinations for grade 10 and entered the I.V. Stalin Iron and Steel Institute in Dnepropetrovsk. After graduation he worked at a metallurgical plant as a section manager and a foreman of a tube-rolling shop.

In 1957 he entered the All-Union Academy for Foreign Trade, which he graduated in 1960. After graduating Y.L. Brezhnev was sent to work as an engineer in the Soviet Trade mission in Sweden. On returning he worked as an engineer in the foreign trade organization “Technopromimport” and then again went on a business trip as the Chief of the Department of Commodities in the Trade mission in Sweden, where several years later he was promoted to the Deputy and then to the Trade Representative of the USSR.

In 1969, Yuri Leonidovich was appointed the Chairman of “Promsyreimport”, the foreign trade organization. At that post he made great effort due to which the organization showed excellent results, In 1976 Nikolay Semyonovich pegged Y.L. Brezhnev for his Deputy and charged him questions of foreign trade transportation.

In the latest years of the work Nikolay Semyonovich appointed Y.L. Brezhnev the First Deputy Minister. He was responsible for all types of transport (sea, rail, river, air and automobile ones), which played a decisive role in the foreign trade in that time.

Y.L. Brezhnev coordinated the work of All-Union organizations “Soyuzvneshtrans”, “Promsyreimport”, “Soyuztransit” and the Main Department of International Transport of the Ministry. He paid particular attention to the purchase of large-diameter pipes for gas pipelines, including the pipe line of Urengoy—Pomary—Uzhgorod.

High rates of foreign trade development put forward new requirements to the organization of the transport process in the international traffic. For this purpose, ferry crossings Ilyichevsk-Varna (USSR—Bulgaria), Klaipeda—Mukran (USSR—GDR) were created and put into operation. New container lines — the Trans-Siberian and Trans-Caucasian, were opened, a new automobile crossing Kozlovichi-Kukuryki (USSR—PNR) was constructed.
With the direct participation of Y.L. Brezhnev the building of the second extension of Abakan plant for production of heavy-duty refrigerated containers, tank containers, bulk carriage containers was organized as well as some additional facilities for the production of platforms for transportation of heavy-duty containers were made. In 1981—1985s, 124 container depots for work with the heavy-duty containers were put into operation, and uniform regulations for transporting cargoes in containers were agreed and introduced, and full automation of treatment process and tracking the progress of containers’ movement were implemented. A new procedure for planning transportation of foreign trade cargoes, to be approved by the Government of the USSR together with the plan of exports and imports, was confirmed.

Y.L. Brezhnev promoted the opening abroad such companies as “Vesotra” (FRG), “Avsotr” (Austria), “Italsotra” (Italy), “Irsotra” (Iran), “Afsotra” (Afghanistan), as well as large mission of “Sojuzevneshtrans” and “Soyuztransit” in Sweden and Finland. In these countries, the transport infrastructure was established: storage facilities, fleet of vehicles for transportation of complete or broken down machinery and containers under the terms “door to door”, which ensured the safety of cargoes and the speed of delivery.

While heading the Soviet side of the Traffic Commission with Finland under the Soviet-Finnish Intergovernmental Commission on Economic and Scientific-Technical Cooperation, Yuri Leonidovich solved, together with the authorities of Leningrad, the important issue of construction of the depot “Tosno” for repairing and constructing railway carriages. In that period, the lack of covered wagons for transportation of goods in the direction Finland—USSR was particularly sensible.

Being a member of the CMEA Commission for Transport, Y.L. Brezhnev paid a lot of attention to the questions of international transit tariff, as well as to coordination of transporting cargoes with the CMEA countries on the terms of parity. Creation within the CMEA of the common Park of freight carriages and containers allowed accelerating turnover of vehicles. Instructions for transporting perishable goods in the international transport, granulated sugar from Cuba, chemical, and other dangerous and
bulk cargoes in containers, outsized cargoes were worked out that allowed saving considerable money for the Soviet side.

In order to improve physical infrastructure of foreign trade transportation the port “Vostochny” (container transport), as well as freight forwarding centers with warehouses, container terminals, equipped with modern cargo handling gear were built.

The two First Deputies of N.S. Patolichev — Nikolay Dmitrievich Komarov and Yuri Leonidovich Brezhnev — held high elective posts of deputies of the Supreme Soviet of the USSR. That position was, on the one hand, recognition of the serious contribution of the sector to the national economy, on the other hand it facilitated the solution of many issues relating to foreign trade.

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A good memory was left by the Deputy Ministers; each of them were working in the foreign trade for decades and had a well-deserved prestige among foreign partners which was valuable for improving trade and political relations and successful trading.

Among the Deputy Ministers there were V.S. Alhimov — Monetary and financial issues; B.S. Gordeev — food imports; I.T. Grishin — trade with the countries of Southeast Asia; G.K. Zhuravlev — personnel matters; L.I. Zorin — trade with the socialist countries and the Comecon countries; V.M. Ivanov — monetary and financial matters; A.N. Manzhulo — trade with the capitalist countries and the countries of South America, relations with international organizations, contractual and legal matters; N.G. Osipov — export of commodities; N.N. Smelyakov — export of machinery and equipment. All of them were the members of the Board of the Ministry of Foreign Trade.

Nikolay Semyonovich always adhered to the principle: “Come to the new place and work with the team that is there. The fate of the employee at his workplace should not depend on the change of the Chief. The task of the head is to work with the staff, which he got”. Following this principle, not only did Nikolay Semyonovich keep the team established, but always defended the staff he had inherited. Nikolay Semyonovich was an unusually modest man. He never lost his temper, did not raise his voice. It should be
mentioned that such a behavior didn’t correspond to the then-working style of the majority of the chiefs for whom giving a good dressing was a common practice.

* * *

The period of the 1970s was tense. As always, Nikolay Semyonovich worked flat out, without sparing himself, being at work till the late night. Overwork could not help having affected his health. In 1974, right at the airport, after seeing off an American delegation he fell ill. The diagnosis was a heart attack.

The heart attack was heavy. It got to a cardiac arrest. Shortly after that incident, V.L. Malkevich visited Nikolay Semyonovich in the central clinical hospital, and Nikolay Semyonovich told him about his feelings: “Just imagine, I felt that I was in the center of the tornado. Some force in a spiral was rapidly taking me to infinity. I realized that I was going to the other world! Suddenly, the doctors applied defibrillation. The heart started to work again. I opened my eyes and saw the doctors surrounding me.”

Fortunately, Patolichev quickly was on the mend, and in a couple of months he took up his duties.

L.I. Brezhnev highly appreciated N.S. Patolichev. When a Secretary of the Central Committee of the Communist Party of the Ukraine, N.S. Patolichev had worked with the Secretary of the Zaporozhe Regional Party Committee, L.I. Brezhnev, the latter had easily managed to estimate his business and human qualities of a senior leader. Since then they had been keeping the warmest relations. Therefore, when N.S. Patolichev left hospital after the first heart attack, Leonid Ilyich immediately phoned him and said: “When you consider it possible we will meet and talk about the future in foreign trade.”

* * *

Among N.S. Patolichev’s close associates there was a vivid personality, Vladimir Sergeevich Alkhimov. During the war he was an artillery intelligence officer and once, at the supreme moment of a German assault he drew the fire upon himself. Having been badly injured, he survived by a miracle, was awarded the
title of Hero of the Soviet Union and later graduated from the All-Union Academy of Foreign Trade, passed his Ph. D. defence and took the charge of the Ministry Administration of Foreign Exchange. L.I. Brezhnev used to ask N.S. Patolichev about him, jokingly, “Where is that red-haired speculator in foreign currency?” Soon V.S. Alkhimov was appointed a Deputy Minister of Foreign Trade and delegated the duties of the First Co-Chairman of the American-Soviet Trade-Economic Council (on the Soviet Side). Later, in 1976, being supported by N.S. Patolichev, V.S. Alkhimov was appointed the Chairman of the State Bank of the USSR.

* * *

Among the deputies of the Minister there was an experienced employee Leonid Ivanovich Zorin who had been the Deputy Trade Representative of the USSR in Germany on the eve of the war. In 1941, he took care of the staff of the Mission after the arrest of the employees by Gestapo and later during the war he was responsible for the Iranian route of delivering military supplies to the USSR under Lend-Lease. Under his control American “Studebakers” and “Jeeps” had been transported through the mountain serpentine of dusty Iranian roads to the Soviet border in Djulfa.

For many years till his retirement Leonid Ivanovich was responsible for foreign economic cooperation of the USSR with the Council for Mutual Economic Assistance and made a major contribution to the expansion of integration ties among the socialist countries.

* * *

An important activity of the Ministry of Foreign Trade always focused on establishment, maintenance and development of trade relations with Western countries, on the formation of legal framework. Relations with Europe and America under N.S. Patolichev were overseen by nominated by him to the post of Deputy Minister, Alexey Nikolaevich Manzhulo. He also managed the work of the Department of International Economic Organization of the Ministry, which with the Ministry of Foreign Affairs and other
departments was conducting participation of the Soviet Union in the activities of the UN specialized agencies: the United Nations Conference on Trade and Development (UNCTAD), international commodity organizations established on the basis of multilateral agreements to regulate international trade in some important goods (coffee, cocoa, sugar, grain, tin, natural rubber, etc.). Participation in conferences and meetings of these organizations in negotiations of trade organizations on trade stabilization of specific goods usually held in a rather tense atmosphere, was used by the Soviet delegates to clarify the principled position of our country on issues of world trade, and also to promote and protect the interests of the respective industries of the national economy.

The young professionals were gradually gaining experience. Among them there was M.S. Pankin, R. F. Tarzimanov, Y.V. Piskulov, N.I. Kuzminsky, V.N. Polezhayev, the present Vice-President of the Russian Chamber of Commerce and Industry G.G. Petrov, Head of the Department of Trade Negotiations of the Ministry of Economic Development and Trade M.Y. Medvedkov who even in those years showed their abilities to offer the options of unleashing some difficult knots arisen in bilateral and multilateral negotiations.

* * *

Nikolay Semyonovich singled out among his deputies another pupil of the defense industry — Boris Stepanovich Gordeev. He entered the All-Soviet Union Academy for Foreign Trade, and graduated from it successfully in 1950, then was sent to the Trade Mission of the Soviet Union in the UK, where he became a Deputy Trade Representative. After having held a number of responsible posts in the Ministry and abroad he was appointed the Deputy Minister in charge of the most “painful” job site — foodstuffs imports (grain, sugar, vegetable oil, butter and meat). In those years our country imported foodstuffs in large quantities which implied large currency expenses. However, Boris Stepanovich managed to avoid it due to a skillfully constructed tactics of the purchases, his skill of a foreign trade operator and, of course, the experience gained while serving in the Trade missions. For this
work he — (the only one of the management staff of the Ministry, except Nikolay Semyonovich) — was awarded the title of Hero of Socialist Labour. Along with him the award was received by the Heads of foreign trade organizations: V.I. Pershin ("Exporthleb") and V.E. Golanov ("Prodintorg").

* * *

Another Deputy of Nikolay Semyonovich, Nikolay Nikolaevich Smelyakov possessed a sense of innovation and a broad strategic vision. Largely thanks to his efforts, the export of machinery and equipment occupied a worthy place in the foreign trade.

... In the end of November 1939 the weather near Petrozavodsk was frosty, with snowdrifts. Lieutenant Nikolay Smelyakov was leading his tank platoon at the march of two hundred kilometers from the railway station to the village of Rebola. Ahead in the fur-tree camouflage the notorious Mannerheim Line had bristled up, with its still unknown submachine “cuckoo” gunners on the trees, loopholes of concrete pillboxes and anti-tank obstacles and hedgehogs. Every now and then light T-26 tanks got stuck. On that way even Commander N. Smelyakov's tank stopped twice because of malfunctioning. He repaired it by his own efforts; his high skill had already been attained during the previous service in 1934 in the tank units of the Special Far Eastern Army of the Order of the Red Banner in the Trans-Baikal. Despite the difficulties, the tanks deployed in battle order on Rebola direction.

Bombardment from the Finnish side of the village of Majnila was massive and thorough. Then it was not known yet that England and France (which in the summer without serious intention to the agreement had negotiated lazy with the Soviet Union) now helped the Finnish army with weapons and ammunition. So in combat conditions N. Smelyakov as a tankman formed an idea of the quality standards for future combat vehicles.

Two years later, in the severe autumn of 1941, the deputy chief steelworker N.N. Smelyakov was sent by Kolomna Machinery Plant to front-line Moscow. He was carrying the drawings of the cast tank turret developed by the plant for approval in the
General Tank-Automotive Command. Unlike the formed turret, it had a triple front armor and enhanced impenetrability.

At midnight, the adjutant called Smelyakov to the office. At the table there was sitting General D.D. Lelyushenko — the one that had served in the Trans-Baikal, who had led a tank brigade on the Karelian front, he had hung armor plates on the feeble T-26 and personally had tested them under the bombardment.

— Wait a minute ... Were you in service in 1934 in Trans-Baikal and in 1939 in Karelia? — Right. — The General reviewed the drawing of the tower, the calculations of plant designers and test reports. And here was the resolution: “Approved.” And the new T-60 went on a flow production — just when Guderian’s heavy armored vehicles were approaching Kashira. And later the production of T-70 and self-propelled guns SP gun-76 followed, and after the transfer of N.G. Smelyakov to Kirov plant in January 1942 — Guards mortars — the legendary “Katyusha”.

Many years later in the safe of V.A. Malyshev, the former People’s Commissar of Tank Industry in Wartime there was found a note made in Chelyabinsk: “Organized the evacuation of plants, with setting of tanks’ production. Now it is still bad. Many difficulties. But it is felt that output will go ... On December 19, 1941 Comrade Stalin rang to Chelyabinsk, and suggested their arriving in Moscow. Visited him several times. Told him about the Ural plants. But Comrade Stalin is not very satisfied with my talk, because the tank releasing is scare. “Meanwhile, Chelyabinsk, Sverdlovsk and Kemerovo regions were becoming the main arsenal of defensive resources of the country.

And ten days later, on December, 29th, 1941, Secretary of the Yaroslavl Regional Committee, N.S. Patolichev was summoned to Moscow by Secretary of the Central Committee A.A. Zhdanov, for a new appointment — to Chelyabinsk. For strengthening. Somehow he remembered Stalin giving a searching look apparently appreciating his strategic erudition when at the meeting at Stalin’s on October, 14th Patolichev used the term “frontage highway” of the enemy making his report on the construction of defensive lines of Yaroslavl. Having become Secretary of Chelyabinsk Re-
Regional Committee, Nikolay Semyonovich Patolichev paid prior attention to the development at the base of Chelyabinsk Tractor Plant and the evacuated enterprises, a large center of tank constructing, called popularly “Tankograd”.

Thus, in 1941—1942 both Nikolay Smelyakov, the tankman-steelworker and Nikolay Patolichev, the military engineer went out on the strategic lines of tank production.

In the undertalking of Chelyabinsk there were involved the capacities both of the Kirov Plant from Leningrad, and of the old Demidov’s plants which had produced the kernels and a caseshot for the battles of 1812. In February 1942, manufacturing of the T-34 started, the output of which reached over a thousand tanks a year later, and more than 5,000 tanks the following year. In Chelyabinsk there was a design bureau which in the early months of 1943 developed a new assault tank (IS), able to withstand the German “tigers” and “panthers”. The designers applied to Patolichev for support. As a result the People’s Commissar of tank industry arrived in Chelyabinsk. He sat at the controls, tested the machine. Then having taken the designers into his plane he took off to Moscow. Here are some lines from the notes of People’s Commissar, V.S. Malyshev:

“July 17th, 1943. Today I saw Comrade Stalin. For the first time I saw him in the uniform of marshal, untucked trousers ... the conversation came on tanks ... I told him about a new heavy tank with 85 mm cannon “IS” — Comrade Stalin listened to it carefully and said that we had to move faster. Obviously, he liked the tank.”

“August, 7th. I saw Comrade Stalin. ... He said the tank “IS” was to be put on production within a month and a half...”

“September, 8th. Today comrades Stalin, Molotov, Voroshilov... inspected the new tanks and artillery self-propelled guns... in the Kremlin. Comrade Stalin climbed a tank IS, and also SU-152 and SU-85 (Comrade Stalin climbed tanks for the first time). He closely questioned about the benefits of the new tanks, especially IS and SU-85... I was surprised that at his age Comrade Stalin had climbed the tanks so easily, without any assistance. He questioned the drivers and artillerymen, if it was convenient to work, if it was
tight, if gases gripped breathing, etc. The inspection lasted 40 minutes. Apparently, comrade Stalin was satisfied”.

Since April 1944, Chelyabinsk was entirely transferred to the production of “IS”, known as a “breakthrough tank”. And during the years of the war under the auspices of the Head of the region N.S. Patolichev 18 thousand tanks were produced.

The destinies of the two patriots and companions — N.S. Patolichev and N.N. Smelyakov tangled wonderfully on a selfless marathon to protect the national homeland and its economic formation. At the main stages of this distance, although sometimes in different periods of time, their ways of living coincided. Born in the rural outback of the two central regions — Nizhny Novgorod and Ryazan, they became engineers, served in the army, worked at large plants (N.S. Patolichev — at the Dzerzhinsk chemical plant and N.N. Smelyakov — at engineering plants in Kolomna, Kirov and Sormovo). Then they both headed the party organizations of large regions: the former — in Yaroslavl, Chelyabinsk, Rostov Region, Byelorussia, the latter — in Gorky region, and then in its Economic Council, after which he was the Minister of Engineering of the USSR. And they both at the same time (in the summer of 1958) were directed to the sphere of foreign trade: Nikolay Semyonovich — as the Minister, Nikolay Nikolaevich — as the Chairman of Amtorg, and soon — a Deputy Minister. They were working together for more than a quarter of a century.

It was an unusually successful cooperation. What united them? First of all, a nice sense of innovation and willingness to put into practice all the progressive ideas. Besides, they were able to carry away the many thousand staff of the Ministry with their personal example and indomitable energy.

...A little biographical digression: strictly speaking, N.N. Smelyakov had joined foreign trade 17 years prior to N.S. Patolichev. On June 9, 1941, he as an employee of the Kolomna plant had gone from the platform of the Belarusian railway station to Berlin as the acceptor of the equipment to be delivered to us under contracts by German firms. We had a Nonaggression Pact with Germany, but the clouds of approaching aggression were gathering, it was obvious to everyone, and
N. Smelyakov “was not recommended” providently to take his family ... And nevertheless, it was difficult to assume that in three weeks on the same platform, Red Banner Ensemble of Alexandrov would perform written overnight”Holy War”, seeing off echelons to the front.

In Berlin in the middle of June one could feel martial law — there was foodstuff rationing, at nights there were boosts of British aircraft, night bombing was quickly masked, the Germans began delaying shipments of equipment. The inquisitive sight of Smelyakov noticed everything: the ability of the Germans to save the smallest dose of material resources (the availability of various substitutes — ersatz, auto-switch off electricity in the hallways after use), reasonableness of procedure of washing of streets, delivering coal and coke briquettes for heating, even — well-cut suits of tankmen, allowing to jump into the hatch of the tank, without touching anything, etc.

At five o’clock in the morning on June, 22nd Trade Mission employees were arrested and placed in a concentration camp, where for the approach to the barbed wire closer than six feet there was a shot without warning. And then there was a conveyance by the railway in dire narrowness through Prague, Vienna, Belgrade, Sofia, Istanbul, to the Soviet border. Deputy of the Trade Representative, Leonid Ivanovich Zorin (in future a Deputy of Nikolay Semyonovich) having disregarded his diplomatic privileges, went with his team, firmly defending the interests and security of ordinary employees, protecting from abuse and provocations. Two months after his departure from Moscow, after such a dramatic “odyssey” N.N. Smelyakov was again in the capital.

Then — the military production at Kolomna, Kirov and Sormovo plants. In Sormovo under the direction of Smelyakov near the shore of Volga backwater in the autumn of 1943 a pontoon with a hut was put where a workbench and a potbelly stove were placed. At this place a talented inventor and enthusiast Rostislav Alexeev started his development of hydrofoils. With his drawings from this unpretentious workshop the streamlined shapes of the future would go to life — “Rocket”,

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“Meteor” and “Comet”, which in two decades will be the delight of many inhabitants of the Western capitals.

Nikolay Nikolaevich himself as a metallurgist had worked a lot in the innovation field, and participated in the development of the new and progressive process of continuous casting of steel (and then aluminum on which “Kaiser” took up the Soviet license), which was new to the industry. For this achievement, N.N. Smelyakov and his colleagues were awarded the State Prize in 1955...

While working as the head of Amtorg in America, being an active and very observant person, Smelyakov published a book, “Business America”, where described the approaches to organization of production and even the American way of life, quite different from existing at that time in the USSR. He initiated a number of appeals to the CPSU Central Committee, how to develop the foreign trade. At some time N.S. Khrushchev, was regarding Patolichev frostily, hesitating about appointing Smelyakov as new Minister.

The attitude to Smelyakov from the industry heads was mixed. He spoke about the shortcomings of domestic products a lot, rigidly, with irony, and sometimes sarcasm, and often touching the dignity of producers, provoked an inferiority complex in them.

It should be noted that under the imperfection of the system of material incentives for delivery to export, the industry leaders paid little attention to improving the competitiveness of products.

N.S. Patolichev appreciated Smelyakov’s erudition and supported him. Later, when Khrushchev retired and the manufacturers put the question of the resignation of Smelyakov, he did not let them hurt him.

In Amtorg N.N. Smelyakov appeared to get quite a lot of friends among businessmen. One of them, A. Ostemel, was engaged in sale of raw materials from the Soviet Union to other countries, including the USA. Having found out, that the Soviet licenses were being sold successfully in the USA, he
inquired of exclusive right to export licenses to this country. N.N. Smelyakov suggested V.L. Malkevich to grant Ostemel such a right, against what Malkevich strongly objected, as he had known that such mediation would lead to losses only. The arbitrator was Nikolay Semyonovich, who fully supported the position of Malkevich and encouraged to work directly with industrial companies.

N.N. Smelyakov was a witty person, and everybody in the Ministry knew his joke about difficulties with the export of national products: “The organization received an inquiry for toilet paper. — “Exportles” answered: there is no toilet, there is abrasive paper”. And in his book, he wrote: “Much can be seen from the windows of the Ministry of Foreign Trade”. However, at a meeting of the Board of the Ministry, which discussed the failure of supply hydraulic equipment to Canada, which was the responsibility of Smelyakov, Nikolay Semyonovich asked: “Comrade Smelyakov, do you watch deliveries to Canada out the window of the Ministry of Foreign Trade or you rub it with abrasive paper so you do not see anything?” In the auditorium there was laughter. So Nikolay Semyonovich found a way to chide politely his Deputy for the shortcomings in his work.

As Deputy of Patolichev on the export of equipment, Smelyakov paid great attention to the development of the advanced foreign experience. Both the Minister and his deputy tried to involve the specialists of the national economy in acquaintance with the Western technology as much as possible. Importance was given to everything — the small things and large-scale problems: from new American threaded nails and the Mexican dwarf wheat (why should we grow straw?) to the questionable interpretation of the drawbacks of the planning system (the concept of “Daimler-Benz”: the over-fulfillment of the plan leads to the growth of the disproportions in production). Both spoke about the necessity of establishing fund of goods for the insurance from the failures and as a resource of flexibility. The position of Belgian firms was noticed; the piecework pay was not compatible with the stimulation of quality.
N.S. Patolichev put before the country’s leadership the issues of technical maintenance and spare parts’ stock as a decisive factor of selling equipment, and also of necessity to enter the market only with models of high technology. He often repeated: “the production of outdated equipment means the reproduction of technological backwardness.” So the practice of creating specialized export industries was put forward and implemented (in particular, release of refrigerators).

In 1961, during the trip of the delegation of the Supreme Soviet of the USSR (with participation of leaders of the Ministry of Foreign Trade) by a special plane to Brazil, it became clear that IL-18 could fly across the ocean to the main airport only with a fair wind. For lack of wind they had to land at an alternate airport, despite its closure due to unacceptable weather conditions. Upon returning in Moscow, Nikolay Semyonovich offered the Chief Designer S.V. Ilyushin to extend the radius of the flight from 5,5 to 6,5 thousand km, which corresponded to the requirements of transoceanic flights at that time. Thus, IL-18D (distant) appeared and broke confidently into the world market.

*    *    *

Ivan Timofeevich Grishin was Deputy of N.S. Patolichev practically the whole period of his work as the Minister. Their biographies are similar. In pre-war and war years he had been working at high Party and Administrative positions (heading Regional Executive Committee in Novosibirsk) and later being first secretary of Stalingrad region party Committee for 10 years, contributed greatly in reconstruction of Stalingrad area. After serving for five years as Ambassador of the USSR to Czechoslovakia he joined the Ministry of Foreign Trade (1960) as Deputy Minister.

In the Ministry he was entrusted to work with human resources. Here I.T. Grishin steadily held the line of N.S. Patolichev of attracting highly qualified specialists from industry to the Ministry. In order to train those specialists to work in their new sphere they were sent to the All-Union Academy for Foreign Trade for three
years, where they got a second university degree (including foreign language acquisition). During the 1960-1970s, including the efforts of Ivan Timofeevich the material base of the All-Union Academy for Foreign Trade was significantly strengthened, and the admission to the Faculty of Foreign Trade and to the Faculty of international relations experts was expanded.

In accordance with the requests of the Central Committee and the All-Union Trade Organizations, under I.T. Grishin, there were significant changes in the curriculum of the All-Union Academy of Foreign Trade: the learning foreign languages of the socialist countries, Arabic were arranged; the amounts of the profile disciplines were increased. It should be noted that after 10—15 years, the skeleton staff of managing machinery trading organizations of the Ministry was staffed with those specialists who had passed this form of training.

Advanced vocational training in the Ministry acquired systemic, through character. When hiring at the ministry, each new arrival had to be sent to the refresher course of the Ministry of Foreign Trade, where they were taught “elements” of foreign trade for nine months. Higher Language Training Courses of the Ministry were expanded greatly, and provided vocational language training for employees. Serious work was done by I.T. Grishin in improving the staff of foreign administrative apparatus of the Ministry of Foreign Trade. Later he was transferred to trade and political work with the Eastern countries (Japan, China, India, and Southeast Asia), where he had to pay great attention to work with China. Just at that time, relations between our two countries became worsened. Settlements on international trade transactions were effected in Swiss francs, adjustment of protocols on the supply of goods each year became excruciatingly difficult, negotiations required endurance, self-control and sports’ health.

Great difficulties existed in the practical work with North Korea. Our deliveries to it balanced with deliveries of its own goods which, as a rule, remained only on a paper. North Korea tried to get from us everything and to give nothing in return. In this
regard, we developed a special tactic — partial deliveries from the Soviet side, then a suspension, until the compensation goods were received. Then the cycle repeated but only under the same terms.

On the other hand, trade with Japan reached apogee these years. The well-known wood agreements, under which in response to the supplies of Japanese equipment of complete cycle for forest goods’ production, we settled payments by deliveries of timber products (pulpwood, sawlogs), were performed successfully. Japanese technique has served for many years and allowed us to carry out our plans on procurement and processing of timber.

In the same years grandiose building of port facilities (port Vostochniy) was carried out, with specialized terminals (coal, grain, timber, container, mineral fertilizers). The second stage of port’s reconstruction was also envisaged. For this construction, we settled payments by the supply of national products, especially high-quality coal of Urengrin coal strip mine. Actually, it was an active exploration of the Far East.

* * *

Victor Mihailovich Ivanov worked on various posts in the Ministry of Foreign Trade of the USSR from 1951, (after the graduation from the All-Union Academy for Foreign Trade) till his retirement in 1987. As a Deputy of Nikolay Semyonovich, he was responsible for the condition of foreign exchange settlements, drafting and implementation of plans on currency incoming, oversaw the Central economic planning management, the Central currency management, Finance Department, and pricing policy of foreign trade organizations.

Under the steadfast attention of this Deputy there were such important questions, not only for the Ministry, but also for the country, as the coordination of income and expenditure of foreign currency. It is necessary to notice that during the management of V.M. Ivanov, there were no cases of insolvency of foreign trade organizations. Their high reputation as the most reliable partners allowed us to achieve the most favorable terms of payment for imported goods.
Victor Mikhailovich carried on negotiations at the government level on coordination the prices with our main partners in the West, and with the CMEA countries. During these negotiations, he repeatedly managed to achieve substantial reduction in prices, which saved significant amounts of foreign currency. Nikolay Semyonovich highly appreciated his Deputy’s skills and tenacity.

* * *

The youngest member of the Board of the Ministry was Vladislav Leonidovich Malkevich. He got this appointment in 1975 at the age of 39, while in the Ministry there were no deputy ministers younger than 60 years, and many exceeded the age of 70. That was the gerontarchical character of the Soviet leadership. This was, of course, the weak side of the administrative board of the Ministry, but Nikolay Semyonovich, though oppressed by such a situation, but continued to work with those whom he had inherited. Those who worked well, he did not get rid of.

The appearance of a young member of the Board caused quite a reserved attitude from the colleagues. This attitude didn’t change after V.L. Malkevich had defended successfully in 1982 his Doctoral thesis. However, Nikolay Semyonovich welcomed the defense and told the others that it was very good, when among the Board members there was its own Doctor of Economics. Before that in the board there was only one Ph.D. — the Director of the All-Soviet Union Market Research Institute, N.V. Orlov.

After V.L. Malkevich told him about his defense, Nikolay Semyonovich, knowing the situation, invited his first Deputy Nikolay Dmitrievich Komarov to his study and asked him to congratulate V.L. Malkevich officially as the first Dr. sc. econ. in the leadership of the Ministry. “Promise me to celebrate it together.”

And so it happened. There were congratulations and a glass of brandy. The question of the rejection of a young leader by the members of the board was removed. This case demonstrated once again the ability of N.S. Patolichev to work with people, his constant support of young employees.
As to developing strategy of foreign economic relations and tactics of foreign trade transactions, as well as price targets, Nikolay Semyonovich largely relied on the All-Soviet Union Market Research Institute, created and for nearly four decades, headed by Professor Nikolay Vasilievich Orlov. A coeval of Nikolay Semyonovich, a graduate of the Leningrad Institute of Finance at the turn of 1930s (one of the most advanced outposts of the economic science at that time), he had defended his master’s thesis before the war (what had been a rarity). During the Siege of Leningrad he was appointed Head of civil defense of one district of the city, and in 1943 he was unexpectedly sent from the besieged city ... to New York, to the Purchasing commission.

The war was long and exhausting, requiring enormous resources. Useful help for the Soviet Union, bearing the basic burden of losses was the U.S. lend-lease, and not only canned meat, condensed milk and egg powder, but also “Studebakers”, “Jeeps”, “Dodges”, aircrafts, aluminum for our aviation industry. Although the Lend-Lease was the “help”, it called for price fixing and the subsequent partial payment.

Cost-effectiveness of these supplies was the first foreign trade experience of N.V. Orlov. He carefully watched the Americans not to do overprice. And when our allies “opened their mouth too wide” for aluminum, he along with his assistant V.P. Finogenov (later a prominent researcher of the All-Soviet Union Market Research Institute), having studied the extensive materials of hearings of the United States Congress, found the report of a large aluminum company, “Kaiser” to the Congress with an official reference to the level of production costs of aluminum, which were significantly lower. The argument was irrefutable, and the American side was compelled to reduce prices. That meant that we would get more airplanes. Three times the Hero of the Soviet Union A.I. Pokryshkin who had shot down over 60 enemy planes recalled that things went faster when the American “Aircobras” had arrived.

Up to 1985, N.V. Orlov was a frequent visitor of Nikolay Semyonovich on the 5th floor of the Ministry, and his constant adviser.
When young Nikolay Patolichev headed Novgorod Komso-
mol district committee, another Nikolay — Zanozin, his younger
countryman, was still getting ready to receive a Komsomol card
and entering Gorky Shipbuilding Institute, so that at the end of
1930s to work at “Patolichev’s” subordinate object — Sormovo
shipyards. When Nikolay Semyonovich was studing at the Mili-
tary Academy, Nikolay Fedorovich Zanozin was taking military
training near the city of Gorky, which was so good for him in 1941.
Then, near Smolensk the novice gunner Lieutenant Zanozin, left
without guns, took up the anti-tank gun and at point-blank shot
two German tanks. The rest turned back. And in 1945, in the Balt-
tics, having already rich combat experience, Lieutenant Colonel
Zanozin arranged his division intercept the interlacustrine defile,
having forced the enemy tanks to substitute their vulnerable side
under fire of his eight guns. One after another about a hundred
enemy tanks went to fatal impasse.

Marshal I.H. Bagramyan handed out Order of Alexander
Nevsky to Zanozin. Then there was an order — to enroll for study
at the Frunze Military Academy. But severe wounds in the arm
and hip did not allow carrying out the order of Marshal. There was
a long treatment in the hospitals — in Riga, Moscow, Kirov, and
finally, in his native city of Gorky. A man of great will and deter-
mination, Nikolay Fedorovich in 1946 headed Nizhny Novgorod
volleyball team and at the national championship overcame the
selected team of Moscow (with a damaged wrist!). And yet, he
entered the academy, but not a military one, the Academy for
Foreign Trade which he graduated from in 1949.

Nikolay Fedorovich Zanozin’s work in the Ministry of Foreign
Trade was saturated with valuable practical developments. One
of his estimated proposal on the purchase of 10 welded vessels of
“Liberty” (equipped with efficient diesel engines) instead of ex-
pensive practice of chartering gave $12 million savings. His jus-
tifications of the price saved $11 million on buying the Togliatti
automobile plant. And signing his presentation to the Order of the
Red Banner of Labour, N.S. Patolichev might be pleased to notice
that they came from the same town. Their fates at different stag-
es and under different conditions touched invisibly on the general
directions, woven into the only one — protection and economic
strengthening of our Homeland.

* * *

Among the staff of foreign trade of an ordinary management
there was a person with an unusual destiny, Nikolay Aleksan-
drovich Alexeeev. Born in 1873, he died just a few months before
his centenary. I remember a conversation on the way from work
in 1960-s live out of the last century — “When I had graduated
from the classical grammar school in 1891 (!), there was a ques-
tion — where to go to study. And I decided to go to the St. Peters-
burg Military Medical Academy. And really — had passed the
entrance exams (there turned out to be a competition), and actu-
ally entered.” But had not graduated. His destiny was connected
with the revolutionary movement: in 1897 he became a member
of the Russian Social Democratic Workers’ Party; later there fol-
lowed an arrest, emigration, participation in the II Congress of
Russian Social Democratic Workers’ Party (London, 1903). He be-
gan serving in the system of the Ministry of Foreign Trade in 1927
as an economist of our Trade Mission in the UK. All his life he
performed modest work and was unassuming. Living in a shared
apartment on Sretensky Blvd, he refused the separate apartment
offered him “in favor of multi-family”.

Knowing fluently several languages, Nikolay Alexandrovich
was extremely useful in the editors’ office of “the Bulletin of For-
eign Commercial Information”: he quickly oriented in the arriving
information papers and determined priorities for placing them in
print. Upon submission of N.S. Patolichev to the 90th anniversary,
N.A. Alekseev was awarded the title of the Hero of Socialist La-
bour for the merits in Foreign Trade, which was celebrated sol-
ernly by the Ministry.

* * *

So at different stages of formation of our country and its for-
eign economic complex Nikolay Semyonovich and united by a
common history generation of devotees not always knowing about
each other, defended their homeland, strengthened its economic potential both on a senior, and an ordinary level.

* * *

The atmosphere in the Ministry, headed by Nikolay Semyonovich, was largely determined and supported by authoritative experts, the graduates of the Institute of Foreign Trade and the All-Union Academy for Foreign Trade. They were active, talented people who were always arranged by the Minister, taking into account their individual abilities.

A bright personality among them was Vladimir Mihailovich Shastitko, a war veteran, a developer of well-defined economic justification of foreign trade prices, which allowed gaining currency on export deliveries and avoiding losses during the import. In human terms he always was the soul of the company, showing remarkable creativity. If in those years the Club of the Cheerful and Sharp-witted (KVN) had been in existence, he would have been certainly among the leaders. In 1962, Shastitko organized in one of the units of the Ministry of Foreign Trade the performance of Bulat Okudzhava — a striking public event at that time (and highly disapproved by the party bodies).

During the total prohibitions of Western “liberties” in other departments, he danced rock and roll famously at ministerial evenings, highly swinging young ladies over the hip (repeating his favorite slogan that he “carries the banner of matrimonial fidelity”).

We’d like to remember a remarkable episode that took place over thirty years ago. May 1979, there was an international conference of UNCTAD in Manila. First Lady of Philippines, Imelda Marcos invited all delegates to a day off to rest. In a spacious bungalow in the shadow of palm trees at the tables there were numerous delegates from both developed and developing countries. A part of the Soviet delegation, led by V.M. Shastitko was at the most distant table. The atmosphere was absolutely informal. Four young Filipino girls, hardly dressed — in tropical straw hats and hardly noticeable loincloths —
are performing a cancan, showing off their charms. And then they in turn invite someone from the delegates and perform a dance with them. The spectacle turns out to be motley and sometimes embarrassing or funny. The longitude of the applause is recorded and determines the “place” of a country. The representatives of great powers, Latin America, Greece have already acted. And suddenly one of the beauties, squeezing between the tables across the hall, decidedly went to the Soviet delegation (which, confused, and tensed — “morality” — depressed eyes). She categorically took Volodya Shastitko’s hand and pulled him on the stage. The further action — a brilliant, athletic dance surprised and delighted the most inveterate enemies of our country and the skeptics. According to the undisputed long applause the first prize was given of a sudden to the Soviet Union in unusual nomination — the human dimension.

The social and scientific popularity of Vladimir Mihailovich was great. At the end of 1980s he, passing to work in the system of the Academy of Sciences, appeared weekly in the economic press on actual issues of foreign trade. The Ministry supported the nomination of Doctor of Economics, V.M. Shastitko to the election as a member of the Russian Academy of Sciences ... It is a pity that his life was suddenly cut short by a heart attack; on the steep rise of the creative takeoff.

And it may be a symbolic reflection of the fate of this bright personality was the fact that his favorite student, George Gabunia, talented young professional, who passed serious work in the UNCTAD and became his son in law, ten years later took the ministerial seat of Nikolay Semyonovich and continued his work. And again — fate: in the midst of negotiations on Russia’s accession to the World Trade Organization, which was headed by G.V. Gabunia, his heart stopped while playing soccer with the State Duma deputies.

So the ranks of the hereditary persons of N.S. Patolichev’s school thinned: the ranks of experienced, non-selfish, sincere patriots.
Ahead there approached a time of permanent organizational rearrangements, when in a short period the foreign trade administration was renamed seven times, the sphere of its activity, character of functions changed and personnel leapfrog of irresponsibility started. It was the beginning of degradation of the centralized structure of foreign economic relations of new Russia, what narrowed the country’s ability to withstand the erupted global economic crisis.
Young Personnel of the Ministry of Foreign Trade

In the department of Nikolay Semyonovich the reliance on the youth was the order of the day. Under him the Komsomol organization of the Ministry became a kind of a generator of new ideas, enthusiasm, adherence to great common cause, friendly atmosphere...

Some modern skeptics, nihilists with a wry smile sneer about ideologue and team obsession of Komsomol. This is not true. If the organizations were formally affected by politicization of the top leadership, at the average and the local level, the broad masses the Young Communist League held a colossal useful work on education of civic qualities and moral foundations of the youth, on physical development (by the way, free, and available for everybody). As a result, homelessness, “bad habits”, were minimized, a crime rate was rather low. It is significant that at the beginning of 2009 the Minister of Sport, Tourism and Youth Policy Vitaly Mutko, reporting to V.V. Putin on educational work, “with great sadness remembered about the Young Communist League, which till now was not substituted”. Now he actually suggested young people doing what Komsomol did but without creating the organization itself.

And in those far 1950—1960s tumultuous public life was boiling in the Ministry on Smolenskaya. In the club on the 2nd floor of the skyscraper there were youth evenings of relaxation, educational meetings from a show “I want to know everything” — with outstanding writers and journalists, scientists and technicians, public figures and sportsmen. You could come downstairs after office hours and get to the popular in those days pop concert with participation of the artists of the Maly and the Moscow Art Theatres, Arkadiy Raikin, Lyubov Orlova, Klavdiya Shulzhenko, Nikolay Slichenko, other stars of those years.

In Sokolniki, the Sports Center of the Ministry of Foreign Trade worked regularly, headed by a giant attracting by his benevolence, Sergey Semyonovich Lugovoy, a fighter of the legendary battalion of sportsmen-skiers of Separate motorized rifle bri-
gade of special purpose, he defended Moscow in 1941 by sudden attacks on the enemy’s rears. Among his fellows-in-arms there were famous athletes, notably Georgy and Seraphim Znamensky, boxers Nikolay Korolev and Sergey Shcherbakov, a climber Evgeniy Abalakov, a skier Lyubov Kulakova.

At the sports base volleyball, tennis were constantly played; in the evenings after work — football on Shiryaevo field; someone trained with a double of “Spartak” sometimes, which included at the right wing the future hockey players — brothers Mayorov and Vyacheslav Starshinov.

With the support of leadership in the system of the Ministry of Foreign Trade a whole galaxy of masters of sports grew: mountaineering — conquerors of several seventhousanders (J. Piskulov, I. Kazakov, M. Garf), water polo (I. Skeris), mountain skiing (N. Ivanova), boxing (A. Danilin), sambo (V. Koneev), motorcycle sports (V. Ivanova), tourism, rowing (the participant of the Olympic Games in Mexico City, Viktor Melnikov). On the winter Sundays in Losinoostrovsky forest cross-country skiing on 10 and 15 km were often conducted. And on the eve of the Day of the Soviet Army, The Committee of Voluntary Association for Assistance to Army, Air Force and Navy of the Ministry organized a three-day ski trips on forest distances of Valday or suburbs of Sergiev Posad, which involved about 70 people. The Master of Sport Tourism, E.A. Kosarev (a trooper during Patriotic War, the employee of the United Nations in Santiago de Chile during the Pinochet coup, and then the professor of G.V. Plekhanov Russian Academy of Economics), working in the Ministry, chaired the All-Union section on tourism of the USSR State Committee for Physical Culture and Sport, and under his leadership in the 1960s super difficult routes were made, starting subjugation of turbulent mountain streams and passage of water cascades and waterfalls in canoes.

Creative mass events were widely supported in the Ministry. So, in 1964, Youth Brigade of the Ministry of Foreign Trade, headed by a youth leader Igor Konovalov (later — the Trade Representative of Russia in Canada) made a trip to the virgin lands of the Bauman farm, where a series of lectures on the international situation and trade were delivered, as well as a number of
amateur concerts on field camps and military units serving the Baikonur cosmodrome were held. Such trips helped to strengthen team spirit, sense of belonging to one large case. “Amateur concert parties” at the Institute of Foreign Trade, and later in the All-Soviet Union Market Research Institute were famous to all Moscow.

We must pay tribute to Nikolay Semyonovich — he bravely put forward talented young people to the organizational boundaries, and creative self-activity (in the literal and figurative sense) was an important criterion for him.

At the beginning of 1960s Vladimir Petrovsky, a young professional, an excellent organizer, a ringleader, a brilliant pianist, who could play freely without any music medley of tunes was appointed to the post of the Youth Leader of the Ministry of Foreign Trade. He attracted everybody’s attention like a magnet, and charged all with enthusiasm. These advantages were of great use a few years later, when he was sent to London as a representative of “Raznoexport” (sale of consumer goods) and worked in our Trade Mission in the UK. In 1968, his trade organization and “Exportlen” decided to hold a presentation in London advertising apparel products under the brand “Russian Linen” — because water-absorbing linen clothes suited a lot to “wet” English climate. And besides, it was necessary to resist roughly entering fashion synthetics (nylon and terylene) — let “Imperial Chemical Industries” forgive us.

For this business presentation the most prestigious London cabaret in Leicester Square was rented for two daily sessions and the invitations were sent out to four hundred businessmen, public figures and statesmen, media representatives.

But as it often happened, for some reason, the creative team from Moscow was detained with visa problem, and on the eve of the presentation just samples of the linen clothes and 3 girl-models (instead of 12) arrived in London. Neither the producer nor the director nor the accompanist arrived; there was also no script text. And there were only 40 hours before the presentation. There was no time even to cancel the invitations. Disaster! We were about to despair.
But it was not like Vladimir Petrovsky — Nikolay Semyonovich knew whom to trust. At an emergency meeting at the trade representative, B.S. Gordeev, he proposed to move forward by own creative powers. The only “external” thing to do was to invite nine more girls — British models. The young activists of the Trade Mission sat down to draw up the scenario and entertainer in English. Two sleepless nights passed in the throes of the backstage rehearsals for creation an impromptu musical. The order of passage, a change of musical rhythms was rehearsed. For several hours Volodya did not leave the piano, trying to shake the graceful overseas beauties.

On the day of the presentation the auditory curiously anticipated an upcoming debut — “what have these Russians brought?” And here it started. Accurate passages — parallel, counter, cross fashion shows — were alternated with round dances, folk songs: “we rumpled, we rumpled linen, with boots nailed ...” In a brilliant performance of Volodya Petrovsky, Russian folk motifs gradually gave way to the audience admired music of Glenn Miller, Elvis Presley, Louis Armstrong, the then fashionable Cliff Richard (lacking just one point for winning the Eurovision Song Contest). Every now and then the applause flashed.

And when at the end of the program a shiny nickel “Moskvich” left on the stage, with many heads of the beauties sticking out of the windows burst out with eight elegant maidens, one after another getting out of that tiny car and filling the stage — the audience burst out with long applause. The musical was a success. And no one in the audience was aware that all this was — a fleeting impromptu of enthusiasts grown up under the wing of our Minister.

By the way, some time later amateurs of the Trade Mission in London, left for Glasgow, where acted almost on a professional level (still have — two graduates of the Conservatory), and spectators—miners vied with each other to treat “artists from Moscow” with Scottish beer, especially taking into account, that all English-speaking entertainer was around the Scottish team “Celtic”, which had just become European football champion.
As for the Russian linen, 19 thousand tons of linen production was sold for the next two years to the UK. And the “Moskvich” was also not for nothing left on the scene: in 1970, 256 Soviet motor vehicles were delivered to England, and for the next 5 years — 9000 cars (!), mostly vans “Moskvich”. And to the country that was a native land of numerous automobile brands!

Nikolay Semyonovich paid much attention to the development of economic ties with Finland — it was a springboard for success in the developed Western countries, the overwhelming part of foreign trade turnover of this country was focused on the Soviet Union. The Minister personally visited Finland, held talks with the President Urho Kekkonen. A young employee of the Ministry, Y.V. Piskulov served him often as interpreter. Once in a friendly meeting with the Finnish delegation in an informal setting Yuri Piskulov sang very impressively “At the height of the nameless” — after all, being not only an intelligent professional, but also a champion of the USSR on mountaineering (for Bezingiyyskaya wall), and therefore — a bard, and even Yu. Vizbor’s, the famous singer — songwriter’s friend.

Later he became the deputy chief of the Trade and political department of Western Europe. While appointing him Nikolay Semyonovich knew well that behind Yura Piskulov — there was management of the firm “Konela”, which sold to Finland on the eve of 1970s up to 10 thousand of “Moskvich” cars and 200 of “Volgas” annually. That’s why he was tuned to the strategic tasks. Under the personal supervision of the Minister, the group of Piskulov developed the program of trade and economic cooperation with Finland up to 1990 aimed at maintaining industrial cooperation between two countries on 60 product groups with the use of advanced technologies and in 1977 it was adopted at the Summit. And what was important, this program had been implemented successfully. Among the products of co-operation — the equipment of automatic telephone exchanges “DX-200”, and communication facilities of the concern “Nokia”, 110 electric locomotives of the series “SR-1”, produced in Novocherkassk, in cooperation with the Finnish firm “Stremberg” (and firms of Sweden and Switzerland) and for three decades having been op-
erated on the railways in Finland, not yielding in their parameters to later models; and finally the deep-sea manned vehicles of the Academy of Sciences of the USSR built in 1980 in conjunction with the Finnish company “Rauma-Repola” which surpassed the U.S. and Canadian counterparts. With their help the research on the ocean floor of sank “Titanic” was performed.

Similar developments of cooperation, albeit on a smaller scale, were used in relations with Denmark, where, by the way, later Nikolay Semyonovich sent as a Trade representative of the country, the author of the advertising London musical — Vladimir Petrovsky.

* * *

Nikolay Semyonovich used every opportunity to prepare young professionals, and notably staff meeting. Thus, R.F. Pisko-ppel recalls: “For years of work in the Ministry of Foreign Trade of the USSR many times I happened to participate at the meetings with the Minister. In this regard, I can not help but recalling with what responsibility and thoroughness Nikolay Semyonovich delved into the issues discussed. He taught us, young profession-als of the Ministry, to consider problems arising not only from the technical aspect, but also to estimate them thoroughly, pursuing the main goal — to strengthening the Soviet state and raising living standards.

N.S. Patolichev always gave a voice to young participants at the meetings listened to them attentively. He was able to include everyone in discussions to evaluate the various proposals and opinions. In this case, he showed a high cultural standard of working with people, treated them with respect to their opinion”.

Not only did the young employees of the Ministry learn a responsible attitude to work from the Minister, but also the love of country and a sense of humor.

We recall a case which happened in France.

Nikolay Semyonovich was a co-chairman from the Soviet side in the Intergovernmental Commission of the USSR — France. By the way, by coincidence, the Paris home of his partner from the French side, the Minister of Economic Affairs of France, the fu-
President of the country, Valerie Giscard D’Estaing, adjacent to the Trade Mission of the USSR in Paris. Literally during his first visit to France as a Minister at the airport N.S. Patolichev was “attacked” by journalists.

As soon as he stepped off the plane and a few minutes turned out to be at the airport, he was surrounded by journalists. In their usual relaxed and even impudent manner, they asked him: “Why are you wearing such wide trousers? Don’t you know that in Europe the tight trousers are being worn for a long time?” On this question Nikolay Semyonovich, raising his eyebrows in surprise, in his turn asked:” Isn’t they still wearing? We have this fashion gone”.

The next question was about the watch. “Why are you wearing such an unfashionable watch?” Here again Nikolay Semyonovich was at his best. He answered the journalists: “You know, I am strongly committed to the historical memory, and this watch has for me a symbolic meaning. In the first, the heaviest, years of the Great Patriotic War, they were presented me in Chelyabinsk. I esteem this memory. Though this watch is not Swiss, they were made on Watch Factory in Zlatoust, Chelyabinsk region (in the autumn of 1941 from Moscow S.M. Kirov First State Watch Factory was evacuated to Zlatoust, at the end of November, the assembly of equipment started, and on December 25, 1941 the first product was produced — the details of ammunition). This watch has been a good time-keeper for more than 20 years. As to fashion, it is a matter of taste. Personally, I think it to be the best booking watch”.

Of course, such interviews became known in the Ministry, and the youth perceived the words of the Minister, his sense of humor “with a bang”. These were the sort of lessons of communication, negotiation practices, the ability always to feel yourself a representative of a great country.
Image of the Country and Exhibition Activities

The book offered the reader about N.S. Patolichev was written with the assistance of the Central Exhibition Complex “Expo-centre” and the direct participation of its employees. Therefore we would like to tell about the contribution of the Minister to the development of exhibition activity in the USSR and of his attitude to this work, which largely determined the image of our country.

The feeling of novelty featured Nikolay Semyonovich. He possessed unusual for that closed administrative and political elite ability to respect an independent opinion, and other rules of the game, to understand needs of the world little known to us and to find compromises. And as regards the ability to persuade, to pick up arguments intelligible to interlocutors, he was helped by his innate abilities and rich experience of a public figure.

From the first day of work in the Ministry of Foreign Trade Nikolay Semyonovich understood that the advertising activities in the field of commerce, full information about the potential of our market, improving the image of our country and its foreign trade organizations, popularization of credit already won by them required special attention. In this direction the exhibition activity became priority. Those years, the Ministry of Foreign Trade of the USSR charged the General Engineering and Technical Department with commercial work at the exhibitions, and the USSR Chamber of Commerce — with making up exhibitions abroad.

With the arrival of N.S. Patolichev the scale of Soviet participation in exhibitions increased sharply, its geography and forms were expanded. In 1956, the Soviet Union participated in 12 international exhibitions, whereas in 1958 and 1959, our products were exhibited respectively at 22 and 23 exhibitions, and in 1960 — at 28. We participated not only in traditional international trade fairs, but also in the World Exhibitions EXPO, formerly called the “Olympics of Trade”, as well as in specialized international exhibitions.

From the first day of the work on his new post Nikolay Semyonovich was engaged actively in questions of the USSR par-
participation in the World Exhibition, which was held in Brussels (Belgium) in 1958. The Ministry of Foreign Trade was responsible for arrangement of national participation in this event.

Here it is appropriate to quote from the book “Russia at the World Exhibitions”, of the oldest employee of “Expocentre”, Val- eriy Nikolayevich Shpakov, the former director of the Soviet exhibitions abroad for many years.

“Nearly 20 years separated the Brussels review from a previ- ous World Exhibition. It was time marked by the tragedy of World War II and the subsequent confrontation between the former allies who became at the head of two opposing systems.

The exhibition of 1958 was held under the motto “Man and progress”, and the futuristic image Atomium was the best to per- sonify this progress. Atomium, a molecule of iron of 102-meters enlarged in 165 billion times — was built for the opening of EX- PO-58.

At the World Exhibition in Brussels, the visitors got an idea of the achievements of the Soviet Union in the field of economics, science, culture and welfare of the Soviet people. The pavilion of the USSR was recognized as one of the best and for the exposition as a whole received the highest award — the Gold Star. Nobody expected the Soviet Union to be able to show off with such power and that the basic part of its exposition would be occupied with the scientific and engineering samples of the highest level.

It is worth to remember that the Soviet Union at that time experienced a real upsurge. Even without oil revenues the country achieved impressive results in all areas of life. Let’s take just one year before the exhibition and only the loudest of its achievements: Siberia and the Voronezh nuclear power stations were put into operation, jets TU-104 appeared on the airways, the first two satel- lites of the Earth were on the orbit, the World festival of youth and students was held in Moscow. You can go on and on....

We had something to show in Brussels. And this show was held in a luxurious pavilion, which, despite its enormous size (25,000 square meters) and classical forms, looked light and modern due to, first of all, glass and aluminum, of which it was built.
Our pavilion was considered, undoubtedly, the best at the exhibition. And, in this view there were converged both ordinary visitors (we were visited by a record number — 30 million people), and the professional jury, estimating level of art of decoration. By its decision the Grand Prix of the exhibition was awarded to the Soviet pavilion. Ideology of the presentation did not prevent the Western experts to appreciate the highest artistic level of the design of the exposition, courage, elegance and pragmatism of design decisions.

The Soviet pavilion was a deafening success. The inhabitants came in flocks to stare at the wonders the first five-years periods, the most important of which was “The Map of Industrialization” — a panel of 19 square meters, inlaid with several thousands of precious stones and gems. But most surprising was that the Soviet Union looked brighter and the most modern in the architecture and design. The tandem of the Russian avant-gardists won for the socialist motherland the first Grand Prix for the design of the pavilion.

Exact copies of the first two satellites were the twist, our best card. Interest in them was such that the first week of EXPO in our pavilion the queue lined up for hours.

Starting of the first of them in October 1957 was the greatest scientific and technological breakthrough and a great victory of our country.

The Soviet civil aviation was also a great success in Brussels. Grand Prix was received by giant jet Tu-114 on the long track. Ilyushin Design Bureau received the Gold Medal for IL-18 — one of the most popular medium-range Soviet aircraft, serving further faithfully on internal flights for more than 20 years. Helicopters Mi-14 and Ka-18 were also awarded Gold medals. It was the time when we were the best in mastering sky.

The Grand Prix was received by the stand of the Gorky Automobile Plant (GAZ), at which a passenger car GAZ-21 was attended (it should be specially emphasized — it was the national development) and a truck GAZ-52. The legendary 21st “Volga”, having become famous in the films of Gaidai and Ryazanov, was
just beginning its glorious biography. The success in Brussels did not mean, of course, that it had been recognized as the best in the world, as sometimes we hear. It can not be confirmed because the Americans did not expose their passenger cars yet. But the European automobile industry was presented in full. Tenders “A Car of the Year” had not been conducted yet, and it meant something absolutely incredible: in 1958, GAZ-21 was the best passenger car in Europe. After Brussels 75 countries began to buy our 21st “Volga”.

The jury of the Brussels exhibition highly appreciated also a 40-ton dump truck MAZ-530 and two-cylinder motorcycle “IZH-Jupiter”. 25 awards of varying significance took the stand of the Soviet radio electronics, gold and silver medals were awarded rangefinder camera “Leningrad”, catadioptric lenses, Vologda lace, tobacco products of “Java” factory and many other goods.

The success of the Soviet pavilion was contributed also by the richest cultural program, offered to guests of EXPO. On the huge stage in front of our there performed those who were then the pride of the national art: the ballet of the Bolshoi theater with Galina Ulanova, Igor Moiseyev folk dance ensemble, the violinist David Oistrakh, Moscow Circus with the most popular Oleg Popov (Belgian queen Elizabeth called him “a solar clown”), the ensemble of the Soviet Army by Boris Alexandrov, the best collectives of the Union Republics. And in Brussels cinemas just at the time of the exhibition a film by Mikhail Kalatozov “The Cranes Are Flying” was on, just awarded the Palme d’Or in Cannes.

It was a triumph of the USSR in Brussels. And in 1958, everybody understood it, including the Americans. The Western press wrote at that time that the Soviet Union had surpassed the USA technologically and scientifically. Our triumph took place despite the fact that only 13 years had passed after the war, that we had nobody to help to be recovered, that there were no oil revenues in sight, that the country spent huge funds to strengthen national defense and support of socialism throughout the world. Despite this, we were the first in space, mastered the virgin soil, started up nuclear power stations, constructed the world-best planes, and made great films.
International exhibitions played a large role in the rapid dissemination of best inventions in the world, expanding the production, the growth of turnover, improving mutual understanding between peoples of different countries. These were years of the triumph of the Soviet Union!

During Montreal EXPO-1967 there was not only the height of the Cold War — there was quite “hot” “Six-Day” War in the Middle East, which did not add the dividends to the Soviet Union. I remember when from Moscow Podgorny arrived for The Day of the Country, “the President of the USSR”, as he was called by local newspapers. And, early in the morning “well-wishers” from the local Ukrainian expat community replaced all the booklets in our pavilion with exactly the same, but theirs, in which with gusto had written what they thought about the Soviet leader, and a lot besides.

At Montreal-1967 our pavilion stood in front of the Americans. Crowds of visitors attending our pavilion, went mostly to see “the space” and “the electronics”.

The team of the Soviet actors participated in the exhibition — amounted to about 200 people. Among them — the famous dancer Mahmoud Esambayev, who later told quite an interesting story, happened to him at the exhibition. Admired with the skill of the actor, the Prime Minister of Canada, L. Pearson decided to please him. When he learned that the dancer would like to meet with the Indians, to see their dancing, the Prime Minister offered him a trip to one of the American Indian settlements. Having looked dances, Esambayev asked to introduce him to the tribal leader. A fancy high dark-haired man in a headdress of feathers came up to him. Having greeted, the artist heard in response in the Ukrainian: “How do you do. Welcome to my house”. Esambayev learned that the leader’s name is Ivan Dotsenko and his parents were from Poltava. The former tribal leader died 15 years ago, and everything passed to him and his daughter. This is just one episode of the numerous meetings of the envoys of the USSR with former natives of the Soviet Union, including “dukhobors”, former prisoners of war, post-revolutionary emigres...
The Soviet exhibition greatly impressed Werner von Braun, the creator of the German “Fau”, at that time an active participant of the American space project. Purposeful, youthful for his age, with excellent English, he appeared in the Soviet pavilion, accompanied by six bodyguards. And he demonstrated of a professional way of conduct. A space exposition he looked casually, to our “shock” radio “Micro” reacted with an indulgent smile but for an hour literally “hanged on” the aggregates of precision machining. He was so impressed with the powerful industrial lasers that under his order at Fryazino electrospark discharge machine the program was reconstructed and a metal “Canadian” maple leaf was cut out.

The success of the Soviet exposition was beyond doubt. By estimations of Canadian corporation “EXPO-67” — the organizer of the exhibition, it was visited by 13 million people. The second place on visiting was to Canada — 11 million, France and the USA — by 9 million. To get to the pavilion of the USSR, it was necessary to queue up for two-hours, but it did not stop the visitors”.

The USSR participated in all international exhibitions “EXPO”, including “EXPO-67” in Montreal (Canada), “EXPO-70” in Osaka (Japan), “EXPO-74” in Spokane (USA), “EXPO-75” Okinawa (Japan) and in the following ones.

The Ministry of Foreign Trade, relying on the Chamber of Commerce (more precisely, on its Production industrial complex, which was itself a unique synthesis of the best artists of the country — the authors of various of exhibition projects and handy men, able to create very sophisticated layouts) since 1958 organized annually nine and more Soviet national, commercial, industrial, branch or thematic exhibitions. They were exhibitions in Genoa, Guangzhou, Jakarta, London, Mexico City, New York, Oslo, Paris, Rome, Tehran, Helsinki, etc. National exposures of the USSR abroad (London-1961, Tehran-1965, Los Angeles-1977, Helsinki-1978, and others) introduced the business community and many visitors to foreign countries to the achievements, art and culture of our country. It is difficult to overestimate the economic, humanitarian and political significance of these events during the period of exclusion imposed by the ideologists of the Cold War.
Whenever possible, Nikolay Semyonovich tried to participate personally in the opening of many trade fairs and exhibitions, what increased the attention of local authorities and the popularity of these events. The National Exhibition of the USSR in London in July 1961 took place in the largest exhibition complex "Earls Court" at the big gathering of the public. Nikolay Semyonovich opened the exhibition together with the British Prime Minister Mr. McMillan. Y.A. Gagarin’s arrival at the exhibition, who three months before had made his historic flight into space, admired the prim English. In the pavilion "Space" the visitors were simply hanging on the various constructions and the future Prime Minister Harold Wilson with a particular interest examined scorched ship-capsule, in which Gagarin had landed. Different machines — cars, vans, minibuses with self-made posters, were driving about the city and buzzing — welcoming Gagarin. And by this triumph of the streets, the spontaneous expression of feelings the genuine respect of the English could be convincingly judged. It was unforgettable, and something akin to the delight of the Muscovites filled Red Square on April 15 of 1961.

And this exhibition is memorable for Alexander Sergeyevich Ivanov, one of the authors of this book, who as an employee of the Ministry of Foreign Trade was sent to it to London as an interpreter. But everything started with a curious incident.

“One sunny July morning the bus was taking me to Sheremetyevo. Turning from the Leningrad highway in front of the airfield on a southern bypass road (still two-way), it passed the village, where women were carrying on yokes buckets with water (ten years later at this place we will have to explain to the surprise British visitors the tradition of our water supply). But then it was my first flight to the West. The airport building on the south side of the field was a single-storey and looked quite provincial. Having handed in the suitcase to luggage, I passed the border control, with the passengers welcomed the Yugoslavian celebrity — a popular singer Djordje Marjanovic, and began to wait for the flight in the departure lounge. But there was a sudden announcement on the radio: passenger Ivanov A.S. — urgently come to the border check
point. I immediately came. I was greeted by two mysterious men in the standard gabardine suits: follow us. I was put into a black Volga, tightly clamped from both sides. I, who grew up in Mokhovaya Street — the government highway, was well familiar with this type of employees, flooding the streets, when someone of the top officials was going.

I am taken along Leningrad highway, then along Gorky Street — at the absolute silence and obscurity, where and for what. I am not told, but I do not ask. On Mayakovsky Square we did not turn down Sadovaya — it means — not to the Ministry. There are two variants — home or to Lubyanka. Where they will turn — Okhotny Ryad will show. At the “National” Hotel we turn right. Home. At the house I was put off, having heard a single phrase for an hour and a half: tomorrow morning you will arrive at the airport.

Being lost in conjectures, I spent a sleepless night. In the morning I am at Sheremetyevo. Border guards fall on me: you have a stamp in your passport — you have already crossed the border, now you are crossed it back illegally. And, by the way, where have you put your luggage? Apprehend the offender! Who was on duty yesterday? Fortunately, the attendant was found. — “Yes here, you know, Patolichev had to fly a day earlier: a meeting with the prime minister. And the plane is jammed to the rafters. So we decided to find someone from his team and to change their seats”. (!)

The feeling of uncertainty and fear gives way to relief, satisfaction, and even — the pride of the fact that I unwittingly helped Nikolay Semyonovich to act as needed. Just why these red-tape-monger in just did not tell me about it? Inertial secrecy? Or else, I'd have had this feeling of pride a whole day.

And here in an empty VIP-cabin of the plane I am sitting on the seat of Nikolay Semyonovich. Canted backward swept wing of Tu-104 (and this is the world’s first jet airliner) does not block visibility. Bellow there are the beaches of Jurmala, and then Hamlet’s Denmark...

At Heathrow airport I am warmly welcomed by the assistant of Nikolay Semyonovich: now we will call in to him, your suitcase is in his room. The room of Nikolay Semyonovich is modest, al-
PART I. Ministry of Foreign Trade in 1958–1985

though two rooms, fuscous — big trees behind the windows shading the sun, what creates a cozy atmosphere. I take my suitcase and go to my hotel. The full dress came in very handy, because when the ribbon was cut, I found myself in the support group between Nikolay Semyonovich and the Prime Minister Harold Macmillan, and even helped with translation of a couple of pleasantries. The opening was very solemn and crowded. There were a lot of influential representatives of the business world of the UK, looking ahead — a number of large commercial transactions was concluded.

And then interesting conversations with numerous visitors began for long days. In the USSR there was thaw, and none of us was required specifically to have the conversation with political cliches and slogan formulations. Simple human language, the desire to share the thoughts and everyday difficulties without the “bom-bast” caused real sympathy with our interlocutors, and dissolved their imaginations of our ideological parochialism.

I was entrusted to work at the stands of the agricultural section. It exhibited apples, fruit, jam, and 59 open bags of products — grain, flour, cereals, vegetables and ...sunflower seeds. Many British do not seem to know what to do with them. But they try — it’s delicious. Gradually renewing the exposure of apples, we also have the opportunity to treat the visitors, housewives appreciate the apples especially. It is a pity that sale of products was not available for; many people were interested in Russian “jam” and mushrooms. Salty cucumbers were also in demand for their exotic.

A popular exponent of the exhibition was a master carver from Zavolzhie remote area. A blond, blue-eyed handsome man in an embroidered cross shirt, just like in a fairy tale, was sitting at the table in the middle of the hall and skillfully carving figures of eagles with outstretched wings from lime billets (the bulk structure of lime is plastic and it does not crack). Each 20 minutes his hands made a piece of art, and he generously gave them to the viewers, mostly kids and respectable ladies. On his subsistence (we got 2 pounds 17 shillings a day) he bought a set of Sheffield curly chisels and was glad about his new opportunities.
There were also flaws. At the stand of “Prodintorg” at night two bottles of cognac were gone. And then the representative of “Prodintorg” in disbelief to the British security services decided to spend the night at the stand. Security alarmed, apologized. But everything ended well, and the chief constable got a winged eagle.

The impressions of the exhibition were multifaceted. On the background of performances of outstanding and widely known abroad ensembles of folk dance of Igor Moiseyev and the Soviet army in the name of Alexandrov in one of the most prestigious concert halls in England, built by Queen Victoria in memory of the deceased husband — “Albert Hall”, the image of our country was perceived as very high and fertile ground for this perception was the exhibition.”

Other large national commercial and industrial exhibition opened under the direction of N.S. Patolichev in Tehran in May, 1965 is noteworthy too. It was destined to become a historic event in Iran. It was housed in several prefabricated pavilions on specially allocated territory in the prestigious district of the capital on the Shah highway leading to the residence of head of state in Zargand. And after the Soviet exhibition at its place there was entrenched a permanent exhibition complex, where annual International Exhibitions have been held for half a century.

An important feature of the Soviet exhibition was that the entrance to it was free, that opened the access to all population strataums and a number of visitors were endless. Cosmonaut V.M. Komarov arrived; he had just completed his first flight as a captain with K.P. Feoktistov and B.B. Egorov, and was named by the local press a driver of a space bus. On the open stage Don Cossacks’ Ensemble perfomed with songs and dances. Vladimir Vysotsky’s words were involuntarily remembered: “Dashing fair, with frolic dancers, mostly sober” (the last circumstance was observed out of respect for Muslim customs and due to self-discipline).

In the height of the exhibition suddenly a downpour came on, which had not been at this time of year for many decades, what was perceived as a good sign for relations between our countries.

N.S. Patolichev drew the attention of entrepreneurs and government officials to the Soviet metal-cutting machines and looms,
as well as to bright yellow giant multi-ton truck “BelAZ”, wheel diameter of which exceeded human growth. These machines are very effective for use in open pits.

Shah-in-Shah Mohammed Reza Pahlavi, quite sure in the cars, arrived at the exhibition at the wheel of the latest model of nobly-gray “Bentley”, did not fail to climb personally the high steps into the cab of “BelAZ” and there, at a height, tried the controls. Meanwhile, charming Wife of Shah, Soreya (already having been to the Soviet Union and won universal sympathy) admired skills of our interpreters, who spoke excellent Farsi (and interpreters silently thanked for preparing the alma mater — native Military Institute of Foreign Languages).

As far back as in 1965, Iranian engineers and businessmen expressed serious interest to the researches in the field of nuclear energy. And after decades the cooperation in this sphere was embodied in the construction of Iran’s Bushehr NPP. The exhibition, undoubtedly, helped to strengthen our good-neighborly relations with Iran.

Patolichev’s exhibitions were highly effective from a commercial point of view.

Five years after the exhibition in London the growth of Soviet exports to the UK (about $100 million) was higher than to any other industrialized country in Europe or America. After the exhibition in Tehran the trade turnover with Iran, on commercial terms, increased (by $220 million) higher, than with any of the developing countries. As for the dump trucks, 96 units were delivered to Iran the next year, and five years later 3 thousand trucks a year were exported. So, apparently, on the economic field the long-awaited harvest rains occur. Especially, if there is someone to take care of watering.

It would be desirable to remember one more demonstration and exhibition event held under the aegis of Nikolay Semyonovich in the second half of 1960s. Then from his homeland — Sormovo — to far London a silver arrow arrived — “Rocket” — the world’s first riverboat on the hydrofoil, the original development of his countrymen in Nizhny Novgorod. The unprecedented vessel docked at a quay of the Thames, opposite the Parliament.
There were planned demonstration passages. Advertising did not need any money: the less information — the more mysteriously. Hunting for sensations mass media ad trumpeted the forthcoming event. A whimsical streamlines themselves promised a budding speed.

And one fine sunny day, when the embankments were full of people, “Rocket” departed from the pier putting forward its underwater feathers and rose to the angle of attack, rapidly soared above the water, delighting the judges from great maritime power. It easily slipped under the arches of the new Waterloo Bridge, having replaced the old stone one, and pulled level with the historical Tower of London and ancient London Draw Bridge.

Here it was involuntarily remembered, how observant Peter the First wrote down in the diary 270 years before (1698): “the Sedas boarded boats, sailed up the river Thames, passed Castle Tour, where the local Glinsky princes are put into the prison for sentry, came to London, where we stayed in three philistine inns” (somewhere on the place of these inns now the Hotel “Savoy” is)...

“Rocket” picks up speed and moves further to the east. However, the counter tidal wave (the level of the river rises here a few meters) drives from the mouth of the river, from the zone of the port of Tilbury logs and boards. The captain smells the bottom, and “Rocket” continues, as if nothing has happened, to throw right and left logs and to hack the boards. So toward the machinations of the foreign nature (and mismanagement) the Russian factor of merit and reliability appeared.

Opposite Greenwich, just at the crossing of zero Meridian, “Rocket” turned around and went back to Westminster Abbey. Correspondents tirelessly clicked the shutters of their photographic technique, and we were filled with legitimate pride of unique technical achievements of our people.

Meanwhile, after this fabulous sailing, during the work of Nikolay Semyonovich 129 Hydrofoils were exported from the USSR. This technical idea was taken up by engineering of the West. In couple of years in Copenhagen, one could see winged trams in Europe, but they looked rather modestly, and everyday.
It is gratifying that our priority in hydrofoil is not static: in 2008, Zelenodolsk design bureau demonstrated at the exhibition “Aerospace technologies and equipment” in Kazan a seagoing vessel “Aquaplane” — a combination of underwater wings and surface effect ship for the carriage of 120 passengers at a speed of up to 120 knots (!) on a distance of 120 miles.

The relay race of successful mobile demonstrations after N.S. Patolichev was picked up by the specialists of majestic “KAMAZ”, the cradle of which — Kamsky automobile plant — was thoughtfully equipped under Nikolay Semyonovich. And year after year, winning the championship at the famous Rallye Paris — Dakar, whether in the Sahara or the pampas of Latin America, they carried this record relay race in the XXI century, representing life-giving continuity of fairly deserved labor of the past.

In 1977, N.S. Patolichev opened the Soviet National Exhibition in Los Angeles (USA), which was in jeopardy because of the position of local trade unions, not allowing the Soviet personnel to carry out installation and other work. But N.S. Patolichev managed to solve this problem. Such difficulties we also had to face at other Soviet exhibitions in the USA, including mobile ones in 1979 (“Soviet Woman” and “Sport in the USSR”). The Ministry of Foreign Trade also organized and conducted purely commercial team exhibitions of related foreign trade organizations.

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N.S. Patolichev actively participated in the creation of domestic exhibition facilities, which allowed substantial expanding opportunities for international exhibitions in our country.

During his first year of work as a Minister of Foreign Trade of the USSR, he supported forming segregated professional structure for the international exhibitions at various venues of the country and abroad within the All-Union Chamber of Commerce, being a part of the system of the Ministry of Foreign Trade. At that time a former Section of international exhibitions established within the Camber and reorganized into the Office in 1949 had been functioning for 10 years headed by experienced specialist A.V. Saag. In 1960, the Section was reorganized into the Depart-
ment of International Exhibitions in the Soviet Union and later into the Joint Directorate of the Exhibition Complex and World Trade Center. In Moscow Central Park of Culture and Recreation named after M. Gorky, “Sokolniki” Park, the stadium “Dinamo” and then “Luzhniki” were used for exhibitions. The organization with the official name of “Expocentre” appeared in 1977 and it was headed by L.K. Garusov. It was destined to grow and become a leader in a new direction — the exhibition activity. In 1991 Expocentre became a private joint-stock company.

But at that time it was still very far till modern possibilities of today’s “Expocentre”. In 1960 — mid 1970s the main venue for foreign and international exhibitions was Sokolniki. The pavilions were far from the comfort. There were no conditioners, in hot weather it was stuffy, in cold, they were windswept, the roofs flowed, pigeons flew in the pavilions, and it was uncomfortable. For seeing exposition it was bad but not disastrous, but as to commercial work, with long negotiations — totally unacceptable. Thus large amount of organizational work for commercial communication at the exhibitions went on the personnel of the General Engineering and Technical Department of the Ministry of Foreign Trade. In 1972, V.L. Malkevich came to H.G. Oganesyan heading Department of international and foreign exhibitions of the All-Union Chamber of Commerce, , and asked him: “Do you want, speaking to the exhibitors, to refer to a high commercial value from exhibitions?” “Yes, of course — was the answer. — “Then let’s create a normal commercial center that would properly represent foreign trade organizations in Sokolniki”. And for half a year on the 2nd floor of pavilion № 5 by jointly efforts of employees of the All-Union Chamber of Commerce and the General Engineering and Technical Department a commercial center was established, with excellent equipment and furniture for the negotiations, with air-conditioning system quite comfortable by estimations of both Soviet, and foreign exhibitors.

The history of “Expocentre” began with the arrangement at the same time, in 1959, of the first National Exhibition of the USA in Sokolniki. It was the height of the Cold War, and in many respects it was a mutually politicized event tinged with a demon-
stration of the superiority of both sides. Contemplating attributes of the industrial capital of the USA, having got stronger due to the world war, thousands of Moscow visitors stood in a queue to try hitherto unknown Coca-Cola, and then with a sense of national exceptionalism defiantly rebelled: “Ough, how terrible! What a difference our kvass makes!”

But real national economy was growing, industrial production going up, and the exhibitions showing; even separate advanced samples spread, gave hope and frequently legitimate pride of science and production achievements to our citizens. The participation of the foreign businessmen interested in the Soviet market extended too.

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Large international exhibitions — “Stroydormash” in Luzniki (1964), and also “Chemistry” (1965) became notable events in the life of the country. “Chemistry” was the first of the Russian exhibitions which received the Sign of the World Organization of the Exhibition Industry in 1975 and has started not less significant international and foreign contests, organized by “Expocentre” on a regular scheduled basis, — “Elektro”, “Communication”, “Lesdrevmash”, “Neftegas”, “Inlegmash”, etc.

S.V. Golubkov, a former Deputy Minister of the Chemical Industry of the USSR recalls:

“The development of exhibition activities in the Soviet Union coincided with a historical period of chemicalization of the national economy. The leadership of the country assigned ambitious goals to create a chemical complex, equivalent to the achievements of the USA, Germany and Japan. The management of “Expocentre” succeeded in making a significant contribution to the creation of a chemical complex, by organizing on the showground real competition of high technologies of leading chemical powers.

With the efforts of its specialists, the exhibition administration used to invite representatives of the leading chemical companies of the world regularly to the international exhibitions “Chemistry”, which every five years demonstrated their achievements, presenting to the participants and visitors of the exhibition the advanced
acting modules. These companies included: “DuPont”, “Kodak”, “BASF”, “Bayer”, “Mitsubishi”, “Marubeni”, “Dow Chemical”, “Akzo Nobel”, “British Petroleum”, “Hoehst”. Not coincidentally, the exhibition “Chemistry” was not only a school for young Soviet engineers, but also the training ground, which caused great interest of specialists in many countries. Their presence at the exhibition helped to organize the numerous meetings of scientists and engineers, what certainly helped to accelerate the creation of the modern chemical industry.

Till now the international exhibition “Chemistry” is the most authoritative and prestigious forum of chemical industry in Russia and the CIS countries.

The initiator of the exhibition “Chemistry” was a colleague of Nikolay Semyonovich — Leonid Arkadievich Kostandov, who devoted all his life to the establishment of the petrochemical industry in the USSR. For any chemist, his figure is legendary, and his contribution to the development of chemical industry is invaluable. The identity of this mighty man is brightly described in the memoirs of his colleagues in the book “Leonid Arkadievich Kostandov. The Minister. The engineer. The person.” (Moscow, 1966).

Talking of Leonid Arkadievich Kostandov as of an outstanding leader of the national economy, we must emphasize his very important features: the scale of thinking and state approach to solving problems were inherent in him. The important thing was that his brilliant organizational skills and talent of the engineer enabled to raise the national chemistry to the world level.

All subsectors of the big chemistry were under the constant attention of Leonid Arkadievich. The authority of the leader of chemists was extremely high because of his deep engineering erudition, wisdom, efficiency and state scale. Leonid Arkadievich instructed his aides: having deeply studied the draft, get to the bottom of the case, do not make non-elaborated decisions. He liked to stress — it is not enough just to know the matter, it is necessary to know how to do it.

L.A. Kostandov was a generator of ideas, determined the development of the chemical industry of the USSR and internation-
al cooperation in the field of chemistry. Excellent knowledge of almost all subsectors of the chemical industry, allowing to give specific recommendations for developers of processes and equipment, had earned the respect for Kostandov among employees of our enterprises, and also with all foreign representatives, heads of companies and ministries of the chemical profile ... Being an excellent organizer of production, Leonid Arkadievich nevertheless was constantly studying. He managed to gather around him adherents and enthusiasts — not only his deputies, but also mid-level ministerial staff, directors of enterprises, scientific and design organizations.

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The first international exhibition of electrical engineering “Electro-72” was opened by Minister of electrical industry Alexey Konstantinovich Antonov on behalf of the Soviet Government on July, 12th, 1972.

It is difficult to overestimate the contribution of the adherent of Nikolay Semyonovich to the development of the electrical industry of the USSR at that time.

Aleksey Konstantinovich Antonov was born in 1912 in Grodno. Having graduated from Leningrad Polytechnic Institute in 1935, he worked his way up from an engineer to the Minister of Electrical Industry of the USSR (in 1965), and he was holding that post until 1980.

A lot of energy was given by him to major national economic problems which were associated with increasing national economy, developing separate sectors of the electrical industry.

Under the initiative of A.K. Antonov dozens of electrical plants were built, existing research institutes and design bureaus were developed or new ones created. Particular attention he paid to new and promising directions in electrical engineering, such as the use of superconductivity, the creation of radically new medical equipment, including tomographs of various types, etc. Since December, 1980, A.K. Antonov was a Deputy Chairman of the Council of Ministers of the USSR, the Head of the Bureau of en-
engineered and then he was the Permanent Representative of the Soviet Union to Comecon, in charge of a wide range of problems of integration. His merits were highly appreciated by the title of Hero of Socialist Labour, 9 orders, the USSR State Prize. He was a member of the Supreme Soviet of the USSR of several convocations (in 1962—1989).

We would like to remember one case. A.K. Antonov, being the co-chairman of the Intergovernmental Commission on trade and economic relations with FRG, held a regular meeting in Bonn, and was invited along with V.L. Malkevich (that time the Deputy Minister of Foreign Trade) to have a talk to the Chancellor of Germany, Helmut Kohl. The situation was very uneasy. In one spontaneous interview, the Chancellor Kohl, irritated by M.S. Gorbachev’s verbose but clouded speech, compared him to Goebbels (the Propaganda Minister of Adolf Hitler). And then on behalf of President of the USSR Gorbachev A.K. Antonov and V.L. Malkevich were instructed to accept apologies from H. Kohl in connection with this unpleasant episode.

It was not an easy task, especially since the Chancellor Kohl — was a popular and independent person. The conversation began with an informal talk, emphasizing friendly relations between the parties. After that, they sat at the negotiating table, and H. Kohl in a friendly and open manner began talking about the celebration of 100 anniversary of the trademark “Made in Germany”. It is appropriate to recall that at every opportunity, he demonstrated his chronic aversion to Margaret Thatcher. And now, having mentioned her, he noticed that, of course, this trade mark had appeared on the insistence of the British. They tried to stress that the British meant the best. Therefore, the sign “Made in Germany”, from their point of view, meant that the goods were not “made in Britain”, so they did not meet the highest standards. And now, continued the Chancellor, the sign “Made in Germany” meant the highest quality of the goods which were most popular among the consumers around the world.
But it was necessary to solve the basic question of the meeting. A.K. Antonov said: “You know, we have one issue that really concerns us, and causes confusion of our president?” I have understood you, — said H. Kohl. — Do not worry, tell him that I had got excited a little bit”. And when A.K. Antonov and V.L. Malkevich were already about to leave, but before a farewell handshake he made a pause and added: “Oh yeah, tell him, I’m sorry about that”.

The exhibition “Electro-72” was an outstanding event in the world electronic industry of the seventies. It worked in Moscow Sokolniki Park for two weeks and was visited by more than 700 thousand people. Exhibits were submitted by nearly 400 firms from 22 foreign countries, including Great Britain, Austria, Belgium, Holland, Italy, the USA, France, Germany, Switzerland, Sweden and Japan. The countries of socialist commonwealth: Bulgaria, Hungary, GDR, Poland, Romania and Czechoslovakia showed the electrical goods.

The Soviet section was the largest: about 300 enterprises showed more than 5000 samples of electrical equipment. They were characterized by originality of design and technological solutions, high quality construction. Posters at the stands informed that electrical products marked “Made in the USSR” reliably operated in more than 60 countries, used in the construction of power stations in 25 foreign countries.

The exhibition was held under the banner of widening scientific, technical, economic and trade ties. A number of reports by national and foreign experts had been prepared: seven reports — from our enterprises, 13 — from the CMEA countries; 22 reports were delivered by the specialists of participating firms: “General Electric” (USA), “Brown”, “Boveri” (Switzerland), “ACEA” (Sweden), “Siemens” (Germany), “Toshiba” (Japan), etc.

During the exhibition export and import contracts for electrical goods and manufacturing equipment were concluded for $100 million.

The exhibition “Electro-72” in general and the Soviet exposition in particular, got numerous positive reviews in the foreign
press. It was stressed that in a year of the 55 anniversary, the USSR with the example of electrical engineering, was developing at faster rates, thus showing all the power of a planned industry.

“Electro-77” became the second international exhibition of the electrical engineering in the USSR and was devoted to the IEC session and the World Congress of Electrical Engineering, held in June 1977 in Moscow. Serious shifts have been going in the international cooperation in the field of electrical engineering over the past five years since 1972.

An organization for cooperation of electricians of the CMEA countries and Yugoslavia — “Interelectro” was established in 1973 that marked a new stage of the socialist integration. Licenses and technical equipment was bought from the USA firms, Japan and France. At the same time licenses were sold to Spain, Italy, Mexico, India, Japan and other countries. For Finland, 87 high-power electric locomotives were constructed; hydrogenerators were delivered to Iceland and Greece, etc.

By that time the Soviet electrical industry has been annually created thousands of items of new goods and provided different sectors of the national economy with modern equipment. Therefore, the exposition of “Electro-77” showed large electrical systems, supplied to power, metallurgy, agriculture, coal, oil and gas industries, medicine, and also electrical household goods for home and life.

Another feature of the Soviet section — was a demonstration of such latest achievements as a cryogenic turbogenerator, electrical tools for the thermonuclear installation “Tokamak-10”, high-thyristor converter for transmission lines 1500 kV DC, plasma 30-ton electric furnace, high-efficiency automated systems allowing to manage the satellites, nuclear power stations, rolling mills and other objects, modern equipment for use in engineering processes of plasma and electron beam, installations for diagnostics, prevention and treatment of various diseases, and many other things.

The exhibition also presented a wide display of mass kinds of goods of industrial use — series of electric motors, high-voltage devices, semiconductor converting devices, lighting products,
cables and wires. All these goods were of high technical and economic performance, manufacturability of design, and operational reliability. Totally, more than 4,0 thousand items were presented, created by 197 companies, of 19 ministries and departments of all Soviet republics.

The significant place in the exhibition was taken by the collaborations of the participating countries-participants of “Interelectro”. And the largest companies of 22 foreign countries, the same as at “Electro-72” showed a lot of new, progressive technology.

At the opening ceremony of “Electro-77” on June, 9th, 1977 Minister of electrical industry, Chairman of the organizing committee, A.K. Antonov said that the XX century was a century of electricity, nuclear and space programs. But without the first there would be no the second and the third. Therefore, a fundamentally new electrical engineering — a pledge of the solution of many problems of today and tomorrow, and we should not slack attention to developing this branch of science and technology.

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In early 1970s, the number of exhibitions and fairs held by “Expocentre”, exceeded one hundred. And altogether in 1976 237 exhibitions with participation of 4,5 thousand companies from 31 countries were held in the Soviet Union including different cities.

The significant increase in the number of organized exhibitions required strengthening material base and significant expansion of exhibition space. The Ministry of Foreign Trade addressed to the Soviet Government with a proposal to build a modern exhibition complex of international class at the Moskva River, near the park “Krasnaya Presnya”. And it got from the leadership of Moscow inclusion of this building project in a number of priority objects (what in the conditions of deficiency of building materials and respective equipment was extremely important).

A special commission of the Ministry of Foreign Trade to oversee the construction of “Expocentre” was desiguated, which monitored all its stages and reported regularly on the results to the Ministry.
At the construction site the following picture could be seen. Near the Moskva River bank in an old stone house, ingrown into the ground, an architectural and engineering team of 60 people was placed, mostly elderly people (some — retirees in a shabby military form), who seemed slow for emergency jobs. Around a few bulldozers shoveled off slowly the garbage accumulated over decades. The commission was reported on the construction plans, schedules of delivering materials, concrete work, zero-cycle ... But all that was perceived as starry-eyed dreams. It was hard to believe that in the near future here something significant might happen. However, there was one circumstance: the engineers stubbornly asserted that Nikolay Semyonovich had provided the governmental order to Moscow construction organizations about the priority of delivering all necessary supplies and any disruptions in schedules of bringing up materials and equipment would not be. And another fact — some members of the Commission underestimated that the matter was in the hands of hardened generation having withstood the frosty winds, and which had built Tankograd in the desert.

The particularly prominent role in the early years of the development of a new site was played by Alexander Konstantinovich Pavlenko — a construction manager. Experienced, charming, pushy, with a wide range of relations, Pavlenko solved the most complicated questions, seemingly unsolvable.

But the task that appeared beyond even his strength was a powerful aerial (which was intended to “jam” the “hostile voices” in those years). It stood proudly in the middle of a huge construction site and seemed eternal, like the Eiffel Tower. It would seem a dead end! But the building of the exhibition center had to be done; therefore it was necessary to take down the aerial. And here the crucial role was played by Eugene Petrovich Pitovranov — the Deputy Chairman of the Presidium of the USSR Chamber of Commerce, who obtained the permission for the demolition of the aerial. And the process started...
In general, Nikolay Semyonovich and his staff invited for building “Expocentre” outstanding professionals, enthusiasts of architecture and construction business. The author of the main objects of the complex was a talented architect, Honoured architect of Russia and Honoured builder of Moscow, Boris Ivanovich Tkhor (further the author of the original project “Moscow-City”, the bridge Bagration).

Among the enthusiasts, devotees, there was a Yugoslavian chief engineer of construction — Vlado Sieklocha. When erecting pavilion № 2, he used a completely new integration technological cycle of the assembly of unique metal structure of the size of 72x84 m on the ground with its subsequent elevating on jacks on five-floor height. Technically difficult operation was executed, despite the freezing jacks.

Building for the first time in the country in a short time a modern exhibition hall, which fully met all the requirements for permanent use for the international exhibitions, was possible, only by attracting foreign technology, materials, fittings and highly professional builders. The choice fell on Belgian builders — ”Nobels Pilman” firm.

But there was another problem — for the construction of welfare facilities and civil purposes (the category to which exhibition objects fell upon), foreign currency was not allocated. Then for the first time in practice of exhibition building in the USSR an agreement was signed, in which is quite officially the scheme was used, later known as barter. Besides the customer of works — the USSR Chamber of Commerce and the firm “Nobels Pilman” — a company from Germany participated in the agreement, whose owner Joe Glahe had been the long-term partner of the Chamber in the organization of foreign and international exhibitions in Sokolniki. He pledged to pay the work of the Belgian firm, and the USSR Chamber of Commerce was to provide him for eight years for free exhibition space in compensation of foreign exchange costs.

The construction of the pavilion began in 1975; by the time of its completion the debt of Glahe to the Belgian builders ex-
ceeded $2 million. And here was an event unforeseen by us, but that happens in market conditions — the German firm declared itself bankrupt and refused to pay off with the Belgians. The scandal broke, followed by a series of trials. As a result, with the Belgian side the USSR Chamber of Commerce had to pay off. But, having freed from the need of free transfer area to the Germans, we actively loaded this new pavilion with international exhibitions what allowed fast enough to pay off with the Belgians and receive currency earnings.

Subsequently, this calculation scheme for the construction by granting exhibition space in the repayment of costs was used in the construction of pavilion № 7. Then it worked successfully, by all sides of the contract the obligations were met in full and ahead of schedule.

And a miracle happened: in 1977, a modern and spacious hall № 1 was built. As soon as in January 1978 the largest industry exhibition “Woodworking” was opended. But, according to the Soviet tradition, the time before the opening was not always enough, and at the construction site except for pavilion № 1 nothing was completed. The complex management the night before opening, urgently put asphalt directly on snow to “dignify” this procedure. Nevertheless the exhibition was held, and thereafter were “Inprodtorgmash”, “Agriculture”, “Auto service”, “Science”, etc.

In the 1970s the construction of the Exhibition Complex progressed rapidly. At the beginning of 1980s pavilions № 2 and 3 were put into operation, at the beginning of 1990s — the Pavilion “Forum”, reminding by its architectural shape a glass pyramid. The beginning of the XXI century was marked by the commissioning of two more pavilions — № 7 and 8.

Expanding as a multifunctional engineering complex, the object on Krasnaya Presnya — actually “Expocentre” — started incorporating all volume of exhibition activities, gradually releasing the park “Sokolniki”.

At Presnya exhibitions-symposiums, days of science and techniques, exhibitions, conferences, roundtables on the development
of various sectors of the economy and the prospects of economic cooperation with other countries started to be held. The exhibitions practically merged with the conferences which importance was increasing. Thus, gradually, **under the wing of the Ministry of Foreign Trade, headed by Nikolay Semyonovich Patolichev a large-scale exhibition and congress industry had established itself from the traditional exhibition activities.**

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Since the beginning of 1970s upon the initiative of Minister of Foreign Trade N.S. Patolichev and Chairman of the State Committee on Science and Technology of the USSR Council of Ministers V.A. Kirillin coordination of interdepartmental plans for holding large branch international exhibitions and showrooms on a five-year basis related to the profiling sectors of the economy (of a union republic or a large industrial center) was introduced in Soviet management practice. In daily business life these plans became to be known as “Five-Year Exhibition Schedules”.

Usually the process of forming a “Five-Year Exhibition Schedule” took at least six months. They were made on the basis of thorough analysis and synthesis of epy proposals coming from the All-union ministries and departments, Councils of Ministers of Union Republics, USSR Academy of Sciences in response to the joint requests for the offers sent jointly by the Minister of Foreign Trade (or his Deputy) and the Chairman of the State Committee of Science and Technology of the USSR Council of Ministers (or his Deputy). The “Five-Year Exhibition schedules” were affirmed by the resolutions of the Council of Ministers of the USSR, being coordinated with the Directives for economic and social development for the next five-year plan.

The same resolutions of the USSR Council of Ministers instructed each Head of All-Union ministry (department) — the customer of an international industry exhibition or showroom to form and lead the organizing committee for the exhibition. The Ministry (department) — the customer also bore responsibility for arranging and designing Soviet section within the international exhibition event.
To make better use of the international exhibitions as an instrument of cooperation with foreign countries as well as for market research, under the submission of the head of the General Engineering and Technical Department, N.S. Patolichev issued orders to form Commercial Centers at the respective international exhibition events.

Commercial Centers incorporated specialists from foreign trade organizations according to commodity line of the exhibition and the range of presented items. In case of the event being abroad the Commercial center included as a rule representatives of exporting organizations assisted by employees of the Trade mission. In case of Exhibition conducted in the Soviet Union the Commercial center was staffed with representatives of importing (mainly machinery) foreign trade organizations and of General Engineering and Technical Department of the Ministry of Foreign Trade.

Adopting plans of “Five-year exhibitions schedules” at the level of the Soviet government fixed the holding of such reputable international exhibition reviews, as “Inrybprom” — in Leningrad (now St. Petersburg), “Welding” and “Prodmash” — in Kiev, “Powder Metallurgy” and “Myasomolmash” — in Minsk, “Neftegas” — in Baku, “Mountain farming” and “Stone Processing” — in Armenia, “Cotton Ginning” — in Tashkent. The enumeration could be continued.

By the middle of 1970s, taking into account the increased number of exhibitions held under the offers of foreign companies (now these exhibition events are called “guest exhibitions”), the Department of international and specialized exhibitions of the USSR Chamber of Commerce established permanent directorates in St. Petersburg, Kiev and Minsk, although it is necessary to acknowledge that the most representative international reviews were held in Moscow. It should be noted that binding instances, which coordinated holding exhibitions under the initiative offers of foreign companies were the Ministry of Foreign Trade represented by the General Engineering and Technical Department and the State committee for science and technology represented by the Department of scientific and technical information.
Minister N.S. Patolichev attached the utmost importance to active exhibition activities on the territory of the Soviet Union and drew special attention to improving their efficiency.

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The exhibition activities have been dynamic and useful in this country for many years.

In 1947 a Section of foreign exhibitions was organized in the All-Union Chamber of Commerce. In 1949, the Section was reorganized into the Office of Exhibitions of the All-Union Chamber of Commerce. While the exhibitions had been held in Moscow Park of culture and rest in the name of Gorki (Gorky Park) in Luzhniki, until special pavilions were constructed in Sokolniki Park.

In 1960 the Department of exhibitions on the basis of the Office of exhibitions was created, which included two separate divisions of the Department: the Section of Foreign exhibitions in the USSR and the Section of the Soviet exhibitions abroad.

In 1964, the Section of foreign exhibitions was reorganized into the Department of international exhibitions in the USSR, and in 1969 the “Regulation of the management of international and specialized exhibitions in the USSR” was adopted, on the base of which in 1977 the All-Union organization “Expocentre” was established.

In 1980 the companies “Mezhvystavka”, “Inovystavka”, “Informreklama”, “Transexpo” were created.

Till 1989, there was a task sharing: “Expocentre” was engaged in the organization of foreign and international exhibitions in the country, whereas the Department of the Soviet exhibitions of the USSR Chamber of Commerce dealt with formation of national exhibitions at world’s fairs, organization of Soviet national exhibitions abroad and Soviet expositions at the international exhibitions abroad. In 1989, the leadership of the USSR Chamber of Commerce decided to transfer the functions of the Department of the Soviet exhibitions to “Expocentre” and transfer there for work the specialists of this division. These decisions enabled “Expocentre” to unify a complete cycle of works on preparing and holding exhibitions of different level and scale in the country and
abroad and to strengthen cooperation with enterprises, ministries and departments, enriching the national expositions at the exhibitions.

Now, “Expocentre” established at the initiative of Nikolay Semyonovich is the leader of the exhibition industry in Russia. Here annually over 100 exhibitions and 600 congress events are held. In reviews organized by “Expocentre” participate about 30 thousand exhibitors from more than 100 countries; the number of visitors exceeds 2 million people annually. And there is something symbolic that the 100th anniversary of the birth of N.S. Patolichev was celebrated representatively in his brainchild — “Expocentre”, which on the same days celebrated its 50th anniversary.
Eventual Outcome

In the first part of this book devoted to the activity of Minister of foreign trade of the USSR N.S. Patolichev, we have provided extracts from his article published by the “Foreign trade” magazine in January 1960. To finalize this part we consider returning back to the direct speech of the Minister, providing again the passages from the article published in the same magazine, but in May 1985. By this article Nikolay Semyonovich summed up the results of his work in the Ministry during 27 years, and from the biographic point of view it is of doubtless interest.

“Due to fast growth of the national economy, the Soviet foreign trade has been steadily and strongly developed. Foreign trade turnover of the USSR increased in 1984 to $165 billion. The foreign trade growth rates overtook production development rate. It testified to the increase of a role of the foreign trade in national economy development and the deepening of participation of the Soviet Union in the international division of labor.

The post-war development of the Soviet foreign trade was significantly affected by occurrence of some important, essentially new political and economic factors. First of all it is the occurred changes in social and economic environment in the world. If before the war our foreign trade was almost completely conducted with one group of countries — developed capitalist countries, now its basic volume falls upon trade with new groups of the USSR trading partners — socialist and developing states: in 1984 it made up 70.7% of all foreign trade turnover of the USSR. The range of our trading partners extended from about four dozens to 145 countries by 1984.”

The extending practice of various forms of our economic cooperation is characterized as large-scale and long-term and became an important feature of business relations of the USSR with foreign countries. Along with the consecutive growth of traditional foreign trade turnover more actively and widely construction of large industrial objects were carried out both in the USSR with participation of foreign firms and organizations, and abroad with
assistance of the Soviet Union, including on a compensatory basis and on “turn-key terms”, specialization and production cooperation being further extended.

Gradual development of foreign economic ties of the USSR was ensured with large number of bilateral long-term contracts, programs, agreements on the trading, economic and scientific and technical cooperation for 10—15 years periods and in some cases even for longer terms. It provided the necessary stability and trust in business relations with partners, raised mutual interest in cooperation extension.

Active and extensive development of the foreign economic cooperation of the USSR with foreign countries led to change of the position of the foreign trade in the general system of country’s national economy. For post-war years the foreign trade had become one of the important branches of the Soviet economy. The influence of the foreign trade on all industries, construction, agriculture, transport and servicing sector had increased. Year by year material endowment of the foreign trade had been strengthening development of production forces of the country, accelerating scientific and technical progress, increasing social production efficiency and people’s welfare growth. Incomes from the foreign trade played an appreciable role in the state budget.

The socialist countries had a priority position in the USSR foreign trade during the post-war period: the trade with them had been growing by higher rates as compared to those with other groups of countries. The total turnover with the socialist countries grew by 1984 to $95 billion and made up 57.5% of the overall trade.

The establishment of the Council of Mutual Economic Assistance (CMEA) had a great meaning for socialist commonwealth. In 1985 10 socialist countries besides the USSR were among the members of the CMEA.

Implementation of the Complex program of further deepening and improvement of the cooperation and development of socialist integration had become the main line of cooperation of member countries since 1970s. Within that program long-term target programs of cooperation in the field of power, fuel-raw industries, machinery producing, transport, production of consumer goods
and foodstuffs, and also long-term programs of specialization and cooperation in production of equipment for atomic power station, electronics and computer technologies, automatic transfer lines, machine tools with numerical program control, robotics and other goods had been actively performed. All that became a central component of the national economy development of the interested member countries of the CMEA.

Due to the guaranteed import from the USSR of oil, gas, iron ore, metals and other fuel and raw materials, and also machinery and equipment the socialist countries consistently, on a stable basis developed their economies. In its turn the significant volume of machinery and other products’ supply from member countries of the CMEA promoted growth of the USSR national economy and greater satisfaction of the Soviet people needs.

The post-war period was characterized also by the fast expansion of trade and economic ties of the USSR with the developing countries, which made up the most numerous group of trading partners of the USSR and included 103 countries. In 1984 the total turnover with them reached $22 billion, and their share in foreign trade of Soviet Union increased to 13.2%.

Trade and economic relations of the Soviet Union with developing countries were the international cooperation of a new type, based on mutual benefit, complete equality of the parties and non-admission of any form of exploitation and discrimination.

Trade and economic as well as scientific and technical cooperation with the Soviet Union provided the developing countries with a number of important economic advantages, which they were denied in trade with the capitalist countries. These advantages were determined first of all by the structure of the Soviet export to these countries, formed with due regard for the goals of holstering and developing their national economies. The main part of the export constituted productions means, first of all machinery and equipment, considerable share of which was delivered on credit on easy terms. And approximately half of the Soviet deliveries consisted of the complete industrial equipment for the enterprises built under the technical assistance of the Soviet Union. Along with machinery and equipment the Soviet Union supplied some commodi-
ties such as, for example, oil, oil products, ferrous metals draw, timber, chemical products, cement etc. required for consolidating economy of the developing countries.

Soviet export growth in goods and services assured the opportunities of increase in USSR purchases of the goods exported by the developing countries. The goods of so-called traditional export from these countries formed the basis of our import. Markets of the developing countries played major roles for our purchases in a wide range of products. These countries supplied to the Soviet Union the whole purchased volume of natural rubber, coffee, cocoa-beans, tea, bananas, ginned cotton, jute, tin. Also significant volumes of citrus, bauxites, tanning raw hides, tobacco, raw sugar, rough wool were imported from developing countries.

For the developing states the import by Soviet Union of the goods, including those produced by the enterprises constructed with assistance of the USSR was important in view of redemptions of credits, granted by the Soviet state. The volume of such supply was about a quarter of all import of the USSR from these countries. It enabled the developing countries to save exchange reserves and promoted development of their export production.

Upon the end of the Great Patriotic War the active trade of the USSR with allies in the anti-Hitler coalition, in particular with the USA and Great Britain, proceeded. The trade ties interrupted by the war with other western countries began recovering. However after the beginning of the Cold war the growth of trade with the developed countries was interrupted through no fault of the Soviet Union. Their share in the foreign trade turnover of the USSR, which made up 38.4% in 1946, in 1953 decreased to the lowest level for all history of trade relations of the USSR with these countries — to 14.5%. It was caused mainly by almost complete cease of the USA trade with the USSR, the volume of which decreased to $18 million.

Ruling circles of the USA and of some other Western countries intended to break the development of the Soviet economy or anyway slow down its growth significantly by prohibitions and restrictions for the trade with the USSR. However this adventurist policy has ended in a fiasco.
Despite the discriminatory actions of the USA and their allies in the NATO, the economy of the USSR and other socialist countries continued to develop dynamically. Also commercial ties of the USSR with socialist and developing counties developed successfully.

The western countries had to expand business cooperation with the USSR, which reached especially impressing results in 1970s. The experience of these years, characterized by relaxation of international tensions, has convincingly showed on what way the cooperation of countries with different social systems should develop under the conditions of peace and detente.

During this period the trade volume of the USSR with the group of industrially developed countries grew from $5.2 billion in 1970 to $48 billion in 1980. Their share in total foreign trade turnover rose to 33.6% in 1980. There were also considerable qualitative changes in the trade and economic ties of the Soviet Union with developed countries. With a number of these countries, including Germany, France, Italy, Great Britain, Japan and even the USA, large-scale and long-term transactions on a compensatory basis in gas, chemical, metallurgical, timber, pulp-and-paper and other industries were launched. Wide expansion of business relations promoted gaining confidence between the socialist and capitalist countries, deepening relaxation process, which had been fixed in the documents of the Conference on Security and Cooperation in Europe.

Sound process of strengthening of peaceful co-existence principles, tensions relaxation and trust was intentionally raveled as soon as in late 1970s by the relaxation antagonists in the West, and first of all by those in the USA, which tried hard to revive the Cold war against the socialist countries, to “bury” the relaxation and to destroy the established trade and economic ties. Various types of embargo, sanctions and discriminatory restrictions directed against the USSR and other socialist countries again were put forth.

Though at first many countries of the West showed some restraint in trade with the Soviet Union, but proceeding from their national interests, they did not actively support the American pol-
icy of sanctions and prohibitions. These countries once again realized that the course of cooperation limiting tended to nothing else, but severe losses for them. They could also see the significant positive experience of mutually beneficial cooperation in our trade, the lain groundworks for long-term legal base and the time-proved forms of business ties.

* * *

In 1970s N.S. Patolichev had undertaken a methodical siege of the American trade and political bastion and had achieved real success. In 1972—1977s he visited the USA annually, carried on negotiations with the administration, attracting interested sectors business community. He was received by US presidents R. Nixon, J. Carter, carried on negotiations with Trade Ministers P. Piterson and J. Schultz. The latter especially warmly remembered how Nikolay Semyonovich together with his deputy Vladimir Sergeevich Alhimov saw him in Moscow, then in Sochi, where they especially successfully went for fishing.

Collective fishing was quite good indeed. The Soviet-American commission on trade issues with N.S. Patolichev`s participation founded in May 1972 during the Moscow summit, for less than five months had prepared documents, on the basis of which in October 1972 in Washington bilateral intergovernmental agreements on trade, on order of its financing and on settlement of the Land lease, as well as the agreement on some questions of sea navigation had been signed.

Very important agreements were reached on organizational forms of trade ties: in October 1973 the Trade mission of the USSR in Washington and Commercial bureau of the USA in Moscow were opened. The Soviet purchasing commission in New York was formed and 20 American companies and banks were entitled to open the representations in Moscow. Since February 1974 the American-Soviet Trade and Economic Council with more than 200 members — the American corporations and 114 Soviet foreign trade organizations and industrial organizations has begun its work.
But the tendency to developing business ties hasn’t become completely prevailing because of the fierce resistance of conservative circles. The Law on trade of the USA enacted in 1974—1975 put granting to the USSR of the most favored nation treatment and also state credits in dependence on accomplishment by the Soviet Union of the conditions in emigration area (Jackson–Vanik notorious amendment); that has meant that the period of possible sanctions, prohibitions and embargo has been back again.

Under such conditions the Soviet Union did not consider it possible to enact the agreement of 1972, since coming into force of the Agreement on Land lease was directly caused by putting into effect of the Agreement on trade. Both these intergovernmental documents have been kept on ice for over 30 years now. However the strong business ties and the circles interested in trade with the USSR (Russian Federation) have continued functioning and spreading.

About of the course of negotiations and how Nikolay Semyonovich carried on them, we can judge by the record kept in archive of the minister of the conversation with the first Deputy of the State secretary Robinson on the external economic issues which took place on the 7th May 1976 in Nairobi during 4th session of the UNCTAD.

Patolichev N.S.: “Shortly before solemn opening of the Conference I was told, that nearby just over the aisle Mr. Kissindzher would sit. And then, when we met, I told him about it and added that there is always something that separates us. However, it is always possible to reach to offer each other a hand. But I did not dare to say that the American side sometimes offers a hand in a rigid glove, and the tragedy is that Americans think that we don’t feel it. It was not desirable to tell it to Mr. Kissindzher, but I should tell you, Mr Robinson, that some of his actions suggest a lack of political self-possession.”

N.S. Patolichev reminded further Mr. Robinson of the last negotiations with him in Moscow where, despite sharpness, they did not spoil their friendly relations: “When we signed the agreement, I told him that I had nothing against him personally and I would never say anything bad. I did keep my word.
Robinson: “I also during these several weeks of negotiations have been developing great respect for you and close personal relations are settled between us”.

N.S. Patolichev: “I do not know, whether it is good or bad for you. Recently I met Mr. Kendall, and he suggested exchanging with him the sleeve-links. I told that I would do it with pleasure and would wear the sleeve-links with the Soviet-American emblem. But would he like the sleeve-links with a sickle and a hammer? But nevertheless he decided. Well now I understand, you feel relieved. You have delivered the speech (Robinson’s) and now are calm. And I still have it ahead”.

Robinson: “And when are you delivering?”

N.S. Patolichev: “On eleventh, after your departure. How can you leave now, without knowing our position on main issues?”

Robinson: “We do already know it, and I can leave easy in my mind, as I am the biggest optimist, to be more precise, optimist No. 2 in Russia, after you.”

After we had departed, I was released of the earlier post (Deputy State Secretary on foreign policy issues) and was appointed to a post of the First Deputy of the State Secretary (on all issues of foreign policy, including issues of external-economic policy).”

N.S. Patolichev: “I shall not change my attitude to you, whatever post you would be appointed. During the negotiations I have learned, who you are and how you can maintain your position, and I have convinced once again, whom we should be to defend our interests. Well said, isn’t it? Here I praise myself. And though intensly we have carried on the negotiations to the end. That is we have aimed to. Otherwise we wouldn’t have signed this agreement”.

Since the middle of 1980s the non-trade forms of bilateral economic relations with the USA have revived (cooperation at various stages of goods production), and also scientific and technical cooperation on universal problems (the World ocean, space, medicine, ecology etc.). For their realization bilateral branch commissions began to be formed. But these forms of cooperation were developed already outside of the considered time period.

During a quarter of a century (and even longer) three outstanding statesmen were working side by side in the American direction...
— Minister of Foreign Affairs A.A. Gromyko, Foreign Trade Minister N.S. Patolichev and Ambassador of the USSR in the USA A.F. Dobrynin. Even resisting to the United States, they enjoyed big authority and respect with the state, business and public circles of that country. In particular, President R. Reagan, having got acquainted with the ambassador A.F. Dobrynin and his wife, wrote down in his diary: “Everything that we heard about them is absolutely right, it is a very nice couple in every respect. So nice, that I am surprised, how they can get on with the Soviet system”. In some measure they were even afraid of: memory was the mighty capital of this trinity. Our “magnificent trinity” “outlived” on the posts at least six American presidents and Andrey Andreevich Gromyko 14 state secretaries. Both of them sometimes had to educate by memory the entrant American colleagues about former position and promises of the USA Administration in recent decades and about our recriminatory statements. Their leaving from the international scene in the middle of 1980s and rapid, convulsive change of new people on these posts did not promoted authority to the status of new Russia and respect for “fakirs for an hour”.

The cold welcome to our new Foreign Trade Minister in the USA State department is remembered. In the corner of a spacious reception hall on the top floor of the State department (covered with a huge pink carpet — it seemed the world’s largest), not numerous Soviet delegation and some representatives of the American administration thinly crowded. Contrary to the protocol, the master of the welcome — the State secretary D. Schultz was late. Minister of Trade Boldridge was wigwagging in the center of the hall about a hill with simple tea viands — cookies-brushwood and luscious sweets from coconut, and “crowned” with a roast chicken. Without the master it was impossible to begin, moreover we had no appetite...

One of the authors of this book was instructed to entertain the minister of civil building of the USA, a lovely lady, and he regularly having told her some baizes, asked a “profile” question, having noticed there were low ceilings within 2 m 70 cm in many modern office buildings in the USA. And it was in-
sufficient for a normal air convection and oxygen inflow for breath. And we looking at the great building power, have followed your example and begun constructing buildings with such ceilings either. She paused to think. But here from nowhere her assistant Mr. Abramovich appeared and resolutely cleared up: “Yes, we build low ceilings, but we have compulsory ventilation everywhere, and you do not have it, that’s why you gasp.” It had to be retorted somehow: “Thanks God, we live in moderate climate, unlike these local subtropics.”

At last Mr. Schultz came and began with the roast chicken. He ate it with such animation, wiping the fingers with napkins, as if he had been starving for long. We were looking at him mercifully, humanly rejoicing to a satisfying of healthy appetite. Then he busily passed to a tribune to read a speech, then the same our head made. Because of the delay, the event lasted for almost an hour longer than it had been planned. Because of it the journalists waiting in the street concluded that the American-Soviet trade began picking up.

In practice we also had to meet unsuccessful preparation of our delegation. For example, the list of 150 goods offered for sale was handed over to the American side and their opinion on this issue was asked. The newly-minted suite of the Minister even didn’t care of translating the document into English. So we had to translate the whole nomenclature at place. Consideration was delayed. Unwillingly it came back to memory, how Nikolay Semyonovich thought over beforehand each detail preparing for negotiations.

Reportraying Nikolay Semyonovich, a rather eloquent phenomenon was faced: having worked with him for long time on parallel directions A.A. Gromyko and A.F. Dobrynin published informative memoirs about their long-lasting activity on about 1200 pages. But only twice in the memoirs of the ambassador N.S. Patolichev’s name is called in a context of daily work. Probably, it’s no coincidence. Strange to self-advertisement, modest, tactful and attentive to the associates, not avoiding rough work, invisibly directing whole teams of specialists on the necessary wave, Niko-
lay Semyonovich became for each of the mentioned colleagues their alter ego. In this trinity of bright forwards everyone without looking delivered a verified pass, leaning on natural mutual support, and it’s like here is nothing to speak about.

A.A. Gromyko as well as A.F. Dobrynin was entirely involved in political issues and disarmament problems. However he did not miss a chance during his visit to Great Britain to find out from the largest theorist of political economy Keynes the postulates useful to his foreign trade colleague (still up-to-date in XXI century): “In the countries with free competition it is required further more flexibility in economic problems solutions. It is quite logical to expect therefore higher state intervention in economic life” (A.A. Gromyko. Memorable. M: Politizdat. 1988. Book. 2, P. 279).

In his turn, A.F. Dobrynin exercised his authority and position of the dean (elder) of the diplomatic corps in Washington for normalization of trade and political relations with the USA.

It happened when on 29th December 1981 the USA administration in connection with the internal political complication in Poland imposed “sanctions” against the USSR. Aeroflot flights to the USA were suspended, the Soviet purchasing mission in New York was closed, deliveries of the oil and gas equipment and issue of licenses for computer equipment sale were ceased, negotiations on new long-term agreement on grain were delayed. Americans refused also to renew the agreements on power, on scientific and technical cooperation, on space and reviewed all other agreements of a bilateral exchange.

The Ministry of Foreign Trade in Moscow didn’t scrimp on illustrative work about the scales of the direct and indirect losses for the uneven American partners. And within a year, according to Dobrynin, “the American authority actually confirmed with a number of the shares their intention to renew the trade relations” — obstructionism was reversed, the commercial interests forced to pragmatic decisions.

Another case is also remembered. Someday in mid-1980s, on 6th November at a celebratory reception in our embassy in Washington the conversation with the director of the Department of investments of the Trade Ministry of the USA took
place. Destiny of many projects depended on him. He was a person wise in life experience, looking with favor on our country irrespective of political eloiement of the administration. He was asked whether he had been on holiday and where he had spent it — in Miami or somewhere on islands. “Oh, don’t say that, — he objected, — I always spend my holiday on corn gathering. My very elderly relatives have a farm in Kansas. And I gather their harvest on a tractor”. Note, he is the third ranking administrative official after the minister of the great power; and of all things — not Courchevel, not Maldives .... “And have you ever worked on a tractor?” — he asked. — “Imagine, there is a destructive heat, and you are closed in a tight cabin, switch on the conditioner and the autopilot, put on the ear-phones with stereomusic, and — let’s go, pleasantly blinking. It is such a pleasure to work on a tractor!” For employees of the Trade mission it was a pleasure to realize that the engine and wheel base of the most of Kansas tractors were produced in Minsk tractor factory: many farmers in the USA preferred a wheel tractor “Belarus”, they just installed Ford’s cabin on it.

The department director continued: “Haven’t you heard about the “bomb” for you at the Congress tomorrow? The bill of a prohibition of import from the USSR of the goods produced with use of compulsory labour of prisoners will be considered.”

The politized absurdity of this bill was obvious. By declaring on the arbitrary all country as the Gulag, Americans could prohibit any import from the USSR. Things came to a serious pass.

When the quests broke up, Anatoly Fyodorovich asked us about any news. He was told about the nurtured plans, having added that it would be better to inform Nikolay Semyonovich. “Hardly we should disturb him, — Dobrynin replied, — we’ll have everything on-site decided. Tomorrow at 3 p.m. I am meeting with State Secretary Schultz. There I will step on his foot, moreover he owes me a favor. Would you prepare a memorandum with the argumentation for tomorrow morning”.

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Next morning a note in English was presented to A.F. Dobrynin with necessary legal formulations and explanation that under such legislation it was possible to prohibit also the import of gold from the USSR as produced with compulsory labor. And then how will be the American farmers paid for millions tons of delivered wheat? — Anatoly Fyodorovich hemmed with satisfaction and put the note in his jacket pocket.

At last, on 7th November about 18 o’clock we were informed on our inquiry in the Congress: “The bill you are inquiring for has been excluded from consideration as anticonstitutional”. We couldn’t help brightening up, — well done, Dobrynin! And being surprised — well done, State Secretary Schultz! Moreover, as it happens, there is “legislative telephone!” in the USA. A.F. Dobrynin did not miss a case to make Nikolay Semyonovich’s day.

At the same time the relations with America developed very difficultly. Nikolay Semyonovich worried about it, for what the fragment of the record of his performance at the meeting of the core group of the Ministry of Foreign Trade on 28th May 1985, his last performance in ministerial rank, speaks.

“Last week (20—22) the Intergovernmental Soviet-American commission on trade sat in session in Moscow. It was the eighth meeting. The minister of trade Boldridge there and with him about 30 persons arrived: deputy trade ministers, representatives of the State Department and other officials. The commission had not been sitting in session for 7 years. It began with a meeting in narrow format 5x5. Then it was followed by a plenary meeting and a meeting with M.S. Gorbachev at 16 o’clock.

Here is what M.S. Gorbachev said to Minister of Trade of the USA Boldridge:

“It is abnormal that two most mighty powers can’t patch up the relations. It is necessary get wiser so that it all wouldn’t come to a dramatic end for both countries and the whole world.

Now all is interconnected. Therefore the trade should be enhanced. And to enhance other spheres: political sphere and mutual trust”.

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During M.S. Gorbachev’s meeting with Minister of Trade of the USA Boldridge, talking about the development of trade relations between the USA and the Soviet Union, Boldridge, as was common at that time among the politicians of the USA, said: “Now about emigration”.

But prior to setting forth the issue, I’d like to tell you about the conversation with Boldridge took place in my study.

Boldridge said, that development of the trade relations concerned by Jackson-Vanik amendment will be complicated also by the Stevenson’s bill. Due to this it is impossible to develop the trade relations, if we don’t see the considerable improving in the emigration sphere. If it takes place, the Congress and administration will try for reversal of the amendments, hindering provision of the most favored nation treatment. If it isn’t decided, the perspectives are not so good. It is everything, I’d like to say to this issue.

I answered him: “You could have provided this all in written form. There was no need to fly so far. We are on polar positions on this issue. What is the use to discuss it?”

Boldridge said: “I hand over you a letter from 160 congressmen, who will vote in connection with the most favored nation treatment. I want to close up talking on this subject, and we will pass on other issues”.

But I didn’t let him end up with this issue and asked: “Whom are you interested in? Emigration of the Uzbeks, Belorussians, Tungus or any other nationalities? I want to know, what people you are interested in. There are over 100 nations and nationalities in our country”.

Boldridge rode off on a side issue.

During the meeting with M.S. Gorbachev Boldridge said: “If this issue is not solved, Congress won’t treat a question of the most favored nation treatment”.

It should be emphasized, that today the negotiations with the USA are held almost in the same manner, though the problem of emigration was solved long ago. Almost nothing has changed.

The situation in trade with the developed countries and also the skill to carry on negotiations characterized N.S. Patolichiev’s performance at XII session of the Soviet-British commission on sci-
entific, technical and trade and economic cooperation on 21—23rd May 1984, one of the last meetings of Nikolay Semyonovich with Englishmen:

“Every day we sign agreements for 470 million dollars. I have been the Minister of foreign trade for 25 years and have dealt with 16 ministers of foreign trade of Great Britain. Would you say, my visits there have been useless? Ask the businessmen. I have had speeches at least 10 times at meetings of the British chamber of commerce, opened national exhibitions of the Soviet Union and every time said:” …watch an exhibition you can’t arrive to the Soviet Union. Here we are!”.

And he continued: “Everything positive in our cooperation, and the positive results we have should be protected, multiplied, valued and developed. Our goods turnover with Finland is about $6 billion. I won’t name other developed countries. You are our visitors and if I start to compare you to others, you may have hard feelings. I won’t compare you.

Though, if we don’t speak frankly, we will not be able to clarify all difficulties, all reasons, to find out, why our turnover is $2.2 billion, not $6 billion. You won’t answer this question, and I won’t. Two such advanced countries! Probably, it is necessary to try.

I like discoursing, it is my weakness. Here I recall the meeting with Vice-President Mondale. During our conversation he told, that it was forbidden in the USA to sell us machinery and equipment produced with use of titan. I recall, as Mondale laughed and swore, threw various remarks. I felt some malevolence in it. I looked at Bzhezinsky, he shifted a glance off. I knew it was he who had done it. To buy titan from the Soviet Union, to use it in machinery and equipment production and to prohibit to sell it to the Soviet Union, because there was titan in it.

Why have I cited this example? There are always a lot of far-fetched obstacles. We don’t buy rockets, planes, submarines in the USA. We produce ourselves. We trade very few with the USA.

Our trade with other countries is wider, than with England. Once England was at the first place in trade with us. We have a long-term program. Let’s think what should be done to start the development of a new program.
I remember, when we signed the agreement with Cuba, we didn’t have transport. Americans declared, that each ship which called at the port of Cuba, would be written down in “the black list”. What is to be done? Who will rescue us? — An English firm. The president of this firm decided to chart us all their nine vessels. We were in a difficult situation, and all the nine ships began to work for us. In three days all the navigation companies, which had earlier refused to work with us, came with their offers. And we remember that English company with gratitude.

You probably have already realized our temper. How many difficulties and hindrances there were with the gas pipeline. And our people decided to put the pipeline in operation a year earlier, and did it. How many hindrances we had while building the Baikal-Amur Railway. Americans pushed Japanese, Chinese. Our people declared: we will do it earlier! Also we did!

The same is with the shelf. We study, prepare, search for the most acceptable ways. It is known that on our shelf there is huge volume of gas and oil. Americans have sent me a chart, and all space from the Barents Sea to the Laptev Sea is shaded — there is oil. Yes, the shelf must be struggled for. Now to defining of the partners. We like to deal with partners, which fulfill their obligations completely and are afraid of nobody.

We conducted negotiations with Ford for building KAMAZ. I carried on the negotiations. Everything was agreed. The project was promised to be performed, the equipment to be sold and all technology, financing to be provided. The only thing that didn’t suit them, we had agreed that they would remain for production realization upon building completion. Ford arrived to Washington and everything was cancelled. We decided to build it without Americans. And we did build it. The factory was up and running at full capacity.

In our duty there are such moments when the parties should understand each other. Now I recall the long-lasting conversation, through the whole night, with the firm “ICI” in the region of Newcastle. There was a talk on supply of some manufactures of fiber (paraxylene products) production. The company “ICI” offered already out-of-date, overage production method. It turned out, that
a new method was applied by the American companies. The negotiations lasted for long, it already dawned, and we were still talking, when the company representatives realized that we would not agree to purchase out of date technology and said, that they would send someone to the USA and he would come with information on new technology. The technology was sold to us, the equipment was sold. Had your representatives dug their heels in, we would not have achieved anything. By the old method 3% of fiber was produced, and by the new one — 27%.

We have to work more and more. There is nothing else reasonable.

During the Second World War I worked as a secretary of the party committee in Chelyabinsk, in the Ural Mountains. Sometimes Stalin happened to call. “We need some tanks. An operation is being planned”. We were so busy, but he said: “It’s up to you. Good luck.” And he hang on. We, the Russians, have a proverb: “no song, no supper”. We have to work.

I would like you leave Moscow in a good mood. It goes without saying. Who doesn’t think about it now, is going to suicide. All must fight for living in peace, overcoming all difficulties. We want peace on all Europe, the whole world and you personally, Mr. Minister”.

N.S. Patolichev wrote in his article:

“In the first half of 1980s, despite the American pressure and counterstand, the trade volume of the USSR with the Western countries continued to expand and reached $48 billion in 1984. It sized up to almost the whole foreign trade turnover of the USSR with foreign partners in 1974.

In the first post-war years our country had no possibility to allocate considerable volumes of the commodity resources for export and to purchase abroad. In 1946 the export of the USSR made up only about $150 million and was presented basically by the limited circle of commodity goods. With growth of the Soviet economy the export potential of the country and export volume strengthened and the possibilities for import extended. In 1984 the Soviet Union exported goods as much as for $87.5 billion.

That is also important because there were essential structural changes in export goods structure. Powerful development of oil
and natural gas extraction with the advanced industrial methods and a great demand for them in foreign markets allowed to expand export of oil substantially and to start exporting natural gas in considerable quantities, which gained the largest share in all Soviet export.

At the same time besides oil also machinery and equipment were exported, including the whole complete factories, metal-cutting machine tools with programmed control, forge-press and metallurgical equipment, nuclear reactors, generators and turbines for thermal and hydroelectric power stations, electronic computers, electric locomotives, planes, helicopters, cargo trucks and cars, tractors, dredges, agricultural machines, household and other equipment.

Work of the Ministry of Foreign Trade was directed on expansion and strengthening of the export potential of the country, on the further improvement of its export structure and increase of its efficiency due to the increase of the share of machinery engineering products in it, of other finished goods and the goods with deeper degree of processing.

Systematic development of the export allowed to satisfy wider the needs of the national economy in imported goods. The increase in import supply during the post war years can be evaluated on the basis of the following figures: In 1946 the imports made up $173 million, and in 1984 — $77 billion.

Means of production composed the main share in the USSR import — mainly the high-end technology and types of raw stuff and materials necessary for the national economy. In 1984 these goods made approximately two thirds of our import. Their usage promoted strengthening and extension of the production potential of the country and created new favorable opportunities for the expansion of our export.

It should be highlighted that foreign trade significantly contributed to the acceleration of implementation of the Food programme, strengthening and extension of material and technical base of agricultural sector. To this end the equipment for the agriculture was supplied from the socialist countries in large volume. At the same time the various technological equipment for process-
ing of agriculture production was acquired abroad. Annually for agriculture needs significant volume of fertilizers, preparations for plants protection were supplied, various seeds, planting materials, nutrition etc. If we note about the large deliveries of fishing vessels, refrigerator and warehouse equipment for foodstuff storage, equipment for manufacturing of agricultural machines, mineral fertilizers, the great weight of the material contribution of the foreign trade in the Food programme implementation becomes clear. The vital significance is that the most volume of the mentioned specified production was supplied by the COMECON member countries, with which wide specialization and production cooperation were established.

Foreign trade regularly received government targets on purchase abroad of certain food articles supplied from the socialist, developing and industrially developed countries.

Implementing of the assigned by the country government task on raising social welfare, various consumer industrial goods — apparel and knitwear, footwear, fabrics, fancies, perfumery and cosmetics, medicines, houseware, furniture etc. were also purchased abroad.

On the whole all goods for direct consumption (foodstuffs and consumer goods) made up about the third part of the Soviet import”.

Quoting the article of Nikolay Semyonovich we would like to draw the attention to the essential facts, concerning the influence of the Ministry on the national economy development.

Performance data of Nikolay Semyonovich in foreign trade characterize its steady growth as in quantitative relations (in volume, structure and geography), as well as in qualitative (in technology content intensity, degree of processing, new forms of trade). For the 27 years of his work — since 1958 to 1985 — the foreign trade turnover of the USSR in rouble terms grew by 18 times — to $167 billion. Moreover, the trade was characterized, as a rule, by the positive balance which was gradually rising. In physical terms (under exclusion of inflationary and price trends) the turnover for that period increased by 6.2 times, in other words, average annual growth made up 7%.
The main share of goods turnover was carried out with the socialist countries, which share for the first twenty years decreased significantly — from 73 to 54%, under some growth of specific weight of industrially developed countries (from $\frac{1}{5}$ to $\frac{1}{3}$) and with stable share of the developing states (about 12%). However, in the middle 1980s under the competitiveness weakening there was a relative extension of the trade with the socialist countries (the increase of their share to 67% in 1986).

**Dynamics of the USSR foreign trade and its distribution by group of countries in 1960–1985**

*(billion dollars)*

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<td>(65%)</td>
<td>(56%)</td>
<td>(54%)</td>
<td>(61%)</td>
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<td>2.4</td>
<td>8.4</td>
<td>24.1</td>
<td>21.9</td>
</tr>
<tr>
<td>Import</td>
<td>0.3</td>
<td>0.4</td>
<td>2.8</td>
<td>13.4</td>
<td>23.8</td>
<td>22.7</td>
</tr>
<tr>
<td>Developing countries</td>
<td>(8%)</td>
<td>(12%)</td>
<td>(14%)</td>
<td>(12%)</td>
<td>(13%)</td>
<td>(12%)</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.2</td>
<td>0.4</td>
<td>3.3</td>
<td>8.7</td>
<td>18.2</td>
<td>20.2</td>
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<tr>
<td>Export</td>
<td>0.1</td>
<td>0.2</td>
<td>2.0</td>
<td>4.6</td>
<td>10.5</td>
<td>11.3</td>
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<tr>
<td>Import</td>
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<td>1.3</td>
<td>4.1</td>
<td>7.7</td>
<td>8.9</td>
</tr>
</tbody>
</table>

*Note:* Bracketed are the shares of the related groups of countries in the foreign trade of the USSR.

In 1958 the goods turnover made $2.0 billion: 74% — with socialist, 16% — with industrially developed and 10% — with developing countries.
From the very beginning Nikolay Semyonovich with inherent open-mindedness aimed the foreign trade at the decision of main economic targets, having made it a rising factor of social production efficiency, scientific and technical progress acceleration and, whenever possible, satisfying the requirements in the material needs. Possibilities of the state monopoly of foreign trade on protecting national economy from spontaneous fluctuations of the foreign markets while maintaining stability of the internal prices were also implemented.

Since 1960 for 25 years 5,5 thousand factories began operation on the basis of the import of the commercial equipment, among them Oskolsky electrometallurgical industrial complex, Novolipetsky metallurgical industrial complex, Zhlobinsky metallurgical industrial complex in Belarus, Kostomukshsky and Norilsky mountain-concentrating industrial complexes, Svetogorsky pulp-and-paper plant, the Western-Siberian complex on processing of associated oil gas, Astrakhan gas-condensate complex, the Tomsk petrochemical and Sayansk aluminum complexes, seven tire factories. A factory of home refrigerators production under the French license was built in Minsk.

In respect of automobile industry the agreements with France were concluded in 1966 on scientific and technical cooperation and supply to the USSR of the equipment and also with Italy on the construction of the Volga automobile factory, which has been built in cooperation with “FIAT” company. In 1970 it started producing cars “Lada” which have been satisfying the major demand of the country’s population in cars for many years and also exporting them in huge volume.

But one wouldn’t imagine that gainful for Italy construction of the Volga car factory was accompanied by a variety of events absolutely not complying with the commercial practice. Normal foreign trade practice by a twist of fate was closely bound with politics, and absolutely unpredictably.

Some specific examples of more than forty-years old can be cited.
It was in 1969. The supply of the complete and accessory equipment for the Tolyatti motorcar colossus, and also for the related objects to the Soviet Union from Italy were in full swing.

And by hard adventure in September 1969 the period of validity of collective labor contracts of all trade-union centers (including the Universal Italian labor confederation, working under control of the Italian communist party) with branch organizations of employers, united within the Confederation industry had expired. And it meant protracted, tiresome negotiations of the parties and certain increase of remuneration rate and strikes inevitably connected with these negotiations, in substantiating and conducting of which Italians were always very artful.

One of the operational engineers of the Soviet Union Trade mission in Italy finished the business meeting with the responsible employee of the Institute of foreign trade of Italy in the headquarters of this organization. This meeting turned out to be extremely productive. The Italian partner, preparing to leave to Moscow as the head of Moscow representation of this Institute, provided the Soviet partner with some substantial materials on the equipment market. The Soviet employee was going to take his leave, when his Italian partner suggested him going to the bar in front of the headquarters to have a drink of something cooling.

With a cup of espresso and a glass of non-alcoholic San-Pellegrino, the Italian told the Soviet partner news, frankly speaking, absolutely unexpected. As it happened, the heads of two or three Trade Union centers had arrived to Rome from the United States. They seemed to be carrying on negotiations with the authorities of Italian Trade Union centers under the control of center-right parties, sitting in the Italian parliament, and offering them large sums for the strike funds. The condition was put forward, that Italians would go on strike under the direction of these professional centers, by-effect of which would be a failure of the equipment deliveries for the future motorcar colossus on Volga, and also for the related
manufactures. “Uomo avvisato e mezzo salvato” (forewarned is forearmed), — so the diligent Italian finished his “orientation”. The given “orientation” was wisely used by us, deliveries having been completely performed.

Other event took place during a short-term business trip of the Soviet experts to Milan. Through the chief engineer-inspector (heading the group of workers of the Ministry of oil and chemical industry — the customer of the complete equipment for factory of rubber technical products for cars kitting, which the future motorcar kolossus on Volga would produce), an official of the USSR Trade mission was invited to the Headquarters of “Pirelli” company, general equipment supplier — by managing director Franco Brambilla (in essence, the second person of this concern)

Under his forecasts stated during the meeting there would be a pause in the ceaseless strikes at the enterprises of factories-subsuppliers on 5—10 November 1969. The Managing director asked the Trade mission official to persuade our engineers-inspectors to “sacrifice” their days off, falling on the principal Soviet holiday, and to “devote” the time to acceptance of the equipment ready for shipment to the Soviet Union. Certainly such instructions were given to the engineers-inspectors.

About the end of November 1969 the Soviet ambassador in Italy received a letter signed by Mister F. Brambilla, in which the call of duty and deep civil and professional responsibility of the group of the Soviet engineers-inspectors were praised to high heaven. Such appreciation should be proud of, but no such luck! Next day the Trade mission official was called “on the carpet” to the chairman of the social committee of the Soviet colony in Italy who accused the employee of “political immaturity” and threatened him with various troubles. However, not by hearsay knowledge of the Soviet labor legislation was of great help. The argument of the official of the Trade mission was irresistible: the working day of the workers on business trip, isn’t limited and days off aren’t provided, the proof to that are the daily allowances received during weekend and holidays.
The following episode caused a really scandalous reaction. It was late autumn, the end of November 1969. In Genoa the equipment loading aboard the motor-ship of “river-sea” class, which followed to Tolyatti had been finished. The 30-years-old captain of this steam-ship had only a week left for delivery, since in a little while the Volga-Mother navigation would stop because the river would be icebound. The shipping documents had been already issued and accepted by the captain, he had signed all financial documents. And at that moment it turned out that the strike of marine pilots and a landfast team had begun. Without delaying for a minute (after the entire captain “walked” to Genoa more than ten times), the master with a public address system gave an order: “Deck team take places under the mooring schedule! Remove grand staircases!” Ignoring all rules and instructions the ship left the Genoa port independently, without marine pilots and took a course to the native coast. It is a doubtless violation of the rules of any port. The next day in one of authoritative Italian newspapers an article appeared, in which the Soviet captain was set a note of infamy for the disrespectful attitude to fight of the Italian workers for their rights. The Soviet Embassy got an official note. As a result after the arrival the young captain was removed from sailing and made to give explanations. He was given an admonition. However, later he received a state award.

On the basis of the complete import equipment KAMAZ was constructed for trucks manufacturing. For 25 years over 5 million cars and trucks produced mainly with the equipment of the imported enterprises have been supplied abroad.

Thanks to imports the basic production assets in variety of consumer industries were significantly renewed. In 1980s over 50% of the equipment for the domestic enterprises of the food, textile and chemical industries were imported.

The equipment was the basic commodity group in the Soviet import: its share gradually increased from 31% in 1960 to 37% in 1985 and over 40% in 1986. The main volume of machinery and equipment (about 70%) was imported from the socialist countries.
on the basis of the international cooperation. Apart from production equipment the transport facilities (trucks, tram cars, buses, trolley buses, railway rolling stock, refrigerator trucks, boats) were imported.

The most growing group was food articles (their share for 25 years increased from 13 to 21% — in certain years exceeded even this indicator). Despite rather costly development of wildlands, in 1985 we had to import over 44 million tons of grain, and also 4.3 million tons of sugar, that constituted 20—25% of consumption volume. Mass purchases of grain, especially in droughty years, were a desperate, emergency measure. The achievement of N.S. Patolichev was in that he succeeded in providing these purchases on the most favourable terms for the country.

The share of ores, concentrates and metals in the import has decreased by twice — from 16 to 8%, basically due to price tendencies. In industrial raw supply the significant share was accounted for the foreign extracting and producing enterprises, constructed with the assistance of the Soviet Union. In 1976—1985s such enterprises exported to the USSR 23.4 million tons of bauxites, 6.1 million tons of alumina, 5.3 million tons of steel pipes, 1 million tons of pig-iron.

Import of consumer industrial goods stabilized in 1980s at the level of 12—13% of total import’s volume, including clothes and linen (1/3), footwear (1/7), medicines (1/10), bought basically in the European socialist countries and Finland, and also a small amount of TV-sets and tape recorders were imported from Japan.

* * *

The USSR export trade during the considered period underwent the essential structural changes, defined first of all by sharp rise of export volumes of the fuel goods — oil, oil products and natural gas (through the export delivery pipes built in 1970s). The share of the goods of this group in 1960—1985s increased from 16.2 to 52.7%. The Foreign Trade Ministry had to force export of non-renewable hydrocarbons, because of the need of the country for currency resources for developing vital economy sectors and covering foodstuffs deficit in the country. It was the policy
# USSR Import of Most Essential Goods in 1960—1985

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>$mln</td>
<td>1267</td>
<td>11732</td>
<td>67368</td>
<td>81681</td>
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<tr>
<td>Machinery and transport equipment.</td>
<td>$mln</td>
<td>395</td>
<td>4173</td>
<td>22826</td>
<td>30334</td>
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<tr>
<td>metal-cutting machine-tools</td>
<td>thousand pcs</td>
<td>7.6 (5)</td>
<td>9.2 (5)</td>
<td>13.0 (6)</td>
<td>14.6 (8)</td>
</tr>
<tr>
<td>food-processing equipment</td>
<td>$mln</td>
<td>28 (23)</td>
<td>138 (28)</td>
<td>689 (49)</td>
<td>976 (52)</td>
</tr>
<tr>
<td>textile machinery</td>
<td>$mln</td>
<td>... (14)</td>
<td>81 (23)</td>
<td>594(49)</td>
<td>838 (53)</td>
</tr>
<tr>
<td>equipment for chemical production</td>
<td>$mln</td>
<td>43 (37)</td>
<td>242 (40)</td>
<td>1885 (68)</td>
<td>1226 (56)</td>
</tr>
<tr>
<td>agricultural machinery</td>
<td>$mln</td>
<td>2 (1)</td>
<td>156 (1)</td>
<td>1152 (10)</td>
<td>1562 (16)</td>
</tr>
<tr>
<td>tramcars</td>
<td>pcs</td>
<td>263 (18)</td>
<td>492 (39)</td>
<td>566 (36)</td>
<td>614 (35)</td>
</tr>
<tr>
<td>trucks</td>
<td>thousand pcs</td>
<td>3.2</td>
<td>4.7</td>
<td>9.7</td>
<td>17.2</td>
</tr>
<tr>
<td>buses</td>
<td>thousand pcs</td>
<td>0</td>
<td>4.9 (10)</td>
<td>10.8 (12)</td>
<td>10.9 (11)</td>
</tr>
<tr>
<td><strong>Ores &amp; concentrates, metals</strong></td>
<td>$mln</td>
<td>197</td>
<td>1126</td>
<td>7267</td>
<td>6793</td>
</tr>
<tr>
<td>ferrous metals draw</td>
<td>thousand tons</td>
<td>950 (2)</td>
<td>1535 (2)</td>
<td>4956 (4)</td>
<td>6997 (6)</td>
</tr>
<tr>
<td>steel pipes</td>
<td>thousand tons</td>
<td>579 (9)</td>
<td>1335 (10)</td>
<td>3125 (15)</td>
<td>5141 (21)</td>
</tr>
<tr>
<td><strong>Food products and crude materials</strong></td>
<td>$mln</td>
<td>166</td>
<td>1857</td>
<td>16282</td>
<td>17254</td>
</tr>
<tr>
<td>grain</td>
<td>million tons</td>
<td>0.2 (0.2)</td>
<td>2.2 (1)</td>
<td>27.8 (14)</td>
<td>44.2 (20)</td>
</tr>
<tr>
<td>raw sugar</td>
<td>million tons</td>
<td>1.5 (20)</td>
<td>3.0 (25)</td>
<td>3.8 (31)</td>
<td>4.3 (26)</td>
</tr>
<tr>
<td>tea</td>
<td>thousand tons</td>
<td>23 (27)</td>
<td>29 (25)</td>
<td>71 (30)</td>
<td>108 (31)</td>
</tr>
<tr>
<td>fruits, berries</td>
<td>thousand tons</td>
<td>335 (6)</td>
<td>679 (6)</td>
<td>995 (6)</td>
<td>1122 (7)</td>
</tr>
<tr>
<td>wool</td>
<td>thousand tons</td>
<td>62 (23)</td>
<td>83 (18)</td>
<td>124 (26)</td>
<td>109 (24)</td>
</tr>
<tr>
<td><strong>Consumer industrial goods</strong></td>
<td>$mln</td>
<td>215</td>
<td>2147</td>
<td>8192</td>
<td>10280</td>
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<tr>
<td>clothes and linen</td>
<td>$mln</td>
<td>360</td>
<td>699</td>
<td>1670</td>
<td>2320</td>
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<tr>
<td>leather shoes</td>
<td>million pairs</td>
<td>29.7 (7)</td>
<td>60.7 (8)</td>
<td>66.1 (8)</td>
<td>85.9 (10)</td>
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<tr>
<td>furniture</td>
<td>$mln</td>
<td>15(9)</td>
<td>199 (12)</td>
<td>636 (16)</td>
<td>648 (13)</td>
</tr>
<tr>
<td>medicaments</td>
<td>$mln</td>
<td>6</td>
<td>184</td>
<td>823</td>
<td>1372</td>
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</table>

**Notes:**
1. Within the square brackets — the share of the commodity group in total import for the given year is indicated.
2. Within the round brackets — the share of the import in consumption of the given product type is indicated.
of the central authorities and all that the employees of the Ministry ("Soyuznefteexport", "Soyuzgazexport") had to do was to achieve whenever possible the most favorable terms of sale and to make competent use of market situation, which on the whole was performed rather successfully (the experts of the Ministry working in these directions periodically were awarded by high state awards).

It is worth to note that till 1959 the volume of oil products export (12.9 million tons) was above the crude oil export (12.5 million tons), however due to the accelerated export of crude oil (by 1985 by 9.4 times) unlike the oil products export being limited with oil refining capacities (by 3.9 times) deliveries of crude oil had exceeded supply of finished products by 2.3 times.

Since 1970s the transboundary electric power supply of frontier countries — Hungary, Bulgaria, Finland, Czechoslovakia had substantially grown (in 1970—1985s from 5.3 to 29.3 billion kWh), and also a new type of energy export had got its development — uranium enrichment on the Soviet capacities for foreign atomic power stations. In 1973—1975s the Soviet Union concluded agreements on these operations with West European countries for $2 bln.

The export of traditional commodity groups — chemical products (fertilizers) and timber products — had also increased, but their share retained at the level of 3—4%. The exports of ores, concentrates and metals grew slower, and their share for 1960—1985s reduced more than by twice, from 20 to 8%, although some actions for increasing export efficiency were undertaken. In particular, N.S. Patolichev supported the economically well-founded recomendations of economists of the Ministry J.A. Ershov and P.S. Karsunkin about preference of exporting iron-ore pellets instead of iron ore. The question was in reorganization of the primary mining industry for the production of semifinished products. Coordination at interbranch level, credits were required. But Nikolay Semyonovich was persistent. As a result in 1980s new goods were included in the nomenclature of our export of ores and concentrates — pellets. In 1985 their share made about 10 million tons — 22.6% of iron-ore raw materials, and in value terms — 30.6%. The efficiency increase by 35% is evident.
The experience of N. Patolichev in the purchase of complete enterprises, in particular, of “the big chemistry” for the purpose of increasing raw materials processing depth and refining export is the timeless recipe for overcoming economic crisis in today’s Russia. This thought was brightly expressed by honourable professor of St.-Petersburg Technological University, who had been director of certain oilchemical factories, V. Babkin (“AiF”, 20—26th May 2009): “There are plans on economy readjustment in “nano-style”. But it won’t help us now. So on what can Russia lean in the nearest future? The answer is simple: on oil and gas, as before. But not on its export, but on the goods produced with its use. It is important that we don’t face a bycicle invention. It’s enough to recall the experience of 1965—1980s. Then we managed to construct 400 enterprises thanks to which, if to simplify, crude oil turned to cars tires, synthetic fibers, rubber, plastic and other products … Our country was number one in the mineral fertilizers production.

Now everyone is seeking for a way to reanimate the economy. Just recall that in the last century the chemical industry literally pulled out many branches from non-existence …

The most important outcome of chemical development was that Russia was no longer regarded as a raw material’s appendage of industrial powers. To what we now aim, we have already had! But Gorbachev’s and Chubays’ unreasoned reforms have broken off technological chains and twice reduced the return from chemical industry (the enterprises were transferred to different proprietors). And we face the difficult work on recovery of this chain…

An average factory can be built in 2—3 years. It will cost approximately 2 bln dollars. But with 1 ton of hydrocarbons we will earn not 105 dollars, but 862 dollars (after processing in tyres, rubber, fiber, fabric etc.). By the way, the large economic benefit can be received from gas also. If the same pipe is fixed with appropriate nozzles, it would be possible to receive various polymers at the same field. The deep processing is the purpose to be aimed at during the crisis period…” Hardly could it be said better.

But it could be and has been said. And it was even more categorically and authoritatively. Only a month passed after the
publishing of the article by professor V. Babkin as President D. Medvedev, appearing in Khabarovsk, summed up: “We should, of course, change our priorities and transfer from the primitive export of raw materials to its processing, creation of modern capacities for processing and accordingly receive maximum advantages from the cooperation with other states. And, of course, it is a question of all product lines produced here. I mean oil and gas, timber resources, metal, and everything, with what our earth is rich.”

Returning to the retrospective of our export structure, it is necessary to highlight that N.S. Patolichev’s constant care (it is necessary to mark — successful) were the efforts on the extension of export of both industrial and consumer machinery and technical production. Half of all meetings, speeches on economic matters in the Ministry, every day operations with machinery and technical ventures were aimed at this. In 1960—1970s the equipment share in export made 21—23% and even in 1980s under the impact of expanded (and rising in price) power supply it was possible to retain this share at the level of 15%. The export of the power equipment (in particular, the atomic power stations), the metallurgical equipment, vessels, aircrafts, cars, agricultural machines and equipment increased especially significantly. Some enterprises have become-oriented works, supplying significant part of its production abroad: rolling equipment (43—17%), timber and paper equipment (35—29%), cars (25—20%), house clocks (33—28%), cameras (30—39%) etc.

The scale of the Soviet machinery and equipment export impresses. For considered 25 years over 5 million cars and trucks of 450 various types, including special cars, buses etc., were supplied to more than 100 countries of the world. Their maintenance was provided at over 4 thousand car repair shops in importing countries. For 1960—1985 over 4 thousand Soviet aircrafts - hundreds of intercontinental liners (IL-62, IL-62M, Tu-134, Tu-134A, Tu-154), about 1 thousand planes AN, over 2000 helicopters were delivered to 55 countries.
<table>
<thead>
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<td><strong>TOTAL</strong></td>
<td>$mln</td>
<td>1154</td>
<td>12800</td>
<td>75205</td>
<td>85487</td>
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<td>Machinery and transport equipment</td>
<td>$mln</td>
<td>260</td>
<td>2750</td>
<td>11886</td>
<td>11908</td>
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<tr>
<td>- metal cutting</td>
<td>[21%]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- machine - tools</td>
<td>thousand</td>
<td>2.1 (5)</td>
<td>12.3 (7)</td>
<td>14.0 (8)</td>
<td>7.9 (5)</td>
</tr>
<tr>
<td>- power generating machinery</td>
<td>$mln</td>
<td>6</td>
<td>241</td>
<td>1341</td>
<td>1811</td>
</tr>
<tr>
<td>- tractors</td>
<td>thousand</td>
<td>18.9 (8)</td>
<td>28.3 (7)</td>
<td>50.7 (11)</td>
<td>39.0 (7)</td>
</tr>
<tr>
<td>- trucks</td>
<td>thousand</td>
<td>24</td>
<td>34</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td>- cars</td>
<td>thousand</td>
<td>30 (22)</td>
<td>85 (25)</td>
<td>329 (25)</td>
<td>266 (20)</td>
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<td>- aircraft equipment</td>
<td>$mln</td>
<td>1</td>
<td>170</td>
<td>814</td>
<td>1106</td>
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<td><strong>Mineral fuels and related materials</strong></td>
<td>$mln</td>
<td>203</td>
<td>1993</td>
<td>35295</td>
<td>45011</td>
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<tr>
<td>- oil</td>
<td>million tons</td>
<td>18 (12)</td>
<td>67 (19)</td>
<td>119 (20)</td>
<td>117 (20)</td>
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<tr>
<td>- oil products</td>
<td>million tons</td>
<td>15</td>
<td>29</td>
<td>41</td>
<td>50</td>
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<tr>
<td>- natural gas</td>
<td>bln cu m</td>
<td>0.2 (0.5)</td>
<td>3 (2)</td>
<td>54 (13)</td>
<td>69 (11)</td>
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<td>- coal</td>
<td>million tons</td>
<td>12 (3)</td>
<td>25 (5)</td>
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<td>28 (5)</td>
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<tr>
<td>- electric current</td>
<td>bln kWh</td>
<td>0</td>
<td>5</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td><strong>Ores and concentrates, metals</strong></td>
<td>$mln</td>
<td>253</td>
<td>2503</td>
<td>6642</td>
<td>6435</td>
</tr>
<tr>
<td>- iron ore</td>
<td>million tons</td>
<td>15 (14)</td>
<td>36 (18)</td>
<td>38 (16)</td>
<td>34 (14)</td>
</tr>
<tr>
<td>- iron-ore pellets</td>
<td>million tons</td>
<td>—</td>
<td>—</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>- manganese ore</td>
<td>million tons</td>
<td>1 (17)</td>
<td>1.2 (18)</td>
<td>1.3 (13)</td>
<td>1.1 (11)</td>
</tr>
<tr>
<td>- pig-iron</td>
<td>million tons</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>- ferrous metals draw</td>
<td>million tons</td>
<td>3 (6)</td>
<td>7 (8)</td>
<td>8 (7)</td>
<td>8 (7)</td>
</tr>
<tr>
<td><strong>Chemicals and related products</strong></td>
<td>$mln</td>
<td>37 [3%]</td>
<td>446 [3%]</td>
<td>2491 [3%]</td>
<td>3299 [4%]</td>
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<tr>
<td>- phosphorous fertilizer</td>
<td>million tons</td>
<td>0.2 (4)</td>
<td>0.7 (4)</td>
<td>0.7 (2)</td>
<td>0.8 (2)</td>
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<tr>
<td>- potassic fertilizer</td>
<td>million tons</td>
<td>0.6 (...)</td>
<td>3.1 (32)</td>
<td>6.6 (34)</td>
<td>5.5 (31)</td>
</tr>
<tr>
<td>- nitrogen fertilizers</td>
<td>million tons</td>
<td>0.3 (...)</td>
<td>1.2 (4)</td>
<td>2.9 (11)</td>
<td>5.0 (14)</td>
</tr>
<tr>
<td><strong>Timber materials, pulp and paper products</strong></td>
<td>$mln</td>
<td>69 [5%]</td>
<td>832 [7%]</td>
<td>3044 [4%]</td>
<td>2586 [3%]</td>
</tr>
<tr>
<td>- round timber</td>
<td>million m³</td>
<td>4.4 (2)</td>
<td>15.3 (5)</td>
<td>13.9 (5)</td>
<td>15.4 (6)</td>
</tr>
<tr>
<td>- sawn products</td>
<td>million m³</td>
<td>5.0 (5)</td>
<td>8.0 (7)</td>
<td>7.1 (7)</td>
<td>7.8 (9)</td>
</tr>
<tr>
<td>- veneer glued</td>
<td>thousand m³</td>
<td>129 (10)</td>
<td>281 (14)</td>
<td>314 (16)</td>
<td>410 (15)</td>
</tr>
<tr>
<td>- cotton</td>
<td>thousand tons</td>
<td>391 (25)</td>
<td>517 (24)</td>
<td>843 (30)</td>
<td>659 (24)</td>
</tr>
</tbody>
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PART I. Ministry of Foreign Trade in 1958–1985

As many as 2,320 various water crafts, including 136 heavy-tonnage vessels, 123 hydrofoil motorships, 597 vessels of technical and auxiliary fleet, 143 fishing and fish-processing vessels were exported for 25 years.

About \(\frac{3}{4}\) of the Soviet machines and equipment was delivered to the socialist countries. By the middle of 1980s over 200 thousand units of metal-cutting machine tools, 4.5 thousand diesel locomotives, 30 thousand road-building machines, 20 thousand cranes and loaders, 30 thousand excavators, over 1200 electromotors, over 10 million TV sets and radio receivers, more than 100 million watches etc. had been in operation in the former COMECON countries.

However from the middle of 1980s the successes of the Ministry of the USSR in marketing national products in the world market were not substantiated by the appropriate development of competitive production. Along with reduction of oil prices after leaving of N.S. Patolichev in 1985 it led to noticeable reduction of value of foreign trade in 1986, though the physical volume remained unchanged. There was also an obvious reduction of high level processed products in the export structure. Blocking influence of the economic conversion period began to affect the foreign trade.

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<tbody>
<tr>
<td>refrigerators</td>
<td>$mln</td>
<td>36 [3%]</td>
<td>354 [2%]</td>
<td>1900 [3%]</td>
<td>1700 [2%]</td>
</tr>
<tr>
<td>watches</td>
<td>thousand pcs</td>
<td>17</td>
<td>79</td>
<td>506</td>
<td>1,153</td>
</tr>
<tr>
<td>cameras</td>
<td>million pcs</td>
<td>4 (16)</td>
<td>11 (27)</td>
<td>22 (34)</td>
<td>20 (28)</td>
</tr>
<tr>
<td>television - sets</td>
<td>thousand</td>
<td>76 (4)</td>
<td>621 (30)</td>
<td>1225 (29)</td>
<td>836 (39)</td>
</tr>
<tr>
<td>radio</td>
<td>thousand</td>
<td>104</td>
<td>123</td>
<td>690</td>
<td>839</td>
</tr>
<tr>
<td>sewing machines</td>
<td>thousand</td>
<td>13</td>
<td>1,211</td>
<td>1021</td>
<td>1255</td>
</tr>
<tr>
<td>bicycles</td>
<td>thousand</td>
<td>19 (1)</td>
<td>117 (10)</td>
<td>154 (12)</td>
<td>139 (9)</td>
</tr>
</tbody>
</table>

Notes: 1. Within the square brackets — the share of the commodity group in total export for the given year is indicated.
2. Within the round brackets — the share of the export in production of the given product type is indicated.

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Due to the long-term purposeful activity of Nikolay Semyonovich by 1986 the legal bases of the USSR trade with 116 countries have been regulated by the intergovernmental documents in following forms:

a) trading contracts and agreements, as a rule, providing for the most favored nation treatment; it was established in contracts with over 90 countries, in 1950s such agreements were concluded only with the socialist countries, and by the middle of 1960s — already with Finland, Sweden, Norway, Great Britain, Spain, Greece, Belgium, France, Denmark, Switzerland, Italy, Austria, Canada, Japan, Germany, New Zealand, Australia. In 1971—1975s 10-years Agreements of a new type were concluded with the majority of the developed European countries — on the development of economic, scientific, technical and industrial cooperation. By 1975 the trading contracts and agreements were concluded with 66 developing countries;

b) agreements on goods turnover and payments;

c) agreements on mutual supply of goods;

d) annual protocols on mutual supply of goods;

e) long-term agreements on goods turnover and payments (for the five years’ period) with the COMECON countries on the basis of coordination of the Complex integration program; they gave steady character to goods turnover and also stabilized foreign economic relations.

These are just some results of work of Nikolay Semyonovich during 27 years on duty of the Mnister of foreign trade of the Soviet Union.

Certainly, it would be wrong to say that all this work was a list of just victories of Nikolay Semyonovich in the external economic field. There were also unsuccessful outcomes.

Strained relations he had with Gorbachev, when the latter became the secretary of the Central Committee on agriculture in 1978.

Not being sure for recorded accuracy of the conversation, it is possible to formulate its essence about tenuous understanding by M.S. Gorbachev of the foreign trade problems.
L.I. Brezhnev didn’t hasten to accept an offer about appointment of M.S. Gorbachev as secretary of the Central Committee on agriculture after F.D. Kulakov’s death. However K.U. Chernenko and J.V. Andropov insisted on this appointment during a talk in a train with L.I. Brezhnev, going back to Moscow after his rest in the Crimea.

Soon after that at the session of the Political bureau L.I. Brezhnev spoke with praise of the work of the Ministry on currency saving, which essentially facilitated foodstuff purchase for the country. But simultaneously he noted that Gorbachev had some critical remarks concerning foreign trade operations and gave him the floor. Mikhail Sergeyevich stated a well — known to all foreign trade employees saying of increasing share of machinery and equipment in the commodity export.

N.S. Patolichev replied to it:

“The ministry is permanently looking into this matter, and now the share of machinery and equipment in export makes approximately 20%. We do everything for the growth of the competitiveness of our enterprises, but it is the strategic issue, the decision of which requires time, instead of one-stage action. Spontaneously arisen needs in scale purchases of the foodstuffs can be covered only with urgent deliveries of hydrocarbons. Under such conditions the share of machinery and equipment in the country export will only fall. It is necessary to solve the food problems. I think that you understand it, since you are not a combine operator any longer.”

Perhaps, this swordplay was one of the principal reasons, why Gorbachev, who had a habit to remember such cases, after coming to power demanded to dismiss N.S. Patolichev from his duties as Minister of foreign trade, even without having talked with him, but charging Prime Minister N.I. Ryzhkov to do it. The dismissal knocked down Nikolay Semyonovich, as he didn’t imagine himself out of work and always said to his relatives and friends, that he would prefer to die “at full tilt in a saddle”, like his father.

Nikolay Semyonovich Patolichev died on 1st December 1989.

Today, after quarter of a century, objectively and impartially estimating everything made by N.S. Patolichev and his colleagues
in the foreign trade field, it can be surely said that they were pathfinders in the mastering of market economy and adaptation to modern foreign markets; at their time the Soviet Union made its first real steps towards full integration in the world economy and locating its place in the international division of labor.
PART II

Foreign Trade of the USSR in 1958—1985
The USSR foreign trade under N.S. Patolichev

V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov
Trade with the Industrially Developed Countries

Having told about some concrete affairs of the Minister and his team, we shall dwell upon trade relations of the USSR with various countries in detail.

Almost at every Board meeting of the Ministry of Foreign Trade Nikolay Semyonovich raised issues related to the development of the trade with the developed countries, especially exports to these countries. After all, it was actually the main channel of obtaining foreign exchange for the purchase of the equipment needed for the country. The import of the foreign capital (even productive) to the USSR was not accepted and the service sector was not formed yet.

However, the Soviet trade with developed countries appeared in the epicenter of trade and political opposition of the United States, our main antipode in the “Cold War”. Therefore, the efforts of the Minister were directed not only to commercial side of trading, but also to overcoming discrimination and creating favorable conditions for foreign trade. And he took into account the aggravation of the market problem for West European countries and their desire to relieve from American dependence.

<table>
<thead>
<tr>
<th>Trade of the USSR with the Industrially Developed Countries ($mln)</th>
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</thead>
<tbody>
<tr>
<td>turnover of the USSR (in %)</td>
</tr>
<tr>
<td>Turnover</td>
</tr>
<tr>
<td>Export</td>
</tr>
<tr>
<td>Import</td>
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<td>Balance</td>
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</table>

The structure of the Soviet export to the developed countries reflected certain technological advances of 1960—1970s. “The
Washington Post” (August 17, 1983) published an article with significant headline “Technology: We can learn a lot from the Russians”. It said: “Almost in all cases, when the West refused the Russians in supplies of particular technology, they eventually developed their own variants. There were a lot of such examples: synthetic industrial diamonds (nowadays one of the largest items of the Soviet exports), and vacuum smelt-furnaces for melting of high-grade alloys for the aerospace industry... The Russians are pioneers in the development of lasers; they have laid the foundations of high-energy physics ... “Kaiser Aluminum” and “Olin Corporation” purchased sophisticated technological processes from the Russians ... The USSR managed to build titanium submarines, capable to to drive at the speed of 40 miles per hour under water — the higher speed than any of our submarines... Dr. Walter Gilbert, awarded the Nobel Prize for his DNA research admitted that in his work, which was awarded this prize, he used the ideas, which he was prompted by a Soviet biophysicist Andrey Mirzabekov, during his visit”. The article said: “Technically, the Soviet society is highly developed, but it always fails because of the problems specific to its system of economic incentives and organization of production”.

By the end of 1950s, the participation of the Soviet Union in the international division of labour was not in line with the status of a world power. So, if in 1960 the share of the USSR in the world industrial production was 19.6% (in the pre-war 1938 — 14.1%), the world export share of the USSR was only 3.1% (in 1938 — 8.5%).

Accelerating trade exchanges with the developed countries allowed to increase foreign exchange earnings and thereby expanded opportunities for the procurement of equipment and technology needed to build new and upgrade existing enterprises in key industries, as well as for the purchase of consumer goods. Therefore, expanding trade with developed countries was always among the priorities of Nikolay Semyonovich.

To solve this problem the Ministry of Foreign Trade used any available commodity resource, besides a constant concern of ex-
porting engineering products and technologies. By the way, the Minister used to remark that “each country sells what it has”. The USA — grain, coal, Norway and the UK — oil, Australia — iron ore, bauxite and nickel, China — tungsten ore and rare earth elements, New Zealand — meat, wool, milk and butter, Canada — timber.

In Russia and abroad it is often said that nowadays our country is sitting on the oil needle. To some extent this is true. Russia’s budget depends largely on exports of oil, natural gas and many other raw materials. However, international experience indicates that it is not necessarily a disadvantage but rather a source of additional development opportunities. Even the most advanced nations do not consider it shameful to sell raw materials. Another thing is how to use the finance received from such export. Foreign exporters of raw materials, including Norway, the Netherlands, Britain, Saudi Arabia, in the economy of which “oil needle” is also present, earmark the revenues from oil exports and other commodities to developing their own industries and strengthening their position in the world, ensuring continuity and efficiency of the production processes, developing tourism, growth of welfare of the citizens, up to the apportionment of excess revenues among the indigenous population.

We should not forget that the creation of possibilities for trade in raw materials, including oil and gas has demanded huge efforts from the USSR in order to gain a foothold in these markets, where nobody had waited for us with open arms. Nevertheless, the share of machinery and equipment in exports of the Soviet Union (excluding supplies of arms and military equipment) at that time reached 21%.
The USSR — Western Europe, the USA, Japan: Strengthening of Business Ties

The industrially developed countries and especially West European countries have traditionally been among the major trading partners of the Soviet Union. In the prewar years, they had the predominant share of our turnover. However, after the war, the center of gravity of economic and trade cooperation moved to East European countries, which became a part of the Soviet sphere of political, military and economic influence. In 1950s the share of industrially developed countries in our foreign trade turnover was approximately 15—16%, with at least $\frac{3}{4}$ going for Western Europe. Trade with it in the 1950s was replaced gradually by increasing trade turnover with the socialist countries.

Belonging of the USSR and West European countries to different socio-political systems gave their economic relations specific features. In practice, it meant that there had been an exchange of the goods produced under the planned economy, with goods produced under the market economy. The foreign trade organizations of the Soviet Union, while exporting goods to Western countries and buying foreign products produced in a competitive environment, “played by the rules” of the West European partners. In particular, the prices for the basic goods of the Soviet export were determined by the movement of world market prices, terms of delivery, payments and other attributes of foreign trade activity corresponded to West European regulations. But despite the dramatic differences in socio-economic structures of the partners there were deep objective factors of mutually beneficial cooperation between them. They are — the geographical proximity, traditions and experience of long-term economic and trade ties, a high technological level and mutually complemented structure of national economies. However, prior to the 1960s the level of the implementation of available potential opportunities was obviously insufficient.

In the mastery of foreign markets, especially so complicated, as the markets of the industrially developed countries, Nikolay
Semyonovich Patolichev relied on the experts of different generations. He watched closely the development of scientific thought, widely used the analytical materials, which reflected the patterns of developing general economic situation of some countries, as well as the current trends in the world trade and with all this taken into account he implemented the accepted “rules of the game”.

Started in the late 1940s “Cold War” greatly complicated the development of trade and economic cooperation between the USSR and its Western partners. The USA and its Western allies almost immediately after the Second World War up to late 1980s had been actively carrying out a discriminatory policy against the USSR. Western countries created and put into practice a complex, multilevel system of restrictions in the trade with socialist countries. Thus, adopted in 1951 “Battle Act” and the subsequent amendments to it restricted the trade of U.S. allies in Western Europe by introducing an extensive list of goods, export of which to the socialist countries and then to the USSR, was strictly forbidden. The situation worsened after the entry into force on January, 1st, 1959 of the Treaty on the establishment of the EEC, signed by six countries of Western Europe. Put into practice the “single tariff” and “single trade policy” had clearly discriminatory nature against the USSR and other socialist countries. This can be added by the quantitative limitations connected with exercising “single fuel” and “single agricultural policy” of the EEC extended to the Eastern partners of the Western Europe. The practice of the so-called “anti-dumping procedures”, implemented in 1960—1980s had a negative influence on exports of the Soviet Union which greatly hampered the promotion of many primary commodities and semi-manufactures to West European region.

Prevailing for most of the second half of the twentieth century explosive political situation in the world, the continuing arms race helped to heighten tension and instability in many international spheres, including the European economic area. In these circumstances, the Soviet Union pursuing policy of peaceful coexistence with the countries of different social and public systems made great efforts for relaxation of international tensions, using different levers of influence on this process.
The Ministry of Foreign Trade of the USSR, despite the arisen obstacles, showed very intensive activity, seeking to expand the number of potential business partners of the Soviet Union in the countries of Western Europe. Particular attention was paid to the alignment of forces of the industrial and financial groups influencing foreign economic courses of individual countries. For example, in 1960—1970s in several West European countries, notably in Germany, the companies of “old”, traditional industries (steel, gas, chemical industry, shipbuilding industry, some sectors of general engineering) were particularly interested in partnership with us. Their position in national and world economy had been weakened by the creation of industrial complexes in “new” industries (electronics, aerospace, telecommunications, etc.) which were in the orbit of influence of foreign, mainly American, capital. Thus, in the current unfavorable situation in 1960—1980s a notable success in business partnership with one of the three centers of world capitalism had been achieved — with the countries of Western Europe.

The Soviet trade turnover with the countries of Western Europe was actively growing in the sixties and seventies having reached $38.5 billion by 1980; later, under the increase of the trade with socialist countries, it was a bit lower: $35.7 billion — in 1985 (export — $20.3 billion). The share of the Soviet exports going to Western Europe in all its exports in 1985 was equal to 23.9% and imports — 18.9%.

By the size of trade turnover between the USSR and the some countries of Western Europe the leading positions were taken by Germany, Finland, Italy, France, Great Britain, the Netherlands, and Switzerland.

Due to a significant increase of the world prices for energy and industrial raw materials in 1970s and the increase of in export of these commodities, by 1980s the Soviet Union made up the annual trade balances with major partners with a significant surplus.

The commodity structure of trade between the USSR and the countries of Western Europe in 1960—1980s as a whole remained a stable with low annual percentage change of individual com-
PART II. Foreign Trade of the USSR in 1958—1985

Commodity groups in the total. In the Soviet exports raw materials and fuel traditionally dominated. The share of petroleum, natural gas, nonferrous metals, lumber and other commodities in various years was $\frac{3}{4}$ and more of the exports. The share of the manufactured goods with high value added, inclusive of machinery and equipment, in export to the West European region, often did not exceed 1—3%. There were practiced deliveries of small parties of manufactured goods, and sometimes even single copies of goods. At the same time, the purchases of the foreign trade organizations of the Soviet Union consisted mainly (nine-tenths) of manufactured goods of final or intermediate consumption.

The principal items in the import list were: equipment for chemical industry, ferrous metallurgy, automobile, timber and paper industry, and also metal-cutting machine tools, pipes and ferrous mill products, chemical products.

There was also expansion of assortment and import volume of consumer goods, especially clothes and shoes to the USSR from West European countries. Thus, the structure of trade turnover was asymmetric and very unfavorable for the USSR. Increasing the share of manufactured goods in exports, especially machinery and equipment, was declared as one of the main goals of the national foreign trade policy. But in practice it turned out to be elusive. The fact is that, despite the rapid economic growth, increased volume and range of the products of manufacturing industry, they, as a rule, by their technical characteristics were not competitive enough.

In 1960s, the increase of the trade turnover between the USSR and the countries of Western Europe occurred mainly due to one-off export-import transactions. By the beginning of 1970s the progress achieved in the trade created a solid basis for qualitative changes in the mechanism of foreign economic relations of the USSR with Western countries, namely for transition to large-scale, long-term economic and scientific and technical cooperation simultaneously on many projects and for long-term prospect.

An exclusively great personal contribution in creating and improving fundamentally new model of cooperation “the USSR-West” was made by N.S. Patolichev. He and his closest colleagues
did a great creative and organizational work to establish an effective mechanism of inter-country cooperation. The merit of N.S. Patolichev consists in substantial strengthening of institutional linkages between the Central Office and departments of the Ministry of Foreign Trade with the industrial ministries of the country and separate enterprises. Industry representatives got admission to the work of joint commissions of cooperation with foreign firms. The circle of the economic units of the USSR participating in foreign economic activities was growing; the efficiency of state monopoly of foreign trade was increasing.

Thanks to N.S. Patolichev’s active and forward-looking policy the Ministry of Foreign Trade started to transform its status as a mediator in business ties between internal and external business entities into an authoritative center, coordinating and implementing the whole complex of foreign economic relations of the Soviet Union.

For successful development of large-scale bilateral economic relations between the USSR and individual West European countries on a new qualitative basis at the initiative of the Ministry of Foreign Trade an effective institutional and legal foundation for cooperation was established. In particular, the issues of cooperation between the USSR and the countries of Western Europe were regularly discussed at the meetings of the permanent bilateral commissions, established by the Soviet Union and the countries concerned of the European continent. The expansion of business contacts was contributed significantly by the USSR practice of long-term programs of cooperation with various countries. For example, ten-year programs had been signed with Austria, Germany, Finland, Britain, and France. They identified a wide range of perspective directions and spheres of bilateral cooperation, taking into account the possibilities of the partners and specificity of their participation in the international division of labour.

Thus, the Long-Term Development Program of Economic and Industrial Cooperation between the USSR and Great Britain adopted in 1975, provided, inter alia, for construction, expansion and modernization of industrial facilities in both countries, the enterprises in the Soviet Union, having been built on a full or partial
payment of the cost of equipment and licenses by the products of these enterprises, as well as for industrial cooperation, including joint production.

Numerous conferences, symposiums, roundtable discussions were of great importance for working out the optimal course of interaction of planned and market economies. The positive role was played by the Conference on Security and Cooperation in Europe held in Helsinki in August, 1975. In the final document of the Conference — the Final Act, much attention was paid to the intensification of trade, industrial, scientific and technical cooperation of the states-participants, regardless of their systems, specific areas, forms and methods of cooperation having been identified; the most important projects of common interest were listed.

Scientific and technical revolution has strengthened the efficiency of the material production. There was reduction of time of science achievements’ application, the volume of exchange of scientific and technical information as well as that of patents and licenses was increasing.

The management of the Ministry of Foreign Trade has timely estimated the opportunities and benefits from the cooperation with the Western countries in science and technology to promote economic and trade relations, and to give them a new high-quality format. In determining the most promising directions for Soviet scientific and technical cooperation in working out and signing specific agreements, the Ministry collaborated with the USSR State Committee on Science and Technology.

Foreign firms were involved in designing and constructing large industrial facilities in the USSR with use of foreign technical experience, equipment and loans. As an example the participation of Italian concern “Fiat” in building Automobile Plant in Togliatti and in the production of cars “Lada” can be mentioned, and also the Finnish company “Nokia” — in the modernization of the Soviet cable industry as well as the participation of firms of several countries in the construction of the Kama Automobile Plant. Thus, the foundation for future interpenetration of productive capital was laid.
Among new non-traditional forms of business cooperation, which arose in 1970—1980s there was creation of joint-stock companies abroad with financial participation of Soviet organizations and local partners — mixed societies. The main task of these societies was establishing foreign commercial infrastructure for the development of trade and other forms of economic, scientific and technical cooperation. Among more than 100 joint-stock companies founded in different years the majority operated in the countries of Western Europe. For their part, West European partners for strengthening bilateral cooperation opened representations of their industrial firms and banks at a number of ministries and departments of the Soviet Union.

Below we consider in greater details the most significant features in the long-term bilateral cooperation of the USSR with its main West European partners.

The Federal Republic of Germany in 1970s came out on top among the trading partners of the USSR, not only from among Western European countries, but also from all the developed countries. Trade and economic cooperation of the USSR-FRG had a very solid legal base. It was regulated by the agreement on general issues of trade and navigation, signed on 25 April 1958, providing mutual granting MFN treatment.

In 1958—1963 trade volumes were determined by two three-year trade agreements. In subsequent years, several agreements were concluded, regulating mutual export-import operations. Among them it should be especially noted the agreement of October 30, 1974 “On further Development of Economic Cooperation”. It provided new areas of business relationships, namely: the adjustment of industrial cooperation of enterprises, medium and long term loans on favorable terms to the objects of bilateral cooperation, and also the establishment of representative offices in the USSR, the creation of mixed companies in Germany with participation of the Soviet foreign trade organizations.

N.S. Patolichev drew attention to the necessity of high efficiency of the founded enterprises. Thus, in November 1983, in a conversation with Federal Minister of Economic Affairs of the FRG Count Lamsdorff N.S. Patolichev mentioned: I have already
said what reconstruction we need. We need the reconstruction which would reduce the use of workforce twice, and would provide for productivity increase also in two times. This is not the same when sometimes the productivity is offered to be increased by 10—15%. In general we can say we want to increase the productivity several times and, naturally, the volume of production several times with a total reduction of employment. A different reconstruction is not suitable for us”.

Since January, 1st, 1975 FRG, as well as the other EEC countries, delegated to the Commission of European Communities their powers on the trade regime with the countries outside this closed group. In this regard, the Governments of the USSR and the FRG confirmed in writing that they would continue trading, being guided by positions of the bilateral agreement of October, 25th 1958.

The structure of Soviet exports to the FRG was of inertial character. The value of energy exported to the FRG (oil and natural gas), which was about $89 million in 1970 increased by 1985 to $4.1 billion, and their share in total export to the FRG increased from 36 to 88%.

Against that background the shares of other commodity groups were inevitably lagging behind, although their total export value was increasing. For example, in 1970—1985s the export value of chemical and rubber products increased from $6.2 million to $165 million, whereas their share only from 2.5 to 3.5%. Exports of machinery, equipment, and vehicles increased from $28.6 million up to $37 million, and their share declined from 11.5 to 0.8%. Nevertheless Soviet passenger cars (9 thousand per year), metal-cutting machine tools and electric motors were sold in the market of FRG.

In imports from the FRG the key positions in 1960—1980s belonged to machinery, equipment and vehicles (on average over 40% of import value), especially metal-cutting machine tools, complex metal working equipment, equipment for chemical, automobile, consumer goods industry, pipes of large-diameter, automotive sheet, chemicals.
Between the USSR and the FRG 12 large-scale compensation agreements were signed on the construction of more than 40 industrial projects in key economic branches — gas, coal, timber, woodworking, pulp and paper, chemical.

In particular, in 1970, 1972, 1974 and 1981 four compensation agreements known as the transaction of “gas-pipe” were signed. With the FRG bank crediting the agreements provided the supply to the Soviet Union of large diameter pipes and equipment for pipelines with the subsequent payment by revenue from the sales of natural gas. During 1970—1985s on a compensatory basis from the FRG machinery and equipment for $3.5 billion were imported to the Soviet Union. In 1985 the compensation deals provided for about half of export value of the USSR to the FRG.

Cooperation between the enterprises of the USSR and the FRG was arranged in the second half of 1970s. Most developed industrial cooperation was achieved in various sub-sectors of mechanical engineering. On the part of West Germany, as a rule, moderate-sized firms and small-business firms entered in cooperation relations (for example, “Gildemayster”, “Kizerling”, “Pfaff”, etc.), releasing high-tech products.

In total value of the Soviet export to the FRG annual cooperative deliveries were within $24 million. Scientific and technical cooperation in 1970—1980s as a whole had limited scope and was performed in simple forms: licensing deals, mutual visits of scientists, seminars, symposiums and exhibitions. Unfortunately, beyond the cooperation there were the newest trends of science and techniques: microelectronics, biotechnology, production of new materials, etc.

Joint ventures in the FRG started their forming in 1970s. Their goal was to promote the sales of Soviet products to the FRG, and also to provide for transport, insurance and banking services in marketing export goods in German domestic market. The share of the Soviet participants in the capital of individual joint ventures ranged from 25 to 72%. Among the most prominent joint ventures one may mention: “Deutsche Lada” (cars), “Sobre Hemihandel GmbH” (chemicals), “Russalmaz GmbH” (diamonds and jewelry), “Plodimpeks GmbH” (wine and spirits, tea, canned products),
“Russholts Gmbh” (timber), etc. Through joint ventures in 1980s over $\frac{1}{10}$ of the Soviet exports to FRG were realized, and as to machinery and equipment — more than half.

**Finland** in 1960—1980s was one of the priority partners of the USSR among West European countries. In 1970—1985-s the trade turnover between the USSR and Finland increased in terms of value by 10 times (exports and imports in equal measure).

The beginning of the Soviet-Finnish economic cooperation was set in 1948, when a Treaty of Friendship, Cooperation and Mutual Assistance between the two countries was signed. It should be noted that the practice of signing long-term agreements on the supply of goods, which later became one of the important factors of business cooperation “East — West”, had its origin in the Five-Year Agreement between Finland and the USSR, dated 1950. In the sphere of the Soviet-Finnish relations for the first time there appeared Long-Term Agreements and Programs of Trade and Economic, Industrial and Scientific and Technical Cooperation, for the period of 10—15 years.

In 1967, a permanent Soviet-Finnish Intergovernmental Commission on Economic Cooperation was established. Speaking to the most representative forum of business circles of Finland — Annual Meeting of the Soviet-Finnish Chamber of Commerce — Nikolay Semyonovich said:

“While preparing for signing Protocol on Trade with Minister Rekola in 1982, I looked up in our first annual protocol with Finland, which I had signed with Mr. Karyalaynen on March 13th, 1959. Let me compare these two protocols. In 1959, our trade was $50 million. Now — more than $7.5 billion! I think I may emphasize that the Soviet Union has become the major trading partner of Finland.”

The long-term program of further strengthening and developing the trade and economic, industrial, scientific and technical cooperation till 1990, signed in 1977, was of great importance and later it was extended.

Since 1974, the Soviet Union has firmly held the first place in the foreign trade turnover of Finland. By mid-1980s the share of the Soviet Union in it exceeded 20%. In turn, Finland took the
second place (14—15%) in the trade of the USSR with industrially developed countries.

Exports from the USSR largely covered the Finnish demand for oil, petroleum products, solid fuel, natural gas and electricity. These items composed three quarters of Soviet exports.

At the 28th session of the Intergovernmental Commission the sides expressed interest in increasing supply of Soviet natural gas to Finland. The issue of gas prices was unresolved. In that regard, N.S. Patolichev said:

“I would like Finland to use our gas. As to the price, I think it is a question which can be negotiated, constructively. … If there were any difficulties, they can be solved comprehensively — both gas, pipeline, and crediting. We should entrust the Working Group to hold talks on gas and to complete this work as fast as possible”.

Among all the industrially developed countries Finland was the largest buyer of the Soviet machinery and equipment. If in the exports to the most countries of Western Europe the share of machinery and equipment in some years amounted to about 2—3%, in trade with Finland, the share exceeded 5%. Finland bought our cars, metal cutting machine tools, marine accessory equipment. The payments for the mutual trade deliveries were clearing in roubles, while the principle of balancing payments was adhered to. Those questions were promptly considered and positive solution was always found.

Speaking at a meeting of the Intergovernmental Commission, N.S. Patolichev joked: “Several years ago we showed how to get rid of the imbalance. We have found your product, which we needed and have bought technology and equipment for Norilsk Mining and Metallurgical Complex, installed it, it brings us a big benefit. Your government is desirable to follow this principle. If it is difficult to choose the products we have still a lot, at least, we have two satellites around Venus flying. Buy one orbit and the accounts will be balanced”. Before long the space service market would gain a considerable momentum.

For the economies of both countries maintaining stable trade relations had high priority importance: Finland traditionally had been selling to the USSR about 50% of its exports of vessels, equip-
ment of timber and paper industry and of some other sub-sectors of machinery, shoes, meat and meat products, 14% of apparel, 18% of furniture, 10% of paper and paperboard. Finland supplied 45% of imported in the USSR equipment for timber and paper industry, 20% of vessels, over 50% of all paper, 25% of cable and wires.

Such perspective forms of the Soviet-Finnish cooperation, arisen in the mid-1960s, as a joint construction of large objects also developed.

With the assistance of the Soviet Union in Finland, the largest in Northern Europe metallurgical plant “Rautseruukki” in Roah, several thermal power plants, gas pipelines were built. Finland became the first among the developed countries, where with the technical assistance of the Soviet Union nuclear power plants (Loviisa-I, Loviisa-II) were built. In turn, in the Soviet Union Kostomuksha Mining and Processing Complex in the Karelian ASSR was put into operation in the cooperation with the Finnish firms.

Sufficiently high level of industrial cooperation and specialization between the enterprises of both countries was reached. By mid-1980s about 80 projects of the kind had been in operation and cooperated deliveries made up about 30% of the Soviet exports of machinery and equipment to Finland. In this context we can mention the latest locomotives produced by Novocherkassk Electric Locomotive Plant and the firm “Strömberg”, as well as co-production of papermaking machines with the firm “Valmet”.

A great role for the promotion of the Soviet goods to the Finnish market was played by joint stock companies with the participation of foreign trade organizations of our country. Among them are the “Suomi Petrol” and “Teboyl” (oil and petroleum products), “Konela” (sale and maintenance of cars), “Konela-Belarus” (tractors and agricultural machinery).

A small part of the trade turnover was carried out through cross-border trade (mainly as barter transactions with consumer goods).

Italy in the postwar period was among the main trading partners of the Soviet Union. The trade turnover of the USSR with Italy in 1985 in value terms exceeded the level of 1970 by more than 8 times, having amounted to $4.5 billion.
Trade and economic cooperation between the USSR and Italy was based on concluded in 1948, the Soviet-Italian Treaty of Commerce and Navigation. The agreements of later years determined the development of relations in specific areas, issues and directions. Among them we will note an Agreement on the Development of Economic, Industrial and Technical Cooperation (1974), a Long-Term Program of Deepening of Economic and Industrial Cooperation (1975), an Agreement on Economic Cooperation for 1980—1985, etc.

All agreements and visits of Nikolay Semyonovich were prepared carefully and devoted to solving wide range of trade issues. Thus, from 6 till 17 June 1961 N.S. Patolichev was in Italy with an official visit, the itinerary of which was quite intensive. On June 7, N.S. Patolichev and the Minister of Foreign Trade of Italy, M. Martinelli signed an agreement on trade between the USSR and Italy in 1961—1965. During his stay in Rome, Nikolay Semyonovich was recieved by President of Italy, George Gronchi, the Chairman of the Council of Ministers, A. Fanfani, the Minister of Foreign Affairs, A. Segni. The delegation headed by him visited Ravenna, Milan, Venice, Turin, examined the enterprises of firms “ENI”, “Montecatini”, “SNIA Viscose”, “Ch tillon”, “FIAT”, held meetings with representatives of business circles of Italy. In addition, he headed the Soviet delegation during the National Day of the Soviet Union at the International Exhibition of Labor in Turin. And, perhaps the most important thing was holding talks on the cooperation with the firm “Fiat” in Turin.

The delegation included: Minister of motor industry, A.M. Tarasov, the first Deputy Minister of Foreign Trade of the USSR, I.F. Semichastnov, Vice Chairman of State Planning Committee, V.D. Lebedev, Vice Chairman of State Committee for Science and Technology, D.M. Gvishiani, Deputy Minister of motor industry, N.I. Strokin, Chairman of Vneshtorgbank, M.N. Sveshnikov, Head of the Currency Authority of the Ministry of Foreign Trade, V.S. Alchimov and some experts.
Although the volume of mutual trade was growing, its structure was being simplified over time. The share of the volume of liquid and gaseous fuel in the Soviet exports to Italy in mid-1980s approached 90%. In small quantities other raw materials and semifinished products were supplied. Exports of machinery, equipment, vehicles were 1% of total exports. On its part, the basis of Italian exports to the USSR was of machinery and equipment (more than 60%), pipes, chemical products, ferrous mill products, consumer products, citrus fruits.

A characteristic feature of the Soviet-Italian trade and economic relations was in the transition to a complex, large-scale, long-term cooperation beyond the scope of usual trade operations. It started with the conclusion in 1960s by the Soviet foreign trade organizations the agreements with concern "FIAT" on cooperation in the construction of Volga automobile plant in Togliatti and with the company "ENI" on constructing gas pipeline for deliveries of Soviet natural gas to Italy. These agreements caused a great resonance in the world, they were called “deals of the century”, being a good example of mutually beneficial cooperation between the countries with different social systems. The enterprises of well-known Italian firms “Pirelli” (rubber goods), “SNIA Viscose” (man-made fibers and fabrics), “Finsider (ferrous metals), etc., cooperated actively with Soviet foreign trade organizations.

On a compensatory basis, in 1973 an agreement on the supply of the equipment for seven chemical plants by concern “Montedison” to the USSR, with payment for them with part of their finished products to be exported to Italy during 10—12 years was signed. And later a number of similar agreements were concluded with all leading companies of Italy.

Promoting Soviet goods to the Italian market was provided by Soviet joint companies “Stanitaryana” (machine-tools, press-forging equipment), “Ruslenio” (timber, pulp and paper products), “Nafta (IT)” (oil products), “Enital” (machines and equipment), “Tekhnikon” (engineering services and sale of licenses).

Since the beginning of 1960s, Italy started granting the Soviet Union trade credits, and then bank loans, which greatly contrib-
uted to the expansion of procurement of machinery and equipment.

With France, the trade turnover of the USSR in 1970—1985s increased in value by nearly 10 times, having reached $4.4 billion.

Trade and economic relations between the USSR and France in 1960–1980s were regulated by a number of legal documents. The most important ones: the Agreement on Trade Relations and the status of the Trade Missions of the USSR in France of September 3, 1951, an Agreement on Development of Economic, Technical and Industrial Cooperation of October 27, 1971, a Long-Term Program of Deepening of Economic, Industrial and Technical Cooperation for the period of 1980—1990s of April 28, 1979.

Commodity composition of exports of the USSR to France consisted mostly of raw materials (in some years more than 90% of export value). And within the raw material groups the percentage of fuel increased from 39% in 1960 to 92% in 1985, besides, since mid-1970s the exports of natural gas started and being speeded up had become in 1985 one of the main articles of Soviet exports to Italy. The share of machinery and equipment exports did not exceed 3%. In this group, more than $2/3$ accounted for passenger cars “Lada”. By mid-1980s annual deliveries of cars of this brand had reached 24 thousand. In total for 1973—1986s over 150 thousand cars of the Soviet manufacture had been sold in France.

The Soviet equipment was used in a number of French projects. So, in January 1977 in Issoire the world’s largest hydraulic press, designed, manufactured and assembled by the Soviet technicians was launched. The Soviet plants also supplied the equipment for blast furnaces of a metallurgical complex in Fos-sur-Mer, near Marseille.

In imports of the Soviet Union from France the machinery and equipment made up to 55% in early 1970s and about 25% — in mid-1980s. The deliveries of equipment were carried out within the traditional commercial transactions, and on the basis of compensation agreements. The French equipment was used in such industries as automobile, metallurgical, chemical, oil and gas processing, etc. It was used in the construction of the plant producing
heavy-duty vehicles (KAMAZ) in Naberezhnye Chelny and the construction of Ust-Ilim Pulp and Paper industrial complex, for reconstruction and modernization of the plants of passenger cars in Moscow and Izhevsk, for a refrigerator factory in Minsk and in the production of colour kinescopes. The purchase of the equipment was carried out on the terms of the bank loans guaranteed by the Government of France.


With the United Kingdom trade developed at a moderate pace. In 1970—1985s the USSR trade with Britain as well as exports increased three times and amounted to $2 billion. The basic documents of the Soviet-British trade and economic cooperation were: the Temporary Trade Agreement of 1934, the Agreement on Development of Economic, Scientific, Technological and Industrial Cooperation of 1974 and signed in 1975 in the development of this agreement, a Long-Term Program of the Development of Economic and Industrial Cooperation. But the basic was the Five-Year Agreement on Trade, signed with the direct participation of N.S. Patolichev in May 1959; during the period of its effect the trade turnover between the countries increased by 50%.

In his speech at the annual meeting of the British-Soviet Chamber of Commerce on March 27, 1984 (Moscow), Nikolay Semyonovich said:

“An important part of the whole complex of foreign economic ties of the USSR is the development of trade and economic relations with Western countries. One of the main trade partners of the USSR among Western European countries is the United Kingdom. The Soviet-British relations have long-standing and rich traditions. In February 1984, the 60 anniversary of an establishment of diplomatic relations between the USSR and Great Britain was celebrated. And the first trade agreement between our two countries was signed in March, 1921.”
The Soviet-British trade and economic relations embody many examples of productive cooperation. Despite the ups and downs the overall tendency of bilateral business cooperation has always reflected the objective needs of our countries.

I, as Minister of Foreign Trade of the USSR, had to be a lot of times in your country. Meetings and talks with well-known politicians of Great Britain — Mr. McMillan, Modling, Heath, Wilson, present Prime Minister of your country, Margaret Thatcher are to be always remembered.

My previous speech happened to be at the annual meeting of the British-Soviet Chamber of Commerce which was held in London almost six years ago (May, 1979). At that time our trade and economic relations were on the rise. Unfortunately, in subsequent years, the development of these relations went not the way which we would like. Speaking about it, I make no reproaches to the British business community. But if they deem it necessary to blame themselves in something, then of course, they might find something.

In this connection I would like to give some figures on the current state of the Soviet-British trade. Over the past 10 years (from 1975 to 1984), the total trade turnover between the USSR and the UK amounted to more than $20 billion, that is three times higher than for the previous decade.

In 1984, the trade turnover increased by 22% and reached the highest in all history of our relations’ level — over $2.5 billion.

However, it should be noted that the absolute level of trade is still very low. Especially if you compare it with the volume of trade between the USSR and such countries as: Germany, Finland, France, and Italy”.

The bases of the Soviet exports to Britain were primary commodities and semi-finished products. Before 1960, main export items were timber and furs (60% of the value of total exports). In 1980s in the list of goods supplied from the USSR to the UK has become headed by oil and petroleum products (about 1/4 of the value of total exports), whereas timber goods and furs have made up about 10% of sales. The USSR also exported to the UK some chemical products, nitrogen and potash fertilizers, ferrous mill products, etc.
The Soviet Union was one of the leading suppliers of some goods and materials for the British industry. Due to imports from the USSR Great Britain met its import needs in pitprop at 60—85%, coniferous sawn timber — 20%, cotton — 20—24%, plywood — 13%, unmanufactured fur — 15%. The share of machinery and equipment in the Soviet exports remained low (about 3%). Nevertheless, the foreign trade organizations of our country could achieve relatively good indicators in exporting some products of this group: metal-cutting machine tools, electric motors, bearings, tractors, cars “Lada”, domestic appliances. Thus, in 1985, exports to the UK of “Lada” cars reached 17 thousand. Refrigerators, clocks and mechanisms, cameras, televisions, radios from the USSR were also present in the UK domestic market.

For more effective and flexible sale of Soviet goods to England specialized marketing joint societies were established: “Russian Forestry Agency” (forest products), “Nafta (GB)” (oil products), “Razno and Co” (industrial goods), “Technical and optical equipment” (TOE) (photo and cinematographic equipment, transistor receivers), etc.

Machinery and transport equipment were the main items in imports of the USSR from the UK. This group made up more than 1/3 of the value of total imports. In 1970 equipment for the Dnepropetrovsk tire plant was purchased as well as for objects for the production of acetate silk, terylene, polyethylene and other chemical products. However, imports of consumer goods were carried out in relatively small quantities.

The USSR had usually a sizeable trade surplus in trade with Great Britain every year. That was partly due to the fact that some British firms practiced re-export of delivered from the Soviet Union, furs, diamonds, precious metals, etc.

With Austria the trade turnover of the USSR in 1970—1985 increased by 11 times (in value terms) and reached $2 billion. The beginning of trade and economic cooperation was laid by signing of the agreement on trade and navigation, in which the parties granted each other MFN treatment. Since 1958, bilateral long-term agreements started to be concluded. The most important were: in 1968 — The Agreement on Economic and Scientific and

Minister of Foreign Trade of the USSR N.S. Patolichev and the Federal Minister of Trade, Crafts and Industry of Austria became Co-chairs of the Commission on Economic and Scientific Cooperation. The Commission has been meeting annually since 1968, alternately in Vienna and Moscow.

According to N.S. Patolichev’s opinion, along with the traditional forms of trade with Austria — industrial cooperation should be developed, and that “... must be the main direction of our cooperation”.

As a result of joint work carried out by the Soviet foreign trade organizations and the Austrian companies, agreements were signed between “Energomashexport” and the firm “Plasser und Theurer” on joint production and marketing of rail welding machines; between “Stankoimport” and the firm “Hyde” on joint production and marketing of numerically controlled lathes; between “Tehmashimport” and the firm “Lim” on joint development of polyurethane tires for agricultural machinery and equipment for their manufacture; between “Licensintorg” and the firm “Havie” on the development of manufacturing technology of water gate valves and also several other agreements.

Over 70% of the Soviet exports were fuel and electricity. In this group, the main position was natural gas. Besides, the USSR supplied iron ore and iron ore pellets, chemical products, pulp. In early 1980s the supplies from the Soviet Union met over 20% of Austrian needs in iron ore, 28% — in coking coal and 40% — in oil.

The share of machinery and equipment in exports to Austria remained in the range of 2%. They included some electric machinery, bearings, small quantities of passenger cars “Lada”, etc.
About half of the Austrian supplies to the USSR were accounted for metallurgical equipment, metal-cutting machine tools and equipment for timber and pulp and paper industry, ships and marine equipment, ferrous mill products, pipes. Many mutual supplies, primarily related to the sale of the Soviet natural gas, were carried out on a long-lasting basis. Austria was the first West European country, which as far back as in the mid 1960s had started to buy regularly natural gas in our country. And we bought the Austrian large-diameter pipes, equipment for developing gas deposits and constructing main pipelines.

Trade turnover with Belgium (Belgium-Luxembourg Economic Union — BLEU) was actively developed since mid-1970s. The Trade Treaty between the Soviet Union and the BLEU of July 14, 1971 has become the basic document regulating the Soviet-Belgian trade relations, having been supplemented by a 10-year Agreement on the Development of Economic, Industrial, Scientific and Technical Cooperation (1974) and a 10-year Program of Development of Cooperation (1977).

In the exports of the USSR nearly half of its value was accounted for fuel. The export list also included: potash and nitrogen fertilizers, coniferous sawn timber, and chemical products. Exports of machinery and equipment fluctuated in some years, around 3% of total value. In Belgium, there were mixed societies, to promote the Soviet exports, among them — “Scaldi-Volga” (sales and service of cars), “Bellew” (wholesale and retail trade in foodstuffs and industrial consumer goods), “NAFTA-B” (oil and oil products), “Rusal” (trade of commercial diamond and brilliants). The share of machinery and equipment in export was not large (as compared to other West European countries): 8—10%.

The main items of the Soviet imports from Belgium were pipes, ferrous mill products, and chemical products. According to the conditions of the compensation agreement annual supply to Belgium was stipulated at the rate of 5 billion m³ of natural gas in exchange for the purchase of equipment, pipes and ferrous mill products. We cooperated with the Belgian firms in chemistry and petro chemistry, foundry production, textile machinery, creation of diamond tools, in metallurgy industry, film industry, etc.
The trade turnover of the USSR with the Netherlands in 1960—1985 increased in value terms by 20 times, including export — by 22 times, imports — by 17 times.

Trade and economic agreements between the USSR and the Netherlands were regulated by the Treaty of Trade between the Government of the USSR and the Governments of Belgium, Luxembourg and the Netherlands signed in 1971 and by the Agreement on the Development of Economic, Industrial and Technical Cooperation.

The share of oil and oil products in the Soviet exports in some years reached 80%. Besides some chemical products, coniferous sawn timber, and other commodities were delivered to the Netherlands. In small quantities passenger cars, tractors, bearings, metal-cutting machine tools, refrigerators, clocks and mechanisms, and other products were exported.

Due to the purchases in the USSR the Netherlands in late 1970s met their import requirements for oil and oil products at 20%, coniferous materials — 10%, pulpwood of coniferous species — 25%, potash fertilizer, toluene — 20%, cotton and vegetable oil — 25%.

Two mixed societies, promoting marketing of the Soviet goods operated: in Hague — “Eve” (cinematographic equipment), and in Rotterdam and Amsterdam — departments of the Soviet-Belgian transport agency “Transmarineagency” (maintenance of Soviet ships).

In imports from the Netherlands, about \( \frac{1}{4} \) was accounted for machinery and equipment, mainly ships and marine equipment and also equipment for the food industry. Chemical products, ferrous mill products, some means of production and also some consumer goods were bought.

The trade turnover of the USSR with Switzerland began to extend actively since the end of 1970s, catching up with $1.1 billion by 1985.

The legal basis of economic and trade relations was: the Treaty of March 1948, a 10-year Agreement on the Development of Economic, Industrial, Scientific and Technical Cooperation (1978), and signed in 1979 a Long-Term Program of Development and
Deepening of Economic, Scientific, Technological and Industrial Cooperation (enhanced exchange of goods and services, mutual participation in construction and modernization of industrial plants and installations, scientific and technological cooperation in various fields).

In the Soviet exports approximately 40% were oil and oil products and about 20% chemical products. In addition, to Switzerland pulp, down and fur raw materials and other goods were delivered. The share of exports of machinery and equipment in some years made up 2—3%. In 1970—1980s to Switzerland 10 thousand passenger cars were sold. Mixed societies “Sovoil” (oil and oil products), “Rusalmaz” (jewelry), “Sovgart” (shipping services), the bank “Voskhod” (banking activities connected with trade) were engaged in the realization of the Soviet goods in the Swiss market. Relatively wide range of consumer goods got to be delivered to Switzerland through Vneshposyltorg for the Soviet citizens — the employees of the UN.

Over half of the value of the Swiss imports to the USSR accounted for machinery and transport equipment, including metal-cutting machine tools, equipment for the textile and chemical industries, graphite electrodes, medical equipment, chemical products, etc. In 1981, the compensation agreement was concluded between Soviet foreign trade organizations and the firm “Interplastica” on supply of the equipment to the USSR Segezha pulp and paper mill.

The economic and trade relations with the United States of America were always overwhelmed by political problems. In the first postwar years, the USA, using the situation in countries ruined by war, occupied a dominant position in the world economy and on the major commodity markets. At the end of 1950s their exports amounted to \( \frac{1}{5} \) of commodity supplies of all capitalist world, and their foreign investments exceeded the total capital investments of all other countries. In this case, the turnover of the foreign affiliates of the USA exceeded the direct exports from the country. In the international trade the American side followed a policy of dictate edged against the Soviet Union. For half a century the trading frontier between the USSR and the USA was an
economic watershed of the Cold War”, resulting in chronic deformation of the potential cooperation between the two great powers.

It should be noted that a number of objective and subjective factors had multidirectional impact on trade and economic relations between the USSR and the USA, and the negative factors often prevailed. Geographical remoteness seriously increases the cost of transport in the trade component, which is especially significant in the supply of bulk cargo (what is the case for our trade) and increases a time lag. Besides, due to the large size of markets in both countries there is a high degree of self-sufficiency, limiting the ability of complementarity of the partners. The attitude of the USA to the USSR had always the rudiments of a “superpower” confrontation, the desire not to get involved in strategic economic dependence.

However, many sane politicians at the beginning of 1960s expressed the opinion, running counter to the opinion of the political leaders. For example, the USA Senator of the State of Ohio, Stephen M. Young in 1963, strongly urged the State Department and the Department of Commerce to remove or mitigate the limitations set forth in the USA on steel exports to the USSR. “Standing idle steel mills or factories operating below capacity, not only mean hardship and poverty for the workers and their families in the state of Ohio — he wrote — but also hinder economic growth and well-being of the State of Ohio and the country as a whole. The trade volume of the USA with Russia is only 35 million dollars a year. At the same time, the annual volume of trade of West Germany with the Soviet Union is $500 million, the British export is $335 million, and the volume of trade of Italy with the USSR is 612 million dollars. It is intolerable situation”.

From 5 to 8 November 1963, a large group of leading businessmen of the USA visited the USSR, and were received by N.S. Patolichev. Statements of many reputable businessmen were strongly directed in favor of the American-Soviet trade. Albert L. Williams, President of “IBM”, said: “I think that the trade volume between our two countries in time will grow and expand”. J. Paul Austin, President and Chief of “Coca-Cola”:
“All economy of the USA is based on the trade. In this regard, we look forward to a significant increase in the American-Soviet trade turnover”. Chauncey W. Cook, President of “General Foods Corporation”: “I believe Russia to be a good partner, and both sides must show more confidence. We need to expand the trade exchange, the USSR and the USA will benefit from it. We can run large commercial business together. If you ask the Americans whether they want it, the answer will be: “yes”.

However, at the high politicization of relations the trade with the USA had a secondary importance, uneven, the residual character. Its share in the foreign trade turnover of the Soviet Union from 0.8% in 1960, hardly approached 2% by 1985, mostly by swelling of imports, which led to the rise of the asymmetry of the trade flows and a negative balance for us.

<table>
<thead>
<tr>
<th>Trade of the USSR with the USA</th>
<th>1960</th>
<th>1970</th>
<th>1980</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share in a foreign trade turnover of the USSR (%)</td>
<td>0.8</td>
<td>0.7</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Turnover</td>
<td>19</td>
<td>179</td>
<td>2277</td>
<td>3180</td>
</tr>
<tr>
<td>Export</td>
<td>6</td>
<td>64</td>
<td>229</td>
<td>384</td>
</tr>
<tr>
<td>Import</td>
<td>14</td>
<td>114</td>
<td>2048</td>
<td>2795</td>
</tr>
<tr>
<td>Balance</td>
<td>-8</td>
<td>-50</td>
<td>-1819</td>
<td>-2411</td>
</tr>
</tbody>
</table>

The structure of exports in 1960 was dominated by benzene (27%), furs, (23%) and textile raw materials (9%). Further, in small quantities precious metals and stones, chrome ore, asbestos, secondary aluminum, fiberboards, wheeled tractors, clock mechanisms, champagne, crab tins were sold. In 1985 mostly ammonia (29%), nitrogenous fertilizers (14%), vodka and fish (3%) were exported. Oil products made up only 2%.

In imports in 1960 small quantities of equipment — primarily for consumer goods industry were delivered (46%) as well as structural steel plate (20%) and large hides (19%). In subsequent
years, wheat, corn (in 1985 — 69%), chemicals (10%, mainly superphosphoric acid) were bought in large quantities; the equipment made up only 5%.

Trade and political relations with the USA were characterized by instability: a “thaw” of 1972—1974 was followed by cooling, escalated in early 1980s, and softened by mid-decade.

Trade relations with Japan interrupted due to World War II, were resumed in 1947. The Soviet Union placed in Japan the orders for production and supply in the USSR tug boats, barges, railway rolling stock. However, the volume of deliveries from both sides was insignificant.

Only with the signing in October 1956 of “Joint Declaration of the Union of Soviet Socialist Republics and Japan”, and “Protocol on the development of trade and mutual granting of the regime of most favoured nation” strong prerequisites for the development of economic relations between both countries had been created. The trade turnover between the USSR and Japan that made up only $4 million in 1956 increased up to $17 million in 1957 and grew further to $57 million in 1959. At the same time the range of mutually supplied goods expanded noticeably. From the Soviet side it was timber, coal, manganese and chrome ore, oil, potash, grain. From Japan — equipment of food and textile industries, ships, ferrous mill products, chemical products.

In 1965, representative government delegation of Japan arrived in the USSR. It visited Novosibirsk, Irkutsk, Bratsk, Sverdlovsk, Kiev, Yalta, Odessa, and Leningrad. The delegation got acquainted with the Bratsk and Irkutsk Hydroelectric Power Station, Beloyarsk nuclear power plant, Uralmash, Baltic shipbuilding plant, and many other enterprises.

In a welcoming speech at a meeting with the delegation N.S. Patolichev said: “The brave and initiative approach to the development of Japan’s trade with the Soviet Union based on a realistic and business estimation of mutual interests of the parties will always have our understanding and support”.

On January 21, 1966 in Moscow, Five-Year Agreement on Trade and Payments between the USSR and Japan for 1966—1970 was signed. From the Soviet side the agreement was signed
by N.S. Patolichev. Later on the economic relations were developed on the same basis.

* * *

During 1960—1985 the physical volume of trade turnover of the USSR with Western Europe increased almost by 6 times, and exports were increasing slightly faster. But the increase in turnover — is only one component of the success achieved. The enormous merit of N.S. Patolichev and his associates was that they could also provide for qualitative shifts in trade and economic cooperation of the USSR with the countries of market economy. New forms of economic interaction: compensatory transactions, industrial cooperation, scientific and technical cooperation, creating a strong legal base, lively personal contacts at all levels, — laid the marginal prerequisites for mutually beneficial cooperation between the USSR and the West countries. The dynamic development of trade and other forms of economic cooperation in a new format at the same time made a significant contribution to easing international tension and implementing principles of peaceful coexistence between countries with different socio-political systems.

Large production assets derived from well-calculated and conducted foreign trade operations with Western countries were implemented usefully in the interests of economic development of the country and brought significant results and stepping stones to extending the relations which we have been using up to date.
Trade with the Socialist Countries

The end of 1950s was characterized by active forming of new global socio-economic markets — those of the socialist and the developing countries. The Soviet Union influenced greatly on this process. Trade with friendly socialist countries was a priority. In 1958, the socialist countries made up 73% of the total trade turnover of the country, and in 1985, amid growing geographical diversification of trade — 61%.

From the standpoint of the modern reader, being under the influence of the pervading Internet, and optimized computer solutions, the trade of semi centennial-old between two countries of already defunct camp may seem minor. But others idly longing for questionable political dividends, strive to attribute to these relationships unequal, nuance, almost a shade of occupation.

Meanwhile, every era has its own characteristics, difficulties, opportunities and conditions of the development. And the high culture of the contemporaries at all times assumed a deep respect to work and achievements of the previous generations, because we sometimes invisibly, use their fruits. V.V. Mayakovsky shocked by immemorial value of ancient achievements, enthusiastically wrote, “the water pipe made by the slaves of Rome has come in our life”. By the way, for the past four decades, enlightened Europe regularly receives Russian gas and oil by the pipeline “Druzhba”, built by the Soviet Union, in cooperation with the socialist countries.

At the Potsdam Conference in July 1945, division of Europe into spheres of influence took place and the people’s democratic governments of the countries of Central and Eastern Europe were recognized by all the parties. So the community of socialist countries began to be formed, whereas the “Cold War” which began at the initiative of the West, in fact, fixed the division of the world into two politically alienated camps. And on one side of the watershed the Common Market was formed, and on the other — the Council for Mutual Economic Assistance of the socialist countries.
With time, it was felt in the socialist community that the implanted unanimity held down the political development; the centrally planned economy curled a flexible orientation to the needs; and the state monopoly — with certain of its merits — restrained the increase of production efficiency, and the production of competitive products. This led, finally, to the political transformations and the transition of former socialist countries to market economy principles.

But then, during the post-war reconstruction and first subsequent decades, the cooperation between the USSR and the CMEA countries was gaining momentum and had some positive results:

firstly, the countries of Central and Eastern Europe got preferential access to fuel and raw material resources of the Soviet Union for the payment by their products — through clearing;

secondly, they were assisted in the development of their industry and provided for receptive markets for their goods;

thirdly, the coordination of conditions of trade and determination of sector priorities were conducted in an atmosphere of mutual understanding and benefit with granting preferential loans (1—2%).

Having joined at the end of 1950s the sphere of economic diplomacy within the Ministry of Foreign Affairs of the USSR, N.S. Patolichev directed his efforts to expand forms of foreign economic activity, particularly the economic and technical cooperation with the socialist (and developing) countries, and to the organizational support of this direction. With his support in 1958 the State Committee (actually the Ministry) for Foreign Economic Relations was established to lead this multi-faceted work. For the country it was a new form of generous assistance, support of strengthening national statehood and at the same time the struggle for emerging markets in the competition with the monopoly of industrially developed countries.

In 1960s as a result of the Soviet supply of complete equipment and technical assistance to the countries of Eastern Europe there were built steel mills in Nova Huta (Poland), Pernik (Bulgaria), Kosice (Czechoslovakia), Galati (Romania), complex”Zhelezara Zenica” (Yugoslavia); oil refining plants in Plock (Poland) and
Schwedt/Oder (GDR). Later in these countries mechanical and technical production was developed, which enabled them to deliver to the USSR their products (buses, trolleybuses, trams, railway rolling stock, trucks, vessels, hoisting-and-conveying equipment, nodes and blocks of computer, etc.).

This assistance consistently expanded, and by the end of 1986 with the assistance of the Soviet Union 2460 enterprises were put into operation in the socialist countries, mostly industrial facilities, including: in Mongolia — 650 objects, in Cuba — 360, in Bulgaria — 249, in China — 259, in Vietnam — 228.

This assistance was bilateral in nature; recipient countries paid off by their traditional products, as well as by the products of the newly-built enterprises. In global terms, these led to a leveling of the economic development and broadening base of anti-unilateralist policy. It was of great importance for the reconstruction and economic development of East European countries. The first trade agreements concluded with them in 1944—1945s, provided for receipt of goods from the USSR needed to normalize their economic life and supply of the population with: metals, coal and coke, oil products, rubber, cable, asbestos, chemical products, cotton, wool, some kinds of equipment, as well as foodstuffs and grain.

As far back as in 1945—1948 the USSR signed Treaties of Commerce and Navigation with all European countries of national democracy. Only with GDR the Treaty was signed later — in 1957.

In 1948—1952 the Soviet Union signed Long-Term Agreements on mutual supplies of goods for five-year period with Czechoslovakia, Poland, Romania, East Germany, Hungary, Bulgaria and Yugoslavia, and with some of them — Long-Term Agreements on supplies from the USSR of complete equipment for enterprises and on technical assistance in their construction.

It should be noted that the USA and other industrially developed countries strengthened during this period a discriminatory policy towards the socialist states, adopted restrictive lists of a wide range of goods, having introduced, in essence, an economic boycott.
In order to strengthen the economic cooperation between the socialist states the **Council for Mutual Economic Assistance (CMEA)** was established in April, 1949, which was entrusted with performing coordination of economic development of the member countries of the Council and exchange of economic and technical experience on the basis on equality of all participants. Its founders were Bulgaria, Hungary, Poland, Romania, the Soviet Union and Czechoslovakia. In 1949 Albania, in 1950 — the GDR, and in 1962 — Mongolia became its members. On the basis of the agreement between the CMEA and the Government of the SFRY since 1964 Yugoslavia took part in the Council’s work. In 1972 the organization was joined by the Republic of Cuba, and in 1978 — by the Socialist Republic of Vietnam.

Great importance in the activities of CMEA had a development and harmonization of the principles of price fixing in mutual trade of member countries. For the base the average world prices in major world commodity markets over a long period (say, for five years) were taken. The prices in trade between the socialist countries were stable; usually they were set for the duration of respective long-term agreement.

General Conditions of delivery of goods between foreign trade organizations of the CMEA countries were accepted. At the session of CMEA in 1954 recommendations on coordination of plans of the countries involved in the related sectors of the economy were adopted.

The creation of CMEA was the beginning of a wide planned development of multilateral economic cooperation of the socialist countries. Gradually, the CMEA passed from the consideration of individual issues in the field of foreign trade to working out recommendations on issues relating to the agreed plans of the development of interconnected sectors of the economy of CMEA member countries and also to specialization and cooperation, as well as scientific and technical cooperation. Great coordination work was done by the bodies of the CMEA on specialization of engineering products. In 1963, the specialization embraced the release of more than 1200 kinds of machines and equipment.
The most important form of economic cooperation of CMEA countries was foreign trade. In the early years of the CMEA existence the foreign trade was the main content of the cooperation. In 1956 the CMEA Standing Committee on Foreign Trade with the participation of all ministers of foreign trade was established. For many years it was headed by N.S. Patolichev.

The main direction of the Commission was implementing the program of economic integration. Due to the mutual trade, which embodied about 60% of the total foreign trade turnover of the CMEA countries, they satisfied the main part of their import requirements of the major kinds of fuels and energy, machinery and equipment, consumer goods and marketed the most part of the products manufactured for export. For twenty-five years the average annual growth rate of mutual trade of the CMEA countries amounted to 11%.

The fastest growth of exports of machinery and equipment was noted in those European CMEA countries where engineering had been developed poorly before. Thus, in the export of Bulgaria in 1950, this group of products was almost non-existent, and in 1980 its share was 54% of exports. During the same period, Poland increased greatly the exports of machinery and equipment.

Total foreign trade turnover of the CMEA countries in 1980 was $340 billion vs. nominal $4 billion in 1955.

In 1986, the structure of the Soviet exports to the socialist countries (totally $60 billion) around 51% accounted for fuel and electrical energy and 17% — for machinery and equipment (metal-cutting machine tools, power equipment, agricultural machinery, rolling stock, trucks, etc.) About 71% of the total Soviet exports of machinery and transport equipment were sent to this group of countries with particular importance of the deliveries of the complete enterprises.

In the Soviet imports from the CMEA countries in 1986 (over $53 billion) machinery and equipment accounted for 47.9% (electrical, material-handling equipment, vessels, passenger cars, buses and other items).

The Soviet orders have greatly contributed to development of new sectors of the economy in the socialist countries, to their
specialization. Thus, People’s Republic of Bulgaria got an intensive development of production of electrocars, material-handling equipment, metal-cutting machine tools, chemical equipment, and agricultural implements. In People’s Republic of Hungary — the production of passenger cars, buses, communication equipment, food equipment, medical supplies, in People’s Republic of Poland — shipbuilding and turbines, production of chemical equipment, in German Democratic Republic — shipbuilding, production of passenger and refrigerated carriages, mining equipment.

In the framework of CMEA in 1976—1980s Agreed Plan of multilateral integration activities was accepted and implemented, which provided the construction on the Soviet territory by joint efforts of the countries concerned of eight major projects, half of the cost of which had to be formed at the expense of investment imports from the CMEA countries and the direct participation of their building organizations.

In accordance with this plan in the USSR there were built the pipeline “Soyuz” of the extent of about 2700 km from Orenburg to the western border of the USSR; interconnection electric line Vinnitsa (the USSR) — Albertirs (Hungary) with voltage of 750 kV; Ust-Ilim Pulp Mill; Kiembaevsky mining-and-processing integrated works producing 500 thousand tons of asbestos per year; additional capacity for producing ferrous raw materials and ferroalloys. The commissioning of these facilities improved the supply of the Soviet economy with a number of important raw materials, fuel and energy; at the same time other member states of the construction began receiving annually from these enterprises over 200 thousand tons of bleached sulfate cellulose, about 120 thousand tons of asbestos, about 200 thousand tons of ferroalloys, 155 billion cubic meters of natural gas and 6 billion kWh of electricity.

It should be noted that the CMEA gradually expanded economic relations with Western countries, which entered into a number of trade agreements. In 1973 an Agreement on Cooperation between the CMEA and the Republic of Finland was signed. Great personal contribution to the establishing and developing
relations between the CMEA and Finland was applied by N.S. Patolichev.

However, the positive development of trade with the West was hampered by the US-led discriminatory policy regarding trade with the socialist countries and by imposition of this policy to most of other developed countries.

Discriminatory approach by industrially developed states to trade with socialist partners and their violation of the signed trade agreements with them intensified particularly after the stepping up in this direction of NATO military bloc. For coordinating discriminatory policy regarding trade with the socialist countries, a special body — the Coordinating Committee for Multilateral Export Controls (COCOM) was created. The Committee worked out a list containing thousands of items of the goods the exports of which to the socialist countries were banned or restricted.

Speaking at the meeting of the CMEA Foreign Trade Commission following the results of 1983, N.S. Patolichev said: “...the life of the socialist community as a whole and in each country, our work on cooperation, strengthening of fraternal relations have been passing in the conditions of an increasingly aggressive policy of the American imperialism and its allies, in the conditions of implementing by them of vast arsenal of ideological, political, economic, trade and other means aimed at undermining of the economic foundation of socialism, at splitting of the socialist community”. He stressed that in the capitalist world there was no consensus regarding the negative policy to the socialist countries, and noted: “In this regard, I would like to remind our successful countering a frontal attack of Reagan, trying to impose embargo on the supply to the USSR of pipes, equipment and other materials for the pipeline Urengoy-Uzhgorod. This is an example of successful use of the multitude of interests of Western countries, firms and banks in conducting economic relations with the socialist countries under the mutual benefit and noninterference in the internal affairs.”

The declaration of the Economic Summit of the CMEA countries (June, 1984) stated: “The CMEA member countries support
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more active use of the potential for expanding business cooperation with industrially developed states as well as with enterprises and firms. Mutually beneficial cooperation between them could promote trade expansion; ensure supply of energy and raw materials, acceleration of technological progress and development of the international transport, environmental protection and employment growth in the countries with high unemployment”.

* * *

Since 1957, the German Democratic Republic had been holding the first place in the foreign trade of the USSR. In 1985, the trade turnover with it amounted to $18 billion (the share of the GDR in the trade turnover of the USSR made up 10.7%), and, as usual, exports balanced with imports. Regular trade operations between the USSR and the GDR had initiated since 1946, quickly developing. In November, 1949 the Trade Mission of the USSR was established in Berlin. In April, 1950 the countries concluded the first annual agreement on trade and payments. The first long-term agreement provided mutual supplies of the basic goods in 1952—1955.

For many years the Soviet Union was the largest trading partner of the GDR. The share of the USSR in its total volume of foreign trade in 1980 amounted to about 36%. In 1984, the share of the USSR was more than half of the total foreign trade turnover of the GDR with the socialist countries.

The economic cooperation with the USSR was of great importance for the GDR’s economy, since on its basis such industries, as oil refining, pulp and paper, mechanical engineering were established and got a comprehensive development.

Due to deliveries from the USSR in 1981 there were provided about 25% of the import needs of GDR in trucks, over 40% — in metal-cutting machine tools, about 80% — in tractors and cars, almost completely in natural gas and timber, up to 90% — in oil and cotton, at 70—80% — in iron ore and ferrous metals, at 60—70% — in coal and nonferrous metals.

In total import by the GDR of machinery and equipment the share of the Soviet deliveries accounted for 18%. They equipped
the largest industrial enterprises of the GDR in metallurgical, chemical, fuel and energy industry.

In turn, large supplies of machinery and equipment from the GDR to the Soviet market created opportunities for its effective large scale production. The GDR exported to the USSR 80% of produced railway carriages, 70% — of equipment for automatic telephone stations, about 60% — of shipbuilding production, 40% — of production of machine tools. Due to the supplies from the GDR in early 1980s the USSR satisfied its import requirements for machinery and equipment at 20%.

The intergovernmental agreement on cooperation signed in 1981 in construction of industrial enterprises in the GDR during 1982—1985 provided for technical assistance by the Soviet Union in the construction and reconstruction of 26 industrial enterprises what allowed to increase the productive capacity of electric stations by 5.3 million kW; annual pig iron production by 2.2 million tons, production of nitric acid by 120 thousand tons. With the participation of the USSR during the postwar period in the GDR 53 enterprises were built.

Scientific and technical cooperation between the Soviet Union and the GDR got wide development. One of the striking achievements of this cooperation, implemented in the framework of the program “Intercosmos”, was a joint space flight.

The People’s Republic of Bulgaria is an example of how a backward agrarian country, which by majority of indicators held one of the last places in Europe, in the conditions of new international relations has become a developed industrial-agricultural state. As a result of World War II, the Bulgarian economy was badly broken. The first trade agreement between Bulgaria and the USSR was signed on 14 March, 1945. The Soviet supplies of raw materials, fuel, foodstuffs and vehicles contributed to the gradual economic revival of Bulgaria.

It is significant that under the first trade agreement Bulgaria imported 120 kinds of Soviet goods, while from Bulgaria to the USSR only nine items were imported — a small amount of tobacco, rose oil, seeds, seedlings of grapes, etc. Further, Bulgaria became an important supplier to the USSR of grapes, apples, sweet
cherries, plums, tomatoes, peppers, wines, canned fruits and vegetables. In 1985, the trade turnover with Bulgaria reached $14.7 billion (3rd place in the trade turnover of the USSR — 8.8%).

Since the signing of the first trade agreement, and up to 1985 the Soviet Union had the leading position in the foreign trade of Bulgaria. In 1984, the share of the USSR was 57% of the country’s trade turnover. With the technical assistance of the USSR more than 249 industrial facilities were built and put into operation in Bulgaria, which annually produced about 80% of all country’s industrial products, including electricity — 83%, cast iron — 100%, steel — 77%, wire rod and tin — 100%, synthetic fibers — 58%, cement — 48%.

In its turn Bulgaria participated in the construction of several objects on the territory of the USSR, including in building the capacity in the ferrous industry.

The Soviet-Bulgarian economic cooperation went far beyond the usual trade; it moved to the sphere of production, what provided fast, effective and comprehensive solution of scientific, technical, industrial, foodstuffs, trade and other problems.

The foundation of relations between the USSR and the People’s Republic of Hungary was laid by the Treaty of Friendship, Cooperation and Mutual Assistance signed in February, 1948. Having started with the cooperation in foreign trade with the mutual supplies of foodstuffs, machinery and equipment and the exchange of scientific and technological achievements, the countries gradually moved to deeper cooperation in economy, science and technology, to stable and long-term relations in the sphere of material production.

The trade turnover of the USSR with People’s Republic of Hungary in 1985 exceeded $11 billion (the share of Hungary in the trade turnover of the USSR amounted to 6.6%).

The Soviet deliveries covered the needs of Hungary in energy and commodities. Along with it Hungary was on the fourth place among the buyers of the Soviet mechanical engineering products. Different types of cars, tractors, combine harvesters, road construction machinery, excavators, cranes, metalworking machines, locomotives, subway cars were exported to People’s Re-
public of Hungary. Hungary almost completely covered its needs of oil, oil products, iron ore, timber, and electric power thanks to the imports from the Soviet Union.

In the Soviet imports from Hungary, the majority (in 1985 — 49.3%) was machinery and equipment (buses, devices and laboratory equipment and agricultural machines). Along with it, in the imports from Hungary, a large place was taken by products of food industry (canned meat and vegetables, compotes, wine), agricultural products (grain, frozen meat, fruit, vegetables), consumer goods industry (clothes, footwear) and chemical industry (pharmaceuticals).

The USSR concluded with Hungary over 30 agreements on specialization, cooperation and related supplies. The Soviet-Hungarian agreement on cooperation in production of aluminum, release of cars “Lada”, plastic materials was implemented successfully.

The Soviet Union contributed to the industrialization of Hungary, starting with the Soviet-Hungarian Agreement of 1952 rendering Hungary economic and technical assistance, which provided supplies of the complete equipment for restoration and reconstruction of the economic objects. The first-born of the Soviet-Hungarian cooperation became the Danube Iron and Steel Works, built according to the Soviet project and equipped with the Soviet equipment. In 1954 at the Works the first steel was produced, and later it used to work out 35% of the national production of cast iron and 33% of steel. The metals produced at the Works, were used in the construction of the Hungarian section of “Druzhba” oil pipeline, a gas pipeline “Soyuz”, the electricity transmission lines with voltage of 750 kV “Vinnytsia — Albertirs”.

The main object of the cooperation between two countries was the construction of the nuclear power plant “Paks” with capacity of 1,760 MW. In 1982—1984s its first power units were put into operation.

In total for the years of the cooperation with the technical assistance of the Soviet Union in Hungary 111 industrial enterprises were put into operation, which, inter alia, produced the whole
volume of the national sheet steel and metallurgical coke, 90% of oil refining, 30% of alumina and nitrogen fertilizers, 25% of electricity production.

We should note the participation of the Hungarian enterprises in preparing and holding the XXII Olympic Games in Moscow in 1980. They delivered studio equipment, including the local system for sports commentators, a display of results and different radio equipment for the communication with organizers of sporting events.

The contractual basis of economic and trade relations with the People’s Republic of Poland, was founded by signing a trade agreement between the countries in July, 1945. In the annex to the agreement the legal status of the USSR Trade Mission in Poland was determined. The trade between two countries was carried out on the basis of five-year agreements on trade turnover and payments.

In the foreign trade of the USSR Poland was among the five largest trading partners. Foreign trade turnover of the USSR and Poland exceeded $14 billion in 1985 (the share of People’s Republic of Poland in the trade turnover of the USSR amounted to 8.5%).

At the same time the USSR made up about 30% of the Polish foreign trade turnover.

In 1985 the structure of the Soviet exports to Poland included: 12% — machinery and equipment, 53% — fuel and electricity, 3.7% — raw materials for ferrous metallurgy, 2% — ginned cotton.

Due to the deliveries from the USSR, Poland met its needs: in natural gas — 100 %, oil — 85%, iron and chrome ore — 80%, cotton and aluminum — 75%, machinery and equipment — 40%.

The Soviet Union carried out a large supply of metal-cutting machine tools, rolling stock, tractors, equipment for underground mining of mineral, trucks to Poland. The volume of delivery of complete equipment was about 13% of all Soviet exports of machinery and equipment to Poland. At the end of 1985 in Poland there were 125 thousand tractors and agricultural equipment of the Soviet manufacture, over 50 thousand trucks, 145 thousand
passenger cars, over 12 thousand units of road construction equipment from the USSR — at that time a considerable amount.

The Soviet imports from Poland in 1985 amounted to $6.5 billion. Approximately half of deliveries were made up of machinery, equipment and vehicles, including vessels and marine equipment, rolling stock and electrical equipment.

In 1976—1980 from Poland to the USSR complete equipment for 278 plants and processing lines was delivered. At the Polish installations half of sulfuric acid manufactured in the USSR and 70% of fiberboards were produced.

One of the most important articles of imports from Poland was the sea vessels. The Polish shipbuilding launched its capacities largely due to the planned development of the Soviet fleet. During the whole postwar period as of 1982 the USSR had purchased in Poland more than 700 vessels, with gross displacement about 5 million tons. Each fourth displacement ton of the Soviet merchant and fishing fleet was created at the Polish shipyards.

Large and intended for many years Soviet orders provided Poland for the deployment capabilities of large scale production in other areas. It concerned, in particular, transport engineering and consumer goods.

Along with trade the Soviet-Polish economic and technical cooperation developed successfully, which had begun with a bilateral agreement signed in 1948 and providing for deliveries of complete equipment for constructing industrial enterprises, which later became important objects of industrialization of the People’s Republic of Poland.

A number of the enterprises built for the postwar period in Poland with the USSR technical assistance, by the end of 1986 had reached 151. They provided production of about 75% of cast iron, 58% — steel, 27% — ferrous mill products, 30% — coke and synthetic rubber, 25% of electricity production. The largest objects in the construction of which the USSR rendered technical and economic assistance to Poland, are the steel mills in Katowice of capacity of 6.2 million tons of steel per year and “Warsaw” — the country’s largest manufacturer of alloy-treated steel of high quality as well as ten plants of large-panel housebuilding of a to-
tal capacity of 1.2 million square meters of living space per year.

The Soviet-Polish trade, economic and technical cooperation played an important role in solving vital problems of economic development in both countries.

The **Czechoslovak Socialist Republic** by the scale of the trade turnover in the mid-1980s was the second (after the GDR) trading partner of the USSR. At that time our country accounted for over 35% of foreign trade turnover of Czechoslovakia. The contractual basis of the Soviet-Czechoslovak economic relations was founded in 1947 by signing Agreement on Trade and Navigation between two countries. In the annex to the agreement the legal status of the USSR Trade Mission in Czechoslovakia was determined. Mutual trade was to be carried out on the basis of five-year agreements on trade turnover and payments. In 1985, the volume of bilateral trade reached $15.8 billion.

In 1985, the Soviet exports to Czechoslovakia of machinery and equipment accounted for about 10%, notably: power equipment, computers, road construction equipment, agricultural machines, means of air transport were supplied. But the bulk of the supply — 63% — accounted for energy resources and electric power.

In some years, Czechoslovakia met by supplies from the USSR its import needs in natural gas, cast iron, nitrogen fertilizer — at 100%, oil — 98%, iron ore — 86%, coal — 65%, electronics, computer engineering (large and medium-sized computers) — 60%.

By the mid-1980s the Soviet made car fleet in Czechoslovakia consisted of over 300 thousand vehicles, there were also delivered 520 thousand TV sets, 345 thousand refrigerators, 15 million units of watches. The Civil Air Fleet of the country was equipped mostly with the Soviet airplanes.

In the import of the Soviet Union from Czechoslovakia in 1985, machinery and equipment accounted for 60%, including: electric locomotives (2 thousand units), tramcars (619), trolleybuses (275), motorbikes (108 thousand), auto refrigerators (1466), etc. (During 1965—1985 from Czechoslovak Socialist Republic over 700 river, passenger and cargo ships and other vessels were delivered). Among other supplies in 1985 — 20.4 million pairs of leather footwear and 15.9 million pairs from artificial leather.
Along with trade the Czechoslovak-Soviet economic and technical cooperation developed successfully, which was launched in November, 1950 by signing an intergovernmental agreement on rendering of technical assistance to Czechoslovakia by the Soviet Union in the construction of industrial enterprises. This cooperation grew more rapidly than the Soviet-Czechoslovak trade in general. So, if the volume of bilateral trade turnover during 1970—1980s increased by 3.3 times, the economic and technical cooperation — more than by 15 times.

By the end of 1986 with technical and economic assistance of the USSR 41 enterprises were built in Czechoslovakia. The largest of them were the metallurgical complex in Kosice with capacity of 4 million tons of steel and 3 million tons of flat products per year; 7 nuclear power plant units — in Jaslovská Bohunice with total installed capacity of 3 million kW, Prague metro lines with length of 30 km with 32 stations, 2 pulp and paper mills with capacity of 200 thousand tons of cellulose per year, 4 house building factories.

To ensure normal operation of its industry, Czechoslovakia, not having its own natural resources, imported a large quantity of oil and natural gas from the USSR. In this regard, Czechoslovakia took an active part in the exploitation of oil and gas fields in Siberia and the Far North. During the exploitation of the northern regions of the USSR the Czechoslovakian workers performed work under a rotation system. On the spot of the exploitation or construction shift camps of prefabricated housing units were created. In 1981 delivery of shift camps started for a thousand people to the USSR called “Watch-1000”. Particularly for drilling crews working in the far north, housing development with reinforced insulation to withstand the air temperature around minus 50 degrees of Celsius were delivered.

Dump trucks “Tatra”, delivered from Czechoslovak Socialist Republic with special Arctic performance worked well in the Far North of the USSR.

The Soviet-Czechoslovak cooperation in constructing industrial enterprises in the third countries developed successfully. In particular, Czechoslovakia supplied equipment to the developing
countries for the metallurgical enterprises under construction with technical assistance of the Soviet Union.

In the early postwar years, trade relations between the Soviet Union and the Socialist Republic of Romania developed on the basis of the Treaty of Commerce and Navigation, signed on February, 20th, 1947. The share of the USSR in the trade turnover of Romania during those years had been more than 70%.

Since 1961, mutual trade between the USSR and Romania was conducted on the basis of long-term agreements. In the mid-1970s annual trade turnover between the USSR and Romania was up to $1 billion and the share of the USSR in Romania’s trade turnover made up 20%. In 1985, the trade turnover with Romania reached about $5 billion.

The USSR was a major supplier to Romania of goods such as cast iron, iron ore, coke and coking coal, ferrous mill products, potash fertilizers, asbestos, cotton and other goods.

Purchases by the Soviet Union in Romania of consumer goods provided employment of many thousands of workers of Romanian consumer goods industry, keeping busy the available production capacities. Among the foreign trade partners of Romania, the Soviet Union was the largest importer of Romanian garments, furniture, knitwear, leather footwear. Important goods of the Romanian deliveries to the USSR were chemical products: caustic ash and soda, organic dyes, paint materials, synthetic resins, chemicals.

In 1970s a new form of cooperation had been introduced — participation of the Romanian side in building of industrial objects on the territory of the USSR and in developing additional capacities for production of commodities (iron ore, paper pulp, asbestos, ferroalloys), as well as in the construction of gas pipe Orenburg — the Western border of the USSR with subsequent payment for these works by the supplying part of the received raw materials.

It should be noted that the trade turnover between the USSR and Romania was growing more slowly than trade of the Soviet Union with other socialist countries. This occurred because of the following reasons:
— export structure of the USSR and Romania was sufficiently similar. Romania better than the other socialist countries, was equipped with its own energy resources, timber, agricultural products, which held a large share of the Soviet exports to other CMEA countries;

— among the machinery and equipment supplied to the socialist countries a significant share accounted for cars, tractors and agricultural machinery. Romania tried to adjust its own production of these machines, and their purchases in the USSR were insignificant;

— Romania was involved in the process of specialization and cooperation to a lesser extent than the other CMEA member countries. The share of supplies of specialized products in total trade turnover of Romania with the CMEA countries made up only 5% (the same share for Bulgaria was 14%, Hungary — 10%, GDR — 12%, the USSR — 11%).

Romania was characterized by the universalization of the national economy, producing (often non-effectively, marginally) many types of machinery and equipment, which might have been bought from the Soviet Union.

In February 1960 between the USSR and the Republic of Cuba, the first long-term agreement on trade and payments for 1960—1964 was signed. In May, 1960 the Trade Mission of the USSR was established in Havana.

For 1960—1985 the Soviet-Cuban trade increased from $40 million up to $9.4 billion (5.6% in the trade turnover of the USSR). About 70% of Cuba’s foreign trade was oriented towards the Soviet Union.

Essential importance in the trade between two countries had a long-term agreement on deliveries to the USSR of Cuban raw sugar during 1965—1970s, signed in January, 1964. This agreement provided for an annual increase in deliveries of sugar from 2.3 million tons to 5 million tons with payment for it over this period at a fixed price. These agreements created favorable conditions for developing economic and trade ties between the two countries.
Industrial goods were the basis of the Soviet exports to Cuba. There were delivered different machines and equipment — vehicles, tractors, agricultural machines, excavators, road construction machinery, machine equipment — as well as oil and oil products, cast iron, ferrous and nonferrous metals, coke, cement, rubber, cotton, mineral fertilizers, chemical goods. About 28% of the Soviet exports to Cuba were made up of grain and foodstuffs, medicines and industrial goods of mass consumption.

Significant place in the Soviet exports to Cuba held the supplies of complete equipment for the construction of enterprises. During the period of the Soviet-Cuban cooperation by the end of 1986 with the Soviet assistance more than 360 economic enterprises were built or reconstructed in Cuba which created more than 10% of the gross national product of the country. The Soviet Union rendered great assistance to Cuba in creating fuel and energy base, determining substantially the pace and the proportions of development of all sectors of the national economy. About 46% of the installed capacities of electric power in Cuba were established with the participation of the Soviet organizations.

The USSR and Cuba signed an agreement on cooperation in the reconstruction of the Cuban industry. In 1976—1980s the USSR rendered technical assistance to Cuba in reconstruction of 21 and construction of four new sugar mills, in modernization of railways serving the sugar industry, in creation of repair shops for locomotives and wagons. A large number of Cuban professionals operating the Soviet equipment were trained in Cuba and in the USSR.

The development of trade and economic relations between the USSR and Cuba gave Cuba the opportunity to withstand the economic blockade of the USA, opened the possibility for accelerated development of the productive forces. In its turn, the Soviet Union satisfied a significant part of its needs in sugar and in other goods through purchases in Cuba.

The beginning of trade relations between the USSR and the Socialist Republic of Vietnam refers to 1955 when the first Soviet-Vietnamese trade agreement (that acted till 1961) was signed in July.
In March, 1958 the USSR and Vietnam concluded a Treaty on Trade and Navigation, on the basis of which the Agreement on Mutual Deliveries of Goods for 1961—1965 was signed.

On December 23rd, 1960 the agreement on rendering by the Soviet Union economic and technical assistance to Democratic Republic of Vietnam was concluded. According to it the USSR was supposed to assist in the construction of 43 new industrial plants and other facilities, including eight thermal electric and hydroelectric power plants with electricity transmission lines, in expansion of coal plant Hn Gai Cam-Phap and construction of new mines with a total capacity of up to 8 million tons, and in three research and development and educational institutions, with equipping them with modern equipment.

In 1985, the trade turnover between two countries amounted to more than $1.7 billion. In the Soviet exports to Vietnam machinery and equipment accounted for 33% and 34% — oil and oil products; about 5% — urea.

In the Soviet imports from Vietnam products of cultural and everyday purposes, handicraft art works and toys, clothing, medicines and fruits prevailed.

A great place in the mutual relations of the USSR with Vietnam was held by economic and technical cooperation, which was based on the Agreement on rendering gratuitous assistance by the Soviet Union in restoring economic revival of Vietnam.

The following data show the importance of the Soviet assistance to Vietnam: from the total quantity of goods produced in Vietnam by the end of 1986 at 228 enterprises constructed with the assistance of the USSR more than 40% of the electric power was produced, 85% of coal, 65% of tin ore, 90% of sulfuric acid, and almost all cutting tools.

According to the Agreement on economic and technical cooperation for 1981—1985 the USSR continued to provide for technical assistance to Vietnam in energy development, oil production, coal mining, machinery, building materials, chemical and pharmaceutical industries, transport and communications.

Shortly before the Second World War in April, 1945 the USSR and the Socialist Federal Republic of Yugoslavia restored trade
relations by signing an agreement. In July, 1947 the Soviet-Yugoslav Agreement on trade and payments which determined the general order of trade was signed.

The main articles of the Soviet exports to Yugoslavia were machinery and equipment, solid and liquid fuels, metals and fertilizers. From Yugoslavia to the USSR lead, tobacco, fruits were supplied.

The basis for further development of trade relations between the countries became trade and payments agreements, signed in January, 1955. In 1956, the USSR granted credits to Yugoslavia, mainly for the purchase of the Soviet complete equipment.

Substantial importance in the Yugoslavian supplies to the USSR since 1965 had been held with sea-going vessels — tankers with deadweight of 20.8 thousand tons, dry cargo vessels with deadweight of 14.8 thousand tons. In 1965 the USSR took up around $\frac{3}{4}$ of the value of vessels exported by Yugoslavia.

Successfully developing Soviet-Yugoslav trade amounted to $7.2$ billion in 1985 (the share of the Socialist Federal Republic of Yugoslavia in the trade turnover of the USSR reached 4.3%).

The Soviet Union rendered Yugoslavia extensive technical and economic assistance in escalating of economic potential. A number of enterprises, buildings constructed in the postwar period in Yugoslavia with technical and economic assistance of the USSR by the end of 1986 amounted to 94 objects.

The created capacities provided for 64% of the national bauxite mining, 55% of alumina, 17% — aluminum smelting, 81% — extraction of lead-zinc ores, 33% — steelmaking, 61% — cast iron, 42% — production of coke, 26% — installed capacities of electric plants of the country.

Foreign economic relations of the USSR with the Democratic People’s Republic of Korea throughout all postwar period had been developing rapidly. It was bolstered by a sound contractual basis laid in 1949 by signing an Agreement on economic and cultural cooperation between the USSR and the Democratic People’s Republic of Korea. The great importance also had the Treaty of Commerce and Navigation signed in June 1960, which established the principle of most favored nation treatment in trade, provided
for agreements, including long-term, to ensure expanding trade turnover, and specified basic principles of trade and other forms of economic relations between the USSR and the Democratic People’s Republic of Korea. The basis for their implementation was the Treaty of Friendship, Cooperation and Mutual Assistance signed in 1961.

Since 1960, the Soviet Union and the Democratic People’s Republic of Korea cooperated on the ground of long term agreements on supplies of goods and payments for five years. It had a positive impact on the growth of bilateral trade which was increasing in 1960—1985s, while the Soviet export was exceeding the import. The Soviet Union was in those years, the largest economic partner of the Democratic People’s Republic of Korea. Its share amounted to more than half of the country’s trade turnover, while the share of DPRK in the trade of the USSR in 1985 amounted to 0.9%, and the volume of trade turnover amounted to $1.4 billion.

Exports to the DPRK in 1986 amounted to $0.9 billion, including: 22% — machinery, equipment and vehicles (equipment for production of cast iron, steel and mill products as well as aviation technology), 23% — fuel, ferroalloys, ferrous mill products, pipes, paper, cotton, consumption goods (refrigerators, clocks, TVs).

The Soviet Union imported from the DPRK in 1985, goods at $0.5 billion, including 15% — vehicles and transport equipment, as well as ferrous mill products, cement, dead-burned magnesite grain, and clothing. In 1985, supplies from the DPRK accounted for 23% of imports of accumulators, 46% of bleaching powder, 30% of cement, 90% of dead-burned magnesite grain, and 12% of starch.

There was also border trade, carried out due to Centrosoyuz of the USSR and the Central Council of the consumer societies of the DPRK was of substantial importance. Both sides participated in joint logging areas on the territory of the Soviet Far East.

On the basis of the existing agreements the Soviet Union reconstructed and constructed many industrial objects. Among them — the enterprises of ferrous and nonferrous metallurgy, chemical industry and consumer goods industry, cement industry, mines and quarries, hydro power plants and thermal elec-
tric power stations, engineering enterprises. The cooperation was carried out on a compensatory basis, the loans received for constructing enterprises were repaid with their production (automobile accumulators, enameled wire and microengines and production of the metallurgic works in Gondine).

With the technical assistance of the USSR by the end of 1986 in the DPRK 80 enterprises and other objects had been built or were under construction (66 objects had already been put into operation).

The share of production from plants built in the Democratic People’s Republic of Korea, with the assistance of the Soviet Union in the first half of 1980s accounted for about 63% of electricity generation, 42% of iron ore mining, 11% — iron smelting, 33% — steel, 38% — ferrous mill products, 45% — oil products and 20% — of textiles.

In the trade of the USSR with the Peoples Republic of China there were three periods: 1950s — the period of active trade and economic assistance to China in the years of its formation, 1960s and 1970s — the period of political alienation in the last years of Mao Zedong, the entrenched “cultural revolution” and of cross-border incidents, when trade relations had practically gone to naught, and 1980s — the period of normalization of relations and expanding trade ties.

The Soviet Union was the first state to establish diplomatic and economic relations with the PRC after its declaration. Both countries signed in February, 1950 a Treaty of Friendship, Alliance and Mutual Assistance, as well as loan and other agreements promoting development and strengthening these ties.

The Soviet-Chinese trade agreement signed in April, 1950 determined the terms of trade, the base of prices and payment procedure of trade turnover (clearing).

In conditions of the economic blockade of the PRC led by the USA and by a number of capitalist states the Soviet Union rendered increasing assistance by trade and other channels of economic cooperation. The Soviet-Chinese trade turnover had been increasing rapidly: in the fifties the share of China in the Soviet foreign trade turnover amounted to 20%, while the share of the USSR in the foreign trade turnover of China — about 50%.
In February 1959, the Chairman of the Council of Ministers of the USSR, N.S. Khrushchev and the Prime minister of the State Council of the Peoples Republic of China, Chou En-lai signed another agreement on the construction in China in 1959—1967s of 78 large enterprises in the metallurgical, chemical, coal, oil, machinery, electrical and electronic industry, construction materials and of power plants. Besides this agreement, the Soviet and Chinese sides led preparation for the conclusion of the long-term agreement on mutual commodity deliveries.

Till 1960 the Soviet Union exported to China machinery and equipment, including complete equipment of enterprises, as well as raw materials to meet the needs of all sectors of its national economy. A significant part of the goods was supplied on account of concessional loans granted by the Soviet Union to China. Machinery and equipment was the largest article of the Soviet exports to China: its share was 62% of its total cost.

During the period till 1960 the Soviet Union provided economic and technical assistance in the construction and reconstruction of 255 industrial and other projects in China. It provided for an unprecedented starting scale of industrial construction in China’s history. There were built enterprises of ferrous metallurgy of capacity of cast iron — 8.7 million tons, steel — 8.4 million tons, mill products — 6.5 million tons per year, three oil refineries of capacity 1.4 million tons of crude oil per year, 11 chemical enterprises of a total annual capacity of 150 thousand tons of ammonia, 250 thousand tons of sulfuric acid, 15 thousand tons of synthetic rubber and 150 thousand tons of nitrogen fertilizers, 44 hydro power plants and thermal electric power stations of total capacity of 3.9 million kW; ferroalloy plant, aluminum plant, a plant producing 30 thousand trucks per year, etc.

Thousands of Chinese citizens had practical training and education at the Soviet plants, reeducated in the Soviet universities and research institutes.

A large group of the Soviet exports consisted of fuel, mineral raw materials and metals. Their share in 1960 accounted for 23% of total exports to China.
In the Soviet imports from China till 1960 traditional export commodities of the country prevailed: non-ferrous metals and concentrates, some food products, wool, garments and knitwear.

Since 1960, because of political cooldown there was curtailment of economic cooperation between the USSR and China. The trade turnover between the countries by 1970 significantly reduced in comparison with 1959.

Only two decades later, trade between two countries started increasing a little, but in 1980 it was still less than $0.5 billion (the share of the Soviet foreign trade — only 0.3%). In 1985 the mutual trade volume already reached $1.9 billion. And in July of the same year at the intergovernmental negotiations in Moscow, the sides reaffirmed the need to find ways to normalize and improve the Soviet-Chinese relations. And trade between two countries embarked on an upward trajectory.

The events of the next years showed that the Chinese leadership very carefully and elaborately came to the country’s development, in which the advantages of flexibility, entrepreneurship and the power of the state monopoly were combined.

Nikolay Semyonovich during the last years of his work in the Ministry and after his retirement studied with interest the changes in China and appreciated the changes occurring there.

By the very beginning of the changes from 1979 to 1985 the volume of Chinese GDP had increased on average at 9.6% per year. GDP per capita by 1999 increased by 4.4 times, labor productivity (GDP per employee) increased by 3.6 times. In Russia, for the similar period, GDP declined by 45%. If in 1979 the volume of the Chinese GDP was less than that of the Russian one by 25%, in 1999 it already exceeded the GDP of the then smaller Russia by 6.5 times. GDP per capita in China in 1979 was 11% of the Russian level, in 1990 it reached 23%, and by 1999 — 80%.

N.S. Patolichev foresaw such changes and believed that our country should have gone to the development of market relations with binding state regulation. He believed that this
would have ensured rapid industrial growth through free enterprise and sustainable development through government regulation.

China focused on construction of novations, rather than destruction and critic of the past. Reforms from the very beginning were faced a human being, his or her needs. The goals of meeting basic needs of the population in foodstuffs and consumer goods became a priority in the activities of the newly established economic structures. It provided support of the reform of all people, what impressed Nikolay Semyonovich especially.

In China the main method of reforming was acknowledged evolutionary, piecemeal, advancement to the market, with experimental test, but not landslide liberalization of the economy. This reformist algorithm was expressed in an Oriental way by the formula: “to cross the river, feeling the stones”.

The practice of the first years of reforms showed that a natural way to the market — the development of diverse types of ownership of farms: collective, individual, private, and joint (with foreign participation). Following that way, it could be possible not only to ensure rapid growth of market participants, but changing the structure of the national economy by ownership, to adjust investment flows and diversify production towards the approach to the real needs of the economy and social sphere. Subjects of the market were formed not by the destruction of the existing state structures, but mostly by filling the empty niches with new commercial links, i.e., with the first steps the reform worked for reduction of the deficiency of the economy. For this purpose, not only the internal reserves were mobilized, but also foreign capital was attracted actively. Stimulating the economic initiatives at the micro level, the leaders of the country didn’t squander the state (the whole people’s) property; they held in their hands economic management and during the period of dangerous increase of its imbalance immediately took countermeasures.

Nikolai Semyonovich, relying on his own experience and foreign practice, believed that the Chinese government right-
ly came to the conclusion about the necessity to reform not by external recipes, but on the basis of historical features of the socio-economic development of the country, and firmly embarked on a “building of the socialism with Chinese specificity”.

Time showed that he was right. The economy of China during the latest 30 years has been constantly growing and at the turn of the second decade of the new century it holds the second place in the world by the size of GDP (after the USA), and thanks to the active foreign trade policy China was ranked the first in the world in the volume of exports and in gold and currency reserves.
Trade with the Developing Countries

It is widely known, how much political will and resources the Soviet Union showed and spent according to consistently pursued line on the full support of young liberated states to consolidate their efforts in the struggle against colonialism. Versus long-term practice of the colonial exploitation of developing countries a new type of relations had been formed based on mutual benefits, full equality and inadmissibility of any forms of discrimination. Moreover, the Soviet Union took into consideration their low level of development, difficulties of growth and expressed readiness to render within its powers economic assistance.

One and a half year before Nikolay Semyonovich took his post at the Ministry of Foreign Trade one of the authors of this book had a chance to write a work for the specialists of foreign trade, about export of the equipment from the USA to the countries of Asia, Africa and Latin America. The employees of the Ministry of Foreign Trade had to study seriously the experience of the competitors. The problem occurred with the title. There was no generalizing name of these countries yet. In the Western press there was a term “semi-developed”, which in Russian meant abortive and it sounded insulting. We had to use the term, prevailing in the economic use then (including the UN) — trade with “underdeveloped countries”. Now this offending title still sounds embarrassing.

And Nikolay Semyonovich actively joined in economic diplomacy. With his support at international conferences a block of developing countries and “Group 77” was formed, which voice was getting stronger every year. Since 1960s a wave of nationalizations started, and in 1974 Middle East countries nationalized their oil production. Since then, the coordination of the oil production by OPEC to stabilize prices has been carried out without participation of the multinationals of the West.

In the economic relations of the Soviet Union with the developing countries, great attention was paid to the integrated use of various forms and methods of cooperation, among which the
paramount importance was attached to trade in goods. Foreign trade with these countries developed rapidly. Since 1953 to 1957 the trade turnover with them increased more than fivefold. The most advanced connections, backed up by relevant treaties were with India, Egypt, Afghanistan, Yemen, Ceylon, Burma, Indonesia, Iraq.

Pursuing the political priorities, the Soviet leadership joined in the economic competition with the West for the third world. It can be annoyed about the excessive flow-out from the country (partly irreversible) of the capital and resources (as the assistance). But the indisputable fact is high humanitarian mission of planetary scale — a huge contribution of our country to economic potential of the developing countries (as well as the future countries of transition economy). The Indian metallurgical giants — Bhilai and Bokaro, the Egyptian hydrocomplex — Aswan, basic industry enterprises in dozens of countries, many objects of thermal, hydro and nuclear energy, health care, training of specialists — became visible symbols of this assistance.

Among non-traditional forms of foreign economic relations that went beyond ordinary course of trade which expanded a lot our capabilities and gave a certain effect, economic and technical assistance to the young states in developing their national economy might be mentioned. This area of mutually beneficial economic cooperation arose as far back as in 1920—1930s, but developed and transformed into an independent branch of foreign economic relations only in the postwar period.

The volume of export of the complete equipment in 1970—1979 increased by 80%, the supplies in 1979 were carried out to 740 objects. During this period, more than half of the Soviet exports of machinery and equipment to these countries were complete supplies. In this case, it is worth to draw attention to the fact that the Soviet Union had no share in the profits of the enterprises built with its assistance. Mutual benefits of such cooperation were provided by the purchase on commercial terms of goods needed to the Soviet national economy on account of assistance provided, including the repayment by the foreign countries of the Soviet loans.
The cooperation on a compensatory basis was significant in economic and trade relations with countries of Asia and Africa. The beginning of such cooperation was laid in 1963 by signing agreement with Afghanistan on assistance in setting explored by the Soviet geologists Shibergan gas field and construction of gas pipeline to supply the Afghan natural gas to the USSR. Of the other largest agreements it should be mentioned an agreement with Iran on natural gas (1966), Guinea — on bauxite (1969), Syria and Iraq — on oil (1969—1975), Algeria — on aluminum (1976), Morocco — on phosphate (1979). By 1980, more than three dozen compensatory arrangements were signed with developing countries.

Often the cooperation continued at later stages, when repayment of the Soviet loans was performed and the maintenance of already constructed enterprises was conducted. In some cases, the supplies to the USSR served to ensure the most complete and effective use of established, with the assistance of the Soviet Union’s production facilities and to overcome the difficulties of marketing. Examples included supplies of cast iron, ferrous mill products, metallurgical and crane equipment from the objects of the Soviet-Indian cooperation. In the first half of 1970s a significant amount of cold-rolled steel sheets were supplied from Egypt and also large orders of the Soviet organizations on forming of autotractor parts and seagoing vessels were carried by constructed with the Soviet assistance a forge plant and Alexandria Shipyard.

The construction in the developing countries of the enterprises and objects on terms of delivery of a part of goods to the USSR was one of the ways to meet on a sustainable long term basis the needs of our national economy. Some scarce kinds of mineral raw materials, fuel, products of tropical agriculture, semi-finished and finished products, industrial products were delivered. Such purchases were effective means of improving the solvency of the partners and a source of repayment of the Soviet loans.

In 1978, on the basis of various arrangements the deliveries to the Soviet Union of products of `objects of cooperation built in developing countries amounted to over $1 billion. The supplies in-
cluded, in particular, 6.9 million tons of crude oil from Iraq and Syria, 9.5 billion cubic meters of gas from Iran and Afghanistan, 90 thousand tons of cast iron and 95 thousand tons of ferrous mill products from India, 2.5 million tons of bauxite from Guinea, 33 thousand tons of alumina from Turkey, etc.

Trade turnover of the USSR with developing countries in 1985 amounted to over $20 billion (their share in the total trade was 12.1%). A significant part of that trade accounted for deliveries of production under the intergovernmental long-term agreements on economic and technical cooperation, which covered primarily the sphere of material production. It promoted the development of the economic potential of liberated countries, growth of employment, increase in savings.

In mid-1980s the USSR traded with 102 developing countries, major trading partners among them having been India, Afghanistan, Libya, Iraq, Egypt, and Syria. By the end of 1986, with the Soviet assistance in more than sixty developing countries 806 plants and facilities had been built and put into operation, with expected annual production (in million tons): cast iron — 17, steel — 17, ferrous mill products — about 14, coal — 21, iron ore — 18, oil refining — about 20, cement production — 4.3, besides, 11 thousand tractors, capacity of power stations — 14.1 million kWh, length of railways — 5.2 thousand km., highways — 2.2 thousand km., etc.

The Soviet Union through the channels of foreign trade and economic cooperation was making a real contribution to the solution of problems of industrial development of vital importance to many developing countries, especially in key industries: mining, metallurgy, machine building, chemical and consumer goods industry. Particular importance for liberated countries under the conditions of the aggravating problem of energy security at that time was development of their national energy economy.

In 1981, with the assistance of the USSR in developing countries there were expanded and built metallurgical works in India, Turkey, Nigeria, Pakistan, Sri Lanka, Algeria, as well as irrigation works — in Syria and Turkey, and also power plants and other objects.
Machinery and equipment was traditionally an important group of the Soviet exports to the developing countries. In mid 1980s, it accounted for 21% of the total (energy equipment, metallurgy, drilling, trucks, and aircraft). Half of these goods was supplied for complete enterprise within the provided economic and technical assistance. Besides, oil and oil products (9%), timber and paper products (2%), ferrous mill products, chemical products and other goods were delivered.

Substantial importance for the USSR national economy had purchases in the developing countries of production of their traditional exports — cotton fabrics, knitwear and garments, leather, vegetable oils, jute bags, tea, spices, tropical fruits, grain and other foodstuffs, mineral raw materials and fuel. The purchases of products of national industry, including engineering products of the liberated countries, such as India were expanded. However, machinery and equipment accounted for only 4.3% of the Soviet imports from the developing countries (1986).

In relations with the developing countries the trade and contractual practice, forms of trade and economic relations, the payments system, the planning of trade and economic cooperation were constantly perfected. There was formed a long term basis of trade and economic relations founded on the coordination of national economic plans with the programs of economic, scientific and technical cooperation for the period of 10—15 years, covering a wide range of business relations.

For coordination of trade-economic and scientific-technical relations between the USSR and the developing countries, the intergovernmental commissions on trade-economic and scientific-technical cooperation were widely used. By 1985 over twenty commissions had been in operation.

* * *

To describe the trade of the USSR with some developing countries it is worthy to highlight the trade with India (2.2% in trade turnover in 1985) — a leading partner of this group of the countries. Trade and economic relations with it were combined with large-scale political interaction of geopolitical significance.
PART II. Foreign Trade of the USSR in 1958—1985

In the first half of the last century — the brightest pearl in the crown of the British Empire, India in the end of 1940s shone out of independence, setting an example for all the emerging third world. Led by such outstanding political ascetics, like Mahatma Gandhi, Jawaharlal Nehru, and later — Indira Gandhi, the country of ancient civilization and the philosophy of peace became a recognized authority among the liberated countries. In the mid 1950s in the contacts with the Soviet leaders Jawaharlal Nehru formulated the principles of “Pancasila” — in essence a code of peaceful coexistence and cooperation between the developing countries and the socialist countries.

The USSR actively involved in cooperation with India both in trade and construction of industrial objects, helping it to climb out of poverty and patriarchal order to the pragmatics of an independent industrial development.

The beginning of a stable and steady trade was marked by the conclusion in 1953, of the first five-year trade agreement, providing mutual most favored nation treatment and coordination of payments in rupees. Later these agreements were renewed. The regulatory base of the trade was reinforced by the Treaty of Peace, Friendship and Cooperation, signed in 1971.

The Soviet exports to India were characterized by diversification of the delivered goods and increasing the share of finished products. In 1985 of exports ($1.9 billion) approximately 30% were machinery (16% — aircraft and 7% — power equipment), 55% — oil and oil products; and also nitrogen fertilizers were supplied in large quantities.

Imports from India (in 1985 — $1.8 billion) included the traditional goods of the national production: the equipment (electrical, medical, etc.) — 14%, tanned skin, workpiece for shoes — 7%, jute bags and fabrics — 9%, tea — 12%, nuts — 2%, fabrics of cotton — 8%, medicines — 4%, handicraft art products — 2%.

Trade with Egypt was one of the traditional among the developing countries — in 1960 it accounted for 22% of trade turnover with this group of countries, by 1, 5 times more than with India. The beginning of creating juridical basis of the Soviet-Egyptian economic and trade relations was Payments (1953) and Trade
(1954) Agreements (extended later for a long period in 1962), providing a most favored nation treatment and the clearing form of payments. In 1956, the USSR Trade Mission was established in Egypt. In the difficult days of the Anglo-French-Israeli aggression, the Soviet Union rendered Egypt vitally important for the country military aid. The trade developed rapidly. In 1985 the trade turnover with Egypt amounted to $0.7 billion.

In the Soviet exports equipment and vehicles accounted for 35% — tractors “Belarus”, cars “Lada”, which held the first place in the Egyptian market in 1970s and was ahead of other foreign cars. Trucks, aircraft, motorcycles were delivered also. Among other goods there were coniferous sawn timber and plywood (27%), paper and cardboard (9%), solid fuel (13%).

In imports from Egypt the leading place was made up by cotton yarn (38%) and cotton fiber (9%); there were significant purchases of oranges (16%), vegetables (onion, garlic), essential oils (8%), and perfume and cosmetic products (14%). Technical and economic assistance to Egypt of the Soviet Union was widely implemented in establishing industrial and energy enterprises, developing agricultural projects.

By the end of 1986 97 objects were put into operation in the country. There were new industries appearing (aluminum, machine-tool, coke-chemical, etc.). Some objects were unique by world standards. Among them — the Aswan dam and hydroelectric power plant (2.2 million kW), as well as the power system on a nationwide scale. The electric power worked out by Aswan hydroelectric power plant only during 1981—1985s provided conditional economy of fuel for the sum about 3 billion dollars. As a result of irrigation from the dam crop area in Egypt increased by 20%, gathering of corn, rice and sugar cane increased respectively by 2.2, 1.7 and 3 times. The effect of the operation of the Aswan hydraulic complex by the end of 1980 exceeded the cost of its construction by 5 times, which were 320 million pounds sterling. Electricity transmission lines, constructed in Egypt, with the Soviet assistance, amounted to 3.5 thousand km.

In 1977, the aluminum plant in the Nag Hammadi of the capacity of 166 thousand tons of aluminum a year was put into op-
eration, then Helwan Iron and Steel works was built (1.5 million tons of steel per year). About 70% of the aluminum produced was exported, providing currency earnings for the country (which only in 1980—1985s reached 0.5 billion dollars).

Of great importance in the cooperation with Egypt was preparing national staff. By mid-1980s 45 training centers had been established which had trained over 100 thousand professionals and middle technical personnel.

N.S. Patolichev paid much attention to the recruitment of personnel to carry out large-scale key tasks. Thus, for the post of USSR Trade Representative in Egypt, he recommended Ph.D. Ivan Semyonovich Matyukhin, who had already been tested on ordinary work in that country. He had worked out a method for pricing of different grades of cotton and negotiating arguments useful for us in the purchases of long staple cotton. During a parade in Cairo, I.S. Matyukhin, being on the governmental tribune next to the President Anwar Sadat, miraculously survived under a hail of bullets of rebels, who killed the President and his confidants.
The final section of the book about Nikolay Semyonovich Patolicheev has been prepared on the basis of the materials of scientific-practical Conference (on September, 23, 2008) devoted to the 100th anniversary of his birth.

Remembering the Minister, the participants paid tribute to his contribution in organizing production of armaments and military equipment at the evacuated plants in the southern Urals during the Great Patriotic War and in post-war reconstruction of the economy, and of course, in the development of foreign trade of our country. Below there are statements of the participants of the Conference, reproduced in brief, describing him as an outstanding statesman and a humane personality.

B.N. Pastukhov, Senior Vice President of the Chamber of Commerce and Industry of the Russian Federation, leading the conference:

I believe you will support me if I say that the significant occasion has gathered all of us in this hall today. This day, Nikolay Semyonovich Patolicheev would have celebrated his 100 years old. And our scientific-practical conference is devoted to this event. Let me on behalf of its organizers, the Chamber of Commerce and Industry of the Russian Federation, of its President, Yevgeny Maximovich Primakov, who, unfortunately, these days is out of Moscow, of “Expocentre” warmly welcome all of you to this scientific-practical conference devoted to 100th anniversary of the birth of a conspicuous statesman, Nikolay Semyonovich Patolicheev.

Today, surely, a lot will be told about Nikolay Semyonovich, about a man who devoted his life to service of the people, service of his national homeland. He worked on the various posts in several regions and republics of the Soviet Union. I was fortunate enough to be familiar with Nikolay Semyonovich Patolicheev and had an honor to communicate with him more than once.
He worked continuously, and devoted himself to the work. Once, during a break of a meeting I told him: “Nikolay Semyonovich, why don’t you write a book of memoirs — a lot of people do write nowadays, you know. We’ll publish it in Goskomizdat quickly, nicely, with a portrait”. He looked at me slyly and said: “I have written a book, but I’ll think about it“. — “Well, we’ll work with you,” — I added.

The first volume has come out. Those who have not read it should do it. It is one of the few memoirs written honestly and professionally.

Nikolay Semyonovich was also unique because for 27 years he had been heading one of the leading agencies there were in the Soviet Union. The Ministry, which in many respects determined not only the budget revenue, but also scientific and technical progress, the establishment and strengthening of the leading industries of the national economy. Nikolay Semyonovich did a lot for our country to be strong and rich, for people to live well. And his whole life could have served an example for his contemporaries and those who were younger in those days, as if he had told them: “Try to work as we do.”

Greeting of Minister of Foreign Affairs of the Russian Federation, S.V. Lavrov:

I cordially greet the participants of scientific and practical conference and meeting of veterans dedicated to the 100th anniversary of the birth of a conspicuous statesman, Minister of Foreign Trade of the USSR, N.S. Patolichev.

The name of N.S. Patolichev relates to important historical stages in the life of our country — the organization of production during the Great Patriotic War, the restoration of the national economy after the Victory. However, most fully a talent of the leader was revealed on a post of the Minister of Foreign Trade of the USSR. The Ministry headed by him during 27 years and the foreign trade organizations were the tools of economic modernization and creation of large high-tech industries.

Today, when the Russian economy is passing resolutely to the innovative development, the experience of Nikolay Semyonovich
has a special meaning. His distinguishing qualities — selfless dedication, the ability to prioritize work intelligently, persistence in achieving goals — will continue to be demanded by all who consecrate the life to the service of the country.

I wish the participants of the conference fruitful work and all the veterans of Foreign Trade — good health, wellbeing and all the best.

**Greeting of Minister of Economic Development of the Russian Federation, E.S. Nabiullina:**

Today, Nikolay Semyonovich Patolichev, a large-scale organizer, an experienced businessman, a skilled diplomat, a head of the Ministry of Foreign Trade in 1958—1985s, would be 100 years old.

The Ministry of Economic Development of the Russian Federation, as successor of the Ministry of Foreign Trade, always with respect and pride mentions his name. Quite some time now it became usual to refer ironically to the specifics of the trade cooperation of the Soviet Union with the countries of national democracy and developing countries. At that time the policy prevailed over the economy. But even in those conditions, substantial results were achieved in developing the productive forces of our country and its integration into the global economy.

Its place among the leaders of the world energy market Russia has been holding to great extend thanks to the efforts of the USSR Ministry of Foreign Trade and personally Minister N.S. Patolichev. Concluded with his direct participation trade agreements and interstate contracts have been continuing to provide a solid basis for prospective, equitable, diverse and mutually beneficial cooperation. They have been tested not only by the time but also by the change of a political system. Goals of the diversification of exports and industrial and technical cooperation are reflected in plans of long-term development of Russia.

Celebrating of the 100th birthday of Nikolay Semyonovich Patolichev, the conspicuous statesman and patriot, is not just an ordinary anniversary celebration, but also an excellent opportunity to recall his serious merits for the Fatherland, which new Russia should know and appreciate.
Greeting of Governor of Chelyabinsk Region, P.I. Sumin:

Nikolay Semyonovich Patolichev’s activity will live forever in the memory of the people of the South Urals, in the golden pages of Chelyabinsk Region’s history. In the years of industrialization he was a youth leader, during the Great Patriotic War as the first secretary of Chelyabinsk Regional Committee and City Committee of the All-Union Communist Party of Bolsheviks he organized the work of evacuating to Chelyabinsk region factories from the occupied territories, of getting military production going. Largely thanks to the work of N.S. Patolichev the region became a legendary Tankograd, made an enormous contribution to the great Victory. Nikolay Semyonovich played a particular role in the development of Ukraine, Belarus and Uzbekistan. His activity as the head of the Ministry of Foreign Trade gave new impetus to socio-economic development of the whole country. The people from the South Urals are proud that our region is developing on the foundations laid by such patriots and unique personalities, as Nikolay Semyonovich Patolichev that we are connected with his life and work.

V.L. Malkevich, General Director of the Central Exhibition Complex “Expocentre” Dr.sc. (econ.):

The history of Russia has been created and is continued to be created by specific people. The names and biographies of the sons, selflessly serving their homeland, remain in people’s memory, despite the change of socio-economic foundations of a society. Moreover, their actions and way of life keep link of times, the succession of generations, educate highly moral attitude to our history.

Among such people we can truly name Nikolay Semyonovich Patolichev, a legendary man, a bright talented person, one of the outstanding statesmen of the Soviet Union of 1930—1980s. He was Twice Hero of Socialist Labour, the only cavalier of 11 Orders of Lenin in the country.

During his multifarious and formidable life Patolichev attained outstanding achievements in various areas of activity. The theme of my speech is the foreign trade of Russia from 1958 to 1985 under the direction of N.S. Patolichev.
However, I would like to recall that this period was preceded by his position as a leader of Yaroslavl Region from 1939 to 1941, Chelyabinsk Region (also called the “Arsenal of Victory”), as the Secretary of the CPSU Central Committee, a member of the Central Committee of the Communist Party of Ukraine from 1942 to 1946, as well as the post-war head of economic rehabilitation of the Rostov region, and finally, the leader of long-suffering Belarus from 1950 to 1956.

Here are outstanding representatives of the Chelyabinsk region and the Republic of Belarus, many associates of Nikolay Semyonovich, whose bright memory has remained in their hearts. Let me thank Victor Ivanovich Andrianov, who wrote a wonderful book about Patolichev and Natalya Nikolaevna who faithfully keeps everything connected with the name of her father, his life and work.

For 27 years Patolichev headed unchangeably the foreign trade of the Soviet Union. In his memoirs, he had no time to tell about this period. But just then, and largely thanks to his talented management, the role and importance of foreign trade in the economy of our state has changed dramatically.

And after all when in August, 1958 N.S. Khrushchev invited Nikolay Semyonovich to his study and literally dumbfounded him by saying: “Go into foreign trade”, Patolichev, as he later often recalled, objected that he had no idea about foreign trade.

Then Khrushchev with pressing clarified that offered him not to become someone else, but the Minister. At what having a healthy sense of humor, Nikolay Semyonovich replied: “Well, if the Minister, it is another matter!”

At that time, foreign economic relations had become complicated by a hostile international situation in conditions of “Cold War”, and the absence of comprehensively acting infrastructure in the USSR to expand a trade turnover with foreign countries.

A new Head of the Ministry of Foreign Trade considered one of the first tasks the early overcoming dependence of the USSR on foreign shipping companies and actually existing restrictions on freighting ships and further creating own powerful merchant marine fleet.
For this purpose Patolichev toured the world’s largest shipyards, attracted to the work dozens of ship-building enterprises around the world. As a result, the Soviet Union got powerful sea and river fleet, and the problem of dependence on foreign carriers was largely removed.

Today it is clear that the current energy advance of Russia to world markets would have been impossible without a solid basis for trade in energy resources, made by Patolichev.

Since 1960s throughout a quarter of the century an ever-growing dependence of the country on food imports had arisen. Thus, by 1985 cereal imports increased to 44.2 million tons, animal oil to 276 thousand tons, raw sugar — to 4.3 million tons. In these conditions, by 1980 the export of the main exchange goods could no longer provide the ever-increasing imports of food, without detriment to national economic development.

Exactly for solution of this problem Patolichev suggested using natural gas supplies, which when he was the Minister greatly increased. “We are building a bread-bringing pipeline,” — the Minister spoke figuratively in those years. But to implement these plans it was necessary to overcome many difficulties.

In 1962 soon after the Caribbean crisis, the West imposed an embargo on exports to the USSR of large diameter pipes for building oil and gas pipelines. Chancellor Adenauer urged steel companies of FRG to cancel the concluded with the Soviet Union agreements on supply of 130 thousand tons of steel pipes.

In that unfriendly atmosphere the Ministry had to be creative, and the result was achieved: several European countries, for example Great Britain and Italy, refused to adhere to these sanctions.

Parallel to the imports in the country its own production of large diameter pipes has been arranged. Transactions on “blue fuel” with Western countries were signed. The partners were German concern “Ruhrgas” and Italian “ENI”.

And in February, 1970 Karl Schiller, the Minister of Economic Affairs of the FRG and Nikolay Patolichev signed an unprecedented contract “Gas — Pipe” on natural gas supplies to West Germany — about 3 billion cubic meters a year for 20 years. In
1971, the similar 20-year contract was signed with Finland. This was the beginning of a real breakthrough of Russian natural gas to the West. There was a chain reaction of signing gas contracts with other countries. Behind all these transactions of the century there were two adherents-ministers — Nikolay Semyonovich Patolichev and Alexey Kirillovich Kortunov (the Minister of Gas Industry).

It was under Patolichev that the work on increasing competitiveness of domestic machinery, comparative analysis of trends in sectors of the economy of the USSR and the West, the choice of products and technologies meeting best the needs of the domestic industry was put on a constant basis.

Real development got new forms of foreign economic relations: compensation agreements, trade in licenses, an international industrial cooperation (including on a balanced basis), leasing, etc. New qualified employees were also required. For these purposes at the initiative of the Minister leading experts from the industry were invited to the Ministry of Foreign Trade.

Thus, in the framework of the development of chemical industry 50 industry representatives were sent to the All-Union Academy of Foreign Trade, mastered the basics of organization and technique of foreign trade, mastered foreign languages. Later, they participated professionally in purchase, installation and commissioning of modern imported equipment.

From 1960 to 1986 in the country there were put into operation 5.5 thousand plants and installations based on imported complete equipment, including: Oskol Electric Steel Works, Novolipetsk Steel, the Belarussian Metallurgical Plant in Zhlobin, Kostomuksha and Norilsk Mining and Processing Plants, Svetlogorsk Pulp and Paperboard Mill, West Siberian complex for processing of associated petroleum gas, Astrakhan gas condensate complex, Tomsk petrochemical complex and Sayan Aluminum Complex and also seven tire works. Thus, each contract was preceded by heavy commercial negotiations, bargaining over the price of many millions of dollars and sometimes discontent of the branch Ministries, and even the country authorities, connected with so-called tightening the time of signing contracts.
PART II. Foreign Trade of the USSR in 1958—1985

Drawing the fire upon him Nikolay Semyonovich demanded from us to prepare thoroughly for negotiations, to use competition between the companies of the West, to know the partners and defend the interests of the country, achieving high commercial returns.

In cooperation with foreign companies on the basis of complete import equipment the Volga Automobile Plant was built, which for many years has been meeting basic demands of the population in cars, and later — KAMAZ, which provided the country with heavy vehicles. By the way, under these contracts during the negotiations prices were reduced substantially. Let us remember that the modern car is a product not only of motor industry but also allied industries — metallurgy, chemistry, electrical engineering, instrumentation, and advanced network of technical service.

The Ministry fulfilled a huge amount of work to promote domestic products on the world markets. For example, exports of passenger cars from the USSR amounted to more than 300 thousand a year. Unpretentious Soviet equipment and vehicles, intended to work in a wide variety of climatic conditions, were bought on every continent.

In 1970—1980s besides hydrocarbons physical volumes of the sales of a number of ferrous and nonferrous metals, mineral fertilizers, pulp and paper products, products of machine-building complex increased significantly. At the beginning of 1970s more than 1 million domestic trucks and passenger cars, 250 thousand tractors, 50 thousand metal-cutting machine tools, 2 thousand aircrafts were operated abroad.

And today’s export of chemical products, metallurgy and engineering, not to mention the energy sources, are largely based on the backlog created during the work of Patolichev.

Growth of export-import operations was greatly contributed by a powerful organizational infrastructure established under the leadership of Patolichev to ensure foreign economic activity. Thus, by mid-1980s 50 foreign trade organizations operated. This made it possible to react more effectively to the demands of industries and at the same time to develop their export possibilities.
The All-Union Chamber of Commerce was reorganized into the USSR Chamber of Commerce and Industry and its structure was broadened with Chambers of Commerce of Union Republics, branches in the regions of the RSFSR and missions abroad. There appeared specialized organization for holding international and foreign exhibitions in the USSR and national exhibitions abroad — “Expocentre”. With the active participation of Nikolay Semyonovich the World Trade Center and first pavilions of “Expocentre” were built at Krasnaya Presnya, organizations “Sojuzpatent” and “Soyuzexpertiza” operated successfully.

During the period of Patolichev as a Minister of foreign trade turnover of the USSR increased from $2.5 to $167.2 billion. It was the maximum for all history of the USSR foreign trade turnover. The credibility of a reliable partner has been earned by our country over the years in world trade and that was no less important.

Unfortunately, not everything done by Patolichev is used to the full. I am convinced that much of his heritage is still needed for the future generations.

M.J. Medvedkov, the Director of the Department of Trade Negotiations of the Ministry of Economic Development of the Russian Federation:

Dear colleagues, I fully agree with Vladislav Leonidovich, who has pointed out two very important things. The basis of our present welfare in the energy sector was laid in those days, with the participation of Nikolay Semyonovich Patolichev. The foundations of our export potential with the goods with a high degree of processing — it is steel, it is chemistry, and many others — were also laid at that time. But I would like to note that exactly in 1970s — the beginning of 1980s a foundation for trade and political interaction of Russia with foreign countries was created. Exactly then the Ministry of Foreign Trade of the USSR signed about 100 agreements with different countries of America, Africa and Europe, which are still in force and which created quite a comprehensive trade regime.

The main of these agreements specified a most favored nation treatment and thus eliminated greatly discrimination of the So-
viet goods in foreign markets. They are used till now, so those impressive figures of trade turnover, which we are witnessing now, are largely possible because this trade turnover is implemented within the framework of the agreements which were concluded in 1970s.

But it’s not all. The decision on the accession to the GATT and then to the World Trade Organization was taken as far back as the 1970s. Nowadays, after all, we are entering the phase when our accession to the WTO is effected. This is the result of the lengthy negotiation process launched as early as at N.S. Patolichev’s time.

I came to work in Vneshtorg in 1979, and my first file was connected with the embargo, which we did not recognize at the time, imposed by the European Union regarding the supply of some goods from the Soviet Union. I remember the meeting with of Nikolay Semyonovich, when we suggested a number of measures on the import of the goods from the EU.

Nikolay Semyonovich listened and said: “A trade war? Well, if it’s a war, the rearguard is necessary, backs are necessary, reconnaissance is needed, reliable defense is necessary in case the enemy breaks. Do we have it all?” We kept silent. He said: “Let’s try not to fight but find a peaceful solution”. And it has worked. During a year we have been negotiating with our partners, and gradually the embargo — a ban on the import of the Soviet goods — faltered, and trade revived. Since then we have hardly faced these problems.

So it is obvious: that what we do now, what the Ministry of Economic Development is doing as the successor of the Ministry of Foreign Trade of the USSR — is the continuation of those basic ideas that had been formulated, and the implementation of which had begun at Nikolay Semyonovich Patolichev. It is integration of Russia into the international trading system; it is mutually advantageous cooperation with all states which want it. And, of course, Russia’s accession to the World Trade Organization will be a logical step in this process.

We will have to rebuild relationships with business, because participation in international organizations is not an end in itself,
but an ambition to provide the ongoing and long-term interests of our companies that are entering the world markets. And we are confident that using the experience of our predecessors, we will be able to do it.

I am sure that not only will the willingness to mark the 100th anniversary of Nikolay Semyonovich Patolichev’s birth imply a vivid celebration, but an excellent opportunity to remind of the merits for the Motherland of the outstanding statesman and a patriot whom new Russia should know and appreciate.

I.D. Ivanov, member of the Russian Academy of Sciences, Chairman of the Committee for the Promotion of the external economic activity of the Chamber of Commerce and Industry:

“I worked with Nikolay Semyonovich mainly in preparing and holding international conferences, when in the Soviet Union; in addition to the traditional bilateral our multilateral economic diplomacy was being formed.

It was a new and complicated matter, but even then, thanks to Nikolay Semyonovich, on that field a lot of advances had been achieved. With his direct participation, for example, the United Nations Conference on Trade and Development — UNCTAD was born, and inside it — a well-known “Group 77” of developing countries and non-aligned countries with which we cooperated actively. At the same time a “Group D” of the socialist countries was also born, headed by the Soviet Union. In the specific commercial terms we succeeded in getting extended a system of tariff preferences for exports to our country, and having accepted the Code of the linear marine navigation, and though we lost nearly all our fleet in the years of the “reforms”, there is a blueprint how to restore it and come back on the shipping routes.

We have joined many conventions on the protection of industrial property and through them we are increasing now not only material but also immaterial, intellectual assets which are so important in a modern international competition. Finally, we have signed many international commodity agreements to stabilize prices of the Soviet imports and exports.
By the way, in the years of N.S. Patolichev’s work in the Ministry of Foreign Trade the highest share of manufactured goods in the Soviet exports has been reached, about 500 Soviet (mixed) companies worked abroad with state support, through which these goods were sold. This list of the achievements could be continued easily.

If to speak about the impressions of working with Nikolay Semyonovich, at all international forums, he carefully worked out his public speaking. They were not some bafflegabs but speeches, full of reality, clearly explaining the positions and interests of the country, outlining the framework for specific agreements, and facilitating rapprochment for us and our partners. The Minister himself did not shied away from specific talks with separate countries and groups of countries, and we, the ordinary negotiators were given some freedom of maneuver.

I would like to say what many people sitting in this hall know very well. Nikolay Semyonovich really cheered for his branch of economy, at him it acquired “social environment” (although later it was lost), became a priority for the country, where labour was appreciated by high Governmental awards. It, unfortunately, contrasts with the attitude to the work of many post-Soviet industry ministers, without professionalism. As a result, foreign trade no longer exists as a branch and now is fragmented among different departments, although it feeds the country and forms its reserves.

I am sure that business can be remedied only if in the foreign trade of Russia a statesman, a professional of similar caliber appears once again.

A.N. Spartak, Director of the All-Russia Market Research Institute (VNIKI), Dr.sc.(econ.):

We have gathered on the occasion of the centenary celebration of the prominent leader of the Foreign Trade — N.S. Patolichev, who made a lot for developing industry, transforming the Soviet Union into a powerful trading state, the presence of which was felt in the most remote corners of the globe.
VNIKI has been always closely integrated into the Ministry of Foreign Trade and participated in the informational and analytical support and large-scale realization of all major external economic tasks. Thanks to the constant attention and support from the leadership of the Ministry and personally from N.S. Patolichev, VNIKI has become a leading national research and consulting center on the problems of foreign economic activity, the most authoritative and well-informed domestic institute, as to the foreign economy and commodity markets, conjuncture and formation of prices.

The 100th anniversary of the birth of N.S. Patolichev, the outstanding statesman, patriot, the architect of the advanced model of the foreign economy of this country — is a good occasion not only for warm, friendly memories of the past, but also for the comparative analysis of the processes that took place in the foreign trade of the country during the work of Patolichev as Minister and those which are observed nowadays. From this analysis we can draw many useful lessons for modern Russia.

Objective economic factors determine the nature and direction of participation of our country in the international division of labour.

Fuel and raw material specialization formed in 1970—1980 remains to this day, but the scale of such specialization and the extent of its influence on domestic economic processes have increased significantly. If in the first half of the 1980s the supplies of fuel accounted for about 50% of total domestic exports, by now they have reached almost 70%. Overseas sales of energy resources have become in recent years a key factor in improving the macro-economic dynamics, providing from $\frac{1}{3}$ to $\frac{2}{5}$ of the annual GDP growth.

Today Russia exports oil and petroleum products by 2.2 times more, and natural gas — by 2.8 times more than the whole Soviet Union in 1985. Nowadays around 45—50% of all fuel produced goes for export, whereas in 1985 — only 16%.

The “energy” mobilization brings additional currency incomes, even super incomes in the favorable world market conditions, but it also creates systemic risks for the national economy.
Slump in oil prices in 1986 (approximately 60% of exports to the capitalist countries) and their repeated reduction in 1988 led to the final imbalance of the socialist economy of the former USSR and brought it closer to collapse. The reduction in oil prices by 1/3 in 1998 led to the destabilization and destruction of the monetary system of Russia.

Now the situations is different, there are considerable gold and foreign currency reserves, including special treasury funds and Russia seems to have a buffer. At the same time it is extremely difficult to prevent falling of the stock market and capitalization of the leading domestic companies, “escape” of private capital from the country, “slide” in the mobilizing economy, where the tasks of development and, especially, innovative development are marginalized and the main thing becomes the achievement of self-sufficiency and macro-economic stability at any cost.

At the beginning of July, 2008 the oil prices reached a peak, having surpassed the mark of 140 dollars per barrel, but later they dropped by 40% by mid-September at the background of the burst in the U.S. financial crisis spreading rapidly to the major developed and emerging markets.

At the background of the reducing competitiveness of the majority of domestic processing industries, both the Soviet Union and Russia in a certain period, albeit with varying degrees of severity, faced the problems of rapid growth of imports, increasing its share in the domestic consumer market.

In comparative prices imports of the goods of the former USSR increased in 1990 against 1970 3.1 times, exports — by 1.85 times, and in 1989—1990s the trade balance run into the red. The share of consumer imports in total amount of import of the goods increased substantially in 1970—1980s and was within 30—35%.

For the current decade the same negative developments have been taking place in Russia, but even more distinctly. With the growth of GDP for 2000—2007 by 1.7 times, the imports in real terms and in value increased by 6.6 times (exports respectively by 1.8 and 4.8 times).
The share of consumer goods in the total amount of the Russian imports (including import of the goods by physical persons) — about 40% in 2006—2007s — practically has no analogues in world practice. Nobody “eats” its foreign exchange earnings so actively, but on the contrary, the absolute majority of foreign countries seek to capitalize imports, direct it to ensure a continuity and efficiency of production processes. In the developed countries, widely participating in intra-industry trade, the share of consumer imports fluctuates within 20—30%, in the countries with transition economy, reaches 15—20%, whereas in the dynamic developing countries fighting for their place in the sun, this indicator is by times, unless by an order of magnitude, lower (4% in India and China, 8% — in Malaysia, 9% — in the Republic of Korea, 10% — in Brazil). In our country purchases of consumer goods, particularly industrial consumer goods, in the current year continue to grow faster against all import.

The modern import to Russia very often has an aggressive nature and it is aimed at displacement and suppression of local production.

Along with a number of similarities in the patterns of foreign trade and the international specialization of the former USSR and modern Russia there are significant differences between two periods.

The main difference is that during the Soviet period, the state paid much more attention to all complex of functioning in the sphere of foreign trade; it was engaged more actively in foreign trade’s development, improving forms of trade and economic cooperation, supporting exports. Responsible, — consistently to its role in the domestic economy, — the State’s attitude to the foreign trade, despite the negative moments mentioned above, allowed more or less persistently to work at improving parameters of foreign trade exchange, to increase the contribution of foreign trade in the solution of economic tasks.

In 1980s of the last century in the structure of the Soviet exports, while with total fuel and raw material orientation, nevertheless up to 30—35% was made up by the sale of machinery, equipment and vehicles (14—18%), industrial and consumer goods
The volumes of equipment and materials for the objects being built abroad with the technical assistance of the USSR were significant. In 1980 about 25% of all manufactured cars were exported, 35—40% — of still cameras, 30% — of watches, up to 20—30% — of all produced rolling-mill equipment, of the equipment for textile, timber, pulp and paper and woodworking industry.

Nowadays the products involved in technological cooperation are presented in export extremely poorly, the share of high-tech goods does not exceed, even with wide interpretation, 2.5% (in the Philippines — about 40%, in Malaysia and the Republic of Korea — is approaching 20%, in China and Hungary — 15% each). The share of machinery and equipment and industrial finished products in the Russian exports to the developed countries, in most cases is less than 1%. There is an obvious washout of the products of high degree of processing from the export structure because of their low competitiveness and other factors. As a result, the three stable items of raw commodities make up almost 70% of the total Russian exports. Such international specialization leaves little chance for the country’s active positioning in the world economy.

While having certain problems the import during the Soviet period nevertheless performed and quite successfully, the function of modernization. Due to the import there were considerably renewed the fixed capital assets in a number of sectors, primarily working for consumer demand, mass purchases of complete equipment allowed to put into operation a large number of modern plants and factories, till now carrying the basic production load in the industry. In 1980s we imported 50—70% of all equipment purchased by domestic enterprises for foodstuffs, textile and chemical industries.

Nowadays the degree of depreciation in most Russian industries exceeds 50%, but the import of technological equipment is still limited, and the purchase of complete plants — of nominal character. The majority of domestic entrepreneurs prefer to “squeeze” everything possible from existing fixed assets, with-
out resorting to costly investments in the imported equipment, to save today, but to lose much in productivity and efficiency tomorrow. According to official data of the Russian Federal Service of State Statistics, investments for the purchase of import machinery, equipment, vehicles in 2007 accounted for 17.8% of the total amount of similar investments into the Russian Federation (this indicator has decreased in recent years).

It is clear that successes of the Soviet Union in foreign trade development relate to qualitatively other period of economic history when there was a foreign trade monopoly and the state had all necessary leverages to impact upon trade flows. Now the market and the objective possibilities of state intervention in the functioning of the foreign trade are very limited. However, in our opinion, the matter is not only in distinctions of the economic environment.

In the USSR there was a well-established system of management of the foreign economic relations, based on a carefully selected, highly qualified staff of professionals — employees of the Ministry of Foreign Trade, fifty specialized foreign trade organizations, a complex of scientific and educational institutions (among them — the All-Russia Market Research Institute, having its own commercial correspondents in many countries, and the All-Union Academy of Foreign Trade), an extensive network of nearly a hundred of foreign trade and economic missions, a wide range of different tools to support and promote exports, which made it possible to resist effectively to foreign competition, to implement consistently accepted branch and geographical priorities in the development of foreign trade. In the center of this system there was a specialized full-fledged foreign trade agency — the Ministry of Foreign Trade (later — the Ministry of Foreign Economic Relations), bearing all responsibility for the state of foreign trade industry. The existence of such ministry was not challenged by anybody and ever because the welfare and prospects of economic development of the country depended greatly on the foreign trade.

What do we have today? Independent external economic agency has not been in existence any more (it has been absorbed
by a new super ministry — MEDT in 2000), specialized state intermediaries — foreign trade and external economic organizations have almost disappeared (although their contribution to the solution of vital foreign problems could have been rather essential), a number and staff of the foreign trade missions has declined significantly. Very little has left from the state support of the export. After reorganization in 2004, the Department of Export Support of the Ministry of Economic Development and Trade was abolished. Mechanisms of the financial promotion of exports are still in the stage of trial run, allocated for this purpose budget funds due to bureaucratic and other obstacles are not used completely, and the volumes of financing are times, even dozens of times less than the scale of the former official state credit support for export abroad (the volumes of medium- and long-term state financial support of exports for 2005—2007s provided in Russia — 1.85 billion dollars — were by almost 15 times lower than similar expenses of the USA and Italy, almost by 20 times — than in France and Germany, by 25 times — as compared to Canada and by 30 times — China). There is no articulate system of information and consultation support of the participants of foreign economic activities and the enterprises often do not know where to approach for advice and get the needed external economic information.

It is particularly sad, that all recent time foreign economic relations of the Russian Federation have been going without clearly defined goals and guidelines. Soon it will already be four years, as external economic strategy of the Russian Federation is being worked out in the shade of the oil revenues. Just recently the agreed version of the Concept of long-term socio-economic development of the Russian Federation have appeared, but the coherent industrial policy with clearly articulated branch priorities has not been done. It is time to define the goals and priorities in the development of external economic activities, having concentrated the focus on institutional reform, ways and mechanisms to enhance the role of the state in creating favorable conditions, incentives for development and improvement of foreign trade activities.
Now it is a matter of priority. The division of functions of state administration in the sphere of foreign trade activities which happened in May and June this year, between the Ministry of Economic Development and Trade (now responsible for foreign economic activities without foreign trade) and the Ministry of Industry and Commerce (in new quality supervises foreign trade), in our opinion, has an artificial, far-fetched character and dramatically reduces the potential of the state influence on the development of the external economic sphere. Precisely at the moment when this sphere desperately needs of the state protection, unity in adopting and expediting implementation of decisions, systematic approach in mutual relations with authorities and a clear distribution of responsibilities for implementation of specific external economic tasks.

It turned out that the previously unified system of management of foreign economic activity had been divided into separate fragments, which in principle can not exist without close interaction with each other. Protective and non-tariff measures were separated from the tariff (moreover, at first, the competence of the protective measures were divided even between the departments: for some time non-tariff regulation of trade in agricultural products went to the Ministry of Agriculture, and the border instruments combining elements of tariff and nontariff regulation, such as tariff quotas, generally were suspended in the air); support of export and access to foreign markets are cut off now from bilateral agreements and intergovernmental commissions, although they all are the links of one chain, because exactly export promotion and improvement of market access are the priorities of state departments and the intergovernmental commissions; trade missions were in some kind of vacuum, since increasing efficiency of which was attributed to the alignment of a unified system of information and advisory support. However, the authorized staff of the trade missions was redistributed to the Ministry of Industry and Commerce.

The list of appeared organizational and other absurdities, various inconsistencies and intersections can be continued, but the problem is obvious — in that situation the federal executive au-
thorities are simply unable to provide unified, effective foreign economic and trade policies, to provide Russian companies with full-scale, productive and ongoing support in foreign markets. But today, in the conditions of sharp deterioration of the global general economic and market conjuncture with very uncertain prospects of the further development, the widespread strengthening of competition, the demands and expectations from the state external economic and trade policy are higher than ever before.

In our opinion, the level and the character of the tasks currently facing the foreign economic sphere, make it impossible and unacceptable from the state positions a significant transfer of authority in this area to the branch department (branch departments). The industrial-technological principle of the distribution of functions of the state-control in the sphere of foreign trade is completely wrong, as the foreign trade in Russia — is, first of all, economic, even a political and economy category, it is a major catalyst of economic growth and increase of national competitiveness, the main foreign exchange earner, supplier of fiscal revenues and guarantor of macroeconomic stability. That is why we are talking about key economic function, instead of technical appendage of this or that production.

The Ministry of Industry and Commerce, as a branch ministry, just will not cope with the amount of the assigned tasks and, moreover, can not justify any positive expectations in connection with the reorganization. It’s not even a lack of relevant skills and competencies; there is need in a different environment, other coordinate system, allowing effective positioning of foreign trade in the national economy, and Russia and the participants of foreign trade activity — in the global market.

It is impossible in the modern world economic reality in the context of globalization to divide the goods and services, exports of goods and capitals, to separate the ordinary commercial transactions from the implementation of investment projects and constructing the objects abroad, to separate the trade mission from the support of export, the external economic information from the organizational measures, the functions of ensuring access to the markets from the commercial diplomacy — bilateral, regional
and multilateral. There are only two options — creation of an independent full-scale foreign trade department (as it was before the administrative reform in 2000) or returning all powers in foreign trade activities to the Ministry of Economic Development and Trade with simultaneous significant administrative, personnel, resource reinforcement of that block. Any other solutions can be only intermediaries and will worsen the situation.

In this case it is apparent, that a number of functions on rendering state services to the participants of foreign trade activities, following international practice, should be appropriate to delegate to specialized state or private structures working under the contract with the state. For example, financial export support and foreign investment should be concentrated in the national export credit agency, information and consulting services of the participants of foreign economic activities to outsourcing to the authoritative Russian Information and Consulting Centre (to the same OJSC “The All-Russia Market Research Institute”). All mentioned above will save budget funds and improve the quality and efficiency of state services.

Some words must be said about the staff of the professionals-employees of the Ministry of Foreign Trade. Because of the long precarious period of the external economic bloc in the system of the federal executive authority there were losses of the staff of the employees of foreign trade, top specialists, many of which went to non-core structures, and private business. Actually it is a question of “squandering” of the human capital of our foreign economic sphere, which recovery will take years, as in this case, apart from the sum of knowledge, including language, you need special skills — communication, negotiation, etc., and now it is a matter of long practice. Proper administrative and organizational decisions today still can help to mobilize, recruit highly qualified professionals for solving ambitious external economic tasks.

The main conclusion from all we have said is that we should remember and honor the past experience of state administration of foreign trade, which is closely associated with the name of N.S. Patolichev, see and use in practice the positive aspects of this experience, realizing its extremely high national economic impor-
tance, supra-departmental character and basic indivisibility of the external economic sphere as a whole. Hence, there is the urgent demand for one control center of management and decision — making on the whole spectrum of foreign trade activities.

A.A. Ezhevskij, a former member of USSR government (from 1962 to 1988), honored academician of the Russian agricultural academia, Hero of Socialist Labour:

The longer time is passing by — the more vividly the merits of N.S. Patolichev are shaping up. Nikolay Semyonovich was a bright personality, an outstanding statesman, a man of great managerial ability and of forward looking views. During the critical war-time he succeeded in a quick relocation of a big tractor plant to Chelyabinsk, in employment of 30 thousand workers and in starting (on the new site, in 56 days) serial production of famous T-34 tanks.

In later (post-war) years he managed to build up a big tractor plant in Minsk with a 100 thousand unit a year capacity. — Nowadays all 12 Russian plants produce only 14 thousand tractors.

I happened to have been the director of “Rostselmash” agricultural machinery plant. N.S. Patolichev together with V.L. Malkevich helped me to modernize the plant up to yearly capacity of 86 thousand combines (now the output decreased to 6 thousand).

Caring for better life for the people Nikolay Semyonovich paid much attention to developing material, intellectual and cultural values. He embodied bright humane qualities. We shall keep thankful memory about him.

J.V. Piskulov, Professor of the Russian Academy of Foreign Trade, Dr.sc.(econ.), honored economist of the Russian Federation:

I began working in the Ministry of Foreign Trade in 1956, coordinating with Nikolay Semyonovich’s guidance. It has already been mentioned that the problem of our today’s economy consists in the urgent need of innovation and modernization. It is quite obvious that the success of the developing, especially new industrial countries, in modernization of their economy on the basis of
hi-tech manufactures is a result of the thought over export-orientated industrial policy and development of various forms of the international industrial cooperation.

Today about 40% of the world trade is carried out on the basis of the long-term agreements on the international industrial cooperation, and in trade of finished, (including machinery) and production this share exceeds 60%. Development of the external economic complex of the USSR in 1960—1980s, as follows from the report of Vladislav Leonidovich Malkevich, — “the gold period” of the Soviet economy modernization with getting benefits of the international division of labor under the state monopoly on foreign trade. However, the weakness of the system, in many respects similar to the Japanese one, was lack of interest of enterprises in export.

The main principles and directions of the economy modernization were initiated and implemented by the Ministry of Foreign Trade through a single complex approach to the foreign economic and scientific-technical relations. They were based on the understanding of the value of the world market and export for the development of processing industry, especially machine-technical industries. That attracted Nikolay Semyonovich Patolichev’s and his colleagues’ attention, (including his Deputy, an outstanding industrialist foreign trade veteran, N.N. Smelyakov). The main reference point for them was the maximum increase of the share of machinery and equipment in export that reached 20—25%, and including special equipment, i.e. goods of military-technical industry, it reached a third of all export.

Cooperation with foreign firms in completing, modification of machinery and equipment supplied for export was an indispensable work of machinery and technical organisations and also of their foreign subsidiaries, such as “Konela” (“Autoexport”), “Koneisto” (“Stankoiport”).

The understanding of the value of production cooperation for economy modernization and increase in export of machinery and technical goods was constant. Patolichev’s indispensable requirement: “One should be engaged in the International production cooperation systematically and daily” — was successfully imple-
mented in trade with such countries as the FRG and Finland. We will ask Mister Vidomski, the Vice-President of “Nokia”, to comment on that fact later.

The unique document which was ahead of time, was the Long-term program of trade and economic ties of the USSR with Finland for the period till 1990, signed top-level in 1977, which gave a priority to the production cooperation, had a special appendix with more than 60 particulary worked out directions in the sphere of production-technological cooperation. As a result the mutual deliveries of the cooperated production between the USSR and Finland by the beginning of 1980s reached hundreds of millions of dollars annually. It included such hi-tech goods, as the equipment of automatic telephone stations “DX-200” and “Nokia” group communication facilities. And till today high technical are 110 electric locomotives of series “SR-1”, produced by the Novocherkassk locomotive construction factory in cooperation with the Finnish firm “Stremberg”, the companies of Sweden and Switzerland, supplied by “Energomashexport” in the late seventies to the Finnish railways. They are successfully operated now.

Here is another historic fact. Deep-operating hydro-apparatus “Mir”, constructed under technical specification of the Academy of Sciences of the USSR in 1980s by the Finnish company “Rau-ma-Repola”, considerably excel the corresponding American and Canadian analogs at their performance attributes even today. We could go on with the examples. Unlike today, when none of the ministries are engaged in production cooperation, then the divisions of the USSR Ministry of Foreign Trade were acting according the following scheme:

— technological provision, including examination on conformity to the international standards. The Main engineering and technical administration of the Ministry was engaged in it;
— organizational and technical support on behalf of the Central administrative division for export of machinery and equipment which performs coordination of communication of the foreign trade organisations with the industry;
— resource (with State Planning Committee participation) and joint trading-political provision of this cooperation with the
country-counterpart, in this case with Finland, on behalf of Section of production cooperation of the Secretariat of the Intergovernmental commission in Department of commerce with the western countries of the Ministry of foreign trade.

Interaction of components of the IPC, including communication with the industry, was performed on the basis of the specially developed by the Ministry of Foreign Trade the Statute about the International Production Cooperation.

Once again I will note labor inputs of that work, in the results of which the production enterprises (participating through the foreign trade organizations), were, unfortunately, not interested.

Elements of the international production cooperation were characteristic for the cooperation at a construction of industrial, power and other objects abroad by the Soviet organizations. The fact that intergovernmental commissions on the countries almost completely were in the Ministry, allowed to direct this activity, in particular with the State committee of economic relations, through the corresponding working groups of the International governmental comissions: on metallurgy, for example, at building of the metallurgical industrial complex “Rauta-Ruukki” in Finland or on power — at construction of an atomic power station “Loviza”. Today it would be useful to consider possibility of modernization of these and other objects constructed abroad with our participation at the time of Patolichev.

The international production cooperation was a part of partnership of the Soviet organisations and Finnish firms in the markets of the third countries. Technological and production cooperation was practiced at the Soviet order placement on vessels and equipment of timber and paper industries. Up to 10% of cost ordered by us in Finland vessels were completed with the Soviet equipment, also nuclear ice breakers were designed and constructed with installation of nuclear engines of the Soviet production.

At last, that cooperation was used at the large project constructions in the USSR, such as that of the motorcar giant plant in Tolyatti, objects on a compensatory basis, about which Vladislav Leonidovich spoke. Or on principles of “buy-back”, which ex-
perence, by the way, has been systematized and recommended by the European economic commission of the United Nations as one of the most important tools of development of trade “East — West”.

In modern Russia the international production cooperation, unfortunately, until recently takes an insignificant place in foreign economic relations which, in particular, explains insignificant share of finished products in our export. And it happens despite the large positive international experience, available methodical instructions of UNIDO, EU, other international organizations and theoretical groundwork in Russia.

One can say (especially adherers of the so-called neoliberal economic theory), that in the market economy production cooperation, including technological is a business of the enterprises themselves. But as everywhere in the world especially with shortage of finance and tight credits, in respect of the majority of the enterprises (of non-oil or gas industry) the goal of the state authorities is to help them to use production cooperation for innovative development and promoting industrial export by the industrial policy tools. By the way, the set of these tools is rather wide — decrease or cancellation of VAT, land and property taxation, import duties, establishment of special customs regimes, accelerated amortization (amortization is being thought of at last), decrease of transport tariffs, subsidies to R&D and local support, by the way, not prohibited by the rules of WTO.

To be fair, we should highlight, that nevertheless there are some allowances for the IPC, for example, within the CIS (the Ashkhabad agreement). There is a separate government decision in 2006—2007s on industrial assembly for car industry and on engines for aviation industry. However there are still no system measures in this respect. They are extremely necessary, considering tasks in view of innovative development of Russia with its raw economy and the intention to increase of innovative, technological goods in total production to 20% by 2020.

Today our share in the world market of “hi-tech” goods is only 0.3%. However, these are the very goods that make up the overwhelming part of international trade and global production.
That is why, dear friends, the heritage of Minister Patolichev and his colleagues is extremely actual today. And it is the matter of our honour to help to preserve and master this heritage. Many thanks to the team of the Ministry of Foreign Trade and to the professionals present here, veterans for their huge contribution to the development of our country’s economy. For us, veterans, the years of work with N.S. Patolichev were the brightest and the most effective years of our activity.

Stephen Widomsky, Senior Vice-President of “Nokia” group of companies (Finland):
Many of those who are present here don’t know me; therefore I want to tell some words about my work with the Soviet Union, and with Russia now. I started to work in your country in 1969, that is four decades ago. Since 1972 I have started working for “Nokia” group of companies, headed the department of trade with the Soviet Union. In 1984 I became the director of the so-called east trade, that is of the trade with the USSR and other socialist countries, for the entire “Nokia”. I had worked on this post till 1992, after that I began to supervise issues of commercial policy and the issues referred to cooperation with the European Community. From 1993 to 1999 I was the chairman of the board of the Finnish-Russian trade chamber. Till 2007 I was a member of the board, and since 2007 — the honorary member of the Finnish-Russian trade chamber.

There is a custom in Finland to reduce surnames of people, which are well known or very much respected. Perhaps because I am well known, I am called Wido. Deputy of Minister Patolichev, Mr. Manzhulo when he worked with Finnish enterprises and business circles, was called Manzhu. It not because the Finns were lazy to say “Manzhulo”, but because it was a sign of trust to the person, a sign of that he is rather close to them. By the way, mister Piskulov was called Pisku, and still now he is called so. In Finnish “piskaa” means “to hurry”, ”to force”, and in newspapers of the times of “perestroika” it was written, that he “piskaa” the Soviet-Finnish commission. In other words forces it to work.
And outstanding people, figures, large scale politicians also were called with such names. So, the President of the Republic of Finland, Mr. Urho Kekkonen for those, who respected him, was Urki. Nobody said “Kekkonen”, they said “Urki”. For some people the use of the reduced name meant that they knew him better than others, that they were close to him.

Why am I speaking about it? Because it testifies about the trust in our relations. I do not remember, that someone else of all outstanding Soviet figures was called in abbreviated form and with such respect, as Minister Patolichev. He was called Pato. When he was going to present at annual meetings of the Finnish-Soviet trade board at Helsinki, all asked: “Will Pato come?” Because if he comes, there is so many people, that it is even hard to enter inside. And if he did not present, there was less attendants. Everyone tried to get in one picture with Mr. Patolichev: whether in a picture for press, whether in a shot for television. Because it meant that the person in the picture with him is heavy in the Finnish business or political circles. For many people in Finland Minister Patolichev was the guarantor of continuation and development of trade.

In Finland Mr. Patolichev’s participation in any meeting was regarded seriously. His presence testified that the Soviet Union as the country and the Ministry of Foreign Trade go with the issues of our ties seriously.

Now some words about the work of “Nokia” in the USSR and today in Russia. Everything began in 1948, when “Nokia” group of companies performed the first deliveries of cable of different kinds. But very quickly we passed to the communication equipment. In 1963 the first deliveries of equipment for Mingazprom, then Minnefteprom, the Ministry of Railways and other departments were carried out. The communication equipment was mostly developed by the engineering requirements of our customers in the Soviet Union. It is necessary to underline the fact, that work with the specialists of the Soviet ministries, departments, organizations consisted not only in that they said, that they needed, and we said, what we could sell. It is possible to say we constantly improved our equipment with their help, with their assistance.
As you know, the installation of gas and oil pipelines is performed under the difficult environmental conditions. For other our customers the fact, that we delivered this equipment to oil and gas pipelines of the Soviet Union, was a proof of the reliability. They said: “If it works under such severe conditions, then it will work at our place.” In 1970 we began teamwork with the Ministry of Communications of the Soviet Union and delivered first digital technologies. Then the Olympic Games took place in Moscow. We also participated in the deliveries of various types.

But I consider 1981 was the most important for our relations with the Soviet organizations, when production of our equipment began at factory “Promsvyaz” in Minsk. We supplied the processing lines for production of transmitting equipment. The same year “Nokia” supplied the first digital telephone station for Leningrad. It is necessary to say, that it were the first deliveries of such hi-tech equipment by “Nokia” group of companies, it was surprising even for us, because we had minimal work experience with serious, large digital stations. Those deliveries, which were performed in Finland, weren’t so large. Therefore the trust, which the Ministry of Communications of the USSR gave us at that time, not only allowed to develop our research works, but also added confidence that we would cope with it.

Then there were conversations on organizing the coproduction of this equipment in the territory of the Soviet Union. Negotiations at technological level were finished successfully, but one organization interfered, which in abbreviated form was called KGB. The employees of this organization came with such question: “Listen, there is telediagnostics possibility in this equipment. That means that from any place in the country or even the world it is possible to enter into this equipment by electronic method and to change its characteristics”.

At first we laughed over it, but then understood, that such possibility really existed. And we were forced to make this equipment so that there were no possibilities to use it apart from peaceful purposes. There were attempts to adjust the co-production on the basis of the Soviet spare parts. This cooperation lasted till 1990.
As everybody knows, the clearing trade “failed” in 1990, then the trade started on absolutely other conditions, which are effective till now. Today Russia, Russian organizations are among main customers of our equipment in Europe.

Finally, I would like once again to mention the fact, that without the Soviet orders at that time, without close cooperation with developers and specialists, who needed our work, without those large amounts, which we received for this equipment supply, the position of “Nokia” group of companies today could have been quite different.

V.N. Getmanchuk, Counselor of the Belorussian Embassy in Russia:

First of all, let me express sincere appreciation and gratitude of the Embassy of Belorussia in the Russian Federation for the possibility to take part and address at the research and practice conference devoted to the 100th anniversary from of the birth of great state and public figure of the Soviet Union Nikolay Semyonovich Patolichev.

Life and career of Nikolay Semyonovich Patolichev were connected with the history of Belarus, with the destiny of the Belorussian people. N.S. Patolichev’s name is firmly entered in the contemporary history of Belarus. We Belorussians got luck, that the Communist Party of our republic in difficult 1950s was headed by N.S. Patolichev. The republic just finished to extinguish the war rockfalls, inhabitants of cities and villages got over from earth houses to houses and apartments. Human losses during the Great Patriotic War were impossible to be helped out. I remember, in our school I entered in 1951, out of all first-grade pupils only one of my age mate had a father. Others’ fathers died in Great Patriotic War lines. And still we grew and have built our Belarus.

The main support to it was the free aid of the people of great Russia in restoration of the terribly crippled by the war Belorussia. For a five-year period in 1950s about 150 large industrial organizations and over 200 medium ones started their operation in the republic under the direction of Patolichev. There were Minsk ball-bearing and watch factories, worsted industrial complex
The skilled leader Nikolay Semyonovich Patolichev, who in the days of the Great Patriotic War showed himself as a talented organizer of the defense industry, managed this whole process. He was a son of the people, his attitude to work people was respectful, he trusted to administrative employees in Belarus, was always ready to work himself, paying no attention to his time and health, as beholders say.

The Byelorussians highly appreciated and respected the new party leader. It wasn’t pure chance that at June plenum of the Central Committee in 1953, when under instructions from the top there was an attempt to dismiss Nikolay Semyonovich Patolichev from the post of the First secretary of the Central Committee of the Communist Party of Belarus, the communists of the republic did not support these instructions and kept on the leader. It was reaction of the people trusting in good and justice. Nikolay Semyonovich Patolichev remained in the memory of the Belorussians as a person, who had brought a huge contribution to strengthening and developing friendship, economic and cultural interrelations of two fraternal people.

On his personal initiative not only material aid was supplied from Russia. Qualified employees came to the republic, among them were engineers, economists, builders, who helped restoration of the national economy, and subsequently became a part of our Belorussian elite. In our republic thanks to the established traditions even today nobody feels distinctions either on national or on religious basis.

Belorussians are firmly connected with the Russian people by economic matters, culture ties and family relations and share the successes of today’s Russia in economic development with a feeling of joy; they are ready to throw their weight together with the
Russians behind our common interests in the foreign policy. We still live as one family of fraternal people, and the base of our relations was built by Nikolay Semyonovich Patolichev.

**S.I. Kolesnikov, a veteran, the First Secretary of Chelyabinsk Regional Committee of the Komsomol during the Great Patriotic War:**

First of all, let me express my great satisfaction at the fact that such a representative audience of friends and associates here gathered to celebrate the 100th anniversary of the birth of an outstanding party and state leader, our dear Nikolay Semyonovich Patolichev. Here senior officials of the former Ministry of Foreign Trade, the Chamber of Commerce, representatives of Belarus, of the foreign trade of Finland spoke. K.F. Katushev, former Minister of foreign economic relations is here. Under his guidance, when he was Secretary of the Central Committee of the CPSU, I happened to work for several years. And I know how attentively he regarded the development of foreign trade of the USSR, the activity of Ministry of Foreign Trade and helped in their work. Therefore it is pleasant that he, together with veterans of foreign trade, the associates of Nikolay Semyonovich, takes part in the scientific-practical conference devoted to the 100th anniversary of N.S. Patolichev.

Here the activities of Nikolay Semyonovich as Minister of foreign trade, his work in Belarus have already been talked about. The film shown here gave an impression of his work in Chelyabinsk. I seem to remain the last one who often and closely communicated with Nikolay Semyonovich and worked in Chelyabinsk during the Great Patriotic War. I worked as Secretary of the Regional Committee of Komsomol, and Nikolay Semyonovich is known to have been the First Secretary of the Regional Party Committee.

N.S. Patolichev was sent to Chelyabinsk at the beginning of January, 1942. Before, he worked in Yaroslavl: since August, 1938 as a Party organizer of the Central Committee of the All-Union Communist Party of Bolsheviks at Yaroslavl rubber plant, producing 80% of tires for cars; and since January, 1939 — as the
First Secretary of the Yaroslavl Regional Party Committee and City Party Committee. At XVIII Congress of the Party in March, 1939 he was elected an alternate member of the Central Committee of the CPSU, and in February, 1941 — as a member of the Central Committee of the All-Union Communist Party of Bolsheviks.

With the beginning of the Great Patriotic War the role of Yaroslavl region increased considerably, the area became a front-line, gave the army a reliable replenishment of troops, weapons, ammunition. But the Nazi troops were approaching Moscow, and a threat for the capital increased. In the middle of October, 1941 I.V. Stalin summoned Regional Committee Secretaries and a number of City Party Committees of the neighboring areas — Yaroslavl, Ivanovo, and Gorky — for discussing the questions of urgent construction of fortifications in the east of Moscow. After detailed discussion of this question, N.S. Patolichev asked to consider the possibility of evacuation from Yaroslavl a number of large plants, such as rubber plant, plant on production of aircraft engines in Rybinsk, and others because they almost daily were exposed to bombardments of Nazi aviation.

Comrade Stalin summoned A.N. Kosygin, other leaders, and the question of the evacuation of a number of important defense plants from Yaroslavl was immediately decided. The working people of Yaroslavl region launched a great work on the construction of fortifications and the task of the State Defence Committee was accomplished.

Soon, however, taking into account the importance of the Ural region in provision of the Red Army with arms, ammunition and equipment, and especially metal, the Central Committee of the All-Union Communist Party of Bolsheviks at the end of December, 1941 decided to appoint N.S. Patolichev the First Secretary of Chelyabinsk Regional Committee of the All-Union Communist Party of Bolsheviks. At the conversation in the Central Committee, he was told: “It is now more important to be there” — and offered to leave for Chelyabinsk on January, 1st, 1942.

On January 4, 1942 N.S. Patolichev was elected the First Secretary of the Regional and City Party Committees. Everyone
knew that he had been sent to the region for strengthening the leadership.

Nikolay Semyonovich drew up a plan to get acquainted with the region, the situation in key industries, at the largest plants. He started to talk to industry Secretaries of the Regional Committee who were responsible for the production of tanks, ferrous and nonferrous metals, transport etc. They were 23 in the Regional Party Committee. But on the second day of work there was a call from the State Defence Committee: “Immediately go to Chebarkul”. There a plant of the production of crankshafts for aircraft engines was being built.

The plants in the Ukraine and in Moscow Region happened to produce the same products, but they were evacuated, and crankshafts for aircraft engines were not produced. Not crisis but real disaster was going to be in aviation. The plant under construction in Chebarkul was huge, but there was lack of labor power, equipment, and no place for builders. There were incredible difficulties: forty-degree frost, there was no roof over the heads of working people. The coal was brought from afar, great fires were burned and, in such circumstances, in the open air our people built this plant.

Having arrived at the construction-site, N.S. Patolichev helped to attract an additional number of workers, to improve the provision of equipment, outfit, food. And in a short period of time the construction speeded up, and the plant was put into operation in March, 1942. The country received crankshafts for aviation.

And here was a new call. There was an extremely difficult situation in Chelyabinsk with electricity. Chelyabinsk Kirov Plant got a great program to increase the production of tanks; ferroalloy plant had to increase sharply production of ferroalloy for producing alloy steel, and the electricity for this were not enough. Chelyabinsk thermal power station in 1941 had a capacity of 50 thousand kilowatts. From the suburbs to the city of Moscow there one turbine with capacity of 100 thousand kilowatts had been evacuated (in the Soviet Union at that time there were only two turbines of this size) and two turbines of 50 thousand kilowatts.
The construction of thermal power station by the decision of the State Defence Committee was equal by importance to the construction of defensive lines at the front.

N.S. Patolichev went there. He asked the regional and city organizations of Komsomol to direct to the construction several hundred members of Komsomol, got the agreement of the directors of enterprises on sending young volunteers to the construction of thermal power station. At the construction the socialist competition was widely deployed, a sort of advanced “front-line” youth teams and shifts were created. Organization of work and construction management were improved. Nikolay Semyonovich constantly oversaw the construction of thermal power station, many times during day and night visited the construction. Due to the accepted measures, the help of the enterprises of Chelyabinsk the thermal power station was entered into service with new capacities ahead of schedule. And such examples of selfless labor of working groups for the accomplishment of all-important and extra urgent government tasks were a lot.

Someone of the members of the Political Bureau and members of the State Defence Committee who oversaw the separate branches of military production called daily the Regional Party Committee, and N.S. Patolichev. Therefore, since the first days of work in the Regional Party Committee he had to deal with many urgent matters, he went carefully into the situation in major industries — the tank manufacturing, ferrous metallurgy, production of weapons and ammunition. He regularly visited the most important enterprises, met the heads of plants, economic activists, best workers, searched for reserves to increase production of military products.

N.S. Patolichev paid a lot of attention to the work of the largest tank plant in the country, — Kirov plant in Chelyabinsk (Tankograd), which in 1941 was created on the basis of the famous Chelyabinsk Tractor Plant, tank production of Kirov plant in Leningrad, Kharkov plant of diesel engines for tanks. Also 1500 specialists from Stalingrad arrived at Chelyabinsk Plant, which were engaged in the release of tanks; about 1000 people arrived from Moscow.
Newly-born powerful team of the plant initially produced heavy KV tanks, which had proved themselves not bad in the Finnish campaign. But during the Great Patriotic War, T-34 tank is known, to have proved itself to be excellent. And, so it was decided by the State Defense Committee: along with the continuation of producing KV tanks to begin the mass production of T-34 tank. N.S. Patolichev was visiting the plant two or three times a week — both day and night, both in shops and on the test site. The release of T-34 was set going very quickly. Then the Germans appeared with heavy tanks: “Tigers” and “Panthers”.

Our army already begun a wide offensive action, it was necessary to break the German fortifications, so a heavy tank was needed, a tank which would not yield to the latest German developments. And this tank — IS (Iosif Stalin), was designed at the plant in the short period of time. It was started to release simultaneously with T-34. Then, when the situation at the front began to improve, T-34 was completely removed from the production at Kirov plant in Chelyabinsk and moved to release of tanks IS only.

In 1943, an excellent heavy tank IS-3 was released. Kirov plant in Chelyabinsk played a vital role in provision of Red Army with tanks, having produced 18 thousand during the war.

Along with tanks there was also another very big concern — ferrous metallurgy. Magnitogorsk Iron and Steel Works, Kuznetsk Metallurgical Plant, Sverdlovsk region gave about 90% of cast iron, and consequently, almost the same percentage of steel. Military production turned on the Ural-Siberian metal.

Nikolay Semyonovich went to Magnitogorsk Iron and Steel Works for a few days. 1942 was a very difficult year for ferrous metallurgy. There was not enough ore and coke, the productivity of Martin furnaces decreased. Magnitogorsk Iron and Steel Works was built in the first five-year period, counting on supply of coal from Kuzbass, and of ore — from Mountain Magnetic in Magnitogorsk. But the available stocks were soon depleted, Magnetic Mountain gone. It was necessary to search for other sources for ore and coal deliveries. And N.S. Patolichev together with Director of Works, G.I. Nosov with a high risk took responsibility and
temporarily halted almost half of Martin furnaces to improve the supply of raw materials to other furnaces.

In general, Magnitogorsk Iron and Steel Works during the war greatly increased its capacity. In 1942 the fifth blast furnace was built, in 1943 the construction of the largest in Europe sixth blast furnace was started. But there were great difficulties in its construction, especially due to the lack of manpower, equipment and materials. In July 1943, the plan of building the blast furnace was completed only on 9%.

And then the Regional Organization of Young Communist League took patronage over the construction of the sixth blast furnace, announced it as a Komsomol construction project, and sent 1200 young volunteers. Komsomol Central Committee and the Committee of labor reserves sent to the construction site 800 graduates and students of schools of labor reserve. At the construction of blast furnace there was established a Komsomol staff office, which at the suggestion of N.S. Patolichev, I — the Regional Committee Secretary of Komsomol, was appointed to head. Due to heroic efforts of the builders the sixth blast furnace was put into operation ahead of schedule and on December, 25th, 1943 gave out the first cast iron. “The sixth blast furnace was named after “Komsomol” as a sign of recognition of the tremendous work carried out by the Komsomol members and youth”- wrote later N.S. Patolichev in his book “The Test of Maturity”.

The outstanding role of Magnitogorsk Iron and Steel Works in provision of the country with metal during the war is widely known. Each third shell fired at the enemy, was made of Magnitogorsk steel, every second tank was dressed in Magnitogorsk armor. The development of ferrous metallurgy in the region during the war continued at high rates. In a short time Chelyabinsk Iron and Steel Works was built. Totally, in the region during the war six domain and 28 Martin and electric furnaces, 8 rolling mills were built. During the war Chelyabinsk region produced 11.5 million tons of cast iron, 13.5 million tons of steel and 9.5 million tons of steel-mill products. It was a huge contribution to the defeat of the Nazi invaders.
The other branches of the military industry demanded a lot of N.S. Patolichev’s attention as well, especially the enterprises of Zlatoust, where after losing the steel industry in the Ukraine the bulk of alloy steel was produced, necessary for the production of cannons, barrels, assault rifles, etc. N.S. Patolichev paid a lot of attention to the work of the enterprises of Zlatoust, often went there, analysed the state of affairs and took necessary measures. As a result, the industry in the region on the production of weapons worked without interruption throughout the war.

The creation of the Ural Volunteer Tank Corps was a bright page in the life and work of Nikolay Semyonovich Patolichev. Chelyabinsk Tank Brigade, being a part of the Corps, was staffed with the best volunteers — foremost workers. At Kirov plant in Chelyabinsk the tanks were made in excess of the plan, at other enterprises — weapons, ammunition and equipment. On May, 9th 1943, Chelyabinsk Tank Brigade was sent to the front.

The Volunteer Tank Corps joined fighting on the Kursk Bulge and for the successful operation was awarded a rank of the Guards. Chelyabinsk Tank Brigade was later awarded the Order of the Red Banner for the liberation of Lvov, and commander of our brigade, M.G. Fomichev was awarded the title of the Hero of the Soviet Union. The second title of the Hero he received for the liberation of Prague.

Before creating the Ural Tank Corps in the region another tank brigade had been created — named after Komsomol of Chelyabinsk. It was arranged on young people gathered funds and staffed with young volunteers, armed with tanks and weapons, made in excess of the plan.

When N.S. Patolichev arrived in Chelyabinsk region, many people thought that mass replacement of the managerial personnel would begin. But nothing like that happened.

Nikolay Semyonovich constantly met Party leaders, directors of enterprises, common workers, young people, delved deeply in their work, defining the main directions of their activities, giving them advice and specific instructions. He was very attentive to the staff. For four years of work I never heard him talking to
someone in a raised voice. He was very attentive and polite to everybody.

Nikolay Semyonovich constantly and very substantively supported the patriotic initiatives of young workers in organizing Komsomol frontline brigades. Nikolay Semyonovich personally knew many of young foremost workers, met them, and supported them. In his book “The Test of Maturity” he highly appreciated the work of the Youth organization: “We had an active, militant, united regional Komsomol organization”.

Particular attention was paid to the children. More than 20 thousand children arrived in Chelyabinsk region. N.S. Patolichev put before the Regional Komsomol Committee a task to exercise a constant care of the children, to take under the control the work of orphanages and boarding schools, to provide every possible help to children of soldiers and to orphans. Komsomol organizations of the region only in 1944 gathered 8 million 400 thousand roubles to assist children of soldiers. There were created children’s sanatoriums, equipment, gifts were purchased. Under the recommendation of N.S. Patolichev, scholarships for all students were appropriated — the children of soldiers and commanders of the Ural Volunteer Tank Corps and the brigade named after Chelyabinsk Komsomol. For the care of the children of soldiers, orphans the Regional Komsomol Committee received a thankful telegram from I.V. Stalin.

Nikolay Semyonovich was loved in the region; he had enormous prestige and respect, although he was a very modest person. Only a small circle of people knew about his origin. He was born in a poor peasant family, earned a livelihood by working as a hired hand, then graduated from Factory Trade Apprenticeship at a chemical plant in Dzerzhinsk in Nizhny Novgorod region; there he became a Secretary of Komsomol. And his father, Patolichev Semyon Mikhailovich, all the First World War was on the front, he was awarded all Saint George’s Crosses. In 1918 he went as a volunteer to Red Army, taking with him two little sons, because it was very difficult to live in the village. His father became a legendary commander of a Cavalry Brigade of S.M. Budyonny First Cavalry Army. His actions were very highly appreciated by S.M.
Budyonny, K.E. Voroshilov and other commanders of the First Cavalry Army. One son of S.M. Patolichev, Michael, being a boy, was awarded the Order of the Red Banner for his active participation in the battles.

S.M. Budyonny for success in the battles decided to present father of Nikolay Semyonovich with his cavalry sword. But S.M. Patolichev said: “You had better hard it to me after the forthcoming battle, in the presence of other brigade commanders”. But in this battle with the white poles S.M. Patolichev fell as a hero. That was in 1920. The cavalry sword remained at Budyonny, and later he passed it to Komsomol at the XVI Congress of the All-Union Leninist Young Communist League. About his father, the hero of the Civil War, Nikolay Semyonovich for the first time told in his book “The Test of Maturity”.

Chelyabinsk warmly remembers Nikolay Semyonovich Patolichev. He really was an outstanding and talented party leader. As it has been said here, he was a talented head of foreign trade. He was highly respected also in Belarus. The representative of Belarus has spoken about it. But I also want to say about the circumstances of the attempt to remove N.S. Patolichev from the post of the First Secretary of the Communist Party of Belarus for alleged errors in conducting the national policy. The Plenum of the Central Committee of the Communist Party of Belarus did not let do it. The members of the Central Committee, the Secretaries of the City, Regional Party Committees disagreed with the decision by the CPSU Central Committee in Moscow to remove N.S. Patolichev from his post and insisted on keeping him. The representative of the CPSU Central Committee who was at the Plenum, reported it to the central authorities. Two hours later it was reported that N.S. Patolichev remained at his post. For several years he successfully administered the party organization and Belarus.

In May, 1946 N.S. Patolichev was elected a Secretary of the Central Committee of the All-Union Communist Party of Bolsheviks. Chelyabinsk bid farewell to Nikolay Semyonovich very warmly and cordially, when he was leaving for Moscow. To the Regional Party Committee came the Secretaries of the Commu-
nist Party Committees, and many directors of the plants, the Soviet, and Komsomol officials, well-known foremost workers, with whom Nikolay Semyonovich was personally acquainted. Many people expressed their sincere regret at his departure from Chelyabinsk region. But everybody was proud that he was promoted to the Central Committee for very responsible work and his vast experience, knowledge and talent would serve the nation.

The cherished memory of Nikolay Semyonovich Patolichev, an outstanding, talented and wonderful person and a leader will remain in our hearts and the hearts of many people in our country, friendly foreign countries, of a new generation of our country’s citizens. And thank you for the good, respectful celebration of this significant date, for the excellent organization of the scientific-practical conference devoted to the 100th anniversary of the birth of Nikolay Semyonovich Patolichev.

A.A. Medenkov, Doctor of Medical Science, Professor, Head of a Department of the Ministry of Economic Development of the Russian Federation:

Nikolay Semyonovich Patolichev headed the Ministry of Foreign Trade of the USSR in 1958—1985. His role in revitalization of the trade and economic relations of the country with other states is hard to overestimate. Under his leadership the Ministry made a significant contribution to the economy, the productive forces, the formation of mutually beneficial trade relations with many countries of the world.

In those years imports of equipment played an important role in creating new capacities of the country and reconstruction of existing enterprises. On the basis of new advanced technologies Oskol Electric Steel Works with production of 1.5 million tons of high-quality steel, Kostomuksha Mining and Processing Plant were put into operation. At Novolipetsk Metallurgical Combine large capacities on production of cold-rolled automobile sheet, a transformer steel were mastered. Practically chemical and petrochemical industries were created anew in the country. Thus, the Ministry of Foreign Trade under the direction of N.S. Patolichev carried out the state function of regulating foreign trade of the
country and provided a high efficiency of foreign economic relations of the state for economic and social development.

At N.S. Patolichev the Ministry of Foreign Trade fulfilled accurately the trade obligations that promoted development of economic relations and also increased of the international authority of the country, expanding sphere of its economic influence, strengthening peace and security all over the world. At the initiative of the Ministry the construction of merchant marine fleet both on our shipyards and on dozens of shipyards in other countries was deployed. And in the shortest time a powerful sea and river fleet of the USSR was created. It promoted essential increase of a role of foreign trade in the development of productive forces of the country.

Mentioning of the contribution of N.S. Patolichev to the implementation of an effective foreign economic activity of the state it should not be forgotten that he joined the leadership of the Ministry of Foreign Trade, having been already an experienced organizer, a balanced personality, able to solve the most complicated problems of national economic development.

During the Great Patriotic War, N.S. Patolichev headed the party organization of Chelyabinsk region. Under his leadership, along with the planned development of the productive forces of the country, in an incredibly short time and on a gigantic scale in the region the placing of the evacuated from the west enterprises was carried out.

Heading in the postwar years Rostov party organization, N.S. Patolichev supervised the restoration of the national economy. After the expulsion of the invaders all coal mines were destroyed and flooded the plants and residential quarters were ruined in the region. In these circumstances, the priority was the restoration of the coal industry as the basis for recovery of other sectors. In this direction in the shortest time there were already achieved remarkable results. In 1948 the coal mining output was by 1.5 times higher than the prewar level, the restoration of the plant of agricultural engineering “Rostselmash” was completed, and it began mass production of combine harvesters and other machinery. In Taganrog production of self-propelled combine harvesters
began, and a petrochemical plant started working. But, being engaged in production, N.S. Patolichev did not forget about the city. At his initiative in the centre of Rostov-on-Don by the volunteer public works the embankment was built in a few months, which adorned the city for many years.

He successfully headed the work of the party organization in Belarus. During the Great Patriotic War, the Belarusian people passed through terrible ordeals. Every fourth inhabitant of the republic perished. Out of 270 cities and regional centers 209 were destroyed or burned. After the war the industry of Belarus was on the level of 1928, but in 1950 the pre-war level of production was already exceeded by 15%. Along with the restoration of the destroyed economy, in Minsk the construction of automobile and tractor plants were carried out simultaneously.

Over the years, the history will put its emphasis. N.S. Patolichev left a good memory everywhere he was sent to by the Party and the Government. No doubt, the grateful descendants will appreciate the merits for the country of a conspicuous statesman, N.S. Patolichev. And, at the same time, today there is an opportunity not only to recall his actions, but also to learn from his leadership experience in foreign trade activities of the state, to earmark his conceptual views to find effective ways to solve the fundamental problems of gaining Russia deserved and equal place in the world system of trade relations.

Thus, we shall formulate the main lessons which in aggregate can be called a will of Patolichev — to those living now and those who will come in the stead. What are these lessons? First of all, the lessons of responsibility, balance of the decisions, action sequences, accounting of the interests, forecasting the situations and the ability to work with people. Let us dwell briefly upon these lessons.

The Lesson of Responsibility
Whatever high party or state posts N.S. Patolichev had taken on everywhere he treated the matter responsibly, honestly and principally.
In the years of repression, N.S. Patolichev was an example of a principle, courageous and honest leader, who in practice proved, how it was possible and how it was necessary to protect the people who were arrested unjustly, or because of slander. He took responsibility for the fates of people, using all his authority.

Responsibility and outstanding organizational abilities were brightly shown during his work in the Urals. Under his leadership, the level of industrial production of the Chelyabinsk region in four years exceeded pre-war level by 4.5 times.

Much of his high responsibility is proved by the fact that during the War the citizens of Chelyabinsk gave to the front 18 thousand tanks, many other weapons and military equipment, and the country received from the metallurgical enterprises of the region for needs of defense 11.5 million tons of cast iron, 13.3 million tons of steel, 9.5 million tons of steel-mill products.

He took up responsibility when in the circumstances of the economic blockade of Cuba to meet its need for oil and oil products, he decided to conclude a contract with a British firm at inflated prices for the freight of tankers, what contributed to breaking blockade of the Island of Freedom, and it was the beginning of developing large marine sea fleet of the USSR under the supervision of Nikolay Semyonovich.

**The Lesson of Balanced Decisions**

N.S. Patolichev was an adherent of making balanced decisions and tried to take them according to the analysis of various points of view. So it was, when Algeria offered the equalization of prices, but it appeared to be more expedient to build trade relationship on the competitive basis, especially if it was a question of using natural gas.

In upholding the state interests Nikolay Semyonovich could even challenge the decisions already made. So it was with the abolition of Government’s decision on cutting down of pine wood in the city of Chelyabinsk for the needs of industry. N.S. Patolichev applied to Stalin and promised to deliver timber in the necessary quantity and in the required time from other place, and he cancelled the original decision of the State Defence Committee.
Today more than ever our economy and foreign trade needs to take balanced decisions based on careful analysis of the world market, the tendencies of developing market relations.

**The Lesson of Action Sequences**

When N.S. Patolichev headed the Ministry of Foreign Trade, exports and imports did not play a significant role in the national economy. This was due to a complicated international relations and the unpreparedness of the national economy to foreign trade activities. But this readiness had to be formed, and Nikolay Semyonovich did it consistently and persistently.

So, the annual foreign trade turnover from year to year began to grow. New business trading partners appeared, a number of transactions increased, profits of the state increased. Here in many respects the authority and the individuality of N.S. Patolichev played their role. He stood up for the monopoly of foreign trade and made it the industry of the national economy, not only bringing huge profits to the state, but also solving important economic problems of the country’s development.

Today, when the program of long-term development of Russia is being formed, it is very important to build a strategy for making fresh economic gains, to determine the tactics and market mechanisms and consistently work for implementing the program into practice, as Patolichev did it.

**The Lesson of Accounting of the Interests**

Nikolay Semyonovich all his strength, experience and knowledge gave to the successful development of foreign economic relations. Defending the state interest, he was able to take into account the interests of the contracting parties. He understood that it was a foundation of the search of mutually beneficial trading decisions.

So it was when N.S. Patolichev contributed to the abolition of Australian embargo on the export of strategic raw materials to the socialist countries. He managed to sign the Soviet-Australian trade agreement expanding a turnover between the countries.
N.S. Patolichev had friendly relations with President of Finland U. Kekkonen. The most complicated questions of the intergovernmental commission on economic cooperation, they discussed personally and always on the basis of mutual benefit, taking into account the interests of the countries.

N.S. Patolichev felt the time when achievements in science and technology opened the opportunities for commercial transactions on an exchange of licenses and selling the licenses to foreign firms for using domestic inventions and technical documentation. He initiated the decision to create an all-union trade organization for buying and selling licenses and patents (“Licensintorg”). Thus, the foundation was laid down for promotion of domestic inventions and licenses abroad, including participation in trade and industrial exhibitions, special edition of catalogs, photo illustrations and films, using television, attracting specialized advertising firms, as well as studying the experience of advertising, used by foreign firms.

Due to the serious market research work and reasonable tactics of negotiating export and import of goods, the foreign trade provided annually the contribution to the state budget at the level of 18—20%. And also secured the excess receipts in a freely convertible currency in some years up to 1 billion dollars, which were used for the purchase of essential goods for the country.

The Lesson of Forecasting the Situations

In 1958, the volume of foreign trade of the Soviet Union was less than $2 billion, and in 1985 the turnover exceeded $167 billion. The plan of the trade turnover for 1981—1985 was, in fact, exceeded by 17.6%. The Ministry fully met the requirements of the growing national economy in the imported goods and managed to create a significant monetary and financial reserve.

During 27 years, N.S. Patolichev consistently held the line on expansion of foreign economic relations of the state for the development of productive forces of the country and improving the welfare of the people. He was able to predict the situation, complications and in due time to introduce new forms of foreign economic relations, including compensation agreements, attraction
The USSR foreign trade under N.S. Patolichev  
V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

of foreign investments for creating new industrial facilities, to supply their products for export and to use the currency proceeds to repay foreign loans.

The Lesson of the Ability to Work with People

Nikolay Semyonovich was able to work with people, realized their concerns and found ways of mutual understanding; he felt the psychology of people and supported their initiatives.

So it was, when he initiated the formation of the Yaroslavl rifle division and the Ural tank volunteer corps. N.S. Patolichev organized the assistance to women and children of the areas liberated from Nazi occupation, and activity on adoption of children who lost their parents.

As a Minister, Nikolay Semyonovich not only passed his own universities, but also brought up thousands of highly skilled professionals who made an invaluable contribution to the development of the country, to solving main tasks of the USSR economy. And the role of the employees of the Ministry of Foreign Trade in ensuring the economic security can not be overestimated. In many respects due to the tireless work of the associates of N.S. Patolichev — commercial representatives his colleagues and employees — the basis of economic power of the country, its national security were created in those years.

* * *

It is important that even today the lessons of N.S. Patolichev can be used in choosing both the tactics and the strategy of the economic development of Russia, of all the aspects of its foreign trade activities.

A journalist in the newspaper “Chelyabinsk worker” once wrote that N.S. Patolichev’s name was completely stainless in the memory of the citizens; for them he was still the same sleepless, thoughtful, attentive, fair person. As we can see now, everything he had written turned out to be true. In the memory of the descendants N.S. Patolichev will remain the same. And in the year of the 100th anniversary of Nikolay Semyonovich’s birth paying tribute to his talent of a manager, organizer and creator, we can
say that today Russia needs such people like Patolichev. And undoubtedly, they will appear.

Russia must learn the lessons of Patolichev in its own interests. The followers and bearers of the ideas and lessons of Nikolay Semyonovich will appear in Russia by no means. One of the books of his memoirs is called “In No Case Waiving My Conscience”. These words are another testament of Nikolay Semyonovich to all of us. He was true to this motto all his life.

The 100th anniversary of Nikolay Semyonovich was extensively reported in the national and regional mass media. So, magazine “Expert”, newspapers “Izvestia”, “The Literary Gazette”, “Moskovsky Komsomolets”, “Chelyabinsk worker”, “Revival of the Urals”, as well as “Ural-press-inform”, “Volga region”, “InformEKSPO” and others responded to this event. All of them are united by a good attitude to Nikolay Semyonovich, by the memory of his great merits and achievements — as in the field of foreign trade, and in Yaroslavl, Chelyabinsk, Belarus and other places, where he was sent by our state.
**ADDENDUM**

**Statistical data***

**Dynamics of the USSR foreign trade and its distribution by group of countries in 1960–1985**

*(billion dollars)*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>2.5</td>
<td>3.7</td>
<td>24.6</td>
<td>70.1</td>
<td>142.6</td>
<td>167.2</td>
</tr>
<tr>
<td>Export</td>
<td>1.3</td>
<td>1.9</td>
<td>12.8</td>
<td>33.2</td>
<td>75.2</td>
<td>85.5</td>
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<td>Import</td>
<td>1.3</td>
<td>1.8</td>
<td>11.8</td>
<td>36.9</td>
<td>67.4</td>
<td>81.6</td>
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<td>Balance</td>
<td>-0.02</td>
<td>+0.05</td>
<td>+1.1</td>
<td>-3.7</td>
<td>+7.7</td>
<td>+3.9</td>
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<tr>
<td>Socialist countries</td>
<td>(73%)</td>
<td>(69%)</td>
<td>(65%)</td>
<td>(56%)</td>
<td>(54%)</td>
<td>(61%)</td>
</tr>
<tr>
<td>Turnover</td>
<td>1.9</td>
<td>2.5</td>
<td>16.0</td>
<td>39.6</td>
<td>76.7</td>
<td>102.3</td>
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<tr>
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<td>1.0</td>
<td>1.2</td>
<td>8.3</td>
<td>20.2</td>
<td>40.8</td>
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<tr>
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<td>0.9</td>
<td>1.3</td>
<td>7.7</td>
<td>19.4</td>
<td>35.9</td>
<td>50.0</td>
</tr>
<tr>
<td>Industrially developed countries</td>
<td>(19%)</td>
<td>(19%)</td>
<td>(21%)</td>
<td>(31%)</td>
<td>(33%)</td>
<td>(27%)</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.5</td>
<td>0.7</td>
<td>5.2</td>
<td>21.8</td>
<td>47.9</td>
<td>44.6</td>
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<tr>
<td>Export</td>
<td>0.2</td>
<td>0.3</td>
<td>2.4</td>
<td>8.4</td>
<td>24.1</td>
<td>21.9</td>
</tr>
<tr>
<td>Import</td>
<td>0.3</td>
<td>0.4</td>
<td>2.8</td>
<td>13.4</td>
<td>23.8</td>
<td>22.7</td>
</tr>
<tr>
<td>Developing countries</td>
<td>(8%)</td>
<td>(12%)</td>
<td>(14%)</td>
<td>(12%)</td>
<td>(13%)</td>
<td>(12%)</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.2</td>
<td>0.4</td>
<td>3.3</td>
<td>8.7</td>
<td>18.2</td>
<td>20.2</td>
</tr>
<tr>
<td>Export</td>
<td>0.1</td>
<td>0.2</td>
<td>2.0</td>
<td>4.6</td>
<td>10.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Import</td>
<td>0.1</td>
<td>0.2</td>
<td>1.3</td>
<td>4.1</td>
<td>7.7</td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Note:** Bracketed are the shares of the related groups of countries in the foreign trade of the USSR.

In 1958 the goods turnover made $2.0 billion: 74% — with socialist, 16% — with industrially developed and 10% — with developing countries.

*In the tables the national statistical information is adjusted to the official currency rate (4 RUR = $1 up to 1960; 0.9—0.66 RUR = $1 since 1961)*
Foreign trade cargoes transportation of the USSR by transport types

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>share</th>
<th>1970</th>
<th>share</th>
<th>1985</th>
<th>export</th>
<th>import</th>
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<tbody>
<tr>
<td></td>
<td>mln. t</td>
<td>%</td>
<td>mln. t</td>
<td>%</td>
<td>mln. t</td>
<td>mln. t</td>
<td>mln. t</td>
</tr>
<tr>
<td>Total turnover</td>
<td>99.3</td>
<td>100.0</td>
<td>246.4</td>
<td></td>
<td>458.5</td>
<td>100.0</td>
<td>348.7</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>marine</td>
<td>44.7</td>
<td>45.0</td>
<td>121.4</td>
<td></td>
<td>231.2</td>
<td>50.4</td>
<td>154.0</td>
</tr>
<tr>
<td>pipeline</td>
<td>1.0</td>
<td>1.0</td>
<td>28.0</td>
<td></td>
<td>108.7</td>
<td>23.7</td>
<td>106.8</td>
</tr>
<tr>
<td>railroad</td>
<td>49.5</td>
<td>49.9</td>
<td>86.5</td>
<td></td>
<td>104.8</td>
<td>22.9</td>
<td>77.2</td>
</tr>
<tr>
<td>river</td>
<td>3.8</td>
<td>3.8</td>
<td>11.2</td>
<td></td>
<td>12.2</td>
<td>2.7</td>
<td>9.7</td>
</tr>
<tr>
<td>automobile</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td></td>
<td>1.6</td>
<td>0.3</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Note. In brutto tons. Air transportation is statistically insignificant.
### USSR Import of Most Essential Goods in 1960—1985

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>$mln</td>
<td>1267</td>
<td>11732</td>
<td>67368</td>
<td>81681</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>$mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>metal-cutting machine-tools</td>
<td>thousand pcs</td>
<td>7.6 (5)</td>
<td>9.2 (5)</td>
<td>13.0 (6)</td>
<td>14.6 (8)</td>
</tr>
<tr>
<td>food-processing equipment</td>
<td>$mln</td>
<td>28 (23)</td>
<td>138 (28)</td>
<td>689 (49)</td>
<td>976 (52)</td>
</tr>
<tr>
<td>textile machinery</td>
<td>$mln</td>
<td>... (14)</td>
<td>81 (23)</td>
<td>594 (49)</td>
<td>838 (53)</td>
</tr>
<tr>
<td>agricultural machinery</td>
<td>$mln</td>
<td>2 (1)</td>
<td>156 (1)</td>
<td>1152 (10)</td>
<td>1562 (16)</td>
</tr>
<tr>
<td>tramcars</td>
<td>pcs</td>
<td>263 (18)</td>
<td>492 (39)</td>
<td>566 (36)</td>
<td>614 (35)</td>
</tr>
<tr>
<td>trucks</td>
<td>thousand pcs</td>
<td>3.2</td>
<td>4.7</td>
<td>9.7</td>
<td>17.2</td>
</tr>
<tr>
<td>buses</td>
<td>thousand pcs</td>
<td>0</td>
<td>4.9 (10)</td>
<td>10.8 (12)</td>
<td>10.9 (11)</td>
</tr>
<tr>
<td>Ores &amp; concentrates, metals</td>
<td>$mln</td>
<td>197</td>
<td>1126</td>
<td>7267</td>
<td>6793</td>
</tr>
<tr>
<td>ferrous metals draw</td>
<td>thousand tons</td>
<td>950 (2)</td>
<td>1535 (2)</td>
<td>4956 (4)</td>
<td>6997 (6)</td>
</tr>
<tr>
<td>steel pipes</td>
<td>thousand tons</td>
<td>579 (9)</td>
<td>1335 (10)</td>
<td>3125 (15)</td>
<td>5141 (21)</td>
</tr>
<tr>
<td>Food products and crude materials</td>
<td>$mln</td>
<td>166</td>
<td>1857</td>
<td>16282</td>
<td>17254</td>
</tr>
<tr>
<td>grain</td>
<td>million tons</td>
<td>0.2 (0.2)</td>
<td>2.2 (1)</td>
<td>27.8 (14)</td>
<td>44.2 (20)</td>
</tr>
<tr>
<td>raw sugar</td>
<td>million tons</td>
<td>1.5 (20)</td>
<td>3.0 (25)</td>
<td>3.8 (31)</td>
<td>4.3 (26)</td>
</tr>
<tr>
<td>tea</td>
<td>thousand tons</td>
<td>23 (27)</td>
<td>29 (25)</td>
<td>71 (30)</td>
<td>108 (31)</td>
</tr>
<tr>
<td>fruits, berries</td>
<td>thousand tons</td>
<td>335 (6)</td>
<td>679 (6)</td>
<td>995 (6)</td>
<td>1122 (7)</td>
</tr>
<tr>
<td>wool</td>
<td>thousand tons</td>
<td>62 (23)</td>
<td>83 (18)</td>
<td>124 (26)</td>
<td>109 (24)</td>
</tr>
<tr>
<td>Consumer industrial goods</td>
<td>$mln</td>
<td>215</td>
<td>2147</td>
<td>8192</td>
<td>10280</td>
</tr>
<tr>
<td>clothes and linen</td>
<td>$mln</td>
<td>360</td>
<td>699</td>
<td>1670</td>
<td>2820</td>
</tr>
<tr>
<td>leather shoes</td>
<td>million pairs</td>
<td>29.7 (7)</td>
<td>60.7 (8)</td>
<td>66.1 (8)</td>
<td>85.9 (10)</td>
</tr>
<tr>
<td>furniture</td>
<td>$mln</td>
<td>15 (9)</td>
<td>199 (12)</td>
<td>636 (16)</td>
<td>648 (13)</td>
</tr>
<tr>
<td>medicaments</td>
<td>$mln</td>
<td>6</td>
<td>184</td>
<td>823</td>
<td>1372</td>
</tr>
</tbody>
</table>

**Notes:**
1. Within the square brackets — the share of the commodity group in total import for the given year is indicated.
2. Within the round brackets — the share of the import in consumption of the given product type is indicated.
### USSR Export of Most Important Goods in 1960—1985

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>$mln</td>
<td>1154</td>
<td>12800</td>
<td>75205</td>
<td>85487</td>
</tr>
<tr>
<td>Machinery and transport</td>
<td>$mln</td>
<td>260</td>
<td>2750</td>
<td>11886</td>
<td>11908</td>
</tr>
<tr>
<td>equipment</td>
<td>[21%]</td>
<td>[22%]</td>
<td>[16%]</td>
<td>[14%]</td>
<td></td>
</tr>
<tr>
<td>metal cutting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>machine - tools</td>
<td>thousand</td>
<td>2.1 (5)</td>
<td>12.3 (7)</td>
<td>14.0 (8)</td>
<td>7.9 (5)</td>
</tr>
<tr>
<td>power generating machinery</td>
<td>$mln</td>
<td>6</td>
<td>241</td>
<td>1341</td>
<td>1811</td>
</tr>
<tr>
<td>and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tractors</td>
<td>thousand</td>
<td>18.9 (8)</td>
<td>28.3 (7)</td>
<td>50.7 (11)</td>
<td>39.0 (7)</td>
</tr>
<tr>
<td>trucks</td>
<td>thousand</td>
<td>24</td>
<td>34</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td>cars</td>
<td>thousand</td>
<td>30 (22)</td>
<td>85 (25)</td>
<td>329 (25)</td>
<td>266 (20)</td>
</tr>
<tr>
<td>aircraft equipment</td>
<td>$mln</td>
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<td>170</td>
<td>814</td>
<td>1106</td>
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<tr>
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## The USSR foreign trade under N.S. Patolichev

**V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov**

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**Notes:**
1. Within the square brackets — the share of the commodity group in total export for the given year is indicated.
2. Within the round brackets — the share of the export in production of the given product type is indicated.

## Goods Turnover of the USSR with the Industrially Developed Countries

($mln)

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### Goods Turnover of the USSR with the Socialist Countries ($mln)

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| **China** |      |      |      |      |
| Export    | 184  |  24  |  257 |  918 |
| Import    | 191  |  22  |  223 |  976 |
| Balance   |  -7  |   2  |   35 |  -65 |

| **Mongolia** |      |      |      |      |
| Export      |  19  |  198 |  1024|  1353|
| Import      |  13  |  59  |  314 |  455 |
| Balance     |   6  |  139 |   710|   898|

| **Vietnam** |      |      |      |      |
| Export      |  6   |  186 |  689 |  1384|
| Import      |  5   |  19  |  238 |   333|
| Balance     |   1  |  167 |  452 |  1050|

**Notes:**

1. According to the foreign trade statistics of the USSR, during the considered period China, Yugoslavia, Vietnam, the Democratic People’s Republic of Korea, Laos referred to the socialist countries (including the CMEA non-members), whereas in the international statistics they were referred to the developing states.

2. The share of the CMEA countries in the turnover with the socialist countries increased from 73% to 90% in 1960—1985.
### Goods Turnover of the USSR with the Developing Countries (\$mln)

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Addendum. Statistical data

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Converted from roubles into dollars according to the official rate/
Abbreviations

ASTEC — American-Soviet Trade and Economic Council
GDP — Gross domestic product
WTO — World Trade Organization
GATT — General Agreement on Tariffs and Trade (the WTO predecessor)
EFTA — European Free Trade Organization
EU — European Union
UNECE — Economic Commission for Europe
EEC — European Economic Community
IPC — International Patent Classification
NATO — North Atlantic Treaty Organisation
R&D — Research and Development
UN — United Nations
OPEC — Organization of Petroleum-Exporting Countries
SVR — Foreign Intelligence Service
SEATO — South-East Asia Treaty Organization
CMEA — Council for Mutual Economic Assistance
UNIDO — United Nations Industrial Development Organization
UNCTAD — United Nations Conference on Trade and Development
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USSR Minister of Foreign Affairs A.A. Gromyko (left) and Minister of Foreign Trade N.S. Patolichev (right) together with L.I. Brezhnev. Foto RIA “Novosti”
N.S. Patolichev in his office at Smolenskaya Square
Signing USSR-Cuban Trade Agreement (N. Patolichev – N. Himenes) on June 18, 1960
A Conference of the Guiding Board of the Ministry with the leaders of the country on the foreign economic activities, Moscow, 1960
N.S. Khrushchev and Fidel Castro just after signing USSR-Cuban agreements – accompanied by associates, Moscow, 1960  (N. Patolichev is on the left side)
N.S. Patolichev and Prime Minister of Great Britain Harold Macmillan (1957–1963) are opening solemnly the USSR Exhibition in London in July 1961. At the background – A.S. Ivanov, interpreter

The opening ceremony of the Soviet Exhibition in Syria at the beginning of 1960-s

The opening ceremony of the Soviet Exhibition in Indonesia at the beginning of 1960-s
At the opening of the Soviet Exhibition in Rio-de-Janeiro with President of Brazil J. Goulartu, 1962
Signing of Intergovernmental Protokol with Minister of Foreign trade of GDR Zelle, Berlin, 1963

Talks with President of Jugoslavia J.B. Tito, Belgrade, the 1960-s
Meeting of the CMEA Standing Commission on foreign trade, the 1960-s

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N.S. Patolichev is taking the floor at UNCTAD Conference at Geneva, 1964

Co-chairmen of Soviet-Finnish intergovernment Commission on economic cooperation — N.S. Patolichev and A. Karyalainen in 1965
Intergovernment negotiations of A.N. Kosygin and A. Karyalainen, the 1960-s

A delegation from Finland, headed by A. Karyalainen, is paying visit to Tallinn in the 1960-s
N.S. Patolichev is meeting with J. den Oil, Minister of Economics of the Netherlands, the 1960-s
Negotiations with Max Fletes, President of the French-Soviet Chamber of Commerce in Moscow, 1967
While visiting Moscow Museum of Revolution with President of Finland U. Kekkonen in 1967
Negotiations with M. Shuman, Minister of Foreign Affairs of France, 1969

A talk with American businessman Syrus Eaton in Moscow, 1971
Laying a wreath to the Lenin Mausoleum

Meeting with Bulgarian Minister of Foreign Trade Nedev
Meeting with Minister of Foreign Trade of the GDR
Mr. Zelle in the 1970-s

Signing of Trade Agreement for 1971–1975 with Minister of Foreign Affairs of Japan Mr. Fukuda
Signing Joint Documents with Austria. Vienna, 1971

Signing of a Trade Agreement with Minister of Economics of France
V. Jiskar d’Esten, in October, 1971

Signing Joint Documents with Austria. Vienna, 1971
First Meeting of the American-Soviet Trade and Economic Council in Moscow, 1972

N.S. Patolichev in New York, 1973
N.S. Patolichev is greeting the employees of Ministry’s Technical Administration after presenting them government awards, Moscow, 1973
V.L. Malkevich is visiting N.S. Patolichev at the Central Hospital, Moscow, 1974
Signing of the Agreement on Commodity Turnover between the USSR and Czechoslovakia for the year of 1975. Moscow, 1974
V.L. Malkevich is congratulating N.S. Patolichev on the occasion of awarding him the title of the Hero of Socialist Labour. Moscow, 1975
The talks of N.S. Patolichev with President of Finland U.K. Kekkonen; Y.V. Piskulov is interpreting (in the center). The 1980-s
President U.K. Kekkonen (a photo with a memorable handwritten note to N.S. Patolichev – in Russian). 1978
Talks with Prime Minister of India Radjive Ghandi, Moscow

N.S. Patolichev is breaking a traditional bottle of Champagne while launching a recurrent ship from shipyard “Vyartsilya” in Finland
Having rest at secluded Barvikha. From the left to the right: N.M. Malkevich (Mrs.), N.S. Patolichev, V.L. Malkevich, N.I. Patolicheva (Mrs.)
A meeting of Ministry’s managerial staff is greeting N.S. Patolichev. Moscow, 1985
Signing documents with Iceland’s Minister of Foreign Affairs Matisson. This was the last official document signed by N.S. Patolichev in the capacity of USSR Foreign Trade Minister. Moscow, 1985
Memorable and practical-scientific Conference on the N.S. Patolichev Centenary at Expocenter. Moscow, September 23, 2008
Memorial Plaque on the House where he had been living from 1968 to 1989 – Moscow, 18 Spiridonovka Street
V.L. Malkevich, I.L. Mitrofanov, A.S. Ivanov

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THE USSR FOREIGN TRADE
UNDER N.S. PATOLICHEV
1958–1985

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