



Atlantic Provinces: Potential for Regional Trade with Ukraine



This summer Ihor Sanin, Trade Representative of Ukraine to Canada, participated with other trade officials of Central and Eastern European embassies in a trade visit to the four Atlantic Provinces arranged by Trade Facilitation Office Canada, the International Trade Centres of Industry Canada, and the Provincial Governments. Following are excerpts of his addresses to business leaders.

Ukraine's interest in pursuing cooperation with the Atlantic Provinces is by no means new or spontaneous. Our trade relations have not yet developed to a level reached between Ukraine and several other Canadian Provinces. However, we have so many similar industrial features that cooperation would considerably benefit both countries and would be a substantial factor in the process of job creation. One of the vivid examples is ShawMont

structure of ship-building industry, sea ports communication and sea routes. As well, it reflects our interest in cooperation with the ports and fleet of the Atlantic Provinces.

Ukraine has non-freezing ports in Odesa, Ilychevsk, Mykolayiv, Kherson, Feodosia, Kerch and Mariupol. Odesa is the principal port, handling about 30 mln. tons of cargo annually.

The creation of three local economic zones in Odesa region are currently underway: an export manufacturing zone in the port of Pivdenny, the duty-free Porto-Franko trade zone in the port of Odesa and a zone based at the Illichivsk fishing port. The plans have been made to hand over the management of these zones to international stock companies formed by both foreign and domestic business.

Ukraine has 8 ship-building plants, almost 30 specialized institutes and design bureaus. The ship-building capacity concentrated in the city of Mykolayiv is fully in line with world market standards. Ukrainian ship-building yards have signed contracts with Greek firms to build 18 tankers totalling 45,000 tons, and contracts with Russian firms for building 9 fishing trawlers. Other big foreign orders involve 7 refrigerated cargo vessels, and a number of ferries.

Ukraine's fishing fleet carries out industrial prospecting and fishing in many regions of the World Ocean, the Black Sea and the Sea of Azov, as well as cargo transportation. Based on mutually-beneficial intergovernmental agreements, we have good business cooperation with Russia, France, Egypt and a number of other countries. We are also negotiating with several African, European and American countries. Since 1994 Ukraine has been a permanent member of the Commission for preserving live marine stocks in the Antarctic regions.

Ukraine uses about 1 million barrels of oil a day, but produces only about 100 thousand barrels daily. Imports now stand at 90 percent of oil consumption. Therefore, oil

development on the Black and Azov seas shelves is an important source of crude oil. There is definite progress in this field: Canada-Ukraine JV KrymTexasNafta (Epic Energy/Alberta - Krymgeologia/Crimea) has a production sharing agreement to explore and produce the oil and gas potential of a 28 thousand square kilometre area of Crimea. The program, submitted to the Cabinet, requires an investment of US\$3,2 billion from 1996-2010. Tax exemptions for several years is being considered for companies working on the shelf. So here is another excellent opportunity to share with Ukraine the know-how and technology of your oil explorers, and get mutual benefits from these ventures.

The Ukrainian Petrol Company "UkrNafta" plans to import US\$26 mln. worth of oil drilling equipment this year. Among the imports are boring tubes made by Mannesmann of Germany and U.S.-based Grant Company. Pumping and compressor tubes will be purchased from Fest Alpine of Austria and chemical reagents from Hoechst of Germany. I ask you today - why Germany and Austria, why not Canada?

Another important area is military conversion. The key goals of Ukraine's industrial policy for the military-industrial complex and other branches undergoing industrial reconstruction and conversion include organizing international marketing and production diversification, while taking into consideration the possibilities of dual use technologies. We must also increase Ukraine's export potential through selling competitive products, and improving the foreign investment prospects for defence industry enterprises.

According to the Ukrainian State Credit and Investment Corporation, Ukraine's need for foreign investment is over US\$5 bln., including such priorities as \$1.7 bln. for oil processing, \$2 bln. for metallurgy, \$0.5 bln. for machinery production, \$0.25 bln. for energy industry, as well as pharmaceutical and diagnostic equipment.

We will support and encourage all forms of inter-regional cooperation between Ukraine and the Atlantic Provinces, as we have already done with Saskatchewan and Alberta. We can start by establishing contacts between the Provincial Governments and the administrations of our ship-building regions-Mykolayiv, Kherson, Odesa, and Crimea. In the meanwhile, we are looking forward to the upcoming Trade Mission to Ukraine with great anticipation.



Trade officials from Central and Eastern European embassies joined a business tour of the Atlantic Provinces this summer. Among the participants: front row, far left - David Taylor, Director of Trade Facilitation Office Canada; 4th from left - R. MacDonald, MP for Dartmouth and Parliamentary Secretary to the Federal Minister of International Trade; back row, 5th from left - Ihor Sanin, Head of Ukraine's Trade Mission.

Newfoundland Ltd. which has obtained a contract to provide hydro dam safety review services in Ukraine.

We are also interested in the future prospects for Voisey's Bay nickel project. We are currently seeking new partners to supply Ukrainian enterprises which have a processing capacity of 300 thousand tons of nickel ore (of 1.5% Ni ratio and higher) annually.

It is quite difficult to describe Ukraine in a nutshell, a country double the population of Canada and 1/12th in territory.

More than half of our boundaries are sea-boundaries, 21.5% - rivers, and 24.9% - land-boundaries. This all adds to the characteristics of Ukraine as a maritime country. It also explains Ukraine's rather developed infra-