

5. Finally, businessmen should be alert to the probability that the continuing hard currency shortage due to oil price declines combined with the extension of more responsibility in spending decisions (including hard currency transactions) to the regional and enterprise level will lead to more counter-trade demands in the future. Counter-trade (particularly compensation deals) and/or leasing may emerge as pressure mounts for the USSR to raise export earnings before making further expenditures. Unfortunately, the USSR Ministry of Foreign Trade and related foreign trade organizations (FTO's) have so far failed to establish an adequate marketing network abroad to achieve quick results. The Ministry has traditionally preferred to avoid counter-trade and may require some time before its officials master its intricate details.
6. On the financial side, the USSR has for a long time maintained an excellent record of punctual repayment of debts. However, whereas in the pre-perestroika times, a business contract in the USSR had basic government guarantee, this is no longer the case; under the USSR law on State Enterprise, the Government of the USSR no longer will take responsibility for the legal acts of Soviet enterprises or cooperatives. Thus, if a Canadian exporter enters into business arrangements with unknown Soviet organizations, it will be worthwhile to request bank guarantees from Vnesheconombank prior to delivering the product. To date, Soviet insolvency has not affected many export transactions, however, the trend to reduced central government involvement does mean greater risks related to payments.
7. Decentralization of the Foreign Trade Apparatus

With most Soviet enterprises being granted, in April 1989, the right to become involved in foreign trade, many new Soviet players will be entering the foreign trade market in the USSR. Initially this will cause confusion and greater delays in procuring business. However, if the right Soviet partner is chosen, the potential for new commercial relationships are excellent. This decentralization will mean higher marketing costs due to further travel requirements to end-users and new purchasers. It will also create credit problems, due to the unknown credit worthiness of many of the new players, and the limited hard currency assets which they have available.