

CANADIAN INTERESTS

i) Trade and Economic

In 1992, Russia was Canada's ninth largest export market, with grains accounting for most of the \$1.36 billion in sales. With grain credits drying up this year, capital goods and services are picking up the slack. Russian exports to Canada in 1992 hit a record level of \$271 million. The Russian debt to Canada amounts to \$2.1 billion divided between the Wheat Board and the Export Development Corporation.

Total Canadian investment in Russia is over \$100 million, primarily in the energy and service sectors. Canadian companies account for half of Russia's oil joint ventures. Legal and political uncertainties are, however, discouraging new investment.

Canada has committed \$150 million to technical assistance over a five-year period. The main activities will focus on oil and gas, agriculture, privatization, security issues and northern development.

ii) Political

Political and economic relations between Canada and Russia are governed by the umbrella Treaty of Concord and Co-operation, and an Agreement on Trade and Commerce, both signed during President Yeltsin's visit to Ottawa in June 1992.

There is an active program of high-level contacts, with three Yeltsin visits to Canada (including the Vancouver Summit with President Clinton in April 1993), and former Prime Minister Mulroney's visit to Moscow in May 1993. The SSEA and the Russian Foreign Minister meet regularly several times a year, and often consult by telephone.

Russia has often sought Canadian views and assistance on its problems relating to the former Soviet republics, particularly the Ukraine, where Canada is seen to have influence.

iii) Security

Instability in Russia and its neighbouring states poses deep challenges to international security, most significantly because of the continued possession of nuclear arms (strategic as well as tactical) by Russia, the Ukraine and Kazakhstan.