

Honorable Franklin L. Lavin
Under Secretary for International Trade
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Under Secretary Lavin:

The AES Corporation writes to support the Government of Ukraine's request that the U.S. Department of Commerce recognize Ukraine as a "market economy" for purposes of U.S. anti-dumping law.

AES is present in Ukraine since 2001, when it purchased shares of two local electric distribution companies at the first open and fair tender organized by then Prime minister Victor Yushchenko. AES experience in Ukraine may serve as an example of successful foreign investors' development in the improving economic and investment climate. Our deep involvement in the Ukrainian electricity sector and the knowledge of Ukraine's business conditions is the foundation for commenting on Ukraine's case for market economy status.

We understand that the factors that the Commerce Department takes into account in making its decision are:

- Extent of currency convertibility
- Extent to which wages are determined by free bargaining between labor and management
- Extent to which joint ventures and FDI are permitted
- Extent of government ownership or control of means of production
- Extent of government control over prices and output (allocation of resources)
- Other appropriate factors

In considering these factors, we hope the Commerce Department will welcome input from U.S. businesses, such as our member companies, working in Ukraine.

AES Corporation and its businesses in Ukraine confirm that market-oriented business conditions are continuing to improve in Ukraine. Business entities are able to convert the Hryvnia freely to other currencies without significant restriction. Furthermore, both local and foreign investors are increasing their foreign investment in Ukraine as investment opportunities there continually improve. Businesses negotiate freely for labor and control the prices they charge for goods and services.

The major part of Ukrainian GDP comes from the private sector. In addition, large-scale privatizations have added to the private sector's dominance in the Ukrainian economy. Considering favorable market conditions AES is looking for further expansion of its presence in Ukraine.

We hope that the information in this letter is helpful to the Commerce Department in making its determination regarding Ukraine's request for market economy status. We note, also, that the European Union recently recognized Ukraine as a market economy.

Sincerely yours,

Garry Levesley,
AES Corporation Vice President,
Director for Ukraine