

Partnership for prosperity

U.S. Secretary of Commerce Carlos M. Gutierrez writes on the eve of this week's visit

Op-ed

“Our nations have built our friendship on the love of liberty. Our people believe that freedom is the gift of an Almighty to every man, woman and child.” These words, spoken by President Bush, represent the deep bond between the United States and Ukraine. Though we speak in different tongues, and are separated by an ocean and thousands of miles, our nations share democratic values and an enduring commitment to freedom and free markets.

This week, I have come to Kyiv to strengthen our economic relationship as outlined by Presidents Bush and Yushchenko earlier this year, and to explore ways to increase economic cooperation between our countries as Ukraine continues its progress toward building a market economy.

Growth sectors: Agriculture and energy

Ukraine is the United States' second largest trading partner in the region and in 2007 our two-way trade exceeded USD 2.5 billion. U.S. firms have pumped more than USD 1 billion in Ukraine, making significant investments in sectors from electricity generation to agricultural processing. It is these two areas—agriculture and energy—which are of strategic importance for Ukraine's economy and hold the potential to create and sustain prosperity.

Ukraine's rich agricultural sector can be a strong engine for economic growth. The rapid rise in global demand for agricultural products, along with rising prices, presents Ukraine with a unique opportunity to regain its place as one of the world's great breadbaskets.

With 30 million hectares of fertile land, Ukraine is rich in a natural resource that has for too long been taken for granted. While resources such as oil, minerals and timber have been more visibly tied to the economic fortunes of many countries, fertile land has quietly become a much-needed resource.

By investing in new farms, new technologies to improve yield and working to modernize systems from agricultural processing to food distribution, as well as avoiding export restrictions and price controls, Ukraine can realise its potential as a major agricultural power and play a leading role in meeting world food demand.

Ukraine's energy sector also offers great potential for creating growth and opportunity. An efficient and transparent energy sector is important to build a dynamic market economy. Foreign direct investment can bring in modern technology to increase energy efficiency and help Ukraine develop its own resources, including oil and gas. There are many opportunities for potential commercial cooperation in renewable energy, coal-bed methane technology, and energy conservation technologies. The United States is helping lead global innovations in clean energy and our entrepreneurs are helping introduce new ideas to the marketplace to help meet global energy demand.

Opportunities for progress

When Ukraine accessed to the World Trade Organisation, it was ushered into a global community of economies committed to developing a stable and predictable pro-growth environment. WTO membership signifies Ukraine's commitment to trade based on market forces, transparency, and rule of law. Ukraine's regional position and



competitiveness with its neighbours will only be enhanced by being a magnet for investment and a catalyst for openness.

While Ukraine has made important steps, there is much to be done. Collaboration between the public and private sectors is needed to identify and resolve key business issues that have an impact on the economic climate. The Council of Investors established by Prime Minister Tymoshenko, should be an important vehicle for such action, working to address issues from intellectual property protection to a transparent and reliable tax system.

To continue progress toward an open market economy, Ukraine needs to move decisively to complete important reforms such as resolving inconsistencies in commercial laws to passing the Joint Stock Company Law to improve corporate governance. Potential investors need to know that the process for tenders is open, transparent and fair and that once agreement is reached all parties will abide by their commitments. Addressing the outstanding issue with the Overseas Private Investment Corporation (OPIC), which is currently not active in Ukraine, would bring OPIC back to the country and open the door to potentially hundreds of millions of dollars of U.S. investment. These are among the issues I will discuss this week with my counterparts in Kyiv.

Ukraine has made significant progress toward developing a market economy and global economic integration, but much remains to be done if Ukraine is to realise its full economic potential. U.S. companies are eager to work with and become partners with Ukraine as it continues on the path to a market economy and implements the pro-growth policies that welcome trade and investment.

That “love of liberty” which joins our two nations is a fundamental value that drives our political and economic engagement. Ukraine's future holds tremendous potential, and the United States is an eager partner and friend in helping ensure that the benefits of democracy reach every man, woman and child in this great country. ●