

# FOR THE RECORD

## Economic Cooperation between Canada and Ukraine is on the rise

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Up to this point Canada has lagged behind the United States and the European Union in terms of investing in Ukraine. This may seem odd considering the number of Canadians who trace their roots back to Ukraine, but there are several explanations. EU countries are closest geographically, thus have easy access and natural trade links. The United States is the world's largest economy, with a GDP over 10 times that of Canada. U.S. investment in Ukraine has also been bolstered by the new direction in government policy which began with President Leonid Kuchma's visit to the United States a year ago, and President Bill Clinton's subsequent trip to Ukraine in May. The Clinton administration is actively encouraging investment in Ukraine, largely because it justifiably sees a strong Ukraine as a bulwark against resurgent Russian imperialism. (The latest polls indicate that a "Red-Brown Coalition" of Communists and ultranationalists may dominate the Russian Duma following the Dec. 17 elections. This may give them a good shot at the presidency, where real power lies in Russia, in June (1996).) But it can also be argued that Canadians have been a bit slow off the mark when it comes to investing in Ukraine.

Nevertheless there are strong signals that this is changing. The Canadian diamond drilling program in Zhytomyr oblast may yet prove to be a very significant development. While it is too early to say whether the exploratory work will result in a commercial operation, the geologists involved are certainly optimistic. Were this to come about, it could certainly provide some badly-needed hard currency reserves for Ukraine. In the oil and gas field, Canadians are starting to catch up to the British, who took an early lead and have the additional advantage of housing the headquarters of the European Bank for Reconstruction and Development. But Vancouver's Epic Energy is going full blast in Crimea, and Calgary-based Uk-Ran Oil's project for Chernihiv may be finalized shortly. Several other companies are also looking at potential joint ventures and Saskatchewan Premier Roy Romanow's recent visit can be expected to increase activity not only in the oil and gas sector, but also in agribusiness. Ontario companies are also actively involved. Magna Corporation is helping develop the Zaporizhya Auto Works, Northland Power is

reorganizing the gas-burning Darnycka Power Station near Kyiv, and Ontario Hydro has a project at Chernobyl. There are also many smaller scale projects underway.

The next year should witness a large increase in Canada-Ukraine economic cooperation. A major shot in the arm can be expected from the "Ukraine and Partners" trade show scheduled for April 30 - May 2 in Toronto. As well, more investment can be expected as several projects that have been in the works for some time, finally bear fruit in 1996.

It is often stated that Ukraine gave Canada its best resources -- its people -- and now it is time for Canada to return the favour. This is very true. It is also key for the Ukrainian community itself to increase its awareness of the business opportunities. To some degree this will mean a reevaluation of the diaspora's priorities, both as far as Ukraine is concerned, as well as the community itself. For years Ukrainians in Canada have not been involved in business activities as much as they should. One only has to look at the proportion of doctors and lawyers in our professional and business organizations to see which fields young Ukrainian Canadians were encouraged to enter.

But this will change in time and Canada may yet greatly enhance that "special relationship" it has with Ukraine.

## Russian nationalism draws Ukraine, U.S. closer

by *Martin Sieff, THE WASHINGTON TIMES*,  
Saturday, February 24, 1996.

Three years ago Ukraine was in the doghouse with Washington policy-makers, regarded by U.S. officials as the unwanted stepchild of the collapse of the Soviet Union. But that was before Russian nationalism began its revival.

When President Leonid Kuchma visited Washington, President Clinton rolled out the red carpet. The Ukrainian leader met with the president, Vice President Al Gore, Secretary of State Warren Christopher, Defense Secretary William Perry and Treasury Secretary Robert Rubin. Administration spokesmen discussed the importance of Ukraine and the strength of ties between the nations. "This is a very close relationship. It's very deep, and it's very broad, and it extends to extremely close relations on economic issues, and a new and burgeoning military relationship,"

said State Department spokesman Nicholas Burns, an expert on the former Soviet republics.

Ukraine, which became independent at the beginning of 1992 after 347 years under Moscow's control, is now the No. 4 recipient of combined military and economic assistance from the United States, after Israel, Egypt and Russia, Mr. Burns said. In terms of economic aid alone, it is the third-largest recipient, having surpassed Russia this year. Of all the former Soviet republics in the Russian-led Commonwealth of Independent States, Ukraine was the first to declare itself for NATO's Partnership for Peace program, Mr. Burns said.

Ukrainian troops are serving in the French sector with the NATO-led peacekeeping force in Bosnia-Herzegovina. "We find that in every respect Ukraine is really an ideal partner in Central Europe," Mr. Burns said.

Senior U.S. officials say the importance given by U.S. leaders to Ukraine, which is the size of France and has 53 million people, is no surprise development this year.

They date the turnaround in U.S.-Ukraine relations to Mr. Christopher's first visit to Kyiv in October 1993. That trip set in motion negotiations that led to Ukraine's full compliance with the U.S.-Soviet Strategic Arms Reduction Treaty. In January 1994, Ukraine agreed to give up the huge nuclear arsenal it inherited from the Soviet Union. It had more nuclear weapons than China, Britain or France.

After Mr. Kuchma succeeded Leonid Kravchuk as president, Ukraine's chaotic economy began to stabilize, and the government plugged doggedly ahead with free-market reforms despite entrenched opposition in parliament. That effort won the respect of U.S. policy-makers. But the glowing welcome Mr. Kuchma received this week appeared to have more to do with new fears of Russian threats to Ukrainian independence than with his country's good behavior in U.S. eyes.

At his meeting with Mr. Clinton Wednesday, Mr. Kuchma discussed his fears of Russian expansion at Ukraine's expense, U.S. officials said. "President Kuchma spoke in a very forthright way" on the subject, Mr. Burns said. "He said that he had made it very clear that there was going to be a limit to the extent to which Ukraine would be involved in the Commonwealth of Independent States, both in its military and in its economic and political structures."

Mr. Burns said Mr. Kuchma "spoke very specifically about that" this month at