

Congress of the United States
Washington, DC 20515

May 29, 2003

President Leonid Kuchma
Kyiv, Ukraine

Dear President Kuchma:

We are writing to express our growing concern that our joint efforts to encourage agricultural transformation and reform may be facing new challenges that threaten progress made over the past decade. As you once stated during a visit to our Capitol, to achieve agricultural reform in Ukraine is an enormous undertaking, one that "we must begin, and then finish." We appreciate your leadership in this regard.

Without question, in the past few years Ukraine has made considerable progress in privatizing and restructuring its agricultural sector as a necessary step in NATO accession and WTO inclusion. We applaud the Rada's passage of important legislation to create private land ownership. Open markets are beginning to take root. Nevertheless, in the wake of higher grain prices following a harsh winter and a difficult spring, we have seen some in Ukraine question the benefit of an open agricultural market governed by a transparent legal system, and we hear some calls for greater government intervention in grain markets. We very much would like to continue working with you to stay the course in the development of a market-oriented agricultural sector and to assist you in dealing with the voices of doubt. We applaud the Cabinet of Ministers in its voiced commitment to free markets within the agricultural sector.

Perhaps the greatest progress in the past few years have been the privatization of State controlled elevators, accompanied by an expanding base of domestic and international private grain traders, as well as, the privatization of agriculture land. These reforms are substantial steps forward. You and your government are to be congratulated for these major accomplishments.

Recent events, such as the detention of Mr. Leonid Kozachenko, have caused us to become concerned that these achievements, as well as future progress in agricultural reform may be endangered. The Government of Ukraine obviously must uphold and prosecute the law, but the continued detention of a leading advocate of reform has had a chilling impact on market sentiment. As well, we