

# UKRAINE-U.S. BUSINESS COUNCIL

1615 L Street, N.W. • Suite 900 • Washington, D.C. 20036 •

Phone (202) 955-4504 Fax (202) 955-4506

## Members

AES  
AGCO  
AIG/ALICO  
Air Ukraine Cargo  
Altarum  
Archer Daniels Midland  
The Boeing Company  
Cargill, Inc.  
CaseNewHolland  
The Coca-Cola Co  
Deere & Company  
Dow AgroSciences  
DuPont  
ECData Inc.  
Eurosoft  
FMC  
General Motors  
Hertz Ukraine  
International Law Institute  
J.T. International Trading SA  
Kraft Foods International  
Ladenburg Thalmann International  
MJI, LLC  
Monsanto Company/Pharmacia  
Philip Morris International  
Pioneer Hi-Bred International, Inc.  
R&J International Trading, Inc.  
Russian-Ukrainian Legal Group, P.A.  
SASI  
SigmaBleyzer  
SmithKline Beecham  
Squire, Sanders & Dempsey  
SUN Capitol Partners  
Texas A&M University System  
Westinghouse Electric Company

## Chairman

Hans Becherer  
Deere & Company

## President

Kempton B. Jenkins

## Executive Committee

Ambassador Kent A. Brown,  
J.T. International  
Dr. Judith Chambers, Monsanto  
Patrick Bracken, Cargill, Inc.  
Jim McClung, FMC Corporation

## Secretary

Michael Kirst,  
Westinghouse Electric Company

## Treasurer

Sarah Carey, Esq.  
Squire, Sanders & Dempsey

## General Counsel

Jack Heller, Esq., Heller & Rosenblatt

## Advisors

Dr. Anders Åslund,  
Carnegie Endowment for Int'l Peace  
Victor Alessi, USIC  
Honorable Don Bonker,  
APCO Worldwide  
Barry Blufner, Blufner & Associates  
John Costello, Citizens Network  
for Foreign Affairs  
Amb. William Courtney, DynCorp  
Leon Fuerth, GWU  
Ambassador Arthur Hartman  
Stuart Kerr, ILI  
Mike Kostiw, Texaco  
Dr. Terry Lash  
Nelson Ledsky, NDI  
Ambassador James Lowenstein  
Charles W. Maynes,  
The Eurasia Foundation  
Michael Sawkiw, UNIS

June 18, 2002

TO: DEREPARTMENT OF COMMERCE  
International Trade Administration

FROM: Ukraine-U.S. Business Council

RE: Comments on the Status of Ukraine as a Non-Market Economy  
Country

Gentlemen:

We write to endorse the application of the Government of Ukraine to revoke the non-market economy status of Ukraine by the U.S. Government.

The Business Council represents more than thirty major US corporations doing business in Ukraine. It has been an active interlocutor between business and the Governments of Ukraine and the U.S. for more than five years. Our goal has been to improve business conditions in Ukraine for U.S. investors and promote U.S. Government policies and assistance to that end.

It is essential in our judgment to recognize and acknowledge Ukraine's achievements over the decade of its independence and particularly over the past three years when the economy grew at a dramatic rate after several years of decline. In 2001 Ukraine's GDP rose more than 10% and was the fastest growing economy in Europe. In the first quarter of 2002 growth continued at more than 4%.

U.S. corporations, who are members of the Council, confirm that they have experienced solid improvement in business conditions over the past three years. Additional investments by the major U.S. corporations have followed this improvement. AES Corporation has purchased regional electricity production facilities; AIG is establishing a nation-wide insurance network; agricultural input corporations have experienced major sales increases; Boeing hails the operation Sea-Launch program and particularly the Ukrainian partnership as a remarkable success.

Those individual experiences are reflective of the general increase in agricultural harvests, the wiping out of wage and pension arrears, the growth of domestic investment, and consumer production expansion. Major international financial observers (Moody's) now describe Ukraine as an excellent investment opportunity. None of this means there are no lingering after affects of 80 years of Soviet hegemony. There are. But, Ukraine's progress over the past three years is now beyond question.

# ***UKRAINE-U.S. BUSINESS COUNCIL***

1615 L Street, N.W. • Suite 900 • Washington, D.C. 20036 •

***Phone (202) 955-4504 Fax (202) 955-4506***

Dan Witt, IT & IC

In specific response to the DOC criteria which are mandated by law, the Council believes that Ukraine has clearly satisfied the requirements for currency convertibility, free bargaining for wages, and foreign investment. And, in the past two years government ownership and control of production has been sharply reduced.

We note that the Department has recently revoked Russia's non-market economy status.

It is worth noting that in both the energy and agricultural sector Ukraine has progressed in privatization beyond Russia's performance. The increased privatization of agricultural property in Ukraine has led to a dramatic doubling of its annual harvest, in contrast to Russia where privatization of agriculture has barely begun, and the Duma continues to resist privatization.

In the energy field, the current scandal surrounding Slavneft in Russia highlights a lack of acceptable governance, competition, and continued government ownership (see The Washington Post, June 18, 2002).

In short, while we support the revocation of NME status for Russia as clearly in the interest of U.S. business (and obviously the U.S. national interest more broadly), similar action in Ukraine is even more appropriate.

The Council would appreciate the opportunity to participate in the hearing which the Department plans to hold on this issue.

Very truly yours,  
Kempton B. Jenkins  
President