

Potential for business with Soviets is great

By William C. Norris

Despite the euphoria over President Mikhail Gorbachev's visit to Minnesota June 3, doubts have been raised about the potential economic benefits to the state and the region due to Soviet economic problems. Lack of convertible currency, a poor credit rating and a failing economy are cited as deterrents to Minnesota companies that want to do business with the Soviet Union.

These are legitimate concerns. However, other countries — especially Japan, West Germany, France, Italy and the Netherlands — are aggressively seeking business opportunities in the Soviet Union and finding ways to cope with the problems. The United States is conspicuous by its relatively low level of activity.

There is great long-term potential for business relationships, on a large scale, between Minnesota and the Soviet Union. I emphasize long-term because many will start with cooperation in science and technology, mainly in applied research and joint ventures (meaning shared ownership), based on both Soviet and U.S. technology.

The Soviet Union has more than 5,000 research institutes and a large number of scientists and engineers — at one time estimated to be greater than the number in the United States. Traditionally, the Soviets have done better in research than in technological development. This is, in part, due to the lack of a market economy to help define products using the research results.

Consequently, a high percentage of Soviet research results are underutilized, which provides a great opportunity for Minnesota companies to establish joint ventures with Soviet organizations based on Soviet technology.

Equally important is cooperation in applied research. There are many possibilities involving the University of Minnesota, state universities, the Agricultural Utilization Research Institute, the National Resources Research Institute, the Gray Freshwater Biological Institute and other research organizations and companies.

A number of cooperative efforts in both applied research and joint ventures have already commenced. For example, the University of Minnesota, the Lenin Agricultural Academy

of Sciences and the All Union Scientific Research Institute for Lupine in the Soviet Union are cooperating in lupine research. Lupine is a high-protein grain especially suited to cold climates.

One joint venture is underway to develop computer-based education courseware based on a new approach, developed by Soviet scientists, for teaching computer science to high school students. A second uses U.S. technology to provide computer-based entrepreneurial management training to Soviet executives.

These joint-venture companies are small, which minimizes risk and initially avoids the currency problem because a number of years are required to develop the products and build revenues. By the time those objectives are reached, the currency problem will likely be solved. Both have the potential to grow into substantial and enduring businesses. There are hundreds of similar opportunities for Minnesota companies.

The Greater Minnesota Corporation, the Department of Trade and Economic Development and other Minnesota organizations have begun talking about expansion of cooperative science and technology efforts between Minnesota and the Soviet Union. Already the Soviets have proposed a number of areas for cooperation in applied research. These include plant breeding of vegetable, grain and berry crops in northern (climate and soil) conditions; study of embryonic plasma of both perennial and grain crops; processing of milk products and production of fodder, and development of devices to prevent drivers from falling asleep.

It is clear to me that a major reason underlying Gorbachev's visit to Minnesota is the broad awareness in the Soviet Union of the significant science and technology resources in the state and the warm relationships between Minnesota and Soviet organizations. While still small in number, they, along with our science and technology resources, constitute a strong foundation on which to develop a very large volume of business.

Let's not take a back seat to other countries in building for the future.

William C. Norris, founder and chairman emeritus of Control Data Corp., is chairman of the William C. Norris Institute.