

Press Release

July 12, 2007

“In-Focus” Meeting with the High Council of Justice of Ukraine

On Thursday, July 12 the Chamber provided the Membership with an excellent opportunity to communicate directly with a distinguish panel of speakers representing the Ukrainian High Council of Justice. **Mrs. Lidia Izovitova**, Head of the High Council, **Mrs. Olga Zhukovska**, Member of the Council and Vice-President of the Ukrainian Union of Attorneys and **Mr. Volodymyr Bogatyr**, Deputy Minister of Justice participated in the meeting, which covered the current situation with the Council as well as conflicts between judicial institutions in Ukraine, planned reforms within the context of anti-raider activities as well as necessary actions to prevent such practiced in the future.

Mr. Jorge Zukoski, President of the Chamber, opened the meeting by sharing with the guest the strong position of the Chamber regarding Raider Attacks and thanked the panelists for their presence and willingness to cooperate.

In her opening speech Mrs. Lidia Izovitova provided the audience with a brief history of the phenomenon of raider attacks in Ukraine and outlined the main schemes, which the illegal corporate raiders use. As it was mentioned the first case of investigation regarding a judge involved into the raider attack was considered by the High Council of Justice in 2003. The speaker touched upon such problems as judicial corporate support when it is tough to punish those judges involved in criminal and illegal activity. She also shared international best practices to form such institutions, which are able to control and balance interests of different parties responsible for maintenance of an honest court system in the country.

Mrs. Izovitova expressed her thanks to the Chamber, Legal Committee and the Chamber's Working Group on Illegal Corporate Raiders for their proactive position aimed at unifying the efforts of all interested parties from the government and private sectors, raising this issue on such a professional level and development of the “White Paper” devoted to this issue.

Talking about judges she named the low level of salary, bad conditions of work, unsatisfactory level of education and absence of self-consciousness of Ukrainian judges among the main reasons for the corrupted juridical system. Mrs. Izovitova supported the idea to establish an open and publicly accessible database of all court appeals registered in Ukraine aimed to update the public as well as business community on a regular basis. Creation of such a database needs considerable financial funding. She also suggested the formation of a small group of professionals to go to different cities and towns in Ukraine conducting professional trainings for local judges on a regular basis as a mechanism to improve and strengthen skills and knowledge. It was also noted that it would be great to have special inspectors as part of the Council who would be able to go to regions and quickly react and check all signals on the examples of illegal raider attacks; such mechanism would also improve significantly the effectiveness of the Council's activity.

As it was also mentioned improvement of the national legislation not always results in decreasing of cases of illegal raider attacks. For example the Law of Ukraine “On Amendments in Some Laws of Ukraine (regarding determination of the legal proceeding)” (came into force on December 15th, 2006)

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did not solve many of the problems. Still courts of general jurisdiction continue to consider corporate cases. A very dangerous tendency occurs in Ukraine: according to statistics generated by the High Council of Justice: in 2005 44 investigations took place on those judges suspected to be involved into raider issue; in 2006 – 114 cases have been indicated and only for the first part of 2007 – the Council indicated 119 cases.

Mrs. Olga Zhukovska covered other types and methods, which the raiders use often and which she sees in her practice often. The White Paper issued by the Chamber, raising of public awareness and the dialog started by the Chamber Members have been welcomed also and at the same time it was noted that current drafts supported by the Chamber Members contain certain issues that require more attention and need to be analyzed as those which contain certain danger. As crucial issues for judicial reform the following were named: prevention of any political influence on formation of the judge corps and good will expressed by political leaders, and creation of appropriate conditions at qualification commissions to define disciplinary liability. She also encouraged representatives of the private sector to continue to raise awareness on the raider practice, which harm the investment image of Ukraine and keep dialog with all appropriate State institutions.

The Deputy Minister of Justice added that the problem of illegal raider attacks is not unique for Ukraine and many countries faced it in the past. It could be considered as a certain sign of the active economic processes and growth. He ensured that the Government realizes that resolving these issues is of crucial importance to further develop Ukraine's competitiveness in the global environment.

Participants of the meeting were able to address their concerns, raised important questions and exchange views on the problem areas being discussed during the meeting. It was agreed to continue to monitor the situation surrounding raider attacks and to maintain a dialog between all parties involved.

The American Chamber of Commerce in Ukraine ("Chamber") is among the most active and effective nongovernment, 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 that are from more than 50 nations across the globe 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 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.

For questions or additional information please contact Anna Yablonska, Communications Coordinator for the American Chamber of Commerce in Ukraine ayablonska@chamber.ua

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