



encouragement of investment, education, military cooperation, and air transportation, to name just a few.

We expect that cooperation in privatization, reforming the banking system, conversion of military-industrial enterprises, use of science and modern technology, education and other fields will follow. Most important is the development of economic ties to a level corresponding to the mutual possibilities of our countries, and for the needs of our time. *The aggregate figure of import-export for the last year is a mere \$40 million - a mockery of the possibilities for the two countries. I was astounded not to find Canada - one of the G-7 countries - on the list of our 12 most important importers or exporters.* When they justify the low level of Canadian investment, Canadians mention the unhealthy economic environment in Ukraine. Well, environment may not be stable or conducive to investment, but it is the same for all foreign investors. In this very same environment German capital is much more active. I think that at 5% of the total (120 out of 2400), Ukrainian-Canadian joint ventures do not hold any Olympic records. It makes me to recall a story about a brave Zulu warrior. He was getting ready to go to battle. And he kept on sharpening, and sharpening, and sharpening his spear till the battle was over. Recently, I met Canadian businessmen in Montreal and Toronto and heard stories of both difficulty and of success in doing business in Ukraine. I am confident that Canadian business should consider cooperation with Ukraine as an asset. But it is also true that in conditions of an economic crisis in Ukraine, establishment of a special partnership requires special efforts. Good intentions are not enough.

I hope that this year will witness remarkable progress on both sides if they both show determination to make up for time lost, and consider this year as year of Ukraine. Serious political and economic support to Ukraine by the West represents an investment into ensuring Western security. Ukraine is striving for a gradual integration into the military and political structures of the West and is prepared to contribute to the creation of a new security structure in Europe. Soon after the proclamation of Ukraine's independence, Z. Brzezinski remarked that

some did not notice the most important geo-strategic event of the last part of the twentieth century: the appearance in Europe of a free Ukrainian state, an event which is crucial for the safeguarding of historic change in the post-confrontational world. Ukraine, the size of France, is a key for the stability in Eastern Europe.

Now significant attempts are being made to undo this achievement. Thus there is a definite need to counter them with international support for the cause of economic transformation in Ukraine. The statesmanship and wisdom from such international fora as G-7 and from its participants are required. Ukraine, like Swift's Gulliver, is tied down by the countless tiny threads of the transitional period web. So those in Canada who promote our special partnership at this time will not only bring practical benefit to their country, but they will also invoke historical glory upon it for foresightedness in helping to direct developments in Ukraine, and henceforth in Eastern Europe, in the interests of Ukrainian, European and trans-Atlantic stability and cooperation.

Company Views

SURVEY ON DOING BUSINESS IN UKRAINE

A survey conducted in late 1993 of obstacles to doing Western business in Ukraine by the Project on Economic Reform in Ukraine (PERU) gave the following major problems:

- changing laws and regulations (73%)
- inadequate banking system (60%)
- confusing and unfavourable investment legislation (46%)
- lack of basic information (42%)
- currency conversion (44%)
- good business location (42%)
- supply shortages (38%)
- corruption (36.5%)
- problems with Ukrainian partner (33%)
- unfavourable tax laws (31%)
- good local employees (17%)

The PERU survey also asked these Western companies their reasons for investing in Ukraine:

- high profits (51%)
- local demand (38%)
- cheap raw materials (32%)
- wage levels (24.5%)
- favourable laws (23%)
- access to FSU (15%)
- level of skills (13%)
- competitor's presence (9.5%)
- local technology (6%)

The Project Managers submitted the following recommendations to the Ukrainian government:

- creation of legal infrastructure to support and protect the private sector;
- rapid small-scale privatization;
- creation of a stable, convertible currency;
- establishment of a commercial banking sector;
- price liberalisation;
- de-monopolisation;
- privatisation of large enterprises;
- investment in infrastructures (ie. communications and transport);
- struggle against government corruption;
- provide better English-language information.

Canadian businesses working with Ukraine will find the above survey a déjà-vu and concur with its findings and recommendations. If you or your company is involved with Ukraine, the *Monitor* would like to hear your reasons for doing so. If not, why not?