

## 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 eighth largest export market worldwide.

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

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

In 1992, Russian exports to Canada hit a record level at \$269 million. The extension of general preferential treatment to most Russian imports into Canada should help improve access to our market.

While Canadian exports to Russia 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 very interested in Russian raw industrial materials and in 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 from the establishment of the European Bank for Reconstruction and Development in April 1991.

Business confidence in both directions was greatly bolstered by the Agreement on Trade and Commerce, which established most-favoured-nation trading status between the two countries. President Yeltsin signed the agreement during his visit to Canada in June 1992.

To further support Canadian exporters' efforts in the Russian market, the minister of industry, science and technology, and minister for international trade, led a delegation of 60 Canadian companies to Russia in July 1992.