



## Relations with European Union enter New Stage

Mar. 1997... The Chairman of Ukraine's Inter-Departmental Committee Relations with the European Union (EU) said that relations between Ukraine and the EU have entered a new stage. Addressing a committee meeting, Ihor Mityukov said that an EU action plan on cooperation with Ukraine provides for recognition of Ukraine's territorial integrity, the achievements of Ukraine's democratic and economic reforms, and trade development.

According to Mityukov, this document provides greater prospects for Ukrainian integration into Europe, and could receive approval of all EU nations in 1997. The decision to provide a stabilization loan of 200 million ECU (Cdn\$318 million) to Ukraine is confirmation of the EU's recognition of the achievements of Ukraine's market reform. The EU is expected to provide an additional loan of 250 million ECU this year.

European countries account for 12.8% of Ukraine's foreign trade balance. The volume of trade amounted to US\$4.1 billion in 1996, a 16.4% increase over the preceding year.

## Crimea to Host Major Naval Exercises "Sea Breeze-97"

Mar. 1997... Naval officials announced that Ukraine will host the navies of a dozen nations for major exercises under NATO's Partnership for Peace program in August.

The exercises, called Sea Breeze-97, will take place around the Crimean peninsula, and will be the largest military exercise to date in Ukrainian waters.

The countries expected to participate are the United States, Britain, Russia, France, Germany, Italy, Turkey, Bulgaria, Romania and Ukraine, with Albania and Georgia attending as observers. All are members of NATO or its Partnership for Peace program.

## OECD Assists Ukraine in Tax Reform

Feb. 1997... The Organization for Economic Cooperation and Development (OECD), work-

ing together with the U.S. Tax Advisory Program and USAID, launched an important country-specific tax training activity, a two-year program for Ukraine through its Centre for Cooperation with the Economies in Transition (CCET).

The Ukrainian State Tax Administration (STA) has a staff of 60,000, up 10,000 over the past year. Training the new personnel in enterprise and personal income tax, value added tax, audit techniques and tax collection, as well as accounting and management training will be crucial to the effectiveness of the Ukrainian tax service.

Although Ukraine has 17 graduate schools to retrain staff, there is a shortage of experienced trainers and instruction material. Also, coordination of training courses is poor. To overcome these difficulties, the State Tax Administration is to open its own national training centre in Irpen, near Kyiv.

The national centre will develop training material based on experience gained in the OECD multilateral tax centres in Ankara, Budapest, Copenhagen and Vienna, as well as the Moscow International Training Centre. Another key function will be to launch a trainer-training program and organize specialized workshops for senior management in the tax administration. The centre will also help the national office in evaluating training needs and develop a consistent training strategy for the whole administration.

The creation of the national centre is an important step for the STA in its efforts to improve staff efficiency. The program developed to assist the STA in this work will serve as a model for tax training assistance to those transition economies that have yet to develop a training centre.

## Science & Technology Centre of Ukraine Offers New Business Opportunities

Jan. 1997... Representatives from Ukraine, the U.S., Sweden and Canada approved US\$4.3 mln. in additional funding for the Science and Technology Centre in Ukraine (STCU), which finds peaceful employment for scientists and technicians formerly engaged in the manufacturing of weapons of mass destruction.

The four nations which form the STCU will disburse the funds over 36 projects, employing about 700 scientists, engineers, and technical support staff. Some US\$10.4 million is invested in the project, financing over 1,600 Ukrainian researchers using the initial investments of Canada, United States and Sweden. Shortly, the European Community will be investing an additional 3 million



*The building of the STCU in Kyiv.  
L-r: Borys Atamanenko, Sr. Dep. Exec. Dir;  
B. Paton, Pres., National Ukrainian Academy of Sciences; Victor Baryakhtar, VP, National Ukrainian Academy of Sciences, Member of the Board of Governors; and Ostop Hawaleshka, STCU Executive Director.*

ECU (about US\$4.3 million) to support the work of the STCU.

STCU Executive Director, Canadian Prof. Ostop Hawaleshka, accepted a second term to the end of 1997 to further his acknowledged excellent record of managing the development of the centre. A second call for research proposals will be made this spring. Fifty more proposals have cleared Ukraine Security and are available on INTERNET website:

<http://www.cam.org/~ukugmtl/stcu.html> in abstract form. There will then be 228 projects available for joint ventures with international researchers and investors.

An active new group which has begun to work with the STCU is the International Union of Ukrainian Businessmen, which is anxious to take advantage of the opportunities arising from transferring the R&D into Ukraine's industry.

*Newsbriefs are compiled by Monitor staff with materials from newspapers and news services, including: Ukrainian News, Ukrainian Weekly, Ukrainian Voice, Homin Ukrainy, Ukraine and the World, Eastern Economist, Kiev Post, Ukrinform, UCIS, INFOBANK, OMRI, Reuters, United Press International, ITAR-TASS, Update on Ukraine (Council of Advisors to the Presidium of the Parliament of Ukraine), and various INTERNET sources.*

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