

December 2, 2008  
Secretariat of President of Ukraine  
President Victor Yushenko  
Bankova st., 11  
Kiev, 01220  
Ukraine

Dear President Yushenko,

**Re: memorandum of understanding between the government of Ukraine and  
ArcelorMittal Kriviy Rih**

National Ecological Centre of Ukraine (NECU) expresses its respect to you and would like to inform about the following.

Our organization is a member of Global Action on ArcelorMittal, a coalition of community and environmental groups from countries around the world where ArcelorMittal operates its steel mills and mines. The group is currently comprised of representatives from Bosnia-Herzegovina, the Czech Republic, Kazakhstan, Luxembourg, South Africa, Ukraine, and the United States. In these countries as well as other sites where ArcelorMittal Steel operates, communities share in common pollution problems such as soot, smell, and noise from the steel mills, and workers at ArcelorMittal's mills and mines face health and safety problems.

ArcelorMittal Kriviy Rih complex is one of the main sources of air pollution in the city of Kriviy Rih. In 2006 it received a \$200 million low-interest loan from the European Bank for Reconstruction and Development. The EBRD provided this loan to ArcelorMittal for modernization and improving the energy efficiency of the plant.

However the Government of Ukraine and AMKR have signed a Memorandum of Understanding in which the Government promises to grant a number of privileges to the plant and AMKR in its turn promises not to dismiss workers, to pay them their salary and keep up a certain level of production of steel. These privileges include low and fixed rates for electricity, coal, gas and railway transport. Among other special conditions the Company has asked to delay the implementation of a number of energy saving projects at AMKR.

ArcelorMittal has taken a loan from the EBRD for energy efficiency, yet it now approaches the Government and asks for reduced rates for energy as well as for the delay of the implementation of energy saving projects.

We believe that the current period of financial crisis is a time when only the most energy efficient plants will be able to survive and bring profit. We also consider it to be socially unfair for taxpayers and other businesses to bear the additional burden of subsidising energy and transport costs for ArcelorMittal.

We have enclosed a case study titled “In the wake of ArcelorMittal: The global steel giant’s local impacts.” In this report we have detailed the pollution and health and safety problems that communities and workers are facing in eight of the countries where ArcelorMittal operates steel mills and mines.

Instead of negotiating concessions for the company, we urge you to ensure that ArcelorMittal fulfils its obligations in investing in energy saving projects at AMKR.

Sincerely,

Executive director of NECU

V. Melnychuk