

Export and Investment Promotion Planning System

88/89 Trade and Economic Overview

Mission: 475 MOSCOW

Country: 553 UNION OF SOVIET SOC REP

THE USSR FOREIGN APPARATUS IS IN PROCESS OF A COMPLETE OVERHAUL. THIS HAS RESULTED IN GREATER CONFUSION, AND DELAYED DECISION MAKING, OFTEN CREATING A MORE DIFFICULT CLIMATE IN WHICH TO DO BUSINESS. GENERALLY THE SOVIET UNION'S INT'L TRADE WAS DOWN (IN THE FIRST 6 MONTHS OF 1987 BY 4% OVERALL) AS REDUCED LEVELS OF HARD CURRENCY EARNINGS HAVE FORCED THE USSR TO ATTEMPT TO GET INVOLVED IN NEW BUSINESS ORGANIZATIONS SUCH AS JOINT VENTURES. IN VIEW OF THE LARGE CDA/USSR BILATERAL TRADE IMBALANCE IT IS NOW GOVT OF CDA POLICY TO ASSIST THE USSR IN PROMOTING EXPORTS TO CDA. THE POST CO-ORDINATED & ORGANIZED A 34 MEMBER IMPORTERS TRADE MISSION. THIS WAS THE LARGEST TRADE MISSION EVER TO VISIT THE USSR. OVER 100 MEETINGS WERE ARRANGED & IMPORT OPPORTUNITIES IN EXCESS OF \$150 MILLION WERE IDENTIFIED. EXPORT SALES OF HIGH TECHNOLOGY AGRICULTURAL PRODUCTS SUCH AS FROZEN EMBRYOS & BOVINE SEMEN WERE ACHIEVED. IN THE CROP YEAR ENDING JULY 31, 1987, CDA SOLD 9.7 MILLION TONS OF GRAIN TO THE USSR. THIS EXCEEDED THE SOVIET YEARLY COMMITMENT UNDER THE GRAINS AGREEMENT BY 4.7 MILLION TONS. THE POST ASSISTED CDN COMPANIES INTERESTED IN JOINT VENTURE & CO-PRODUCTION ARRANGEMENTS WITH SOVIET ORGANIZATIONS. SUCCESS WAS ACHIEVED IN PROMOTING SALES OF CDN OIL & GAS TECHNOLOGY & EQUIP., EG. \$150 MILLION CONTRACT FOR ASTRAKHAN II SOUR GAS PROJECT; OIL & GAS EXTRACTION ENHANCEMENT CONTRACT PLUS MANY OTHERS.

THE POST'S OBJECTIVE IN GENERAL BUSINESS RELATIONS IS TO KEEP CDN GOVERNMENT & BUSINESS LEADERS AWARE OF THE CHANGES. IN THE AGRICULTURE & FOOD SECTOR PRODUCT, EQUIP. & TECHNOLOGY, THE POST WILL A) CONTINUE PROMOTING EXPORT SALES OF LIVESTOCK & GENETIC MATERIALS; B) ASSIST IN THE DEVELOPMENT OF THE MEDIUM TO LONG TERM PROGRAMME FOR THE INTRODUCTION OF CANOLA SEED & TECHNOLOGY; C) ASSIST CDN BUSINESS IN ESTABLISHING NEW BUSINESS VENTURES (IE. JV'S ETC) WITH SOVIET ORGANIZATIONS IN AREAS SUCH AS AGRICULTURAL MACHINERY, EQUIPMENT, AND TECHNOLOGY. IN THE GRAINS SECTOR THE POST WILL GIVE FULL SUPPORT TO THE CDN WHEAT BOARD & THE CDN GRAINS COMMISSION IN ENSURING CANADA'S REPUTATION IN THE USSR AS A SUPPLIER OF HIGH QUALITY GRAIN PRODUCTS & ENSURING THE SMOOTH IMPLEMENTATION OF THE LONG TERM AGREEMENT (LTA) FOR GRAINS. IN THE OIL & GAS EQUIP. & SERVICES SECTOR THE POST WILL (A) PROMOTE EXPORT SALES & CO-OPERATIVE CONTRACTS FOR OIL & GAS EQUIP. FOR THE TENGHUIZ & ASTRAKHAN AREAS, INCLUDING SULPHUR HANDLING & DRILLING PLANTS; (B) ASSIST WITH CONTRACTS FOR YAMAL 70 TON TRACKED VEHICLE FOR CDN FOREMOST, REGARDING ORGANIZATION OF POTENTIAL JOINT VENTURE/CO PRODUCTION FACILITY; (C) ASSIST CDN COMPANIES SUCH AS DRECO & CDN FOREMOST IN SELLING THEIR EQUIP. IN THE USSR.