



**POLITICAL AND
ECONOMIC RELATIONS**

**TORONTO MEETING
G-7 FINANCE
MINISTERS AND
BANKERS SUPPORT
UKRAINE'S REFORM**

Toronto, Feb. 3-4, 1995... A meeting of finance ministers and central bankers of the Group of Seven leading industrialized countries in Toronto resulted in the adoption of a communiqué summary promoting economic reform and growth in Ukraine. The question of Ukrainian reform will be a topic of discussion at an upcoming G-7 meeting in Washington culminating with the G-7 Summit in Halifax in June 1995.

The communiqué stated: "We also discussed the situation in Ukraine and welcomed the Government's successful implementation of bold and sweeping reforms since our last meeting. We expressed the hope that Ukraine and the IMF will continue to work closely to reach an agreement on a full standby program as rapidly as possible. In this regard, we reiterated that financial support will be critical to the success of Ukraine's reform effort.

Although Mexico dominated the agenda, the G-7 Ministers and governors also sent a stiff signal that Russia must keep reforms in track. Finance Minister Paul Martin said the group welcomed "the stated commitment of the Russian government to economic reform," but added that ministers were concerned over the latest rebound in inflation and the risk that the war in Chechnya would throw Russia's reform program off course.

**DETAILS OF WORLD
BANK'S \$500 MILLION
LOAN TO UKRAINE**

Washington, Dec. 22, 1994... The World Bank announced a \$500 million loan to Ukraine, praising policies favourable to private enterprise initiated by President Leonid Kuchma since he took office in July. "The Government under President Kuchma has demonstrated strong commitments to reform by implementing a series of difficult and far-reaching measures," the announcement said.

Under the bank's charter, loans are granted on economic and not political grounds. Kuchma's measures, the Bank said, include lifting most price controls, unifying currency exchange rates, eliminating most quotas on exports, reducing subsidies and setting up a safety net for people most in need.

Kuchma said in November that after Ukraine agreed to dismantle its nuclear weapons and to reform its economy, western countries must come through with more aid. The World Bank, with 178 member countries including Ukraine, is the world's biggest single source of aid.

Basil Kavalsky, the World Bank official in charge of lending to Ukraine, told Reuters the loan represented a vote of confidence in the government of President Leonid Kuchma. "We want to provide the financial backing for their reform efforts," he said.

The money will be used to buy needed imports and will be disbursed quickly, probably within the next six months.

Ukraine is also negotiating with the International Monetary Fund for a "stand-by loan" which could total as much as \$1.5 billion. Kavalsky said he expects the stand-by loan to be approved early next year.

As well the World Bank is considering a number of additional credits for Ukraine which include a \$30-\$50 million credit to promote domestic production of corn, sunflower and sugar beet seed, and a loan of about \$100 million to improve the hydro-electric power industry.

The \$500 million credit has a period of 17 years and has a variable interest rate, currently 7.1 per cent.

**KUCHMA SETS UP
COUNCIL FOR
ECONOMIC REFORM
IN UKRAINE**

Kyiv, Jan. 2, 1995... Ukrainian President Leonid Kuchma signed a decree establishing a Special Council for Economic Reform in Ukraine. The decree appointed First Vice-Prime Minister Viktor Pynzenyk as Council Chairman. The Council will coordinate the efforts of the Cabinet of Ministers, the National Bank and the Ministries in carrying out economic reforms in Ukraine.

**BUSINESS
& ENVIRONMENT**

**UKRAINE TO GET NEW
INTERNATIONAL
TELEPHONE CODE**

Ukrinform, Dec. 1994... Ukraine will be getting a new three digit international telephone code sometime this year.

According to Ukraine's Communications Minister Oleh Prozhevalsky, the new code, which will be 380, will come into use either in May or June 1995. Until that time, the code "7" shared by all former USSR republics will remain in use.

For now, no change is expected to be made to the order of dialing international telephone numbers from Ukraine.

With the introduction of the new code, Ukraine will be subject to regulations which stipulate that the total number of digits in an international number should not be more than 12.

To avoid this, a "zero" will be dropped from the Ukrainian city code. For example, to call Kyiv under the new system, Canadians will dial the overseas