



House of Commons
Canada

STRATEGIC CHOICES: CANADIAN POLICY TOWARD THE NEW REPUBLICS OF THE FORMER SOVIET UNION

**STANDING COMMITTEE ON EXTERNAL
AFFAIRS AND INTERNATIONAL TRADE**

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JOHN BOSLEY, P.C., M.P.
Chairman

June 1992

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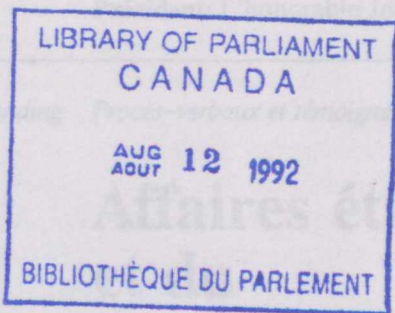
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External Affairs
and
International Trade

Affaires étrangères
Commerce extérieur



RESPECTING:

CONCERNANT:

Pursuant to Standing Order 108(2), consideration of a draft report on conditions in the former republics of the Soviet Union.

Conformément à l'article 108(2) du Règlement, étude d'un projet de rapport concernant la situation dans les républiques nouvellement créées de l'Union soviétique.

Private business of the House

STRATEGIC CHOICES: CANADIAN POLICY TOWARD THE NEW REPUBLICS OF THE FORMER SOVIET UNION

INCLUDING:

Y COMPRIS:

The Second Report to the House

Le Deuxième Rapport à la Chambre

STANDING COMMITTEE ON EXTERNAL
AFFAIRS AND INTERNATIONAL TRADE

Third Session of the Thirty-fourth Parliament, 1991-92

Troisième session de la XXXIV législature, 1991-1992

JOHN BOSLEY, P.C., M.P.
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Affaires étrangères et du Commerce extérieur

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Future business of the Committee

Pursuant to Standing Order 108(2), consideration of a draft report on South and Southern Africa

INCLUDING:

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CONCERNANT:

Conformément à l'article 108(2) du Règlement, étude d'une ébauche de rapport concernant la situation dans les anciennes républiques de l'Union soviétique

Travaux futurs du Comité

Conformément à l'article 108(2) du Règlement, étude d'une ébauche de rapport concernant l'Afrique du Sud et l'Afrique australe

Y COMPRIS:

Le Deuxième Rapport à la Chambre

Third Session of the Thirty-fourth Parliament,
1991-92

Troisième session de la trente-quatrième législature,
1991-1992

The Standing Committee on External Affairs and International Trade has the honour to present its

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CHAPTER I

Introduction

AN EMERGING ORDER OR A CYCLE OF CATASTROPHE?

The cold war is over and, with it, the policies which governed relations between east and west for more than forty years. The Soviet empire, which stretched from Central Europe to the Pacific coast, is also now finished. What concerns the rest of the world is how to deal with this radically transformed continent where dramatic change may be a constant for some years to come. In other words, is a new order emerging in the former Soviet Union or are the new republics in a cycle of catastrophe?

These questions have perplexed people since the first clear cracks began to appear in the Soviet bloc some five years ago. They gathered force in 1989 — the year of the revolutions — when all of what had been known as “Eastern Europe” seemed to rise up against their governors, the proxies of Moscow.

In order to try to make some sense of these events, the House of Commons Standing Committee on External Affairs and International Trade began to consider Canadian policy toward the Soviet Union in the fall of 1989. As part of that study, it visited the Soviet Union and the soon-to-be united Germanies in April 1990 and reported its findings to Parliament in June of the same year. At the time, the Committee concluded that:

Many questions of reform remain unresolved. Will they move quickly or slowly towards a market economy? Will the union transform itself peacefully or fragment into a collection of warring pieces? The main conclusion we would report is of a country likely to be preoccupied for years to come with such fundamental and insistent questions of internal reform.¹

What was intended as an interim report certainly turned out that way for the whirlwind in Eastern Europe was soon followed by the unravelling of the Soviet Union itself. Consequently, the Committee undertook a new round of hearings on Russia and the successor states of the Soviet Union, as well as a second visit to Moscow and Kiev in April of 1992.

What the Committee found during its visit was political, economic, social and environmental turmoil. It also found an exuberance and openness to change that borders on heroism. These contrasts are the stuff of everyday life and they make hard and fast analyses all but impossible. Nevertheless, this report is an effort to convey some of the Committee's impressions to a wider public in Canada and abroad, and to suggest to the Canadian Government a framework for Canadian policy in the new republics of the former Soviet Union.

We begin with the impressions.

¹ House of Commons, Report on the Committee's Visit to the Soviet Union and the Germanies, Standing Committee on External Affairs and International Trade, June 1990, p. 2.

A FAMILY BREAK-UP

The disintegration of the Soviet Union has been like the break-up of a family long accustomed to being ruled by a domineering parent. Like all families, the Soviet one had its good and bad sides. The trouble is that, while some of the children would probably rather stay within the fold but are unsure how to do so, others are determined to stay out and to take some of their things with them.

Regardless, the split seems irrevocable and, although some may mourn the passing of the family, few seek to revive it. But the psychological impact of the break-up and the sheer pace of change is so great that most people simply do not know what to do. Jeanette Matthey of CBC Radio told the Committee that Moscow is like a big city of refugees. She is amazed at peoples' ability to survive, likening it to having lost a loved one: still in shock, one carries on and does what one has to do.

Uncertainty pervades the atmosphere in Moscow, in Kiev — and throughout the former Soviet Union. Testifying before the Committee, political scientist Franklyn Griffith of the University of Toronto acknowledged:

Nobody knows what is likely to occur....it's like a mobile rock face that is heavily stratified. There are all kinds of layers of tension....these different layers are playing against one another. There's a kind of vertical tension between them. I think no one is really in a position to understand or analyse this. In short, we are faced with great uncertainty.²

Coupled with uncertainty, there is a sense of waiting and a sense that anything is possible. There are even those who seek to revive the Soviet empire. Some kind of reactionary response is openly recognized and widely discussed. Vladimir Zhirinovskiy, the extreme nationalist who ran third in the 1991 Russian presidential elections, frankly offers imperialist, xenophobic and anti-semitic slogans as solutions to his country's multiple crises.

If circumstances became notably worse in Russia and the other republics, there could be a backlash of "Great Russian" nationalism. To some degree, said Sergei Rogov, the deputy director of the Institute of USA and Canada in the Russian Academy of Sciences, "such a backlash is unavoidable if the current trend is the creation of nation states." But he cautioned, "whereas nationalism in other states may be a force for national creation, it can only be a dangerous element in Russia because of [its varied] ethnic composition."

In Rogov's view, the former identity of the Soviet Union is gone forever. There is an intense search for new identities and the rediscovery or creation of nation states, some of which have not had an independent existence for centuries or never did. In place of the old Soviet family is a new neighbourhood: "a whole new regional system of states has been created in Eurasia, with complex relationships and ancient animosities".³ The challenge for the West is to develop a coherent policy for encouraging stable development within this new neighbourhood.

ORGANIZING THE NEW NEIGHBOURHOOD

In the immediate aftermath of the break-up, a new organization, the Commonwealth of Independent States (CIS), was created by 11 of the new republics in December of 1991. From the outset, there has been a divergence of views between Russia and several of the other republics over the

² *Proceedings*, 25:13.

³ Thomas L. Friedman, "The U.S. Takes a Serious Look at Ukraine," *The New York Times*, April 19, 1992.

significance and future of the CIS. This was captured in comments the Committee heard in Moscow and Kiev. In Moscow, Nikolai Ryabov, the Speaker of the Chamber of Republics in Russia's Supreme Soviet, said:

We will never be the first to secede from the CIS, not because we are obsessed with imperial ambitions, but because we feel it is our historic duty to try to preserve Russia.

To this he added:

At the same time, we respect the right of each nation to self-determination. But there is a big difference between declaring independence and truly having it. We have to bridge this gap between declaration and implementation.

By contrast, in Kiev, Major-General George Zhyvitsa, a key official in the Defence Ministry, stressed that Ukraine was now an independent state and added significantly that that fact was not always fully understood. Mr. Bohdan Goryn, the Vice-Chair of the Ukrainian Parliament's Foreign Affairs Committee, admitted to seriously strained relations between Russia and Ukraine, which he attributed to "the fact that some Russian leaders cannot get rid of old stereotypes." He charged that the only country violating CIS agreements was Russia.

These disparate views seem to support the conventional wisdom that the CIS is not an effective organization now and will not last long into the future. But this merely begs the question of what will replace it since some form of regional cooperation is essential for the maintenance of stability. And the axis of stability is the relationship between Russia and Ukraine.

The Ukrainians and the Russians entered written history together, in the ninth century, in a Slavic state known as Rus, with its capital in Kiev.⁴ Their histories have been intertwined ever since. Today, 12 million ethnic Russians live in Ukraine — more than a fifth of the total population — while more than seven million Ukrainians live in Russia. Yet the two peoples have perceived their union and entanglements very differently.

Cooperation is in the interests of both Russia and Ukraine. Disagreements are to be expected, but serious frictions are a distraction from more fundamental problems and a constant reminder of the possibility of outright conflict. Canada should not shy away from offering its own good offices to encourage the establishment of cooperative structures and arrangements to help manage the evolving relationship. We should not leave such conciliatory efforts either to Europe or to the United States since we have a special — even a unique — perspective to offer. Perhaps more than any other country, Canada has experience "bred in the bone" of how to manage a relationship with a vastly more powerful neighbour.

A framework for regional cooperation is also in the interests of the other republics that comprised the former Soviet Union. The nationalities issue is only one of many sensitive matters requiring cooperation and consultation.

In the past, Russians were a privileged group, even if a minority, in these states — often comprising the bulk of the urban population and frequently the majority of professional classes. In some of the new republics since independence, however, the Russian minorities have become second- or third-class citizens or even non-citizens, depending on the new laws governing citizenship.

The political repercussions of human rights abuses against Russian minorities outside of Russia could be explosive. If, for example, Russians were expelled from certain republics, or if there were a massive flight back to the homeland, then the result could be serious and widespread violence.

⁴ Robert Cullen, "Report from Ukraine," *The New Yorker*, January 27, 1992, p. 44.

Moreover, an influx of dispossessed Russians back to Russia proper, if accompanied by continuing economic hardships, could fuel right-wing nationalism. Its political ascendance would have disastrous implications for regional and international security.

THE RUSSIAN FEDERATION

A revelation for many in the West is the sheer diversity of Russia itself, which embraces roughly 100 ethnic groupings and consists of a total of 90 sub-jurisdictions such as republics, territories and other units. The same process of devolution that has characterized the last few years continues to act within the Federation, leaving the actual division of powers between the centre and the sub-jurisdictions a matter of continuing speculation and dispute.

What is clear is that the former system of economic "command" relations between the centre and "the provinces" has been replaced by a more democratic process of "give and take". But the new arrangements are far from systematic or accepted by either Moscow or the provinces. If the current pattern continues, the provinces will increasingly ignore Moscow and build their own relations with other elements of the former Soviet Union and the outside world.

Indeed, Russia at present resembles a sort of vast laboratory where a group of increasingly harried scientists — some of them foreign and some of them Russian — are simultaneously carrying out a series of entirely unprecedented experiments. At one and the same time, Russia is attempting to redefine its national identity, to create an entirely new political system and to establish an utterly unfamiliar market system.

Success in any one of these undertakings would represent a tour-de-force for any nation state. The fact that all of them are being attempted at once is either remarkably courageous or perhaps simply foolhardy — the kind of immense effort of national will after years of inertia which is a recurrent theme in Russian history. Yet the fact that, in Sergei Rogov's words, the whole affair is a total improvisation — that no one has had "a game plan" for any of these changes — creates, at a minimum, a very uncertain situation.

Thus far, President Yeltsin continues to enjoy considerable political support, which the economic hardships have not undermined — at least not yet. But the hardships must not be underestimated. Jim Sheppard, the Moscow correspondent of Canadian Press, referred to dramatic declines in agricultural and industrial production — an estimated 30 to 40 percent in agriculture and 20 percent for industry — with further declines expected in the future.

Moreover, many of the most difficult decisions have yet to be taken. Unemployment, according to Russia's Deputy Premier Yegor Gaidar, will reach 6 million by the end of this year, while an International Labour Organization study predicts 10 to 11 million — in a state where until recently everyone was assured of some sort of job.⁵ The danger is that if the economic underpinnings of the society give way, political instability is sure to follow. And, so far, the light at the end of the tunnel is not readily apparent.

STRATEGIC CHOICES

The sub-title of this introductory chapter is framed in a question: are we seeing an emerging order or a cycle of catastrophe? Objectively, many factors seem to point to catastrophe — or to borrow the title of a recent Ukrainian film about the Chernobyl disaster — "Raspad," which literally means "falling apart" or "collapse." At the same time, there is an incredible willingness to experiment, to attempt things that in the past had been nothing more than brave imaginings of a few hardy dissidents.

⁵ John Lloyd, "ILO fear 10m jobless in Russia this year," *Financial Times*, London, April 28, 1992.

Indeed, despite all the turmoil, a tenuous order has been preserved. As Speaker Nikolai Ryabov exclaimed to the Committee, the fact that no one has taken up arms in such a vast country is remarkable. While the claim might be exaggerated, his essential point is still valid: considering the potential for trouble, the violence has been minimal.

Likewise, a catastrophe is not inevitable. There are alarming factors, but a subjective element — the stubborn will of these peoples to survive and prosper under a new system — must also be taken into account. That intangible, combined with the goodwill and support of other nations, could make the difference. Still, when all the factors are weighed, the result remains uncertain, the future frustratingly vague.

One thing is clear, however. Do what it will, Canada is able to affect the balance very little. In concert with the other leading industrialized countries, the Group of Seven, yes. On its own, hardly at all. This is nothing new for a middle power or, perhaps, the smallest of the big powers. But frank recognition of our limitations is not an admission of weakness: it is an acknowledgement of Canada's need to set priorities, to make strategic choices.

Canada has recognized the end of the Soviet Union, but it has not entirely shed old perceptions that Moscow remains at the centre of events. This is a hard lesson to learn for everyone, but it is a vital one. The government must formulate distinctive policies, republic by republic. It must deal with everyone in the neighbourhood without preconceptions.

Canada cannot do everything, especially at a time of fiscal restraint. We must make strategic choices about this neighbourhood that accord with national interests, geographical position and historical ties. All these factors combine to make Canada's relations with Russia, Ukraine and the Baltic states of Estonia, Latvia and Lithuania pre-eminent. But of these priorities, those in most need of greater attention and resources at present are Ukraine and the Baltic republics.

With these considerations in mind, the recommendations in this report are based on the following principles of cooperation:

First, that all forms of Canadian cooperation have as their essential objectives the promotion of prosperity, democracy, human rights and respect for the environment.

Second, that Canadian cooperation consist of partnerships involving government, business and labour, non-governmental organizations, universities and other sectors of Canadian society. This is crucial since it provides an opportunity to draw on the strength and resources of the Canadian people and build on links that history and culture have already forged.

Third, that, given the constraints on financial resources, a premium must be put on effective national and international coordination of assistance.

In turn, with these principles in mind:

The Committee recommends that the Canadian Government devise new regional strategies that relate to the entirely new system of states and balance of power in Eurasia, stretching from Central Europe to the Pacific coast. The Government should also acknowledge its intention to concentrate on certain specific states — notably Ukraine and the Baltic republics of Estonia, Latvia, and Lithuania — with whose peoples Canada has historic ties.

CHAPTER II

Economic Assistance to the New Republics: in what form, and how much?

A CRY FOR HELP

The new republics of the former Soviet Union have been saddled with a daunting economic legacy. Decades of commitment to a centrally-controlled, command economy ultimately reduced the USSR to an economic waste-land. By 1991 the problems were legion: production was declining rapidly, the budget deficit and external debt were both out of control, and food and other shortages had become endemic.

The newly-independent republics are faced with an uphill struggle in their efforts to re-build their economies. They possess enormous economic potential, blessed as they are with vast natural resources and a high level of human capital, but it will be wasted if the basic principles of a market economy are not adopted. A number of the republics, realizing this, have introduced bold economic reforms.

These reforms will not come easily or without sacrifice. The new states lack the skills and financial structures necessary for a market economy to function. They have never possessed the nascent, small-scale capitalism which began to appear in Hungary, for example, in the 1970s, nor do they have any memories of how markets operate. While they learn these skills, the people will have to endure considerable hardship. Since price controls were lifted on most products in Russia in January 1992, for instance, prices have soared and the value of the ruble has plummeted; it has been estimated that nearly 90 percent of the population dropped below the poverty line overnight. As new reforms are introduced, the burden will only increase. While no serious social unrest has yet unfolded, it is far from certain how long the people will remain patient.

Clearly, the republics are incapable of standing on their own; without external help, they face almost certain economic collapse. With this in mind, the Committee sees Canada and its Western partners playing a crucial role in assisting these countries to make the difficult transition from command to market economies. Such assistance should not be viewed as simple charity; the West has well-defined interests of its own at stake. As Professor Joan DeBardeleben of Carleton University explained to the Committee, aid is "a new form of national defence for Canada and for the Western world. . . a guard against the kind of regional instability that could ensue in what's bound to be, no matter what strategy is pursued by the governments, a very difficult economic transition period."⁶

THE AID DEBATE

There has been considerable debate over the kind of aid and how much Canada and the West should provide the republics. Since 1989, the Group of Seven leading industrialized countries (G7), including Canada, have pledged more than \$80 billion in assistance to the Soviet Union and the

⁶ *Proceedings*, 19:15.

newly-independent republics. Of this total, \$16.3 billion, or 20 percent, amounts to actual aid, the rest being forgiveness of debts or credits. The European Community, and especially Germany, have provided the bulk of this assistance.

Canada has pledged about \$2.5 billion in aid to the new republics. This assistance has come in a variety of forms, from credits and technical and humanitarian assistance to investment and international contributions. For example, Canada has extended Russia, through the Export Development Corporation, a \$150 million line of credit for the purchase of Canadian foodstuffs (\$62 million remains) as well as a line of credit worth \$100 million in order to finance the sale of Canadian capital goods and services. Russia has also received \$1.5 billion in Canadian Wheat Board credits. EDC lines of credit have been extended to Ukraine (\$50 million) as well as the Baltic states (\$10 million each). Eight million dollars in humanitarian aid to the new states (in particular Russia) has been delivered, while the government has set up a \$25 million technical assistance programme spread over three years and operating under the aegis of the Task Force on Central and Eastern Europe.⁷

Given the instability which has engulfed the region over the past year, Western governments, particularly the United States, have been reluctant to inject large amounts of aid into what has bluntly been called a "sinkhole."⁸ They fear that money would be largely wasted in such an unstable environment and, for that reason, have been waiting for the republics to proceed with economic reform to create the right climate for assistance and investment. In the meantime, a hodge-podge of humanitarian and technical assistance has taken precedence.

The Committee concedes that some degree of caution in the West's response is understandable. But it is concerned that by not providing more generous assistance to the republics, the West might be missing an unprecedented opportunity to secure an authentic new world order. In the United States, prominent Americans such as Harvard economist (and Yeltsin adviser) Jeffrey Sachs have spoken out in favour of large cash outlays for the republics; Sachs estimated that it would take about \$30 billion annually to ensure the success of the republics' economic reforms.⁹

A step in this direction took place on April 27, 1992 when Russia and 12 other republics were granted full-membership in the International Monetary Fund and the World Bank. Until then, the IMF had limited its aid to the republics to technical assistance and training in the areas of central banking, fiscal policy, and statistics. With the IMF giving Russia's economic reforms a seal of approval, the path has now been cleared for a \$24 billion Russian aid package (endorsed by Canada and the other G7 countries), which will include a \$6 billion stabilization fund for the ruble; \$4.5 billion in aid in 1992 from the IMF and the World Bank; \$2.5 billion in debt referral; and \$11 billion in government-to-government aid. Although not all of this aid will be "new" money, clearly a turning point of sorts has been reached. It will now also be easier for Russia to approach other governments and private lenders for new money in addition to what it can draw from the IMF. Michel Camdessus, head of the IMF, has estimated that in addition to the \$24 billion of old and new money set aside for Russia, a further \$20 billion will have to be found for the other republics.¹⁰

Should Western governments provide even more money for the former USSR? There have been numerous suggestions over the last two years that nothing less than another Marshall Plan will save the republics. The United States pumped between US\$150 billion and \$250 billion (at today's prices) into

⁷ Department of External Affairs and International Trade, "Canadian Assistance to the Countries of the Former Soviet Union," March 24, 1992.

⁸ Leslie Gelb, "The Russian Sinkhole," *The New York Times*, March 30, 1992.

⁹ Jeffrey Sachs, "Goodwill is not Enough," *Economist*, December 21, 1991; "Nixon's 'Save Russia' Memo: Bush Feels the Sting," *The New York Times*, March 11, 1992.

¹⁰ See *The New York Times*, April 16, 1992.

the ravaged economies of Western Europe after World War Two. The Marshall Plan's mixture of infrastructure spending and trade-related measures "kick-started" these economies and put them on the road to recovery.¹¹

However, the Committee is doubtful whether the economic recovery programme for Europe in the late 1940s and early 1950s is an appropriate model for the former Soviet republics. The Marshall Plan was implemented in societies with long traditions of democratic government, well-established civil services and managers experienced in market economies. None of these conditions exists in the former USSR. As it stands, the Western democracies simply do not have the resources during a recession period to bail out the republics. Henry Kissinger has cited the case of East Germany, where a population of 16 million is receiving \$90 billion a year from West Germany. A comparable programme for the former USSR would require at least \$1 trillion annually.¹²

The Committee strongly believes, therefore, that government aid, while crucial in helping economic restructuring and recovery, will not in itself "save" Russia and the other republics. The \$24 billion package being proposed for Russia over the next several years is an essential first step in stabilizing the Russian economy; however, it is still small in relation to the region's needs. Western governments can and should continue to finance this type of assistance, but they will never have the money to restructure completely such a sizeable economy. This is a fact acknowledged by key members of the Russian Government such as Alexei Ulukaev, an economic adviser to President Yeltsin, who told the Committee that they had not expected such a large amount of money so soon and doubted that the government could have used it had it been offered earlier. The ultimate goal must be to place the republics in a position to help themselves.

A COHERENT STRATEGY

The Canadian Government, like so many of its Western counterparts, has been lacking an integrated, long-term assistance strategy. Canada's assistance programme is currently comprised of a hodge-podge of measures — a mix of food aid, technical assistance, credits and so on — going through a whole variety of channels. Russia has received the bulk of this assistance, raising concerns that the government is perhaps not paying enough attention to some of the other republics. There is no publicly-articulated strategy explaining what Canada wants to do and why. As Maureen O'Neil, President of the North-South Institute in Ottawa, stated bluntly before the Committee, "we need to have clear goals."¹³ By discussing our aid strategy in a public forum it can then be subject to careful scrutiny. This is especially important keeping in mind Canada's limited aid budget and growing fears that the Third World is suffering from the West's new obsession with the former Soviet republics.

Professor Franklyn Griffith from the University of Toronto stressed that there is "no immediate solution in sight and no immediate set of guidelines. We need a long-term approach, a strategy; one that looks to perhaps a decade, maybe even a generation, of dealing with uncertainty of ups and downs. . ." ¹⁴

Accordingly, the Committee recommends greater transparency and public discussion in Canada's assistance programme to help the government take steps to introduce an integrated, long-term assistance strategy toward the new republics of the former Soviet Union. Such a strategy should complement and not compete with our aid policy toward the Third World.

¹¹ G. Merritt, *Eastern Europe and the USSR: The Challenge of Freedom*, London, 1991, p. 235.

¹² *International Herald Tribune*, March 30, 1992.

¹³ *Proceedings*, 25:24.

¹⁴ *Proceedings*, 25:12.

To this end, the Committee recommends that the Government pay special attention in its assistance strategy to Ukraine and the Baltic states. The Government should encourage the G7 and other donor countries to meet at the earliest opportunity with a view to assembling an assistance package for the other republics of the former Soviet Union on a scale proportional to that arranged for Russia.

The Committee also recommends that the Government increase its lines of credit with Russia, Ukraine and the Baltic states.

TECHNICAL ASSISTANCE

The Committee believes strongly that technical assistance should be the cornerstone of Canada's assistance strategy toward the new republics. The Foreign Minister of Russia, Andrei Kozyrev, appearing before the Committee in December 1991, called on Canadians for "technical assistance in the sense of a sharing of experience." Above all else, he stated, the Russian people:

need technical assistance to reform, because the government now in place is composed mostly of reform-minded economists with a theoretical background. For obvious reasons, they don't have practical experience in reform. We need groups of experts in all areas, such as government and banking. . . There is a need for consistent efforts to assist in special projects, such as privatization of the land. This may bring, we think, probably the quickest result if done properly.¹⁵

The difficulties of implementation were among the themes most often repeated during the Committee's recent visit to Russia and Ukraine. Even when law-makers managed to pass appropriate legislation, putting it into practice was fraught with problems. This is in part because much of the bureaucracy remains of an orthodox communist persuasion and fears the effects of reform on its own considerable power base. But it is also because of simple lack of knowledge and experience, which will change only through frequent and sustained contact with Western institutions and ways of doing things.

Under the auspices of the Task Force on Central and Eastern Europe, the Canadian Government has committed \$25 million in technical assistance over three years to the new republics. However, the Committee was disappointed to learn that only four staff members within the Task Force were responsible for dealing with technical assistance to all 15 republics. Moreover, by the end of 1991, only 40 projects worth \$7 million had been approved by the Government.

The Committee is convinced that this is not nearly enough, since Canada is in a special position to assist in this area. Canadian agricultural expertise in food gathering, grain storage, transportation and distribution, for example, should be a major element in such assistance. As of March 1992, only two projects in the agricultural sector had been initiated by the Task Force, both in the Russian dairy industry. Canada's experience in the energy sector and the environment should also be exploited. More programmes aimed at improving safety, environmental protection and operational efficiency in the petroleum, oil and gas, and nuclear industries should be priorities. We also have vast experience in marketing, banking systems and privatization. The republics are in desperate need of management training; through such institutions as the Canadian Centre for Management Development, we could help fill this enormous vacuum.

In short, the Government should be introducing cost-effective programmes to facilitate the transfer of these skills. The republics clearly want to learn; we can give them the tools.

¹⁵ *Proceedings*, 18:8, 18:9.

THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS

For any comprehensive technical assistance programme to be effective, non-governmental organizations must become more directly involved. The inter-play between government and the NGO community is crucial.

While most of the witnesses who appeared before the Committee stressed the need for the Canadian Government to coordinate strategy and channel assistance, several experts also argued that the Government should keep a relatively low profile in terms of actual delivery of aid. Franklyn Griffith stated bluntly that "we should not be engaged in the business of government-to-government activity any more than we can avoid; there's already very big government over there." He went on to argue that:

the greater we would rely on internationalist economic development strategies, the more we will favour, in Russia and the other republics, income concentration. We will favour, perhaps, the use of Chilean-style discipline in the revival of the Russian and other economies, which will favour, on the whole, the oligopoly sector. That is the highly monopolized parts of the economy that they already have in over-abundance. There's a great need to de-monopolize over there and to dis-aggregate concentrations of economic as well as political power.¹⁶

Neil McFarlane of Queen's University echoed these sentiments, suggesting that large-scale, direct government-to-government public assistance merely allowed ex-party "apparatchiks" to amass greater wealth and incurred the wrath of certain segments of the population resentful of Western intrusions.¹⁷

Such pitfalls could be avoided if the Canadian Government empowered Canadian NGOs, universities and the private sector to take on a greater role in assisting the former republics to develop a mixed market economy. For example, in May 1992 the university of Western Ontario Business School sent 50 MBA students to various republics to teach the fundamentals of a market economy. As well, York and Dalhousie universities have set up management training programmes for business persons and public officials from the former Soviet Union. More initiatives of this sort are required, keeping in mind especially their cost-effectiveness.¹⁸

The Committee recommends that the Government place greater emphasis within its budget on technical assistance to the new republics of the former Soviet Union. In providing such assistance, the Government should act as a catalyst in forging partnerships between Canadian private centres of expertise and non-governmental organizations and their republican counterparts. These organizations should be given a greater and more sustained role in the aid delivery process. Technical assistance should focus, in the economic sphere, on agriculture, energy, the environment, and commercial development. Canadian expertise in management training should also be offered, perhaps under the auspices of the Canadian Centre for Management Development.

The Committee also recommends that the Task Force on Central and Eastern Europe should publish quarterly reports with a view to subjecting the Government's technical assistance programme to greater public scrutiny, thereby enhancing its effectiveness.

¹⁶ *Proceedings*, 25:14.

¹⁷ *Proceedings*, 24:17.

¹⁸ Task Force on Central and Eastern Europe, "Bilateral Technical Assistance Projects," March 2, 1992.

HUMANITARIAN ASSISTANCE

The deplorable state of health care in the former Soviet Union has reached crisis proportions. It has been estimated, for example, that the new republics can produce only 15 to 20 percent of the medical supplies they need. They are lacking everything from syringes and sutures to compresses and thermometers.¹⁹ The Canadian Government has responded by donating \$8 million to the Canadian Red Cross Society for the purchase of medical supplies in Russia and other republics for children in hospitals and orphanages as well as the elderly. The Canadian Forces have airlifted the goods to the republics, and once on the ground they have been delivered to their specific destinations by such groups as the International Federation of the Red Cross.

But the Government seems reluctant to tap all available sources in its efforts to assist the republics in this area. For example, hundreds of tons of medical supplies have been collected by private citizens across the country to give to the new states, but the Government refuses to provide any aircraft for their transport. As a result, in May 1992 a Ukrainian air force jet touched down in Edmonton to pick up medical supplies donated by individuals and hospitals for Ukrainian children suffering from cancer as a result of the Chernobyl disaster.²⁰ The Committee is concerned that the Government may be overlooking an important source of aid.

Accordingly, the Committee recommends that the Canadian Government take measures to coordinate humanitarian assistance offered by private citizens and provide aircraft for its delivery.

A COORDINATING AGENCY

Some form of international coordinating agency is desperately required to oversee the delivery of Western aid. Only a small fraction, for example, of the EC's humanitarian and technical aid has been delivered, as it has either been bogged down in national and international bureaucracies, pilfered by organized crime and resold on the black market, or gone missing owing to incompetence or lack of adequate administrative structures in the new republics. At the Washington Conference in January 1992, 47 countries and 7 international organizations gathered to discuss the problems of waste, corruption and incompetence in the aid delivery programme, but the results were meagre.

Bernard Wood, Chief Executive Officer of the Canadian Institute for International Peace and Security, has suggested the need for a clearing house for Western assistance. Such an organization would play the kind of role that the OECD's predecessor organization, the Organization for European Economic Cooperation (OEEC), played in post-World War II Europe. The United Nations Economic Commission for Europe, based in Geneva, has made a similar proposal. Indeed, its chief economist, Paul Rayment, believes the ECE could in fact step into the role, while Wood believes the OECD, a respected mediator and coordinator, could serve as the perfect model.²¹

The new institution, which would include all the established market economies, would prepare an economic recovery programme complete with timetables and objectives. A system of technical and humanitarian assistance would be devised in which economic advisers from Western donor nations

¹⁹ "Life or Death for Russian Children," *The New York Times*, February 25, 1992.

²⁰ *Toronto Star*, May 18, 1992

²¹ See Bernard Wood, *A Time of Hope and Fear: A New World Order and a New Canada* (Ottawa, 1992), pp. 11-15; G. Merritt, *Eastern Europe and the USSR*, op. cit., pp. 242-43.

would be sent to the countries to help supervise implementation. With a framework like that of the OECD, the new organization could also smooth out any differences between, for example, the United States and the European Community, as well as the possible sensitivities of "recipient" countries.

Therefore, the Committee recommends that the Canadian Government, in its multilateral contacts and negotiations, emphasize the importance of the effective coordination of the delivery of technical and humanitarian assistance. To this end, Canada should recommend the concept of an international agency for aid coordination — preferably based on an already existing institution such as the Organization for Economic Cooperation and Development.

CONDITIONALITY

The Committee witnessed considerable debate over what conditions, if any, the Canadian Government should place on its bilateral aid to the new republics. Should we follow the example of the IMF, which will impose strict conditions on the aid it disburses to Russia? All new members will be expected to reduce their budget deficit, curb the growth in their money supply to bring inflation under control, halt the extension of credit to uncompetitive enterprises, establish a legal framework to allow the development of a market economy (including privatization), reform their farming and energy sectors to spur production, and increase foreign exchange earnings. In many respects, the economies of the republics will be placed under the stewardship of the IMF, which may create tensions as the new countries struggle to stabilize their economies while the Fund insists on continued austerity. This may already be happening as President Yeltsin's recent decisions to delay energy price increases and quintuple Russia's money supply have left many Western experts concerned.

Several experts who appeared before the Committee argued that Canada should apply the same conditions to the new republics as it does to developing countries. Professor Joan DeBardeleben of Carleton University felt that the Government should tie its aid:

to continuing commitment to economic reform, which should be monitored with specific emphasis on taking ownership out of the hands of the state and thus out of what has been called the transformed 'apparatchik' into the hands of broadly based social groups. The emphasis needs to be given to productive sectors, not only trade and service sectors.²²

Maureen O'Neil, President of the North-South Institute, cast an even wider net, arguing that conditionality should focus on democratic development and human rights, military expenditures and sales, disarmament, debt repayment, peaceful resolution of territorial disputes and environmental issues.

The linkage of aid and human rights is, of course, a thorny issue. In January 1991 the Canadian Government withheld aid from the Soviet Union during its crackdown on the Baltic states. Should this be held up as a model? There is considerable evidence to suggest that without coordination of the assistance policies of all the Western states, the tying of economic assistance to human rights performance and more general political performance would be difficult. Professor Neil McFarlane

²² *Proceedings*, 19:15.

noted that different donors are pursuing different agendas which are not confined merely to democracy and human rights; Germany, for instance, is most interested in removing Soviet troops from its soil.²³

The Committee recognizes that the Canadian people have concerns about the new republics' commitment to economic reform, democratic development and good governance, human rights, nuclear disarmament, arms sales reduction and sustainable development. Accordingly, the Government should work toward establishing coordination of the assistance policies of the Western states with a view to reaching some consensus on aid conditionality.

²³ *Proceedings*, 24:15.

CHAPTER III

Investment and Trade: Obstacles and Opportunities

The long-term prospects for investment and trade in the former Soviet Union are promising, but the outlook over the next decade or so can only be described as stormy. On the one hand, remarkable opportunities abound in all of the republics, which are eager to develop trade and business links with the West. Among the advantages the new republics offer are the following:

- a literate and educated work force with a highly-sophisticated professional class of scientists and engineers;
- a suppressed demand for consumer goods that may be unrivalled anywhere in the world;
- a rich and diverse array of natural resources; and,
- a capacity in science and technology that is among the most advanced in the world.

On the other hand, the obstacles to Western business are immense:

- The political situation is highly unstable.
- The continuing devolution of power to republican and sub-republican jurisdictions adds extra complications. In the long-run, this decentralizing trend may be healthy, especially for business. In the short-term, however, the results are chaotic, with few clear lines of authority and genuine fear within the bureaucracies about loss of power and lack of knowledge in dealing with entirely new circumstances.
- The enormous concentration of resources in the Soviet military-industrial complex over several decades makes any shift of emphasis to civilian production extremely costly and difficult, in terms of infrastructure, the retooling of industry, and the transfer of skills and knowledge.
- The challenge of shifting from a command economy to a market system is beyond the imagining of most Canadians. There is only a very limited understanding of business needs or the functions of the market.

Indeed, the very notion of business remains utterly foreign to many people brought up in the Soviet system, which had constantly emphasized the evils of profit and capitalism. The paradox is that, as Canadian writer Michael Ignatieff has noted:

the dogged distrust of *bizness* — profit from the labour of another man's hand — risks condemning Russia to the most criminal and rapacious forms of capitalist modernization. People, after all, whom a culture regards as criminals will behave like criminals. Russia will have to make its peace with capitalism or, paradoxically, it will get a capitalism red in tooth and claw.²⁴

What is required from the West is a clear-eyed appreciation of the problems and a steely determination to deal with them one by one in cooperation with republican partners. Accordingly, while this chapter offers no panaceas, it does try to present what the Committee believes could be some useful ideas about how to confront the worst obstacles hindering the reform process and Western investment.

As Lou Naumovski, the Executive Director of the Canada-USSR Business Council (CUBC), told the Committee, "the best form of charity or support or co-operation...is to allow the best possible conditions for the private sector to invest capital, transfer technology and management skills, train Russian, Ukrainian and Baltic managers and employ people..."²⁵ Such advice is not an invitation to capitalism "red in tooth and claw." Instead, Naumovski specifically recommended the closest collaboration between government and business.

the partnership between the government and the private sector is key. In these early days the government will be asked to spend perhaps more money than it might spend in more developed markets in facilitating the role of the private sector, but as the reforms take hold...the amount of responsibility and risk that the private sector will assume will increase as well. The next two to three years of government support will pay, we think, considerable dividends for the Canadian economy and also for the economies of the Commonwealth.²⁶

This collaboration is important because it is likely to be both more practical and more sensitive to the social costs of untrammelled capitalism. Ignatieff added:

Western capitalists doing business there will have to choose whether to play by the local rules — and thus contribute to the already developing social resentment — or do their part to spread the better parts of the capitalist ethic: "My word is my bond." "The customer is king." "One man's money is as good as any other's."²⁷

This is precisely the sort of assistance that the CUBC's Lou Naumovski had in mind when he suggested that Canada should be providing expertise from key governmental agencies and crown corporations which have implications for economic reform, trade and business investment. These include such agencies as Investment Canada, the Bank of Canada, the Inspector General for Banks, the Farm Credit Corporation to help with a critical issue for struggling and potential farmers, Employment and Immigration Canada to deal with unemployment, appropriate environmental agencies and so forth.

These agencies have the know-how and the experience in regulating the Canadian economy that could be of fundamental use to the Russians and to others. In fact, if we don't pursue this approach, it's our view that the Japanese, the Americans, the Germans,

²⁴ Michael Ignatieff, "Can Russia Return to Europe?" *Harper's*, April 1992, p. 16.

²⁵ *Proceedings*, 20:11.

²⁶ *Proceedings*, 20:15.

²⁷ Ignatieff, *op. cit.*, p. 16.

the Italians, the British — they've all established these kinds of relationships, to a greater extent than we have, in my opinion, and they have done so with the clear knowledge that this will enhance their commercial and economic opportunities.²⁸

Accordingly, the Committee recommends that the Canadian Government, in seeking to promote a market economy in the former Soviet Union and encourage opportunities for Canadian investment, should place considerable emphasis on providing technical assistance from key economic agencies — such as Investment Canada, the Bank of Canada, the Inspector General for Banks, the Farm Credit Corporation, Employment and Immigration Canada, appropriate environmental agencies and others — with a view to ensuring a regulatory framework that is both receptive to private investment and protective of the public welfare.

There is also a basic lack of understanding about the needs of Western business. Carol Patterson, with the Moscow office of the law firm Baker, McKenzie, described the frustrations of representing foreign companies whose products would be in great demand but which, because they required a distribution network, were stymied by old rules that branded any such network a form of “middle men” and, therefore, were prohibited.

A prime concern of Canadian business persons the Committee met with in Moscow and Kiev is the tangle of contradictions — in legislation, regulations, even jurisdictions. The only way a foreigner could invest in the Soviet Union before its dissolution was through a joint venture.²⁹ Since the Soviet Union fractured into various new republics, however, the rules governing joint ventures have become even more confusing than before.

Russia, where most of the joint ventures are located, is considered the continuation of the Soviet Union in a legal sense and, as such, takes over the labyrinthine Soviet investment machine. In theory, this should give Russia an advantage over the other republics simply because their managers are at least somewhat accustomed to dealing with foreign companies. Yet the constant refrain among the business representatives the Committee met with in Moscow was the changeability and unpredictability of regulations.

Yet the other republics have not had even the few years' headstart gained by the Moscow bureaucracy in adjusting to Western ways of doing things. But even as they experience culture shock, they are struggling to formulate appropriate policies. Many of them lack any regulations at all — nor is there any reliable way of predicting what kind of legal and institutional framework will be set up to oversee joint ventures or other foreign direct investment. Thus, in many respects, the climate for investment is less certain than it was during the “perestroika” period of Gorbachev's Soviet Union.

For these republics, a vital first step is to take measures that will at least bring them into line with the structures that Canada had negotiated with the former Soviet Union. In particular, there are two agreements affecting business that Canada had signed with the USSR which are still in place, but which it would be helpful to have Ukraine and other republics confirm. These are the Foreign Investment Protection Agreement, designed to provide basic assurances and fairness of treatment to Canadian firms in the republics, and the Double Taxation Agreement.

The Committee recommends that the Canadian Government stress with Ukraine and other successor states of the USSR the central importance of confirming, at the earliest opportunity, two key agreements affecting business investment, which Canada signed with

²⁸ *Proceedings*, 20:14.

²⁹ Western enterprises were initially limited to the state sector for their partners in joint ventures, but they can now choose individuals, cooperatives and privately-owned small businesses. However, state-sector enterprises have proved the most popular because of organizational infrastructure and reliability.

the Soviet Union in its latter days. These are the Foreign Investment Protection Agreement and the Double Taxation Agreement. If necessary either in terms of expediting the passage of such legislation or assisting in its implementation, the Government should provide technical assistance to help with the drafting of this and other key economic legislation and/or with programs to help "sensitize" the relevant bureaucracies.

Even with these sorts of agreements, many Canadian companies still consider the political situation too risky to invest. They seek stronger investment guarantees from the Canadian Government to protect them from losses. Carleton University professor Carl McMillan suggested some improvements in a recent CUBC survey of Canadian-"Soviet" joint ventures.

Ways must be found to alleviate the growing financial constraints on private direct investment in the USSR. This is a current problem area that is rapidly becoming much more serious. It is based on mounting Soviet payments problems and growing political risk. Export Development Corporation programs are regarded as inadequate to meet this need, as is the investment protection agreement.³⁰

The need for a viable system of loan guarantees was strongly supported by Victor Antonov, Ukraine's Minister of Defence Industry, who stated categorically that, rather than receive direct capital investment from governments to assist in the conversion of Ukraine's defence industries, he would prefer loan guarantees to encourage private firms to invest in conversion.

CANADIAN TRADE

Canadian trade with the former Soviet Union was never great in monetary terms: never more than 1.5 percent of total trade and an average over the past two decades of less than one percent. Historically, grain has been by far the most significant Canadian export, normally earning Canada at least \$1 billion per year. Soviet exports to Canada have increased since 1987. The majority of their exports have been primary products, with diamonds being the most significant. Manufactures have included Lada automobiles and assorted farm machinery.

Canada extended the General Preferential Tariff (GPT) status to the Baltic republics, Ukraine, and Russia on April 10, 1992. This will involve a 30 percent reduction in tariffs. Negotiations with other new republics on extension of the GPT have not yet begun largely because trade with them is negligible.

Some fairly obvious conclusions can be drawn about the probable future of Canada's trade relationship with the new republics. Russia will be a significant trading partner relative to the other republics if only because of its size. Trade with Ukraine and the Baltic republics is also likely to be important, particularly because of the keen interest of the Canadians who are ethnically-related. Finally, Kazakhstan could also be a fairly large trading partner, especially because of its oil and gas deposits, which would benefit from Canadian extractive and processing expertise. Nevertheless, until the various republican economies converge with the global economy to a much greater degree than at present, specific predictions are impossible.

Canada supports the export of goods and the operation of Canadian business overseas through the Export Development Corporation (EDC). The EDC can either lend money to countries in order that they may buy Canadian goods on credit at market rates or insure payment by foreign buyers of Canadian goods and services. As well, EDC can provide "foreign investment insurance" against various political risks for Canadian companies investing in various markets.

³⁰ Carl McMillan, *Canada-USSR Joint Ventures: A Survey and Analytical Review*, Canada-USSR Business Council, 1991, p. 58.

The EDC has both corporate and Canada accounts. The corporate account is applied on a commercial basis: loans and credit insurance are based on the risks involved and the credit worthiness of the borrower. At present, none of the new republics of the former Soviet Union are eligible for loans or credit insurance under the corporate account because of political and financial instability, as well as the former USSR's difficulty in servicing its existing debt.

However, the Canada account, in which the Government of Canada provides the financing, can be made available when the Government deems that there are sufficient reasons of national interest to extend financing or insurance coverage. Lines of credit, under a Canada account, have been finalized with Russia, Ukraine and Latvia, and may soon be finalized with Lithuania and Estonia. In the case of Kazakhstan, the Government has agreed to examine transactions on a case-by-case basis. The EDC can also provide, on a case-by-case basis, credit insurance against payment risk — as conditions can arise which could preclude the EDC from continuing to provide financing — under the Canada account.

Also under the Canada account, the EDC and the Government of Canada can consider foreign investment insurance in the former Soviet Union on a case-by-case basis. The insurance would protect investors against the political risks of war, insurrection, expropriation and the inability to transfer hard currency earnings.

In its interim report on the Soviet Union, published in 1990, this Committee recommended that the Government carefully examine various recommendations it had received for using Canadian tax and other laws to encourage investment in the Soviet Union and Eastern Europe.³¹

The Committee recommends that the Government, in consultation with the Canada-USSR Business Council and the Canadian private sector generally, undertake a systematic investigation to find ways and means of encouraging private investment in and trade with the new republics of the former Soviet Union by offering investment guarantees and tax incentives. At the same time, the Government should negotiate with the republics to explore the possibility of establishing insurance schemes that could offset potential impediments to Canadian investment such as sudden changes in the tax system or unforeseen environmental hazards.

According to the Canadian embassy in Moscow, which is responsible for 10 new republics of the former Soviet Union, the priority sectors for Canadian investment are agriculture, energy, mining, environmental technologies, transportation and communications. The Committee was able to explore the first two sectors in somewhat greater detail.

AGRICULTURE

Agriculture in the former Soviet Union is in crisis. The Soviet system was not disposed to the idea of private farming, much less the family farm. One of the saddest chapters in Soviet history was Josef Stalin's systematic destruction of the "kulak" class of better-off peasants in a frenzy of collectivization

³¹ Standing Committee on External Affairs and International Trade, Report on the Committee's Visit to the Soviet Union and the Germanies, June 1990, p. 10. In particular, the Committee referred to recommendations of Andrew Sarlos, the Toronto financier and founder of the First Hungary Fund. Mr. Sarlos had said to the Committee, "The Jewish immigrants to North America spent hundreds of millions of dollars to help Israel. Canadian and U.S. governments gave tax breaks to allow money to be sent to Israel, to rebuild Israel. The same benefit should be given to investors who live in Canada and the United States who want to invest and who want to send money to Czechoslovakia, to Poland, to the Ukraine, the Baltic states, and to Hungary." *Proceedings of the Standing Committee on External Affairs and International Trade*, March 15, 1990, 41:19.

during 1929-31. The results, apart from human lives, included the slaughter of fully half of the Soviet Union's horses and cattle and two-thirds of its sheep and goats.³² The long-term consequence was that basic farming skills were lost and were not recovered by succeeding generations.

Today, at last, the process of collectivization is beginning to be reversed. But the immensity of the challenge was underscored by Margaret Skok, the agricultural counsellor in the Canadian embassy in Moscow, who remarked almost casually that technical assistance is needed in every aspect of the farm sector because there is "no farming class left".

Among the examples of agricultural technical assistance cited during the Committee's visit to Russia and Ukraine were a need for advice on farm management and credit institutions, basic information on the production of cattle feed, crop storage, processing, transport, wholesaling and retail of the crop, and waste reduction. Joint ventures are also possible in all of these areas though, once again, potential investors should be willing to go in for "the long haul".

The Committee gained some insight into the scope of the problems when it met with Yuri Borisov, the Deputy Premier and Head of Procurement for the Moscow City Government, who talked of the challenges and frustrations of attempting to feed 20 million people on a daily basis.³³ He lamented the fact that, in his words, "we were very quick to destroy [the old] planning systems". The result is that the winter of 1992-93 could be fearful. One of Mr. Borisov's chief aims is to organize "food reserve zones" in different regions in order to try to ensure a steady source of supply. His advice on how Canada could help avoid catastrophe was to supply the new farmers with our experience.

According to Ms. Skok, the Russians will continue to buy Canadian grain despite the higher cost. However, they have requested the Canadian Government to consider including freight costs in the \$1.5 billion line of credit that was just signed with the Canadian Wheat Board over a five-year period since they are pitifully short of hard currency. Considering the importance of grain sales to Canada and the plight in which Russia now finds itself,

The Committee recommends that, as a matter of urgency, the Government or the Canadian Wheat Board meet the request of the Russian Government to include freight costs within the \$1.5 billion line of credit agreement recently signed with the Canadian Wheat Board.

One simple idea that the Committee thinks could be of use comes in response to a lament that farmers lack the most basic information on such things as markets and daily prices and that such information should be readily available in newspapers and other media. The Committee proposes that Radio Canada International should consider expanding or focussing its current broadcasts to the former Soviet Union by making agriculture and farm issues a significant feature of its programming, and advertising locally to that effect. It could provide a kind of agricultural extension service that would become associated in Russia, Ukraine and other republics with the very name of Canada. Accordingly,

The Committee requests that Radio Canada International devote a substantial portion of the programming it beams toward the former Soviet Union to agricultural issues. RCI should seek funding through the Task Force on Central and Eastern Europe to this end, including funds in order to advertise in the local media the fact that Canada is providing such an agricultural extension service by short-wave.

³² Isaac Deutscher, *Stalin: A Political Biography*, 1966, p. 325.

³³ His figures were based on roughly 10 million inhabitants of Moscow, 7 million in the surrounding region and 3 million who came into the city every day.

ENERGY

The oil and gas sector is one of the most important for Canada and one of critical importance, as well, for several of the new republics of the former Soviet Union, notably Russia and Kazakhstan. It has been argued that the oilfields of Siberia are the best place to nurture the Russian economy while, for all of the republics, exports of oil and gas are key foreign currency earners. There are currently about six Canadian joint ventures in oil and gas in the new republics (the largest of them Gulf Canada).

Yet despite possessing immense deposits of energy resources, the energy industry is in deep crisis with significant implications for the global economy. The rapid slide in Russian oil output could significantly increase the threat of an uncontrolled explosion in oil prices.³⁴ One of the main reasons for the steep production slide is equipment shortages. Another difficulty is that, in addition to the usual obstacles to Western investment that were described earlier, the split between Moscow and oil-producing regions over control of resources makes this sector a focal point for discontent. President Dudaev of the Chechen Republic, for example, is calling for an alliance of oil-producing republics within the Russian Federation against Russia itself.

There are two potential ways that Canada could help. One possibility would be to revive a type of "lend-lease" programme.³⁵ Canadian oil services companies have been devastated by a collapse of drilling in North America, leaving plenty of scope to make available the pumps and other equipment that Russia and other republics need so badly. Such an arrangement might also provide opportunities to explore other ways of leasing to the new republics the new technologies they need for extractive purposes. At the same time, it should be noted that despite its present relative technological backwardness in this sector, Russia potentially has considerable unrealised technological innovations and know-how which, in turn, could be of great interest to Canadian companies.

The Committee recommends that the Government explore the possibility of creating a form of "lend-lease" programme for provision of pumps and other equipment to the energy sector in the new republics of the former Soviet Union.

CLOSING THOUGHTS

One of the principal adjustments that Canada must make to the new realities in this part of the world is to forge new ties with previously neglected areas and rely less on old ties with the centre in Moscow. As valuable and valued as the relationship with Russia is to Canada, it is no less clear that Canada must rapidly broaden its contacts, in part to aid in the process of decentralization and demonopolization of power and in part in its own national self-interest. These new realities are reflected in the language of the CUBC's recent survey of joint ventures:

New links...must be forged...with the republican and sub-republican jurisdictions. This is now a matter of necessity as much as desirability, as the option of dealing with central government agencies is rapidly being eliminated. Some Canadian firms will have to deal

³⁴ According to the Canadian section of the Institute of USA and Canada of the Russian Academy of Sciences, in 1991 the countries of the Commonwealth of Independent States (CIS) extracted 515 million tons of crude oil (456 million tons from Russia alone) — which is down to 1976 levels. Since 1989 exploration drilling has dropped by 25 percent.

³⁵ Lend-Lease refers to the bill United States President Roosevelt introduced — which the President himself always referred to as the "Aid to Democracies" bill — whereby Great Britain could place orders for American materials with the US government which then purchased what was required from American firms and paid them. The materials were then lent or leased to the British in return for a promise of payment after the war. President Roosevelt told the American people that if a neighbour's house was on fire it was only common sense and self-protection to lend him a hose.

with new jurisdictions as the result of the devolution of powers and will need help in this regard....Canadian government agencies at the federal and provincial levels should also be pressed to reorganize their activities in light of changing Soviet political realities.³⁶

Thus, although the Committee was pleased to learn of the 50 percent increase in the economic/commercial office at the Canadian Embassy in Moscow, it hopes that the changes will not end there.³⁷ In particular, the Committee is convinced of the relationship between a strong embassy presence and significant commercial links.

Accordingly,

The Committee commends the Government for increasing the staff of the commercial office of the Canadian Embassy in Moscow, which now covers 10 of the new republics of the former Soviet Union, including Russia. In future, however, it recommends that the Government also consider placing consular offices in some of the main regional centres of Russia and Ukraine and in capitals of the key republics such as Kazakhstan in order to aid in the process of decentralization and demonopolization of power. It also recommends that the Government move quickly to appoint a new Ambassador to Ukraine, open the embassy in Kiev with plenty of space for trade shows and other commercial and cultural exhibitions, and locate significant commercial staff to Ukraine as well.

³⁶ Carl McMillan, *Canada-USSR Joint Ventures: A Survey and Analytical Review*, Canada-USSR Business Council, 1991, p. 56.

³⁷ This brings the total at the Embassy to 9.5 person-years, divided between both Canada-based and locally-engaged staff dealing with economic and/or commercial issues.

CHAPTER IV

Democratic Development and Human Rights

ENCOURAGING SIGNS . . .

Celebration over the demise of Communism in the former Soviet Union has been relatively short-lived. The reason is simple; the new republics have become grimly aware of the enormous challenges they face in developing and sustaining institutions of democracy and civil society as well as conforming to internationally-accepted standards of human rights. The road ahead, to be sure, is fraught with danger.

At first glance, however, the republics have made tremendous strides. According to most experts, there has been a genuine commitment to human rights, democracy and the rule of law in the new states.³⁸ Article two of the declaration of the Commonwealth of Independent States stipulates that the republics will guarantee “equal rights and freedoms” of all peoples living within their borders “in accordance with common international norms on human rights.”³⁹ Individual republics have taken or are in the midst of taking legal steps to entrench these rights, and at least six of them have formed parliamentary human rights committees. The new states, which have all been admitted to the Conference on Security and Cooperation in Europe (CSCE), have also confirmed their commitment to the goals and principles of the United Nations Charter, the Helsinki Final Act and other human rights declarations of the CSCE.

. . . BUT NO GUARANTEES

A consensus, therefore, has apparently developed in the former Soviet Union concerning the legitimacy of liberal democracy. Its viability is less certain for the roots of democracy there are extremely shallow. Soviet “democracy” was a sham and that of the Russian Tsars no better. Despite breakthroughs under Mikhail Gorbachev, democracy is essentially an imported concept. Professor Neil McFarlane told the Committee that:

With some exceptions, the societies of the former Soviet Union are not particularly promising terrain for the construction of democratic policies characterized by serious protection of human rights. There is no tradition of constitutional protection of human rights in the former Soviet Union, no habit of respect for the rights of others to oppose, no habit of orderly transition of power from government to opposition, no tradition of respect for the boundaries between the state and the individual, no tradition of the rule of law. In other words, there is little political-cultural basis as yet for democratic development. It will take time in the best of circumstances for one to develop.⁴⁰

The rapid and unexpected genesis of many of the new republics has made the transition to democracy all the more difficult. The dissolution of the old Soviet Union has been extremely swift, leaving little time for the gradual development of democratic ideas and institutions. While the old

³⁸ See *Report of the CSCE Rapporteur Mission to Ukraine, Moldova and Belarus 8-16 March 1992*, Department of External Affairs; see also testimony of expert witnesses before the Committee, Proceedings, 24:8 and 31:5.

³⁹ *Human Rights Watch World Report 1992*, p. 33.

⁴⁰ *Proceedings*, 24:4.

Soviet system remains pervasive in the thinking and attitudes of all citizens, it is nowhere more apparent than in government circles. Many of the former Communist bosses have adopted the twin mantles of democracy and nationalism in an attempt to preserve their powers. Yet their new-found nationalist ideologies threaten the tentative democratic concepts of pluralism, minority rights, a loyal opposition and freedoms of press and assembly. Presidents Boris Yeltsin in Russia, Leonid Kravchuk in Ukraine, Rakhman Nabiyev in Tajikistan, and Islam Karimov of Uzbekistan are among the examples that could be cited. On the other hand, long-time dissident Zviad Gamsakhurdia, after only a few months in office, was ousted as President of Georgia in January 1992 for violating democratic concepts. Clearly, there are no "hard and fast" rules in situations where ironies compete with one another.

At the same time, these ironies highlight the importance of building strong instruments of civil society in the republics — an effective legislature, an independent media and judiciary — to balance the excessive powers either of the executive or the bureaucracy. To some extent this is happening in Russia, where the legislature and an aggressive media have helped to constrain the extensive powers wielded by President Yeltsin. Unfortunately, the Congress of People's Deputies, Parliament's largest body, is already out of step with the dramatic changes; many of its members are Communists who were elected under old and undemocratic rules. The Committee witnessed the dramatic debates in the Congress of People's Deputies in April 1992 as Yeltsin struggled to retain the powers he believed necessary to carry out his bold economic reforms. Other attempts have been made to curb Yeltsin's powers. Judges have expressed concerns over amendments made to the law on the press and the legal basis of the economic reforms, while the Russian Constitutional Court, set up by Parliament in December 1991, overruled Yeltsin's decree merging the former KGB and the Ministry of the Interior.⁴¹

Indeed, the Soviet legacy hangs over many of the institutions essential to democratic development and respect for human rights in the republics. Decisions in the Soviet Union emanated from Moscow and the republics were little more than executing agencies, possessing a minimum of latitude. Initiative and flexibility were not encouraged. All of the republics had legislatures of some kind but they were rubber-stamp institutions, with no actual powers or influence. Adjusting to their new situation of power often places enormous strains on these institutions, and their effectiveness suffers as a result. Consequently, the actual governmental and judicial structures in the republics are underdeveloped and will need time to evolve.

The economic crisis also puts a terrible strain on new democratic institutions. The economic reforms introduced by Yeltsin and other republic leaders to promote solid foundations for future growth and for democracy itself could, in time, undermine the popular support without which no democratic system can long survive. Economic hardship tends to discredit a new democracy and can set the stage for a return to authoritarianism.

WOMEN'S RIGHTS

Women in the new republics are learning first-hand the direct correlation between economic suffering and human rights. As the transition to a market economy gathers steam in the republics, lay-offs from inefficient state enterprises are becoming more and more common. Evidence suggests that women, who made up 51 percent of the work-force of the Soviet Union and were its most highly-educated segment, are being pushed into the unemployment lines before men, regardless of

⁴¹ The KGB still operates as the Foreign Intelligence Service, although its powers have, on the surface at least, been drastically curtailed.

experience or expertise. Some estimate that 80 percent of the newly unemployed are female.⁴² The reasons are obscure. Laws enacted to help women — lengthy maternity leaves and liberal policies on staying home with sick children — may now be working against them. Also, many women holding university degrees worked in bureaucratic jobs that are being especially hard-hit by lay-offs.

Women's rights in the new republics are being violated in other ways as well. Those women fortunate enough to keep their jobs are poorly paid. Most doctors and teachers, for example, are female, and they earn no more than the average factory worker. Few women hold important positions in government or commerce; only a small percentage of seats in the new parliaments are held by women.

Women suffer from an abysmal health-care system, with prenatal and maternity care especially lacking. Sanitary conditions in maternity wards in Moscow are deplorable, while medical supplies are sparse. Between 1985 and 1991 14,000 women died in childbirth. Infant mortality rates in the USSR averaged 25 per 1,000 births, compared to 7 per 1,000 in Canada. The scarcity of contraceptive devices and the almost complete lack of sex education gave the USSR the world's highest abortion rate, about seven in a lifetime for the average woman, or 106 abortions to every 100 births.⁴³ The quality and accessibility of day-care has also decreased.

There appears to be a growing feeling among men, perhaps out of fear for their jobs, that women should return to the home and restrict themselves to house-work and raising children, tasks they are loath to do themselves. Many women, who more often than not combined these responsibilities with their paying jobs anyway, are tempted to follow this route if only to restore some balance to their lives. Men's attitudes toward women in some Central Asian republics are especially worrisome. In Uzbekistan, brides are reportedly purchased from families in return for livestock, cash or carpets; in Kazakhstan some male politicians are pushing for a return to polygamy.⁴⁴

These examples of discrimination should really come as no surprise. It is true that Article 35 of the Soviet Constitution guaranteed the equality of men and women. It is also true that the Soviet state was one of the first to establish free day-care facilities for working women. But underneath this facade was a grim reality. Women in the republics have considerable catching-up to do, even in the wake of glasnost and perestroika. The deplorable state of the economy threatens to set back women's rights even further, posing another challenge to a women's movement which is still in its infancy and enjoys limited support.

THE CRISIS OF NATIONALISM

There is arguably no greater threat to the emergence of stable democratic regimes in the new republics of the former Soviet Union than the spread of nationalism. It is ironic that the movement toward democracy and freedom of expression in the region has released a potent force which now threatens to smother it.

One of the least attractive features of nationalism is its intolerance of dissent, especially dissent of local ethnic minorities. There were 125 distinct nationalities in the USSR (53 of whom had designated "homelands") as well as a plethora of artificially created borders. Since not one of the republics is

⁴² *The Ottawa Citizen*, October 1, 1991.

⁴³ *The Ottawa Citizen*, July 12, 1991; *Montreal Gazette*, December 5, 1991.

⁴⁴ *Montreal Gazette*, December 5, 1991.

ethnically homogeneous, this has naturally created problems. In short, human rights violations have become inseparable from the rights of ethnic minorities. There are currently estimated to be more than 70 ethnic disputes within the former Soviet Union — disagreements over changes of borders, over forced resettlement in the past, over Soviet suppression of national consciousness, over grievances about the political or economic colonization by Moscow — or any combination of the above. These conflicts have in turn produced a flood of refugees. The demobilization of armed forces in the various republics could prove to be a further de-stabilizing factor. As Professor Larry Black of Carleton University has pointed out, political and economic disintegration in the region “could leave the world seeing a multitude of crises that will make the situation in Yugoslavia look like a garden-party.”⁴⁵

No region of the former Soviet Union has remained immune to ethnic tension. The Transcaucasus has perhaps received the most attention. Almost 2,000 people have reportedly been killed since 1988 in clashes over Nagorno-Karabakh, a mountainous enclave mostly inhabited by Armenians that lies within the borders of Azerbaijan in the southern Caucasus region. Azerbaijani authorities have resisted Armenian efforts to break free of the Muslim state and re-join Armenia; they now seem determined to drive the Armenians out and a lasting peace seems unlikely. In Georgia, another republic of the Transcaucasus, the Ossetians, Abkhazians and Adzhars have all suffered persecution at the hands of Georgian authorities; however, since President Gamsakhurdia's fall there have been signs that the human rights situation has improved.

Nationalism also threatens to explode in the five Central Asian republics, which represent nothing less than an ethnic patchwork. Uzbeks, for example, account for 23 percent of the population of Tajikistan, 13 percent of Kirgizstan and 9 percent of Turkmenistan. There are significant Russian minorities in all five of the republics as well. Since 1989, Uzbeks have attacked Meskhetian Turks, Tajiks and Kirgiz have fought a running battle over land and water rights, and Kirgiz and Uzbeks have drawn considerable blood. Only Kirgizstan and Turkmenistan, which do not share a common border, live without quarrels. These tensions, and the human rights violations which accompany them, have been exacerbated by economic misery and the lurking shadow of Islamic fundamentalism. Although the overwhelming majority of Central Asian Muslims follow the Sunni Islam of Saudi Arabia and most of the Muslim world, the more extreme Shi'ite dogma found in Iran is making inroads.

There are also flash-points involving the 25 million Russians living outside their national borders. For instance, the Russian Government has hinted on several occasions that it may want to revise its border with Ukraine in order to incorporate large numbers of ethnic Russians. The main region of dispute is the Crimea, where 60 percent of the population is Russian. President Kravchuk has warned that bloodshed might result from any independence bid. In Moldova, in the area east of the Dniester River, ethnic Russians and Ukrainians (who together comprise 60 percent of the region's population) have declared a separate republic out of fear that Moldova might re-join Romania. Intense fighting broke out in March 1992 between Moldovan security forces and Russian separatists, with the latter appealing to President Yeltsin for assistance. In Estonia and Latvia, exclusionary citizenship laws have been adopted or are about to be adopted which may effectively disenfranchise ethnic Russians, who

⁴⁵ *Conflict Quarterly*, Winter 1992, p. 77.

make up roughly one-third of the population in Estonia and half the population of Latvia.⁴⁶ And in the Central Asian republics, ethnic Russians have suffered job discrimination and are leaving the region in droves. The fates of these Russians, especially in Ukraine and the Baltic states, are a source of anxiety for their compatriots at home, where they have fuelled intense nationalist feelings. The Russian Government is under tremendous pressure to protect these minorities, but their vows to this effect have only inflamed passions. In the meantime, Russia has to deal with the more than 100 ethnic groups which live within its own borders. The predominantly Muslim autonomous republics of Chechen-Ingush and Tatarstan refused to sign the new Russian federal treaty in March 1992. Chechen-Ingush declared its independence in November 1991, setting off a confrontation with Boris Yeltsin in which the latter was forced to back down. There remains little room for compromise.

RELIGION

While much of the world's attention has focused on violent ethnic disputes in such places as Nagorno-Karabakh and Moldova, there have been encouraging signs in other areas of human rights and democratic development. Some of the greatest improvements in civil liberties in the new republics have taken place in the field of religion, as people of all faiths now have freedom to practise religion without fear of government interference. Vasili Logvinenko, the President of the Russian Union of Baptist Churches, told one of the MPs that the churches now enjoyed complete freedom, but that, after so many years of oppression, it was sometimes difficult to adjust. Mr. Logvinenko indicated that there had been some tensions between the Orthodox church and Protestant denominations like his own, but that these remained fairly minor. At the same time, many sectarian groups such as the Jehovah's Witnesses and various charismatic movements were flooding into the former Soviet Union from the rest of the world. But he indicated that an ecumenical spirit was also alive, citing the fact that several different faiths were combining to build a spiritual centre in Moscow as a positive example.

For the Jews of Russia and the other republics, the changes have been remarkable. People can now teach Hebrew without fear of arrest, and texts are also being published in Hebrew. Synagogues have not only been returned for religious use but they are now being supported by the state in many republics, along with Jewish schools and sports associations. As part of the liberalized emigration legislation, Russian Jews are being allowed to emigrate to Israel in unprecedented numbers.

Anti-semitism still exists at the grass-roots level, with certain segments of the free press continuing to target the Jews. Sergei Kovalev, the Chairman of the Human Rights Committee of Russia's Supreme Soviet, referred to the mass circulation daily "Dien", for instance. But even here it may be subsiding. In Belarus, legislation is being prepared that will prohibit hate literature. Moreover, the Slavic nationalist movement, Pamiat, notorious for its anti-semitic leanings, is not attracting the support it once did. Although the Jewish population in Russia and the other republics continues to dwindle because of emigration to Israel (some estimates now put the population at less than a million), it is due more to economic factors than persecution. While one cannot ignore Natan Sharansky's warning that the "people, in economic misery, are looking for a scapegoat," the signs of a flourishing Jewish culture cannot be ignored either.

⁴⁶ On February 26th, 1992 the Estonian Parliament issued a decree requiring all individuals who moved to Estonia after the Soviet occupation of 1940 or who were born to non-Estonian parents to apply for citizenship; conditions include proficiency in the Estonian language, two years of permanent residence in Estonia and a one-year waiting period. Without immediate citizenship, one will not be able to participate in parliamentary elections expected to be held this year. The Latvian draft law on citizenship, adopted on October 15th, 1991, requires that non-Latvians must have sixteen years of permanent residence and proficiency in Latvian. See Immigration and Refugee Board Documentation Centre, *CIS, Baltic States and Georgia: Nationality Legislation*, April 1992; Helsinki Watch, *New Citizenship Laws in the Republics of the Former USSR*, April 15th, 1992.

In a matter unrelated to religion but of fundamental importance in terms of the observation of human rights, the Committee also noted that, in all but Ukraine and Latvia, criminal laws from the Stalinist era remain in place prohibiting consensual homosexual activity among adults. A number of countries including Canada have raised concerns about these laws in the CSCE and other multilateral fora and the Committee was concerned to reiterate them in this report.

PARTNERSHIPS FOR CIVIL SOCIETY

Canada can play an important role in forging partnerships with the new republics in their efforts to build a civil society. Democratic foundations remain very shaky and the West has the obligation of experience and good fortune to assist.

In December 1991 the Department of External Affairs issued a document, *Foreign Policy Themes and Priorities: 1991-92 Update*, which declared that one of Canada's key objectives in foreign policy would be to secure democracy and respect for human values. Apart from the intrinsic worth of the values of democracy and human rights, the rationale for this objective was simple: "...a failure to develop a consensus around democratic ideals and concern for sustainable development could profoundly shake the world order." There is a widespread consensus among both policy-makers and academics in the West that history demonstrates that liberal democracies rarely go to war with one another. The failure of democracy would be a dangerous step backwards for the entire international community.

Perhaps the best way Canada can further the democratic process is by showing the new republics how democracy works. A recent CSCE Rapporteur Mission to Ukraine, Moldova and Belarus commented on the full range of constitutional provisions and legislative texts — either passed by their parliaments or in preparation — in support of human rights, democracy and the rule of law. The mission reported that substantial progress had been made in putting into place the constitutional and legislative infrastructure on which the mechanisms for practical human rights machinery could be built.⁴⁷

But constitutional guarantees and legal promises do not by themselves create strong democratic institutions nor do they ensure an understanding of fundamental concepts of democracy that Western societies take for granted. A recent seminar for parliamentarians from Eastern Europe and the former Soviet Union sponsored by the Speaker of the House of Commons demonstrated some of these gaps in knowledge and understanding, which will take years to fill.

In the meantime, the principal human rights "watchdogs," for lack of a better term, remain the general courts and the office of the Procurator General. However, these institutions are already seriously overworked and, what is more, most of their staff is made up of ex-members of the Communist Party. Special administrative courts and ombudsmen are being considered as means of protecting human rights, but they have yet to be introduced.⁴⁸

Max Yalden, Chief Commissioner of the Canadian Human Rights Commission and a member of the CSCE Mission which visited Ukraine, Moldova and Belarus, believes Canada can help fill this void. He informed the Committee that there was no country "in the western world that has more highly-developed human rights mechanisms than we do. I underline 'mechanisms' — practical

⁴⁷ *Report of the CSCE Rapporteur Mission to Ukraine, Moldova and Belarus*, March 8-16, 1992.

⁴⁸ Plans for a Russian ombudsman (or Parliamentary Authority on Human Rights) are under way, but the office is not expected to be created until late 1992 or early 1993. See *Edmonton Journal*, January 3, 1992.

commissions and tribunals. . .”⁴⁹ Although Yalden pointed specifically to the office of ombudsman in the provinces, Canada has a wide range of human rights institutions at both the federal and provincial level whose experience and expertise would be invaluable to the republics. This would also accord with specific requests from the republics. In Ukraine, for example, Mr. Yemetz, the Chairman of the Parliamentary Committee on Human Rights, expressed strong desire for Canadian assistance in human rights training.

Professor Neil McFarlane insisted before the Committee that:

Perhaps the most important thing we in Canada can do in this regard is to foster systematic exchanges of groups and individuals who. . .are active in the promotion of human rights and democracy. This approach has several advantages. It is not intrusive and confrontational. Therefore it carries less risk of backlash. It is comparatively cheap, and it plays to Canada’s strengths. Canadians. . .have a number of problems of intercommunity relations and federal constitutional development which, though perhaps milder, resemble in some respects the Soviet dilemma. We have greater experience. . .than do most democracies in analyzing and working through these issues.⁵⁰

Under the auspices of the Task Force on Central and Eastern Europe, some technical assistance in the area of democratic development and human rights has been offered to the republics. For example, the Canadian Bar Association’s Legal Internship Programme, which for the last two years has given lawyers from Central and Eastern Europe the opportunity to improve their skills with Canadian law firms, has now expanded its programme to include lawyers from the former Soviet Union. Also, the Canadian Human Rights Foundation’s International Human Rights Course this year will have participants from the new republics. Canada has completed a needs evaluation of all three Baltic parliaments, while a Canadian constitutional expert participated in an international conference in October 1991 which advised the Estonian government in drafting its new constitution.

But the Task Force has yet to take full advantage of Canadian expertise both in and out of government; much more needs to be done. For example, Canada has vast experience in establishing machinery to improve and protect women’s rights, and yet not one project has been introduced in this field. Status of Women Canada, the Department of Justice, Elections Canada, as well as federal and provincial human rights commissions should all become more actively involved in the Government’s technical assistance programme to the republics. It is not only critical that the Government increase the number and broaden the scope of assistance projects devoted to human rights and democratic development, but also include all sectors of Canadian society — NGOs, universities, churches, women’s groups and legal associations, for instance.

The CSCE is actively encouraging its member-states, including Canada, to undertake these types of initiatives. To this end, it is in the process of strengthening its own bodies directly involved in monitoring and promoting progress in the “human dimension.” For instance, the Office of Free Elections in Warsaw has recently been renamed the Office for Democratic Institutions and Human Rights (ODIHR) and its mandate has been considerably broadened. It is now to serve as an institutional framework for sharing and exchanging information on available technical assistance, expertise and national and international programmes aimed at assisting the new democracies in their institution building. The ODIHR will facilitate contacts between the West and the republics, develop coordination with other multilateral organizations such as the Council of Europe, and establish

⁴⁹ *Proceedings*, 31:10.

⁵⁰ *Proceedings*, 24:8.

contacts with NGOs active in the field of democratic institution-building.⁵¹ Canada should do all it can to encourage the enhancement of the functions and methods of CSCE bodies which offer such assistance. Unfortunately, the Government seems reluctant to follow this course. The Committee notes with regret the Government's recent decision to reduce the number of External Affairs personnel directly engaged in working with these bodies.

In addition to strengthening the democratic institutions of the republics, Canada must also carefully monitor the rising ethnic tensions in the new republics and the human rights abuses which accompany them. Canada has recognized the declarations of independence of all 15 former constituent republics of the USSR. Such recognition has often involved difficult judgement calls since there are dangers in moving precipitously to give political acceptance and trust to emerging authorities. No doubt because the Government has perceived some of the perils inherent, Canada's response to the calls for self-determination by the various "sub-regions" of the former Soviet empire — autonomous regions, autonomous republics and autonomous areas — has been a policy of what might be called "benign neglect." The Canadian Government's unofficial line appears to be to wait and hope that the problems will go away.

This attitude is especially evident with respect to Russia. In part, this is because Russia is perceived as the linchpin that can guarantee stability (or at least prevent widespread conflict), and also because it is felt that as Russia goes so goes the entire region. In any event, the Canadian government is not eager to see small ethnic enclaves all clamouring for recognition as virtual or actual nation-states appearing willy-nilly. Still another consideration for the Government is that many of the enclaves claiming sovereignty — especially those in Central Asia and the Transcaucasus, but also some within the Russian Federation itself — are Muslim; with the end of the Cold War, Canada would probably prefer a Russian rather than, say, an Iranian tilt to the policy of the region.

But where ethnic disputes have turned violent, as in Nagorno-Karabakh, Canada could potentially play a more active role. It is crucial that such conflicts do not deteriorate further and threaten the stability of the entire region. Canada and other Western countries have called for conflicting parties to refrain from the use of violence, but there is growing pressure for the international community to do more. The CSCE, for example, is currently taking steps to strengthen its Conflict Prevention Centre in Vienna with a view to playing a greater role in settling disputes in Eastern Europe and the former Soviet Union. Canada, with its acclaimed reputation as a mediator and peacekeeper, should be offering full support to these efforts.

Accordingly:

The Committee recommends that the Canadian Government should establish closer ties with the Conference on Security and Cooperation in Europe with a view to strengthening the organization's capacity to further democratic development and respect for human rights and settle disputes in the former republics of the Soviet Union. To this end:

1. Canada should continue to be an active participant in the CSCE process;
2. Canada should strongly encourage the expansion of CSCE institutions and, as finances permit, devote more Canadian resources to such purposes. These institutions include the Office of Democratic Institutions and Human Rights, based in Warsaw; the Conflict Prevention Centre, based in Vienna; and the CSCE Secretariat itself.

⁵¹ See *Prague Meeting of the CSCE Council January 30-31, 1992: Draft Summary of Conclusion*.

The Committee also recommends that the Canadian Government, working closely with the CSCE, should encourage and assist the various republics in establishing practical machinery in the courts and procurator's office; for example, administrative courts (specialized tribunals) and the institution of the ombudsman should be considered as a means of protecting human rights.

In addition, the Committee recommends that, working with the CSCE and other international organizations, the Canadian Government should offer legal expertise in drafting legal and/or constitutional texts, and in devising practical measures to ensure their implementation.

The Committee also recommends that the Canadian Government should participate as much as possible in expert missions aimed at monitoring the progress of democratic development and human rights in the new states.

The Committee recommends that the Government provide the republics with Canadian expertise in women's issues with a view to improving and protecting women's rights in the region. Assistance should focus on family planning and sex education, health and child care, and women in the work place.

Finally, the Committee recommends that the Canadian Government strengthen cooperation between non-governmental organizations, women's groups, universities, churches and legal associations in Canada and the various republics, with a view to fostering systematic exchanges of groups and individuals who are active in the promotion of human rights and democracy. Special emphasis should be placed on youth exchanges so as to build a solid foundation for future democratic development in the republics. CUSO may serve as an appropriate model.

A final method by which Canada might further the democratic process in the new republics of the former Soviet Union is by linking our assistance to continued progress in human rights and the establishment of democratic principles and institutions. Canada has lately been stressing human rights more and more in its aid policy. At the Commonwealth Heads of State Meeting in Harare in October 1991, Prime Minister Mulroney stated that "since 1987, human rights have been a concrete factor in Canada's annual cabinet review of development assistance policy. Since then, a country's human rights record has helped determine the share that country is allocated of our development assistance funds."⁵² In the same vein, the Department of External Affairs has made it clear that "our foreign policy, including development assistance, should continue to make clear our abiding commitment to respect for human rights, the rule of law, and economic and political freedom."⁵³

This begs the question whether Canada should place explicit conditions on its aid to the emergent states of the former Soviet Union. Various witnesses appearing before the Committee expressed reservations about linking human rights to foreign aid in the new republics. Professor Neil McFarlane of Queen's University stated that positive political performance was based to a considerable extent on economic stability:

⁵² Notes for a Speech by Prime Minister Brian Mulroney, Commonwealth Heads of State Meeting, Harare, Zimbabwe, October 16, 1991.

⁵³ External Affairs and International Trade Canada, *Foreign Policy Themes and Priorities: 1991-92 Update*, December 1991.

If you don't have economic stability you are unlikely to get positive human rights and democratic performance. To the extent that we condition assistance on such performance, we may well be shooting ourselves in the foot with regard to human rights issues.⁵⁴

It was also pointed out that such conditions may be resented by the new republics as a form of meddling in their internal affairs. Moreover, if economic assistance and economic ties are impeded by human rights conditions, this may enhance the isolation and desperation of repressive regimes. In Central Asia, for example, this may open the door for fundamentalist influences from the Middle East which may only exacerbate the human rights situation.

While the Committee recognizes the validity of these objections, it also believes that Canada cannot afford to stand idly by while gross human rights violations are being perpetrated. More coordination of the Western assistance programme to the new republics is needed in order for conditionality to achieve its maximum effect. In the meantime, however, Canada should take a firm stand in documented cases of blatant discrimination. The citizenship laws of Estonia and Latvia should be carefully scrutinized by the Canadian Government in this respect. This is a question of principle, but it is also a question of politics. Discriminatory laws in the Baltic republics threaten to fuel the most reactionary forces in Russia. At the same time, they will have an influence on other republics — such as in Central Asia — where the situation could be even more volatile. Accordingly:

The Committee recommends that the Canadian Government monitor closely the terms of proposed constitutions and minorities legislation in the states (especially citizenship laws in the Baltic states) to ensure that minorities are not suffering systematic discrimination. Should the Canadian Government find that this is the case, the strongest diplomatic representations should be made to encourage these governments to change their policies. Failing that, technical and other assistance should be halted immediately.

CHAPTER V

Security Concerns

The disintegration of the Soviet Union has also meant the breakup of the strongest military force in the world. It is a breakup that is fraught with peril because of the tensions between a host of new and somewhat inexperienced nation-states, the difficulties of dividing or sharing military resources hitherto indivisible, and the nature of those resources — their sheer scope and destructive power. These considerations make security concerns the most sensitive set of issues the new republics of the former Soviet Union have to tackle.

It is also a set of issues that is of acute importance to the rest of the world. The fate of the Soviet arsenal of nuclear weapons — both strategic (long-range) and tactical (short-range) — is a matter of urgency for the international community. The fate of the vast stockpiles of conventional weaponry is of comparable importance. Then, too, there is the question of converting hundreds of defence industries to civilian purposes and demobilizing huge numbers of troops — the stated intentions of several republics including Russia and Ukraine. And, in the aftermath of Chernobyl, there are fears concerning nuclear reactor safety in countries with few or no alternative sources of energy. Finally, there are concerns about the Arctic — the current state of the Arctic and how regional cooperation might improve that state. These are the issues which preoccupied the Committee during its visit and which form the basis of this chapter.

THE CONTEXT

During the Cold War, the main security threat was thought to be the real or potential strength of the Soviet Union. Today, the main threat in this part of the world is real or potential weakness — the inability of the successor states of the Soviet empire to manage their feuds, and the threat that poses for regional stability.

This threat is heightened by the fact that the Soviet armed forces have effectively been decoupled from the state. Strategic analyst Sergei Rogov told the Committee that this is the result of two serious blunders by Presidents Yeltsin of Russia and Kravchuk of Ukraine, respectively.

The first mistake, in Dr. Rogov's view, was when President Yeltsin gave a free hand to Marshal Shaponshnikov, the commander-in-chief of the CIS armed forces, to keep control of the military. To his credit, the Marshal resisted any use of force against the republics, nor did he aim for political power. But he faced an impossible dilemma: how to sustain a united armed forces in a dissolving union? As a military man, he naturally tried to preserve centralized armed forces. But that, in turn, upset the new republics, which were understandably fearful of the old Soviet military machine — considering it synonymous with military domination by Moscow — especially when there was no real political control.

The republics' fears were compounded by President Yeltsin's public doubts about the validity of some of the borders between the republics. This was perceived as directed particularly at Ukraine which, again understandably, has sought every conceivable form of reassurance against Russia's perceived ambitions, from the Black Sea Fleet to the other arms of the former Soviet Union, conventional and nuclear.

According to Dr. Rogov, the second blunder was President Kravchuk's when he forced the military to choose sides: to which country did they belong? The military were being asked to make political choices and the results were hugely confusing.

By way of illustration, the 14th Soviet army — based in Tiraspol, a city on the right bank of the Dniester river in Moldova — belonged to the Odessa Military Region in Ukraine. Accordingly, the army was claimed by Russia, Ukraine, Moldova, and the putative Dniester Republic — until finally President Yeltsin took it under Russia's jurisdiction. Since then, the 14th army's continuing presence there has been a serious irritant in relations between Russia and Moldova. Moldova believes that the army supports separatists eager to establish a republic in the Dniester region. Thankfully, President Yeltsin has promised to pull the army out rather than risk a rupture in relations between Russia and Moldova.

Ukraine's perspective is very different from that of Moscow. It might be said that within the Commonwealth of Independent States, Russia pays too much attention to the first word of the title, whereas Ukraine is interested only in the last two words — to the extent, that is, the Ukrainians accept the CIS at all. Bohdan Goryn, the Vice-Chair of the Foreign Affairs Committee of the Ukrainian "Rada" or Parliament, stated unequivocally, "some leaders in Russia seek to create another empire."

Major General George Zhyvitsa told the Committee of Ukraine's determination to become a neutral, non-nuclear state with a purely defensive military doctrine. All of the tactical nuclear weapons on Ukrainian soil were removed to Russia for dismantling by May 7 — well in advance of the July 1 deadline to which it had originally agreed. In addition, Ukraine's armed forces are being drastically reduced, from roughly 600,000 at present to less than 250,000 by 1998. The rapid demobilization of troops that such reductions entail is causing considerable hardship for the fledgling Ukrainian state, whose budget for housing and retraining ex-soldiers is extremely limited, but there is no intention to slow the process.

As long as there is no firm, unequivocal commitment by Russia to respect Ukrainian borders, the tensions will continue. But even with such a commitment, Ukraine and many of the other republics will continue to worry about the future of Russia and the effects that political turmoil could have on general regional stability. These worries are especially pronounced with respect to nuclear weapons.

NUCLEAR WEAPONS

Russia, Ukraine, Belarus and Kazakhstan are the republics of the former Soviet Union that possess strategic and tactical nuclear weapons. The dispersion of nuclear weapons throughout these republics makes the centralized command, control, communications and intelligence (C3I) that is so important to the operation or dismantling of a nuclear arsenal extremely difficult. Nevertheless, on May 24, 1992, the United States signed an agreement with these four republics whereby Ukraine, Belarus and Kazakhstan agreed to destroy or turn over all strategic nuclear warheads to Russia and to adhere "in the shortest possible time" to the 1968 Non-Proliferation Treaty. The four former Soviet republics also adhered to the Strategic Arms Reduction Treaty (START), which had been signed by Presidents Bush and Gorbachev in July 1991 but never ratified owing to the demise of the Soviet Union just five months later. Now all five national legislatures must ratify START.

Yet although various agreements have been signed and so far adhered to, there is still the fear that a small number of the 27,000 nuclear weapons in the former Soviet Union might go missing, which in the wrong hands could be calamitous. Only Russia possesses the capability to destroy these weapons since only it can deal with the spent nuclear fuels. Already there have been several reports of nuclear weapons-grade plutonium and uranium of Soviet origin being discovered in other countries.

Ukraine has promised to remove all of the 176 strategic weapons from its territory by the end of 1994. However, in conversations with Ukraine's Deputy Foreign Minister and the Ukrainian parliamentarian Larysa Skoryk, the point was made that if Ukraine, Belarus and Kazakhstan were expected to surrender all of their nuclear weapons to Russia, they would seek a guarantee from the West to ensure the inviolability of their borders. No one can foresee what will happen in Russia in the next few months or years, they insisted, and the West cannot be oblivious to this danger.

Prime Minister Mulroney has declared that Canada would be prepared to join in an international programme to assist the countries of the former Soviet Union in the destruction of nuclear weapons. At a speech at Johns Hopkins University, the Prime Minister said, "Nothing is more important than the prevention of nuclear proliferation. There is no room at all for slippage on this issue." To this end, he indicated that:

as part of an effective international effort, Canada would be prepared to terminate all of its economic cooperation programs, including aid and tariff preferences, with any country, including the new republics of the former Soviet Union, that undermines the Non-Proliferation Treaty, through action or inaction.⁵⁵

What is needed is a comprehensive regime for verification of the transfer and dismantling of all these nuclear weapons, as well as the coordination of technical assistance to that end. Such a regime should be accompanied by some sort of guarantee from Western powers to the successor states of the Soviet Union — Ukraine, Belarus, and Kazakhstan — concerning the inviolability of their borders. Therefore,

The Committee recommends that the Canadian Government strongly encourage the successor states of the former USSR to become signatories of the nuclear Non-Proliferation Treaty. Insistence on the adherence to responsible nuclear policies should be a basic factor in our decisions to extend aid and technical assistance.

The Committee also recommends that the Government use its good offices and take the lead with other Western countries in providing for the establishment of an international verification regime to oversee the storage and dismantling of nuclear weapons, both strategic and tactical, in the former Soviet Union. Such a regime should be accompanied by guarantees by Western countries concerning the inviolability of current borders in the former Soviet Union, according to the guidelines established by the Conference on Security and Cooperation in Europe.

CONVENTIONAL WEAPONS

The ratification of the current Conventional Forces in Europe (CFE) Treaty, which was signed in November 1990, has been delayed because of the dissolution of the Soviet Union. The successor republics are having difficulty in agreeing on their specific portions of the ceilings on major weapons systems that the treaty had established for the Soviet Union. The key difficulty is getting the states within the borders of the former Soviet Union to agree on exactly what sort of armies they want.

Even if ratification were swiftly concluded, however, it would apply to a security system that is now obsolete: namely the balance of forces between NATO and the Warsaw Pact. An approach more consistent with the change in relations between East and West would be a new set of negotiations to deal with an entirely new security problem among a new constellation of states.

⁵⁵ Office of the Prime Minister, Notes for an Address by Prime Minister Brian Mulroney, Johns Hopkins University, Baltimore, Maryland, May 21, 1992, p. 5.

Such negotiations are necessary for several reasons: to prevent or at least limit the incipient arms trade that is unquestionably a temptation for many of the new republics; to reduce the potential for even greater instability within the former Soviet Union; and to reduce defence spending by the new republics at a time of severe economic hardship.

Accordingly, the Committee recommends that high on the agenda of the arms control forum established by the Helsinki Follow-up meetings of the CSCE (currently scheduled to end by July 10) should be the reopening of the question of the balance of conventional forces and arms in Europe.

MILITARY CONVERSION

Several leading governments among the new republics of the former Soviet Union have undertaken a hugely ambitious project: the conversion of major parts of the Soviet military machine to civilian purposes. This process of conversion has three basic aspects: 1) the dismantling of the bulk of Soviet nuclear weaponry; 2) the massive demobilization of troops that have been made redundant by the end of the Cold War; and 3) the restructuring of the military-industrial complex, which is reputed to account for roughly 2,500 enterprises and research laboratories throughout the former Soviet Union employing some 8 million people.

To give some sense of the scale of this endeavour, the Russian State Advisor on Conversion, Mikhail Maley, told the Committee that the total cost in Russia alone would reach \$150 billion. Despite these costs, many analysts consider the conversion of Russia's defence industries to the production of civilian goods to be the key to its economic reform and, therefore, to the political stability of the state.

The Russian and Ukrainian governments face a hard choice. In Russia, one alternative is represented by economists, such as First Deputy Premier Yegor Gaidar, who demand radical cuts in arms production and are calling for "crash conversion," even if that means widespread factory closings. Thus far, the Government has succeeded in cutting military spending by 85 percent for procurement and by 65 percent for research and development, with expectations that as many as 2 million employees of the arms industry will be out of work by the end of 1992.⁵⁶

Their hope is by setting enterprises free to fend for themselves for 12-18 months and paying full wages to laid-off personnel, the technological sophistication of the defence industry will allow it to create high-quality civilian goods competitive on the world market after the transitional period.

On the other side, military managers and their allies in Moscow and Kiev, such as Russian Vice President Aleksandr Rutskoi, are urging the government to ease its arms-export restrictions. Although the Soviet Union's arms exports fell from \$12.2 billion in 1989 to an estimated \$5 billion in 1991, Russian government officials think arms exports could earn the country \$8 billion or more this year.

In Ukraine, Victor Antonov, the Minister for Defence Industry and Conversion, told the Committee that the government's objective was to convert about 700 enterprises. Among the long list of potential joint ventures that Mr. Antonov gave the Committee were a number that mesh with Canadian capabilities. These include the production of satellite communication, televisions and television satellite aerials, telephones and automatic telephone exchanges, navigation equipment, and computer and other word-processing systems — all of which should be of interest to Canadian firms.

If Ukrainian defence industries convert to any one of three priority areas they would receive tax deductions of 50 percent, 30 percent or 20 percent respectively. The priority areas are:

⁵⁶ Aleksei Izyumov, "The Key to Russian Reform", *Newsweek*, April 20, 1992.

- 1) foodstuff production (e.g., agricultural equipment, food-processing equipment, refrigeration, etc.)
- 2) human health (e.g., medical, pharmaceutical, ecological firms)
- 3) consumer goods (e.g., televisions, computers, vacuum cleaners, etc.)

Ukrainian General George Zhyvitsa spoke of the immense challenge of reducing the number of officers and regular soldiers in the army. He referred to a complex of social problems: unemployment, the lack of accommodation, the need for retraining. The Government has become involved in retraining (it has four centres at present which stress commerce and computers), but it is in desperate need of resources. According to the Canadian Embassy in Moscow, Russia's Deputy Premier Gaidar has suggested that a figure of \$3,000 is needed per officer for retraining or about \$600 million in total. According to official figures, there are currently over 200,000 homeless families of officers in Russia and some 10,000 in Moscow alone.

To fill the economic void, Western governments should consider the creation of an "International Conversion Fund" to provide loans for converting military enterprises to peaceful purposes throughout the former Soviet Union. Initially the fund could be financed by contributions from Western governments and financial institutions. Russian political scientist Aleksei Izyumov has suggested that:

One worthwhile project would be to establish international training and education centers for scientists, engineers and workers in the military industry. Such centers, financed by the International Conversion Fund and other sources, could help employ and retrain employees of the military-industrial complex, easing their reintegration into civilian life.⁵⁷

The Committee believes that the conversion of military industries to civilian purposes may be the single most important factor in encouraging economic reform. To assist in this momentous project,

The Committee recommends that the Canadian Government, through its multilateral and other international contacts, should urge the creation of an "International Conversion Fund" — a directed "soft loan" facility — to provide low-interest loans for the conversion of military enterprises to peaceful purposes throughout the former Soviet Union. These loans could be advanced both to private industries and to other endeavours such as training and research centres for scientists and engineers.

OTHER NUCLEAR ISSUES

The republics of the former Soviet Union face another pressing nuclear concern: the safety of their reactors. The disaster of the nuclear power plant at Chernobyl, near Kiev in the heart of the Ukraine, had a devastating impact on the Soviet Union. It is estimated that, even today, approximately 10 percent of the Ukrainian Government's budget is spent on dealing with the after-effects of Chernobyl. But this begs the question of the 60-odd reactors in the area that continue to function, despite the fact that many suffer from the same sorts of technical problems that Chernobyl did. The International Atomic Energy Agency (IAEA) says that of these 60 reactors, 26 have serious safety defects and 14 have considerable defects.

⁵⁷ *Ibid.*

The Committee was told that the Armenians, following a fuel-less winter due to Azerbaijan cutting their power supply, are intending to fire up an old plant at Medzamore, 15 kilometres from the capital of Yerevan. Their own managers have pleaded against such action since the plant lies on an earthquake fault and its eventual meltdown — deemed a certainty — would be an environmental catastrophe of international proportions. Yet the Armenians consider their hands tied; all other options appear closed. Even in the former East Germany, where four reactors were closed immediately following unification, alternative energy sources have not yet been found.

Maurice Strong, Secretary-General of the United Nations Conference on Environment and Development has argued that “while the world prepares for the Earth summit. . . up to 40 potential Chernobyls are waiting to happen in the former Soviet Union and Central Europe.”⁵⁸ Strong has called for “an international commission to work with each country and the IAEA.” Its first task should be to evaluate the worst safety risks and mitigate these immediately. The U.N. Special Commission on Iraq demonstrates that, if needed, such an agency can be created and begin functioning quickly.

A special working group to examine the nuclear safety problem was created by the “Group of 24” leading industrialized countries. But officials of the IAEA maintain that Western aid is uncoordinated, duplicative and ineffective. However, there are reports that a major plan is being prepared for the G7 summit scheduled for Munich in early July. The plan, which is being prepared with advice from IAEA officials, would entail refitting of some reactors with more modern safety features, closing unsafe reactors, and providing alternative sources of electricity. Estimates of the cost of such a program vary from US \$10 — 20 billion, which would be raised from direct government grants, guaranteed government loans and loans from development institutions including the World Bank, the EBRD and the European Community’s European Investment Bank.⁵⁹ Canada’s Energy Minister Jake Epp, on a trip to Russia and Ukraine at the end of May, indicated that Canada is ready to sell nuclear-power equipment and make its expertise available to either country.⁶⁰

A related nuclear problem concerns the scientists who build and operate the reactors and weapons. Although President Yeltsin did increase the pay of nuclear scientists to 5,000 rubles per month, this does not take care of the nuclear technicians nor does it come close to what other countries could offer if they wanted such personnel. Bruce Blair of the Brookings Institution has suggested that the American Government pay the scientists \$30,000 per year to work on other projects such as nuclear power modernization or environmental cleanup. At a May meeting in Lisbon of officials from 50-odd states to discuss assistance to the former Soviet Union, the United States, Japan, the European Community, Canada and Sweden pledged a total of US \$75 million to the International Science and Training Centre in Moscow, which will help retrain scientists for civilian projects. Canada’s contribution will be \$2.5 million.⁶¹

The Committee recommends that the Canadian Government strongly support the concept of an international program on nuclear safety in the countries of the former Soviet bloc. Such a programme would be organized in cooperation with or under the aegis of the International Atomic Energy Agency and with each of the affected countries in Eastern Europe and the former Soviet Union to evaluate the most dangerous nuclear safety problems and ensure that proper resources are mobilized to alleviate the risks.

⁵⁸ Maurice Strong, “40 Chernobyls Waiting to Happen,” *The New York Times*, March 22, 1992.

⁵⁹ Paul Lewis, “U.S. and Six Plan Nuclear Cleanup in Eastern Europe,” *The New York Times*, May 21, 1992.

⁶⁰ “Canada prepared to help prevent second A-accident,” *The Globe and Mail*, May 30, 1992.

⁶¹ “\$80 million pledged to retrain scientists,” *The Globe and Mail*, May 25, 1992.

The Government should also encourage the Atomic Energy Control Board to sign memoranda of understanding with affected countries in Eastern Europe and the former Soviet Union, enabling the AECL to provide technical assistance, and then to act on such memoranda as quickly as possible. Canada should make a special effort to provide Ukraine and Belarus with technical assistance to help alleviate the worst consequences of the Chernobyl disaster.

ARCTIC COOPERATION

The Arctic is a significant geographic feature that Russia and Canada share in common. Yet settlement and development patterns differ greatly. In Canada, less than 100,000 people live in the Arctic, with 45 percent being aboriginals. In Russia, 10 million people live in the North, including 185,000 aboriginals (over five times the number in the Canadian North). Similarly, the Russian North is far more economically and industrially developed than Canada's. Nevertheless, the strong ethnic affinities among both countries' aboriginals and other fundamental similarities make the sharing of experience and cooperation a common imperative.

Canada's official cooperation with the Soviet Union concerning the Arctic began in the 1960s. Thereafter its intensity fluctuated depending on the vagaries of the Cold War, but a permanent shift occurred under the leadership of Mikhail Gorbachev, when many agreements were signed in scientific, cultural and environmental areas.

During Russian President Boris Yeltsin's visit to Canada early in 1992, he and Prime Minister Mulroney signed a declaration on February 1 supporting the creation of an International Arctic Council designed to protect northern resources and populations. At the same time, both countries committed themselves to expand cooperation in trade and technology.

There are two major areas in which Canada and Russia should encourage immediate cooperation: security affairs and the environment.

The environment is an area that needs government-to-government cooperation. Russia has already caused significant damage to itself, Norway, and Finland through its nickel smelters; thousands of acres of formerly healthy Russian and Norwegian forests are now barren wastelands because of the resulting acid rain. Even more threatening, and of particular danger to Canada, are the nuclear reactors in the Russian North. Any Chernobyl-like disaster there would directly affect Canada. Finally, there is the question of the radioactive waste dumped by the Soviet navy in the Arctic Ocean. While near the Russian coast, this problem could still affect Canada.

Canada and Russia are no longer antagonists over the Arctic Ocean. Unfortunately, there are still security concerns regarding that area. The latest is the news that President Yeltsin has ordered a second underground testing site be prepared for nuclear weapons at Novaya Zemlya, a Russian Arctic island, in case he lifts Russia's current unilateral moratorium on nuclear testing at the end of 1992.

In 1987, Soviet President Gorbachev made a speech in Murmansk, suggesting several arms control regimes. The Canadian Centre for Arms Control and Disarmament, after consultations involving Inuit, government officials, academics and interested individuals, responded with several proposals. Two that still warrant consideration are the creation of a demilitarized zone in the Arctic Ocean and the creation of a Canadian Ambassador for Circumpolar Affairs.

A demilitarized zone in the Arctic would serve several useful purposes. First, it would further restrict the two main antagonists in the Cold War to a smaller area of military activity. It would also constrain, if implemented with rigorous enough verification, the environmental despoilation of the Arctic. Considering that the world's military machines are collectively the world's largest polluter, this is more than an incidental concern.

Finally, a Canadian Ambassador for Circumpolar Affairs would be a good way to signal Canada's Arctic intentions and encourage greater coordination of Arctic policy between government departments. By devoting an Ambassador to the issues involved, Canada would make known its intention to take Arctic affairs and the International Arctic Council seriously.

Therefore, the Committee recommends:

That Canada encourage the International Arctic Council to deal primarily with security and environmental concerns, and in particular propose and support a multilateral regime of environmental standards for the region.

That Canada support the creation of a demilitarized zone in the Arctic Ocean beyond the 200-mile limit of each Arctic country. No military equipment would be allowed to cross this zone without the express approval of the other signatories. Additionally, nuclear materiel could not be transported across this region unless used in the propulsive mechanisms of the ship or submarine.

That the Canadian Government appoint an Ambassador for Circumpolar Affairs.

CHAPTER VI

Canada in a New Era

At Westminster College in Fulton, Missouri — the site of Winston Churchill's famous "Iron Curtain" speech of 1946 — Mikhail Gorbachev, the last President of the Soviet Union, delivered an address on May 7, 1992 titled "The River of Time and the Imperative of Action." The title was an allusion to his sense that a watershed in history had arrived, which demanded concerted action by the international community or significant opportunities would be lost.

Canada was deeply involved in creating and sustaining the institutions of the post-World War II era: NATO, the United Nations, and the key international financial institutions. Today, at this watershed, Canada has an opportunity to be equally involved in building and reshaping the central institutions required for a new era in history.

Most of these institutions are international in scope and, for this reason, many of the recommendations contained in this report are multilateral in character. In the effort to draw the new republics of the former Soviet Union into the global community and, in particular, into the orbit of a greater Europe, international cooperation is a necessity. Canada, therefore, seeks to support this international effort.

At the same time, Canada has its own national interests to consider. These oblige us to concentrate our resources and focus our efforts in ways that will be beneficial to Canada's long-term objectives. Strategic choices must be made and acted on. In testimony before the Committee, political scientist Franklyn Griffith stressed the uncertainties besetting the former Soviet Union and the need for Canadian policy to adjust to those uncertainties with some flexibility. But he also asked:

What might Canadian goals be? It seems to me that, very simply, we should be encouraging democracy. We should be encouraging respect for the environment. . . We should be encouraging prosperity.⁶²

These are the very goals that the Committee suggested should form guiding principles for Canadian policy in the first chapter of this report. It is worth repeating them here:

Canadian policy toward the new republics of the former Soviet Union should be based on the following principles of cooperation:

First, that all forms of Canadian cooperation have as their essential objectives the promotion of prosperity, democracy, human rights and respect for the environment.

Second, that Canadian cooperation consist of partnerships involving government, business and labour, non-governmental organizations, universities, churches and other sectors of Canadian society.

Third, that given the constraints on financial resources, a premium must be put on effective national and international coordination of assistance.

⁶² *Proceedings*, 25:14.

The Committee further believes that, in order to carry out this programme of cooperation with energy and imagination, the Government should establish a new Office of Ambassador with special responsibilities for Central and Eastern Europe which would act as a focal point of coordination within the federal government for assistance to and investment in Central Europe and the new republics of the former Soviet Union.

It further recommends that the Government nominate a distinguished Canadian, with sound diplomatic credentials, as the first Ambassador.

Canada should devote more resources to both international and national efforts. This is a matter of national interest. The journalist Lawrence Martin spoke eloquently before the Committee about the importance of Russia to Canada.

Our ties to Russia are unique because Russia, our northern neighbour, is the most similar country to Canada in the world. No other western country compares with Russia the way Canada does in land mass, northern geography, agriculture, other natural resources, climate, hockey tradition, and multicultural make-up. Our northernness, our sense of the north, is a vital part of our make-up, and Russia is the other major country that shares in that distinction.⁶³

The Committee is sympathetic to much of what Mr. Martin said. It believes that, especially with the withdrawal of Canadian forces from Europe, Canada must engage in other ways — political, economic, and even military through such means as conflict resolution and peacekeeping — in the affairs of Europe. Such engagement is good for Europe, but it is also good for Canada.

On the other hand, the Committee is less concerned at present about the resources devoted to Russia than it is about the meagre resources and attention being given particularly to Ukraine, but also to the Baltic republics. Indeed, the Committee is rather fearful that Canada is in danger of missing important opportunities in these countries. In the words of Ukrainian M.P. Bohdan Goryn, “for the last hundred years, every Ukrainian has had a special association with the name of Canada.” Even more than in Russia, Canada has significant comparative advantages to offer these republics. As a modest first step, the Committee believes that Parliament should set an example.

The Committee recommends that the Parliament of Canada move to establish a Canadian-Ukrainian Parliamentary Association or a sub-committee of the Canada-Europe Parliamentary Association, which could help to give some impetus at the parliamentary level to the many projects for exchange and cooperation between the Canadian and Ukrainian peoples.

One example may illustrate. Bogdan Krawchenko, the Director of the Canadian Institute for Ukrainian Studies at the University of Alberta who is currently advising the Ukrainian Parliament, remarked on the access and influence enjoyed by the French in Ukraine. He attributed their advantage, in large part, to a large, well-staffed and highly active French Embassy, which, he claimed, had paid for the initial investment in the Embassy many times over by the wealth of commercial contracts France had obtained as a result.

Mr. Krawchenko also noted that the French focussed their efforts, citing as a significant example their support for an Institute of Public Administration, based on the French model of the *École nationale d'administration*, for the training of civil servants. Mr. Krawchenko himself, a Canadian, is playing an important part in this initiative. Accordingly:

⁶³ *Proceedings*, 25:7.

The Committee recommends that Canada increase its diplomatic representation in the former Soviet Union, especially in certain specific areas of concentration. In the first instance, these should be Ukraine and the Baltic republics of Estonia, Latvia, and Lithuania. It should be understood that such an increase is of critical importance in improving and deepening the trade and commercial links between these countries and Canada.

IMMIGRATION AND TRAVEL

Several important issues arose regarding immigration and travel between Canada and the new republics of the former Soviet Union in discussions the Committee had with embassy personnel in Moscow and Kiev. One of these concerned certain limitations of the Geneva Convention with respect to refugee status in a disintegrated Soviet Union.

The problem with the Geneva Convention is that it is based on nationality and only Soviet citizenship is recognized. By Geneva standards, one cannot be a refugee unless one is out of one's country of nationality. Therefore, the numerous claims of persecution by citizens of the new republics who are living outside the borders of these republics are of no avail since all of them officially remain Soviet citizens. Clearly, these new republics need to pass citizenship laws as quickly as possible, but in many cases that too is impeded by disagreements over precisely who should be a citizen. One approach that Canada must consider to deal with this discrepancy would be to re-establish a special "designated class" program for refugees from the former Soviet Union.

The "designated class" program came into effect in 1976, along with the 1976 Immigration Act. The program extends de facto refugee status to individuals who would not otherwise be considered refugees by the Geneva Convention of 1952 or its amendment of 1967 since, although they may suffer refugee-like conditions, it is within their own countries.

There are three types of designated classes: Designated Class (Self-Exile), which applied to the former Soviet Union and East Bloc countries but was discontinued for Eastern Europe on August 31, 1990; Designated Class (Indochinese) which applies to Cambodia, while Laos and Vietnam — where it formerly applied — are now under transitional arrangements; and Designated Class (Political Prisoners and Oppressed Persons) which currently applies to El Salvador and Guatemala, and formerly applied to Poland and Chile, among others. This last class provides the greatest flexibility since it allows the Canadian Government to select people for this class who are within a country.

The Committee recommends that the Government explore the possibility of establishing a special "designated class" programme for refugees from the former Soviet Union. Such a designation for political prisoners and oppressed persons would allow individuals "de facto" refugee status beyond the limitations of the 1952 Geneva Convention.

Another issue that came to the Committee's attention was the high cost of visas in the new republics of the former Soviet Union, in light of their devalued currencies. At present, Canada is virtually alone among Western countries to continue to charge a significant amount (Cdn. \$50.00) for citizens of the republics who apply to visit Canada. Indeed, the United States, the United Kingdom and Japan make no charge at all, while France charges 100 rubles, the equivalent of a Canadian dollar. While \$50.00 may not be a sufficient amount to deter business persons, it represents several months' salary for average Russians, Ukrainians and citizens of the other republics. Since one of the aims of Canadian policy should be to encourage travel and exchanges between Canada and these countries in every walk of life, the Committee is concerned to rectify this omission in government policy. Consequently:

The Committee recommends that the Department of External Affairs review its policy concerning visitor visas for citizens of Central and Eastern Europe, including the new republics of the former Soviet Union, with a view to bringing them into line with those of other Western countries.

Still another measure the Government should pursue in seeking to tear down the old "iron curtain" and open doors to travel and exchange are air agreements with Ukraine and the Baltic states. Canada currently has bilateral air agreements with 61 countries around the world. Russia has succeeded to Canada's air agreement with the Soviet Union. Under it, Aeroflot is permitted to land at Mirabel airport near Montreal either from New York or various points in Europe, while Canada has the right to land in Moscow from any point in Canada. However, no Canadian airline has ever exercised the right contained in this agreement.

Nevertheless, the Committee is convinced that, considering the size of the Ukrainian community in Canada, some effort should be made to investigate the possibility of flights, originating perhaps in Edmonton, stopping in Winnipeg and Toronto, and then flying directly to Kiev. To this end:

The Committee recommends that the Government of Canada pursue the possibility of signing an air agreement with the Government of Ukraine.

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Canada can do some useful things on its own to encourage cooperation with the new republics of the former Soviet Union. The Committee has tried to lay out a number of avenues and it expects that an Ambassador with special responsibility for Central and Eastern Europe would have a mandate to discover and implement more. But quite obviously — as the first chapter of this report makes clear — Canada is unable to do anything on the "macro" scale that is required to deal with the most fundamental challenges of the former Soviet Union. Indeed, even if by some bizarre fluke, Canada were to provide the kind of massive assistance that is needed, lesser developed countries of the world would quite rightly protest that their legitimate and, in many ways, even more pressing needs were being ignored.

Accordingly, Canada has to be selective about what it does; it has to make strategic choices of the kind the Committee has outlined in this chapter in order for its initiatives to enjoy any kind of comparative advantage or effectiveness. At the same time, Canada must combine its efforts with those of like-minded nations. At every opportunity, Canada must stress the importance of coordination of international efforts — the kind of concerted action to which Mr. Gorbachev referred. If Canada is a minor player in these arenas, it can at least deliver a strong message. Finally, in order to give more impact to its support, the Canadian Government should seek at every opportunity to create partnerships that involve Canadians from every walk of life and from every sector of society. Only this kind of programme will engage the hearts and minds of Canadians.

List of Recommendations

The Committee recommends that the Canadian Government devise new regional strategies that relate to the entirely new system of states and balance of power in Eurasia, stretching from Central Europe to the Pacific coast. The Government should also acknowledge its intention to concentrate on certain specific states — notably Ukraine and the Baltic republics of Estonia, Latvia, and Lithuania — with whose peoples Canada has historic ties. (page 5)

Accordingly, the Committee recommends greater transparency and public discussion in Canada's assistance programme to help the government take steps to introduce an integrated, long-term assistance strategy toward the new republics of the former Soviet Union. Such a strategy should complement and not compete with our aid policy toward the Third World. (page 9)

To this end, the Committee recommends that the Government pay special attention in its assistance strategy to Ukraine and the Baltic states. The Government should encourage the G7 and other donor countries to meet at the earliest opportunity with a view to assembling an assistance package for the other republics of the former Soviet Union on a scale proportional to that arranged for Russia. (page 10)

The Committee also recommends that the Government increase its lines of credit with Russia, Ukraine and the Baltic states. (page 10)

The Committee recommends that the Government place greater emphasis within its budget on technical assistance to the new republics of the former Soviet Union. In providing such assistance, the Government should act as a catalyst in forging partnerships between Canadian private centres of expertise and non-governmental organizations and their republican counterparts. These organizations should be given a greater and more sustained role in the aid delivery process. Technical assistance should focus, in the economic sphere, on agriculture, energy, the environment, and commercial development. Canadian expertise in management training should also be offered, perhaps under the auspices of the Canadian Centre for Management Development. (page 11)

The Committee also recommends that the Task Force on Central and Eastern Europe should publish quarterly reports with a view to subjecting the Government's technical assistance programme to greater public scrutiny, thereby enhancing its effectiveness. (page 11)

Accordingly, the Committee recommends that the Canadian Government take measures to coordinate humanitarian assistance offered by private citizens and provide aircraft for its delivery. (page 12)

Therefore, the Committee recommends that the Canadian Government, in its multilateral contacts and negotiations, emphasize the importance of the effective coordination of the delivery of technical and humanitarian assistance. To this end, Canada should recommend the concept of an international agency for aid coordination — preferably based on an already existing institution such as the Organization for Economic Cooperation and Development. (page 13)

The Committee recognizes that the Canadian people have concerns about the new republics' commitment to economic reform, democratic development and good governance, human rights, nuclear disarmament, arms sales reduction and sustainable development. Accordingly, the Government should work toward establishing coordination of the assistance policies of the Western states with a view to reaching some consensus on aid conditionality. (page 14)

Accordingly, the Committee recommends that the Canadian Government, in seeking to promote a market economy in the former Soviet Union and encourage opportunities for Canadian investment, should place considerable emphasis on providing technical assistance from key economic agencies — such as Investment Canada, the Bank of Canada, the Inspector General for Banks, the Farm Credit Corporation, Employment and Immigration Canada, appropriate environmental agencies and others — with a view to ensuring a regulatory framework that is both receptive to private investment and protective of the public welfare. (page 17)

The Committee recommends that the Canadian Government stress with Ukraine and other successor states of the USSR the central importance of confirming, at the earliest opportunity, two key agreements affecting business investment, which Canada signed with the Soviet Union in its latter days. These are the Foreign Investment Protection Agreement and the Double Taxation Agreement. If necessary either in terms of expediting the passage of such legislation or assisting in its implementation, the Government should provide technical assistance to help with the drafting of this and other key economic legislation and/or with programs to help “sensitize” the relevant bureaucracies. (page 17)

The Committee recommends that the Government, in consultation with the Canada-USSR Business Council and the Canadian private sector generally, undertake a systematic investigation to find ways and means of encouraging private investment in and trade with the new republics of the former Soviet Union by offering investment guarantees and tax incentives. At the same time, the Government should negotiate with the republics to explore the possibility of establishing insurance schemes that could offset potential impediments to Canadian investment such as sudden changes in the tax system or unforeseen environmental hazards. (page 19)

The Committee recommends that, as a matter of urgency, the Government or the Canadian Wheat Board meet the request of the Russian Government to include freight costs within the \$1.5 billion line of credit agreement recently signed with the Canadian Wheat Board. (page 20)

The Committee requests that Radio Canada International devote a substantial portion of the programming it beams toward the former Soviet Union to agricultural issues. RCI should seek funding through the Task Force on Central and Eastern Europe to this end, including funds in order to advertise in the local media the fact that Canada is providing such an agricultural extension service by short-wave. (page 20)

The Committee recommends that the Government explore the possibility of creating a form of “lend-lease” programme for provision of pumps and other equipment to the energy sector in the new republics of the former Soviet Union. (page 21)

The Committee commends the Government for increasing the staff of the commercial office of the Canadian Embassy in Moscow, which now covers 10 of the new republics of the former Soviet Union, including Russia. In future, however, it recommends that the

Government also consider placing consular offices in some of the main regional centres of Russia and Ukraine and in capitals of the key republics such as Kazakhstan in order to aid in the process of decentralization and demonopolization of power. It also recommends that the Government move quickly to appoint a new Ambassador to Ukraine, open the embassy in Kiev with plenty of space for trade shows and other commercial and cultural exhibitions, and locate significant commercial staff to Ukraine as well. (page 22)

The Committee recommends that the Canadian Government should establish closer ties with the Conference on Security and Cooperation in Europe with a view to strengthening the organization's capacity to further democratic development and respect for human rights and settle disputes in the former republics of the Soviet Union. To this end:

1. Canada should continue to be an active participant in the CSCE process;
2. Canada should strongly encourage the expansion of CSCE institutions and, as finances permit, devote more Canadian resources to such purposes. These institutions include the Office of Democratic Institutions and Human Rights, based in Warsaw; the Conflict Prevention Centre, based in Vienna; and the CSCE Secretariat itself. (page 30)

The Committee also recommends that the Canadian Government, working closely with the CSCE, should encourage and assist the various republics in establishing practical machinery in the courts and procurator's office; for example, administrative courts (specialized tribunals) and the institution of the ombudsman should be considered as a means of protecting human rights. (page 31)

In addition, the Committee recommends that, working with the CSCE and other international organizations, the Canadian Government should offer legal expertise in drafting legal and/or constitutional texts, and in devising practical measures to ensure their implementation. (page 31)

The Committee also recommends that the Canadian Government should participate as much as possible in expert missions aimed at monitoring the progress of democratic development and human rights in the new states. (page 31)

The Committee recommends that the government provide the republics with Canadian expertise in women's issues with a view to improving and protecting women's rights in the region. Assistance should focus on family planning and sex education, health and child care, and women in the work place. (page 31)

Finally, the Committee recommends that the Canadian Government strengthen cooperation between non-governmental organizations, women's groups, universities, churches and legal associations in Canada and the various republics, with a view to fostering systematic exchanges of groups and individuals who are active in the promotion of human rights and democracy. Special emphasis should be placed on youth exchanges so as to build a solid foundation for future democratic development in the republics. CUSO may serve as an appropriate model. (page 31)

The Committee recommends that the Canadian Government monitor closely the terms of proposed constitutions and minorities legislation in the states (especially citizenship laws in the Baltic states) to ensure that minorities are not suffering systematic discrimination. Should the Canadian Government find that this is the case, the strongest diplomatic representations should be made to encourage these governments to change their policies. Failing that, technical and other assistance should be halted immediately. (page 32)

The Committee recommends that the Canadian Government strongly encourage the successor states of the former USSR to become signatories of the nuclear Non-Proliferation Treaty. Insistence on the adherence to responsible nuclear policies should be a basic factor in our decisions to extend aid and technical assistance. (page 35)

The Committee also recommends that the Government use its good offices and take the lead with other Western countries in providing for the establishment of an international verification regime to oversee the storage and dismantling of nuclear weapons, both strategic and tactical, in the former Soviet Union. Such a regime should be accompanied by guarantees by Western countries concerning the inviolability of current borders in the former Soviet Union, according to the guidelines established by the Conference on Security and Cooperation in Europe. (page 35)

Accordingly, the Committee recommends that high on the agenda of the arms control forum established by the Helsinki Follow-up meetings of the CSCE (currently scheduled to end by July 10) should be the reopening of the question of the balance of conventional forces and arms in Europe. (page 36)

The Committee recommends that the Canadian Government, through its multilateral and other international contacts, should urge the creation of an "International Conversion Fund" — a directed "soft loan" facility — to provide low-interest loans for the conversion of military enterprises to peaceful purposes throughout the former Soviet Union. These loans could be advanced both to private industries and to other endeavours such as training and research centres for scientists and engineers. (page 37)

The Committee recommends that the Canadian Government strongly support the concept of an international program on nuclear safety in the countries of the former Soviet bloc. Such a program would be organized in cooperation with or under the aegis of the International Atomic Energy Agency and with each of the affected countries in Eastern Europe and the former Soviet Union to evaluate the most dangerous nuclear safety problems and ensure that proper resources are mobilized to alleviate the risks. (page 38)

The Government should also encourage the Atomic Energy Control Board to sign memoranda of understanding with affected countries in Eastern Europe and the former Soviet Union, enabling the AECL to provide technical assistance, and then to act on such memoranda as quickly as possible. Canada should make a special effort to provide Ukraine and Belarus with technical assistance to help alleviate the worst consequences of the Chernobyl disaster. (page 39)

Therefore, the Committee recommends:

That Canada encourage the International Arctic Council to deal primarily with security and environmental concerns, and in particular propose and support a multilateral regime of environmental standards for the region.

That Canada support the creation of a demilitarized zone in the Arctic Ocean beyond the 200-mile limit of each Arctic country. No military equipment would be allowed to cross this zone without the express approval of the other signatories. Additionally, nuclear materiel could not be transported across this region unless used in the propulsive mechanisms of the ship or submarine.

That the Canadian Government appoint an Ambassador for Circumpolar Affairs. (page 40)

The Committee further believes that, in order to carry out this programme of cooperation with energy and imagination, the Government should establish a new Office of Ambassador with special responsibilities for Central and Eastern Europe which would act as a focal point of coordination within the federal government for assistance to and investment in Central Europe and the new republics of the former Soviet Union. (page 42)

It further recommends that the Government nominate a distinguished Canadian, with sound diplomatic credentials, as the first Ambassador. (page 42)

The Committee recommends that the Parliament of Canada move to establish a Canadian-Ukrainian Parliamentary Association or a sub-committee of the Canada-Europe Parliamentary Association, which could help to give some impetus at the parliamentary level to the many projects for exchange and cooperation between the Canadian and Ukrainian peoples. (page 42)

The Committee recommends that Canada increase its diplomatic representation in the former Soviet Union, especially in certain specific areas of concentration. In the first instance, these should be Ukraine and the Baltic republics of Estonia, Latvia, and Lithuania. It should be understood that such an increase is of critical importance in improving and deepening the trade and commercial links between these countries and Canada. (page 43)

The Committee recommends that the Government explore the possibility of establishing a special "designated class" programme for refugees from the former Soviet Union. Such a designation for political prisoners and oppressed persons would allow individuals "de facto" refugee status beyond the limitations of the 1952 Geneva Convention. (page 43)

The Committee recommends that the Department of External Affairs review its policy concerning visitor visas for citizens of Central and Eastern Europe, including the new republics of the former Soviet Union, with a view to bringing them into line with those of other Western countries. (page 44)

The Committee recommends that the Government of Canada pursue the possibility of signing an air agreement with the Government of Ukraine. (page 44)

APPENDIX A

List of witnesses

Organizations and/or Individuals	Issue	Date
The Honourable Barbara McDougall Secretary of State for External Affairs	15	November 19, 1991
Individuals		
Andrei Kozyrev Minister of Foreign Affairs of the Russia Soviet Federative Socialist Republic	18	November 28, 1991
Vadim Fotinov Journalist	19	December 3, 1991
Bohdan Bociurkiw Department of Political Science Carleton University	19	December 3, 1991
Joan Debardeleben Soviet Studies Department Carleton University	20	February 4, 1992
David Dodge Deputy Minister Department of Finance	20	February 4, 1992
Lou Naumovski Executive Director Canada-USSR Business Council	20	February 4, 1992
John Lamb Executive Director Canadian Centre for Arms Control	20	February 4, 1992
David Crenna Consultant Canadian Centre for Arms Control	20	February 4, 1992
Remy Hyppia PhD Candidate Quebec University	22	February 11, 1992
Professor Lubomyr Luciuk Department of Political Science Royal Military College	22	February 11, 1992
Professor Aurel Braun Department of Political Science University of Toronto	22	February 11, 1992

Organizations and/or Individuals	Issue	Date
Professor Neil McFarlane Political Studies Queen's University	24	February 18, 1992
Professor Magdalena Opalski Centre for Canadian-Soviet Studies Carleton University	24	February 18, 1992
Alan Kagedan Strategic Analyst McGill University	24	February 18, 1992
Max Yalden Chief Commissioner Canadian Human Rights Commission	31	April 2, 1992
David Wright Assistant Deputy Minister, Europe Department of External Affairs and International Trade	32	April 7, 1992
Marvin Wadinsky Program Manager for the Former Soviet Union, Task Force on Central and Eastern Europe Department of External Affairs and International Trade	32	April 7, 1992
John DiGangi Deputy Director Central and Eastern Europe Relations Division Department of External Affairs and International Trade	32	April 7, 1992
IN MOSCOW		
Ramazan G. Abdulatipov Speaker of the Chamber of Nationalities Supreme Soviet of Russia		
Pierre Asselin Moscow Office Bell Canada International		
Sergei Avrushenko Manager, Moscow Office Canada-USSR Business Council		
Carl E. Axelsen President, Axelsen Industries (1984) Ltd., representing foreign firms in Moscow		

Alexander V. Blokhin, M.P.

Chairman of the Parliamentary Sub-Committee on
Local Self-Government, Russian Federation

Yelena Bonner

Human rights activist, Moscow

Colonel Donald D. Dalziel

Defence Attaché
Canadian Embassy, Moscow

Dr. Sergei U. Danilov

Senior Research Fellow
Institute of the USA and Canada
Russian Academy of Sciences

David Evans

P.W. Sawatsky Co. (Moscow)
Winnipeg-based real estate and construction firm

Andrew Ivanyi

General Manager
Moscow Aerostar Hotel

Dr. Alexander A. Konovalov

Institute of the USA and Canada
Russian Academy of Sciences;
Vice President
Center for the Arms Control and Strategic Stability
Foreign Policy Association

Sergei Kovalev, M.P.

Chairman, Parliamentary Human Rights Committee
Russian Federation

Michail D. Maley

State Adviser on Conversion Matters
Russian Federation

Jeanette Matthey

CBC Radio

Mervyn R. Meadows

Counsellor and Consul
Canadian Embassy (currently based in Yeveran,
Armenia)

Juliet O'Neill

Moscow Bureau Chief
Southam News of Canada

Dr. Sergei K. Oznobichtchev

Institute of the USA and Canada
 Russian Academy of Sciences
 Deputy Director, Center for the Arms Control and
 Strategic Stability Foreign Policy Association

Carol A.M. Patterson

Barrister & Solicitor
 Baker & McKenzie (Moscow)

Dr. Anotoly A. Porokhovskiy

Deputy Director
 Institute of USA and Canada
 Russian Academy of Sciences

Paule Robitaille

Le Soleil

Nikolai T. Ryabov

Speaker of the Chamber of
 Supreme Soviet of Russia

Leslie Shepherd

Moscow Bureau
 Associated Press

Jim Sheppard

Chief Correspondent
 USSR and Eastern Europe
 The Canadian Press

Oleg G. Shibko

Head of the International Department
 Democratic Party of Russia (DPR)

Margaret Skok

First Secretary (Agriculture)
 Commercial Office
 Canadian Embassy, Moscow

Marc Winer

McDonald's, Moscow

IN KIEV**Victor Antonov**

Minister of Defence Industry and Conversion

Boris Balan

Program Coordinator
International Renaissance Foundation

Borys M. Bazilewsky

Chief Counselor
International Relations Department
Secretariat of the Supreme Soviet
("Verkhovna Rada") of Ukraine

Nestor Gayowsky

Chargé d'Affaires
Canadian Embassy in Ukraine

Alexander Dron, M.P.

Supreme Soviet of Ukraine

Bohdan Goryn, M.P.

Vice Chairman,
Foreign Affairs Commission
Supreme Soviet of Ukraine

Yaroslav Y. Kondratiev, M.P.

Member of the Praesidium and Chairman of the
Commission on the Legal Order and Crime
Prevention of the Supreme Soviet of Ukraine

Dr. Oleksandr P. Kotsuba, M.P.

Praesidium Member and Chairman of the Commission
on Law and Order Supreme Soviet of Ukraine

Volodomyr Lanovoy

Deputy Prime Minister responsible for Economic
Reform

Oleksandr L. Nechiporenko, M.P.

Member of the Foreign Affairs Commission,
Supreme Soviet of Ukraine
Vice-President of the Bar Association of Ukraine

Volodymir M. Pylypchuk, M.P.

Praesidium Member and Chairman of the Commission
on Economic Reform and Management
Supreme Soviet of Ukraine

Yuriy Weretelnyk

Ukraine Ministry of Environment

Ivan Zaits, M.P.

Supreme Soviet of Ukraine
Executive Committee Member, "Rukh"

Request for Government Response

rsuant to Standing Order 109, your Committee requests that the Government table a
hensive response to the Report within 150 days.

copy of the relevant Minutes of Proceedings and Evidence of the Standing Committee on
l Affairs and International Trade (*Issues Nos. 15, 18, 19, 20, 22, 24, 31, 32, 37 and 38*) is tabled.

Respectfully submitted,

JOHN BOSLEY, P.C., M.P.
Chairman

Minutes of Proceedings

THURSDAY, JUNE 11, 1992

(49)

[Text]

The Standing Committee on External Affairs and International Trade met *in camera* at 11:05 o'clock a.m. this day, in Room 705, La Promenade, the Chairman, John Bosley, presiding.

Members of the Committee present: Lloyd Axworthy, Gabrielle Bertrand, John Bosley, Jesse Flis, Benno Friesen, Ricardo Lopez, Svend Robinson and Walter Van de Walle.

In attendance: From the Research Branch of the Library of Parliament: Vincent Rigby, Research Officer. *From the Parliamentary Centre for Foreign Affairs and Foreign Trade:* Greg Wirick, Researcher.

Pursuant to Standing Order 108(2), the Committee resumed consideration of a draft report on conditions in the former republics of the Soviet Union.

By unanimous consent, the Committee proceeded to consider future business of the Committee.

It was agreed,—That the Standing Committee on External Affairs and International Trade hold a working lunch on Thursday, June 4, 1992 to consider its draft Report to the House.

It was agreed,—That the Chairman be authorized to pay the expenses for the luncheon with the delegation of the Federal Republic of Germany to the North Atlantic Assembly on May 12, 1992, in accordance with the hospitality policy of the House of Commons.

It was agreed,—That the Committee retain the services of Mr. David Crenna from the Arms Control Centre to conduct studies on Barriers to Diversification and on Dual-Use Technologies for its Sub-Committee on Arms Export, for the period of April 1st to June 24, 1992.

It was agreed,—That the Committee retain the services of Mr. Ernie Regehr from Project Ploughshares, to conduct an investigation on Government Support for Military Production and Exports for its Sub-Committee on Arms Export for the period of April 1st to June 24, 1992.

It was agreed,—That the Chairman be authorized to pay the Institute for USA and Canada Studies of the Russian Academy of Sciences for documents provided to the Standing Committee on External Affairs and International Trade in relation to its report to the House on the former republics of the Soviet Union.

It was agreed,—That pursuant to Standing Order 120, the Committee retain the services of Georges Royer as French text editor and revisor for the four reports to be presented in the House of Commons, for the period of June 8 to June 23, 1992.

It was agreed,—That the Committee retain the services of the Parliamentary Centre for Foreign Affairs and Foreign Trade to assist the Committee in its work and that a contract for the period of April 1—December 31, 1992 be adopted.

By unanimous consent, the Chairman presented the First Report of the Sub-Committee on Development and Human Rights.

It was agreed,—That the First Report of the Sub-Committee be adopted by the Committee as a Report to the House.

ORDERED—That the Chairman present the Report to the House.

The Committee resumed consideration of a draft report on the former republics of the Soviet Union.

By unanimous consent, it was agreed,—That the draft report be adopted as a Report to the House.

ORDERED, That the Chairman present the Report to the House.

At 12:12 o'clock p.m., the Committee adjourned to the call of the Chair.

Ellen Savage
Clerk of the Committee

