Mrs. CARROLL (Observer from Canada).—The rapporteurs, Mr. Telsma and Mr. Widowsky, are to be congratulated on their comprehensive and frank analysis of the difficulties of economic transition besetting Russia and Ukraine, even if the details often make for depressing reading. Their diagnosis confirms what we have heard from Canadian officials, and we endorse the recommended approach to reform-minded assistance which is set out in paragraph 10 of the draft resolution.

Identifying many of the problems is the easier part — one can point to cumulative errors of policy, political mismanagement, and to missed opportunities for reform; all compounded by severe conditions this winter. What is less obvious is determining how best to provide effective assistance under such circumstances. At the same time, we must consider that the challenges of transition have also been unprecedented and that historic changes for the better have taken place. It would send a very wrong message if international donors were to use the present troubles to withdraw their support for the development of functioning democratic societies and market economies in Russia and Ukraine. Indeed, it is precisely at critical moments when that support becomes most crucial, albeit predicated on the maintenance of strict reform goals.

One thing we have learned from the recent global financial turmoil — Brazil being the latest episode — is that our own prosperity and security are increasingly impacted by the methods by which economic shocks in different regions are collectively managed. It is clear that the domestic policy environments in Russia and Ukraine must be improved if they are to earn the confidence of donors, lending agencies and potential investors. But it is equally evident — as we discussed when Mr Camdessus of the IMF was here last June, and again during the OECD debate last September — that stronger international financial and supervisory arrangements must be in place to provide support to economies in crisis and to help to create stabilising conditions favourable to the growth of trade and long-term productive investments. The Canadian Government continues to be very active in promoting innovative ideas along these lines within the Bretton Woods institutions and in the G-8 context. I make special reference to Canadian Finance Minister Paul Martin's proposal for an international equivalent to Canada's Office of the Superintendent of Financial Institutions. This would create an international infrastructure of a diagnostic and pro-active nature rather than the current response mode of the IMF.

The IMF negotiations with Russia during these weeks may be pivotal in determining the future of the reform process in that country. We must press for a successful outcome so that the debt situation can be surmounted and a sounder basis put in place for economic and social recovery. In light of the current uncertainties, the Canadian Government has had to suspend a trade mission planned for Russia this month; when circumstances improve, hopefully such initiatives can be resumed. In the meanwhile, Canada remains committed to an active programme of assistance which has been in place since 1991. Nearly $150 million has been disbursed through several hundred projects. We have recently sent a shipment of humanitarian and to north-eastern Siberia as a first step in the Canadian effort to assist the particularly vulnerable communities in the Russian north. Canada's strong ties with Ukraine are reinforced by the fact that over one million Canadians have family and ethnic ties to that country, giving a special dimension to our bilateral relationship. As I am speaking in Strasbourg today, Canadian Prime Minister Jean Chrétien is on the second of a two-day state visit to Kyiv. While there he is carrying a strong message to the Kuchma Government on the need to accelerate reforms.