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# **Standing Committee on Foreign Affairs and International Development**

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**EVIDENCE**

**Wednesday, February 26, 2014**

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**Chair**

**Mr. Dean Allison**



## Standing Committee on Foreign Affairs and International Development

Wednesday, February 26, 2014

• (1530)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Good afternoon. Pursuant to Standing Order 108(2), our study is on the situation in Ukraine. We're going to get started very shortly.

Ms. Nash.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Mr. Chair, it's a pleasure to be able to join the foreign affairs committee today.

I'm wondering if at the end of the meeting today we could set aside a bit of time to consider motions.

**The Chair:** Bells will ring at 5:15 for a vote at 5:45. If we finish the second group at 5:15, we'll maybe try to take five minutes then. We'll have to go in camera for that. Why don't we try to do that.

Turning to our witnesses today, I want to welcome Matthew Levin, director general, Europe and Eurasia bureau. Welcome, sir. I believe you'll be the first speaker.

Then we have David Metcalfe, director general, Europe, Middle East and Maghreb, development. Welcome, Dave.

Then we have Tamara Guttman, director general of the stabilization and reconstruction task force. Welcome, Tamara. As I said, I had a chance to meet you while you were ambassador in Budapest. It's great to have you back here in Canada with us.

Also with us is Mr. Bennett, the ambassador of the office of religious freedom. It's good to have you back. You were here just a short time ago, and it's great to have you here as well. You'll be the third speaker.

We'll get started because we are short of time.

Mr. Levin, we'll start with you. The floor is yours.

**Mr. Matthew Levin (Director General, Europe and Eurasia Bureau, Department of Foreign Affairs and International Trade):** Thank you, Mr. Chair, and thank you to all members of the committee for the invitation to be here with you today to talk about the rapidly evolving situation with Ukraine, which, as I think you and all committee members know, is a country of profound importance to Canada.

You've already introduced the officials who will be speaking. I won't go over that.

[Translation]

I'll begin by making an opening statement, and then give the floor to, first, Dave Metcalfe and then Ambassador Bennett.

[English]

Also accompanying us today are Tamara Guttman who is the director general of the stabilization and reconstruction task force, also known as START, at the Department of Foreign Affairs, Trade and Development, and Mike MacDonald who is the director general for operational management and coordination at Citizenship and Immigration Canada. Ms. Guttman and Mr. MacDonald won't be making statements, but they will be available to answer members' questions following the presentations.

Canada and the people of Ukraine have long had a special relationship reflecting the important place of the Canadian Ukrainian community in Canada. Since 1991, when Ukrainians freed themselves from Soviet rule, a special relationship has shaped Canada's leading role in supporting a newly independent Ukraine. Canada was the first western country to recognize Ukraine's independence. Canadians had high hopes that Ukraine would soon be on the path to democracy, stability, and economic prosperity.

[Translation]

To help Ukraine on that journey, the Canadian government has invested over \$410 million in development assistance. This year, we will spend another \$20 million in supporting democracy and encouraging economic growth.

[English]

Canadian parliamentarians have also been deeply committed to helping Ukraine. Many members of Parliament and senators have gone to Ukraine as election monitors, as members of parliamentary delegations, or have travelled there independently. Today's meeting and the take-note debate also taking place today reflect the depth of Parliament's ongoing engagement with Ukraine.

The Ukrainian Canadian diaspora has been an invaluable source of support for Canada's engagement with Ukraine. Some 1.3 million Canadians are of Ukrainian heritage. Their unique blend of expertise, dedication, and passion has helped Canada calibrate our policies so that what we do in Ukraine can make the most difference to the most people.

But despite all these investments by Canadians over the past 22 years, Ukraine's post-independence road has been rocky. Enthusiasm about the Orange Revolution of 2004 gave way to disappointment. Under the presidency of Viktor Yanukovich, Ukrainian democracy slid further backwards. President Viktor Yanukovich jailed former prime minister Yulia Tymoshenko. Constitutional amendments concentrated power in his own hands at the expense of the prime minister and Parliament.

Last November, however, Ukraine seemed to be about to turn a corner. President Yanukovich had announced that he would sign an association agreement and free trade agreement with the European Union. Canada strongly encouraged Ukraine to sign. We saw this as a crucial opportunity for Ukraine to consolidate its European identity, implement vital reforms, and entrench democracy and the rule of law.

As part of that deal, Ms. Tymoshenko would have left prison for medical treatment in Germany. The Canadian government had repeatedly called for her to be given appropriate medical treatment. Canada sent a team of Canadian doctors to assess her condition. Canadian officials met with her daughter and her lawyer. A Canadian embassy official attended every single day of her trial hearings. A delegation of Canadian parliamentarians meanwhile travelled to Kharkiv to try to meet personally with Ms. Tymoshenko in jail.

But just one week before President Yanukovich was to sign the association agreement with the European Union, he abruptly changed his mind and turned toward Russia, accepting a Russian financial assistance package. By a significant majority, Ukrainians wanted their president to turn their country westward toward Europe.

• (1535)

[Translation]

The result was massive protests. In Kyiv, hundreds of thousands of ordinary Ukrainians took to the streets.

[English]

The Yanukovich government responded with violence. It passed repressive laws. Protestors were killed, kidnapped, threatened, and beaten. Priests were intimidated. In one terrible week, at least 82 Ukrainians were killed, and hundreds more were wounded.

In response to this appalling disregard for human life, Canada demonstrated firm and resolute leadership. Canada spoke out clearly, consistently, and forcefully to support democracy, the rule of law, and the right to peaceful protest in Ukraine. We forcefully denounced the murder of protesters on the Maidan, and the other abuses perpetrated by the Yanukovich regime.

Minister Baird personally travelled to Kiev in November to show Canada's support for the protesters. The minister also dispatched Ambassador Bennett, Canada's ambassador for religious freedom, who is here with us today.

[Translation]

Canada also took concrete action against those responsible for abuses.

[English]

After the first civilians were killed, the Minister of Citizenship and Immigration announced, alongside Minister Baird, that the Ukrainian officials responsible for violence and repression would no longer be welcome in Canada.

Last week, after the latest appalling wave of violence, Prime Minister Harper announced an expanded travel ban to prevent senior members of the Ukrainian government and other individuals who bore political responsibility for the violence from travelling to Canada. In addition, the Prime Minister announced that Canada would impose economic sanctions on the Yanukovich regime and its supporters.

Alongside these punitive measures, Canada directed millions of dollars to projects in Ukraine in support of civil society, pro-democracy actors, and an independent media. We helped religious organizations that were under threat. We provided emergency medical treatment and legal support to the protesters.

Fortunately, the attempt by President Yanukovich to stamp out democracy failed. Ordinary Ukrainians, demonstrating remarkable bravery and resilience, defeated oppression and regained control over their destiny. President Yanukovich's authority collapsed. He fled Kiev, abandoning his luxurious residences along with his presidency.

[Translation]

In dramatic sessions over last weekend, Parliament voted to restore the 2004 Constitution, to hold new elections this May, and to release Ms. Tymoshenko. Parliament has removed the government ministers and the heads of the security services who were responsible for repression and violence. It has also voted to impeach Viktor Yanukovich. A warrant has now been issued for his arrest.

[English]

Canada was privileged to be able to stand alongside the Ukrainian people during their time of trial. We welcome the appointment of an interim government and the release of Yulia Tymoshenko.

We will work closely with the new government, the opposition, and the leaders of the Maidan protest movement to help build a united, democratic, and prosperous Ukraine that enjoys the fruits of good governance and the rule of law. Canada calls on all parties to support Ukrainian national unity and to respect its territorial integrity.

We continue to encourage Ukraine to sign an association agreement and free trade agreement with the European Union. We support a substantial IMF program for Ukraine that is accompanied by meaningful reform. We are calibrating our \$20 million of annual development programming to support Ukraine's restored democracy and to encourage economic growth.

As a symbol of the government's and his personal commitment, Minister Baird will arrive in Kiev again tomorrow to meet the new government and opposition leaders and to honour those who gave their lives for a democratic Ukraine.

[Translation]

I would now like to give the floor to Dave Metcalfe, Director General for Development for Europe and the Middle East, who will talk more about Canada's program to support democracy and foster economic growth in Ukraine.

• (1540)

[English]

Mr. Chair, thank you again for inviting officials from the department to this hearing. Once our formal presentations are finished, my colleagues and I would be very happy to take any questions that you and members have.

Thank you.

**The Chair:** Thank you very much.

Before you start, Mr. Metcalfe, I want to officially welcome Mike MacDonald. He is with the Department of Citizenship and Immigration, as Mr. Levin mentioned. I apologize for overlooking you.

I'll turn it over to Mr. Metcalfe.

[Translation]

**Mr. Dave Metcalfe (Director General, Europe, Middle East and Maghreb - Development, Department of Foreign Affairs and International Trade):** Mr. Chair and honourable members, thank you for the opportunity to discuss Canada's development assistance program and its role in responding to Ukraine's current situation.

Through Canada's development assistance program, we continue, as we have done for two decades, to support economic and democratic transition in Ukraine. Our support takes a long-term view, but sometimes requires short-term actions.

[English]

In the immediate term, as Matthew mentioned, our responses have included emergency medical treatment for those injured in the civil unrest. Canada has provided assistance to the Ukrainian Red Cross to train 500 first aid volunteers and to establish first aid points to treat the wounded. Canada was also quick to respond with legal assistance to democracy activists charged by the previous government.

Looking forward, we need to maintain our focus on the upcoming presidential election and Kiev municipal elections on May 25. After several questionable election processes in recent years, Ukrainians demand and deserve a clean election, with a level playing field, with real choice, and with real competition. We're working with like-minded countries and domestic partners to support Ukraine in addressing such key election process issues as adequate ballot security and fraud prevention.

Canada has been a leading promoter of free and fair elections in Ukraine. For example, through our support of the largest ever elections monitoring mission for the 2012 parliamentary elections, there were 500 Canadian observers. Working closely with their international partners, Canadian observers were indispensable in identifying electoral fraud and misuse of public resources. We know what to look for the next time around.

Free elections, an independent judiciary, a strong civil society, and a free media are all essential components of an effective democracy in which accountable and transparent decision-making is the norm and in which individuals and rights are respected and safeguarded. All of these things have come under attack in Ukraine, and Canada has responded.

Canada is working hard to support reform-minded judges and lawyers and to improve the access of regular Ukrainian citizens to justice. Together with the Organization for Security and Co-operation in Europe, OSCE, Canada will train judges in how to apply European human rights law in their courtrooms. A new project will help Ukraine to roll out legal aid to Ukraine's most vulnerable people so that they too can have access to the justice system.

As you know, some of Ukraine's independent media outlets have been under attack during the past few weeks. Through a recently approved project, Canada will support local journalists to produce investigative reporting for distribution via social media and original TV stations. We're currently examining other possibilities to support free media.

Looking forward a bit further, but not much further, it's clear that Ukraine will require support for the difficult economic transition it will need to make. With our international partners, we will be working with the IMF and other international financial institutions to support Ukraine when it makes that commitment to reform. Already, through the development assistance program we're funding IMF technical assistance to Ukraine to assist with modernizing banking regulations and monetary policy.

I'd like to close by highlighting Canada's long commitment to Ukrainians across all regions. Through our development activities, we engage with Ukrainian citizens, civil society organizations, farmers, businesses, and public officials across all regions in Ukraine, east, west, and south. We bring them in touch with Canadian approaches to local governance, citizen consultation, accountability, small business, and democracy. Through our programming we facilitate communication and understanding between people from these different regions and strive to help them achieve an effective, inclusive, transparent, and accountable rule.

I'd be pleased to answer any questions regarding DFATD's development and assistance to the Ukraine.

**The Chair:** Thank you, Mr. Metcalfe. We appreciate that.

Ambassador Bennett, welcome back. The floor is yours.

**Dr. Andrew P.W. Bennett (Ambassador, Office of Religious Freedom, Department of Foreign Affairs and International Trade):** Thank you very much, Mr. Chair, vice-chairs, and distinguished members of the committee. It's an honour to appear again before the Standing Committee on Foreign Affairs and International Development.

Today I'll speak on the activities of the office of religious freedom in advancing religious freedom in Ukraine, as well as our efforts to improve the overall situation there.

My travels to Kiev this past month exposed me first-hand to Ukraine's situation, especially the situation affecting a number of the churches. During my short stay, two overriding themes came to the fore.

Churches play an incredibly important role in advancing peaceful dialogue and act as agents of change in Ukraine, but their ability to act freely has been under threat in recent months. My meeting with his Beatitude Patriarch Sviatoslav, head of the Ukrainian Greek Catholic Church, provided a particularly salient example of this. He described in detail the Yanukovich government's attempts to intimidate the Ukrainian Greek Catholic Church and how they threatened to remove that church's ability to operate as a legally valid religious organization, merely because of their presence on the Euromaidan.

Patriarch Sviatoslav told me how his clergy and church-related organizations, such as the Ukrainian Catholic University in Lviv had faced threat after threat from the Ukrainian security services, and how President Yanukovich had ignored the patriarch's attempts to engage in dialogue.

We feared that this situation would only continue to spiral if we did not take action. We were especially concerned for the normalization of church-state relations in Ukraine, given the role that the churches and other faith communities play in Ukrainian society.

Our office has moved quickly to meet with external stakeholders and departmental contacts to discuss avenues of engagement throughout Ukraine, east and west. We are involved in the Ukraine task force that consists of both our development and foreign affairs colleagues, and we have taken positive steps toward developing programming through consultations.

We also hosted a productive strategic discussion with Ukrainian Canadian organizations to identify how to focus this programming so we can maximize its impact on the ground.

Additionally, we have consulted with Polish NGOs who actively operate in Ukraine, offer regional expertise, and will be valuable partners as our programming moves forward.

I should note that I recently came back from meetings in Washington, D.C., many of which focused on the situation in Ukraine and various work that is being done by certain members of the NGO community there.

In closing, I would like to highlight again the urgent opportunity presented to us now. People's most basic rights, including religious freedom, need to be guaranteed. I'm confident that the department and our office can move forward in developing a robust strategy and contribute to the democratic transition in Ukraine where the churches and other faith communities will play an important role.

Thank you for the opportunity to present again before the committee, Mr. Chair. I look forward to the committee's questions.

•(1545)

**The Chair:** Thank you, sir.

We're going to start with Ms. Nash. Welcome to the committee. We'll have the first round for you. You have seven minutes.

**Ms. Peggy Nash:** Thank you very much, Mr. Chair.

Welcome to all the witnesses.

I know that sanctions have been something which the committee has been calling for here and certainly something which we have been calling for, as have others.

I'm curious, Mr. Levin, about the economic sanctions the Government of Canada is imposing on the Yanukovich regime officials responsible for human rights abuses. Can you tell us in a little more detail how these sanctions are being enforced and why the government selected these particular measures to announce the first sanctions it would undertake?

**Mr. Matthew Levin:** Thank you very much for the question.

The first measure which the government announced and put in place was a travel ban that targeted a number of individuals who were identified as being responsible for decisions related to acts of oppression against protestors.

Subsequently, as violence in the square and against protestors increased, that announcement was made by the Minister of Citizenship and Immigration, alongside Minister Baird.

Subsequently, the Prime Minister announced a widening of what we call the travel ban or sanctions involved with restricting access to Canada or entry to Canada to a larger number of officials associated with the regime.

•(1550)

**Ms. Peggy Nash:** I'm sorry, Mr. Levin, but my question was what kinds of specific economic sanctions is the government imposing on the officials responsible for human rights abuses? Are these currently being enforced? You say in your document that this is something the government is undertaking. Are these currently being enforced, and if so, how?

**Mr. Matthew Levin:** The Prime Minister, at the same time as announcing the expansion of the travel measures, announced that Canada would be imposing a package of economic sanctions which fall under the Special Economic Measures Act. The regulatory process to invoke those sanctions, or to put those sanctions into effect, was at the point of completion just at the moment the Yanukovich government fell. The process has really been held at that point because of the rapidly evolving situation in Ukraine.

No further decision has been made to proceed with the application of those sanctions since that moment, giving the government the opportunity to assess further developments. Our sense is that now the government has fallen, a new government has been put in place that is supported by clearly a large majority of the Ukrainian population, including the protestors. The question of the application of those sanctions is now in abeyance, or at least would require a further decision depending on developments on the ground on whether it makes sense to proceed with that at this stage.

**Ms. Peggy Nash:** As I understand it, they were announced, but there was no time to actually apply them, given the rapidly changing events, and the decision has not been taken as to whether they will be applied.

**Mr. Matthew Levin:** That's exactly my understanding.

**Ms. Peggy Nash:** You're quite right that the travel sanctions were announced first prior to the economic sanctions. Can you tell us the number of people who are currently subject to the government's visa ban?

**Mr. Matthew Levin:** There was a question about the release of those figures. Excuse me, I will ask one of my colleagues.

Let me turn to Mike.

**Mr. Mike MacDonald (Director General, Operational Management and Coordination, Department of Citizenship and Immigration):** Thank you for the question, Mr. Chair.

There are a couple of aspects in relation to answering that. One is there are security concerns for our mission folks as well as CIC, CBSA officers abroad, with releasing such information. The second one, which is more important, is the fact of privacy considerations with releasing those names, so you will not see those names released publicly.

**Ms. Peggy Nash:** I wasn't asking for the names, sir. I was just asking for the number of people who were subject to the bans.

**Mr. Mike MacDonald:** I don't have that exact number off the top of my head.

**Ms. Peggy Nash:** Is that something that perhaps, Mr. Chair, through you, the committee could request?

**The Chair:** Sure.

**Ms. Peggy Nash:** Could you also perhaps elaborate on the legal authority that has structured the travel ban?

**Mr. Mike MacDonald:** Absolutely. I'll be quick, Chair. I think it's easiest to start with the concept of various tools that are at the government's disposal. The way you can implement a travel ban is we can flag within our system individuals whose names would pop up on our system, which would cause a border officer or an officer who receives a temporary visa application to implement further scrutiny. That is one way to impose this.

The other tool is at the point of entry at the border. For example, all individuals, regardless of whether they hold a visa or not, have to be determined to be admissible to Canada. There are various criteria for your admissibility into our country. Similarly, there are various criteria that would allow you to be determined non-admissible and therefore under removal order from our country.

We have various tools to impose a "travel ban".

**The Chair:** You have 15 seconds left.

**Ms. Peggy Nash:** Let me just thank the committee for the opportunity to participate today in this important discussion. I appreciate it.

**The Chair:** Thanks, Ms. Nash.

Mr. Goldring, for seven minutes, please.

**Mr. Peter Goldring (Edmonton East, CPC):** Thank you very much for appearing here today, witnesses.

From time to time the issue of linguistic rights comes into play. My understanding is that in the changes to the constitution, there were some changes to the linguistic legislation that had been put in place. Given that there is a kind of polarization in Ukraine between

Ukrainian-speaking persons in the west and Russian-speaking persons in the east, it seems to be certainly an issue. If we look at the situation in Canada, we have roughly the same type of breakdown of linguistic concerns from one part of the country to another and we've dealt with it with legislation.

With the work that's being done in Ukraine on other issues, parliament and the democratic issues and courts, is there work being done on the linguistic balance, giving comfort? It seems to be particularly in the Crimea, it comes on there very strongly, the suggestion that it's predominantly Russian. Is there legislation proposed or thought about that can maybe affect and give comfort and resolve at least to linguistic concerns?

Who would that be?

• (1555)

**Mr. Matthew Levin:** Thanks, Mr. Goldring.

Our understanding is that among the first legislative actions of the new parliament was in fact the repeal of legislation that was passed a number of years ago that related to the status and use of Russian in Ukraine as the second official language, approximately that. Our embassy in Kiev has actually discussed that issue with various interlocutors, people who are now in the new government, members of the opposition.

Our understanding is one of the reasons that legislation was repealed is there was concern on the part of some, not primarily or not principally about the nature of the legislation, but the way it had been brought into power under the Yanukovich administration, which was itself not fully in compliance with Ukrainian legislative practice. Having said that, on the substance of your question, the Canadian government, in its interaction with the new Ukrainian government and actors across the political spectrum in Ukraine, has stressed very strongly the importance of inclusivity and building national unity among all Ukrainians. In that respect, the point you're making is well taken. With colleagues, we may consider whether, among the array of areas where we may be able to provide technical assistance in discussion with Ukrainians as they build their new government with the Ukrainian authorities, that may be an area we can look into, where Canadian experience will actually be very applicable and useful to them.

**Mr. Peter Goldring:** If you are exploring that avenue, my understanding is there's been somewhat less interaction by various groups, by politicians visiting, by whoever. More attention has been given to the western part of the country, the Ukrainian-speaking part of the country. I would think that if a Ukrainian committee was to take this issue up and to travel the country, particularly in the eastern part of the country, to Poltava, Kharkov, Donetsk, and then certainly the Crimea, it would give a good reason...and at least lessen the concerns that many have that a centralized new Ukrainian government may not be so conducive to expressing and supporting the Russian linguistic concerns. In other words, I would think that this would be a fundamental concern and issue to have resolved and to give comfort to even before you start talking governance, so that you clear that issue.

Mr. Chair, do I still have a little time?

**The Chair:** You have two minutes.

**Mr. Peter Goldring:** I have two minutes. Then I'll touch on another one, which is an economic issue, which I haven't heard discussions on either.

My understanding is Ukraine produces about one-third of their own gas now. In talking to some oil executives, they say that they have considerable reserves and that in seven years' time, they could be a net exporter—not just their own use, but a net exporter.

If there are reserves of that capacity, has thought ever been given to sort of mortgage those reserves for money that they desperately need now? That has been done on resource bases in countries like Ghana in Africa. They've very successfully taken the money, mortgaging it to get their infrastructure and get their government going.

Are the reserves that substantial in nature, and if so, why not look at them as a methodology for mortgaging for money they desperately need now?

•(1600)

**Mr. Matthew Levin:** Thank you, Mr. Goldring.

On your previous point on the linguistic duality, let me thank you for that suggestion and say we will follow up and examine that. I think it is an important point and something we can build on.

On the point of gas reserves, I should begin by saying that this is certainly not an area of expertise for me. Private sector investors, including large oil companies, have undertaken some exploration in Ukraine, principally in western Ukraine, of reserves, including shale oil reserves, and there do appear to be reasonably significant deposits. Having said that, I'm not in a position to actually refer to any possible sizes of reserves.

**Mr. Peter Goldring:** Could we get a number on that? That's a game-changer, if it is that substantial. If it's not, we should know about it.

**Mr. Matthew Levin:** We will look into that, Mr. Chair, and provide the committee with whatever the best estimates for the potential reserves are. Certainly, they're significant enough to attract the attention of major players.

As you know, Ukraine is facing a quite dire external financial situation. So ideas like that.... I mean, the size of external financing it will require is very large, and ideas about being able to secure it against future revenue streams are interesting and may be an opportunity we could explore.

**The Chair:** Thank you, that's all the time we have.

We're going to move over to Mr. Garneau, for seven minutes.

**Mr. Marc Garneau (Westmount—Ville-Marie, Lib.):** Thank you all for being here. Please don't take it personally if I cut you off. I have lots of questions to ask, and I'll get to the first one for you, Mr. Levin.

President Obama has contacted President Putin and talked to him. Has our Prime Minister spoken to President Putin about the importance of, obviously, not interfering with this ongoing process of democratization that's leading to the next elections?

**Mr. Matthew Levin:** Mr. Garneau, as far as I'm aware, the Prime Minister has not spoken yet to Mr. Putin. The Prime Minister has

made a number of outreach calls to various partners, but has not spoken to Mr. Putin yet.

We've had contacts with the Russian government at the senior official level, but not yet at the prime ministerial level.

**Mr. Marc Garneau:** Thank you.

You didn't seem to know the number of people who were on the travel ban list, and I assume it would be the same people on the economic sanctions list for freezing assets. I have two questions related to that.

Did Canada make up its own list or are we borrowing somebody else's list?

Also, I have to say I'm a bit surprised that we've not implemented the sanctions, because it's at this very time that Mr. Yanukovich and his supporters, his inner circle, may be trying to do something with those assets to get them out from where they could be seized. Can you explain the logic there?

**Mr. Matthew Levin:** On the first question, Mr. Garneau, for the development of the list, the answer to your question is, yes, Canada developed its own list, but I will say that lists are developed in cooperation and in knowledge with key allies and partners. That's the idea of travel bans. I'll leave the second part—

**Mr. Marc Garneau:** Do you know how many are on that list? How long is that list?

**Mr. Mike MacDonald:** That was the question, Mr. Chair, that we had made a commitment to follow up on.

**Mr. Marc Garneau:** You don't know it either. All right, thank you.

The second question is, why put the sanctions in abeyance at this point?

**Mr. Matthew Levin:** I think, Mr. Garneau, as the government was developing the initiatives around sanctions, a travel ban, and potential economic sanctions related to assets, we did so in close coordination and discussion with our key partners, and principally the United States and the European Union. We wanted to move closely in coordination with them, partly reflecting the international experience that such sanctions are most effective when applied by a larger number of parties. If they are applied strictly unilaterally, I'm not saying they're unimportant; they are. They are important partly for their political effect, but in terms of their actual, in the case of economic sanctions, economic effect, they have less impact if not applied broadly.



In this case, we were not looking at a framework like the UN Security Council's set of sanctions. We had more informal consultations with our partners. The discussions with the European Union and Washington revolved around, on the one hand, wanting to make reference to sanctions as a means of putting pressure on the Yanukovich government to behave responsibly, but on the other hand, not proceeding precipitously in a way that could undermine the potential for agreements and settlements and a peaceful resolution to the conflict, recognizing this was all unfolding very quickly and it was often difficult to make a judgment.

I think that explains the decisions around the timing of the way the government proceeded.

• (1605)

**Mr. Marc Garneau:** Thank you.

Mr. Metcalfe, you talked about observers, and you mentioned the 500-plus observers in the past. Has the government made a decision? We in the Liberal Party have also recommended that there should be at least 500 observers led by an eminent Canadian, and there are many who come to mind.

We would like to know whether the government is intending to do that and how soon they would send some of them over, because obviously, some must go ahead. Can you enlighten us on that?

**Mr. Dave Metcalfe:** I'm going to pass that to Tamara, my colleague, whose program is responsible for elections monitoring.

**Mr. Marc Garneau:** Very good.

**Ms. Tamara Guttman (Director General, Stabilization and Reconstruction Task Force, Department of Foreign Affairs and International Trade):** Thank you very much for the question.

Right now at Foreign Affairs we are readying options for an observer mission, anticipating that with the Minister of Foreign Affairs visiting this week, we will receive further information on how the elections will proceed, which will allow us to finalize the options, which, of course, the minister will determine how we go. We're certainly anticipating that there will be an expectation of a very robust presence, and we are looking at how best to deliver that.

**Mr. Marc Garneau:** Thank you.

The IMF was mentioned, Mr. Metcalfe. It is very key obviously that countries come to the economic help of Ukraine. We all know the fiscal situation there.

Can you tell us whether Canada is planning to contribute through the IMF? Is that its intention or is it doing something separately from it? What kind of negotiations are ongoing at the moment? Obviously, that is a key part of it, and unless that part gets done, the rest can fall apart. Whatever you can tell us on that would be helpful.

**Mr. Dave Metcalfe:** Sure. I think to answer your key question, I'll turn to Matt.

I'll just say that we're working with the IMF right now in terms of technical assistance and readying the reforms to prepare for an IMF-type program should that be coming. I'll turn to Matt who can speak to the economic situation.

**Mr. Matthew Levin:** Thank you, Mr. Garneau.

You're absolutely right. That is now a key area of discussion internationally among partners and with the Ukrainian authorities. Ukraine is facing quite a difficult economic circumstance and especially in its external financing requirements. It clearly requires large-scale international financial assistance, and in Canada's view, but really in the view of all our partners, the IMF necessarily has to be a central piece of that response, partly because of the volume of financing that's required, but partly because that external financial support has to be associated with the sort of reforms that will make the Ukrainian economy sustainable and put it on a firm growth path going forward. Otherwise, that financial assistance will simply be lost.

In fact, Ukraine's track record with the IMF is not good. It had previous agreements where it hasn't been able to meet the obligations of the agreements to fulfill the reform requirements, and as a result, among other reasons, the Ukrainian economy has not performed well.

Canada is very supportive of a strong IMF program. We are in discussions at the IMF through the executive board of the IMF and in other fora. We're talking with our key partners on a regular basis about how best to move that forward quickly. It's recognized that this response has to be fairly quick, and IMF officials are already engaging with the new Ukrainian authorities, discussing the outlines of a potential support package.

• (1610)

**The Chair:** Thank you.

That's all the time we have. We're going to start our second round, which will be five minutes each. I think we'll have time for just this round, so three questioners. I'm going to start with Ms. Brown, then over to Madame Laverdière, and then back to finish with the Conservatives.

Ms. Brown.

**Ms. Lois Brown (Newmarket—Aurora, CPC):** Thank you for your presentations. It's very timely that you're here today. We are all watching what's going on in Ukraine very, very carefully.

I know that Canada has been present in Ukraine for quite some time. I actually have a list of all the projects we have ongoing in Ukraine, many of them focusing on governance. You talked about an independent judiciary being one of the very important things that we need to have there because that's part of the reforms that we need to see. I'm really pleased to hear you talk about an independent media.

Mr. Metcalfe, I think you're the one who spoke about that. You said that we're currently examining other possibilities to support free media. I wonder if you could expand on that a little bit. I was part of the delegation that went two years ago. One of the groups that we met with was the independent media who were expressing to our delegation the significant difficulties they have in garnering advertising dollars so that they can stay on the air. I supported an independent radio station financially just because I thought it was the right thing to do. I'm pleased to hear that we have some projects that we're looking at. I wonder if you could talk a little bit about that.

Mr. Levin, you talked about the IMF and a coordinated approach in helping Ukraine. Do the western allies all have the same objectives? Is there common ground that we're going to go forward on? I'll ask you both to address those.

**Mr. Dave Metcalfe:** Sure. As you mentioned, the media is very important in terms of advancing democracy. We have projects under way that we're looking to advance soon. We're also working with the journalists, but first in the immediate future is the protection of journalists. They've been targeted by the regime, by players in terms of cyberattacks and those sorts of things. It's about keeping their information safe and then allowing them the space to be able to report, turning on investigative journalism and how to actually report, not taking things at face value, but being able to report using web media, and being able to access citizens where their usual source of media may be influenced or jaded, I guess I would say.

Also, it's about working with them to use the public access to information laws and the promotion of ethical and professional standards and advancing those forward. As I was mentioning, a big part of that is protection of journalists and how they can protect their data and their information from cyberattacks. It's also included within that.

**Ms. Lois Brown:** Is there a positive response to that?

**Mr. Dave Metcalfe:** A positive response from?

**Ms. Lois Brown:** From the country as a whole or the journalists themselves.

**Mr. Dave Metcalfe:** As for the journalists themselves, I was there in November and I had a round table with a number of journalists, and that was key at the time, the protection of journalism. As I was saying, one of their top concerns was the cyberattacks they were experiencing. They were definitely appealing for more help in that area.

**Ms. Lois Brown:** Is there any legislation that was introduced to give them any coverage?

**Mr. Dave Metcalfe:** That I can't speak to. I could get back to you.

**Ms. Lois Brown:** It would be interesting to know.

Mr. Levin.

**Mr. Matthew Levin:** Thank you.

On the second part of the question, there is a striking degree of consensus among the key international actors. The European Union has commissioned the key EU member states, Washington, and ourselves on the importance of an immediate engagement by the IMF, but recognizing that of course there does have to be a Ukrainian government in place to request that and to have the

capacity to agree to a reform program with the IMF and then to implement it.

I think there is a very large consensus among key allies on that issue.

**Ms. Lois Brown:** Is there anyone that you think would take the lead on this? Is this something you think the European Union is going to drive, or do you think we will all have equal parts?

You talked about \$20 million in your remarks and how that is going to be directed towards capacity building. What will Canada's role be in all of this?

**The Chair:** You have about 30 seconds to answer that.

• (1615)

**Mr. Matthew Levin:** On the question of the IMF engagement specifically, I think that is by definition a multilateral thing. All of us who are significant members of the IMF who have seats on the executive board will play a role in making sure that it moves ahead in the right way and at the right speed.

In terms of how that links more generally to other support programs that countries put in place, Canada and others that align with it and are supportive of it, I don't know, Dave, whether on the trust fund part or the advice we're giving the government in terms of assisting its capacity to deal with the IMF—

**The Chair:** That's all the time. You can maybe catch it in the second round.

Madame Laverdière, you have five minutes, please.

**Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP):** Thank you very much, Mr. Chair.

[*Translation*]

Thank you all for being here.

I would first like to apologize for being a little late. I was held up in the House.

I too am very concerned about the financial support that Canada and other countries are able to provide to Ukraine. You talked about the issue of timing, meaning that we must wait for a proper government to be in place before the International Monetary Fund can proceed. So I am wondering what will happen over the next few weeks.

**Mr. Matthew Levin:** Thank you, Ms. Laverdière. I will answer in English, if you don't mind.

**Ms. Hélène Laverdière:** No problem.

[*English*]

**Mr. Matthew Levin:** Of course one doesn't know exactly, but I think what is likely to happen in the very immediate future, and in fact I think it is happening as we speak. The parliament today nominated a new government. We expect that the members of the new government, including the finance minister, the central bank governor, will be officially in place as of tomorrow.

That is really an essential stage for the formalization of negotiations and agreement with the IMF. Ultimately the nature of IMF support requires it to be based on an agreement that a government undertakes with the fund as an organization.

Having said that, the discussions are already taking place. There have been people acting in positions, or at the deputy level in the key ministries, so discussions are already under way. One doesn't know how it will unfold, but it's very plausible to think that this process will unfold very quickly, because it does enjoy a very broad support from the international community and there have been initial signals from the Ukrainian government that they see this as indispensable.

[Translation]

**Ms. Hélène Laverdière:** Thank you.

I have another question, this time about visas.

You said that it was not possible to provide the names of individuals who are under a travel ban in Canada. However, when the sanctions were imposed on Syria, the name of the people affected by those sanctions were even listed in news releases. I am trying to understand the difference.

[English]

**Mr. Mike MacDonald:** I think the fundamental difference with sanctions, and DFAIT is the expert on this, so they can let me know if I misspeak.

Sanctions oftentimes are regimes that are taken by order in council, so the regulations are published. They're a public process. The travel limitations are an operational effort that departments, CIC and security partners and the CBSA undertake at an operational level. They are not public events.

[Translation]

**Ms. Hélène Laverdière:** Thank you very much.

I will be quick, since I have only one minute left. I am very happy to see that the director general of the Stabilization and Reconstruction Task Force is here.

The elections monitoring mission was mentioned, but I was wondering whether the Stabilization and Reconstruction Task Force has other commitments toward Ukraine? Could it potentially play a role in Ukraine?

Thank you.

**Ms. Tamara Guttman:** Thank you for your question.

The Stabilization and Reconstruction Task Force has a number of mechanisms to support democracy and stabilization. We have the Canada Fund for Local Initiatives, which is currently being used in Ukraine for emergency medical assistance, but the amounts are not very high, between \$5,000 to \$25,000.

In terms of the Global Peace and Security Fund, we will see later—probably after the president is elected and the government is formed—what possibilities exist with respect to democracy, civic participation and security. That will depend on the needs, which will become clearer then.

● (1620)

[English]

We have possibilities that we will certainly be exploring. Most immediately our focus is on the elections, however.

**The Chair:** Thank you, Madame Laverdière.

We're going to finish up with Mr. Anderson. You have five minutes, please.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** I just have a couple of questions.

I'm wondering if you can talk a little bit about how serious the concerns are that have been expressed over some of the challenges to the territorial integrity of Ukraine. I'd also like to talk a bit about the relationship Ukraine has with NATO and with the EU, present relationships with them, as well. Perhaps you could give us a little bit of information on that.

First of all, can you deal a bit with the territorial integrity? Our government has come out and said plainly that we insist the unity of the country and its territorial integrity be maintained. Could you talk a little bit about that?

**Mr. Matthew Levin:** Certainly our position as a government has been to insist that it's fundamentally important that all parties, all partners of Ukraine, all neighbours of Ukraine, respect and support the territorial integrity of Ukraine. Certainly, any notion there might be of reopening borders would be extremely problematic and detrimental to the stability of Ukraine...possibility to seize this moment to really reinforce its democracy and build prosperity.

We have taken note that the foreign minister of Russia yesterday in a public statement also reaffirmed Russia's commitment to Ukraine's territorial integrity. We, certainly all our close partners in the European Union, Washington, have stressed and underscored that point. We believe that is a broadly shared perspective in the international community, and we'll continue to insist on it. We'll monitor developments. But we believe that is the path that developments are on.

**Mr. David Anderson:** I'd like to talk a little bit about the EU and its relationship with Ukraine. I think they were perhaps caught by surprise as well when Yanukovich made his decision in late fall. Can you talk a bit about the relationship there and where you see that going over the next short while, in the short and medium term?

**Mr. Matthew Levin:** The European Union, not to speak on their behalf, but they have said really throughout, following the Vilnius summit at the end of November where the Yanukovich government made clear its decision not to sign the association agreement that had been negotiated, continued to take the position that that door remained open despite that decision. During the most intense days of the crisis and throughout the last couple of days, as we've moved towards the formation of a new government, they have reconfirmed the position that they're very ready to resume that discussion and to proceed towards the signing of an association agreement.

With respect to the Ukrainian position, we have seen senior political figures—it's early to talk about them as ministers, because this was before anybody was appointed—including the acting president, declare Ukraine's interest in resuming that discussion and moving towards the restoration of that agreement very quickly.

I think the association agreement and the deep and comprehensive free trade agreement that were part of the EU-Ukraine package remain a very real and near-term possibility for completion. That being said, that is a negotiation that will take place between the European Union and the Ukraine. We can't really speak authoritatively with respect to that.

**Mr. David Anderson:** Quickly, having seen the makeup of the new government, do you think that's a group that will be open to those discussions?

• (1625)

**Mr. Matthew Levin:** I've seen the formation of the new government, at least those individuals who have been nominated as prime minister, foreign minister. The nominee for foreign minister, throughout his 20-year career in Ukraine academia and politics, has been a strong advocate of European integration for Ukraine. The other senior figures are themselves individually associated with a political movement that has supported Ukraine's Euro-Atlantic identity. So I would expect there would be a strong push on the part of the new authorities to proceed in that direction.

**The Chair:** Thank you. That's all the time we have.

I want to thank our witnesses for being here. We appreciate your taking the time to give us this briefing on Ukraine.

We're going to give you a chance to back away from the table. We'll get our new witnesses up here so we can start right at 4:30 sharp.

Thank you very much.

• (1625)

(Pause)

• (1630)

**The Chair:** I want to welcome our two guests who are back here again. It's great to see both of you.

We have from the Canada-Ukraine Chamber of Commerce, Zenon Potoczny. Welcome, and thank you for being here.

From the Ukrainian Canadian Congress we have Taras Zalusky who is the executive director of the National Office. Welcome.

I realize you both have opening statements. I want to start with you, sir. We'll have your opening statement, and then, Taras, we'll have yours. Then we'll go around the room and ask questions. We're probably going to finish right at a quarter after. Thank you.

**Mr. Zenon Potoczny (President, Canada-Ukraine Chamber of Commerce):** Thank you, Mr. Chair, for inviting us here to speak today.

I'd like to say a few words about the Canada-Ukraine Chamber of Commerce so you know where we're coming from.

The chamber is a privately led initiative whose purpose is to facilitate trade and investment relations between Ukraine and Canada by organizing and sponsoring trade missions, seminars, and trade conferences, in addition to offering access to specific areas of business expertise and consulting resources to the business communities both in Canada and Ukraine.

I would like to mention to Mr. Goldring that the Ukrainian shale gas reserves are about third in Europe, at about 42 trillion cubic feet,

which is quite substantial. Companies like Chevron, Exxon, and Shell are working on production trading agreements right now, which is like mortgaging the resources to do things.

I would like to talk today more or less about the economic and financial requirements of provinces in Ukraine.

First of all, I draw your attention to the terms of the accession of Ukraine to the Treaty on the Non-Proliferation of Nuclear Weapons as a non-nuclear state. As you know, it was signed in December 1994 in Budapest by President Clinton, President Yeltsin, and Prime Minister Major. By that agreement the important thing is that these three countries have all guaranteed Ukraine economic freedom and not mixing in Ukrainian economic affairs.

Now as you see and probably heard a few days ago, Russia has again blocked the export of pork from Ukraine to Russia. Before, many other exports were blocked. Obviously Canada needs to remind all three of them, Russia, the U.S.A., and the U.K., what they have signed, and what guarantees they have given to Ukraine. I wish Canada would really press that issue.

Russia is also a member of the WTO now and needs to live by its obligations. Canada again needs to take a strong stand on this issue. The Russians cannot just do whatever they wish in Ukraine.

Second, essentially Ukraine now has pressed the reset button and is beginning the very difficult task of restructuring its government and government agencies. As an attempt to streamline these bodies to fit western norms, Canada can play a pivotal role in providing guidance. This guidance can take the form of sending consultants and advisers to work with the ministries and various government agencies to reform the policy and develop new policies. Hands-on commitment from Canada is needed here.

One of the reasons Yushchenko's government failed after the Orange Revolution was that they really had no advisers and no consultants helping them along the way. Let's not forget Ukraine has been under the Soviet system for many years, and unfortunately does not have as many specialists in these areas as we might think.

Third, we need a plan of financial support, something maybe of the nature of the Marshall plan is definitely required for Ukraine. We need an immediate intervention of western partners such as the EU, the U.S., Canada, and the International Monetary Fund.

Ukraine has been basically raped by the former regime of Mr. Yanukovich, and it's bankrupt. The economy is collapsing, and the currency is in free fall. For example, today it closed at 10.5 hryvnias to a dollar. Two weeks ago it was roughly at eight hryvnias to the dollar.

The incoming government estimates that Ukraine will require about \$30 billion to \$35 billion in financial aid, and certainly this assistance needs to be tied to clear and agreed reforms. The Ukrainian economy needs to be modernized to become competitive. This aid will also assist Ukraine in surviving the continuous Russian blockade and economic retaliation, especially in the energy sector.

Canada needs to be an ambassador and a visible financial participant in this plan.

•(1635)

Ukraine has about \$2 billion in external bonds coming in, in the next couple of years. I believe half of it is to be paid to the IMF. The IMF needs to restructure this debt as soon as possible.

On the support for an economic strategy, in an effort to strengthen the Ukrainian economy, we ask the Canadian government to consider establishing a think tank or advisory board to advise the Ukrainian government going forward on necessary economic reforms. We have organizations such as CIDA active in Ukraine, but we feel that CIDA might need to move also into other areas besides the civic areas. It needs to move into areas of small and medium business development. This will help develop the middle class in Ukraine which right now is almost non-existent. You have oligarchs and you have a lot of poor people.

We have talked to CIDA. We have talked with them now for about a year or a year and a half and there was supposed to be a call for proposals to develop this kind of program for small and medium business development, but so far it has not been done. I think it's time to do it now and as quickly as possible.

The Canada-Ukraine Chamber of Commerce could be involved. We have over 110 business specialists as members of our organization. One-third of them do business now in Canada and in Ukraine, so they know both sides of the picture and they could be quite helpful in developing this program jointly with CIDA.

Last but not least, ladies and gentlemen, I have walked on the Euromaidan quite a few times. I have been to the barricades, and I have seen these people. They were ready and as you know a lot of them died for a free and democratic Ukraine.

Let's not allow Russia to buy Ukraine again for \$15 billion as they almost did and suppress all of these people of goodwill that are fighting for freedom.

Thank you very much.

**The Chair:** Thank you very much.

We'll now turn it over to Mr. Zalusky.

**Mr. Taras Zalusky (Executive Director, National Office, Ukrainian Canadian Congress):** Thank you, Chairman.

The Ukrainian people have paid an extraordinary price for their freedom. They paid a price in human lives in favour of their own inalienable rights. It is the responsibility of the new authorities to ensure that they justify that confidence the people in Maidan entrust in them.

The Ukrainian Canadian Congress urges the new authorities of Ukraine to consult with civil society leadership as they move forward. We underline that in the coming days, weeks and months, we will see the historic course of Ukraine be determined. The establishment of a new government is only the beginning of the process of building a democratic and free country and much difficult work and many challenges lie ahead.

The Ukrainian Canadian Congress and the Ukrainian Canadian community stand ready to provide support to the people of Ukraine at this critical juncture in their history.

I understand that the previous speakers have given us a lot of background, so I'd like to be quite concrete here in some of the things I have to say. I have about 12 recommendations on what can be done to help build Ukraine.

The first one is I believe there is a need to create a government that will be inclusive and acceptable to the vast majority of Ukrainians, which responds to Mr. Goldring's point earlier and to others. There will be a need to immediately stabilize the political unrest in Crimea. There will be a need to normalize the relations with Russia. Ukraine does \$30 billion a year of trade with Russia, and \$40 billion a year with the EU, and it's not an either/or. Frankly, the fact that the Kremlin would close its door on Ukrainian exports when Ukraine indicated that it wanted to sign a deal with the EU is equivalent to the Americans stopping all the goods being exported at our border when the Prime Minister signed the trade agreement with the EU. It makes no sense.

We believe that the tax system in Ukraine needs to be reformed. There needs to be some progressivity in the tax system. Right now, the largest source of direct financial investment in Ukraine is Cyprus, a tax haven that people use to funnel money and siphon money from the state and from their own enterprises to avoid the payment of taxes. In 2012, the last year for which I have statistics, it's in the order of magnitude of \$40 billion.

The new authorities will need to find the funds to ensure that the public sector can continue to be paid. We're talking about nurses, doctors, teachers, military, armed forces, and the police. That's good operating practice. One, it's important for providing peace, order and good government as we like to say here in Canada, but it's also very important in terms of putting an end to the endemic corruption we've seen where you can't get health care unless you pay a bribe, and the traffic police will stop you and they'll let you go if you pay a bribe. This is definitely an area that needs to be targeted.

Ukraine needs to deal with corruption. It's widespread and we need to assist them in dealing with it quickly and strategically. The priority areas for that would be the judiciary and the oligarchs, but also the top-to-bottom approach where no one is outside of the scope of the law.

On land reform, Ukraine still has a moratorium on the purchase of agricultural land, and they have to deal very carefully with how that situation is dealt with in the future. It's looked at by many as a possible source of revenue.

Mr. Yanukovich, on a trip in the third week of December, made a deal with the Chinese to lease out long term 5% of the best black earth soil in the world for a very long period of time. That's what we have to avoid, that they're actually mortgaging their future for immediate economic gain.

•(1640)

On privatization, there should be no rush to privatize. The last time this was done, there were many corrupt deals. Especially now in a period of financial pressure, there could be a tendency to not receive the best value for strategic assets.

We believe there needs to be a concrete path for not only signing the association agreement but also long term for Ukraine's EU accession once it has strengthened its agricultural and industrial sectors. There also needs to be a period of national reconciliation. It's very difficult, and we've all seen the images on the streets in the last number of days and months. Ukrainians will need to band together to build on this national project.

Finally, on technical assistance, we've spoken with the transitional authorities in Ukraine. They've indicated to us that the needs are great. The senior ranks of the public service in Ukraine were stacked with cronies and people who were not fit to hold the jobs that they were entrusted. People in the economic departments do not know what they are doing. They really do need help in a number of areas. Some of the areas I would suggest where Canada could provide some very significant assistance would be in things like developing sound fiscal monetary policy, agrarian reform, training of senior civil servants, police training. Today they have disbanded the Berkut, the SWAT police, and put in place a police force that has the values and ethics the people deserve and that is there to actually represent and protect the people.

Finally, in the long term what can Canada do? I would agree with what my colleague Mr. Potoczny has said on the point of an international assistance package. Other things would be the signing of a Canada-Ukraine free trade agreement, because I think trade is one of the best guarantors of a better future for our two countries; a liberalization of our visa regime between our countries; and to continue in the short term to provide humanitarian and much-needed medical assistance.

Thank you.

• (1645)

**The Chair:** Thank you very much, Mr. Zalusky.

We are going to start with Mr. Atamanenko, for seven minutes.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Gentlemen, thank you so much for being here and for providing your comments and sharing your knowledge.

I should say, Mr. Potoczny, that your representative in Alberta, Vitaliy Milentyev, is my cousin, and he has been keeping me informed of what's going on. I just wanted to thank him for that.

We all understand what's going on. I just learned, for example, that Russian MPs have been sent to Crimea and are talking to TV channels about expedited Russian citizenship, and this type of interference.

Russia is not going to go away. Should Canada be playing a role as a middle power to somehow bring Russia into the fold with the EU so that we can create, once and for all, a free and democratic country, but with support and without posing a threat to Russia at the same time? In other words, involve them and the EU, in everybody's best interests, to have, once and for all, as I said, this free and democratic country that is able to function with the European Union and still maintain ties with an economic partner such as Russia. If that's the case, should we be making more of an effort as a country to try to bring this together?

We don't want this to turn into a geopolitical battle or a battleground between the west and Russia. We can't have that. It's a question that has been on my mind in the last few days and I'm glad I'm here so I can ask you that.

**Mr. Zenon Potoczny:** I would say that negotiating with all the parties to the problem is always a good solution.

I'm just not sure if Russia is ready to negotiate, because, as you said, Russia is not going away. I'm glad that people like the Russian ambassador to Canada yesterday on TV said, "This is not even on our minds, entering into Ukraine." At the same time, as you said, MPs from the Russian Duma are going there to sort of give passports to Ukrainians. This goes back to the Georgian play as they did over there. Suddenly it's, "We have a whole bunch of Russian citizens so we have to protect them," or "We came in only to protect them."

Yes, if you can somehow convince them, but I'm not sure that they are convincible. I would be very careful how you negotiate with them. If Canada can somehow be that ambassador and bring the three sides, including the European Union, together, I would be definitely for it.

I would just keep on telling everybody, that includes the U.S. and Russia, that they have signed an agreement; they have put their signatures on it, so stick to it. Don't play games, just stick to the agreement you have signed.

**Ms. Hélène Laverdière:** Thank you very much for two very interesting presentations.

I was hoping to listen to you and to ask you about what kind of assistance Canada could provide and what was the economic situation over there. I think you've covered quite a lot of ground. If there is anything that's been left out of your presentation because of time constraints, please don't hesitate to take this opportunity to add to what you've mentioned.

I was struck by this issue of land grabs that we see happening more and more everywhere around the world, which is not limited to African countries. It's an important issue, so I just wanted to underline that I've taken note of that.

I'm finally coming to my question, which is about energy and energy sources. What is the outlook? What are the scenarios here for Ukraine?

• (1650)

**Mr. Zenon Potoczny:** Definitely, Ukraine has huge potential in energy. Ukraine has, as I said, the third largest reserves of shale gas in Europe. Ukraine has huge potential of regular natural gas in the Black Sea and Azov Sea. The problem always was, and I hope it goes away now, that they've talked about the potential but never have done anything about it, for 20 years. I go to these conferences on energy in Ukraine every year and the ministers talk about the potential, for 20 years now, but nobody has done anything. The main reason is all the ministers, including President Yanukovich, always wanted a piece of the action in every project that was going to be developed, and if they did not get what they wanted, nothing happened.

Even now when Shell, Chevron, and Exxon have signed production-sharing agreements with Ukraine, if you look very carefully at who is in these production-sharing agreements, it's usually the Ukrainian government on one side, the oil company on the other side, and then you always find a small company in between, which is there for 5%, 7%, 8%. These are actually companies related directly to Yanukovich and his family and friends. This is the main reason nothing has been done: they are always negotiating, "I need 10%, I need 15%, I need whatever per cent to let go."

I hope that now, finally, this new incoming government will take very seriously that part of Ukrainian business, because really, if Ukraine develops the resources they have, they're free from Russia for the major problem they have, which is energy. Then actually Russia will be dependent on Ukraine because they still have to ship their product through Ukraine. At this point, unfortunately, when you buy 70% of your energy supplies from one country, and it is Russia, as you have seen before, they can turn off that tap, especially when it happens for some reason in the winter, and then you have no choice but to do whatever they ask you to do.

I would say this is the main reason, corruption, and basically not allowing companies to work freely on developing these resources.

**The Chair:** Thank you very much.

We're going to move over to Ms. Brown, and then to Ms. Grewal, for seven minutes.

**Ms. Lois Brown:** I'm going to give it to Mr. Anderson just for a moment.

**The Chair:** I was close, but all right.

**Mr. David Anderson:** Thank you, gentlemen, for coming here today.

I have one quick question. I want to talk to you about the impact of the travel bans and potential sanctions.

What we have said as a government is that we're going to calibrate them to respond to the degree to which that intent and the spirit of that agreement are kept. Can you talk a little bit about whether you think they have worked? Did they get the attention of the people whose attention they should have had?

**Mr. Taras Zalusky:** I think you are dealing with two issues. One is the threat of the sanctions to make bad actors in the previous government stop doing the wrong things: stop killing people on the streets and stop the violations of human rights. For that intention, they have served their purpose.

The other reason you would put into place economic sanctions is to be able to subsequently recover the plundered assets. There was an article today by Andreas Umland stating that the Yanukovich family alone probably would be a potential source of recovery to the tune of \$12 billion in assets. So, from our point of view, this is not the time to stop the economic sanctions. To the extent that those assets can be frozen and then be retrieved and returned to the Ukrainian people, it is absolutely necessary that it happen, given their current financial situation.

• (1655)

**Mr. David Anderson:** I'll turn it over to Lois.

**Ms. Lois Brown:** I want to take a moment, if I may, because I'm concerned about some of the things that were highlighted just a few moments ago in testimony.

I think it's important for the committee and for Canadians who may be watching this to know that Canada has been very involved with Ukraine for quite a number of years. They are a country of focus for us with our development dollars. I just want to highlight some of the projects that we have ongoing in Ukraine right now.

Saskatchewan Institute of Applied Science and Technology is working there with micro, small, and medium-size enterprises. The project is designed to benefit 14,000 students over its course. A lot of that money is being dedicated to helping women grow businesses.

I also want to highlight a project by Mennonite Economic Development Associates, a project that is aiming to strengthen the capacity of 5,000 smallholder farms in the regions of the Crimea and Zaporizhzhia.

Another project they have is for 6,887 small horticultural farmers, to help them improve their technical expertise.

Another project they have is with 3,000 dairy farmers in two districts of Ukraine, to improve the quantity and quality of the milk they produce.

In another one, they have 3,234 dairy farmers now introducing new feeding and pasture management techniques, milk storage and processing best practices, and other technologies to help them grow their businesses.

I would hate to have Canadians think that we have not been active. I have many projects that I could read into the record, but I just want to ensure that Canadians know that we have not abandoned Ukraine by any stretch of the imagination. Those projects are ongoing, and we look forward to the time when we can be putting other projects into Ukraine with the partners with whom we work.

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Thank you to the witnesses for their time and their presentations.

Viktor Yanukovich, now the former president of Ukraine, seems to have disappeared, and former government leaders can provide rallying points for counter-resistance and foment unrest.

At the same time, many countries can try former leaders for crimes committed while they were in office.

What leads does the Ukraine have on Mr. Yanukovich's location, and what legal options might it pursue against him?

**Mr. Taras Zalusky:** There is a nationwide warrant for Mr. Yanukovich's arrest. He has tried to exit the country on two occasions and has been stopped by the customs and border authorities.

As recently as today, a dossier has been prepared to be sent to the International Criminal Court concerning both Mr. Yanukovich and former minister of the interior Mr. Zakharchenko for crimes against humanity.

**Mrs. Nina Grewal:** The brutality of the security forces, the services, was a rallying point for the anti-government resistance. The security services working under orders from the Government of Ukraine beat and even killed Ukrainian protestors. With parliament now asserting control over the country, what is the position of the security services, and are they expected to work with the acting government? What do you have to say?

**Mr. Taras Zalusky:** As recently as the first day in operation of the new government and the removal of Mr. Yanukovich, the military, internal affairs, and the police have given their full support to the new governing authorities, as have the ministries of justice and foreign affairs.

**Mrs. Nina Grewal:** The Ukrainian parliament has asserted parliamentary supremacy by removing Mr. Yanukovich without using constitutional provisions. The Westminster parliaments have long traditions of parliamentary supremacy and a strong legislature, but what is the status of these institutions in Ukraine and what legal challenges does the Ukrainian parliament face following the removal of Mr. Yanukovich?

• (1700)

**Mr. Taras Zalusky:** The legal challenges are many. There was a revision to the constitution. Ukraine has had essentially two constitutions during its time of independence and they have now reverted to what's called the 2004 constitution, which results in a much greater share of power between the prime minister and the office of the president. That's the first one.

The second part of it, of course, is that a number of pieces of legislation that were either manipulated or changed have been reverted to be in compliance with the 2004 constitution. I would say there are approximately 35 to 40 pieces of legislation which have consequently been amended to be consistent again with the previous constitution. One of them that's outstanding is the electoral law.

**The Chair:** Thank you.

That's all the time we have. We're going to finish off with Mr. Garneau for the first round and we'll have time for a quick couple of rounds.

**Mr. Marc Garneau:** Thank you, gentlemen, for your testimony today. We're hoping that a very substantial number of observers from Canada will go to Ukraine to be involved with overseeing the election process.

I'd like your personal opinions about how best to deploy them, because many Canadians who might go, of course, have the benefit of speaking both Ukrainian and Russian. That is a very important quality to have in this particular case. We're hearing about difficulties in the Crimea at this particular time with different factions.

I would like your opinion on where you think we might best deploy Canada's observers for this upcoming election.

**Mr. Taras Zalusky:** I think that what we've seen since the weekend was a lack of the type of foment and unrest that was widely predicted before the fall of Yanukovich, with the exception of the Crimean peninsula.

I think that people who were cowed to that point in time and did not criticize the government then felt free and you had tens of

thousands of people joining the protestors from everywhere, even in deep Russian-speaking areas.

I think that for a credible role to be played, you would have to have good, unbiased coverage across the entire country. Don't forget it's a presidential election. There will likely be a first round and then a runoff. Not to get into the tactical elements of where you would deploy, but I would suggest wide deployment across the country.

**Mr. Zenon Potoczny:** Maybe I could add to that. I still feel that what you said, someone speaking Ukrainian and Russian, is very important in the force that's going there. I would still concentrate more on the eastern and southern parts, so all the very much pro-Russian or whatever forces. I would still send the majority of them there.

In western Ukraine, Taras, I think you would agree, it's fairly stable and fairly normal, but eastern Ukraine and the Crimea are going to be very tricky.

**Mr. Marc Garneau:** Thank you.

Concerning Russia, I do hope our Prime Minister will contact the President of Russia, but I'm getting mixed messages. Obviously yesterday, Ambassador Mamedov said that there is absolutely no question of anything and yet you've mentioned MPs offering expedited departures from the Crimea. Also, we're hearing about military exercises occurring.

What's your feeling about the situation? Are you seriously concerned? How would you describe your feelings?

**Mr. Zenon Potoczny:** I am seriously concerned, because suddenly the military exercise in the region came from nowhere. That's very strange. I just don't like that whole plan, which is almost like a copy of the plan in Georgia, where they are not giving them passports for them to leave; they're giving them passports so later they can use the excuse that they're coming in to help their Russian citizens. If they gave them passports and asked them if they wanted to come to Russia, go ahead, I don't mind. Everybody has the free will to live where they want to live and to go where they want to go. But this is not the purpose for wanting to give them the passports. They want to give them the passports so later they can use that excuse of coming in. I'm very concerned about that.

• (1705)

**Mr. Marc Garneau:** With the events of the last day, the possibility that Mr. Yatsenyuk will become the prime minister and a vote tomorrow, how do you feel? From your intimate knowledge of the situation, are you optimistic about the vote tomorrow establishing the interim government and starting the process in getting off to a good start?

**Mr. Taras Zalusky:** I think we have to be optimistic.

**Mr. Marc Garneau:** Yes. Are you?

**Mr. Taras Zalusky:** Look, even today, I've seen two different lists of who will be in that unity government. I think it's a bit of a mug's game to try to predict who will actually be in the cabinet. I think the names that are being circulated are quite credible among those that have been circulated in most recent days.

**Mr. Marc Garneau:** I wasn't so much concerned about who would be in, but is there a sense that, yes, we want to make this work and that everybody's ready to compromise a bit?



**Mr. Taras Zalusky:** On everything except for corruption. If it were up to the politicians—no disrespect to anyone in the room—the people of Ukraine would have had Viktor Yanukovich as president for another 10 months. The people on the Maidan put their foot down and they said, “We won't have any more of it.” They're going to continue to hold this new unity government to a much higher standard than we've been used to in Ukraine. I think that is a very good sign and gives room for optimism in this situation.

**Mr. Marc Garneau:** Finally, I'd like to talk about the economy. You have drawn a picture of some fairly major obstacles in terms of getting the economy on a solid footing, and you both mentioned corruption many times. There's no question about that.

In terms of trying to identify what single most urgent measure there is to try to start to move the economy forward, other than the IMF providing a restructuring loan, is there anything within the country that you think needs to happen with the new government to move the ball forward?

**The Chair:** In 30 seconds; I'm sorry, but we're running low on time.

**Mr. Zenon Potoczny:** Unfortunately, I would say that, yes, western aid right now is critical. I think this government is going to be very serious about it and they're going to really follow the rules when you give them these funds, but without it, it's impossible to survive.

I was born in Poland. I saw Poland before they went to the European Union. What has aid from the European Union done for them? There's totally no corruption. The country is totally reformed. The infrastructure is totally brand new. I believe Ukraine can be the same. Why not? You just have to give them the chance. You can't walk away from them right now. Give them the support and they'll do it.

**The Chair:** Thank you.

Thank you, Mr. Garneau.

Mr. Goldring, for five minutes.

**Mr. Peter Goldring:** Thank you for appearing here today, gentlemen.

First, I want to express our deepest sorrow and condolences for those patriots who lost their lives or were badly injured, and for their families and friends as well. It was truly an example that sometimes the price of democracy, unfortunately, is patriotic lives. They are truly heroes of the Maidan, and I'm sure they're going to be recognized as that forever.

It's good to hear, Taras, your encouragement for linguistic inclusiveness, because when I was there at Euromaidan in December, one of the things I noted very importantly, having been in Ukraine since the Orange Revolution and every election since, is that one of the difficulties seems to be this linguistic divide. To see Russians speaking and Ukrainians speaking—maybe not in even numbers, but being represented there at the Euromaidan, standing together—bodes well possibly for the future of the country. It's good to see that.

The second observation I would make here is on the gas reserves. My understanding, and maybe you could comment on it, is that you

can put huge reserves, but what does that equate to? Do they have a number on it as far as its value is concerned?

I've heard that Russian Gazprom funds environmentalists who are standing against the development of the shale gas. Is that an actuality? That certainly can tie things up. It sounds to me as though it's Russian Gazprom that's financing them, because it's competition. If they can stop the gas from being developed, that would certainly serve its purpose.

I really believe that asset either could be mortgaged now or they could invite some of the other countries to give bridge funding. It could be not so much giving money to the country, but it could be bridge funding on the basis of that potential reserve.

Could you comment on that?

Before we touch on that one, I'm just going to comment. It all is together, because it ties in with the trade and the desire to get back to free trade discussions with Canada. It's all economics. One of the things that certainly was also very evident to me when I was there was that there wasn't the desire to shut the border to Russia, because as you correctly identified, one-third of the country's trade is with Russia. They want to continue the trade with Europe and continue the trade with the rest of the world, so it's not a matter of turning their back on Russia; it's a matter of having the nationhood right to trade with whomever they please.

I've rolled that all into probably two, three or four questions, but if you could handle it—

• (1710)

**The Chair:** You have about a minute to answer them all.

**Mr. Zenon Potoczny:** Maybe quickly on the gas, definitely there are rumours—I have no proof—that Gazprom was financing all these environmentalists to cause some problems. I noticed that in eastern Ukraine when Shell was signing the deal with the Ukrainian government, there were very few complaints about the environment, because that was a very tightly controlled area of Yanukovich and his group. They basically just told them to sign and not to ask any questions.

In western Ukraine, on the other side, where Chevron was signing the agreement, it was delayed a couple of times by a month or two or three, and there were quite a few environmental groups that were sort of fighting the signing. Obviously, Yanukovich did not have enough power and pull in western Ukraine to just tell them to sign it.

There has been that rumour. I can't confirm whether it was Gazprom that financed it or not.

On gas, definitely there are numbers you can put on these reserves. All these companies that are signing these deals are big companies. They know what they're getting into. Each of these deals is in the range of \$10 billion, so these are huge deals. If Chevron signs a deal for \$10 billion, it obviously has done enough studies, because it is committing on paper to putting that amount into developing the field, which is eventually going to be split, country-company, in this production-sharing agreement. That's what they like.

One thing Yanukovych and his group did was to pass legislation on production-sharing agreements, which is a very big thing, because in Ukraine before there were funny structures but no production-sharing agreements. He has done it, maybe thinking he would be a partner in all of this, so he wanted to be protected more than anybody else, but he has done a very good job on that.

**The Chair:** Thank you. That's all the time we have.

We're going to have one very quick question from Madame Laverdière, and then we're going to have to wrap up.

[*Translation*]

**Ms. Hélène Laverdière:** Thank you, Mr. Chair.

I will make a quick comment and then ask a question.

My colleague, Ms. Brown, brought up the issue of tenders. Let me say that this has become very common in recent years. Some NGOs have been waiting for three years for the calls for tenders under the partnership program. In any event, we hope that you will have some news very soon about your call for tenders.

Let me now ask you a question. A delegation with Minister Baird and Paul Grod has left Canada.

**Mr. Taras Zalusky:** I am a member of the delegation.

**Ms. Hélène Laverdière:** You too. Okay. I am a little jealous, because I would have liked to be part of it as well, or at the very least, I would have liked some members of the opposition to be part of it. We are telling Ukrainians that all the parties must work together. So it would have been a good idea to have a Canadian delegation with members from all parties.

That said, what do you think this delegation should accomplish? Whom should it meet with? In your view, what should the main objective of the delegation be?

● (1715)

**Mr. Taras Zalusky:** First, it is of paramount importance that the Government of Canada formally acknowledges Ukraine's new government. Second, this delegation should meet with the ministers who will be in office. Right now, there is a new parliamentary speaker and an interim president. Canada should continue to support Ukraine. Third, the delegation should meet with people from the civilian sector, from Maidan and from other departments to see where Canada is most needed.

Honestly, I think it is time to act. We cannot know in advance what the needs are. We should target them and do everything in our power to address them.

[*English*]

**The Chair:** Thank you very much Mr. Potoczny, and thank you, Mr. Zalusky. We appreciate your coming on very short notice, so thank you very much.

We need to have unanimous consent because the bells have started. We talked about it before because there's a little committee business we need to do. Could I have unanimous consent to move in camera for that for five minutes, because we have to get going.

**Some hon. members:** Agreed.

**The Chair:** It'll take us two minutes to clear the room and then we have five minutes to take care of a couple of things.

[*Proceedings continue in camera*]







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