



interference by all government bodies and the media in the administration of justice in any way whatsoever. One distinct feature of the arbitration court is its specialization. By designating the arbitration courts to deal exclusively with commercial questions, the Parliament of Ukraine has backed away from the concept of a single judicial system, in contrast to many other countries where the same courts considers questions of criminal, administrative, family, property, commercial and many other categories of conflicts. This kind of specialization of the court is conducive to the development of stability and professionalism in the ranks of the judges.

The system of arbitration courts in Ukraine consists of courts in every oblast (a total of 25 oblasts or regions), as well as in administrative-territorial units of the cities of Kyiv and Sevastopil, and in Crimea, as well as the Higher Arbitration Court of Ukraine, which considers appeals on the rulings of all lower arbitration courts.

The arbitration courts of Ukraine consider questions which arise between parties in the drawing up, amendments to, breaches of and fulfilment of contracts. They also consider questions which arise from other matters, for example, the damages which are not related to the contractual agreements. Furthermore, arbitration courts are responsible for matters of bankruptcy, as well as for ruling on laws of the Executive branch, municipal administrations,

community organizations, taxation departments, customs offices and others - if these laws contravene the interests or the rights of actual legal entities (companies, corporations, firms and other commercial entities). In the case where the abidance to such a law has resulted in losses being incurred, then the legal entity in question has the right to seek recourse and compensation for its losses through the appropriate arbitration court. And finally, if the defendant is located on the territory of Ukraine, any plaintiff whosoever can turn to the arbitration court, regardless of the country in which he is registered. The procedures for accessing the courts and the court processes are confirmed in the Arbitration Codex of Ukraine.

Editor's Note: In conversation, the author indicated that the entire Arbitration Court proceedings must be completed within two months, from start to the actual handing down of the final written court decision. All arbitration cases are heard by judge alone (as opposed to jury), with three judges presiding in cases with possible controversial overtones. On an average, the Arbitration Court system has been handling 100,000 cases per year. In 1994, they heard approximately 300 bankruptcy cases, and in over 70% of cases against government administration laws, the courts ruled for the plaintiffs. A verdict is binding and court costs are borne by the parties. In cases where the plaintiff is suing government, and in

property cases, the costs to the plaintiff are merely symbolic, the equivalent of a few dollars US.

Hotel and Restaurant Ventures Country Squire International in Kyiv

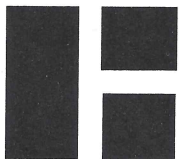
Following independence, in early 1992 Western companies chose to expand into Kyiv. These included Andersen, Johnson & Johnson, Stencor, Rothmans, Ernst & Young, IBM, Rank Xerox, Asea Brown & Boveri, General Electric, Apple Computers, Coca-Cola and Tambrands. Embassies also had to establish their diplomatic presence. This, in turn, created a demand for Western-standard accommodation and prompted development.

While many companies and embassies now use existing Kyiv hotels as both offices and residential accommodation, there are still no remotely Western-standard hotels in Kyiv. Complaints about security, food, service and lack of business facilities are common. Nevertheless, occupancies for the existing hotels range from 75 to 98 per cent with an average of 60 per cent of demand coming from foreign visitors. There is clearly a gap in hotel supply, and developers and hoteliers alike have been scouting the Kyiv market for the past year recognizing the huge potential but reluctant to invest.

Canadian-based Country Squire International Corp. has now taken the plunge and joined forces with one of the country's biggest commercial banks, Vidrodzhenya, to convert a turn-of-the century building in the centre of Kyiv into a 270-room luxury hotel and headquarters for the bank. Once complete, the 5-star hotel is slated to become part of the Best Western International chain.

With an investment of some US\$220, Country Squire becomes the 3rd biggest foreign investor in Ukraine, behind only Austrian-based Makulan Int'l's US\$260m investment in the International Business Centre and American-based Pepsico's US\$250m in soft drinks production and sales.

(with files from Ukraine Business Review)



TRETIK, HOLOWKA

Comptables Agréés
Chartered Accountants

- We provide Accounting and Consulting services
- Our partners are fluent in Ukrainian
- Consulting experience in Ukraine and Poland

Tel: (514) 954-0740
Fax: (514) 954-0743

1 Place Ville Marie, Suite 2707
Montréal, Québec H3B 4G4