



officials refuse to give permits required to get businesses rolling.

When Seagram decided to come to Ukraine, the picture looked promising, especially for a company whose liquor products were selling sluggishly to Western consumers concerned about health.

Launching itself among the drinkers of Ukraine and Russia seemed to Seagram executives an appealing antidote to the slog of fighting for market share in the West.

The Ukrainian government, in its original foreign investment law in 1992, granted tax holidays and other exemptions to draw outsiders. Among those who took the bait were Tambrands Inc., the maker of feminine-hygiene products, and S.C. Johnson & Son, the wax maker.

Seagram came in part because a foreign investment law stipulated that the conditions would not change for five years. But six months later, many of the terms were scrapped. Particularly harmful for Seagram was the government's declaration of spirits exporting a state monopoly. Tambrands, which manufactures Tampax locally, and Johnson, which makes household cleaning products, have responded to the deteriorating business climate by emphasizing exports to Russia. So far, these exports have been left untouched because the Ukrainian government would find it difficult to declare these kinds of goods state monopolies.

For its joint venture with the Ukrainian distillery in Lviv, where Stolichnaya vodka was produced, Seagram had laid out plans to the government under which the company would provide new equipment and technology for the existing plant. "We wanted to do it so everyone would benefit," Kish said, adding that he would like to see the land of his ancestors succeed.

Ukraine would benefit from the revenue, employment and taxes, he said. For Seagram, manufacturing in Ukraine was an inviting proposition because labour costs are low, the distillery work force know how to make vodka, and the

neighbouring Russians are enamored of Ukrainian vodka.

## DESIGN CONSORTIUM ESTABLISHES SERVICE FOR UKRAINE'S CONSTRUCTION

Three Montreal-based companies have formed a design consortium geared towards serving the developing construction market in Ukraine. Orest J. Hummeny - Architect, DECOR TESLAR, Inc. and DIMENSIONS NORLAP, Ltd. have worked both independently or in association on numerous design and construction projects in the Montreal area. Orest J. Hummeny is a member of the Board of Ukraine-Quebec Business Council Inc. and Daria Olana is the Vice-President of the Montreal chapter of the Canadian Ukrainian Professional and Business Association.

## CANADIANS HELPING UKRAINE BUILD FINANCIAL SYSTEM

The Canadian cooperative movement has opened an office in Kyiv, Ukraine, to assist in the development of local credit unions. This is the movement's first foray into Eastern Europe.

The Council of Ukrainian Credit Unions of Canada and the Canadian Cooperative Association (CCA) are partners in this program, for which wounding of \$1.2m has been allocated by the federal Department of Foreign Affairs. The project is the result of three years of Council missions to Ukraine and discussions with the country's political and community leaders. The council is making a \$300,000 in-kind contribution to the program.

Mr. Kenton Eggleston, CCA Region Director, and Mr. Petro Mykulak, President of the Council, returned from their most recent mission to Ukraine in December. Eggleston sees enormous long-term potential for the movement and for Canadian involvement. Credit unions will eventually provide a means of savings mobilization and a source of

loans to consumers and microbusinesses. Credit cooperatives are already being formed and are starting to grow, in contrast to the country's failing large state enterprises.

The program of technical assistance includes provision of short- and long-term advisors with local language capability, establishment of twinning relationships with Canadian institutions and internships for credit union movement leaders from Ukraine.

"Canadians of Ukrainian heritage have a great wealth of expertise to share," says Mykulak. "We want to reintroduce a form of business organization which once flourished there." The council represents all Ukrainian-Canadian credit unions.

Ukraine, with an emerging financial infrastructure, has virtually no financial services available to the retail market. "Once inflation comes under control, credit unions will fill the vacuum in that segment of the financial sector," comments Eggleston.

He adds, "Providing skills at the local level and building institutions pays off quickly because of the high level of education. Moreover, the communist system has left them hungry for knowledge of systems in which the good of the group truly translates into benefit for the individual." The CCA is the national umbrella organization for English-speaking cooperatives and credit unions. To date, it has applied the cooperative model of development in 42 other countries. "Our efforts at promotion and training have been met with sometimes unexpected enthusiasm," says Mykulak. "After our preliminary mission in 1992, several groups had formed credit unions almost immediately. These are now moving ahead and serve as a positive example to other local groups."

"We are primarily working at the grassroots level, building financial and management skills. A spin-off is that people learn how to participate in democratically-run organizations." The