

The Ukrainian government changes its position on the metallurgy plant

In mid-June Prime Minister Mikola Azarov deemed the last year's purchase of shares of the Ilyich metallurgical plant in Mariupol by companies registered in tax havens an attempt at an illegal hostile takeover of the second largest metallurgy plant in Ukraine. This is a new position as earlier the Ukrainian government had not questioned the legality of this transaction. This shift stems from the fact that Rinat Akhmetov, the richest Ukrainian associated with the Party of Regions, is currently interested in taking over the plant.

At the beginning of June the Ukrainian media revealed that in 2009 the plant in Mariupol was taken over by Russian capital through companies registered in tax havens. Although the director of the plant Volodimir Boiko has not confirmed that the transaction had been finalised (the general prosecutor's office was looking into the case), the government representative – the chairman of the State Enterprise Commission Mikhailo Brodsky – recognised it as legal and announced that the company had been purchased by one of the Russian companies.

The change in the government's position indicates that the deal will be challenged and the reasons for it will be actual legal violations that occurred at the conclusion of the agreement. This is proven by the finalisation of the negotiations on the takeover of the plant by the company Metinvest owned by Rinat Akhmetov (the purchase of the controlling package of shares or a merger) who will secure for himself the leading position in Ukrainian metallurgy. The situation with the plant shows that the government is determined to secure the interests of domestic capital that financially supports the Party of Regions, even in competition with Russians. <AnG>