



Supporting Democratic and Economic Reforms in Ukraine

Policy Recommendations on Reform in Ukraine

Since Ukraine's independence in 1991, Canada has supported Ukraine's democratic development 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.

Canada's continuing commitment to Ukraine is based on the Canadian and Ukrainian peoples' shared values of freedom, democracy and respect for internationally recognized human rights. Canada's bilateral engagement with Ukraine is of mutual benefit not only to Canada and Ukraine but also has international implications. The success of Ukraine is key to a Europe whole, free and at peace, and the transformation of Ukraine into a stable, prosperous and resilient state is of key strategic importance to the future unity of Europe.

Since 2014, the Ukrainian people have made great strides in reforming their country in extraordinarily difficult circumstances, with efforts at wide-ranging reforms taking place in the context of war wrought by Russia and the illegal occupation of sovereign Ukrainian territory in the Crimea and parts of Donetsk and Luhansk oblasts.

Successful and far-ranging reforms take time to implement, and the fruits of those reforms take time to be felt by a citizenry. Canada's long-term, sustained commitment to supporting the Ukrainian people in their efforts to build their country is key to ensuring that these reforms become permanent.

Vital pillars in these efforts must be: supporting reforms that ensure the impartial application of the law, supporting the crucial role that civil society and the media play in holding governing authorities to account, and creating the conditions for fair market competition in the economy.

OUR RECOMMENDATIONS

- Increase international assistance and humanitarian aid
- Support democratic and legal reforms
- Support economic and de-monopolization reforms

The Ukrainian Canadian Congress (UCC) works with the Government of Canada, in concert with our provincial councils, local branches and member organizations to develop concrete measures that support democracy and reforms in Ukraine. Together with the Government of Canada, the UCC co-chairs the Canada Ukraine Stakeholder Advisory Council (CUSAC) and works with a number of Canadian and Ukrainian organizations 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 key institutions.

In addition to long-term objectives of advancing Ukraine's reform progress, Canada's international assistance is helping Ukraine meet the challenges brought on by seven years of war waged against Ukraine by Russia. Some 5 million people have been directly affected by Russia's invasion—over 1.6 million have been internally displaced—resulting in a humanitarian crisis.

This humanitarian crisis has been exacerbated by the Covid-19 pandemic, which has strained health care systems around the world.

The UCC calls on the Government of Canada to explore ways that Canada can support health reforms in Ukraine to strengthen the capacity of Ukraine's healthcare system.

The UCC welcomes the Government of Canada's focus on programs and projects that address the needs of women and girls, youth, and vulnerable and marginalized members of society. The UCC recognizes the fact that building a strong, secure, and democratic Ukraine—unlocking and realizing Ukraine's full potential—requires the participation and inclusion of all of Ukraine's citizens in governance and civic life. In particular this means empowering women and girls and ensuring their full, equal access to political, social, economic and civic rights.

The UCC supports the Government of Canada's commitment of "\$50 million (\$35 million for development assistance) annually in support of: socio-economic programs across the country; building a strong and accountable democracy; and contributing to peace and security in Ukraine and the region as a whole."

The UCC calls on the Government of Canada to increase this international development assistance and humanitarian aid as needs arise.



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

Support democratic and legal reforms

While there have been successes in Ukraine's efforts to reform its judiciary and legal system since the Revolution of Dignity in 2014, these efforts have at times been uneven and there have been worrying signs of regression.

Concerns have also been raised about attempts by the Ukrainian authorities to undermine the independence of institutions such as the National Bank of Ukraine and the Specialized Anti-Corruption Prosecutor, and state companies such as Naftogaz Ukrainy. Ukraine's international partners such as the EU have also pointed to "worrying signals over the readiness to resist vested interests."

The UCC calls on the Government of Canada to stress to Ukraine's authorities that continuing the path of democratic and legal reforms and anti-corruption efforts are key to maintaining Canadian and international support for Ukraine.

The continued strengthening of Ukraine's vibrant civil society and independent media institutions, which serve to preclude backsliding on necessary reform by the authorities – particularly in the fields of rule of law and judicial independence reforms – is especially important.

The UCC calls on the Government of Canada to continue to assist Ukraine's civil society to ensure the consolidation of democracy and democratic institutions. Particularly, Canada should continue to assist with programs that will build capacity and increase the effectiveness of Ukraine's political parties, media and independent journalism and non-governmental organizations.

Support economic and de-monopolization reforms

The Canada-Ukraine Free Trade Agreement (CUFTA), which came into force in 2017, launched a new chapter in Canada-Ukraine relations, opening opportunities between Canadian and Ukrainian exporters and investors.

Since 2017, bilateral trade between Canada and Ukraine has grown impressively. In 2020, Canada launched public consultations on the modernization of the CUFTA. The UCC fully supports the modernization of the CUFTA and the expansion of trade and investment activity between Canada and Ukraine in all sectors of the economy.

The Government of Ukraine has made the attraction of Foreign Direct Investment (FDI) into Ukraine a policy priority. The increase of trade and economic activity between Canada and Ukraine will serve to further facilitate Ukraine's transition to a market economy with protections for property rights, labour standards, the supremacy of the rule of law and democratic governance.

However, the attraction of FDI, Ukraine's economic development and the successful implementation of market reforms continues to be significantly undermined by monopolization of strategic sectors of the economy. Principally, this because of the influence of a few business conglomerates controlled by "oligarchs" who exercise monopoly control over key sectors of the economy and influence over state-owned public companies (e.g. steel, energy, oil and gas).

The "oligarchs" have used their significant wealth to purchase media companies (most significantly for Ukraine, television in particular), which in turn has given them significant influence over news and public affairs programming—and, through this (and the financing of political parties and campaigns)—the ability to impact political and judicial processes.

Monopolization has undermined Ukraine's economic development because it ensures industry dominance and prevents market entry, which destroys competition, a key cornerstone of a free market economy. Until the challenge of monopolization is effectively addressed, Ukraine's economic growth will be uneven and anemic.

The UCC believes that the effective de-monopolization of Ukraine's economy is the key to sustaining economic growth and prosperity for the Ukrainian people. *The UCC calls on the Government of Canada to explore ways that Canadian expertise and assistance can be marshalled to support reform efforts aimed at de-monopolization of Ukraine's economy and encouraging fair market competition.* ■