

Canada-Russia Trade

Canada's commercial relations with Russia have traditionally been dominated by major grain sales which have made Russia our biggest wheat customer worldwide. In recent years, increased opportunities created by economic reform and modernization in Russia have attracted widespread Canadian private sector interest in a number of new areas. Today, Russia is Canada's eleventh largest export market worldwide.

Leading Canadian exports are wheat, barley, fish, meat, sulphur, chemicals, wood pulp, oil and gas equipment, engineering services and polyethylene. An important invisible export is engineering services. This includes design, procurement, and project management.

Russian exports to Canada include metals and minerals, as well as some machinery and equipment such as automobiles and machine tools.

In 1991, Russian exports to Canada hit a record level at \$233 million. The recent extension of general preferential treatment to most Russian imports into Canada should help improve access to our market.

While Canadian exports remain predominantly agricultural, the potential for increased sales in non-agricultural fields is expected to expand. The liberalization of export controls over computer technology and reductions in restrictions affecting telecommunications equipment bode well for expanded high technology sales.

Canadian industry is interested in becoming involved in the search for Russian raw industrial materials and in finding advanced, but as yet uncommercialized, technology. Russian advanced industrial materials and biomedical engineering expertise, for example, could be valuable to many Canadian companies.

Given the scarcity of hard currency in Russia, many exporters are investigating new ways of financing their exports to the region, including countertrade transactions and joint venture initiatives. Expanded multilateral financing possibilities are also expected to result from Russian accession to the International Monetary Fund and World Bank in April 1992, as well as the establishment of the European Bank for Reconstruction and Development in April 1991.

Canada's energy minister was in Moscow last month to sign a memorandum of understanding on energy and nuclear safety cooperation. During his visit, he toured an oil and gas show which attracted 25 Canadian company exhibitors.

To further support Canadian exporters' efforts in the Russian market, Canada's minister of industry, science and technology and minister for international trade is leading a delegation of 60 Canadian companies to Russia, Ukraine and Kazakhstan on July 2-11, 1992.