



THE PROSPECTS FOR INCREASED ECONOMIC RELATIONS BETWEEN UKRAINE AND CANADA

by

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Mykhaylo Tytarenko arrived in Canada in November, 1993 to assume the functions of the First Secretary responsible for Economic and Commercial Affairs at the Ukrainian Embassy in Ottawa. He is by profession an economist, with specialization in banking and economics. From 1980-1992, he was Associate Professor in the Departments of Economic Theory and Marketing at Kyiv's Polytechnical Institute. Mr. Tytarenko studied abroad, and has taken part in many international conferences dealing with the questions of international investments and foreign economic ties. Most recently, from 1992 to 1993, he worked in the Ukraine's Ministry of the Economy as Head of the Department of Foreign Investments and Credits.

The need for Ukraine to emerge as soon as possible from its critical economic predicament demands immediate attention to the matter of its foreign economic relations.

This would not only stem the decline of its manufacturing force, but would actually gradually broaden its base and encourage growth. Specifically, foreign trade would create a stimulus for the development of export potential of Ukraine as a whole, and as well as for its enterprises, with the ultimate aim of attaining income in foreign currencies. In turn, hard currency obtained from exports is the vital prerequisite for any increase in the import of goods into Ukraine.

Today, foreign investment must play a crucial role in Ukraine's foreign economic relations. The greatest prospects for infusion of foreign capital into Ukraine's economy are in the forms of modern technology, equipment, advanced expertise in administration and management, and, to a certain degree, in the form of hard currency -- credits, securities, and so on.

Of course, the vital prerequisites for any inflow of capital are: firstly, the creation of a favourable investment climate for such potential foreign investors, and secondly, the definition of the direction for the development of the economy, and thereby

the encouragement of investment to support those priorities.

Taking into account the importance of foreign investment for Ukraine, government and business organizations have created a standardized, legal framework, economic conditions, and organizational security for foreign investors. A decree "On Foreign Investment" was passed. A national program has been developed to encourage foreign investment into the economy of Ukraine. A data bank of proposals for foreign investors includes over 2,000 businesses which need investments in new technology, construction, reconstruction, and the like.

The amount of foreign investment needed by Ukrainian enterprises is in the range of \$50 billion. In addition, there is a need for capital for the conversion of companies from military to civil manufacturing. Information on the objectives for investment in Ukraine is available from Ukraine's Embassy in Canada and can be provided to anyone interested in any of various sectors of Ukraine's economy. Ukraine has already concluded agreements "On the promotion and reciprocal protection of investments" with more than 12 countries. This has provided the opportunity to establish links between Ukraine and these countries for the movement of capital. These guarantees and the appropriate security measures will be the vital stimuli needed for the entry of such investments into Ukraine.

The prime objectives and directions of Ukraine's economy have been made clear to foreign investors. Occasionally, the government confirms the number of businesses which have been privatized with the participation of foreign investors. A special Agency has been created to handle questions of international development and investments, with a mandate to coordinate the policies encouraging foreign investment and using such investment to ultimate benefit, as well as the development of international cooperation. The League of Ukrainian Enterprises with Foreign Capital has been created.

As a result of these and other measures making the investment climate of Ukraine more conducive, we now can boast more than 2,000 joint ventures involving foreign capital, and almost 10% of these with 100% foreign capital. At this time, the largest investors in Ukraine and those responsible for the most joint ventures are Germany, Poland, Italy, Hungary and the US.

With some countries, these joint ventures number in the hundreds, while with Canada we can barely list a few dozen. Taking this information into account, could it be that the investment climate is not the main obstacle leading to Canada's hesitation?