



BILATERAL COOPERATION AND PARTNERSHIPS

Canadian Financial Group To Build Odesa Industrial Park

Sept. 1996... Odesa City Council approved the 276 hectare "Odesa Industrial Park" within the city limits at the former Tyraspol Municipal Airport site.

The proposed Industrial Park is to be developed and managed by a joint venture between the City of Odesa and a group of Western Investors, including Toronto-based Country Squire International Corporation. Country Squire has begun initial cooperation with a European subsidiary of a North American property group to evaluate the feasibility of development. The potential partner has a successful established track record in commercial land development in Europe.

Odesa's location on the Black Sea coast provides excellent access to the CIS, and several major international corporations have indicated their interest to establish production and distribution facilities there. To date, however, their efforts have been hampered by an uncertain constitutional and legal environment. With this resolution, the City of Odesa is hopeful that the Industrial Park will become the centre for local and international businesses who decide to locate in Odesa. •

Ukraine Enterprise Corporation Listed on ASE

Nov. 1996... The shares of a Canadian company which targets venture capital possibilities in Ukraine were listed and traded publicly on the Alberta Stock Exchange. Ukraine Enterprise Corporation (UEC) successfully completed its Initial Public Offering, raising \$8.59 million from the sale of 2,454,161 Common Shares in the company. The proceeds from the offering will be invested primarily in a major coal recovery project in Eastern Ukraine. The company's plans call for further investment in other high-potential business opportunities. UEC has already signed conditional investment agreements with a plastic manufacturer (Perun Plastics in Mariupol), a financial institution (Electron Bank in Lviv), a canning plant (Kherson Canning Kombinat), a food distribution company (CIL/Western Foods, whose main production facility is the Khmelnytsky Meat Plant) and a confectioner (Lviv Confectionery Company "Svitoch"). Other investment opportunities are currently being evaluated. UEC, with its executive office in Toronto and its principal operating office in the Ukrainian capital, Kyiv, acts as an advisor to potentially high-return enterprises in Ukraine, sourcing funds for them and investing its own funds in the enterprises. The company's initial investment is in the Ecovuhillia Coal recovery Company ("Coalco"), which will extract, prepare and sell coal through the reprocessing of waste from Ukrainian coal mines. The coal industry is one of the largest and most important industries

in Ukraine, however, due to the inefficiency of current extraction and enrichment processes, mounds of rock waste have accumulated over the years which contain large amounts of useable anthracite. With its investment, UEC will introduce technologies to Coalco that will allow the company to recover this valuable resource. "This is the kind of exciting project we are finding in Ukraine", said UEC President Chuck Loewen. "We believe there are countless business opportunities with high growth potential."

"While Ukraine may have been slow off the mark with its economic reforms, they are now firmly under way and the results are evident", Loewen added. "Inflation is under control, a new stable and convertible currency has been introduced, and economic prospects, in my opinion, are good which means the investment climate is right." •

Kadima Facelifting Kyiv Department Store

Oct. 1996... The external facade of Kyiv's second largest department store, Ukraina, is being reconstructed by the Kadima Group, a 15-year-old Canadian construction company, which won a tender bid against Finnish, Italian and Ukrainian firms. Six Canadian specialists and 12 Ukrainian assistants are working on the project. "We use mostly Canadian materials because it's cheaper to import them from Canada than from Europe, and Ukraine still doesn't produce high-quality construction materials," said Kadima VP

Manitoba delegation in Ukraine

Buffalo by the Horns

Kyiv, Nov. 10-16, 1996... A Western Canadian delegation led by Manitoba's Rural Development Minister Len Derkach visited Ukraine to pursue trade opportunities, attend the "Stroyukraina" building exhibition and invite Ukrainian business leaders to return to Canada next June for the Canada-Ukraine Business Initiative (CUBI 97). (See story on page 15.)

"We are delighted to be here to pursue trade initiatives that will reap long-term benefits for Ukrainian and Canadian businesses," Derkach said. "The provinces of Manitoba, Saskatchewan and Alberta have developed tremendous expertise in the sectors of energy, agriculture and agri-business and construction. We look forward to sharing our knowledge with Ukraine, as the country continues its transition to a free-market economy."

Derkach and the delegates met with representatives of the Ukrainian government and directors of industrial enterprises.

Ukrainian officials are particularly interested in attracting Canadian capital into the domestic

economy. They met several times with Roman Shpek, Director of the National Agency on Reconstruction and Development (equivalent to Canada's CIDA) and a former Prime-Minister of Ukraine. Shpek reported that a Canadian venture capital fund of US\$44 mln. was planned, and that the Canadian government intended to grant financial support worth US\$10 mln. for the organization of the fund. Such a fund would allow Ukraine to receive foreign credits of up to US\$120-130 mln. without government guarantees. Through direct contacts between Canadian and Ukrainian business circles, this would become an effective form of cooperation. Shpek added that more fruitful cooperation requires Ukraine to establish a proper insurance program for investment projects, first-of-all against non-commercial risk. Still, with this third delegation in as many weeks, said Shpek, Canada does seem to believe in the solid future of Canadian-Ukrainian cooperation.

Forming the delegation were senior members of the Manitoba government and four

business representatives: Jim Orzechowski, President, Smith Carter Architects and Engineers, Manitoba, who is also Chair of the Manitoba Sector Committee; Nick Diakiw, Lafarge Canada, Manitoba; Ossama Abouzeid, Central Canadian Structures, Manitoba; and John Chomiak, Hemisphere Engineering, Alberta. The Manitoba contingent also met with government and industry leaders to promote construction, food development and water and sewer infrastructure experience, and to identify business opportunities in these and other areas.

"Our theme for this mission and for CUBI '97 is 'Building Our Future ... Renewing Our Heritage ... Together.'", said Minister Derkach. "It acknowledges the significant contributions made by Ukrainian Canadians who settled on the prairies, adding to Canada's successful development and continued prosperity. The theme focuses on current and future opportunities to build and strengthen partnerships and trade links with Ukraine."

(Ukrainian News/Eastern Economist)