
Race for Kryvorizhstal – Uncertainty prevails

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Ukraine's parliament passed a bill banning the privatization of Krivorozhstal, the country's largest steel mill, in the first reading Tuesday. The bill, which passed with 256 votes, 30 more than required, must undergo a second reading. Speaker Mr Volodymyr Lytvyn said a resolution calling for Kryvorizhstal to remain state property had been passed by the 450 member assembly. Deputies also approved a corresponding law, but only in a first reading. It was not immediately clear whether parliament's move, denounced by one lawmaker as unconstitutional, would derail the sale.

The parliamentarians also approved a draft bill to impose a moratorium on the privatization of Krivorozhstal. The parliament also adopted a regulation On Keeping Krivorozhstal's Shares in the State Sector, recommending that the government back down from its privatization plans for the company.

But Ukrainian President Mr Viktor Yuschenko said nothing would impede the sale at October 24 tender. The parliament's resolution on Tuesday to leave the enterprise in state ownership was a regulatory act and did not have the same status as an existing Ukrainian law or government resolution.

The existing law is the parliament's supreme decision, and this is reinforced by the supremacy of the Cabinet's resolution. He said that politically, Tuesday's vote was "a gesture which most likely demonstrates a poor understanding of the logic of privatizing Kryvorizhstal. "Yes, of course this is a bad signal to investors. But it has a purely political meaning, nothing more," Mr Yushchenko said.

While the parliamentary votes appeared unlikely to stop the auction, set for October 24, it sent a clear signal of opposition to the government and foreign investors

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