

WORLD TRADE ORGANIZATION

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**Working Party on the
Accession of Ukraine**

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ACCESSION OF UKRAINE

Memorandum on State Trading Enterprises

Addendum

The following information concerning the state trading enterprises of Ukraine has been received from the Governmental Commission on Ukraine's Accession to the WTO.

Since 1996, a specific share of state-owned industrial enterprises in the total number of manufacturing enterprises and their share in the total output experienced a steady downward trend. In 1996, the share of state-owned enterprises in the total number of enterprises was 28.8 per cent, in 1997 it was 24.3 per cent, in 1998 16.3 per cent, and in 1999 15.3 per cent. In fact, the share of state-owned industrial enterprises as a percentage of the total number of manufacturing enterprises decreased by 47 per cent in comparison with 1996. As to the output, the share of state-owned enterprises was 40.6 per cent in 1996, in 1997 34.7 per cent, in 1998 30.5 per cent, and in 1999 29.3 per cent.

The number of state-owned enterprises-exporters in 1996 was 1,500 (7 per cent of the total number of exporters). In 1997 it fell to 1,200 enterprises (7.4 per cent), in 1998 – 1,100 enterprises (7.3 per cent), and in 1999 – 1,000 enterprises (6.7 per cent). Exports of goods by state-owned enterprises constituted 17 per cent of the country's total volume of exports in 1996 and 1997, and 18.6 per cent and 17.5 per cent in 1998 and 1999 respectively. It should be pointed out that this increase is caused not by the growth of trade by state-owned enterprises in absolute terms, but due to a general decrease in the export of goods.

The number of state-owned enterprises-importers was 8 per cent of the total number of enterprises engaged in commodity import operations over in 1996 – 1998, reaching 8.4 per cent in 1999. In this regard, the share of commodities imported by state-owned enterprises in relation to the country's total volume of imports fell from 20 per cent in 1996 to almost 10 per cent in 1997 and 1998, and further to 9.1 per cent in 1999.

Over the last four years, more than 99 per cent of enterprises engaged in foreign trade sales of goods operations conducted transactions which accounted for at most 3 per cent of the total export-import of goods. Since 1996, the OJSC Mariupol Metallurgical Complex named after Yllych, the OJSC Zaporizhzhya Metallurgical Complex “Zaporizhstal” named after S. Ordzhynskydze, the Subsidiary “Aktiv” LLC “API” – Ltd. and NJSC “Naftogaz Ukrainy” (all collectively owned), and the Kryvorizhzhya State Mining and Metallurgical Complex “Kryvorizhstal” (state-owned) accounted for 3-10 per cent of the country's total volume of foreign trade operations in commodities.

In 1999, significant progress was achieved in restricting monopolization in the commodities market by a joint effort of the state privatization agencies, the Antimonopoly Committee, and other government agencies at all levels aimed at the reorganization of businesses established on the basis of

state ownership in the course of their preparation for privatization, division of state monopolistic entities, and liquidation of state organizational structures of monopolistic nature.

In result of measures aimed at structural demonopolization of respective national and regional markets, the process of demonopolization of monopolistic entities and organizational structures of a monopolistic nature has been practically completed.
