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The historic changes taking place in the contemporary world have had a beneficial effect on the general international climate. The important political events that have occurred are indicative of the strengthening of positive trends in international relations. The signing of the agreement on the termination of hostilities in Vietnam has eased international tension. The political climate in Europe has improved. Present-day international relations are characterized by the existence of favorable prospects for the promotion of equal cooperation between countries.

Universally recognized principles and norms of international law oblige countries to settle all their disputes and disagreements solely by peaceful means. But modern international law does not confine itself to the requirement that peaceful relations should be preserved. The U.N. Charter declares that the aim of that organization is not only to "maintain international peace and security" but also to "develop friendly relations among nations based on respect for the principle of equal rights and self-determination" (Article 1). In the Declaration on the Strengthening of International Peace and Security, adopted by the General Assembly on December 16, 1970[1] it is stated that it is the duty of countries to cooperate with one another in accordance with the U.N. Charter. Peaceful coexistence signifies not only peace but also cooperation. This interpretation of peaceful coexistence meets with the interests of all nations.

The development of relations among countries in the direction of cooperation is fully consistent with the aims and principles of Soviet foreign policy. Vladimir Lenin, founder of the Soviet state, repeatedly spoke of the possibility of friendly relations between socialist and capitalist countries, and of unlimited business relations between them. For more than half a century Soviet foreign policy has been guided by the principles evolved by Lenin.

Peaceful coexistence does not and cannot remove the contradictions that divide the world into two systems. The leaders of the Soviet Union have time and again emphasized that they do not regard

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1. G.A. Res. 2734, 25 U.N. GAOR Supp. 28, at 22, U.N. Doc. A/8028 (1970).

peaceful coexistence as the smoothing out of ideological contradictions. But even with the existence of contradictions there is a sufficiently broad basis for understanding, for coordinating efforts on a wide range of issues affecting the interests of both the socialist and the capitalist countries.

In the Basic Principles of Relations Between the U.S.S.R. and the United States signed on May 29, 1972, it is noted that differences in ideology and in the social systems "are not obstacles to the bilateral relations based on the principles of sovereignty, equality, noninterference in internal affairs, and mutual advantage."[2] In his report on the 50th anniversary of the U.S.S.R., L. I. Brezhnev, General-Secretary of the C.P.S.U. Central Committee, emphasized that the implementation of the economic agreements signed by the U.S.S.R. and the United States "can create the foundation for large-scale and long-term cooperation in that area."

Present-day international relations provide more and more examples of fruitful cooperation among countries. There has been a considerable expansion of economic, trade, scientific and technical relations between countries of the two systems. This has found expression in the signing of a series of government-to-government agreements on scientific and technical cooperation. A major role in promoting long-term cooperation is played by the agreements between American firms and ministries and departments of the U.S.S.R. in the area of science and technology.

There has been a distinct trend towards the creation of a stable and lasting foundation for cooperation between the U.S.S.R. and the United States in many areas. The progress that has been achieved in this direction is eloquent evidence of the reality of this objective. Today we have every reason for drawing the conclusion that the soil for the further promotion of cooperation between the U.S.S.R. and the United States, including cooperation in trade, has been prepared to a large extent by the agreements between the two countries on the limitation of strategic arms and cooperation in such areas as the exploration and use of outer space for peaceful purposes, medical science and public health, and environmental protection. This realistic policy of international cooperation is exercising a beneficial influence on the development of trade.

The normalization of trade relations plays an increasingly important role in the overall advancement of cooperation between the U.S.S.R. and the United States.

Since time immemorial, trade has been a catalyst of cooperation

2. Basic Principles of Relations Between the United States of America and the Union of Soviet Socialist Republics, May 29, 1972, 66 DEP'T STATE BULL. 898 (1972).

between states. It plays the same role to this day. Its importance in relations between the U.S.S.R. and the United States is enhanced by the fact that these two countries to a large extent determine the destiny of peace on our planet. That is what attaches immense significance to a constructive settlement of all questions concerning businesslike cooperation between these two countries.

Relations between the U.S.S.R. and the United States, which are the two largest powers in the world, range far beyond the framework of bilateral relations. The development of the political situation in the world as a whole in many ways depends upon the state of these relations. It may be said confidently that the promotion of economic relations is one of the factors that can stabilize relations between our countries for a long period and improve the situation as a whole.

Although the Soviet Union has extremely rich and varied natural resources, a huge economic, scientific, and technical potential, and a large and steadily growing internal market, we reject the policy of autarchy as being prejudicial to the economy, and as harmful politically. Economists consider that foreign trade fulfils its role by utilizing the advantages of the international division of labor, which presupposes a certain specialization of countries in the output of products for which they have the most favorable conditions.

In recent years the Soviet Union's trade and economic relations with many Western countries have grown broader and more diversified. Trade with the West is expanding rapidly. Suffice it to say that in 1972 the Soviet Union's trade with the Federal Republic of Germany and Japan—then our biggest trading partners among the industrialized states—exceeded $1 billion with each of them. The Soviet Union is successfully promoting trade with France, Finland, Sweden, Italy, Austria, and other West European countries. With almost all of these countries trade is based on long-term agreements.

Against the background of the Soviet Union's expanding trade with the industrialized countries of the West, the state of U.S.S.R.-U.S. trade until very recently has been anachronistic. This will be appreciated much more if it is borne in mind that it concerns trade relations between countries that have the world's largest economic, scientific, and technical potential and occupy leading positions in international trade.

The attitude of the two countries toward the question of trade and economic relations between them was first officially recorded in 1972 in the historic Basic Principles of Relations Between the U.S.S.R. and the United States. Article 7 of that document declares that "the U.S.S.R. and the United States regard commercial and economic ties as an important and necessary element in the strengthening of their bilateral relations and thus will actively promote the

growth of such ties. They will facilitate cooperation between the relevant organizations and enterprises of the two countries and the conclusion of appropriate agreements and contracts, including long-term ones."[3]

The promotion of commercial and economic ties also received considerable attention during the visit of L.I. Brezhnev, Secretary-General of the C.P.S.U. Central Committee, to the United States in June 1973. It will be recalled that the summit talks in June resulted in the settlement of a number of concrete issues in that area and the creation of a new impetus to the further development of these relations on a stable and mutually beneficial basis.

In the joint U.S.S.R.-U.S. Communique, signed on June 24, 1973, note was taken of the progress achieved during the preceding year in the normalization and promotion of trade and economic relations between the two countries. Indeed, in the period following the summit meeting in Moscow in May, 1972, the two countries covered more ground in the promotion of trade than throughout the entire history of their economic relations. The objective was set of increasing trade to $2-3 billion within the next three years.

The considerable work conducted by the governments of the two countries to create favorable conditions for the promotion of commercial and economic ties has already yielded the first concrete results. Suffice it to mention that in 1972 trade between our countries nearly trebled and amounted to over $700 million.

According to preliminary figures, during the past year trade has reached the level of almost $1,500 million. This is consistent with the planned level of $2-3 billion envisaged for a three year period during the summit talks.

Facts and figures show more eloquently than words the dynamic character of the changes that have taken place.

In view of the definite prospect for the expansion of economic relations between the U.S.S.R. and the United States, it is imperative to settle a number of specific questions, including questions of a legal nature. In international trade no country can count on any considerable growth of the sale of its goods to another country without creating normal conditions of access for its trading partner's goods to its own market. It would obviously be irrational for the Soviet Union to systematically finance its purchases in the United States with its currency revenues from exports to other countries.

We Soviet jurists and scientists view favorably the relaxation of U.S. government bans on the sale of goods to the U.S.S.R., but we

3. *Id.* at 899.

cannot consider normal the fact that the lifting of restrictions on U.S. exports to the U.S.S.R. has proceeded faster than the removal of obstacles to imports from the Soviet Union.

Legally, the trade agreement between our two countries, which accords to the Soviet Union most-favored-nation treatment, has not yet come into force. It is obvious that without giving Soviet goods most-favored-nation treatment the export of these goods to the United States will remain limited and this, naturally, cannot help but affect Soviet imports from the United States. Everyone knows that trade is a bilateral process and that it is founded on mutual benefit.

It is our contention that the development of U.S.-U.S.S.R. trade must be founded on mutual respect, non-interference in internal affairs, consistent observance of the principle of equality and the implementation of agreements.

With events moving in the direction of detente, the possibility has arisen of progressing toward new forms of mutually beneficial relations, in particular, to agreements between Soviet organizations and foreign firms on cooperation in the development of the Soviet Union's natural resources and also in the building of industrial enterprises on Soviet territory. Agreements of this kind have been concluded with a number of West European countries. A beginning for such cooperation has already been made with regard to some firms in the United States.

Here it should be borne in mind that these forms of cooperation do not provide for the joint ownership or the joint management of such enterprises, as that would run counter to our principles of economic management.

In order to raise the commercial and economic ties between our countries to the level of large-scale and long-term cooperation, it is necessary to use forms of economic relations that are acceptable to the socio-economic systems of both the U.S.S.R. and the United States and that do not clash with the principles underlying their political and economic lives.

The understanding that has been achieved of the attitudes of the two countries and the good legal foundation that has been created for trade, scientific, and technical cooperation by the signing of the trade and economic agreements, in combination with the interest displayed by business circles in the two countries, will lead to a considerable expansion and strengthening of ties in these areas, and to a broad development of cooperation on many questions of mutual interest. Of course, there is a large field here for jurists.

In conclusion I should like to note once more that considerations of mutual benefit from economic ties are not the only factors that we should take into account. Cooperation in trade may prove to be extremely useful and fruitful not only because it is dictated by mutual interests but also because it is consistent with the times. It will unquestionably promote the strengthening of mutual trust between the Soviet and American peoples, further the improvement of our relations, and contribute to the strengthening of world peace. From this angle, too, the meeting of Soviet and American jurists is extremely useful.