

October 29th, 2008

Mr. Yuriy Melnyk
Minister of Agrarian Policy

Dear Minister Melnyk,

On behalf of our Member Companies and the Board of Directors we express our deepest respect and wish you success in your endeavors.

The American Chamber of Commerce in Ukraine (“Chamber”) is among the most active and effective non-government, non-profit business organizations operating in Ukraine. One of our principal activities is to represent the foreign investment community as well as to facilitate the entrance of potential new investors into this market. We advocate on behalf of our Members not only to the Ukrainian government, but also to all other governments, which are economic partners of Ukraine, on matters of trade, commerce, and economic reform. The Member organizations of the Chamber represent many of the largest strategic and institutional investors operating in Ukraine who have committed a majority of the foreign direct investment into this market. Our diverse Membership base unites companies from a variety of regions and countries, including North America, Europe, Asia, Russia, and Ukraine. Our Members collectively employ hundreds of thousands of Ukrainians, providing them with exposure to international business practices and the opportunity to develop into leading Ukrainian professionals. Our Members also bring international expertise and business knowledge to Ukraine, are among some of the largest taxpayers in Ukraine, and strive to be good corporate citizens.

Throughout the seventeen years of independent Ukraine, the Chamber has been continuously establishing and maintaining contacts and cooperation with Ukrainian State authorities with the goal of improving the business environment in Ukraine and attracting much needed domestic and foreign investment into this dynamic economy ensuring that Ukraine has an opportunity to take its rightful place in the larger global community for the benefit of this great country and her people.

For a long period of time a variety of different committees and working groups operate under the Chamber’s auspices dealing with certain sectors of Ukrainian economy. One of the new initiatives of the Chamber was creation of the Working Group on Seeds and Planting Stock. The Working group comprises specialists of the leading agricultural companies in Ukraine. These companies are interested in searching and developing of comprehensive propositions including amendments to the current legislation.

The results of this work will be propositions for the Law of Ukraine “On Seeds and Planting Stock” and Order of the Ministry of Agrarian Policy # 512 “On Import of Patterns of Plants for Expertise on Suitability for Proliferation in Ukraine”.

The Order # 243/474 as of 18.07.2003 of the Ministry of Agrarian Policy and the State Customs Service of Ukraine approved Rules for Import and Export of Seeds and Planting Stock for the Scientific Researches and for the State Testes". Clause 2.2 of the Order gives the right to the legal entities to import non-registered hybrids, if they carry on scientific researches, for their own scientific researches.

Unfortunately, the new Order # 512 as of 15.08.2008 "On Import of Patterns of Plants for Expertise on Suitability for Proliferation in Ukraine" does not provide the procedure of import/export of seeds and planting stock for scientific researches.

This situation negatively impacts the development of seeds business in Ukraine as well as decreases competitiveness of agricultural producers. It will negatively impact business operating and investing into this sector.

We kindly address you with proposition, in conjunction with our Working Group, to launch the process of preparation of the new draft order and mentioned Rules and specify the volume of seeds that can be imported to Ukraine for researches of different categories, big and small researches. Absence of such provisions is an essential gap in Ukrainian legislation.

To define individual characteristics of the product, the seeds companies should carry on its tests within one plot/section for several times to receive data on crops' capacity and take decision to use this seeds in Ukraine. We ask to fix the volume for all separate crops, which allow to carry on massive tests and to examine every crop for climate adaptation capacity.

It is also proposed to develop simplified procedure of phyto-sanitary inspections and quarantine inspections, as all these materials have been inspected by the local authorities during entire period of production, including on the fields, and all movements of these crops can be monitored. For imported seeds simplified procedure of customs clearance should be applied, which will allow to plant crops in optimal terms.

To discuss all mentioned issues and propositions we consider as necessary to invite the authorized representative of the Ministry to take part in the upcoming November meeting of the Seeds Working Group or to have a meeting in the Ministry of Agrarian Policy with your representative.

Please accept assurance in our deepest respect to you and wishes for success. Please do not hesitate to contact our offices at 490-5800 if you have any further questions.

We look forward to working with you and your team in the future.

Jorge Zukoski
President