

Good evening, everyone. And thank you, Mr. Reichmann, for your kind words of introduction.

I was delighted to accept your invitation to address this landmark conference on enhancing Canadian trade and investment development with Russia and Ukraine.

This gathering of business people from Canada and the Commonwealth of Independent States (C.I.S.) in itself says much about the performance of the Canada Ukraine Business Council (CUBC) over more than two years now. The conference served to highlight the role Canada's private sector has played, is playing, and can play, in developing business ties with Russia and Ukraine.

I was struck by "hands-on" aspects of the conference program -- ranging from rules affecting foreign investment to structuring and financing deals, using actual case studies and industry sector experience. As a result, all of us have acquired a better appreciation of this complex region and its burgeoning potential.

In less than a year, the world has watched the second Russian Revolution and the restoration of Ukraine's independence. These rapidly evolving historical events represent a major shift following 70 years of Communist rule.

The newly independent partners in the C.I.S. face difficult challenges in changing to a market economy from a centrally planned economy and assuming their places in the world trading system. It is encouraging that the Yeltsin government has demonstrated the political will to pursue unpopular but realistic measures. These favour liberalization, freeing prices, doing away with monopolies, introducing competition, and moving gradually in coming years to privatize the economy.

We should not forget that Russians and Ukrainians have lost almost all historical memory of the normal conduct of business after generations of a totalitarian production and distribution system that ignored supply and demand signals. There is still a relative lack of understanding of how free enterprise works. Few governmental and managerial structures exist as reference points for a new business strata in society.

Both Russia and Ukraine need to acquire the legal framework to make a free market system work. Essentially, this means assuring the sanctity of contracts, a clear legal and regulatory regime, transparent government decision making affecting business, and predictable rules on ownership of land, buildings, capital equipment and resources.

These economies in transition must also institute and enforce a tax structure that permits producers to operate with the least possible burden so that commercial benefits for both sides are not impeded unduly.