

ROUNDTABLE ON CANADIAN TRADE STRATEGY

Despite considerable obstacles, Canadian companies are rising to the challenges of trade and investment with the countries of the former Soviet Union and Baltic States. That conclusion was drawn by Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, following a high-level business roundtable held in Toronto in January 1992.

Wilson met with 27 senior business executives from across Canada with commercial activities in the former Soviet Union. Included were representatives from the high-tech, construction, energy, food, legal and financial services sectors.

The Minister elicited their views on trade development and investment priorities and strategies in light of the current restructuring in the former Soviet Union. This was the second time Wilson sought the opinions of business leaders on opportunities for Canada. It reflects his ongoing interest in the newly independent countries and builds on previous visits to the region.

The Engine of Growth

Joint ventures were a main focus of the discussion. Canadian firms have signed about 100 such agreements with partners in the former Soviet Union and half of the joint ventures are already under way. In addition, a recent study commissioned by the former Canada-U.S.S.R. Business Council found that Canada's success rate is higher on average than that of other countries. Canadian joint ventures generally become operational faster and hire more local labour than those from other countries.

Noting this impressive track record, Wilson said the private sector "is the best engine of growth." The

potential is high for further success, he added, because of the many similarities between Canada and the former Soviet Union in climate, geography and natural resources.

The participants agreed that joint ventures will remain the dominant commercial vehicle. Direct trade will develop as state enterprises are privatized and the ruble becomes a convertible currency. Until then, more companies will rely on countertrade to generate hard currency revenues to finance their exports to the region.

"The private sector is the best engine of growth."

*The Honourable
Michael Wilson*

Responding to some of the participants' concerns, Wilson said negotiations were proceeding on new trade agreements to eliminate some of the past risks and obstacles to doing business, such as double taxation.

Expanding Opportunities

Several recommendations were made to help both the government and the private sector facilitate increased business. For instance, Canadian firms should explore financing available from international finance institutions, such as the European Bank for Reconstruction and Development, where Canada's recently established technical co-operation fund is helping to give Canadian firms an inside edge.

Wilson said he intends to continue to consult periodically with the private sector to facilitate business linkages and expand Canada's presence in the newly emerging markets of the former Soviet Union. In July, the Minister will lead a delegation of senior business people to Russia to focus on sectors of particular Canadian expertise. ■