

Canada-Ukraine Conclude Air Transport Agreement

June 14, 1997... Foreign Affairs Minister Lloyd Axworthy and Transport Minister David Collenette announced the conclusion of a new Air Transport Agreement between Canada and Ukraine during the visit of Ukrainian Prime Minister Pavlo Lazarenko.

"This agreement is a positive further development in Canada's overall bilateral relations with Ukraine," said Mr. Axworthy. "The new air service will reinforce family ties, favour cultural exchanges, and contribute to growth in trade and tourism."

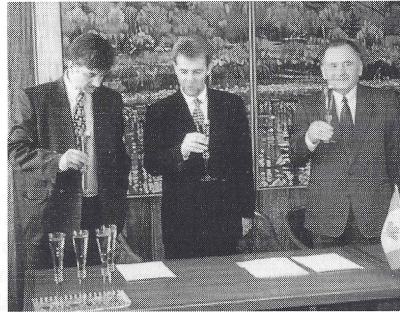
"Canada welcomes the air service opportunities that the new agreement provides for airlines and communities, particularly Toronto, which is the major Canadian air transport market for Ukraine" said Mr. Collenette. "The successful conclusion of this agreement will permit, for the first time, scheduled air services to be operated between Canada and Ukraine."

Under the agreement, both sides established the operational and commercial flexibility needed for both Ukrainian airlines and Air Canada to fully serve this small but expanding air travel market. Ukrainian airlines will operate scheduled flights to Toronto with an option to operate flights to a second Canadian city. Air Canada plans to serve the market in cooperation with its alliance partner in Europe.

"AD Zorya Consumers" Bottling Up Ukraine

May 6, 1997... Ambassador Christopher Westdal, Agrofirma Zorya Director Volodymyr Plytyynsky and Canada Consumers Packaging Inc. representative Stanislav Savinsky signed an agreement on CCP investing US\$1 mln. in bottle production. Money will be invested into an unfinished plant belonging to Agrofirma Zorya, where construction was frozen for lack of money. In total, along with participation from the EBRD, some US\$18 mln. will be pumped into the project.

Consumers Packaging Inc. is the largest producer of glass containers for the food and beverage industry. In 1994, Agrofirma Zorya and a British firm set up a joint venture called AD Zorya in which CCP already owns a 51% stake. Located 25 km from Rivne, the plant now produces 100,000 top-quality flint-type bottles per day. Agrofirma Zorya itself is one of Ukraine's biggest agricultural enterprises, comprising meat plants,



Toasting AD Zorya's agreement in the Canadian Embassy in Kyiv.

animal farms, greenhouses, and a small glass factory.

The new baby, AD Zorya Consumers, is expected to start operating at the end of 1997. It will employ about 400 people, producing various bottles worth US\$32 mln. annually. Bottles will be produced from Ukrainian sand using current Western technology and will cost less than average world prices.

They are anticipating their first partner to be Coca-Cola, since a new plant in Brovary should be completed at around the same time as the AD Zorya Consumers plant.

Edmonton Company Plans TV Bingos for Ukraine

National Gaming Corporation Inc., a public stock company based in Edmonton, announced a joint venture agreement with the Ukrainian Gaming Corporation and the International Association of Sports Veterans of Ukraine, to implement a National TV Lotto and Bingo program in Ukraine.

This venture is expected to generate over US\$520 mln. during the term of the contract. A one hour entertainment and game show program will be promoting lotto and bingo games. The company has stated that this program will be staged in front of a live audience, and prizes will be distributed throughout Ukraine.

National Gaming Corporation says the income from this JV will provide the funding for the preparation of the Ukrainian Olympic team for the XXXVI games in Australia in the year 2000. Additional funding will be used to ensure social protection for the Veterans of Ukraine, research works in the social rehabilitation sphere, and the improvement of children and youth sports programs.

Marco International Joint Venture (JV) in Lviv

The Marco International Canadian-Ukrainian joint venture in Lviv is planning to boost its production to US\$7-8 mln. with new investment.

The JV, which was co-founded by Andrew Kulchitski, a Canadian of Ukrainian extraction specializes in the manufacture of "marble" kitchen sinks, washbasins, bathtubs and bidets.

Kulchitski first set foot on his ancestral land five years ago and soon gained recognition as a keen student of the Ukrainian market and its opportunities for vigorous businessmen. The joint venture's products were used to equip several banks, a dental clinic, a packing-house and a rehabilitation centre for juvenile cerebral paralytics in Lviv.

Canadian Perogy Know-How to Ukraine

In a weird twist of fate, Cheemo/Heritage Foods, a \$9 mln.-a-year success story in Canada, is exporting its perogy-making technology back to Ukraine through a joint venture, Sumy Foods. Perogies, also called varenyky, are the national food of Ukraine.

The 71-year-old owner, Volodymyr Makowecki, originally came up with the idea to mass-produce the traditional Ukrainian staple in 1964; just as the fast-food trend was being born. The plan was to create high-quality, nutritional perogies faster than you could do it at home. Finally after spotting a Ukrainian-made mixing machine at Expo 67, he trekked to Moscow to have a look.

The machine needed some modification, given that it created similar, but not identical, Siberian-style dumplings. With a little ingenuity and the purchase of a second machine for spare parts, the appliance was refitted and started producing varenyky in May 1972. Despite skepticism, Makowecki set out to market his product, but not necessarily to local Ukrainians, who still peeled and boiled the potatoes, kneaded the dough and pinched together the dumplings at home. He called his brand Cheemo, a term evocative of Canada and focussed on consumers who had freezers and little time to spend in the kitchen. The company can turn out 2,000 perogies a minute.

Today Cheemo perogies are sold across the West, Ontario and the U.S. and, according to Makowecki, Cheemo is the largest manufacturer of perogies in the world. Per-