



Challenge of Doing Business

Trade Mission: Sessions at the Canadian Embassy in Kyiv

During the recent Trade Mission, and in particular at the inaugural meeting of the IEC (Intergovernmental Economic Commission), Canadians expressed their major areas of concern and the challenges involved in doing business in Ukraine:

- The slow pace of economic reform has meant that there are still few companies with whom Canadians can do business in Ukraine. While there are a number of examples of huge capital projects which involve the Ukrainian government, medium and small Canadian companies cannot find private partners who can afford to buy their equipment.
- The lack of transparency in the rules of business means that there always seems to be another unknown or unforeseen factor that pops up. At first, Ukrainian officials are quick to give projects the green light, and offer assistance, but Canadian businessmen have learned never to be too optimistic: frequent changes in taxes and Ukraine's leadership cause the warmth of Ukraine's welcome to foreign investors to fluctuate.
- Doing business in Ukraine invariably takes too much time, effort and patience. One telephone call to the U.S. or Germany can bring better results than six months of negotiations with a company in Ukraine.
- Whether it is part of a legacy from another era, or the result of too much change too fast, corruption is a growing factor in Ukraine. Coming from the safeness of our own business environment, corruption is a factor Canadians are not accustomed to and find very difficult to live with.
- The lack of available financing is a very complex issue. Canada has a \$20 million line of credit for Ukraine to be administered through the Export Development Corporation (plus additional monies from the EDC corporate account on a case-by-case basis), which is largely not disbursed due to the fact that it takes sovereign guarantees from the Ukrainian government -- guarantees which have not yet obtained the necessary ratification from the Verkhovna Rada (Parliament).
- The import and export regime run by the government is perceived as being discretionary.
- Many Canadian products are either hi-tech or high-quality, both of which mean they are expensive. The low purchasing power of both consumers and companies in Ukraine place these products out of their reach.

"If companies aren't satisfied with doing business in Ukraine, they'll go to Poland, Russia, or Kazakhstan. That doesn't help Ukraine, but this is the nature of the global village and the global market." - *Cdn. Embassy Commercial Attaché Larry Duffield.*



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