



# UKRAINE - CANADA

## Policy and Trade Monitor



Inaugural Issue

УКРАЇНА-КАНАДА

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*A Digest on Ukraine-Canada Relations*

## UKRAINE: A NEW MARKET OF 53 MILLION

### A Message from Ukraine's Ambassador to Canada

*It gives me great pleasure to extend these greetings to all readers of the Inaugural Issue of the «Ukraine-Canada Policy and Trade Monitor».*

*This Monitor seeks to deepen and broaden Canada's bilateral relations with newly-independent Ukraine by creating a regular, informative base for Canadians who want to obtain a better understanding of the political and economic potential of this untapped market of 53 million inhabitants.*

*Ukraine has come a long way since proclaiming independence on August 24, 1991 and taking her rightful place in the world community of nations. In just under two short years, Ukraine has taken decisive steps towards its independent development, building a market economy and a socially just and democratic society. There are now new laws and regulations on the books safeguarding investment financing and property rights. On any given day one can read*



### FACTS AND FIGURES

- **Population:** ..... 53 million
  - \* 68% urban ... 32% rural
  - \* 73% Ukrainians 22% Russians
  - \* 5% other (Jews, Poles,...)
- **Major Cities:**
  - \* Kyiv ..... 2.6 Million capital & largest city
  - \* Kharkiv ..... 1.6 million major industrial & trade centre
  - \* Dnipropetrovsk ..... 1.2 million metallurgy & machine-building
  - \* Odesa ..... 1.1 million major port on Black Sea
  - \* Donetsk ..... 1.1 million centre of coal industry
- **Area:**
  - \* 603,700 km<sup>2</sup> (362,200 miles<sup>2</sup>), 1,300 km E-W, 900 km N-S
  - \* one of the largest countries in Europe
  - \* 1,300 km E-W, 900 km N-S.

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*success stories about international companies and enterprises who have joined with their Ukrainian counterparts to make profitable ventures.*

*Canada is in an excellent position to take advantage of the immense opportunities of the vast Ukrainian market. Canada's multicultural communities, particularly the more than one million Canadians of Ukrainian ancestry, can contribute not only their professional skills, but also their linguistic capabilities and cultural understanding, making Canada the choice partner in the region. Add to this Canada's courageous and farsighted foreign policy initiative to become the first Western country to recognize the independence of Ukraine, and one has the proper components for a strong partnership.*

*I invite Canadians to get acquainted with the great potential of Ukraine and the Ukrainian people through the pages of this Monitor and encourage all parties doing business in Ukraine to utilize and support the services of the «Ukraine-Canada Policy and Trade Centre».*

*With best wishes of good health, happiness and peace.*



**Levko Lukianenko**  
*Ukraine's Ambassador to Canada*

## HOW TO PREVENT THE PROLIFERATION OF NUCLEAR WEAPONS

*Statement by the  
President of Ukraine Leonid M. Kravchuk*

The problem of proliferation of nuclear weapons remains one of the sharpest problems of our time, one that arouses concerns among statesmen as well as the broad world community. The question is in the centre of attention of Ukraine's political leadership, its Parliament. The possibility of an increase in the number of nuclear states and a corresponding increase in the risk of use nuclear weapons or its use in regional conflicts constitutes a real threat to international peace and security.

The only document that today is at the disposal of the international community in its efforts aimed at preventing this threat is the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT). A special responsibility for the universal adherence to the provisions of the NPT rests on nuclear states and particularly on the depositors of the Treaty.

Recognizing the significance of this international document, bearing in mind that accession to it meets Ukraine's interests, I have submitted to the Verkhovna Rada (Parliament) a proposal regarding Ukraine's accession to the Treaty. At the same time, proposals on ratification of the Strategic Arms Reduction Treaty (START) and of the relevant Lisbon Protocol were submitted for consideration by Ukraine's Parliament.

At the present time, intensive hearings are underway on this issue at the Verkhovna Rada (Parliament) within the framework of Parliamentary Commissions and of a special Working Group. This is a normal process, which requires certain time.

The Parliament of Ukraine carries great responsibility before its people to ensure that all aspects of the START Treaty, the Lisbon Protocol and the NPT are carefully studied, that all possible implications of Ukraine's participation in these international documents are assessed, first in terms of its military and ecological security as well as in terms of financial costs arising from the assumption of such responsibilities. After all, the issue is not a reduction of nuclear arms by one half or two thirds, but a total elimination of such arms in Ukraine, an act which will have serious consequences from the viewpoint of our security and even the very existence of an independent Ukrainian state.

A large majority of deputies supported Ukraine's non-nuclear choice announced by the Verkhovna Rada (Parliament) in 1990. However, at the same time the deputies insist on the resolution of certain important questions before the START and the NPT Treaties are submitted for final parliamentary ratification.

At issue is the granting of security guarantees to Ukraine by the nuclear powers - the permanent members of the U.N. Security Council, the provision of realistic assistance to Ukraine in financing a nuclear weapons elimination program in Ukraine, the designation of the future use of nuclear components of the strategic and tactical warheads located in Ukraine or those that were earlier removed from its territory for dismantling in Russia.



It would appear that not all of our partners understand why Ukraine raises these questions, what constitutes the basis for its demands. Perhaps it would be useful, in connection with Ukraine's future accession to the NPT Treaty, to take a few minutes of your time in order to clarify our view of the problem of nuclear arms located in Ukraine.

II

The situation surrounding nuclear arms located in Ukraine is unique, without precedents in world history. For the first time a state, which together with other states - successors of the former USSR, has the right to be nuclear, pursues a course towards a non-nuclear status. Furthermore, nuclear weapons, which are located on the territory of this state, Ukraine, do not belong to any other state and have only been brought under operational control of the Joint Command of the C.I.S. Strategic Forces.

In declining nuclear arms, this indisputably effective instrument of containing any potential aggressor, Ukraine has an undeniable right to demand from the nuclear states a guarantee of its national security.

At stake is a legally binding political document, to be accepted at the highest level by the nuclear powers, and first of all by Russia and the U.S.A., committing these countries to the non-use of nuclear weapons against Ukraine, to the non-use of conventional armed forces or the threat of force against it, to refrain from economic pressure in the resolution of contentious questions, to respect territorial integrity and the non-violability of Ukraine's frontiers.

The commitments outlined here only restate generally accepted principles of international law, particularly as stated in the CSCE Final Act of 1975 and the Paris Charter for the New Europe. But it is important for us that they be restated in the context of future assumption by Ukraine of the status of a non-nuclear weapons state.

As indicated by discussions in the Committees of the Verkhovna Rada (Parliament), as long as this question remains unclarified, a significant part of parliamentary deputies is not ready to proceed with the ratification of the START and NPT Treaties.

Here we cannot show haste. We must convince the deputies by facts, not by words.

III

Ukraine did not participate in decisions that led to the location on its territory of the third largest, in terms of capacity, strategic missile force on the world. But at the same time, the Ukrainian people were forced to finance the nuclear armaments race of the former Soviet Union at the cost of their well-being and economic development.

What is in fact being demanded of us now is that we ought to finance a grandiose program associated with the elimination of these weapons. At stake is not simply a destruction of strategic offensive weapons, taking into account requirements of ecological safety and of economic viability, a task which we would have to undertake anyway, but the undertaking of extremely complex procedures, requiring huge expenditures, procedures which were established by the START Treaty specifically for the purpose of preventing the former USSR to circumvent its provisions.

One way or another, strategic nuclear weapons on the territory of Ukraine will have to be eliminated. However, we have the right to count on realistic assistance, adequate in terms of our expenditures in destroying such weapons.

So far, we have not received from the West a single cent for this purpose. Is the West not interested in the earliest elimination of nuclear weapons on our soil? It is well known that we cannot manage this task alone.

We are grateful to the U.S.A. for their offer of 175 million dollars in financial and technical assistance for the destruction

of nuclear weapons. But, clearly this amount would in no way cover Ukraine's anticipated costs and we expect that other world states, and nuclear states in particular, will join the U.S.A. in this matter. In this connection, we came up with the initiative to establish a special International Nuclear Disarmament Fund.

Surely, no one should expect from us that in this complex economic situation the priority will be given to the reduction of nuclear weapons and not to the establishing a foundation for a sound, socially oriented market economy. It must be openly stated that taking into account a crisis in our economy, Ukraine can assign from its budget only limited funds for the implementation of the program of elimination of strategic weapons.

IV

The next issue concerns the determination of the further use of the highly enriched uranium and plutonium from strategic warheads that are located in Ukraine, and from tactical warheads that were removed to Russia for disassembly. For us this question of principal significance.

Ukraine does not exercise operational control over the strategic forces located on its territory and, consequently, does not control nuclear warheads in the context of Article II of the START Treaty. At the same time, all components of the nuclear warheads that will be subject to disassembly and destruction, are Ukraine's property. We are only interested, following the disassembly and destruction of nuclear warheads, in the use of such components for the solution of Ukraine's economic development problems and particularly in securing fuel for the Ukrainian nuclear power stations. Negotiations on this issue with the Russian Federation have begun and we hope that their final results will be positive.





The solution of the questions outlined above will help to advance the process of reaching a positive decision by the Verkhovna Rada (Parliament) with respect to the accession to the NPT Treaty and the ratification of the START Treaty together with its Lisbon Protocol. A delay by some states, on which such decisions depend, lays on such states equal responsibility for the delay in the process of consideration of these important documents in the Ukrainian Parliament.

V

While the accession of Ukraine to the NPT Treaty will be an important step in strengthening the Treaty itself, it will not resolve the issue of prevention of proliferation of nuclear weapons around the world. It is well known that there are today some fifteen so-called "threshold" states that are close to developing their own nuclear weapons or are suspected of doing so. In the opinion of many experts, some of them already have nuclear weapons.

But even with the present level of technical development in such countries, the development of nuclear weapons, relying only on one's own resources, is impossible. In the implementation of their nuclear programs all these countries relied on the support of some nuclear states. Some countries that are suspected of possessing nuclear weapons, but have not joined the NPT Treaty, are receiving large scale assistance from the nuclear weapons states in military, economic and other spheres without any pressure from such donors with the view to encouraging them to join the treaty and to decline their nuclear ambitions.

In Ukraine's view, no state, and particularly no nuclear state, can conduct in this age a duplicate policy, so common in the recent past, in the area of nuclear disarmament and non-proliferation of nuclear weapons. We are convinced that all nuclear states, without exception, should follow Ukraine's chosen path - the path of assuming in the future, preferably a near future, a non-nuclear status; they

should implement a singular unvarying policy with regard to the securing of universal implementation of the NPT Treaty and the accession of all states to this international instrument.

*(Statement made at the World Economic Forum in Davos, Switzerland, Feb. 2, 1993.)*

## UKRAINE'S PATH TO REFORM

*Excerpts from an interview with Deputy Prime Minister of Ukraine Victor Pynzenyk, by Edward Balls and Chrystia Freeland of the Financial Times*

*What are the goals and methods of your economic reform programme?*

The goal of the reforms is to stabilize the economy and to create circumstances which will be favourable for its growth. But we are opposed to the view that we should have stabilization first and then structural reform.

The lessons we have drawn from Russia's experience is that a pure monetary approach which looks very good on paper is nearly impossible to implement in an almost entirely monopolised economy. You cannot expect that with a single "big bang" liberalization you can initiate all of the necessary structural changes in the economy.

For example, one of the most profitable sectors in the economy is metallurgy but these profits are due entirely to its monopoly position. Until we manage to de-monopolize this sector we cannot free prices.

Another problem is that there are effectively no owners of state property. Property is controlled by the directors but no one controls the directors. This has led to very serious abuses. We have seen the slow growth of a very strong alternative economy - an uncontrolled process of free or spontaneous privatization. Before we can stabilize the economy we must reassume control over the state sector.

*How will you liberalize the economy and tackle corruption?*

Whenever you have a closed stock company you should look for corruption. So we must commercialize enterprises and transform them into open joint stock companies. We also plan to transform collective farms into open stock companies.

The other way that these enterprises will change their form is through bankruptcy. The decision we have taken to liberalize prices and end subsidies will lead to the almost immediate bankruptcy of many collective farms. Most collective farms were very positive about our decision on price liberalization, especially the good ones because the good farms subsidised the weak farms.

The people who are opposed to it are the local bureaucrats because our decisions have restricted their authority considerably...

*So why not just push ahead with mass, small-scale privatization?*

The problem is that many monopolist trading organizations have gone over to a leasing arrangement, thus preventing commercialization of the trading system. But we plan a decree which gives the state the right to break the leasing arrangement if privatization occurs... But there is another problem... The private racket takes 10-15 per cent of the profit of the private retail stores but the state racket hands 50 per cent of state store profits to local bureaucrats. Opposition to commercialization comes from people who have very specific economic interests which they are protecting. So before we can push ahead with commercialization we have to take much stricter control of state enterprises.

*What is the timetable for capping credit emissions and how long will it take before we see effects on the inflation rate?*



## CHRONOLOGY OF UKRAINE-CANADA RELATIONS

- Nov. 10, 1989 First Annual Canada-Ukraine Foreign Policy Forum, External Affairs Canada, Ottawa. Ukrainian Canadian Congress presents Ukrainian issues to Canadian government officials.
- Nov. 23, 1989 Prime Minister Brian Mulroney visits Kyiv, Ukraine and announces Canada's intentions to open a Consulate General in the Ukrainian capital.
- July 16, 1990 Ukrainian Parliament by a vote of 355 to 4 declares its sovereignty, affirming that it plans to become a neutral state with its own armed forces, dual citizenship and a separate currency.
- Dec. 17, 1990 Second Annual Canada-Ukraine Foreign Policy Forum, External Affairs Canada, Ottawa. Ukrainian Canadian Congress advocates Ukraine agenda.
- Dec. 28, 1990 External Affairs Minister Joe Clark announces the appointment of Nestor Gayowsky, a career diplomat, to head the new Canadian consulate in Kyiv.
- Aug. 24, 1991 Ukrainian Parliament declares full independence.
- Sept. 22, 1991 Ukraine's Chairman of the Verkhovna Rada (Parliament) Leonid Kravchuk visits Canada. His visit includes a dinner with the Governor General and a meeting with the Prime Minister. Canada's External Affairs Minister Barbara McDougall and Ukraine's Foreign Minister Anatoliy Zlenko sign a declaration on future relations, calling for a broadening of ties in the spheres of politics, the economy, science, technology, education and sports.
- Dec. 1, 1991 National referendum on independence in Ukraine overwhelmingly confirms Act of independence (more than 92% of Ukrainians vote in favour). Leonid Kravchuk is elected Ukraine's first President.
- Dec. 2, 1991 Canada becomes the first western country to recognize Ukraine as an independent state.
- Jan. 27, 1992 External Affairs Minister Barbara McDougall visits Kyiv, where she signs a joint declaration with Ukrainian Foreign Minister Anatoliy Zlenko establishing diplomatic relations between Canada and Ukraine. The status of Canada's Consulate-General in Kyiv is raised to that of a Canadian Embassy. Consul General Nestor Gayowsky takes on the new title of Charge d'Affaires.
- Feb. 18, 1992 Canada becomes the first western country to provide Ukraine with a \$50 million line of credit. The credit agreement is signed in Kyiv.
- Feb. 21, 1992 Third Annual Canada-Ukraine Foreign Policy Forum, External Affairs Canada, Ottawa. Ukrainian Canadian Congress outlines pressing issues. Ukraine's Ambassador to the United Nations, Gennadiy Udovenko, participates in the deliberations.
- April 10, 1992 Canada extends general preferential tariff to Ukraine.
- June 16, 1992 Ukraine's first Ambassador to Canada, Levko Lukianenko presents his credentials to Canada's Governor General.
- July 7, 1992 Canada's Minister for International Trade, Michael Wilson and Government House Leader Harvie Andre lead major trade and investment delegation to Ukraine. A joint declaration on economic cooperation is signed in Kyiv, Ukraine.
- July 31, 1992 External Affairs Minister Barbara McDougall appoints François Mathys as Canada's first Ambassador to Ukraine.
- Sept. 23, 1992 External Affairs Minister Barbara McDougall and Ukraine's Foreign Minister Anatoliy Zlenko sign a Memorandum of Understanding establishing a framework for political consultations between the governments of Canada and Ukraine. The Memorandum, which provides for a joint annual review of the main issues in Canadian-Ukrainian relations, is signed at the United Nations in New York.
- Sept. 30, 1992 Canada's Governor General Ramon Hnatyshyn visits Ukraine and addresses the Verkhovna Rada (Parliament) in Kyiv. Canada announces the \$3.7 million «Partners in Progress» initiative with Ukraine.
- Dec. 1, 1992 Ukraine officially opens its first embassy in Ottawa, Canada. Ukraine's Deputy Foreign Minister Mykola Makarevych attends embassy opening.
- Dec. 2, 1992 The Ukraine-Canada Policy and Trade Centre is established in Ottawa on the first anniversary of Canada's recognition of Ukrainian independence.
- Mar. 21, 1993 Ukraine officially opens Consulate-General in Toronto under Consul Oleksander Sobotovich.



We are now preparing a decree which will limit credit emission to 80 per cent of our inflation targets. We expect a significant slowing of inflation only in March when the government will enact its decision to freeze the average wage and impose high taxes on enterprises which pay higher wages.

*Can you control inflation and meet the budget targets without western aid?*

I think it is realistic to aim for a budget deficit of 6 per cent of GDP by the end of this year and we think we need to cover about 1 percentage of this with western aid. There is a danger that if we meet this target then the unemployment rate will rise to 10 per cent, although in our economy there has always been a category I call the working unemployed. What we have to do is find a balance between an acceptable level of unemployment and an acceptable budget deficit...

*Can you link the decommissioning of nuclear weapons to economic aid?*

No, I do not think that is realistic. A realistic path is to implement serious economic reforms in order to attract foreign investment. No-one is going to invest here when the economic situation is so uncertain. But at the moment we are concerned about getting a rehabilitation loan from the west.

*How long do you expect to keep your job?*

The government has been granted expanded executive authority for only six months and in this time we can manage to achieve only the first positive changes. Once we start implementing the economic reform programme we are always going to have to be taking corrective actions and we are going to have to change many details of our programme to make it more politically acceptable. But you have to assess our programme not on the written plan but on the actions that are taken.

We have a good saying in Ukrainian: a crooked path is faster than a fast path if it avoids the bureaucrat. The straight

path for us could be very dangerous but this is one of those times when we can take a crooked path. It will be faster. ■

## THE WAY TO SUCCESS IS THROUGH PARTNERSHIP

*by Oleksander Shandruk  
First Secretary - Trade, Science  
and Technology, Ukrainian Embassy  
in Ottawa*

The aim of international relations of all countries is to take full advantage of the economic, natural, intellectual-cultural and external-political potential of its partners, to help its partners achieve their strategic goals.

*These and other complementary objectives, which supplement the main goals and do not conflict with them, can create an environment suitable for closer relations and support the truly mutually-beneficial ties among countries.*

It is this absence of conflicting objectives, on the one hand, and the desire of our highest government levels to achieve our complementary objectives, that is in our view, the most dependable basis for building partner relations between Ukraine and Canada.

Among complementary objectives which are of equal importance to both countries, especially in the economic sphere, the following are most urgent:

- (1) There is a vital need to radically increase the competitiveness of Ukraine's and Canada's national enterprises in the global market of production.**

The urgency of this task for Ukraine is fully understood and consequently does not require further explanations.

For Canada the urgency of the problem is determined by the anticipated growth of competitive opportunities among the manufacturers within the EEC, countries

which in the regional market of the United Europe, will in the near future receive valuable advantages over other competitors from other countries as a result of the transparent customs boundaries for members of the community in their trade amongst themselves. Under such conditions, in order to secure long-term, stable competitiveness of production, we must rely on high quality, scientific-technological support to guarantee continued superiority in the renewal of our production and technology.

Nevertheless, because over the last ten years it has economically subsidized the growth of its own scientific-technological sphere, Canada presently has limited wishes to support and efficient competition to renew its production and reduce its production costs in most of the prevailing sectors of its economy. Studies, such as the *1992 Implications of a Single European Market* by experts Raymond Chabot International (RCI), the *Bureau d'informations et de prévisions économiques (BIPE)* and *Informatica Ltd.* emphasize this threat to the competitiveness of Canadian enterprises, even within the markets of the member states of NAFTA, including its own market in Canada.

It is widely known, that among the more developed countries of the world, Canada holds one of the last places when one compares Canada's GERT - gross domestic expenditure on research and development with the GDP - gross domestic product. On this indicator, Canada is at a level half that of Germany, Japan, the United States and Sweden.

While Canadian scientists have achieved international recognition in various scientific and technological areas (including high technology areas of informatics and communications, atomic energy, agronomics and environmental studies), this does not change the general situation: These achievements have provided





**Ukraine's Ambassador to Canada and his staff in Ottawa:**

***(left to right) Andriy Veselowsky -- Minister-Counsellor; Yaroslav Asman -- First Secretary (Consular Section); Ambassador Levko Lukianenko; Boris Biliashivsky -- First Secretary (Culture, Information, Public Affairs); Olexander Shandruk -- First Secretary (Trade, Science and Technology).***

insufficient impetus to those sectors of the economy that form the essence of its export potential. Also, because of a lack of adequate support for the growth of its R&D, especially its basic research, Canada has over the past many years, mortgaged its future. While the R&D process is an uncertain one in terms of potential, if Canada wants to maintain a prominent place among the foremost world countries, it must increase expenditures for science and technology (which, however, it may not be in a position to do).

Ukraine, on the other hand, has a vast and powerful scientific and technological potential, which in many sectors is of world class and is limited only by a lack of investment capital. Investments are needed for the creation of new enterprises and the support of competitive ones, and for the development of new products and services (first of all, for civil applications). This includes such areas as high technology, cybernetics and those disciplines which supported the military-industrial complex of Ukraine.

The military-industrial complex numbers approximately 700 enterprises with more than 1.2 million employees. These enterprises develop and produce strategic missile complexes, carrier missiles and space craft, aircraft, tanks, early warning systems for anti-missile defence and control of the outer space, radars, the wide spectrum of military vessels etc. The 1990 output of these enterprises exceeded 28.5 billion rubles.

With the proclamation of the state independence of Ukraine there appear real conditions for radical changes in the field of defence, for an intensification and expansion of the conversion of the military production in the majority of the defence enterprises.

The main directions for carrying out of the conversion is the utilization of the scientific-technological and industrial potential. Its aim is a radical re-equipment of all the national economy, of radical changes in the structure of the output. As a first priority, this includes the securing of Ukraine's social needs -- increasing the output of consumer goods, improving medical equipment, technological equipment for the

production of baby food, the mechanization in agriculture and the agro-industrial complex.

There is no doubt, therefore, that the objective of attaining radical increases in the quality of production of national enterprises is a priority for both our countries. Additional mutual benefits can be gained if we both take advantage of the scientific-technological potential of the military-industrial complex of Ukraine. This can be done through various cooperative programs and initiatives, such as, for instance, Canadian investment in the conversion and growth of the scientific-technological industry in Ukraine. It can take such actions as the development of a framework, or mutual agreements, within which our joint enterprises can operate. The results of such activity can provide an expansion of the competitive production capabilities of companies in both countries.

The program for conversion of Ukraine's military-industrial complex, which was recently ratified by our government, encompasses more than 500 separate initiatives and foresees broad coordination of mutually-agreed terms for foreign investors.

One of the little known facts for foreign businessmen -- which the most farsighted and dynamic already recognize -- is that today in Ukraine it is possible to negotiate extremely fair contracts with partners. It's possible to acquire ownership of patents and other intellectual products of the highest quality. Undoubtedly, this right to own, or control, licences for such products is the best guarantee for businessmen, and will enable their goods to remain competitive.

**(2) It is essential for both countries to diversify external economic links**

The need for Canada to move in such a direction is becoming clear among many experts, such as *Denis Stairs*, or *Duncan Cameron*, who believe that



there is too close a linkage between Canada's economy and that of the US. This occasionally makes Canada dependent on decisions taken outside her borders -- decisions which may not always be in her best interest. At times Canada's economy is perturbed seriously by the actions of her powerful neighbour. One example of this may even be the US recession, which has been dragging Canada's economy in the last years. Such impacts are now becoming attributed to the interdependence of the US-Canadian economies.

This similar problem stands before Ukraine. But it is more critical, since Ukraine's economy is dangerously intertwined with all the countries of the former Soviet Union, at a time when each is simultaneously implementing a restructuring. These countries are, therefore, far from reliable partners:

The portion of exports from Ukraine to these countries today reaches more than 85% -- Ukrainian exports to Russia alone are nearly 70%. Our imports from these countries are close to 75% -- with the portion from Russia constituting 50%. However, in the first half of 1992, not one of these countries was able to meet its obligations for delivery of supplies to Ukraine. Among these figures, for instance, the level of Russian commitment barely reached 75%, and Georgia's - only 16%. Moreover, it is strategically self-defeating for all these countries to remain oriented on a market which has so long been based on low expectations of production quality and service. Producers (who were often sole suppliers in this market) still hesitate to enter general production at the international level.

Thus the necessity to diversify external-economic ties is a pressing problem for both our nations. The question that remains is this: Is there a basis for us to expect Canadian businesses to be interested in setting up working arrangements with businesses in Ukraine, and vice versa?

Little is known in the outside world, not only in Canada, because of the lack of

information about the potential opportunities for business in Ukraine.

Let's look at some facts on UKRAINE:

- *Ukraine is one of the world's richest countries in the vastness and diversity of its natural resources. The State cadastre keeps account of some 5,500 deposits of minerals of almost 70 varieties. Among them are black and brown coal, iron and manganese ores, kaolin, as well as natural gas, titanium-zirconium and mercury ores, native sulphur, graphite, rock and potassium salts and others. Found on the territory of Ukraine are commercial deposits of phosphoric ores, gold, amber as well as deposits of pyrites, zeolites, mineral dyes, and abrasives.*
- *Ukraine was a vital agricultural, industrial and scientific centre of the former Soviet Union. It produced a quarter of meat products, 21% of dairy products, 80% of pasta, 55% of vegetable oil, 46% canned vegetables and 30% of flour traded among the former republics. Ukraine produced 23% of the USSR's coal, 35% of its ferrous metals, 41% of rolled steel, nearly half its iron ore, 22% of bricks, 33% of televisions, 25% of computers and automation equipment, 22% of tractors, 31% of harvesters and 56% of rail cargo cars.*
- *Production of basic products per capita of population in Ukraine is significant: electricity - 5,361 kWh; coal (output) - 2,609 kg; steel - 866 kg; commodity iron ore - 1,645 kg; mineral fertilizers - 82 kg; chemical fibres and threads 2.6 kg; cements - 417 kg; granulated sugar - 73,9 kg; vegetable oil - 19.2 kg; bread and bakery products - 128.6 kg; TV sets (per 100 of population) - 7 pcs.; domestic refrigerators (per 100 of population) - 1.7 pcs. Production of coal is more than 100 million tons, electricity output - near 280 thousands million kWh; production of commodity iron ore is 85.5 (48.3 in terms of the 100% content of metal)*

*million tons and manganese ore - 6.6 (2.1) million tons. Ukraine exports iron and manganese ores in large quantities.*

- *Gross yield of grain in 1991 was 38,674 thousand tons; sugar beet - 36.300 th.t.; vegetables - 5,932 th.t; potatoes - 14,550 th.t; maize (for grain) - 4,747 th.t.*

It's worthwhile to point out that the natural integration of Ukraine's economy to the global trade-economic system, to cooperation with such developed countries as Canada, would permit it to immediately ensure the elimination of its two biggest fundamental problems:

- It would secure a reasonable level in the quality of life for its citizens, and
- It would provide economic security for the nation along the course of diversification in keeping with its external-economic ties.

There is no doubt that, once they have joined forces, businessmen from Canada and Ukraine will also feel more confident in the **European Community** market and other markets. Such is the strategy of the Canadian company **Northland Power** which has already fulfilled its main goal: It combined into one project the technological accomplishments of the USA, Canada and Ukraine in the field of thermal-electro-energetics, and proceeded to initiate a "pioneer" project in Ukraine on the basis of this specialized symbiotic technology. This company now plans to establish similar projects in other countries.

It would seem that this is also a very forward-looking strategy for cooperation which harness and advance the scientific-technological potential of both Ukraine and Canada. The realization of such a strategy offers wide-ranging additional possibilities for the practical





embodiment of accomplishments of scientists and engineers in both countries.

**(3) There is a crucial need to accelerate the creation of a large number of new employment opportunities in high technology**

In recent years unemployment in Canada has remained among the highest of all industrialised countries and is perhaps her most serious social problem. As mentioned above, this situation has the potential to deteriorate even further in a very short time in the event the members of the EEC attain their economic goals through integration.

Ukraine is also facing the unpleasant reality of unemployment, which is inevitable and not postponable, and tied to the deep structural rebuilding of the national economy and its integration to the system of world economic ties. Only the quick and large-scale creation of competitive employment opportunities can preclude serious social problems.

Without question the analogy of national problems has its place here. In keeping with the fulfilment of our mutual objectives, the availability of Canadian investment capital and the tapping of Ukraine's potential military-industrial complex can be used most effectively. Then, only the question of choosing a preferred location for a joint venture (be it in Canada or Ukraine) would need be decided on a case by case basis.

What are the conditions for investment in Ukraine at this time?

Recently, Ukraine's economy (similarly to that of the states of Eastern and Central Europe) has shown signs of sharp decline and crisis phenomena and, as a result, basic output has dropped. The new government of reformists under the leadership of Prime-Minister Leonid Kuchma inherits a domestic debt of over 1 trillion rubles and a budget deficit of some 200 billion. The World Bank estimates shows that in 1992 inflation was 2,500%. But now Mr. Kuchma's team has developed a program of

decisive market-oriented economic reforms.

The main goal of the reforms is to stabilize the economy and create an environment favourable for growth. The program's author Viktor Pynzenyk, the Deputy Prime Minister responsible for Economic Reform, remains convinced that it is realistic to aim for a budget deficit of 6% of GDP by the end of this year.

Statistics show that, as of January 1993, 5,159 enterprises were government owned (75%); 151 enterprises had collective ownership (2.2%); and 1,325 now had some mixed form of ownership (22%). Some 51 enterprises were totally owned by worker collectives. More than 50 industrial joint-stock companies have been formed. As of 1993, there were 5,900 commercial enterprises dealing with matters of trade.

During 1993, it is expected that small-scale privatization and commercialisation of medium- and large size enterprises will be completed. In keeping with the laws of Ukraine, foreign capital can actively participate in the privatization of businesses within the public sector of the economy. According to independent experts estimates, since the *Law of Ukraine on Foreign Investments* was passed on March 31, 1992 by Parliament, conditions for foreign partners in joint ventures now are much more favourable in Ukraine than in other CIS countries.

Foreign investors are now granted the right to buy moveable assets and real estate. The law explicitly states that foreign-investment ventures cannot be nationalized. Should subsequent legislation cause conditions for foreign investment to deteriorate as compared to the current law, the foreign investor has the right to demand that the legislation in force at the time of the company's registration remain applicable for ten years.

Joint ventures between foreign and Ukrainian companies, except for wholesale and retail companies and broker's agencies, are exempt from

revenue taxes for a period of five years after receiving their first profit revenue. Thereafter, they are to pay taxes at 50% of the rate set under this law. Joint ventures in wholesale and retail trading are exempt from revenue taxes for a period of three years and broker's agencies for a period of two years. After payment of taxes compulsory duties, foreign investors are guaranteed the right to repatriate revenue, profits and other funds in hard currency, provided these have been earned legally and on the basis of foreign investments.

As expected, at the present time investment in Ukraine is very brisk in manufacturing, an area which was neglected until now by us, but by contrast is vital to a market economy. We must upgrade existing production to the standards and appearance expected by Western customers. Obviously, the effectiveness of investments in this sector must be very high. This source of profits cannot last long and will be used up very quickly by dynamic businessmen, but while it is available it can provide sizeable profits to those who take advantage of it.

There are additional advantages to foreign businessmen in Ukraine. The level of education and expertise is high in proportion to the low wages. Infrastructures in transportation and technology are well developed. The climatic is comparable to that enjoyed by Canadians. And because of her geographic location, far-sighted entrepreneurs are already using Ukraine as a launching pad to the Near and Middle East, as well as to Russia. In sharp contrast to many of her neighbours, Ukraine has displayed remarkable social and political stability.

Ukraine came out of the so-called "Ruble Zone" in October, 1992, and has since taken full control of her monetary system. This put an end to external inflationary processes. The road to a fully convertible currency is a responsible and well-considered



step on the part of the government. It is one of the key instruments to an independent economic policy, and an essential component of normal foreign economic relations.

A realistic approach by government to market reform is vital for any hope of success. All the countries of Eastern Europe and the former Soviet Union are now undergoing deep internal turmoil in their social, political, and economic structures. The strategy set out by Prime Minister Leonid Kuchma and his team is not to take off in a flashy start, but rather to arrive at the finish line successfully, having achieved Ukraine's predetermined goals. Sound ideas and well-planned actions have always been the Ukrainian approach, and are not being abandoned just to satisfy theoreticians and critics who do not necessarily have Ukraine's best interests at heart.

We are quickly becoming familiar with various market infrastructures which until now have been virtually non-existent in Ukraine. With the help of foreign experts, and the financial support of international organizations and friendly countries, among which we include Canada, the Ukrainian government is working to develop a banking and financial system, a communications network, and a chain of hotels which will meet international standards.

Vying to enter the world market economy as soon as possible, Ukraine is pushing to fulfil all its prerequisites at an accelerated pace.

There is no question that, at this time, Canada's humanitarian aid to Ukraine is vital, and we are grateful for her continuing support. We are confident, however, that in the not-too-distant future our relationship will evolve to a much broader one -- one of reciprocity along the lines of the common goals discussed here and the potential of wide-ranging mutually beneficial cooperation.

## «PARTNERS IN PROGRESS» FEDERAL INITIATIVE

During the past two years, the Canadian Government, through the Task Force on Central and Eastern Europe within the Department of External Affairs and International Trade, has built an impressive technical assistance program designed to promote a stable transition to democracy and to market-based economies in the region. Today, over 300 projects are under way which share skills and "know-how" of Canadians with countries of the former Soviet Union (primarily Ukraine and Russia) and Central and Eastern Europe.

Canada continues to be at the forefront of efforts to assist the region through a combination of innovative initiatives.

*Partners in Progress*, which began in January 1993, is concentrating on Canadian assistance in priority sectors of government administration, health, agriculture and human resource development. The government program will place up to 250 Canadian volunteer advisors on short-term assignments primarily in Ukraine and Russia. Admissible expenses will include return airfare, equipment or materials required for the project and contingency expenses. It is anticipated that most in-country expenses will be assumed by the partner organization.

The *Partners in Progress* program is designed to assist Ukraine in the transition to a market economy and in the establishment of democratic institutions. The Canadian advisors will be matched with Ukrainian private and public institutions through four programs:

1. The Institute of Public Administration of Canada will manage an initiative to assist in the development of government administration in Ukraine and provide expert policy advice and training to Ukrainian public officials.

2. The Agricultural Institute of Canada in collaboration with the Canadian Federation of Agriculture will administer a program designed to increase the efficiency of the agriculture and agri-food business sector and promote the concepts of market-based farming services.
3. A Partners in Health initiative will support the development of an effective public health care system.
4. A Human Resource Development Fund administered by the Canadian Bureau for International Education will sponsor short-term assignments of Canadians to deliver hands-on, practical training designed to promote reform in a range of sectors.

All four sectors will draw upon the professional skills, linguistic capabilities and cultural understanding of Canadians, particularly those who trace their roots to Ukraine.

## WESTERN FIRMS FIND BUSINESS OPPORTUNITIES IN UKRAINE

*WINNIPEG...* Dorothy Dobbie, M.P. for Winnipeg South, announced March 4, 1993, on behalf of Western Economic Diversification Minister Mary Collins that repayable assistance of \$150,000 will help a study to identify joint venture opportunities for western Canadian companies in Ukraine. Smith Carter Architects and Engineers Inc. of Winnipeg, together with Hemisphere Engineering Inc. and PCL Construction Management Ltd., both of Edmonton, will look at construction and engineering prospects in the city of Yalta and surrounding area.

"The study is designed to provide the foundation from which a full-scale





*Ambassador Lukianenko with SIDUS President, staff and guests at the SIDUS Thornhill (Ontario) plant.*

marketing effort can be launched in Ukraine and neighbouring countries. An expanded marketplace which would benefit a number of western Canadian companies in a wide variety of industrial sectors including construction, tourism and consumer goods, is the anticipated result," said Mrs. Dobbie.

The Smith Carter consortium will identify opportunities for a series of western Canadian-Ukrainian joint ventures aimed at developing Yalta's full potential as a resort city. The \$616,000, four-month study will look at the feasibility of constructing several hotel complexes, refurbishing existing operations and developing new retail and food services. The need to upgrade health care facilities, utilities and infrastructure will be considered.

Smith Carter will receive the Western Diversification funding based on reimbursement for eligible expenses once

all conditions of the agreement have been met. The Department of Western Economic Diversification was established to diversify the western Canadian economy by encouraging new products, new markets, new technology, improved industry-wide competitiveness and import replacement, and to act as an advocate for the West in the national decision-making process.

## NATIONAL BANK OF UKRAINE RECEIVES CANADIAN COMPUTERS

**THORNHILL...** A Canadian computer manufacturer, Sidus Systems Inc. of Thornhill, Ontario has delivered four thousand Canadian-built Sidus microcomputers plus printers and network

software to the National Bank of Ukraine.

The high-tech export contract, won against stiff American and European competition, is valued at more than \$7 million. The Export Development Corporation, the Crown agency which financed the contract, estimates that 148 person-years of employment will result from the order.

"This systems contract demonstrates that Canadian high-technology companies can be globally competitive and it further demonstrates Sidus' increasingly global reach," said Henry Kalisky, president of Sidus Systems. About 40 per cent of Sidus' revenues, which reached \$75 million in 1992, are derived from exports.

The National Bank of Ukraine has provided its own applications software



for the 27-network system. The system comprises a major network at the bank's Kyiv headquarters, plus local area networks at each of the bank's 26 regional offices.

The computers received by Ukraine are 80286-based, with additional Sidus 80386 and 80486 platforms and a variety of Canadian-sourced peripherals completing the order.

A joint Kyiv-based service organization, with technical knowledge and parts supplied by Sidus and staffed by the National Bank of Ukraine, is being set up to serve the system.

Sidus has previously won several multi-million dollar PC-based LAN contracts from both the public and private sector. Sidus customers include Environment Canada, the Bank of Canada, Spar Aerospace, the Toronto Stock Exchange and Bank Leumi Le-Israel Canada. The company is based in Thornhill, Ontario, a Toronto suburb, and has regional offices in Halifax, Montreal, Quebec City, Ottawa, Winnipeg, Calgary, Vancouver and Victoria.

## AGRI-FOOD VENTURE IN UKRAINE

A joint undertaking by the Agricultural Institute of Canada and the Canadian Federation of Agriculture (AIC/CFA project) is giving Canadian farmers and agricultural specialists an opportunity to use their skills to help in the evolution of a market economy in Ukraine and Russia.

With funding from External Affairs and International Trade Canada, the two organizations will place fifty Canadian volunteers in the two countries over the next eighteen months.

The AIC/CFA project got off the ground in the fall of 1992, when representatives of the two organizations, Bill Uruski and Gerry Luciuk, participated in an investigative mission to Ukraine to find out how best Canadian farmers and

agriculturalists could help food production. Their findings revealed that although Ukraine is a major food producer, the country is having problems adapting to a market driven economy.

Ukraine farmers need urgent help in coping with these changes, and Canadian farmers and extension workers with farm management and marketing experience are needed to assist their Ukraine counterparts with making the adjustments. Project proposals have been submitted to the AIC/CFA project management committee and candidates are being sought for immediate placement.

Projects range from local farm placements with a Ukrainian dairy farm to help develop the herd, to market development of honey production, provision of agriculture support for a local farmers' union and extension workers affiliated with an agricultural institute. The emphasis is on increasing crop yield and productivity. In addition, Canadians with experience in the food processing and meat sector are also being sought.

The AIC/CFA Project Management Committee indicate that the project needs both farmers and professional specialists. Knowledge of Ukrainian and Russian would be an asset. Each volunteer assignment will last from two to six months.

While volunteers are expected to donate their time, travel, insurance and living costs will be covered. Volunteers are being cautioned that living conditions in Ukraine and Russia may not be what they are used to in Canada. Volunteers will participate in a 3-4 day orientation session in Ottawa, prior to leaving.

Further information on the project and application forms are available from: AIC/CFA Partners in Progress Agri-food Project Coordinator, 151 Slater Street, Suite 907, Ottawa, Ontario K1P 5H4. Telephone (613) 232-9459 or FAX (613) 594-5190.

## UKRAINE LAUNCHES DIPLOMATIC FUND

*Official Statement from the Government of Ukraine regarding a fund to assist in the development of Ukraine's Diplomatic Corps, Feb. 4, 1993.*

1. A Fund to assist in the development of the diplomatic corps of Ukraine (hereafter referred to as "the Fund") has been established to combine the resources of state financial organizations, businesses, community and other organizations, and individual citizens both within Ukraine as well as beyond her borders, for the establishment and development of a foreign service by Ukraine.
2. Ukraine's Ministry of Foreign Affairs (MFA) assumes responsibility for the Fund. The MFA has opened accounts in banks in Ukraine in both local and foreign currencies in order to accumulate monies for the Fund.

If the need arises foreign accounts will also be opened in institutions authorized by Ukraine's MFA.

3. The financial resources of the Fund are created from income in the form of non-refundable contributions from businesses, community organizations, societies and communities of Ukrainians both within Ukraine and beyond her borders.
4. The first priority of the Fund is the fulfilment of the programs established for the growth the diplomatic corps of Ukraine.

After the accumulation of funds, but not later than in the first quarter of the following reporting period, the fund must annually present an estimate of





disbursements which must be approved by the administration of Ukraine's Ministry of Foreign Affairs with the agreement with Ukraine's Ministry of Finances.

5. The monies in the Fund are to be used in the following manner:
  - a) the reinforcement and growth of a material and technical base for Ukraine's diplomatic establishments in foreign countries (the acquisition of equipment, inventory, means of transport, technical equipment, etc.);
  - b) the acquisition of property for Ukraine;
  - c) housekeeping expenses for the maintenance of official and domestic premises (rental of premises, costs of common services, etc.);
  - d) capital repairs of all official and domestic premises, for which the embassies and consulates are accountable, as well as the maintenance of the properties adjacent to these premises;
  - e) partial covering of the costs related to the teaching, testing, and learning of foreign languages by the staff of diplomatic missions of Ukraine's MFA;
  - f) the granting of special-purpose scholarships to students in upper years of institutions of higher learning in Ukraine, who, upon completion of their education, would then be at the disposal of the Ukraine's MFA;
  - g) the acknowledgement of both juridical entities as well as individuals, both in Ukraine and beyond her borders, for their outstanding contribution to the promotion and acknowledgement of Ukraine's rightful place in the community of nations. (This amount is not to exceed 1% of total funds);
  - h) to provide material assistance to retired employees of Ukraine's MFA;

6. A quarterly report is to be presented to the Ministry of Finances of Ukraine regarding income and disbursements of the Fund.

The monies of this Fund are not subject to taxation. If necessary, precise details can be provided.

For the purpose of collecting these funds, the following accounts have been opened by Ukraine's Ministry of Foreign Affairs:

- 1) in local currency - N 1609123 MFO 300034 "OPERU" in the bank "Ukraina" AK. Address: 252005 Kyiv-7, Zhovtneva Revolutsia Street #12.
- 2) in freely convertible currency - N 013070575 in the bank "Ukraina" AK. Address: 252005 Kyiv-7, Zhovtneva Revolutsia Street #12.

We are counting on your tangible support for this Fund.

Head of the Financial Division, V.M. Kosiy  
Deputy Minister of Finance,  
M.O. Honcharuk  
Minister of Foreign Affairs,  
A. M. Zlenko

## WESTERN POLICY TOWARD THE NEW UKRAINE

by David R. Marples  
for CBC Commentary, 26 January 1993

Canada was one of the first nations to recognize independent Ukraine. But since then it has berated Ukraine for dragging its feet on the removal of nuclear weapons to Russia for destruction. It has even threatened to withdraw humanitarian aid. But evidence would suggest that Ukrainian security concerns are real and urgent. What are they?

First, Russia has on several occasions laid claim to Ukrainian territory, especially the Crimean peninsula, ceded to Ukraine

by the USSR in 1954. Second, Russia and Ukraine have clashed repeatedly over the future of the Black Sea Fleet, a decrepit relic of the Soviet navy, but a potential danger to Ukraine since it navigates the southern border of the country. Third, there is conflict over the price of oil imported into Ukraine from Russia, which has risen 300 times over the past year.

Disregarding such issues, Canada has declared that Ukraine is delaying the signing of the Strategic Nuclear Arms Limitation Treaty, called START 1, with its irresponsible and intransigent attitude. On January 6, 1993 the Bush administration also rejected Ukraine's demand for a US guarantee of its security once its 176 weapons are transferred. In doing so, it chose to ignore Ukraine's view that its potential enemy today is not the United States or NATO, but Russia.

If there is to be a future for democracy in this emergent country, the West must recognize its legitimate security concerns. Today, according to its premier, Ukraine is on the verge of economic collapse. Some 90% of the workforce lives below the poverty line and they are also struggling with a 2000% a year inflation rate. The breadbasket of Europe is, in reality, a basket case. Why has this happened?

It has occurred largely because the current government has placed political survival before economic reforms. Ukraine is becoming a crisis centre of Eastern Europe, a source of new and dangerous conflict in this unstable part of the world. The West's attitude may not be the decisive factor in the future of Ukraine, but by re-examining its current one-sided approach to the countries of the former USSR, and treating these states as individual entities, it can be both peacemaker and harbinger of democracy.



## UKRAINE-CANADA POLICY AND TRADE CENTRE

by Orest Dubas

The *Ukraine-Canada Policy and Trade Centre* was established in 1992 as a research and business centre working closely with the Ukrainian Embassy in Ottawa. The *Centre* provides the Embassy with research, information and support services on Ukraine-Canada policy and trade matters.

*Centre* activities include the organization of seminars and conferences, briefings and speaking tours, working groups, research publications and policy development on current and strategic issues. On the business side, the *Centre* works with Embassy staff to identify markets and opportunities for clients wishing to do business with Ukraine. Introductions are facilitated with potential partners for joint-ventures and assistance provided with contract preparation and various stages of negotiation.

The *Centre* produces the *Policy and Trade Monitor*, a periodic analysis and review of information on subjects vital to a better understanding of the politics and economy of Ukraine.

The focus of the *Centre* is on contemporary world issues and trends, with particular reference to concerns of Canadians and the political and economic options for Canada vis-a-vis Ukraine. The *Centre* maintains close cooperation and networking with governmental and non-governmental institutions in Ukraine and Canada. The *Centre's* resource and data centre provides current information materials on various official government conferences, seminars, and official visits and tours to Canada and Ukraine by various groups. Custom briefing materials can be obtained on specific laws, tax structures, and other provisions related to political and economic activity in Ukraine. This includes changes in laws and regulations governing foreign investment or import-export transactions.

On the marketing side, the *Centre* facilitates the selection of quality products in their points of origin and effect their delivery to specific marketplaces in Canada, the US and Ukraine. This includes identifying foreign suppliers, enterprises, brokers, wholesalers, transport firms, and their associations. The *Centre* organizes commercial exhibitions and seminars, arranges for the exchange of commercial and technological marketing information, business and institutional linkages.

For further information, contact Centre Directors Orest Dubas or Andrij Hluchowecky.

Ukraine. When completed, the Kyiv power plant will produce 250 megawatts of electricity and provide district heating for 500,000 people.

The new plant, which will be 51 per cent owned by Northland, will combine Canadian power plant design expertise with existing Ukrainian technology, such as steam turbines and transformers. The Canadian companies' profits from the power station will be paid out of western currencies Ukraine receives for its electricity exports to Western Europe.

## UKRAINE TRADE SHOW IN LAS VEGAS

*Las Vegas...* A Canadian delegation from the Ukraine-Canada Policy and Trade Centre participated in the first-ever America-Ukraine Exposition recently held at the Sands Convention Centre in Las Vegas, Nevada.

The United States Department of Commerce, in close working cooperation with representatives from the Ukrainian government and industry organized this event designed to inform the Western business establishment about partnership and investment opportunities in Ukraine, while at the same time, provide Ukrainian industrial and commercial companies a showcase to introduce their products and manufacturing capabilities to business entities and individuals in North America.

The Trade Show was not without controversy. Businessmen were stunned to find all proceedings in this supposedly-Ukrainian show entirely in Russian. Not expecting such a strong negative reaction, the organizers were quick to shift blame on everyone but themselves, particularly onto the participants from Ukraine. The location also came under criticism, being completely isolated from any Ukrainian business or community centres. This, in addition to poor advertising, may have accounted for lower than expected turnout.

## NEWS BRIEFS . . . . .

### UKRAINE EMBASSY FUND REACHES TARGET

*Winnipeg...* The Ukraine Embassy Fund fund-raising campaign initiated by the Ukrainian Canadian Congress (UCC) has surpassed its target goal with contributions exceeding \$1.5 million. The Ukrainian Canadian communities' overwhelming response to the UCC's appeal for funds has ensured the newly-independent nation of 53-million inhabitants a permanent presence in the Nation's capital. With its official embassy located in downtown Ottawa and a prestigious Ambassador's residence on Island Park Drive, Ukraine now can professionally and confidently function in a manner worthy of its status as a member of the world community of nations.

### NORTHLAND POWER SIGNS CONTRACT WITH KYIV

*Toronto...* One of Ontario's largest private electric power producers, Northland Power, has signed a deal to build a \$250-million co-generation plant in Kyiv, the capital of





While precise numbers are not known, memoranda of understanding were signed by Ukrainian and American businessmen. Industries represented on the exhibit floor included: agriculture, aviation, chemical, computer, electronics, energy, food-processing, light industry/textiles, machine building, medical, metallurgy, shipbuilding, transportation and many more. Ukraine-Canada Policy and Trade Centre officials met with the Ukrainian business leaders in Las Vegas and have compiled an extensive commercial list of over 200 interested parties from Ukraine that want to do business with Canada.

For further information and contacts, call the Ukraine-Canada Policy and Trade Centre at (613) 230-4307.

## **NEW SUPERSTARS LIKE OKSANA BAIUL NEED BUSINESS SPONSORS**

As world champion Oksana Baiul of Ukraine stepped onto the podium to accept her gold medal for winning the free-skating title at the 1993 World Figure Skating Championships in Prague on Saturday, March 13, 1993, the sports world was caught unaware by this 15-year old from Dnipropetrovsk, Ukraine.

Oksana's climb to the world's elite in figure-skating emulates the classic rags-to-riches story. Born in the industrial Eastern Ukrainian city of Dnipropetrovsk, Oksana's childhood was wrought with tragedy and despair. When she was only 13, her mother died of cancer. Her father deserted the family scene so long ago that she had no memories of him. Her grandparents died at Chernobyl, the site of the world's worst nuclear disaster.

From within the despondency of her situation, came a flicker of hope and a strong vote of confidence from none other than the 1992 World and Olympic Champion, Victor Petrenko, also from Ukraine. Realizing the difficult situation of sport financing in his newly-independent country, Petrenko helped Oksana financially by purchasing, among other things, her skates and costumes. His investment and

faith in her extraordinary abilities has produced a world champion.

The future for Oksana Baiul is filled with excitement and promise. As she prepares for the 1994 Winter Olympics in Lillehammer, it is without a doubt that Western sponsors will be beating at her door begging for her endorsement of their respective products. Before long the name Oksana Baiul will be synonymous with the likes of Kurt Browning, Elvis Stoiako and Lloyd Eisler and Isabelle Brasseur of Canada. Oksana Baiul's story is indeed an original, ideally suited for Canadian commercial sponsors. Anyone interested in sponsoring this instant star can call East-West Enterprises President Peter Mulyk at (613) 230-4307.

## **CANADA-UKRAINE PARLIAMENTARY GROUP HOSTS RUKH PRESIDENT**

Ottawa... Vyacheslav Chornovil, President of the Ukrainian democratic political party RUKH visited Ottawa and Parliament Hill on March 8-9, 1993 at the invitation of the recently formed Canada-Ukraine Parliamentary Friendship Group. The visit, which included an introduction of Mr. Chornovil in the House of Commons during Question Period, provided the Ukrainian Parliamentarian an opportunity to meet with key decision-makers in Ottawa and articulate Ukraine's position on several crucial issues including Ukraine's economy and the current political situation in Ukraine.

## **MARINE MISSION**

Ottawa... A six member delegation from Ukraine, representing the Kherson Shipbuilding Association took part in the Canadian Shipbuilding and Offshore Exhibit at the Ottawa Congress Centre sponsored by the Canadian Maritimes Industries Association (CMIA) and the Canadian firm U-CAN. The Kherson shipyard is located in

the Ukrainian city of Kherson, a city on the Dnieper delta, 100 km. away from the Black Sea.

## **DNIPROPETROVSK**

Feb. 27 - Mar. 5 ... The mayor of Dnipropetrovsk, Valeriy Pustovoytenko, who is also a Deputy to the Verkhovna Rada (Supreme Council), visited Ottawa at the invitation of a number of private companies that are interested in doing business with his city, which until very recently was virtually closed to foreigners because of its military-industrial complex. Opportunities for military conversion are now opening the way for both short term projects and long-term involvements. One of these is a major hotel project, the building for which was actually erected and then put in mothballs. Various Canadian companies have expressed interest in immediately reviving the project.

## **UKRAINE POST VISITS CANADA POST AND CANADIAN BANK NOTE COMPANY**

Jan 25-29 ... The Deputy Minister of Post and Telecommunications of Ukraine, Nikolai Starodub and his delegation visited the Canadian Bank Note Company and Canada Post Corporation in Ottawa. With their host Canadian Bank Note Company, the delegation discussed their continuing cooperation in the stamp program, as well as the possibility of a joint venture to transfer the printing process to Ukraine. Ukraine Post officials examined possible cooperation agreements with Canada Post on improvements in postal service to and from Ukraine. The tour of Canada Post Corporation offered a first-hand look at state-of-the-art mail processing procedures.



## RCMP

Feb 27 - Mar 7 ... At the official invitation of the Royal Canadian Mounted Police (RCMP), Ukraine's Minister of Internal Affairs Andriy Vasylyshyn, together with General D. Chaus and Colonel V. Bovsunovskiy toured Regina, Toronto, and Ottawa. The Minister, a three-star general, is responsible for Ukraine's militia. Discussions centered on the various aspects of crime fighting, prevention, and investigation. Canadian technology is of great interest to Ukraine, but in the spirit of mutual exchange, a Canadian delegation will visit Ukraine in the upcoming months to get a first-hand look at their operations. ■

## UKRAINIAN-BRITISH TOBACCO VENTURE

British tobacco and financial service giant B.A.T. Industries has set up a cigarette-making joint venture with the Collective Enterprise Prilucky Factory in Kyiv, Ukraine. B.A.T. will own 65 percent of the new company and Prilucky the remaining 35 percent. In its first five years, the venture

plans to invest over \$35 million in machinery and equipment to modernize the factory and to increase its production capacity.

B.A.T. chairman Sir Patrick Sheehy said, "The joint venture marks a significant step in our strategy for central and eastern Europe. Prilucky is one of the biggest and best factories in Ukraine and its management has shown great entrepreneurial spirit in becoming the first privatized factory." ■

## UPCOMING EVENTS:

### OPENING OF TORONTO CONSULATE GENERAL

March 21-30 Vasyl Durdenets, Deputy Minister to the Verkhovna Rada (Parliament) will be in Canada to meet with senior Canadian government officials, as well as the Ukrainian community in Toronto and Ottawa. He is to officially open the Toronto Consulate General on March 21 under Consul Oleksander Sobotovich. ■

## QUEBEC TRADE MISSION

*In Progress ...* The Ministry of International Affairs of Quebec in conjunction with the "Ukraine-Quebec Business Council Inc.", are in the process of organizing a business trade mission to Ukraine. Details will be available shortly. ■

## SPIRITUAL LEGACY OF UKRAINE

*Ottawa...* The Canadian capital will host Ukrainian Art Exhibition '93 - "A Spiritual Legacy of Ukraine" profiling the original water colour works of ancient Ukrainian churches, cathedrals, monasteries, fortresses and manors, as well as landscapes by artist Leonid Muhachov from Chernihiv, Ukraine. The dates for the Ottawa exhibit are April 5-17, 1993 at the Old Teacher's College. The showcase is presented by the Embassy of Ukraine, the Ukrainian Society for the Protection of Historic and Cultural Monuments and Mohuchov Fund in cooperation with the Ukrainian Canadian Congress and the Ukrainian Canadian Professional and Business Association. ■

## CANADIAN BANK NOTE COMPANY PROVIDES UKRAINE WITH A VARIETY OF PRODUCTS

Canadian Bank Note Company, Limited was established in 1897 as a high security printing company specializing in the printing of all security documents including banknotes, postage stamps, stocks and bonds, passports, travellers cheques, lottery tickets and ID documents. The company's customers benefit from almost a century of proven experience on the area of research and development, marketing and technology.

The company has been entrusted since 1897 with the printing of the Canadian currency, Canadian postage and passports. It has also printed security documents for more than 100 countries worldwide. Of particular note is the recent order for 1.5 billion banknotes for the newly created Republic of Ukraine which is the largest currency order ever awarded by a foreign government. It required the printing and delivery of 1.5 billion banknotes in record time. The company was successful in the undertaking and is currently printing a further 500 million banknotes. Since 1991 the company has been fortunate enough to be able to serve a variety of ministries and private sector companies in Ukraine with their security printing needs. Products include postage stamps, certificates of deposit and passports.

As the company has a competitive stamp production department talks began in early 1992 with Ukraine Post. To-date nine commemorative stamps have been printed as well as providing First Day Covers for sale to the philatelic community.

There is great demand for security printing products and for security print in Ukraine. We believe that taking a long-term view of business in Ukraine will be beneficial to both Canadian Bank Note Company, Limited and the people of Ukraine. As a result, the company is exploring a number of joint venture proposals which would permit the transfer of technology over time. By employing this technique Canadian Bank Note Company, Limited hopes to contribute to the effort of making Ukraine more self-sufficient.





# FIRST ANNIVERSARY STAMPS AND FIRST DAY COVERS



Flag and Trident



World Forum of Ukrainians



## O R D E R • F O R M

	World Forum of Ukrainians	Flag and Trident Flag 1st Day Cover	Flag and Trident Trident 1st Day Cover	T O T A L
Single Stamp	\$1.00 (1 Stamp)	\$1.00 (1 Stamp)	—	
Quantity				
1st Day Cover	\$1.50 (1 Stamp)	\$1.50 (1 Stamp)	\$1.50 (1 Stamp)	
Quantity				
1st Day Cover (Corner Block)	\$3.00 (3 Stamps)	\$4.00 (4 Stamps)	\$4.00 (4 Stamps)	
Quantity				
Corner Block	\$2.50 (3 Stamps)	\$3.50 (4 Stamps)	—	
Quantity				
4 Corner Blocks	\$9.00 (12 Stamps)	\$12.00 (16 Stamps)	—	
Quantity				
Panes	\$20.00 (50 Stamps)	\$20.00 (36 Stamps)	—	
Quantity				
Full Sheet - 4 Panes (very rare)	\$75.00 (200 Stamps)	\$75.00 (144 Stamps)	—	
Quantity				

Please include cheque with order. No C.O.D.'s.

FROM: (Please Print)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Prov./State: \_\_\_\_\_ Code: \_\_\_\_\_

Shipping & Handling \$ 5 . 0 0

T O T A L

**SEND TO:**  
Canadian Bank Note Company, Limited  
Ukrainian Philatelic Division  
145 Richmond Road  
Ottawa, Ontario, Canada K1Z 1A1



## LIST OF COMMERCIAL BANKS WHICH HAVE RECEIVED LICENCES FOR FOREIGN EXCHANGE OPERATIONS

Money deposited into accounts in these banks is no longer subject to taxes or duty, and the source of such funds need no longer be disclosed.

### KYIV

Ukrainian Joint-Stock Commercial Industrial Investment Bank (PROMINVESTBANK)	12 Shevchenko Str., 252001, Kyiv	tel. 226-2032
Republican Joint-Stock Commercial Agroindustrial Bank "UKRAINE"	8 Rylsky Lane, Kyiv	tel. 228-9746
Republican Joint-Stock Commercial Bank of Social Development "UKRSOTSBANK"	29 Kovpak Str., Kyiv	tel. 269-0836
State Specialized Commercial Savings Bank of Ukraine	7 Nauka Prsp., Kyiv 253028	tel. 265-3150
State Export-Import Bank of Ukraine	8 Kreschatik Str., Kyiv	tel. 216-0910
Ukrainian Joint-Stock Innovation Bank "UKRINBANK"	12A Institutaska Str., Kyiv	tel. 229-3804
Commercial Bank of Development of Construction Materials "AK BUDBANK"	74 Artem Str., Kyiv	tel. 216-7595
Joint-Stock Bank "AGIO"	9 Leskov Str., Kyiv	tel. 295-3161
Kyiv Narodny Bank	21 Sofievska Str., Kyiv	tel. 228-7451
Joint-Stock Commercial Bank "LEGBANK"	8/10 Kujbysheva Str., Kyiv	tel. 227-4132
Commercial Bank "BROKBUSINESS BANK"	3 Shota Rustavelli Str., Kyiv	tel. 227-0433
Joint-Stock Bank "INKO"	18 Mechnikova Str., Kyiv	tel. 294-9219
Ukrainian Commercial Bank "RECREATION"	7A Kotsjubinsky Str., Kyiv	tel. 224-8574
Joint-Stock "GRADOBANK"	9A Barbusse Str., Kyiv	tel. 268-8493
Branch Commercial Bank "ENERGOBANK"	9/9 Zankovetska Str., Kyiv	tel. 229-5064
Credit and Finance Group Commercial Bank "EKSPOBANK"	2/4 Volodarsky Str., Kyiv	tel. 216-0910

### LVIV

Joint-Stock Commercial Bank "ELEKTROBANK"	11 Grabovsky Str., Lviv	tel. 723920
Western-Ukrainian Commercial Bank Joint-Stock Partnership (ATZUKB)	67 Levitsky Str., Lviv	tel. 750541
Commercial Bank "WERKHOVINA"	4 Kopernik Str., Lviv	tel. 728920
Joint-Stock Commercial Bank "GALITSKY"	11 Gnatjuk Str., Lviv	tel. 724021

### KHARKIV

Commercial Innovation Bank "KHARKIVINKOMBANK"	1 Radjanska Ukraina Sq., Kharkiv	tel. 225822
Joint-Stock Western-Ukrainian Exchange Bank "GRANT"	7 Derzhprom, 7th porch, Kharkiv	tel. 474109
Commercial Innovation Bank NPK /Science, Industry, Culture/	60 Lenin Prospect, Kharkiv	tel. 307030
Kharkiv Commercial Bank "PROMIN"	25 Korolenko Str., Kharkiv	tel. 277574
Kharkiv Commercial Bank "DOBRODY"	1 Gogol Str., Kharkiv	tel. 225062

### OTHER CITIES

Commercial Scientific Progress Bank "DNIPRO"	29A Naber., Lenin, DNIPROPETRIVSK	tel. 416390
Donetsk Commercial Bank of Economic and Social Development of Coal Mining Industry Enterprises "DONESKVUGILLJA", "DONVUGLEKOMBANK"	63 Artem Str., DONETSK	tel. 998032
Donetsk Commercial Bank "IKAR-BANK"	17 5--Guardijskoji Divisiji Str., DONETSK	tel. 949043
First Ukrainian International Bank	107 Chelyuskinstevev Str., DONETSK	tel. 931297
Commercial Bank "LISBANK"	52 Zhovtneva Str., UZHGOROD	tel. 33101
Commercial Joint-Stock "NEVIKON-BANK"	2 Nakhimov Str., SEVASTOPOL	tel. 525323
Joint-Stock Economic Development Bank "ECONOMBANK"	32 Dragomanov Str., RIVNE	tel. 20495
Commercial Bank "CHERNIGIV BANK"	6 Serjozhnikova Str. 64, CHERNIGIV	tel. 79912

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Deputy Prime Minister responsible for Agro-Industrial Complex	Volodymyr V. Demianov
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Deputy Prime Minister responsible for Fuel-Power Complex	Yurij Y. Ioffe
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**MONITOR STAFF**

*Editor-in-Chief*  
Orest Dubas

*News Editor*  
Andriy Hluchowecky

*Editorial Staff*  
Nina Romas

*Translation and Production*  
Ukrainian Publications  
2275 Georgina Drive  
Ottawa K2B 7M2  
Tel: (613) 829-0900

*Advertising*  
Peter Mulyk

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Address:  
800-180 Elgin Street  
Ottawa (Ontario) Canada  
Telephone - (613) 230-4307  
FAX - (613) 235-8221



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