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POLITICAL AND ECONOMIC RELATIONS

UKRAINE TO RECEIVE \$2.2-BILLION AID PACKAGE

Globe and Mail, Oct. 1994. (Madrid) The International Monetary Fund has announced a \$2.2-billion (U.S.) aid package for Ukraine, and has called on the West to at least match the assistance intended to promote economic liberalization in the former Soviet republic.

The IMF said yesterday it plans to disburse \$360-million worth of loans to Ukraine by the end of the year, and hopes its seal of approval of the country's reform program will open the door for Western financial aid worth more than \$5-billion.

"This is an opportunity not to be missed," said Michael Camdessus, IMF managing director. Speaking to reporters at a conference on the future of the IMF and World Bank, Mr. Camdessus said the bulk of the IMF's loan package would be disbursed in 1995, provided Ukraine follows anti-inflation policies, speeds up its privatization program, and uses some of the funds to build a social safety net.

The announcements coincides with a concentrated campaign by IMF executives to increase the fund's role in the FSU and Eastern Europe. The IMF's board of governors, meeting in Madrid, is expected to consider a proposal to release billions of dollars of new liquidity to support former East Bloc countries.

Mr. Camdessus wants to create \$50-billion of new global liquidity, which would be distributed to member countries, mostly in Eastern Europe and the former Soviet Union, in the form of Special Drawing Rights, which represent a basket of currencies.

The proposal has met stiff opposition from some European countries, led by Germany, which fear the new liquidity would fuel global inflation just as the

world is recovering from economic recession. As a compromise, officials from the United States and Britain are floating a proposal to issue \$24-billion worth of SDRs, with most of it going to countries in transition from centrally planned economies to free-market ones, including developing countries.

"There is no risk of inflation," Mr. Camdessus said, arguing that the new allocation would meet only about 9 per cent of the projected demand for non-gold reserves by the end of the decade.

The IMF says the allocation, which would be spread over five years, would help strengthen the reserves of developing countries, which have rapidly growing economies but few resources to acquire the non-gold reserves needed to underpin their monetary systems.

UKRAINIAN PRESIDENT CREATES ECONOMY ADVISORY COUNCIL

Kyiv, September 16... Ukrainian President Leonid Kuchma created a council of economic advisers to help elaborate policies. Kuchma issued a series of decrees setting up the nine-member council dominated by reform-minded economists. Its most prominent member is Viktor Pynzenyk, a former deputy prime minister who last year quit the government of Kuchma's predecessor, Leonid Kravchuk, saying he was being hindered in proceeding with reforms. Other members include the head of one of Ukraine's largest banks and top academics. (*Reuter*)

INTERNATIONAL FORUM ON CRIME

Kyiv, August 16-19... At an international conference on "Strategy and Experience in Combating Organized Crime and Drug Trafficking" sponsored by Ukraine's Ministry of Internal Affairs and the Ukrainian American Police Association,

Ukrainian experts predicted that in 1994-95, drug trafficking and organized crime will be on the rise.

Since Ukraine proclaimed its independence in 1991, the Ministry of Internal Affairs has been actively cooperating at the international level to combat crime. A member of Interpol (the International Criminal Police Organization) since 1993, Ukraine has also signed a number of bilateral agreements on dealing with the drug trade with most of the FSU. It has also signed similar agreements with Austria, Poland, Hungary, Germany and Slovenia.

Ukraine has also been a signatory to three United Nations conventions (1961, 1972, 1988) that commit states to a policy of rigorous repression of both the sale and use of illicit drugs.

Since President Leonid Kuchma assumed office less than three months ago, he has issued two decrees designed to battle crime.

CHINESE-UKRAINIAN TRADE BOOMING

Ukrinform, September 8... Ukraine could act as a bridge between Europe and Asia and the development of friendly relations with China could greatly assist that process, said Chinese President and Foreign Minister Jiang Zemin at the end of a three-day visit to Kyiv.

Speaking at a joint press conference with Ukraine's Foreign Minister Hennadi Udovenko, Zemin added that despite the fact his visit was short, it marked an important stage in the development of fruitful relations between the two countries. Annual trade between China and Ukraine is estimated at \$500 million, which, Ukraine's foreign ministry predicted, could increase to up to \$3.5 billion by the turn of the century. Udovenko said that the ministers discussed cooperation in the spheres of military technology and space exploration.