

- SECTORS AFFECTED INCLUDE: ALUMINUM, NICKEL, GOLD, IRON ORE, URANIUM, PLATINUM, CADMIUM, ZINC AND OIL.

#### POLITICAL CHANGES

- THESE FOUR ISSUES OF THE RAPIDLY CHANGING LEGAL ENVIRONMENT, LACK OF BUSINESS EXPERIENCE, POOR INFRASTRUCTURE AND DETERIORATING ECONOMIC CONDITIONS ALL LIE UNDER THE SHADOW OF THE POLITICAL CHANGES THAT HAVE HAPPENED AND WILL CONTINUE INTO THE FORESEEABLE FUTURE. MOST SIGNIFICANTLY IS THE ISSUE THAT BY AND LARGE THE SAME BUREAUCRATS AND COMMUNIST PARTY MEMBERS ARE STILL CONTROLLING GOVERNMENT MINISTRIES AND THROUGH OLD FOREIGN TRADE ORGANIZATIONS AND CONTACTS CONTROL THE BULK OF ECONOMIC ACTIVITY.
- TO QUOTE A RECENT ISSUE OF THE GLOBE AND MAIL "THE HARDLINERS", MANY OF THEM FORMER COMMUNIST PARTY OFFICIALS, STILL WIELD CONSIDERABLE INFLUENCE AND HAVE MANAGED TO STALL REFORM LEGISLATION".
- THE GLOBE ALSO NOTED A LESS OFTEN REPORTED FACT THAT "RUSSIA STATE ENTERPRISE MANAGERS AND FORMER COMMUNISTS MAY HAVE STASHED MORE THAN \$10 BILLION IN FOREIGN BANK ACCOUNTS".
- SOME ESTIMATES IN RUSSIA PUT THIS FIGURE AT CLOSER TO \$50 BILLION - 40% OF WHICH LEFT THE FORMER USSR AT THE TIME OF LAST YEARS COUP.
- SOME EVIDENCE OF THIS INCLUDES REPORTS THAT THE BULK OF CONSUMER PRODUCTS IMPORTS ARE BEING PAID FOR OUT OF THESE ACCOUNTS AND THAT THE SOURCES OF HARD CURRENCY INVESTMENT BY SOVIETS INTO JOINT VENTURES, PARTICULARLY SOME OF THE NEW COMMERCIAL BANKS ARE BEING QUESTIONED.
- DESPITE THIS LARGELY NEGATIVE OUTLOOK, A SMALL ENTREPRENEURIAL CLASS IS DEVELOPING WHICH IS BEING AIDED BY PRIVATIZATION LAWS PARTICULARLY IN RUSSIA. UKRAINE, STILL VERY MUCH IN THE HOLD OF FORMER COMMUNISTS HAS BEEN SLOWER IN ADOPTING PRIVATIZATION LAWS.
- THIS IS A QUICK OVERVIEW OF THE FACTORS AFFECTING BUSINESS OPERATIONS IN THE SOVIET UNION WHICH WILL OF COURSE AFFECT THE SUCCESSFUL STRUCTURING OF COUNTERTRADE TRANSACTIONS.