

EU Tells Yanukovich to Improve Business Climate

By [The Moscow Times](#)

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De Gucht, left, meeting Prime Minister Mykola Azarov in Kiev this week.

The European Union's trade commissioner has urged Ukraine to improve its business climate and carry out other economic reforms in time for landmark agreements with the bloc in November.

The former Soviet republic, which expects to sign political association and free trade agreements with the EU, has been repeatedly criticized by the West for rampant corruption among officials.

This, plus heavy tax legislation and tortuous bureaucracy, has chased away foreign investors in their droves.

The EU has already told Ukraine to reform its judiciary, law enforcement bodies and electoral process to improve its eligibility for the Association Agreement with the 28-member bloc.

"The [EU] Council of Ministers has also mentioned the number of economic benchmarks and my message here was: 'Look, you should not only comply with the political conditions but also with the economic conditions,'" EU commissioner Karel De Gucht said Wednesday after meeting President Viktor Yanukovich and other members of the Kiev leadership.

"We will have to reach an agreement on them before Vilnius," he added, referring to the November summit in the Lithuanian capital where the agreements are to be signed.

Yanukovich last month re-affirmed Kiev's commitment to signing the agreements with the EU, marking a pivotal shift away from Ukraine's former Soviet master Russia towards integration with Europe.

But he has refused to say whether he would free his imprisoned political rival, former prime minister Yulia Tymoshenko, who the EU says is a victim of "selective justice."

De Gucht said the Ukrainian government had to find a solution on several issues, including safeguards for car imports.

But improving the business climate was a priority.

"That is certainly more important than all of the rest is ... to make your business climate better with actual action," De Gucht said.

The business climate is worsening and becoming more unpredictable, he said.

Asked if he thought the business climate was improving in Ukraine, he replied: "My answer is 'no'".

Net inflow of direct foreign investment into the economy fell by about 90 percent to \$224 million in the first half of this year compared with the same period in 2012, state statistics revealed.

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