

ARTICLES

Dietrich A. Loeber*

CAPITAL INVESTMENT IN SOVIET ENTERPRISES? Possibilities and Limits of East-West Trade

1. The Question Posed

The title of this article takes the form of a question. This is not a misprint. In the Soviet Union at present no capital investment by foreigners in domestic enterprises exists.¹ However, this situation may change. There are indications that the advantages and disadvantages of foreign participation are being considered in influential Soviet circles. Debate of this kind has been increasing since 1973 when Brezhnev, the Secretary-General of the Communist Party of the Soviet Union, expressed support for long-term economic co-operation on a large scale with the developed market economy countries. He did so first in Bonn² and one month later in Washington, D.C.³ This idea was further developed by Dzherman Gvishiani, Vice-Chairman of the State Committee for Science and Technology, primarily in talks with businessmen in the United States, in the autumn of 1973.⁴ At that time about 20 researchers at the Moscow Institute of the U.S.A. and Canada of the Academy of Science of the U.S.S.R. began a study of joint ventures.⁵

* Professor of Law, University of Kiel, West Germany; former Visiting Professor, Stanford Law School and UCLA; Visiting Professor, Adelaide Law School, 1977. The present article is an expanded, revised and updated version of a paper originally published in (1976) *Recht der Internationalen Wirtschaft*, 396-402. The author wishes to thank Mrs. Sibylle Kobienia, a final year law student at the University of Adelaide, for her assistance with translation.

1. *East-West Trade. A Sourcebook on the International Economic Relations of Socialist Countries and Their Legal Aspects* (Loeber, ed.), (Dobbs Ferry, N.Y., 1977), Doc. 5.621. This sourcebook (hereafter referred to as *East-West Trade*) appeared in 1976-1977 in 4 vols. (2,304 pp.).
2. For Brezhnev's statements during his visit to Bonn in May 1973, see *Neue Zuercher Zeitung*, 21st May, 1973; *Die Welt*, 21st May, 1973; *Herald Tribune*, 21st May, 1973; cf. Joint Final Communiqué of 21st May, 1973 (*Presse-und Informationsamt der Bundesregierung*, (1973) *Bulletin*, No. 59, 573-576, 574-575).
3. Brezhnev's talk to U.S. businessmen was reported in *Pravda*, 24th June, 1973 and in *New York Times*, 23rd June, 1973, 9. The *Pravda* account is reprinted in Brezhnev, *Leninskim kursom. Rech'i i stat'i* (On Lenin's course. Speeches and articles) (Moscow, 1974) IV, 160-164. For further relevant statements by Brezhnev, see Pedersen, "Joint Ventures in the Soviet Union", (1975) 16 *Harvard Int. L. J.* 390-439, 408. Pedersen also refers to an important speech by Brezhnev in Kiev, said to have been given in June, 1973. In fact the correct date is 26th July, 1973. The part of the speech concerning economic cooperation with capitalist countries was not published, but only summarized. A summary appears in Brezhnev, *Leninskim Kursom*, 207-213. The Pedersen article relies on a paper by Berman, *Joint Ventures between United States Firms and Soviet Economic Organizations* (Harvard University, Russian Research Center, Seminar Notes, 31st October, 1974; 16 pp. [mimeogr.], later published in (1975) 1 *Int. Trade Law J.* 139-153.
4. McMillan & Charles, *Joint Ventures in Eastern Europe* (Montreal, 1974), 13-14. It has also been suggested that joint enterprises be set up in duty-free enclaves in socialist states. This suggestion was discussed at a foreign trade symposium in Moscow, 1972 (*Eastern Europe Report*, 1st December, 1972, 158). For a suggestion of co-management made in Moscow in 1973, cf. Wilczynski, *Joint East-West Ventures and Rights of Ownership* (Ottawa, 1975), 16 (Carleton University, Institute of Soviet and East European Studies, Working Paper No. 6) (mimeogr.).
5. Berman, "U.S.-U.S.S.R. Joint Ventures", (1975) 1 *Int. Trade Law J.* 139, 142, bases his information on a conversation with E. S. Shershnev, Deputy Director of the Institute, in June 1974.

The influential Institute of International Economic Relations (IMEMO) in Moscow supported joint production with Western firms in a report commissioned by Gosplan.⁶ The question of joint enterprises was also discussed by Soviet and American economic experts at a conference within the framework of the Dartmouth Conferences in Tbilisi in April 1974,⁷ and at a conference of Soviet and West German economists in the same city in October 1974.⁸ As these examples show, the discussion is being carried on among specialists, but there is no public debate of the issues.

I am not asserting that Western capital investment in Soviet enterprises will eventuate. Nevertheless it might be useful to examine the preconditions for such a development. Posing the problem is helpful for recognising possibilities and limitations in East-West trade.

The essence of a joint venture consists in financial intermingling. The partners invest jointly, enjoy the profits jointly, and carry the risk jointly. In addition, there is joint management.⁹ The legal aspects of such co-operation with Soviet economic organisations provide challenges for both the theorist and the practitioner.¹⁰

2. Advantages of Participation in Soviet Enterprises

(A) ADVANTAGES FOR THE SOVIET PARTNER

Joint ventures may be of interest to the Soviet partner because they provide a means of gaining Western technology. The Western partner would be bound, through its participation, to keep the imported technological knowledge up to date. A further advantage for the Soviet side would lie in the fact that it would not need to find foreign currencies to pay for Western performance. The Western partner would be remunerated with a share of the produce of the joint enterprise. A similar effect could also be reached by means of "compensation agreements", which the Soviet Union has lately been promoting.¹¹ Capital investment would go further still. It could provide the Soviet partner with experience in Western methods of management, and furthermore it could provide access to Western markets. This in turn would lead to increased exports and would thus help to improve the Soviet balance of payments.

(B) ADVANTAGES FOR THE WESTERN PARTNER

The Western partner could also hope for advantages from joint ventures. Profits resulting from capital investments are frequently greater than

6. McMillan & Charles, *op. cit.* (*supra*, n.4), 14. According to unconfirmed information, IMEMO prepared another report on the same or a related question for the Central Committee of the C.P.S.U. in the winter of 1976-1977.
7. Pedersen, *loc. cit.* (*supra*, n.3), 409. See also U.S. Congress, Senate Committee on Foreign Relations, Sub-committee on Multinational Corporations, *Western Investment in Communist Economies* (Washington D.C., 1974), 83 pp. (93rd Congress, 2nd Session); *id.*, *U.S. Trade and Investment in the Soviet Union and Eastern Europe* (Washington D.C., 1974), 45 pp. (93rd Congress, 2nd Session).
8. Cf. Fink, "Möglichkeiten der Gründung gemischter Gesellschaften" (Possibilities for establishing mixed companies), (1975) 20 *Osteuropa-Wirtschaft* 29-31. For a previous Soviet-German economic conference in Cologne in March 1973 see (1973) 23 *Osteuropa* 562-564.
9. Moeckel, (1973) *Aussenwirtschaftsdienst* 64-73, 70; also appeared in: *Bundesstelle für Aussenhandelsinformation, Einfache und erweiterte Ost-West-Kooperation* (Regular and expanded East-West co-operation), (1973) 46 *Ausländisches Wirtschafts- und Steuerrecht* 1-13, 9; McMillan and Charles, *op. cit.* (*supra*, n.4), 10; Wilczynski, *op. cit.* (*supra*, n.4), 3.
10. These questions were first discussed in their contemporary context among Western writers by Berman in 1974: *loc. cit.* (*supra*, n.3); and Pedersen in 1975: *loc. cit.* (*supra*, n.3).
11. See, e.g., Brezhnev and Kosygin at the 25th Party Congress in Moscow, February 1976.

profits involved in traditional export trade. In addition, Western exports to the Soviet Union are only possible insofar as the Soviet Union can pay for them with foreign currencies. Having no convertible currency, the Soviet Union is always anxious to deal sparingly with its supplies of foreign currencies. Joint enterprises are a means of overcoming barriers to trade which can result from a Soviet shortage of foreign currencies. Joint enterprises also appear advantageous for the Western partner because labour in the Soviet Union is relatively cheap and amply available, and strikes need not be anticipated. Furthermore, access to the large Soviet domestic market could follow in the wake of such participation.¹²

3. Models for Joint Ventures

Joint ventures have developed into a significant tool of international economic co-operation. The practical experience gained in this area must be taken into account when the question of joint ventures in the Soviet Union is discussed. But multi-national corporations of the kind evolved in the developed market economies have only limited suitability as models for joint enterprises in the Soviet Union.

A chart outlining some basic features of existing models of joint ventures in socialist countries is appended as Table 1.¹³ It distinguishes between intra-socialist and East-West models.

(A) INTRA-SOCIALIST MODELS

The models which are used in intra-socialist economic relations are instructive. Historically, the first examples were the "mixed companies" which were set up in the East-European States after the Second World War.¹⁴ They were governed by reparations policies, and were charged with the task of eliminating the economic aftermath of the war. In view of these specific aims they will not be discussed here. Nor shall we consider organisations on an interstate level, such as the banks of C.M.E.A. (Council for Mutual Economic Assistance, also known as Comecon) or "Intermetall". My concern is with organisational structures on an enterprise level.

Intra-socialist joint undertakings are normally based upon agreements between the governments concerned. Of further significance are the Uniform Statutes of 1976 adopted by C.M.E.A. These sources will not be individually described here. I shall concentrate only upon three separate problems: property, economic planning and the currency system. These are central questions, which would also need to be solved in the case of joint enterprises in the Soviet Union.

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12. Pedersen, *loc. cit.* (*supra*, n.3), 393-394; Wilczynski, *op. cit.* (*supra*, n.4), 6-7; Wolff von Amerongen, (1974) 24 *Osteuropa* 3-12, 10.
 13. *Infra* pp.340-341. The chart is reproduced from Loeber "Capital Investments in Enterprises in Comecon Countries and Yugoslavia", [1976] *europa industrie revue* No. 3, 38.
 14. Dewar, *Soviet Trade with Eastern Europe 1945-1949* (1951), 54-55, 65-67, 79-80, 89-91; Spulber, "Soviet Undertakings and Soviet Mixed Companies in Eastern Europe", (1954) 14 *Journal of Central European Affairs* 154-173; Pfuhl, *Rechtsformen des sowjetischen Aussenhandels* (Legal structures of Soviet foreign trade) (Berlin, 1954), 119-123, each with further references. In recent writings in socialist States, "mixed companies" are seldom touched upon; e.g. Kemper & Moskow, (1963) 12 *Staat und Recht* 1193-1214, 1198-1199; Shiriaev, *Ekonomicheskii mekhanizm sotsialisticheskoi integratsii* (Economic mechanism of socialist integration) (Moscow, 1973), 126-127. An instructive account of Soviet-Yugoslav mixed companies may be found in Dedijer, *Stalins verlorene Schlacht* (Stalin's lost battle) (Vienna, 1970), 69-88.

Table 1

Taxation	According to international treaty, law of the state or foundation contract	Unknown	Exemption	30% of the profit (24% in case of reinvestments)	40% of the profit up to a certain level; there 60% (partial refund possible in case of reinvestments)	According to fiscal regulations of the member-republics; so far usually 35% of the profit (lower rates in case of reinvestments)
The foreign partner in his relation to the joint venture.						
Property relations	In the form of shares. They are indivisible and, in case of doubt, inalienable	In the form of stock issued on the names of the holders	In the form of deposits into a statute fund	In the form of shares; maximum of 49%	In the form of shares; maximum of 49%	In the form of deposits; transferable; not higher than domestic deposits
Participation in management	One voice per share (departure by contract permitted); in certain questions unanimity is required	Participation on basis of equality	One voice per country; unanimity is required	Can take over management function; partners may agree on unanimity requirement	In accordance with the foundation contract requiring ministerial approval	In accordance with investment contract; certain rights remain with "Workers' Councils"
Transfer of invested assets	After withdrawal or liquidation there is a right to claim a refund of the investment	Unknown	Upon liquidation settlement to be agreed upon	Upon withdrawal or liquidation transfer guaranteed	Upon withdrawal or liquidation transfer permitted	Upon termination of contract, transfer permitted (minus depreciation); beforehand only if contract so provides
Transfer of profit	Permitted without limitation	Permitted in kind or in transferable rubles	Permitted in transferable rubles	Permitted; 10% to be paid as tax	Permitted	Permitted within quotas (maximum amounts) depending on foreign exchange earned through exports
Practice and references.						
Distribution (number of enterprises)	Approx. 5	1	1	7	3	91
Legal basis	CMEA Uniform Statutes of 1976	Agreement between Poland and Hungary of 1959; Polish Commercial Code of 1934	Agreement between Bulgaria and Hungary of 1964	Decree of 1972; Commercial Code of 1887	Decree of 1972; Commercial Law of 1875; Limited Liability Company Law of 1930	Law of 1973
Sources (footnotes, <i>infra</i>)	n.22	n.15	n.16	nn.50-52	nn.53-55	nn.56-60

(i) *Interstate Agreements*

The best-known example of a joint undertaking in the socialist states is "Haldex".¹⁵ This is a Polish-Hungarian enterprise in the coal industry in Katowice (Poland) established in 1959. It has the legal structure of a Polish joint stock company and is subordinate to the Polish Ministry of Mining. A total of 110 shares were released as registered personalized shares, and are administered equally by Polish and Hungarian authorities. For the accounting of profits transferable rubles are used. Ministries of both countries participate in working out the economic plans for "Haldex". Wherever possible, "Haldex" is integrated into the economy of the home country.

A further example is "Intransmash", a transport undertaking carried on jointly by Bulgaria and Hungary since 1964. The partners are bound to pay the values of their shares. Accounting is in transferable rubles based on foreign exchange rates and other factors. The plans of "Intransmash" are integrated into the national economic plans of the participating states.¹⁶ There are other cases of intra-socialist joint undertakings.¹⁷

(ii) *The C.M.E.A. Model Statutes of 1976*

In its Comprehensive Programme of 1971 C.M.E.A. envisaged the formation of "joint enterprises".¹⁸ To this end, in 1973 C.M.E.A. adopted Model Statutes for international economic organisations.¹⁹ This document,

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15. The Polish-Hungarian General Agreement on the establishment of "Haldex" of 16th April, 1959 has not been published. Informative secondary sources about "Haldex" include (in chronological order): Machowski, (1965) 10 *Osteuropa-Wirtschaft* 117-119; Jakubowski, (1968) *Państwo i prawo* No. 7, 114-127, 121-122, Apro, *Sotrudnichestvo stran-chlenov SEV v. ekonomicheskikh organizatsiakh sotsialisticheskikh stran* (Cooperation of C.M.E.A. member-countries in economic organisations of socialist countries) (Moscow, 1969), 78-86; Boguslavskii, *Pravovoe regulirovanie mezhdunarodnykh khozaistvennykh otnoshenii* (Legal regulation of international economic relations) (Moscow, 1970), 202-209; Apro, *Mezhdunarodnye organizatsii stran-chlenov SEV* (International organisations of C.M.E.A. member-countries) (Moscow, 1972), 54-60; Aussch, *Theory and Practice of CMEA Cooperation* (Budapest, 1972), 276-279, reprinted in *East-West Trade*, Doc. 5.405.
 16. Text of the Bulgarian-Hungarian Agreement of 16th December, 1969 on the establishment of "Intransmash" and of the charter of "Intransmash" in *Ikonomichesko s'trudnichestvo na NR B'lgarii s'sotsialisticheskite strani* (Economic cooperation of the People's Republic of Bulgaria with socialist countries) (Sofia, 1969), 707-726. See in particular the Charter, Arts. 12, 18-19, 21, 23, 26-27. For literature see Boguslavskii, *op. cit.* (*supra*, n.15), 209-216; Apro, *Sotrudnichestvo* (*supra*, n.15), 87-93; Apro, *Mezhdunarodnye organizatsii* (*supra*, n.15), 32-36; (1968) 18 *Sozialistische Aussenwirtschaft* No. 6, 26-28.
 17. Intra-C.M.E.A. joint ventures are listed, *inter alia*, in: Lebahn, *Sozialistische Wirtschaftsintegration und Ost-West-Handel im sowjetischen internationalen Recht* (Socialist economic integration and East-West Trade in Soviet international law) (Berlin, 1976), 417; Machowski, "International Economic Organizations within Comecon", in NATO-Directorate of Economic Affairs, *Comecon: Progress and Prospects. Colloquium . . .* (Brussels, 1977), 187-200, 199 (translated from Deutsches Institut zur Wirtschaftsforschung, [1977] *Vierteljahrsheft* No. 2, 109-118).
 18. Comprehensive Programme of 1971, ch. 1, s.8, no. 4.
 19. *Pravda*, 28th January, 1973. For the text of the Model Statutes see *Sovet Ekonomicheskoi Vzaïmopomoshchi, Primernye polozenia ob usloviakh uchrezhdeniia i deiatel'nosti mezhdunarodnykh khozaistvennykh organizatsii v stranakh-chlenakh SEV* (Model Statutes on the Establishment and Activities of International Economic Organisations in C.M.E.A. Member-Countries) (Moscow, 1973), 28 pp. For a German translation see *Informationen für den Aussenhandel der sozialistischen Länder* (Information for the foreign trade of socialist countries) (German Democratic Republic, 1974), 57-81.

which is in the nature of a recommendation,²⁰ includes rules on "joint enterprises".²¹ It was superseded in 1976 by "Uniform Statutes on the Establishment and Activities of International Economic Organisations".²² The Uniform Statutes were approved by the Executive Committee of C.M.E.A. at its 74th Meeting and are recommended to C.M.E.A. member-countries as a "guide". Also of practical significance are the "Model Conditions for Financing and Implementation of Financial Settlements in the International Organisations of the Interested C.M.E.A. Member-Countries", adopted on 23rd January, 1975.²³

The complex problems involved in the establishment and operation of international economic organisations have been the subject of serious study in Eastern Europe. One of the first papers on the topic was contributed to an international symposium on socialist integration organised by the Polish Economic Society in (or before) 1969.²⁴ Questions of joint enterprises were on the agenda of scholarly meetings, among others, of the Academy of Sciences of the German Democratic Republic in 1973 and 1974.²⁵ Two international conferences—one in Sofia and another in Prague—were wholly devoted to the economic and legal aspects of international economic organisations within the C.M.E.A. framework. Both conferences were co-sponsored by the C.M.E.A.'s Institute for Economic Problems of the World's Socialist System. The proceedings of the Prague Conference appeared in 1974.²⁶ Since only a small number of copies were printed the proceedings are virtually unknown outside Eastern Europe.²⁷ In addition, there is a growing body of secondary literature on international economic organisations of C.M.E.A. countries.²⁸

20. Gringol'ts, (1975) *Sovetskoe gosudarstvo i pravo* No. 10, 84-88, 87-88.

21. Model Statutes (*supra*, n.19), Arts. 35-43 and *passim*.

22. Text: *Sovet Ekonomicheskoi Vzaimopomoshchi, Edinoobraznye polozheniia ob uchrezhdenii i deiatel'nosti mezhdunarodnykh khozjaistvennykh organizatsii* (Uniform Statutes on the Establishment and Activities of International Economic Organisations) (Moscow, 1976), 48 pp. For Rules on Joint Enterprises, see Arts. 4, 47-67.

23. Text: (1975) *Financni zpravodaj* No. 7, 71 *et seq.*; German translation in Lorenz, *Multinationale Unternehmen sozialistischer Länder . . .* (Multinational enterprises of socialist countries . . .) (Dr. iur. dissertation, Free University of Berlin, 1976; to be published by Nomos-Verlag, Baden Baden, in 1978).

24. Paper by B. Reutt, listed in *Akademie für Staats- und Rechtswissenschaft der DDR, Institut für Ausländisches Recht und Rechtsvergleichung, Internationale Wirtschaftsorganisation[en]* (*Spezialbibliographie*) (International Economic Organisation[s] [Special Bibliography]), (Potsdam, 1975), 16 (*Spezialbibliographien . . .* No. 18).

25. *Internationale Wirtschaftsorganisation[en]* (*supra*, n.24), 7, 19, 22.

26. 18 papers contributed to the Prague conference are listed in the bibliography *Internationale Wirtschaftsorganisation[en]* (*supra*, n.24), 5-25 *passim*. Proceedings of a further similar conference held in Erevan (Armenian S.S.R.) in May 1975 were to be published in the summer of 1977.

27. Even the bibliography *Internationale Wirtschaftsorganisation[en]* (*supra*, n.24) is not available through commercial channels. It lists 119 titles in East European languages and in German published between 1964 and 1975 in the C.M.E.A.-countries: *id.*, 5-25. 11 of the titles are extensively summarized: *id.*, 26-85.

28. For a useful list of 23 titles published between 1965 and 1977 in socialist countries and in the West see Machowski, *loc. cit.* (*supra*, n.17). Additional titles include (in chronological order) Lebedinskas, *O mekhanizme upravleniia sovместnoi investitsionnoi deiatel'nostiiu stran-chlenov SEV* (On the mechanism of administration of joint investment activities of C.M.E.A. member-countries) (Moscow, 1974), 24 pp.; *Das System rechtlicher Regelung der sozialistischen ökonomischen Integration* (System of legal regulation of socialist economic integration) (Seiffert, ed.) (Berlin, G.D.R., 1976), 107-121; Ruster, in *Rechtsfragen der Integration und Kooperation in Ost und West* (Legal questions of integration and cooperation in East and West) (Berlin, 1976), 217-232; Kutikov, *id.*, 233-238; Solyom, (1976) 18 *Acta Juridica* (Budapest) No. 1-2, 73-97 (in German); Sadowska, (1976) 29

Intra-C.M.E.A. joint ventures are characterized by a number of specific features. The joint enterprise has its own legal personality. It has the right of possession, use and administration of its property. The property comprises a fund, consisting of equal, indivisible shares. The plans of the enterprise must be co-ordinated with the national economic plans of the home country, and of the remaining participant States. Subsequently they are approved by the director of the enterprise and then "incorporated" in the plans of the home country. The profits are determined in the currency of the home country, and are distributed according to the size of investments. If the profits are in freely convertible currencies, the partners must pay an equal sum in transferable rubles to the joint enterprise.²⁹

The C.M.E.A. Uniform Statutes deserve special attention in our context, for they do not limit participation in joint ventures to economic organisations of the C.M.E.A.-States. In fact participation is open to enterprises from non-member States.³⁰

(B) EAST-WEST MODELS

(i) *In the U.S.S.R.*

The first example of East-West capital investments were the "mixed companies" of the Soviet Union in the twenties, which arose at the time of the "New Economic Policy".³¹ In 1924 the mixed companies accounted for 4.3% of Soviet exports, and 4.5% of imports.³² In 1925 there were 161 mixed companies. Foreign corporations were only involved in 12 of these; they provided approximately 20% of the capital of these 12 companies (a total of about 3.4 million rubles).³³

28. (Cont.).

Sprawy miedzynarodowe (Warsaw) No. 9, 136-147; Nosiadek, *id.*, No. 10, 38-49; Zurawicki, *id.*, (1977) 30 No. 6, 124-140; Hrinda, (1977) 27 *Finance a uver* No. 3 43-59; Bozhik, (1977) *Planovoe khozaistvo* (Moscow) No. 4, 23-28; Linenburg, (1977) *Khozaistvo i pravo* (Moscow) No. 6, 97-100.

29. Uniform Statutes (*supra*, n.22), Arts. 34, 55; Model Statutes (*supra*, n.19), Art. 53.

30. Uniform Statutes (*supra*, n.22), Art. 7; Model Statutes (*supra*, n.19), Art. 1.

31. The political basis was provided by a Resolution of the 19th Party Congress of 28th December, 1921. For text: *S'ezdy Sovetov RSFSR* (Congresses of Soviets of the R.S.F.S.R.) (Moscow, 1959) I, 187. Bibliographic references to "mixed companies" are to be found in *Gosudarstvo i pravo*, *Bibliograficheskii ukazatel' literatury* (State and law. Bibliographical index of literature) (Moscow, 1934), pt. I, 49-52; pt. II, 73-74, 191 (approximately 35 titles from 1923-1929); *Sovetskaia literatura po mezhdunarodnomu pravu. Bibliografiia 1917-1957* (Soviet literature on international law. Bibliography 1917-1957) (Moscow, 1959), 217, 220-223 (approximately 30 titles from 1922-1936); *Sovetskoe grazhdanskoe pravo. Bibliografiia 1917-1960* (Soviet civil law. Bibliography 1917-1960) (Moscow, 1962), 139-143 (approximately 40 titles from 1922-1930); Butler, *Writings on Soviet Law and Soviet International Law* (Cambridge, Mass., 1966), 38 (approximately 5 titles from 1925-1930). The post-war literature includes Venediktov, *Gosudarstvennaja sotsialisticheskaja sobstvennost'* (State socialist property) (Moscow, 1948), 668-669; Kaliuzhnaia, *Pravovye formy monopolii vneshnei trgovli SSSR v ikh istoricheskom razvittii* (Legal forms of the foreign trade monopoly of the U.S.S.R. in its historical development) (Moscow, 1951), 85-88, 103-104; Pozdniakov, *Gosudarstvennaia monopolia vneshnei trgovli v SSSR* (State monopoly of foreign trade in the U.S.S.R.) (Moscow, 1969), 29, 33-34, 37, 45; Pfuhl, *op. cit.* (*supra*, n.14), 26-30; Freymuth, *Die historische Entwicklung der Organisationsformen des sowjetischen Aussenhandels 1917-1961* (Historical development of organisational structures in Soviet foreign trade 1917-1961) (Berlin, 1963), 75-76; Quigley, *The Soviet Foreign Trade Monopoly* (Columbus, Ohio, 1974), 25-27, 31, 34.

32. *Itogi vneshnei trgovli SSSR 1923-1924* (Results of foreign trade of the U.S.S.R. 1923-1924) (Moscow, 1925), 135, 138.

33. Finkelshtein, in *Bolshaia sovetskaia entsiklopediia* (Great Soviet Encyclopedia) (hereafter *BSE*) (Moscow, 1926) II, col. 117-120, 119-120.

The mixed companies carried on their activities on the basis of a 1922 decree³⁴ and of the Civil Codes of the Union Republics.³⁵ In 1927 a Statute on Joint Stock Companies came into force throughout the Union, which also regulated mixed companies.³⁶ The charters of mixed companies had to be examined by the Main Concessions Committee and approved by the Council of the People's Commissars of the U.S.S.R.³⁷ The Committee had been set up in 1922.³⁸ It was headed by Piatakov (in 1923), and later by Trotsky (1925-1927) and Kamenev (1929-1932). The fate of these chairmen should not be overlooked as a possible factor in the Soviet debate on joint ventures today. Trotsky was exiled from the Soviet Union in 1929 (and murdered in Mexico in 1940), while Piatakov and Kamenev were sentenced to death on the charge of "trotskyist" activities in the show trials of the late thirties and executed.³⁹

34. Decree of the R.S.F.S.R., 13th March, 1922. Text: *SU RSFSR*, 1922, No. 24, item 266; reprinted in *Direktivny KPSS i Sovetskogo pravitel'stva po khozaistvennym voprosam* (Directives of the C.P.S.U. and the Soviet government on economic questions) (Moscow, 1967) I, 293-295. For German translations see *Die neue khozaistvennym voprosam* (Decisions of the party and the government on economic questions) (Moscow, 1967) I, 293-295. For German translations: see *Die neue Sowjetgesetzgebung. Eine Sammlung* (New Soviet legislation. A collection) (Berlin, 1922), 76-78; Kaufmann, *Organisation und Regulierung des Aussenhandels der USSR* (Organisation and regulation of foreign trade of the U.S.S.R.) (Königsberg, 1925), 43-45 (a translation of the Russian original: Moscow, 1925). The operation of R.S.F.S.R. decrees passed before the creation of the Soviet Union (i.e., 1917-1922) was extended over the entire Soviet Union by virtue of a Union Decree of 1923. On the continued validity of the R.S.F.S.R. Decree of 1922 see *infra*, n. 87.
35. Civil Code of the R.S.F.S.R. of 1922, Arts. 322-366 (also Introductory Law, Art. 8, note 1) and corresponding provisions in the other Union republics. On the Ukrainian S.S.R., see (1927) 1 *Zeitschrift für Ostrecht* 1158-1166. On the repeal of the Civil Code of the R.S.F.S.R. of 1922 see *infra*, n.87.
36. Statute of 17th August, 1927 (so-called Joint Stock Company Law). Text: *SZ SSSR*, 1927, No. 49, item 500, last amended in 1931; reprinted: *Prakticheskii kommentarii Grazhdanskogo kodeksa R.S.F.S.R.* (Practical commentary on the Civil Code of the R.S.F.S.R.) (4th ed., Moscow, 1931), 583-601; German translation (1928) 2 *Zeitschrift für Ostrecht* 98, with an introduction by Landkof, *id.*, 93-98. The regulation of mixed companies is in Arts. 142-147. For the repeal of the Statute see *infra*, n.43.
37. Decree of the 4th April, 1922. Text: *SU RSFSR*, 1922, No. 28, item 320; German translation: *Die neue Sowjetgesetzgebung* (*supra*, n.34), 81-82. Statute of the Committee of 1927, text: *SZ SSSR*, 1927, No. 69, item 694; reprinted: *Prakticheskii kommentarii* (*supra*, n.36), 179-181; cf. *Leninskii sbornik* (Lenin's collection), vol. 38 (1975), 426-429 and vol. 36 (1959), 449-450. The Main Concessions Committee was dissolved in 1937, and its functions were taken over by the People's Commissariat for Foreign Trade of the U.S.S.R. (*SZ SSSR*, 1937, pt. 1, No. 76, item 379). An instruction of 1923 was binding upon the delegates of the People's Commissariat for Foreign Trade in the mixed companies. Text: *Sbornik deistvuiushchikh postanovlenii po vneshnei torgovle* (Collection of decrees on foreign trade) (1924) I, 75-76.
38. Decree of 1922 (*supra*, n.37). Reorganisation occurred in 1923; cf. *Sbornik* (*supra*, n.37), 73-74, and *BSE* (*supra*, n.33), vol. 17 (Moscow, 1930), col. 135. On the organizational history of the Concessions Committee of the RSFSR see: *Tsentrāl'nyi gosudarstvennyi arkhiv RSFSR, Vysshie organy gosudarstvennoi vlasti . . . RSFSR (1917-1967 gg.). Spravochnik* (The highest organs of state power . . . of the RSFSR [1917-1967]). Reference work) (Moscow, 1971), 53, 530.
39. On Piatakov see: *Zakonodatel'stvo i administrativnye rasporiazheniia po vneshnei torgovle* (Legislation and administrative regulations on foreign trade), No. 7 (1923), 27; *Report of Court Proceedings in the Case of the Anti-Soviet Trotskyite Centre . . .* (Moscow, 1937).
On Trotsky: *Eksport, import, kontsessii SSSR* (Export, import, concessions of the USSR) (Moscow, c. 1926), 779 (includes information on the members and department heads of the Committee); Daniels, *The Conscience of the Revolution* (1960), 247, cf. 371; Deutscher, *The Prophet Unarmed. Trotsky: 1921-1929* (1951, 1970), 209, cf. 391.
On Kamenev: *Malaia sovetskaia entsiklopediia* (Small Soviet encyclopedia) (1st ed., Moscow, 1929) III, cols. 644-645; *Pravda*, 11th October, 1932, 4; *Report of Court Proceedings in the Case of the Trotskyite-Zinovievite Terrorist Centre . . .* (Moscow, 1936).

Questions of property and planning presented no difficulties in the twenties. Means of production could still be held as private property under certain conditions.⁴⁰ Binding enterprise plans were only introduced with the beginning of the Five Year Plans (1929).

Lenin himself, writing in 1922, was strongly in favour of establishing mixed companies:

“The system of mixed companies is the only system capable of really improving the poor functioning of the People’s Commissariat for Foreign Trade, because under such a system foreign and Russian merchants work side by side. If we were unable, even under these circumstances to learn, to supplement what we have learnt and to complete it, our people would entirely and hopelessly be a nation of fools.”⁴¹

Eight years later the 16th Party Congress (1930) ordered that joint stock companies (and thus also mixed companies) were to be liquidated. It was the time of Stalin’s rule. The Party Congress treated joint stock companies as an example of the “forms of administration uncritically taken over from capitalism”. The Party resolution went on to state that although joint stock companies “were significant in the first years of Soviet power, they have lost their purpose since the socialist elements of the economy of this country now predominate”.⁴² In later Soviet publications reference is made to the fact that mixed companies were abolished “upon the victory of Socialism”.⁴³

In the context of the mixed companies mention should be made of the concessions which the Soviet Union granted in the twenties.⁴⁴ She leased forests, mines and oil-fields to foreign enterprises. Using the proceeds the Soviet Union imported machines and other assets.⁴⁵ The Soviet Union

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40. Constitution of the R.S.F.S.R. of 1918, Art. 3 as amended in 1925, Art. 15. The U.S.S.R. Constitution of 1924 contained no relevant provisions.
 41. Lenin, *Sobranie sochinenii* (Collected works) (4th ed., 1955) vol. 33, 417-420, 420. See also Lenin’s Report at the 4th Comintern Congress on 13th November, 1922: *id.*, 380-394.
 42. Resolution of the 16th Party Congress of 1930. Text: *KPSS v. rezoliutsiakh* (CPSU in resolutions) (7th ed.) pt. 3 (Moscow, 1954), 27. English translation: McNeal (ed.), *Resolutions and Decisions of the CPSU* (Toronto, 1974) III, 62. As late as 1931 a mixed company was set up for ship-building, (1931) *Biulleten’ finansovogo i khozaistvennogo zakonodatel’stva* (hereafter BFKh), No. 18, 57, col. 1.
 43. *Iuridicheskii slovar’* (Legal dictionary) (1st ed., Moscow, 1953), 22, col. 1; (2nd ed., Moscow, 1956) I, 27-28; *Entsiklopedicheskii slovar’ pravovykh znanii* (Encyclopedic dictionary of legal knowledge) (Moscow, 1965), 18. The Joint Stock Company Law of 1927 (*supra*, n.36) was, however, repealed only in 1962 (*VVS SSSR*, 1962, No. 22, item 226, numerals 15-16). At present there are isolated joint stock companies; e.g., the Bank for Foreign Trade (Charter of 1962: *East-West Trade*, Doc. 7.200, Art. 1) and “Intourist” (see Naryshkina, in *Pravovoe regulirovanie vneshnei torgovli SSSR* [Legal regulation of foreign trade of the USSR] [Moscow, 1961], 366-376, 366). *Cf. infra*, Table 2, Nos. 13 and 65.
 44. As a basis were used, *inter alia*, a Decree of the RSFSR of 1920 (*SU RSFSR*, 1920, No. 91, item 481) and a Union Decree of 1930 (*SZ SSSR*, 1931, No. 2, item 27; reprint: BFKh [*supra*, n.42], 1931, No. 4, 36 and No. 23, 24. For a German translation of the Decree of 1920 (summary) see, Potschter, *Wesen und Recht der Konzession (Verleihung) in Deutschland und Sowjetrußland* (Structure and law of concessions [leasing] in Germany and in Soviet Russia) (Jena, 1928), 136. References to Lenin’s discussion of problems involving concessions are collected in *Sovetskoe grazhdanskoe pravo* (*supra*, n.31), 489.
 45. For bibliographic references see *Gosudarstvo i pravo* (*supra*, n.31), pt. 1, 56; pt. 2, 75; *Sovetskaia literatura po mezhdunarodnomu pravu* (*supra*, n.31), 220-223; *Sovetskoe grazhdanskoe pravo* (*supra*, n.31), 489-492; *Writings on Soviet*

entered into a total of 128 concession contracts. After 1928 the Soviet government strove for liquidation of the concessions. When Stalin announced the "victory of socialism" in 1936 there were only 11 concession contracts still in force.⁴⁶ The last concessions in operation were the Japanese fisheries concessions off the shores of the Sea of Okhotsk.⁴⁷

(ii) *Outside the U.S.S.R.*

The Soviet Union participates in a growing number of enterprises in developed countries as well as in the Third World.⁴⁸ The first joint firms go back to the twenties. These corporations operate in accordance with the laws of the country of incorporation. Consequently they do not provide a model for joint ventures in the Soviet Union.

(iii) *In Rumania, Hungary and Yugoslavia*

The Peoples' Democracies which arose after 1945 at first allowed no East-West companies on their soil, and granted foreigners no concessions. However, Yugoslavia (since 1967), Rumania (since 1971) and Hungary (since 1972) have recently taken a new course on the question of foreign participation. Each of these three countries has developed a separate solution for allowing joint ventures. Their differences manifest themselves, *inter alia*, in the regulation of currency and accounting problems. The three solutions will hereafter for convenience be termed the "enclave system" (Rumania), the "calculation system" (Hungary) and the "integration system" (Yugoslavia).⁴⁹

Under the "enclave system" operative in Rumania, the financial operations of a joint venture are settled in foreign currency. Even sales to native purchasers are calculated in foreign currency. The joint enterprise thus forms an enclave in the local currency system.⁵⁰ The joint venture develops its own economic plans, which are incorporated in the national

45. (Cont.).

Law (supra, n.31), 118-119; *Eksport* (supra, n.39), 555-587. In postwar literature see Freund, *Russia from A to Z* (Sydney, 1945), 124; Pfuhl, *op. cit.* (supra, n.14), 22-24; Freymuth, (supra, n.31), 74-75; Watstein, (1974) 16 *ACES Bulletin* No. 1, 17-31; Spigler, *Direct Western Investment in East Europe* (Oxford, 1975), 26-30.

46. *BSE* (supra, n.33) vol. 34 (Moscow, 1937), col. 181-183.

47. On the Japanese fisheries concessions see the Exchange of Notes between the U.S.S.R. and Japan of March 30, 1944, in connection with the Protocol on the Extension of the Fisheries Convention of 1928 for five years beginning January 1, 1944. Text of the Notes and the Protocol: (1944) *Vneshniaia-torgovlia*, Nos. 4-5, 38-41. The Japanese oil and coal concessions in Northern Sakhalin were liquidated by a Soviet-Japanese Protocol of March 30, 1944: *id.*, 37-38.

48. For Soviet literature see: Shamrai, in *Problemy sovershenstvovaniia vneshneekonomicheskikh sviazei sotsialisticheskikh stran* (Problems of perfecting foreign economic links of socialist countries) (Moscow, 1969), 442-447; Lebedinskas, (1973) *Vneshniaia-torgovlia* No. 11, 51-55; Spandar'ian, *id.*, (1974) No. 7, 18-19; Engibarov, *Smeshannye obshchestva na mirovom rynke* (Joint companies on the world market) (Moscow, 1976) (on Soviet mixed companies abroad: 4-8, 101, 104-105, 109, 111-116); Voznesenskaia, (1977) *Sovetskoe gosudarstvo i pravo* No. 4; English translation: (1977) 16 *Soviet Law and Government* No. 2, 58-70. For non-Soviet literature see: U.S., Central Intelligence Agency, *Soviet Commercial Operations in the West* (Washington D.C., 1977) (ER 77-10486), 26 pp. [For sale by the Library of Congress, Washington D.C.]; R. B. Morgan, ed., *Directory of Soviet and East European Companies in the West* (Ottawa, 1978) (Carleton University, Institute of Soviet and East European Studies) (loose-leaf).

49. These expressions are used by Grabowski and Tabacynski in (1974) 19 *Handel Zagraniczny* No. 1, 8-14; English translation in *East-West Trade*, Doc. 5.618. The amount of literature on the mixed companies in Yugoslavia, Rumania and Hungary is considerable and will not be cited here. See the bibliography in *East-West Trade IV*, 483-533, 515-519.

50. Decree on Joint Companies of 1972, Arts. 15, 21-23, 28, 35; English translation: *East-West Trade*, Doc. 5.140.

economic plan.⁵¹ Otherwise, however, there is no integration into the national economic mechanism. The joint enterprise has the right to possession, use and administration of its property. These privileges are grouped under the term "operative administration".⁵²

Under the "calculation system" practised in Hungary, accounting is typically undertaken in both hard foreign currency and local currency. Financial transactions are converted from one currency to the other from time to time. Thus the supply of the joint venture by local enterprises is based on domestic prices, whereas foreign currency is predominant in the prices of exports and imports.⁵³ Joint enterprises are not subject to state planning.⁵⁴ They are apparently acknowledged as owners of their assets.⁵⁵

Under the "integration system" introduced in Yugoslavia, joint ventures are incorporated into the national economic order.⁵⁶ They are Yugoslav, not foreign enterprises, although foreigners are permitted to participate by investment. The integration reaches right into the area of foreign currency regulation. Accounting is in Yugoslav dinars.⁵⁷ There is generally no mandatory and comprehensive economic planning in Yugoslavia, hence none applies to joint undertakings. The foreign investment becomes "social property".⁵⁸ In practice, however, foreign property is usually kept separate from corporate assets.⁵⁹ The foreign partner may, if it wishes, retain property in its investment.⁶⁰

With the exception just mentioned the investment (share) of the foreign partner in the three named forms of participation must not be interpreted as a form of real proprietary interest (right *in rem*) in the company. Rather it creates a claim *in personam* to a share of the profits and a right to

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51. Decree of 1972 (*supra*, n.50), Art. 8; East European Trade Council, *Mixed Companies in Romania* (London, 1974), 22; Overseas Private Investment Corporation, *Questions and Answers on Romania* (Washington D.C., 1973), 19; Spigler, *op. cit.* (*supra*, n.45), 94-114.
 52. The expression is derived from Fundamentals of Civil Legislation of the USSR of 1961 (hereafter "Fundamentals"), Art. 21; Civil Code of the RSFSR of 1964, Art. 94. On property in Rumania see Rumanian Constitution of 1965, Art. 7; Decree on Joint Companies of 1972 (*supra*, n.51), Art. 12; and the literature in German quoted in Loeber, (1976) *Recht der Internationalen Wirtschaft* 396-402, 399 n.40.
 53. Decree on Economic Associations with Foreign Participation of 1972; English translation: *East-West Trade, Doc. 5.132*. The Decree was amended in 1977; German translation of amended version: (1977) 23 *Osteuropa-Recht* 298-301. English translation of Law-Decree of 1970 serving as a basis for the Decree of 1972; *East-West Trade, Doc. 5.130* (excerpts).
 54. McMillan & Charles, *op. cit.* (*supra*, n.4), 71; Spigler, *op. cit.* (*supra*, n.45), 94-114; and the literature in German quoted in Loeber, *loc. cit.* (*supra*, n.52), 399 n.42.
 55. *Cf.* Constitution of 1949, Art. 4; Civil Code of 1959, Arts. 91, 171; Madl, *Juristische Fragen in der Entwicklung einer wirtschaftlichen Integration in den Comecon-Ländern* (Legal questions in the development of economic integration in the Comecon countries) (Stuttgart, 1971), 58-62.
 56. Law on Investments by Foreigners in Domestic Organizations of Associated Labor of 1973. English translation: *East-West Trade, Doc. 5.162*. Law on Foreign Exchange Transactions of 1972; English translation: *id.*, Doc. 7.320 (excerpts). The Law on Investments by Foreigners . . . of 1973 was superseded by a new law in 1978 (*Sluzbeni list* 1978 No. 18, item 312).
 57. Law on Investments by Foreigners of 1973 (*supra*, n.56), Arts. 8, 18; Law on Foreign Exchange Transactions of 1972 (*supra*, n.56).
 58. Constitution of 1974, Introduction (Part III) and Art. 12.
 59. Sukijasovic, *Joint Business Ventures in Yugoslavia* (Belgrade, 1973), 148-152, 150-151.
 60. Law on Investments by Foreigners of 1973 (*supra*, n.56), Art. 10; Sukijasovic, *op. cit.* (*supra*, n.59), 148-152; *Handbook on Joint Ventures and Business Cooperation of Yugoslav Enterprises and Foreign Firms* (Belgrade, 1973), 45-47.

participate in any liquidation proceedings.⁶¹ Thus, the Western partner is not protected by equity rights. Whether this matters in actual practice is a much debated question. Mr. Fekete, Deputy Governor of the Hungarian National Bank, is said to have suggested jokingly that Eastern Europe is the most secure place in the world for investment because everything has already been nationalized!⁶²

The practical significance of the three models is indicated by the following figures. In Rumania to date 7 joint enterprises have been established, and in Hungary only 3, but 91 in Yugoslavia.⁶³

(iv) *Other Socialist Countries*

Other socialist countries have been more cautious in admitting joint ventures with capitalist partners onto their soil. The pattern however, is far from uniform.

Poland permits the operation of mixed companies provided a ministerial licence is procured in each individual case.⁶⁴ Pre-war statutes serve as a legal basis.⁶⁵ Foreign currency aspects of capital investments are regulated by a Decree of the Ministry of Finance of 1976.⁶⁶

Czechoslovakia provides for the formation of companies with foreign partners. Native and foreign persons can undertake to "unite" their activity or assets to attain a certain economic purpose", according to the International Trade Code of 1963 (Arts. 2, 625).⁶⁷ However, it seems that foreign partners have not yet been given an opportunity to make use of this machinery.

The same applies to the German Democratic Republic (G.D.R.). In its Law on International Economic Contracts of 1976 (Arts. 1, 200-217)⁶⁸ the G.D.R. has enacted rules similar to those in effect in Czechoslovakia.

Bulgaria has codified basic rules for economic co-operation with foreigners. Joint ventures are mentioned as a possible form of co-operation, provided however that they are set up outside Bulgaria.⁶⁹

Joint ventures are ruled out in Albania. According to its Constitution of 1976, "the creation of foreign economic and financial companies . . .

61. Gordon, "The Developing Law of Joint Ventures in Eastern Europe", (1974) 9 *Texas Int. L. J.*, 281-312, 291-292; Neumann, "Joint Ventures in Yugoslavia", (1973) 6 *New York U.J.I.L. & Pol.* 271-296, 284-287; Pfeifer, "The Legal Framework for American Direct Investment in Eastern Europe: Rumania, Hungary, and Yugoslavia", (1974) 7 *Cornell I.L.J.* 187-203, 194.

62. Quoted in *How Capitalism has been Restored in the Soviet Union* (Chicago, 1974), 79 col. 1.

63. Wilczynski, *op. cit.*, (*supra*, n.4), 5; (1977) *Business Eastern Europe* (Geneva), 65. On Hungary: communication to the author from Dr. I. Toldy-Oesz, Budapest, April 1976.

64. Law on Trade by Units of the Non-socialized Economy of 1974 (*Dziennik ustaw*, 1974, No. 27, item 158), Art. 2.

65. Decrees of 1928 and 1934 on the Admission of Foreign Companies. Also applicable is the Commercial Code of 1934 which continues in force by virtue of Art. VI of the Law on the Coming into Effect of the Civil Code of 1964 (*Dziennik ustaw*, 1964, No. 16, item 94).

66. Regulation of the Ministry of Finance, 26th May, 1976 (*Monitor Polski*, 1976, No. 25, item 110). German translation: *Bundesstelle für Ausserhandelsinformation, Polen. Gesetzgebung über ausländische Investitionen* (Cologne, 1976) *Berichte und Dokumente* . . . No. 88). See Pusylewitsch, *Die Rechtsstellung des Ausländers in Polen* (The legal status of foreigners in Poland) (Baden-Baden, 1976), 189-192.

67. English translation: (1964) 22 *Bulletin of Czechoslovak Law*, No. 3-4, 189-325; *East-West Trade*, Doc. 4.240 (excerpts).

68. Text: *Gesetzblatt der DDR*, 1976, pt. I, 61-92.

69. Regulations of 1974; English translation: *East-West Trade*, Doc. 5.150.

or ones formed jointly with bourgeois and revisionist capitalist monopolies . . . is prohibited" (Art. 28).

China until recently was opposed to permitting joint ventures with capitalist corporations.⁷⁰ No data are available for Cuba, Mongolia, North Korea and Vietnam.

(v) *Helsinki—Final Act of 1975*

It is noteworthy that "new forms of industrial co-operation" were discussed at the Conference for Security and Co-operation in Europe, in which all the European socialist States (except Albania) participated. In the Final Act of 1975 the signatory States acknowledged that "mixed companies" "may be useful".⁷¹ According to conference circles this formulation was adopted at the instigation of Rumania supported in this matter by Western delegations. The statement was, however, qualified to secure the assent of the Soviet Union: the participant States see mixed companies as useful only "if it is in their mutual interest". The expression "joint ventures" is not used in the document.

4. Joint Enterprises in the Soviet Union on the Basis of the Present Law

Should the Soviet Union desire capital investment by Western companies some day, she will have to choose between the models described or develop new ones. Published sources give no indication as to Soviet thinking on this issue.⁷² Whoever raises the question will have to clarify whether and in which way joint ventures may be arranged within the framework of the existing socio-economic system. A good starting point is the present law.

(A) CHARACTERIZATION UNDER PRIVATE INTERNATIONAL LAW

Soviet law distinguishes between Soviet and foreign juridical personalities in the question of permitting economic activities on Soviet territory.⁷³ Therefore the question is whether joint ventures in the Soviet Union would be regarded as Soviet or as foreign juridical personalities. The answer is provided by Soviet private international law.

As a source of law international agreements must be considered, because they enjoy precedence over municipal law.⁷⁴ However, the Soviet Union has not concluded any relevant agreements.⁷⁵ Municipal statutory law is silent. Consequently we have to fall back upon general principles. The place of incorporation, of business, or of registration of an enterprise have

70. Chian Li (Minister of Foreign Trade of the People's Republic of China), (1974) *China's Foreign Trade*, No. 1, 2-5; reprinted: *East-West Trade*, Doc. 5.633 (excerpts). The new Chinese leadership, however, is said to promote joint ventures in Hong Kong and Macao (*Frankfurter Allgemeine Zeitung*, 7th August, 1978, 7).

71. Document on "Cooperation in the Field of Economics", section on "Industrial Co-operation".

72. Very few Soviet authors have expressed their views on the question of joint ventures with capitalist firms. Among them are: Gringol'ts, in (1972) 27 *Uchenye zapiski VNIISZ*, 92-116, 107-108 and (1973) 28 *id.* 59-86, 83; Liubskii, in *Ekonomicheskie svyazi Vostak-Zapad* (Economic links between East and West) (Moscow, 1976), 138.

73. "Fundamentals" (*supra*, n.52), Art. 124; Civil Code of the R.S.F.S.R., Art. 564. In the literature see Boguslavskii, *Mezhdunarodnoe chastnoe pravo* (International private law) (Moscow, 1974), 94-96.

74. "Fundamentals" (*supra*, n.52), Art. 129; Civil Code of the R.S.F.S.R., Art. 569.

75. Cf. Trade Agreement between the U.S.S.R. and Australia of 1973, reprinted: *East-West Trade*, Doc. 1.312; Agreement between the U.S.S.R. and U.S.A. on Economic . . . Cooperation of 1974, *TIAS* 7910 (Washington D.C., 1974); reprinted: *East-West Trade*, Doc. 1.314 (Excerpts).

been variously suggested as connecting factors to establish the "nationality" of a juridical personality by Soviet legal writers. If this place is abroad, then according to Soviet jurisprudence we have a foreign juridical personality.⁷⁶ It can carry on business activities only with permission of the Ministry of Foreign Trade of the U.S.S.R.⁷⁷

In the case of the establishment of joint ventures in the Soviet Union, Soviet organisations will be involved. The place of incorporation, of business or of registration would thus generally be in the Soviet Union. In such case the joint venture would be classified as a Soviet legal person. The law governing it (*lex situs*) would be Soviet law.⁷⁸ It would not be possible to classify the joint venture as an international juridical personality. Such a legal entity is not envisaged in international agreements of the Soviet Union or in municipal Soviet law.

(B) THE PERMISSIBILITY OF JOINT ENTERPRISES IN SUBSTANTIVE LAW

A further question is whether a Soviet juridical personality with foreign participation is permissible. The answer has to be found on several levels:

(1) International Law: Relevant international agreements concluded by the Soviet Union refer to joint production, but not to joint ventures.⁷⁹ Hence no answer emerges from international law.

(2) Constitutional Law: The Constitution of 1977 stipulates the tenets of nationalisation of the means of production, of economic planning and of state monopoly of foreign trade and over transactions in foreign currencies.⁸⁰ Joint ventures which are incorporated while maintaining these principles would thus be regarded as constitutional. It would be necessary to find contractual forms which accord with the constitutional requirements.

(3) Civil Law: Here the principle of freedom of contract is operative. Its limits are to be found in the "requirements of the law".⁸¹ "Law" includes legal instruments ranking below statutes.⁸² The civil law contains no regulation of associations with foreigners in matters of company law or of other forms of participation by foreigners. Thus this area is open

76. Boguslavskii, *op. cit.* (*supra*, n.73), 95; Lunts, *Kurs mezhdunarodnogo chastnogo prava. Osobennaiia chast'* (Treatise of international private law. Special part) (2nd ed., Moscow, 1975), 64.

77. Foreign firms, banks and organisations may open branches in the U.S.S.R. in accordance with a Statute of 1977 (*SP SSSR*, 1977, No. 16, item 95). This Statute replaces a Union Decree of 1931 on the Admission of Foreign Firms for Carrying on Trading Activities. Text: *SZ SSSR*, 1931, No. 24, item 197; English translations: (1966) 3 *Soviet Statutes and Decisions*, No. 1, 60-63; Starr (ed.), *Business Transactions with the USSR* (Chicago, 1975), 493-495.

78. Boguslavskii, *op. cit.* (*supra*, n.15), 205, 214; Boguslavskii, *op. cit.* (*supra*, n.52), 98, 109; Gringol'ts, in (1973) 28 *Uchenye zapiski* (VNIISZ) 59-86, 75; Lunts, *Mezhdunarodnoe chastnoe pravo. Obshchaia chast'* (International private law. General part) (3rd ed., Moscow, 1973), 230; Lunts, *op. cit.* (*supra*, n.76), 60.

79. See the Agreements cited *supra*, n.75.

80. Constitution of 1977, Arts. 10, 11, 16, 73. The state monopoly over transactions in foreign currencies is not, as such, mentioned in the Constitution, but it follows from the power of the U.S.S.R. to pursue "a uniform . . . economic policy", to manage "a single monetary . . . system" and to conduct "foreign trade and other forms of external economic activity on the basis of state monopoly". The monopoly over transactions in foreign currencies is exercised by the State Bank of the USSR and its agencies (Edict of 30th November, 1976, Art. 1, *VVS SSSR* 1976, No. 49, item 712).

81. "Fundamentals" (*supra*, n.52), Art. 14; Civil Code of the R.S.F.S.R., Art. 48.

82. *Kommentarii k GK RSFSR* (Commentary of the Civil Code of the R.S.F.S.R.) (2nd ed., Moscow, 1970), 20 (notes on Art. 3) and 74-75 (notes on Art. 48).

to contractual regulation provided no limitations are laid down in economic or foreign trade law.

(4) Economic Law: The "requirements of law" in the area of economic law result from the constitutional principles regarding state property, planning and monopoly of foreign trade. They are laid down in an abundance of legal regulations. These norms are generally of a mandatory nature, but only affect the area of domestic economics.⁸³ Where external economic affairs are concerned, foreign trade law is relevant.

(5) Foreign trade law: *Vis-à-vis* economic law this is to be regarded as *lex specialis*.⁸⁴ That is, foreign trade law takes precedence over economic law when "foreign trade relations" are in question. Such is the case when, as here, at least one foreign partner is involved in the legal relationship.⁸⁵ The answer which the foreign trade law provides may come as a surprise (at least it did for me), as it turns out that joint enterprises with foreigners are permissible.

This follows from three sources of foreign trade law:

(1) The first source is the Decree of 1922 (which has been referred to already). This served as the basis of mixed companies, and had been forcefully promoted by Lenin.⁸⁶ The Decree has not been repealed.⁸⁷

(2) The second source is the Statute of the Foreign Trade Ministry. It was passed in 1923⁸⁸ and is also still in force.⁸⁹ The tasks of the Ministry which are there listed in detail include "the organisation of mixed and other companies and authorities for foreign trade" (Art. 2).⁹⁰

(3) The third source of law is of immediate significance. These are the charters of the foreign trade organisations. In consequence of the monopoly of foreign trade these organisations are the only agencies entrusted

83. *Id.*, 241-242 (notes on Art. 160); *Postavka tovarov narodnogo potrebleniia. Kommentarii* (Delivery of goods for national consumption. Commentary) (Moscow, 1973), 17-19 (notes on Art. 4).

84. *Cf. Kommentarii* (*supra*, n.82), 20-21 (notes on Art. 3).

85. "Fundamentals" (*supra*, n.52), Art. 3; Civil Code of the R.S.F.S.R., Art. 3; Lunts, *Vneshnetorgovaia kuplia-prodazha* (Foreign trade purchase and sale) (Moscow, 1972), 14-17; Lunts, *op. cit.* (*supra*, n.76), 132-135.

86. See *supra*, nn.34, 41.

87. But the Joint Stock Company Law of 1927 was repealed (*supra*, nn.36, 43). Art. 322 of the Civil Code of the R.S.F.S.R. of 1922 (*supra*, n.35) has also lost its effect by the coming into force of the Civil Code of the R.S.F.S.R. of 1964 (*VVS RSFSR*, 1964, No. 51, item 892, numeral 1).

88. *Vestnik TsIK, SNK i STO SSSR*, 1923, No. 10, item 299; *SU RSFSR*, 1923, No. 106, item 1035; reprint: *Sbornik* (*supra*, n.37), 20-26; Summary of Arts. 1 and 2 in Pozdniakov, *op. cit.* (*supra*, n.31), 74-75.

89. Pozdniakov, *op. cit.*, (*supra*, n.31), 52, 74-76, 167.

90. In practice the Ministry of Foreign Trade of the U.S.S.R. and other central administrative bodies usually only participate as partners in framework agreements regarding future planning, or on the international level: Boguslavskii, *op. cit.* (*supra*, n.15), 216; Gringol'ts, in (1972) 27 *Uchenye zapiski* (VNIISZ) 92-116, 98-101, 106; Pozdniakov, in *Mezhvedomstvennye sviazi v usloviakh sotsialisticheskoi ekonomicheskoi integratsii* (Inter-agency links under the conditions of the socialist economic integration) (Moscow, 1973), 168-174. The view that the Ministry of Foreign Trade of the U.S.S.R. has an "exclusive right" to set up mixed companies (Pozdniakov, *op. cit.* [*supra*, n.3], 76) is not supported by the Statute of the Ministry (*supra*, n.88), and does not correspond with practice. The mixed company "Plodimex" in Jülich (Federal Republic of Germany), for example, was set up on the Soviet side by the foreign trade combine "Soiuzplodoimport" (*Soviet News*, No. 5759 of 29th October, 1974, 403; *East-West Trade*, Doc. 5.500).

with the conduct of foreign trade.⁹¹ Hence they are necessary parties to contracts for the establishment of joint enterprises with foreigners.

The foreign trade combines have been given authority to enter into legal transactions within a range defined in their charters ("special legal capacity").⁹² Thus the question of the permissibility of joint ventures is to be answered in the final analysis by consulting the charters of the (presently) 69 foreign trade organizations.⁹³ The charters must be approved by the superior authority, generally the Foreign Trade Ministry of the U.S.S.R.⁹⁴ They are published in the Ministry's journal.⁹⁵ A perusal of the journal over the past 45 years⁹⁶ shows that charters for 62 foreign trade combines have been published. A list of foreign trade organizations and their charters appears as Table 2.⁹⁷

The charters indicate a general pattern. The formulations coincide on the whole, apart from exceptions necessitated by different branches of trade and industry. In the present context those terms of the charters are material which could serve as a basis for agreements regarding joint ventures. The following formulations are relevant. They appear in nearly all charters.

Contracts: The foreign trade combine is authorised "to conclude contracts and to perform all kinds of legal transactions".

Property: The foreign trade combine is authorised "to acquire any kind of property, to alienate it and to let it on lease".

Participation: The foreign trade combine is authorised "to participate in every kind of combine, association, society and organisation".

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91. Cf. Union Decree of 1935. Text: *SZ SSSR*, 1935, No. 44, item 367; reprinted: *Sbornik normativnykh materialov po voprosam vneshnei torgovli SSSR* (Collection of normative materials on questions of foreign trade of the U.S.S.R.) (Moscow, 1970) I, 21.
 92. "Fundamentals" (*supra*, n.52), Art. 12; Civil Code of the R.S.F.S.R., Arts. 49-50; Lunts, *op. cit.* (*supra*, n.76), 50.
 93. On the presently existing foreign trade organisations of the Soviet Union see *inter alia*, the following (not entirely consistent) sources (listed in chronological order): Business International, *Doing Business with the USSR* (Geneva, 1971), 163-172; *Soviet Foreign Trade Organizations* (Moscow, 1974), 96 pp.; Quigley, *op. cit.* (*supra*, n.31), 212-215; (1974) *AW [Aussenwirtschaft] DDR. Dokumente*, No. 48, 24; No. 49, 24 (1975) *id.*, No. 2, 25; (1975) *25 Mitteilungen der Bundesstelle für Aussenhandelsinformation*, No. 91, 9 pp. (*Beilage zu den Nachrichten für den Aussenhandel*); Berman & Bustin, in *Business Transactions* (*supra*, n.77), 31-32; U.S., Central Intelligence Agency, *Directory of USSR Foreign Trade Organizations and Officials* (Washington D.C., December 1976) (Reference Aid CR 76-15051), 4-28 [For sale by the Library of Congress, Washington D.C.]; U.S. Department of Commerce, (1977) *Overseas Business Reports*, OBR 77-38: *Trading with the USSR*, 44-48. For a list of Foreign Trade Organisations of the U.S.S.R. as of 1932, see U.S.S.R. Chamber of Commerce, [1932] *Quarterly Review* No. 1, 52-55.
 94. General Statute on Ministries of the U.S.S.R. of 1967, Art. 20; English translation: *Basic Laws on the Structure of the Soviet State* (Berman & Quigley, eds.) (Cambridge, Mass., 1969), 82-97; Genkin, in *Pravoye voprosy vneshnei torgovli SSSR* (Legal questions of foreign trade of the USSR) (Moscow, 1955), 53-88, 61; Lunts, *op. cit.* (*supra*, n.76), 50.
 95. A Union Decree of 1931 provides for a duty to publish the charters. Text: *SZ SSSR*, 1931 No. 8, item 94; Reprinted: *Sbornik* (*supra*, n.91), 517. However, publication is apparently not a prerequisite for the validity of a charter. The legal capacity of a foreign trade combine dates from the approval of its charter: Civil Code of the R.S.F.S.R., Art. 26.
 96. *Vneshniaia torgovlia*, 1931-1977 inclusive.
 97. *Infra*, pp. 356-360.

Subsidiary enterprises: The foreign trade combine is authorised "to establish subsidiary enterprises".

These formulations of the charters are so wide that they could serve as the legal basis for contracts involving joint ventures. They are restated in Art. 10 of the "Statute on the All-Union Economically Accountable Foreign Trade Combine . . .", approved by the Council of Ministers of the U.S.S.R. on 31st May, 1978 (*SP SSSR* 1978, No. 13, item 91). This Statute regulates in 79 articles the legal status of foreign trade combines operating within the system of the Ministry of Foreign Trade. It was enacted after the present paper was set in print.

5. Joint Enterprises in the U.S.S.R. in Economic and Political Practice

To discover that joint ventures are permissible in the Soviet Union is not, however, to assert that the foreign trade combines will in fact make use of the rights available to them.

A joint enterprise is only viable in an economic order of the Soviet type when provision for its material and technical needs has been made,⁹⁸ when marketing of its products has been planned, when it has been integrated into the existing financial system and when it can secure its share of the distribution of labour forces. From this list of examples it is clear that in the framework of a centrally planned economy mere authority to conclude contracts is not enough. The foreign trade combines will only establish joint enterprises when the preconditions have been established at higher levels. One such precondition is the creation of sufficient economic stimuli for foreign trade organisations to launch joint ventures.⁹⁹ For all of this, comprehensive legislative and administrative preparation is needed.

Whether or not the basis is to be prepared for joint enterprises is an eminently political decision. Close economic co-operation of the sort which would emerge in joint ventures could well be regarded as a desirable feature of foreign policy by some influential Soviet circles. However, presumably misgivings would exist in terms of domestic policy, probably of a predominantly ideological nature. Rumania, Hungary and Yugoslavia have placed economic advantages above ideological misgivings. Such a choice of priorities is much more difficult for the Soviet leadership. This is understandable, as the Soviet Union claims a leading role in the socialist community of States and in the communist world movement. Furthermore, the Soviet Union will do everything to avoid giving the impression that in its relationship with foreign capitalists it is reverting to the "New Economic Policy" of the twenties. One thing is clear: the road to joint enterprises in the Soviet Union is long. Much time and patience will be required.

98. The foreign trade combine "*Soiuzyneshstroïimport*" which performs construction work in the U.S.S.R. "by attracting" (*s privlecheniem*) foreign firms, supplies these firms with the required equipment and material and renders relevant services. See Charter of "*Soiuzyneshstroïimport*" (No. 41 in Table 2), Art. 5.

99. Gringol'ts, *loc. cit.* (*supra*, n.90), 107-108; Gringol'ts, *loc. cit.* (*supra*, n.78), 83.

FOREIGN TRADE LAW OF THE SOVIET UNION

Select Bibliography of Works in English Published 1970-1977

This list is appended at the request of the Editors as an aid to readers wishing to study broader aspects of Soviet foreign trade law which go beyond the topic of the present article. The items are arranged chronologically within the sections.

Texts and Documents

1. Socialist International Organizations: Comecon, Specialized Institutions and Agreements, 11 *Soviet Statutes and Decisions* (White Plains, N.Y., M. E. Sharpe, Inc.) No. 1-4 (1974-1975), 478 pp.
2. *Business Transactions with the USSR. The Legal Issues*, R. Starr, ed. (Chicago, American Bar Association, 1975), 195-545.
3. *East-West Trade. A Sourcebook on the International Economic Relations of Socialist Countries and Their Legal Aspects*, D. A. Loeber, ed. (Dobbs Ferry, N.Y., Oceana, 1976-1977), 4 vols., 2,304 pp.
4. *The Multilateral Economic Co-operation of Socialist States. A Collection of Documents* (Moscow, Progress Publishers, 1977), 588 pp.

Journals

5. *Soviet and Eastern European Foreign Trade* (White Plains, N.Y., M.E. Sharpe, Inc.), Vol. 1 (1965)-
6. *Foreign Trade* (Moscow, U.S.S.R. Ministry of Foreign Trade), 1967-
7. *Eastern Business Magazine* (Stockholm, Grafex), Vol. 1 (1976)-

Studies and Proceedings

8. Pisar, S., *Coexistence and Commerce. Guidelines for Transactions between East and West* (New York, McGraw-Hill, 1970), 558 pp.
9. *East-West Trade*, K. Grzybowski, ed. (Dobbs Ferry, N.Y., Oceana, 1973), 307 pp.: originally published in (1972) 37 *Law and Contemporary Problems* 393-697.
10. Quigley, J., *The Soviet Foreign Trade Monopoly. Institutions and Laws* (Columbus, Ohio, Ohio State University Press, 1974), 256 pp.
11. *East-West Business Transactions*, R. Starr, ed. (New York, Praeger, 1974), 577 pp.
12. U.S. Department of Commerce, Bureau of East-West Trade. *American-Soviet Trade. A Joint Seminar on the Organizational and Legal Aspects, Moscow, December 1975* (Washington D.C., 1976), 118 pp.

Bibliographies

13. Ervin, L. (under the direction of C. H. McMillan), "A Selective Bibliography of East-West Commercial Relations" (1972) *Law and Contemporary Problems* 682-697.
Lists about 224 titles published in English and French 1963-1973.
14. Lew, J., Rathkopf, C., Starr, R., *Bibliography of East-West Trade and Investment* (Dobbs Ferry, N.Y., Oceana, 1975), 151pp.
Lists about 1650 titles published in English, French, German, Italian and Spanish 1956-1975.
15. Bibliography, in *East-West Trade* (*supra*, item 3) (1977) 1V, 483-533.
Lists about 468 titles published in English 1965-1974.
16. U.S. Department of Commerce, Bureau of East-West Trade, *U.S.-U.S.S.R. Trade: Selected List of Sources*, prepared by J. Brougher and V. Zabijaka (Washington D.C., 1977), 24 pp. (mimeographed).
Lists about 186 titles published in English, 1968-1977.

Table 2 Statutes of Soviet Organisations Entitled to Engage in Transactions in Foreign Markets

Table 2 lists 69 organisations operating on 1st January, 1978. Not included are foreign trade agencies without the right to engage in transactions in foreign markets, such as *Souizaitraktsion* or *Souizmedtekhnika*, and organisations liquidated before the cut-off date.

This is, it seems, the first attempt to compile the charters of the organisations in question (col. 8). No charters could be found for six organisations, all of which are subordinated to agencies other than the Ministry of Foreign Trade of the U.S.S.R. (No. 22, 33, 45-47, 59).

The organisations do not follow a uniform pattern with regard to their legal form and subordination as the data in cols. 4-5 show. Their competence is described (in col. 6) in the most general terms.

The references in col. 8 and col. 10 are to *Vneshniata torgovlia*, the journal of the Ministry of Foreign Trade of the U.S.S.R. (with the exception of the source for No. 65). English translations are listed in col. 9 by the symbol "E" with reference to the corresponding issue of *Foreign Trade*, the English edition of *Vneshniata torgovlia*, published since 1967 (and in case of No. 65 with reference to a different source cited in n.7).

The author expresses his gratitude to Anatolii P. Belov, Deputy Chief of the Treaty and Legal Administration Department of the Ministry of Foreign Trade of the U.S.S.R., Moscow, who in February 1977 kindly supplied useful information in connection with the preparation of the present list. Naturally, any errors and gaps remain the responsibility of the author.

ABBREVIATIONS AND GLOSSARY FOR TABLE 2

Adm-n	— Administration . . . of the U.S.S.R.	Min-y	— Ministry . . . of the U.S.S.R.
Agency	— Agency (in Russian: <i>agentsvo</i>).	Office	— All-Union export-import office (in Russian: <i>Vsesoiuznaia eksportno-importnaia kontora</i>).
Combine	— All-Union [export-import] combine (in Russian: <i>Vsesoiuznoe [eksportno-importnoe] ob'edineniie</i>).	SP SSSR	— <i>Sobranie postanovlenii Pravitel'stva SSSR</i> (Collection of Decrees of the Government of the U.S.S.R.).
Cttee	— Committee . . . of the U.S.S.R.	State Cttee for FER	— State Committee of the Council of Ministers of the U.S.S.R. for Foreign Economic Relations.
E	— English translation available in <i>Foreign Trade</i> , the English edition of <i>Vneshniata torgovlia</i> .	State Cttee for Science	— State Committee of the Council of Ministers of the U.S.S.R. for Science and Technology.
Ex	— Export.		
Im	— Import.		
MFT	— Ministry of Foreign Trade of the U.S.S.R.		

1. No.	2. Name	3. Seat	4. Legal Form	5. Subordinated to	6. Competence Defined in Terms of	7. Ex/Im	8. Charter Presently in Effect	9. E	10. Charter Previously in Effect
1	Almazireitkспорт	Moscow	Combine	MFT	Product (jewellery)	Ex/Im	1975 No. 3, 56-67	E	1970 No. 9, 63-64
2	Atomenergoekспорт	Moscow	Combine	State Cttee for FER	Product (nuclear power equipment)	Ex/Im	1974 No. 1, 55-56	E	
3	Aviaekспорт	Moscow	Combine	MFT	Product (aircraft)	Ex/Im	1973 No. 7, 54-55	E	1961 No. 10, 40-41
4	Avtoekспорт	Moscow	Combine	MFT	Product (motor vehicles)	Ex/Im	1973 No. 11, 57-58	E	1961 No. 9, 34-35; 1956 No. 12, 27
5	Avtopromimport	Moscow	Combine	MFT	Product (automotive equipment)	Im	1966 No. 10, 57-58	E	
6	Daf'ntong	Nakhodka	Office	MFT	Market (Far East)	Ex/Im	1976 No. 11, 56-57	E	1965 No. 3, 50-51; 1947 No. 9, 46-47
7	Eksportkhib	Moscow	Combine	MFT	Product (grain)	Ex/Im	1952 No. 4, 37-38	—	1948 No. 9, 42-43

Table 2

1. No.	2. Name	3. Seat	4. Legal Form	5. Subordinated to	6. Competence Defined in Terms of	7. Ex/Im	8. Charter Presently in Effect	9. Charter Presently in Effect	10. Charter Previously in Effect
8	Ekspordten	Moscow	Combine	MFT	Product (flax)	Ex/Im	1948 No. 12, 43-45	—	1932 No. 17, 24-25
9	Eksporles	Moscow	Combine	MFT	Product (timber)	Ex/Im	1948 No. 9, 43-45	—	—
10	Elektronorgtekhnika	Moscow	Combine	MFT	Product (computer equipment)	Ex/Im	1971 No. 6, 58-59	E	—
11	Energomashetsport	Moscow	Combine	MFT	Product (heavy power equipment)	Ex	1969 No. 10, 63-64	E	1966 No. 7, 58-59
12	Ingosstrakh	Moscow	Joint Stock Company	Min-y of Finances	Services (insurance)	—	1974 No. 2, 56-57	E	—
13	Inturist	Moscow	Joint Stock Company	Main Adm-n for Foreign Tourism	Services (tourism)	—	1932 No. 17, 26-27	—	—
14	Lenfintorg	Leningrad	Office	MFT	Market (Finland, Norway)	Ex/Im	1960 No. 11, 48	—	—
15	Litsenzintorg	Moscow	Combine	MFT	Product and services (licenses)	Ex/Im	1962 No. 11, 52-53	—1	—
16	Mashinoeksport	Moscow	Combine	MFT	Product (heavy machinery)	Ex	1966 No. 7, 60-61	—	1964 No. 5, 66-67; 1952 No. 5, 40-41;
17	Mashinoimport	Moscow	Combine	MFT	Product (power generating equipment)	Im	1971 No. 4, 60-61	E	1955 No. 6, 30; 1952 No. 5, 41-43; 1948 No. 8, 44-45
18	Mashpriborintorg	Moscow	Combine	MFT	Product (various equipment)	Ex/Im	1959 No. 12, 48-49	—	—
19	Medeksport	Moscow	Combine	MFT	Product (medical goods)	Ex/Im	1961 No. 3, 47-48	—	—
20	Metallurgimport	Moscow	Combine	MFT	Product (machinery for extraction industries)	Im	1970 No. 12, 57-58	E	—
21	Mezhunarodnaya kniga	Moscow	Combine	MFT	Product (books)	Ex/Im	1948 No. 12, 39-41	—	1932 No. 14-15, 35
22	Morpassiflot	Moscow	Agency	Min-y of the Merchant Marine	Services (carriage)	—	Not published	—	—
23	Neftekhimpromeksport	Moscow	Combine	State Citee for FER	Product and services (petroleum industry)	Ex	1968 No. 12, 60-61	—	1965 No. 1, 49-50
24	Norveksport	Moscow	Combine	MFT	Product (art work)	Ex	1973 No. 12, 54-55	E	1965 No. 12, 49-50; 1931 No. 4-5, 20-21
25	Prodintorg	Moscow	Combine	MFT	Product (food products)	Ex/Im	1966 No. 10, 54-55	—	1952 No. 1, 44-45

1. French translation: (1966) 82 *Propriété Industrielle* (Geneva) No. 3, 68-69.

Table 2

1. No.	2. Name	3. Seat	4. Legal Form	5. Subordinated to	6. Competence Defined in Terms of	7. Ex/Im	8. Charter Presently in Effect	9. E	10. Charter Previously in Effect
26	Prommashkспорт	Moscow	Combine	State Citee for FER	Product and services (mechanical engineering)	Ex	1957 No. 7, 37-38	—	—
27	Prommashimport	Moscow	Combine	MFT	Product (paper- making machinery)	Im	1965 No. 6, 54-66	—	—
28	Promsyr'eimport	Moscow	Combine	MFT	Product (steel products)	Ex/Im	1948 No. 11, 46-47	—	—
29	Raznoekспорт	Moscow	Combine	MFT	Product (light industrial products)	Ex/Im	1948 No. 10, 44-45	—	—
30	Raznoimport	Moscow	Combine	MFT	Product (light metals)	Ex/Im	1973 No. 8, 53-54	E	1948 No. 11, 45-46
31	Se'l'khozpromekспорт	Moscow	Combine	State Citee for FER	Services (construction of hydromeliorative objects)	—	1969 No. 9, 63-64	E	1965 No. 2, 51-52
32	Se'l'khozpromekспорт	Moscow	Office	State Citee for FER	Services (construction of agricultural plants)	—	1969 No. 3, 63-64	E	—
33	Skotoimport	Moscow	Combine	Min-y of Meat and Dairy Industry	Product (meat)	Im	Not Published	—	—
34	Soiuzgazekспорт	Moscow	Combine	MFT	Product (gas products)	Ex/Im	1973 No. 10, 57-58	E2	—
35	Soiuzkhnimekспорт	Moscow	Combine	MFT	Product (chemical products)	Ex/Im	1961 No. 3, 48-49	—	1951 No. 9, 45-46
36	Soiuzkoopvneshtorg	Moscow	Co-operative	Central Council of Consumer Co-operatives of the USSR	Product (foodstuffs, etc.)	Ex/Im	1963 No. 1, 52-53	—	—
37	Soiuzneftekспорт	Moscow	Combine	MFT	Product (petroleum products)	Ex/Im	1948 No. 9, 45-46	—	1932 No. 16, 29; 1931 No. 12, 14-15
38	Soiuzplodimport	Moscow	Combine	MFT	Product (food products)	Ex/Im	1966 No. 10, 55-56	—	—
39	Soiuzpromekспорт	Moscow	Combine	MFT	Product (products used in mining industries)	Ex/Im	1970 No. 10, 63-64	E	1948 No. 10, 42-44
40	Soiuzpushlina	Moscow	Combine	MFT	Product (fur)	Ex/Im	1973 No. 11, 58-59	E	1954 No. 7, 45-46; 1948 No. 11, 43-44; 1931 No. 23, 25-26

2. Reprinted in *East-West Trade*, Doc. 3.117.

Table 2

1. No.	2. Name	3. Seat	4. Legal Form	5. Subordinated to	6. Competence Defined in Terms of	7. Ex/Im	8. Charter Presently in Effect	9. E	10. Charter Previously in Effect
41	Sotluzneshstroimport	Moscow	Combine	MFT	Services (construction and supplies for foreign firms in the USSR)	—	1975 No. 5, 56-57	E	—
42	Sotluzneshstrans	Moscow	Combine	MFT	Services (transportation)	—	1962 No. 12, 44-45	—	1951 No. 9, 42-43
43	Sovetsporfil'm	Moscow	Combine	State Citee for Cine-matography	Product (motion picture films)	Ex/Im	1975 No. 7, 58-59	E	1960 No. 8, 48-49; 1953 No. 11, 44-45
44	Sovfrakht	Moscow	Combine	Min-y of the Merchant Marine	Services (freight)	—	1977 No. 2, 57-58	—	1962; ³ 1955 No. 5, 29-30; 1950 No. 2, 45-46; 1932 No. 22, 28-29
45	Sovinfil'm	Moscow	Combine	State Citee for Cine-matography	Services (film production)	—	Not published	—	—
46	Sovinflot	Moscow	Combine	Min-y of the Merchant Marine	Services (port services)	—	Not published ¹	—	—
47	Sovtransavto	Moscow	Combine	Main Adm-n for Int. Automobile Traffic	Services (truck transport)	—	Not published	—	—
48	Stankoiimport	Moscow	Combine	MFT	Products (machine tools)	Ex/Im	1966 No. 8, 61-62	—	1948 No. 8, 46-47
49	Stroimaterialintorg	Moscow	Combine	MFT	Products (building materials)	Ex/Im	1978 No. 4, 55-56 ²	E	—
50	Sudoiimport	Moscow	Combine	MFT	Products (vessels)	Ex/Im	1954 No. 8, 40-41	—	—
51	Tekhmasheksport	Moscow	Combine	MFT	Products (industrial machinery)	Ex	1969 No. 11, 63-64	E	1966 No. 7, 57-58
52	Tekhmashimport	Moscow	Combine	MFT	Products (equipment for chemical industries)	Im	1965 No. 8, 51-52	—	1959 No. 1, 48-49
53	Tekhnooksport	Moscow	Combine	State Citee for FER	Services (aid for civil engineering)	—	1977 No. 8, 58-59	E	1948 No. 10, 45-47
54	Tekhnopromeksport	Moscow	Combine	State Citee for FER	Services (electric power installations)	—	1975 No. 6, 56-57	E	1957 No. 8, 37-38; 1955 No. 4, 29

3. A Charter, approved in 1962, was published in *Sbornik normativnykh aktov po morskomu transportu* (Collection of normative acts on sea transport) (Moscow, 1968), 15-16.

4. A "Statute" (*polozhenie*), not a "Charter" (*ustav*) appeared in *id.*, 19-21. The Statute was approved in 1956.

5. Established late in 1977 (Moscow Narodny Bank, *Press Bulletin*, No. 841, December 1977, 5). Published after cut-off date.

Table 2

No. 1.	2. Name	3. Seat	4. Legal Form	5. Subordinated to	6. Competence Defined in Terms of	7. Ex/Im	8. Charter Presently in Effect	9. Charter Previously in Effect	10. Charter Previously in Effect
55	Tekhnopromimport	Moscow	Combine	MFT	Product (equipment for light industry)	Im	1969 No. 1, 63-64	E	1960 No. 8, 47-48; 1948 No. 8, 47-48
56	Tekhnostroiteksport	Moscow	Combine	State Ctee for FER (?)	Product and services (construction work abroad)	Ex/Im	1977 No. 7, 54-55	E	
57	Tekhnabeksport	Moscow	Combine	MFT	Product (isotopes, etc.)	Ex/Im	1974 No. 1, 56-57	E	1963 No. 12, 54-55
58	Tekhnvneshekliama	Moscow	Agency	State Ctee for FER	Services (advertising for technical assistance)	—	1975 No. 4, 57-58	E	
59	Tekhnveshttrans	Moscow	Office	State Ctee for FER	Services (transport operations for technical assistance abroad)	—	Not published	—	
60	Tiazhpromeksport	Moscow	Combine	State Ctee for FER	Product and services (prospecting, mining industries)	Ex/Im	1957 No. 12, 42-43	—	
61	Traktoroeksport	Moscow	Combine	MFT	Product (farm machinery)	Ex/Im	1975 No. 10, 56-57	E	1961 No. 8, 45-46
62	Tsvetmetpromeksport	Moscow	Combine	State Ctee for FER	Services (non-ferrous metal enterprises)	—	1969 No. 8, 63-64	E	
63	Vneshposylorg	Moscow	Combine	MFT	Market (goods for Soviet and other citizens abroad and for foreigners in the USSR)	Ex/Im	1977 No. 1, 56-57	—	1966 No. 1, 50-51; 1961 No. 12, 51
64	Vneshmekhnika	Moscow	Combine	State Ctee for Science	Services (scientific and technical exchange)	—	1969 No. 7, 63-64	E	
65	Vneshborgbank	Moscow	Joint Stock Company	Council of Ministers of the USSR	Services (banking)	—	SP SSSR 1962 No. 16, item 1296	E7	
66	Vneshborgizdat	Moscow	Combine	MFT	Services (publishing)	—	1975 No. 2, 59-60	E	1964 No. 9, 45; 1961 No. 4, 45-46; 1956 No. 9, 30; 1951 No. 9, 46-47
67	Vneshborgreklama	Moscow	Combine	MFT	Services (advertising)	—	1965 No. 7, 50-51	—	
68	Vostokintorg	Moscow	Combine	MFT	Market (Asia and Middle East)	Ex/Im	1951 No. 9, 43-45	—	1948 No. 12, 38-39
69	Zapchast'eksport	Moscow	Combine	MFT	Product (spare parts)	Ex	1965 No. 4, 52-53	—	

6. Amendments: SP SSSR, 1965, No. 16, item 125; 1974, No. 11, item 57.

7. Reprinted in *East-West Trade*, Doc. 7.200 (without incorporating the 1965 amendment).