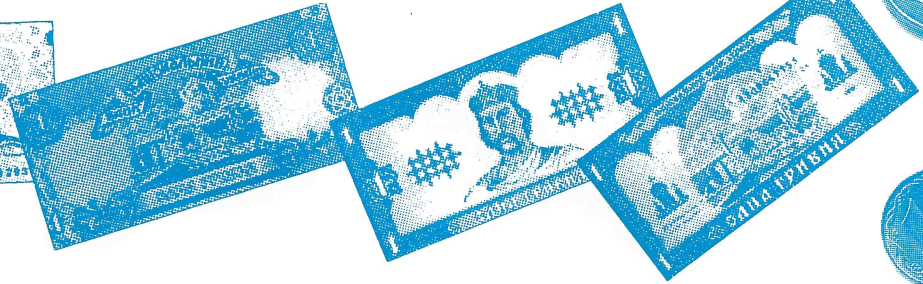
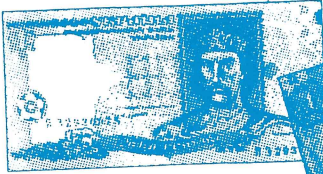




UKRAINE INTRODUCES LONG-AWAITED NATIONAL CURRENCY: THE HRYVNA*

by Marta Dyczok, Special to the Monitor



The hryvna, also written as hryvnia, hryvnja, or hryvňā, was printed initially in Canada (r) and later, in Ukraine (l).

The era of millionaires in Ukraine is over. On 2 September 1996, the Ukrainian government and the National Bank introduced the long-awaited national currency, the hryvna. At the time of introduction, its worth was US\$1.76, or C\$0.73, about the same as the Canadian dollar to the American. For the first time in years coins, called "kopiivky", are also in circulation in Ukraine. On each coin is a trident, the symbol found on Ukraine's most ancient coins from the 10th century.

Canada has been an important partner in Ukraine's process of monetary reform from the beginning. The first hryvna's were printed in Canada by the Canadian Bank Note Company (CBN) in 1992, financed through credits from the Canadian government, the first such line of funds extended by a Western government to independent Ukraine. New currency notes are now being printed in a separate Ukrainian plant.

Ukraine's bills even resemble Canadian notes in size, colour scheme and denominations, with a sequence of Ukraine's historic figures on the front, and corresponding landmarks on the reverse side (see opposite page for complete descriptions).

"Canadian Bank Note Company congratulates the National Bank of Ukraine for establishing monetary policy that has permitted the introduction of the new Ukrainian currency," said Orest Nowakivsky, CBN Vice-President and Ukraine Program Coordinator. "We are happy to share this historic moment and proud to have been given the opportunity to print the new hryvna."

The monetary reform in Ukraine were long-awaited, as its economy went through various phases of transition, including hyperinflation. President Kuchma officially announced the introduction of the new currency on 25 August, one day after Ukraine celebrated the fifth anniversary of its independence. The go ahead was prompted by the relative financial stability achieved over the last year. For two quarters inflation stood at less than 2% monthly, and the exchange rate of the coupon/karbovanets has been steady since December 1995. To ensure that the monetary reform is successful, the

government and the National Bank designed a public information campaign to explain procedures and calm Ukrainians who have lost savings in previous monetary reforms or possess illegally earned coupons.

"No one will lose money in this exchange," promised National Bank President Victor Yushchenko at a press conference. Prime Minister Lazarenko emphasized this by stating, "The reform is completely transparent, without restriction or confiscation. All money held by the population, without exception, will be gradually exchanged over the two weeks between 2-16 September." With an estimated 370 trillion coupons/karbovantsi in the shadow economy, and many Ukrainians holding their savings in US dollars in their mattresses, it is in the interest of the Ukrainian authorities to pull that money back into official circulation.

Long term stability of the hryvna is to be secured through foreign investment. For numerous reasons it has been slow in coming to

Pegging the Hryvna

1 HRYVNA = 100,000 karbovantsi
 = Cdn\$0.73, about the same as the Canadian dollar to the American dollar
 = US\$0.54

Ukraine; estimates place the figure at less than US\$1 billion. However, having successfully met the criteria set out by international financial institutions and having achieved financial stability; Ukraine is hoping to receive a stabilization fund from the IMF this autumn to firm up the hryvna.

Lineups to exchange currency were longer than usual, but conversations more amicable as people examined the crisp new notes. After five years of coupons, it was a strange but pleasant feeling to handle bits of paper which actually look like real money and fit into a wallet.

Canadian Connection

The first denominations of the hryvna notes from 1 to 100 issued by Ukraine were printed by Ottawa-based Canadian Bank Note Company (CBN).

History

- CBN signed contracts with the National Bank of Ukraine (NBU) on November 14, 1991 to produce and print the hryvna for Ukraine. This agreement was reviewed and approved by the Presidium of Ukraine's Parliament. The Government of Canada issued an immediate line of credit to Ukraine.
- Production proceeded in the CBN manufacturing plant in Ottawa over 5 months, starting in February 1992, 24 hours a day, 7 days a week. Work was completed ahead of schedule and the hryvna delivered to Ukraine in September 1992. Transportation from Ottawa to the port of Montreal took a full week; more than 100 containers were transported and loaded onto a ship for Ukraine. Security agents from CBN and NBU oversaw the whole operation.
- In December 1992, NBU requested additional order of 500 million notes and a second contract was signed. This order was delivered in May 1993.
- Since that time, the hryvna has been safely stored in NBU vaults waiting for the opportune time to be introduced. Additional notes have also been produced and printed by another Ukrainian plant.

Strict Specifications

- NBU technical requirements for the printing of the hryvna: latest security features, highest quality of paper, inks, and the most recent technology. The paper was specially manufactured and formulated to meet all NBU specs. This paper has a watermark in the form of the Ukrainian trident—a recognizable security feature.
- Includes additional custom-designed security features, such as visible and invisible fibres, and colour compounds used for authentication. Each bill is marked with a special pattern, identifiable by trained individuals. Recess printing (intaglio) adds additional security, and produces a currency with remarkable beauty.
- Durability and quality of the hryvna exceeds that of the German mark, the British pound, the Canadian and American dollars.