

UKRAINE'S TOP BANKER PREDICTS SUCCESSFUL 1995

On February 13, 1995 Ukraine's National Bank Governor, Viktor Yushchenko was interviewed by the Centre's Director Andrij Hluchowecy during his visit to Ottawa for meetings with the Bank of Canada and the Canadian Bank Note Company. Recognized as the Central Banker of the Month for the October 1994 issue of "Global Finance", Viktor Yushchenko is described as one of the toughest central bankers in the former Soviet Union. He is now one of a troika under Ukraine's president, Leonid Kuchma, pushing for radical market reforms. Together with Roman Shpek, minister of the economy and Ihor Mitiukov, Yushchenko's former deputy who became deputy prime minister responsible for banking and finance, Yushchenko is spearheading Ukraine's first stab at shock therapy. Over the next few months their program calls for substantial liberalization of prices and export restrictions, holding the budget deficit down to 10% of this year's GDP, jump-starting Ukraine's privatization program and unifying the exchange rate system.

• **Mr. Governor, can you provide us with a status report on your visit to Canada?**

Let me first thank you, on behalf of our National Bank of Ukraine delegation, for this opportunity to share views and experiences with the readers of the *Canada-Ukraine Monitor* of our most recent visit to your Nation's capital. Our objectives were, on the one hand, to complete our negotiations that we commenced with the Canadian side, and secondly, to outline major aims and tasks for our future work and cooperation.

Canada was one of the first countries to propose the printing of Ukraine's paper currency - the hryvnia, and the hryvnia project, as a result, was concluded previously, but there were formal issues that for a long period of time were not addressed, but today, it is with great pleasure that I can say that these problems have now been resolved, and we have come to an agreement with the President of the Canadian Bank Note Company to begin a new stage in our cooperation. As a result, CBN will join a group of three competitive and strong world-renowned banknote institutions to meet Ukraine's monetary needs for the next year or two. It is through such contacts and cooperation that Ukraine's needs will be fulfilled. I have great hope, that in the next few weeks, following a visit by the President of the Canadian Bank Note Company, Mr. Douglas Ahrends, to Ukraine, we will sign a protocol that will regulate our cooperation for the production of national passports, national security papers and national numismatic products.

Ukraine has also initiated a project named Treasures of Ukraine, which will highlight the history of sports, Ukraine's statehood and other major historical events, as well as major personalities of Ukraine - this will be a series of gold and silver numismatic coins, and by the way, we have come to an agreement with CBN to begin marketing a numismatic series of our paper hryvnia. One

of the issues that we discussed is that Ukraine wishes to enter the Canadian market with its own numismatic products and we are looking for a Canadian partner who could become the distributor of this product. I am pleased that the Canadian Bank Note Company has taken on the responsibility for distributing a numismatic series of banknotes. I believe that in the near future we will also find an agent to distribute the gold and silver coins in Canada and perhaps the United States.

• **During your visit to Ottawa, you also held meetings with your Canadian counterparts at the Bank of Canada. How successful were these discussions?**

We held discussions with the Bank of Canada and the Ministry of Finance, where we discovered that there exist traditional relationships and ties among central institutions, and in this particular case, with the Bank of Canada we had very pleasant and fruitful discussions with the President of the Bank of Canada, Mr. Thiessen. We are confident that in our present discussions, we will initiate, with the Department of Foreign Affairs (*Ed: Bureau of Assistance for Central and Eastern Europe*) a series of economic strategies which will be led by the Bank of Canada and other financial institutions to facilitate their entrance into the Ukrainian banking system. This is a series of projects that will prioritize the development of concrete steps in one of the major sectors of the banking system.

• **What type of cooperation exists between Canadian and Ukrainian banking institutions for commercial banking transactions?**

Today, I must say that this type of banking cooperation between banking institutions of our two countries remains the most developed. More than 30 Ukrainian commercial banks have transaction accounts in Canadian commercial banks. We can say that on the level of banking cooperation there are no major problems in bank transactions in existence today, but, without a doubt, this system of banking cooperation needs to be strengthened with the signing of a banking agreement between the Bank of Canada and the National Bank of Ukraine which will regulate the relations between the commercial banks.

• **What is your prognosis for Ukraine's economy in 1995?**

As the head of the National Bank of Ukraine, I have never felt more closer to the economic activities and reform that are presently being promoted in Ukraine. The problems are complex and difficult, but I must reassure you that the individuals leading this reform understanding the weight of their responsibilities and in the past five months, I can say that there has been much progress made in Ukraine. We have a liberal market, a free-market currency exchange. The President of Ukraine, his Cabinet and a series of influential parliamentarians have stressed that Ukraine will introduce a deficit-cutting budget in order to stabilize the currency and economy on the road towards market reform. The year 1995 will be one of success for our economy. Without a stable national currency we cannot have a strong economy, so we will conduct a strict monetary policy. The karbovanets has entered a period of short-term stabilization and we see no problem in the medium term. I want our Ukrainian Canadian community to know that progress and reform is underway, and that it makes me proud that we have taken Ukraine on the road towards economic and political reform.



Ukraine's National Bank Chairman in Ottawa.
L-r: Orest Nowakiwsky, Vice Pres., CBN, Ukrainian Bank Chairman
Viktor Yushchenko, and Douglas Ahrends, President and CEO of
Canadian Bank Note Co.