

CANADA AND THE COUNTRIES OF THE FORMER SOVIET UNION

The dissolution of the Soviet Union has changed the face of Eastern Europe and Central Asia, creating new opportunities and new challenges for Canada and its partners. The constraints of centralized political and economic control have been removed, but have yet to be replaced by democratic and market mechanisms.

The effect of central planning in the former Soviet Union provides a striking modern-day example of non-sustainable development, largely due to over-investment in polluting and unproductive industries and to other misallocations of resources.

Despite fears of widespread social unrest, the countries of the former Soviet Union have survived their first winter of independence without catastrophe. Their governments have begun to grapple with issues of economic reform, political pluralism, and ethnic violence.

These countries have been welcomed into the global community. They are now members of the UN, the Conference on Security and Cooperation in Europe and the North Atlantic Cooperation Council. The International Monetary Fund, World Bank, and European Bank for Reconstruction and Development have accepted the membership applications of all of the newly independent countries.

CANADA AND THE NEWLY INDEPENDENT STATES

Throughout the momentous changes in the region, Canada has maintained and expanded its high-level contacts. Russian President Boris Yeltsin has visited Canada twice this year, signing important political and trade agreements. Ukrainian President Leonid Kravchuk has also visited, as have the presidents of Moldova and Kyrgyzstan.

Both Canada's secretary of state for external affairs and its minister of international trade have held talks in Ottawa with their counterparts in

Moscow, Kiev and Alma Ata. The minister of energy, mines and resources has also visited Russia and Ukraine.

Canada is sensitive to the differing needs and aspirations of each of the countries of the former Soviet Union. In addition to strengthening its presence in Moscow, Canada has established an embassy in Kiev (Ukraine), and offices in Alma Ata (Kazakhstan) and Yerevan (Armenia).

Recognizing the historic opportunity provided by the end of the Cold War, Canada has made significant commitments to the region. To the end of 1991, Canada had disbursed over \$1.6 billion in credits and other assistance to the former Soviet Union, the second highest per capita assistance of the summit countries, exceeded only by Germany.

In 1992, Canada is providing nearly \$1 billion more, for a total of almost \$2.5 billion. To promote exports by the countries of the former Soviet Union, Canada is granting the general preferential tariff — as low as zero in some categories.

ECONOMIC AND POLITICAL CONDITIONS

In Russia, President Yeltsin is popular. His government is coming under intense stress as reforms begin to bite, however. Through reshuffling, he has managed to preserve control of his government.

All but two parts of the Russian Federation have signed a federative treaty, which provides added scope for regions and republics to pursue their own interests. Oil-rich Tatarstan and Chechnia are holding out for more autonomy.

Russia is establishing its own armed forces and has taken control of those outside the Commonwealth of Independent States. The Russian general staff is developing a new military doctrine based on defensive sufficiency.