

# British Ukrainian Chamber of Commerce



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## REPORT ON UKRAINIAN WEEK IN LONDON: DEVELOPING OPPORTUNITIES FROM A POST-BREXIT RELATIONSHIP BETWEEN THE UK AND UKRAINE

### I. Executive Summary:

#### 1. Ukrainian Week in London Was an Important Success for Ukraine

Ukrainian Week in London, held during the week of 8 October 2018 by the British Ukrainian Chamber of Commerce (BUCC), together with the Council of British Chambers of Commerce in Europe (“COBCOE”) and, for Security Day, the Atlantic Council and the Royal United Services Institute (“RUSI”), presented Ukraine, and Ukrainian investment and trading opportunities, to the UK. It brought together 1000 representatives from British and Ukrainian government, business and civil society, as the largest event ever held anywhere abroad on Ukraine.

Ukrainian Week achieved a notable success when UK Secretary of State for Trade Liam Fox announced that Ukraine will receive priority consideration for a post-Brexit UK trade treaty (i.e. along with the US, China, Japan, Canada, Australia and several other important trading countries). Secretary of State Fox also reaffirmed the UK’s firm commitment to the defense of Ukraine and Ukraine’s territorial integrity (his speech is attached). **First Deputy Prime Minister Stepan Kubiv for Ukraine** likewise spoke on Ukraine’s commitment to greatly expand ties with the UK, and in particular on the potential for much increased trade and investment between the UK and Ukraine.

Ukrainian Week was initiated on 12 September 2018 by the publication (sponsored by the BUCC) in the **Financial Times** (“FT”), globally in print and electronically, of a **Special FT Supplement on “Investing in Ukraine”**, that gave a very encouraging report on the greatly improved economy and reformed investment context in Ukraine (copy attached). Ukrainian Week was sponsored by leading Ukrainian, UK and multinational companies and industrialists, including as the principal sponsors **Yuriy Kosyuk, the founder and Chairman of MHP**, Ukraine’s leading agro-industrial group that is listed on the London Stock Exchange, and **SoftServe**, the leading Ukrainian IT/software company (the Ukrainian Week programme and a full list of the sponsors appears at the conclusion of this Report).

#### 2. The Programme for Future Implementation of Ukrainian Week in London

The BUCC is taking forward its Ukrainian Week in London initiative in two directions. First, together with the Council of British Chambers of Commerce in Europe (“COBCOE”) and the other organisations that cooperated to hold this year’s event, it is already organizing for next year’s Ukrainian Week in London. Ukrainian Week will hereafter be an annual event to showcase Ukraine’s development and investment and trade opportunities, and create further commercial links between Ukraine and the UK.

Second, the BUCC’s committees will, between the annual Ukrainian Week conferences, be periodically holding events, on particular topics of interest, for the key subjects covered by Ukrainian Week. In particular, the BUCC’s Agriculture Committee, Infrastructure and Transportation Committee, Law and Accounting Committee, Energy Committee and British-Ukrainian IT Committee are addressing issues that were discussed and developed during Ukrainian Week in London this year, including in particular by encouraging the proposed UK-Ukraine free trade agreement to very broadly liberalise UK-Ukraine trade post-Brexit.

As London is the financial capital of Europe, the UK is Europe’s largest net importer of food and the UK will soon exit the EU, there are presently special opportunities to greatly enhance commercial and financial ties between the UK and Ukraine. This is especially so because Ukraine is Europe’s largest net exporter of food and a major IT center (and the UK’s principal IT outsourcing destination). It is rapidly developing in many other directions, including as one of Europe’s growing centers for manufacturing. **Thus, the BUCC, through its Ukrainian Week in London initiative, aims over the next several years, during the UK’s Brexit transition, to accelerate the development of greater commercial integration between the UK and Ukraine.**

## II. Discussion: A Review of the 2018 Ukrainian Week in London

(1) **8 October: Security Day.** The first day of the conference was dedicated to *Security*, and held at **RUSI**, the world's oldest think tank, founded by Wellington after his victory at Waterloo. Important issues were addressed, to begin with, by the Keynote Speaker, **Ukraine's Deputy Prime Minister for European and Euro-Atlantic Integration, Ivanna Klymush-Tsintsadze**, who stated "Russia has taken [the] decision for itself some time ago ... with its goal of undermining democratic Europe with cyber-attacks and interference in elections, among other actions that rattle the ... self-confidence of Europe ... . Russia is pushing the envelope farther and farther and not getting the response that would stop it so far ... . The relationship between European countries is characterized by attack, war, condemnation, sanctions — and then reset". The Deputy Prime Minister observed that the "possibility of reset" is again dangerously gaining strength in European capitals, and she strongly argued against any such reset. "This would be yet another invitation to war" for the Kremlin, she explained.

The Deputy Prime Minister noted the Kremlin's nerve agent attacks on Russian exiles in the United Kingdom and its cybersecurity attacks on the Organization for the Prohibition of Chemical Weapons in The Hague, Netherlands, concluding that: "Our common security is best served by coming together about shared values — human rights, democratic governance, rule of law. We have to make sure we are never compromising on those values." She acknowledged that Ukraine had learned its lessons the hard way, by giving up its nuclear weapons in exchange for multilateral security assurances, including from Russia, under the 1994 Budapest Memorandum that proved worthless when Russia invaded in 2014. The danger for the world, she said, is that nations such as North Korea and Iran will now not give up the pursuit of nuclear weapons in exchange for multilateral security agreements.

The participants of the conference learned from speakers, including **RUSI's Director General Karin von Hippel, the Director of the Atlantic Council's Dinu Patriciu Eurasia Center John Herbst** and **Sir Malcolm Rifkind, the former UK Foreign Secretary and Defense Secretary**, how Ukraine is addressing the security challenges that it still faces from Russia. The UK Ambassador to Ukraine, Judith Gough, observed that Russia has violated its fundamental obligations under the Budapest Memorandum. **James Sherr, Associate Fellow of the Russia and Eurasia Program at Chatham House**, also observed that in violating the Budapest Memorandum and with its other actions towards Ukraine, Russia has "declared war on the Charter of the United Nations" and "declared the entire Helsinki based security order that defined the post Cold War system as illegitimate". They reviewed, with **Adrian Karatnycky of the Atlantic Council** moderating, how strategic cooperation between Ukraine and the UK is leading to the development of common responses to common threats.

Next, **Olena Zerkal, Deputy Minister of Foreign Affairs of Ukraine for European Integration, Yuriy Vitrenko, Chief Operating Officer of Naftogaz of Ukraine, Jeremy Wilson of Covington & Burling** and **Anders Aslund, Resident Senior Fellow at the Eurasia Center of the Atlantic Council**, made informative presentations, in the panel on *Lawfare: Ukrainian Claims Against Russia in International Courts*, on the use of the legal system to obtain redress for Ukraine for harm caused by Russian aggression in Crimea and eastern Ukraine.

**Gen Vasyl Hrytsak, Head of the Security Service of Ukraine**, as a Keynote Speaker, followed speaking on the "*Rising Tide of Russian Active Measures; Cyberattacks; Private Armies, Assassinations and Terrorism*". The Security Day programme concluded with a session moderated by **Dr. Jonathan Eyal, the International Director of RUSI**, on the "*Coordinated International Responses to the Russian Security Threat*", with an enlightening speech by **Robert Seely, UK MP and member of the UK Parliament's Foreign Affairs Select Committee**, on the need for the west to be united and strong in the defense of democracy, and then a presentation by **Evelyn Farkas, Senior Fellow of the Atlantic Council's Scowcroft Center for Strategy and Security and Former US Deputy Assistant Secretary of Defence**, who concluded that the violations of the Budapest Memorandum are part of a "whole list in particular... of 20 things that Russians have done that are egregious and counter to International law and human rights", citing violations of the INF Arm Control treaty, the Vienna Convention, and the Geneva Convention.

(2) **9 October: Day One of the Business Forum – Trade, Agriculture, Macroeconomics and the Improved Business Climate, B-2-B Meetings, Etc.** The second day of Ukrainian Week in London opened the Business Forum, held on the first day at the **Savoy Hotel** and co-organised by the BUCC with the Financial Times. It began by reviewing Ukraine's macroeconomic development, and the opportunities for trade and investment. The Business Forum also featured a successful Ukrainian government led trade mission to the UK organised with **Ukraine's Export Promotion Office headed by Maryana Kahanyak**, that introduced key Ukrainian companies to their British counterparts. **Daniel Bilak, Director of the Ukrainian Investment Promotion Office "UkraineInvest"**, and the **Chief Adviser on Investment to the Prime Minister of Ukraine**, also spoke on investment and trade opportunities, while introducing the trade mission. **Vassili Bovdilov, General Director of Unilever for Ukraine and Belarus** spoke on Unilever's successful experience investing in Ukraine.

After the introductory addresses of **B. C. Toms, Chairman of the BUCC**, and **David Thomas, Executive Chairman of COBCOE**, **Stepan Kubiv, Ukraine's First Deputy Prime Minister and the Minister of Economic Development and Trade of Ukraine**, addressed the Business Forum as a Keynote Speaker. He noted the "great amount of systemic reforms" that has been undertaken in Ukraine to meet EU standards and enable successful economic cooperation, although the

magnitude of these important reforms is not yet widely understood in the West. Mr. Kubiv emphasized the importance of further development of bilateral trade between the UK and Ukraine.

The first panel discussion, on the *accelerating Ukrainian economy and areas for UK-Ukraine cooperation*, featured a vivid discussion among the participants **Sir Malcolm Rifkind, the former UK Foreign Secretary (1995-1997) and Defence Secretary (1992-1995), and the former Chairman of the UK Parliament's Intelligence and Security Committee (2010-2015), Maryana Kahanyak, Head of the Ukrainian Export Promotion Office, Makar Paseniuk, the CEO of Investment Capital Ukraine (ICU), a leading Ukrainian investment group, Adomas Audickas, Adviser to the Prime Minister of Ukraine, and Prof. Ihor Burakovsky, Head of the Board of the Ukraine Institute for Economic Research. They concluded that Ukraine has, since the Revolution of Dignity, made great progress and is on the right path to realise its potential, offering many investment opportunities.**

This was followed by the session on *UK-Ukraine Trade Relations Post-Brexit, with Ukraine as an Important Customer for UK Goods and Services*, with the Keynote Address by the **Rt. Hon. Liam Fox, MP, the UK's Secretary of State for International Trade**, who spoke on international trade and political stability for Ukraine leading to European collective security. He confirmed the UK's commitment to Ukraine's territorial integrity, stating that: "We are here today not only to deeper commercial ties between our two nations, but as a show of solidarity and unity in the face of external aggression". He also affirmed, as observed above, the UK's intention to conclude a new UK-Ukraine Trade Treaty, announcing that: "We have designated Ukraine as one of the UK's post-Brexit priority markets, and our ambition is to further improve and liberalise the trading relationships between us". The full statement Secretary of State Fox's speech, as published on the UK Department of International Trade's Website, is attached.

This led into the session on *Britain and Ukraine — Free Trade, Agriculture and Post-Brexit Opportunities in the Agriculture and Food Sectors*. **Alex Lissitsa, the CEO of IMC**, a leading Ukrainian agro-industrial group, who is also the President of the Ukrainian Agribusiness Club Association (UCAB), explained why Ukraine, famous for its rich black soil and the world's second largest grain exporter, should be seen as a reliable modern international trading partner. **Olga Trofimtseva, the Ukrainian Deputy Minister of Agricultural Policy and Food for European Integration**, explained how, following the aggression by Russia in 2014, Ukraine had turned to western markets and "was working very hard to position itself as a real global agricultural food player". **Irina Mirochnik, President of the Immer Group**, talked about her experience creating, over a relatively short period of time, a leading agricultural supply business.

The following session, the *Improved Climate and Framework for Doing Business in Ukraine*, moderated by **Yuri Bender of the FT**, with panellists **Jock Mendoza-Wilson, the Deputy Chairman of the BUCC and System Capital Management's Director of International and Investor Relations, Oleksandr Martynenko, the Senior Partner of the Kyiv Office of CMS Cameron McKenna Nabarro Olswang, and Mykola Povoroznyk, the First Deputy Head of the Kyiv City State Administration**, explained Ukraine's reformed legal framework for investment and noted the increased level of trade generally. They then reviewed the many common business interests of the UK and Ukraine.

(3) **Ukrainian Art**. At the reception at the end of the first day of the Business Forum, the participants listened to a fascinating talk by **James Butterwick**, a leading expert on Ukrainian art, on the Ukrainian Avant-Garde artist Alexander Bogomazov (1880-1930). He told how in 1940, most of Bogomazov's works were pulled in a wagon by his widow 20 kilometers from Kyiv to escape destruction during the Second World War. Mr. Butterwick gave an illuminating presentation, with works by Bogomazov and his contemporaries, and he then showed two original paintings by this increasingly famous artist to further illustrate his talk. Today, Bogomazov's works are being sold for millions of dollars, and are being increasingly collected by leading museums around the world, which enhances the appreciation abroad for Ukrainian art, and for Ukraine as a country.

(4) **The Dinner in Honour of the First Deputy Prime Minister Stepan Kubiv at the Armourers Hall**. A dinner followed at the historic, and exceptionally beautiful, **Armourers Hall**, in honour of the First Deputy Prime Minister Stepan Kubiv, who spoke on Ukraine's commitment both to further economic integration with the UK and the rest of Europe, and to the defence of Europe. **Eugene Czolij, President of the Ukrainian World Congress (UWC)**, that represents the Ukrainian diaspora worldwide, also commented on the importance of Ukrainian Week to call attention to Ukraine's important potential economic contribution to world trade and prosperity.

(5) **10 October: Day Two of the Business Forum – Finance, Investment, Infrastructure, Oil & Gas, Renewable Energy and Microeconomics**. The Second Day of the Business Forum continued at the headquarters of the **European Bank for Reconstruction and Development ("EBRD")**, Ukraine's leading source of bank finance for development. In his introductory speech, **Francis Malige, the EBRD's Managing Director for Eastern Europe and the Caucasus**, spoke on the EBRD's very substantial lending so far, and its commitment to increased lending to help finance the future development of Ukraine. He commented that: "Ukraine is the largest country in Europe. It has a dynamic entrepreneurial culture, and I strongly encourage you to come and meet Ukrainian entrepreneurs. It has the only agriculture in Europe that actually makes a profit without subsidies from anybody. It has a world class IT sector, some of the best aircraft engineers in the world and very welcoming investment agencies, and over the past four years, it has massively reduced the size of corruption in its economy." **David Thomas, Executive Chairman of COBCOE**, then introduced the panel discussion, which included **Yulia Kovaliv, Head of the National Investment Council of Ukraine, Adomas Audickas, Adviser to the Prime Minister of Ukraine and Bozidar**

**Djelic, Managing Director of Lazard Freres.** They confirmed the greatly improved investment climate in Ukraine and discussed new opportunities for growth.

This led into the panel session on “*Boosting Economic Recovery through Effective Reforms*”, with **Francis Malige, Jason Pellmar, Head of the International Finance Corporation (IFC) Regional Office in Ukraine, Belarus and Moldova, and Satu Kahkonen, Country Director for Belarus, Moldova, and Ukraine of the World Bank.** Their discussion demonstrated that the Ukrainian reform program has made enormous progress towards EU standards and laid the foundation for accelerating economic development. The next session was on “*Financial Support for Ukrainian Investment and Business Operations*”, with a panel led by **Tymofiy Mylovanov, Deputy Chairman of the Council of the National Bank of Ukraine, Artem Shevlev, Chairman of Ukrgazbank and Alexander McWhorter, Chairman of Citibank Ukraine.**

The conference then reviewed success stories for investors in Ukraine, as well as investment opportunities from upcoming privatisations, with **Philippe Vogelee, Director of the External Affairs Advisory at Vodafone Group,** discussing their achievements, and those of other investors in Ukraine, on a panel with **Vitaliy Trubarov, Acting Head of the State Property Fund of Ukraine, Adomas Audiekas, Advisor to Prime Minister of Ukraine and Bozidar Djelic, Managing Director of Lazard Freres.** Mr. Trubarov also reviewed the upcoming calendar for privatizations by Ukraine.

This was followed by the session on *Investment Opportunities in Ukrainian Infrastructure Development*, headed by the keynote speech of **Volodymyr Omelian, the Minister of Infrastructure of Ukraine.** He reviewed examples of international cooperation that other successful countries, like Singapore, have used, his Ministry’s plans for major new Ukrainian infrastructure projects, including for a high speed Odessa-Kyiv-Lviv passenger and freight rail link, and other related investment opportunities in Ukraine. The Minister observed that those countries that actively (1) have spread information on reforms and fought corruption and disorder, and (2) fostered business-to-business meetings, instead of having government take the lead for investment and trade, were the most successful. This approach, that Ukraine is using, opens the doors to international investors for business on a transparent basis. He gave, as an example, the Infrastructure Ministry’s new policy that allows investors to be additionally protected by having their contracts governed the law of another selected western jurisdiction, such as English law, if they wish. He also noted that Ukrainian law is continuing to rapidly develop based on the best international principles.

**Marina Petrov, the EBRD’s Head of Energy and Infrastructure in Ukraine, Witold Smidowski, Director for International Business Development at Greenbrier Europe, Konstantin Skorik, Managing Director of Freightliner Europe, and Clemence Cheng, Managing Director Europe for Hutchinson Ports,** participated in the panel discussion that followed on Ukraine’s accelerating infrastructure development, including on financing such development for port and rail expansion.

The Business Forum then turned to *Oil and Gas*, with as the Keynote Speakers **Andriy Kobolev, the CEO of Naftogaz, Ukraine’s largest energy company, and Olga Bielkova, Deputy Head of the Committee on the Fuel and Energy Complex, Nuclear Policy and Nuclear Safety of the Verkhovna Rada (Parliament) of Ukraine,** speaking positively on investments prospects for oil and gas in Ukraine, including due to important government reforms and support. This panel’s discussion also involved leading oil and gas companies, including **Alastair McBain, President of Arawak Energy, and Viktor Gladun, General Director of JV Poltava Petroleum Company (part of JKK Plc),** that have significant operations in Ukraine.

The Business Forum concluded with the session on the *Development of Ukraine’s Renewable Energy Sector* that demonstrated Ukraine’s rapid progress to develop solar, wind, hydro and biomass energy projects. **Marina Petrov, the EBRD’s Head of Energy and Infrastructure in Ukraine,** gave the Keynote Speech, which led into a panel discussion including **Willem Coppoolse, the CEO of ENGIE Ukraine,** that has been making major investments in renewables in Ukraine, in addition to its gas activities. It was explained why such areas for international investment in Ukraine promise specially high returns. Ukraine is on course to have a significant percentage of its energy from renewables by 2020, to further assist its escape from the need for the gas imports. A reception at the EBRD followed.

(6) **11 October: British-Ukrainian IT Day: “Creativity and Innovation”.** Ukrainian Week in London concluded with the British-Ukrainian *IT Conference: “Creativity and Innovation”*, held at the EBRD. Ukraine has a thriving IT industry, and has also become the principal outsourcing destination for UK IT. It is the home for many major world class IT firms like SoftServe. The Keynote Speech was given by **Oleksandr Danchenko, Head of the Committee for Information and Communications at the Ukrainian Parliament.** Panel discussions followed, moderated by **Evgeni Utkin, Chairman of KM Core** (a major Ukrainian technology holding company), and involving senior management from leading Ukrainian tech companies like **SoftServe, Perfectial, N-iX, Sigma Software, Smart4Tech and Innovecs,** as well as leaders in UK tech, including senior representatives of **Tech Nation, techUK, Z/Yen Group, Imperial College Business School and University College London.** Professor Michael Mainelli of Z/Yen Group made observations on the importance of start-ups being able to scale up quickly, for which Ukrainian IT outsourcing may be a solution, and the need for better legal control over intellectual property by most start-ups.

These discussions showcased leading Ukrainian IT developments and addressed the needs of a wide variety of UK startups and scale-ups that could benefit from partnerships with Ukrainian tech. As **Yaroslav Lyubinets, the Co-Founder and**

**Chairman of the Board of Directors of SoftServe**, Ukraine's largest IT company, commented, it is a "very important fact that 18 companies with offices in Ukraine were listed recently in Global Outsourcing 100 List... Ukraine is not just an IT destination, it is a R&D destination. It means that Ukrainian specialists are working on the most complex tasks for the development of new products."

Panels followed on *Fintech and the Internet of Things*, including presentations by **Lee Braine of Barclays' Investment Bank CTO Office**, **Fiona Reid, Senior Teaching Fellow at the School of Management of University College London (UCL)**, **Ivan Kohut, CTO of Perfectial**, and **Andrei Kirilenko, Director of the Centre for Global Finance and Technology at the Imperial College Business School**. Ukrainian Week concluded with closing remarks by **Alain Pilloux, EBRD's Vice President**, who confirmed the EBRD's commitment to finance much greater development in Ukraine, as well as its confidence in Ukraine's future. He stated "The choice of the EBRD to host this conference of course is not accidental... we are big in Ukraine, both in terms of business and in terms of policy and engagement, and we would like to be bigger because there are so many things to do". IT Day ended with its reception at the EBRD.

## (7) Conclusion

As observed above, based on the success of the 2018 Ukrainian Week in London, the BUCC's committees will be holding regular meetings to facilitate increasing cooperation between British and Ukrainian business leading up to the next Ukrainian Week in October 2019. In this context, the BUCC will be organizing special meetings in London on topics of interest over the next year together with its partner organizations for Ukrainian Week.

If you would like to participate, including to suggest topics and speakers or obtain more information for these events or for the 2019 Ukrainian Week, **please contact the British-Ukrainian Chamber of Commerce (BUCC) at: tel.: +38 (044) 490 6000, email: [buccukraine@bucc.com.ua](mailto:buccukraine@bucc.com.ua), and please see our BUCC Website at: <http://bucc.com.ua/>.**

## Attachments:

- (1) UK DIT Notice on Secretary of State Fox's Speech at the 2018 Ukrainian Week;
- (2) Ukrainian TV Channel Priamyi's Report on Ukrainian Week;
- (3) KyivPost Articles on Ukrainian Week;
- (4) The Times of London Report on Secretary of State Fox's Speech at Ukrainian Week;
- (5) FT Supplement on Investing in Ukraine, published on 12 September 2018;
- (6) Youtube Channel and the BUCC website address to see the live streamed videos of Ukrainian Week's Days 1 to 3;
- (7) Photographs of the Ukrainian Week Events;
- (8) 2018 Ukrainian Week in London Programme;
- (9) Selected Papers by Ukrainian Week Speakers.

## Ukrainian Week's Sponsors Are:

