

WRITTEN QUESTION E-1204/04
by Charles Tannock (PPE-DE)
to the Council

Subject: The progress in Ukraine being recognised by the EU as having Market Economy Status (MES)

The progress in the assessment of the compatibility of the economy of Ukraine with the criteria required by EU antidumping legislation seems to have arrested. This process was started in September 2000 when Ukraine was granted special MES and negotiations commenced in October 2000 in order to obtain full MES. The European Commission has examined as required under customary practice the compliance of Ukraine under a number of Market Economy Status headings, in particular; non-interference by the State in company decision making procedures and asset allocation, clear corporate accounting and independent audit procedures, continuing market distortions carried over from the command economy period during the Soviet Union times, legal certainty to title and bankruptcy procedures in accord with international norms, and the possession of a floating market driven currency exchange mechanism.

In September 2002 Mr. Prodi met President Leonid Kuchma of Ukraine and assured him that the EC would announce its decision within six months following the provision of extensive answers by the Government of Ukraine on the market status nature of Ukraine's economy. Despite further questioning during the course of the 4th and 6th EU-Ukraine Co-operation Committee and further assurances by External Trade Commissioner Lamy as to the readiness of Ukraine in October 2003, Ukraine still has not had an answer on whether it will be granted full MES. Furthermore, the Ukrainian economy has made further improvements over the last three years. For instance, its GDP has increased by 8.5% between 2002 and 2003, there is now no state interference into companies' decision making process, equal rights exist for the activity of enterprises regardless of the form of ownership, price regulation is settled almost entirely by free market mechanisms rather than the state and over 90% share of the market is private, whilst less than 10% of market is state owned.

Mindful of these objective facts and with the geo-politically driven decision to grant Russia full MES is the Council deliberately stalling on this decision for political reasons rather than the strict economic criteria required ?