

paper and other associated sectors has also declined.

Russia's fishing industry ranks fourth in the world. Russia produces roughly one-quarter of the world's production of fresh and frozen fish and one-third of the output of tinned fish.

Russia is well endowed with mineral resources, particularly in the Ural mountain region, Siberia and the far east. That said, both output and exports, with the exception of aluminum, have declined in recent years. There is much potential for further development and exploitation of Russia's resources. But continuing uncertainty about the country's macro and microeconomic policies and performance have seriously undermined the attractiveness of Russia for domestic and foreign investors, including those from Japan and Korea.

The FSU was the world's leading producer of all major fuels and has significant proven deposits. In 1991, the FSU held 8-12 per cent of the global proven deposits of oil. 85 per cent were located in Russia. In that year, Russia accounted for 90 per cent of the FSU's production of oil and 80 per cent of its production of natural gas. Exports of oil and natural gas to Western Europe and the former CMEA economies of Eastern Europe have been the primary sources of foreign currency earnings for Russia. There is little trade in these products with North Asia. Moreover, there have been significant overall declines in both the output and exports of oil over the course of the past decade. In 1992, oil production was more than 25 per cent lower than it was in 1980. This decline has been the result of the depletion of existing oil fields, the deterioration in transport infrastructure and a lack of investment. The Russian government hopes to reverse this trend by increasing domestic energy prices and opening this industry to foreign investment. It probably will take until the end of the century to reverse the trend, if not longer. While the production of natural gas has flattened in the early 1990s, this sector has avoided the even deeper problems plaguing the oil sector.

While Russia accounted for over one-half of the FSU's exports and about 40 per cent of its imports, almost three-quarters of these exports and one-half of its imports were with other FSU republics. Both imports and exports with economies outside the FSU have fallen significantly during the 1990s. And the fact is that, with regard to extra FSU commerce, Russia trades primarily with economies in Europe. China is its leading trading partner among the economies of North Asia, but Russia clearly is not yet a significant factor in North Asian economic integration.