



*** SPECIAL REPORT ***

UKRAINE: READY FOR CANADIAN BUSINESS

by Chris Guly

Last October was the dress rehearsal. This June will be the performance.

In the fall, 80 senior officials representing 14 delegations -- including those from the G-7, the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development (EBRD) -- spent one day in Winnipeg discussing Ukraine's desperate economic situation. President Leonid Kuchma himself even travelled to the Manitoba capital to seek global financial assistance.

The international group acceded to the request, offering Ukraine \$1.2-billion in new aid. Canada's associate deputy Finance Minister Scott Clark, who served as chairperson of the G-7 Conference on Partnership for Economic Transformation in Ukraine, opined that if Kuchma introduced more economic reforms, his country could gain another US\$371-million from the IMF and more than US\$1.5-billion in loans from the World Bank and the EBRD over the next two years.

The IMF had already entered an economic program with Ukraine worth US\$730-million under the systemic transformation facility -- a program designed to help central-planning economies adopt western-style markets. If Kuchma's government made good on its economic blueprint, including the reduction of Ukraine's budget by 15 per cent of the country's Gross Domestic Product (worth \$20-billion in Canada), it would qualify for financing of almost US\$1-billion under an IMF Stand-By Arrangement.

As well, Thierry Baudon, deputy vice-president of the EBRD had told conference delegates that the bank would help Ukraine establish a \$100-million equity fund to support newly privatized enterprises.

U.S. Treasury undersecretary for

international monetary affairs Lawrence Summers added that Ukraine could also attract more than \$3-billion in private capital and export credits during the same time period. Said Summers: "[In 1991], we saw Ukraine's political liberation. Today, we are witnessing Ukraine's economic liberation."

Canada's Foreign Affairs Minister André Ouellet added that the new G-7 partnership with Ukraine was based on a principle of "help for self-help." In other words, Kuchma was handed the script. Now, as the G-7 leaders themselves



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meet in Halifax to discuss their own debt, trade and budgetary situations, they will determine whether the Ukrainian president has memorized the lines.

Fortunately for Kuchma, Canada has served as an excellent method acting coach. Beyond pushing for the October 1994 special G-7 meeting on Ukraine and hosting the regular summit, the Canadian government has tutored Kuchma to "feel and live" the reformist mantle he now wears. Prime Minister Jean Chrétien has helped direct some of the ensuing drama.

Following a meeting with Kuchma in Ottawa last October, the Prime Minister told reporters, "It's our international responsibility to ensure that a country like Ukraine, if they can become consumers, will buy a lot of goods from Canada. If we are helping them to grow, they will buy more goods and more services from us. And we are the best country to benefit from Ukraine because we can offer a lot of Canadian experts who speak the Ukrainian language. We are probably the best country in the world to take advantage of the economic growth which will eventually come in



President Leonid Kuchma and PM Jean Chrétien sign Canada-Ukraine Friendship and Co-operation Agreement in Ottawa last year, as Deputy PM Sheila Copps and Minister of Foreign Affairs André Ouellet look on.