

SUMMARY

PURCHASING AND RESELLING PRODUCTS FROM THE CIS AS A MEANS OF SECURING PAYMENT FOR YOUR EXPORTS IS AN OPTION BEING CONSIDERED BY MANY WESTERN EXPORTERS. AS TIME PROGRESSES THIS PURER FORM OF STRAIGHT GOODS FOR GOODS PAYMENT MAY BECOME LESS COMMON AS COMPANIES WILL PREFER TO ESTABLISH LONGER TERM ARRANGEMENTS IN THE FORM OF JOINT VENTURES AND INVESTMENT. BUYBACK ARRANGEMENTS TO MARKET THE PRODUCTS OF SUCH JOINT VENTURES AND THUS REPATRIATE PROFITS AND INVESTMENT WILL BECOME MORE COMMON.

IN THE INTERIM, THE CURRENT ECONOMIC AND POLITICAL TURMOIL IN THE FORMER USSR WILL REQUIRE ADDITIONAL CAUTION AND ATTENTION TO DETAILS ON THE PART OF CANADIAN EXPORTERS IN ORDER TO ASSURE SUCCESSFUL CONCLUSION OF TRANSACTIONS.

IRRESPECTIVE OF THE STRATEGY SELECTED FOR DOING BUSINESS IN THE CIS THE FOLLOWING ADVICE SHOULD BE KEPT IN MIND:

- YOU MUST BE COMMITTED TO THE LONG RUN AND EXPECT THAT TRANSACTIONS WILL TAKE LONGER TO COMPLETE AND REQUIRE SIGNIFICANT INVESTMENT IN TERMS OF BOTH PERSONNEL AND FINANCIAL RESOURCES.
- BE PATIENT, PERSISTENT, SHOW IMAGINATION AND EXPECT DELAYS AND UNCERTAINTY.
- PERMANENT PRESENCE (REPRESENTATIVE) IS ALMOST A PREREQUISITE. A SUBSTANTIAL INVESTMENT IN FORM OF AN OFFICE OR JOINT VENTURE (WITH YOUR OWN WESTERN EMPLOYEE ON THE SPOT) IS ADVISABLE IF A COMMITMENT TO THE MARKET HAS BEEN MADE.
- CHOOSE YOUR CUSTOMERS WELL NOT JUST FOR THEIR NEEDS BUT ALSO EXPORT EXPERIENCE, INTERNAL CLOUT AND CONTACTS, ACCESS TO PRODUCTS AND ABILITY TO SECURE AN EXPORT LICENSE. PROCEED INCREMENTALLY IN TERMS OF EFFORT AND INVESTMENT SO AS TO ALLOW TIME FOR THE CLIENT TO DEMONSTRATE THEIR COMMITMENT, INTEGRITY AND CAPABILITY.
- FOR EASE OF SALE, CHOOSE COMMODITIES OVER MANUFACTURED PRODUCTS IN THE SELECTION OF "COUNTERTRADE" PRODUCTS WHENEVER POSSIBLE. THIS IS BECOMING MORE INCREASINGLY DIFFICULT TO DO AS PRODUCERS AND SUPPLIERS ARE BEING TIED UP BY COMPETITORS AND MAY REQUIRE SOME FORM OF JOINT VENTURE OR INVESTMENT IN THE PRODUCTION (EQUIPMENT, TECHNOLOGY, TRAINING) IN ORDER TO GUARANTEE PRODUCT QUALITY, SUPPLY AND COMMITMENT.