



course, there are the strong social ties - one million Canadians (1% of Canada's population) trace their roots back to Ukraine.

"Ukraine is interested in buying from Canada first," said Oksana Bashuk Hepburn, President of U*Can Ukraine-Canada Relations, a brokerage firm dedicated to the development of Ukraine-Canada relations. However, Canada could lose some of that prestige to other countries, such as Germany and the US, who are willing to back up their moral support with dollars. As well, Ukrainian money, which fled the country in the 1991-1994 period, is now starting to come back.

Entrepreneurs and business professionals interested in these exciting opportunities are welcome to join the Canada-Ukraine Chamber of Commerce, says Roman Herchak, Vice President for B.C. The organization offers support in the form of translation services, networking opportunities, advice regarding accommodations and services in Ukraine, and information that saves time, trouble, and even face.

ADVICE FOR DOING BUSINESS IN UKRAINE

- ▶ Form consortiums. Combine forces, pool resources and expertise. "If you can bring in a system, everyone benefits down the road," says Oksana Bashuk Hepburn.
- ▶ Don't expect to do well in Europe if you haven't achieved success at home, says Rutherford. This is not the place to cut your entrepreneurial teeth. East Europeans may be cash poor but they're well-educated and discerning consumers.
- ▶ Treat your target market with respect. "Put a local face on your product and employ locals. Pay them well and offer them a future," says Stan Szary, President of C.E.I. Industries. Szary is planning to expand into Ukraine with his Pan Smak pizza chain which is enjoying phenomenal success in Poland (Pan Smak translates loosely as Mr. Tasty in both Polish and Ukrainian.) He attributes a lot of his success to the people he has hired away (without trying) from other fast-food

companies who pay poverty-level wages, maintain a distinctly foreign presence, and take most if not all of their profits out of the country.

- ▶ Be creative and willing to work around current problems. Opportunities abound for innovators with vision. "If there's an interest, there's an opportunity," says Bashuk Hepburn.
- ▶ Have a Ukrainian connection. You'll enjoy a distinct advantage if you understand the language and culture of your target market, or work closely with someone who does, says Rutherford.
- ▶ Persevere. If you expect dramatic returns within a year, look elsewhere. "This is not a market for the faint of heart," says Roman Herchak of Global Opportunities Inc., but for astute investors with an eye to the future. Expect to take four to five years to develop your European market.



Special Relationship With Canada

Extracts from an address by Roman Hruby, Trade Commissioner with the Department of Foreign Affairs, to the joint Ukraine-Quebec Business Council - CUCC Business Seminar, Montreal, May 4, 1995

Although our links with Ukraine are reinforced by the natural bonds provided by Canada's one million strong Ukrainian Community, all Canadians share the same objectives - to support the political and economic process toward reform in Ukraine, and the establishment of a prosperous market economy. Most Canadian business people can benefit, either directly or indirectly, from the commercial opportunities that are opening up in Ukraine.

One must look at Ukraine to understand where the country is coming from and where it is headed. With this in mind, it is an optimistic view of Ukraine's future that we in the government of Canada share.

Ukraine has reduced its government deficit, which had been in the range of 21 percent of GDP in early 1994, down to under 5 percent in 1995.

Privatization has been in full swing since February and fully 22,000 small enterprises and 6,000-8,000 medium and large enterprises will be privatized before the end of the year. Ukraine is a market of growing opportunity. While not without risk, at the same time Ukraine offers tremendous opportunity for rapidly expanding exports (in 1994, Ukraine's imports from the world stood at US\$9.8 billion), and especially for investments, that is, the establishment of joint ventures, including the conducting

of research and development.

This positive assessment is shared by most Western business leaders already in Ukraine. The local systems operations manager for IBM, Yuri Pomazkov, stated that "this will be the most important year in the life of modern Ukraine...we will see dramatic change in the middle of the year."

The respected weekly *The Economist*, in a recent article, projected that Ukraine's economy will grow by 2 or 3 percent in 1995. Together with Kyrgyzstan, Ukraine is the only C.I.S. country whose economy, according to the economist, is expected to grow in 1995. Early tentative figures from the Ukrainian authorities hint that this may be already happening. Railway transportation of freight has grown some 20 percent from January to March 1995, industrial production in March 1995 was 10 percent above March 1994 levels, the seasonal December-January production slump in 1994-95 was considerably less severe than the previous year's decrease, interest rates are dropping and the inflation rate for March 1995 has declined to 11.3 percent per month.



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