

And I believe it is possible to minimize those risks and maximize opportunities through careful and thorough planning prior to entry.

As you contemplate economic participation in the Soviet Union, good faith is justified; but patience and caution are in order.

And I would emphasize the word patience. For the USSR of 1990 is not a place for those who are faint of heart or who seek merely short term gain.

Those interested in exporting to the USSR, for example, must understand that hard currency is available in ever decreasing quantities. And it is also clear that the Soviets are being extremely careful in borrowing against the many lines of credit extended by Canada and other western countries.

Combine scarce hard currency and the cautious use of credit - and the complex question of countertrade becomes an unavoidable element of exporting to the USSR.

Likewise, the existing lack of convertibility of the ruble and the lack of a profit repatriation mechanism make direct investment a long term proposition.

While I understand that a complicated system of hard currency auctions has gone into effect, it is clear that, at least for the foreseeable future, doing business in the USSR will take the form of joint ventures and reinvestment in Soviet growth. Subject to opportunities to repatriate profits through exports, Canadian investors must therefore satisfy themselves in the knowledge that they are positioning themselves for the future.

Canadians have already shown their mettle. Some of you participating in this Conference, such as Jack Nodwell of Canadian Foremost and Ken Rowe of IMP Group and others have put your own money on the line. There are more than 24 joint ventures registered between Canadian and Soviet enterprises and there are at least 20 others signed and awaiting registration. Among these are many innovative projects which bring to bear the best of Canadian technical and business skills with strong Soviet partners. Whether it is in enhanced recovery of oil, heavy machinery manufacture or food service, Canadian companies have proven that they have what it takes to participate in the restructuring of the Soviet economy.