the Soviet Union in its latter days. These are the Foreign Investment Protection Agreement and the Double Taxation Agreement. If necessary either in terms of expediting the passage of such legislation or assisting in its implementation, the Government should provide technical assistance to help with the drafting of this and other key economic legislation and/or with programs to help "sensitize" the relevant bureaucracies.

Even with these sorts of agreements, many Canadian companies still consider the political situation too risky to invest. They seek stronger investment guarantees from the Canadian Government to protect them from losses. Carleton University professor Carl McMillan suggested some improvements in a recent CUBC survey of Canadian-"Soviet" joint ventures.

> Ways must be found to alleviate the growing financial constraints on private direct investment in the USSR. This is a current problem area that is rapidly becoming much more serious. It is based on mounting Soviet payments problems and growing political risk. Export Development Corporation programs are regarded as inadequate to meet this need, as is the investment protection agreement.[30]

The need for a viable system of loan guarantees was strongly supported by Victor Antonov, Ukraine's Minister of Defence Industry, who stated categorically that, rather than receive direct capital investment from governments to assist in the conversion of Ukraine's defence industries, he would prefer loan guarantees to encourage private firms to invest in conversion.

CANADIAN TRADE

Canadian trade with the former Soviet Union was never great in monetary terms: never more than 1.5 percent of total trade and an average over the past two decades of less than one percent. Historically, grain has been by far the most significant Canadian export, normally earning Canada at least $1 billion per year. Soviet exports to Canada have increased since 1987. The majority of their exports have been primary products, with diamonds being the most significant. Manufactures have included Lada automobiles and assorted farm machinery.

Canada extended the General Preferential Tariff (GPT) status to the Baltic republics, Ukraine, and Russia on April 10, 1992. This will involve a 30 percent reduction in tariffs. Negotiations with other new republics on extension of the GPT have not yet begun largely because trade with them is negligible.

Some fairly obvious conclusions can be drawn about the probable future of Canada's trade relationship with the new republics. Russia will be a significant trading partner relative to the other republics if only because of its size. Trade with Ukraine and the Baltic republics is also likely to be important, particularly because of the keen interest of the Canadians who are ethnically-related. Finally, Kazakhstan could also be a fairly large trading partner, especially because of its oil and gas deposits, which would benefit from Canadian extractive and processing expertise. Nevertheless, until the various republican economies converge with the global economy to a much greater degree than at present, specific predictions are impossible.

Canada supports the export of goods and the operation of Canadian business overseas through the Export Development Corporation (EDC). The EDC can either lend money to countries in order that they may buy Canadian goods on credit at market rates or insure payment by foreign buyers of Canadian goods and services. As well, EDC can provide "foreign investment insurance" against various political risks for Canadian companies investing in various markets.

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[30] Carl McMillan, *Canada-USSR Joint Ventures: A Survey and Analytical Review*, Canada-USSR Business Council, 1991, p. 58.