(j) Reduction in dependence on energy exports;

(k) Reduction in hard currency imports of foodstuffs.

4. Competition amongest exporters for the Soviet market is fierce, given the more favourable terms of trade between the USSR, Comecon, and countries such as Finland, Turkey, and India. Trade is often utilized as a lever to reward political performance. The Soviets are also sensitive about bilateral trade imbalances which are not in their favour and Canada has consistently had a large trade surplus with the Soviet Union. A product already available for export from Czechoslovakia, for example, would have a relatively better chance of being sold to the Soviets than the same product from Canada. Apart from annual grain purchases, the USSR limits its hard currency imports to highly specialized and technically superior machinery, equipment, and technology from the West. The following provides a general overview of where such competition originates:

(a) Federal Republic of Germany: As the USSR's top Western supplier, the FRG has established exports in energy, chemicals, machine tools and consumer goods industries. The FRG is now seeking to expand sales into the agricultural sphere;

(b) France: All sectors, particularly agriculture and food;

(c) Japan: The long-term cooperation approach has prompted many Japanese companies to establish trade offices in Moscow. Japan supplies mainly technology for extraction and processing of energy resources in return for access to raw material;

(d) United Kingdom: Strong in chemical plant engineering and heavy industry. The UK Chamber of Commerce established a trade office in Moscow in 1987;

(e) Finland: Special clearing arrangements (acceptance of roubles) based on oil imports have enabled Finland to supply both advanced technology and construction services (eg. icebreakers and hotels).