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Long-awaited recognition of Ukraine's independence, as Russian President Boris Yeltsin (l) signs the formal friendship and cooperation treaty with President Kuchma (r).

Peacekeeping Exercise in Western Ukraine

July, 1997... Western Ukraine's Lviv region hosted maneuvers for the multinational peacekeeping exercise "Cooperative Neighbour-97" within the framework of NATO's Partnership for Peace Program.

During a two-week period, forces from Ukraine, the U.S., Greece, Czech Republic, Moldova, Macedonia, Romania, Slovakia, and Georgia participated in the exercise, while Italy, Bulgaria, Germany and the Netherlands sent observers.

The forces trained in cooperative mock actions for escorting humanitarian relief goods, guarding vital installations, rendering medical aid, rescuing people from water, as well as in particular battle disciplines such as clearing areas of mines and target shooting.

Russia-Ukraine Sign Friendship, Cooperation Treaty

Kyiv, May 31, 1997... Five years after Ukraine's independence, Ukrainian President Kuchma and Russian President Yeltsin signed the long-awaited Treaty on Friendship, Cooperation and Partnership.

The treaty covers all aspects of the Ukraine-Russia relationship, ranging from military to cultural matters. Most importantly, Russia has formally recognized that an independent Ukraine exists. "Ukraine is an independent country, and we will hold this premise sacred," said Mr.

Yeltsin, adding that Russia has no claims on any part of Ukraine. The treaty provides for mutual recognition of borders and territorial inviolability.

The 10-year treaty, which will automatically be extended for 10-year periods if neither side cancels it, states that Russia accepts Ukraine's territorial integrity including its sovereignty over the Crimean peninsula. Russia and Ukraine pledged not to enter into agreements with third countries aimed against each other and not to allow their territories to be used to the detriment of each other's security.

The treaty signing came three days after agreement was reached on division of the Black Sea Fleet, leasing of naval bays in Sevastopol to the Russian fleet and explicit recognition that Crimea and Sevastopol are Ukrainian territory. On May 28, Russian Prime Minister Viktor Chernomyrdin and his Ukrainian counterpart, Pavlo Lazarenko, signed agreements on the division of the Black Sea Fleet and the conditions for stationing the Russian fleet on Ukrainian territory. Ukraine agreed to allow Russia to keep its share of the fleet at Sevastopol for the next 20 years. During that period, Ukraine will lease port facilities to Russia. Russia will compensate Ukraine for about \$526 mln. worth of ships and will rent some port facilities in Sevastopol for 20 years at just under \$100 mln. per year. The payments will be offset against Ukraine's \$3 bln. debt to Russia rather than paid in cash. Russia is also to forgive \$200 mln. of the Ukrainian debt in exchange for the nuclear missiles removed from Ukraine in 1992.

Yeltsin characterized the act as the beginning of "a new era" in bilateral

relations, and Kuchma called it "an event of great importance that opens a new stage in relations between our two countries."

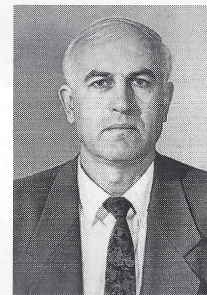
Fighting Corruption: Clean Hands Campaign

Kyiv, May, 1997... President Kuchma signed a decree establishing a National Bureau of Investigation structured along the lines of America's FBI or Italy's Anti-mafia bureau.

In a parallel move, Justice Minister Serhiy Holovatiy presented the latest National Anti-Corruption Program, dubbed Operation Clean Hands. The program is designed to eliminate corrupt elements in government and reorganize various sectors to make them less susceptible to criminal activity. It will investigate state employees for possible criminal links, and draft acts to improve anti-corruption legislation. Key acts will allow banks to inform law enforcement agencies about individual and legal entities' financial transactions; reform the court system; introduce unified registers of physical and legal entities; and improve an independent financial control system.

New Prime Minister Valeriy Pustovoitenko

July 17 1997... Valeriy Pustovoitenko, Minister of the Cabinet of Ministers, nominated by President Kuchma, was confirmed as Prime Minister of Ukraine by the Verkhovna Rada. He replaces Pavlo Lazarenko, who headed the recent state visit to Canada (see Feature Story). A leading



member of the People's Democratic Party, 50-year-old Pustovoitenko was the head of Kuchma's election team in 1994 and is one of the President's closest associates. He has said that he will continue to the policy of radical economic reforms. From 1991 to 1994, Pustovoitenko chaired the Dnipropetrovsk City and Executive councils.

No stranger to Canada, Pustovoitenko visited Canada in 1994 with President Kuchma for the first State Visit and, like his predecessor Lazarenko, participated in the Executive Development Program organized under Canada's Technical Assistance Program with Ukraine.