

SUCH POSITIONS (WHO BY THE WAY TENDED TO BE COMMUNIST PARTY MEMBERS). IN MOST CASES - UNLESS YOU ARE DEALING WITH THE OLD GUARD (AND MANY MAY PREFER TO DO SO), YOU MAY BE FACED WITH A CLIENT WITH LITTLE OR NO PREVIOUS BUSINESS EXPERIENCE, ACUMEN OR INTEGRITY.

- MANY OF THESE HAVE UNREALISTIC EXPECTATIONS WITH RESPECT TO PRICES THEY WANT FOR THEIR GOODS - WHICH IN MANY CASES DO NOT MEET WESTERN STANDARDS.
- GENERALLY THEY STILL LACK TRUST IN WESTERN PARTNERS. SOME HAVE BEEN KNOWN TO NEGOTIATE AND SIGN AGREEMENTS WITH SEVERAL COMPANIES. MOST CERTAINLY, THEIR INTERPRETATION OF THE WORD EXCLUSIVITY IS DIFFERENT THAN OURS.
- THESE RECENT CHANGES HAVE ALSO CREATED A NEW BREED OF BUSINESSMEN. YOU WILL BE LEFT WITH A FEELING THAT EVERYONE YOU MEET IS AN INTERMEDIARY OR FACILITATOR - HE/SHE HAS CONTACTS OR CAN GET IT FOR YOU. IF YOU DEAL WITH THIS LEVEL EXPECT THE PRICE OF THE "COUNTERTRADE" PRODUCTS TO BE HIGHER.
- THERE IS THE STORY OF TWO RUSSIANS FURIOUSLY NEGOTIATING A DEAL FOR BUTTER IN A LOCAL RESTAURANT. AFTER SEVERAL HOURS OF INTENSIVE NEGOTIATIONS, THEY AGREE ON THE PRICE, THEN ONE RUNS OFF TO FIND THE MONEY AND THE OTHER, THE BUTTER. THIS ANECDOTE WAS RECENTLY TOLD TO US BY A RUSSIAN AND UNFORTUNATELY IS SAD BUT TRUE.
- ANOTHER EXAMPLE OF THE ABUNDANCE OF INTERMEDIARIES DEMONSTRATED DURING A RECENT MISSION OF CANADIAN TRADING HOUSES TO RUSSIA AND UKRAINE. IT WAS ESTIMATED THAT 95% OF THOSE MET WERE SOME FORM OF INTERMEDIARY THAT WAS EMPLOYED OR PART OWNER OF A JOINT-STOCK HOLDING COMPANY - USUALLY A FORMER GOVERNMENT MINISTRY TRYING TO HOLD ON TO ITS CONTROL OVER PLANTS AND DEVELOP A USEFUL ROLE/EMPLOYMENT FOR THEMSELVES.

POOR INFRASTRUCTURE:

- A THIRD FACTOR THAT WILL AFFECT DOING BUSINESS IN THE FORMER USSR RELATES TO POOR INFRASTRUCTURE FOR BOTH FOR COMMUNICATIONS AND TRANSPORTATION.
- COMMUNICATION LINKAGES ARE IMPROVING AND WILL MAKE TREMENDOUS STRIDES OVER THE NEXT SIX MONTHS TO A YEAR. THIS WILL IMPROVE SERVICES BUT COSTS WILL STILL BE HIGH. THIS MAKES OPERATIONAL COSTS HIGHER IN THE FORMER USSR IN COMPARISON TO THE COSTS AND RISKS OF BUSINESS IN OTHER MARKETS.