



Supporting Democratic and Economic Reform in Ukraine

Policy Recommendations on Reform in Ukraine

Generations of Ukrainian migration to Canada have shaped our historic ties to Ukraine, a country with which we share common values of democratic engagement and accountability; an independent press; and principles of free trade and an open market.

Since Ukrainian independence in 1991, Canada has supported Ukraine's democratic and economic reform by supporting free and fair elections; strengthening civil society and media institutions; facilitating trade and business development; and providing international assistance, including the delivery of humanitarian aid to Ukrainians affected by Russia's war of aggression. As a key international partner of Ukraine, Canada's continuing commitment to anti-corruption and capacity-building measures critical to Ukraine's long-term success.

Bilateral cooperation and support for Ukraine is not only of mutual benefit for Canada and Ukraine, but has broader impacts internationally. As the 2018 Ukraine Reform Conference communiqué stated: "A prosperous and resilient Ukraine is of key strategic importance to Europe and the wider international community and is Ukraine's best answer to Russian aggression."

In the last five years, Canada has made significant contributions to Ukraine by supporting the critical political, economic and judicial reforms needed to eliminate corruption and to bring its institutions closer to those of European Union (EU) and North Atlantic Treaty Organization (NATO) standards. However, as many experts have noted, such wide-ranging reforms take time; a long-term, sustained commitment from Canada to Ukraine's anti-corruption efforts is needed to ensure that reforms become permanent. As a parliamentary defence committee report stated in December 2017, "Internal corruption and other systemic issues must be eliminated [...] if Ukraine really wishes to achieve its goal of eventually joining the EU and NATO."

OUR RECOMMENDATIONS

- Increase International Assistance and Humanitarian Aid
- Support Ukraine's Democratic Development
- Promote Trade and Investment
- Support Multilateral Innovations

The Canada-Ukraine Free Trade Agreement (CUFTA), which entered into force in 2017, launched a new chapter in relations between Canada and Ukraine. It opened up important opportunities for Canadian exporters and investors in key sectors such as agri-food, energy, power, cleantech, oil and gas, mining, transportation and infrastructure. It also provided stimulus for further economic reforms in Ukraine.

The UCC works closely with the Government of Canada, in concert with our provincial councils, local branches, and member organizations to develop concrete measures that support democratic and economic reform in Ukraine. Together with the Government of Canada, the UCC co-chairs the Canada Ukraine Stakeholder Advisory Council (CUSAC). The UCC also works with the Canada Ukraine Foundation (CUF), the Canada-Ukraine Trade and Investment Support Project (CUTIS), the Canada-Ukraine Chamber of Commerce, and a number of civil society organizations both in Canada and internationally to achieve lasting reform.



A prosperous and resilient Ukraine is the best answer to Russian aggression

Recommendations

Increase International Assistance and Humanitarian Aid

Canadian international development assistance programming has contributed significantly to Ukraine's recent progress in entrenching crucial reforms, including measures to prevent corruption in critical institutions. These programs have had significant impacts in key areas, such as the rule of law (eg. judicial reform, combatting human trafficking); democratic institutions (eg. election training, strengthening investigative reporting); and building Ukraine's capacity for sustainable economic growth.

In addition to meeting the longer-term objectives of advancing Ukraine's reform agenda and promoting long-term peace and stability, Canada's continued international assistance is helping Ukraine meet the critical needs of its citizens affected by Russia's invasion of Ukraine. According to the World Health Organization (WHO), "the humanitarian crisis in Ukraine has affected 4.4 million people and led to the displacement of 1.6 million. Of those affected, 3.4 million are currently in need of humanitarian assistance."

The UCC welcomes the July 2018 commitment made by the Minister of International Development that the Government of Canada will maintain its current level of funding for Ukraine (\$50 million per year). The UCC calls on the Government of Canada to express its commitment as a long-term partner of Ukraine in order to ensure its permanent viability as a free, stable, sovereign and prosperous country.



The UCC calls for an increase to international assistance Ukraine proportionate to the overall increase in the International Assistance Envelope announced in Budget 2019, in order to fund critical anti-corruption measures, build capacity for democratic and economic reform and provide humanitarian relief for those affected by the Russian occupation of Ukraine.

Canada's continuing commitment to Ukraine will be critical to its long-term success

Support Ukraine's Democratic Development

Canada has a proud history of supporting democracy around the world, particularly in Ukraine, where it sent several hundred observers through missions to monitor the 2014 and 2019 elections. The Government of Canada recently announced up to \$24 million in support for Ukrainian democratic institutions in advance of the 2019 elections in order to fund observer missions, structural governance reforms and to counter disinformation. The UCC calls for Canada's long-term commitment to democratic capacity-building in Ukraine through election missions; civil society and NGO support; parliamentary and institutional exchanges; and ongoing funding to protect electoral integrity.

Promote Trade and Investment

Export Development Canada (EDC) continues to assess Ukraine's risk rating as "medium to high" in a number of areas despite the reform measures undertaken by the Ukrainian government with the support of the International Monetary Fund (IMF) and other financial institutions. Canadian companies seeking to invest in Ukraine continue to make clear that a lack of support in the form of export insurance from EDC is an impediment to their investments and the strengthening of business ties with Ukraine. The EDC position is incongruous to EU and US policies, putting Canadian businesses at a disadvantage. EDC's position does not take into account the recent reform measures taken by the Ukrainian government nor

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its commitment to financial reforms. The UCC calls on the EDC to review its risk assessment of Ukraine and increase support in the form of accessible loans, guarantees and export insurance for Ukraine.

The UCC also recommends a review of the structure and mandate of Canada's multiple trade promotion and facilitation agencies, including EDC, the Canadian Commercial Corporation and the Trade Commissioner Service, to help preclude them from working at cross purposes.

Support Multilateral Innovations

The Government of Canada co-hosted the third Ukraine Reform Conference with Ukraine in July 2019. This conference brought together foreign ministers from a number of countries, including the European Union, the G7 and NATO to support Ukraine in its democratic and economic reforms.

The UCC worked closely with the Government of Canada to ensure the success of the Conference and calls on the Government of Canada, as the co-host of the 2019 Conference, to work with Ukraine to continue economic and political reforms.

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