Why Ukraine is important for the European Union and the US

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In 2013, the Ukrainians took to Maidan to defend the conclusion of the Association Agreement. It was not only and not so much about the agreement as a document, but more about value benchmarks and a practical guide on the road to the European way of life, level of development and prosperity.

Despite the Russian aggression, which resulted in the illegal annexation of Crimea and in the sending of the Russian soldiers and weapons to the east of our country, which led to the loss of thousands of lives of our soldiers and civilians, the destruction of a large part of industrial capacity and infrastructure, the Ukrainian society remains committed to its European future. Ukraine, which belongs to Europe geographically and mentally, is now undergoing difficult and dramatic changes to transform this affiliation into appropriate standards of living and development.

This path goes in two directions. On one hand, it is the restoration of the territorial integrity and peace. On the other hand it is a path of deep and comprehensive reforms. These two processes are parallel. At the same time, of course, they influence each other. Ukraine needs the support of the West – primarily the EU and the US in order to

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maintain political and sanctions pressure on Russia for the sake of the implementation of Minsk agreements and the return of Crimea to Ukraine. Equally important is the support to the reforms process.

However, the key element of this support must be the clear understanding that Ukraine needs Europe as much as Europe needs Ukraine. From the security point of view, to allow Russia to violate international law with impunity means to create a direct threat to the European security interests. From the economic point of view, to support the reforms process in Ukraine means to strengthen the area of stability around the EU and to create opportunities for expansion of market sales for EU and US goods, to enhance opportunities for investments and thus for new revenue not only to Ukrainian budget, but also to the budgets of the partner countries.

Recently, there is a lot of talk about the impact of the Russian embargo, introduced in response to the EU sanctions against Russia for the violation of the territorial integrity of Ukraine, Moscow’s failure to keep Minsk agreements as well as for continued aggression against Ukraine. However, the right answer to these talks should be further diversification of markets for both EU’s and Ukrainian products, as well as the strengthening of bilateral trade and economic relations and the usage of opportunities, which arose with the entering into force of the Ukraine - EU free trade zone. Let us not forget that besides military aggression, Russia also leads a trade war against Ukraine, not only by banning our exports, but also by restricting the transit of our goods through Russia to the third countries.

One should not believe that by abandoning principles economic benefits could be gained. Such benefits would be only temporary, because they would undermine the security principles. And who knows, which country, after Ukraine, could be the next object of the Russian aggression, if today we create a false belief that the West could give up the respect for the primacy of international law for the sake of economic gain, if we let ourselves be convinced that the current economic profit can be more important than long-term security strategy and respect for shared democratic values.

It is quite clear what the EU and the United States can offer Ukraine today. It is solidarity, political and sanctions pressure on Russia as well as assistance in the process of reforms.
What could Ukraine offer Europe? Despite the fact that we currently do not control 7% of our territory and have lost 20% of our GDP in the result of Russian aggression, we are committed to the reforms process and have achieved results as well, trying to make the Ukrainian market not only large, but also attractive.

We have adopted the Strategy of Reforms – 2020, which contains 62 reforms. 42 of these reforms are already under way; the rest 20 reforms (for example, the reform of social security system, electoral legislation, statistics, as well as land reform) will be launched after proper preparation. All the reforms are being implemented in full compliance with the provisions of the Association Agreement, and thus are aimed at introducing the European standards. The realization of this fact is important not only for our internal development, but also for foreign entrepreneurs and investors coming to the Ukrainian market.

We have established the National Council of Reforms, the main tasks of which are the prioritization, coordination and monitoring of the implementation of reforms. Why did I bring this up? In its framework one can very clearly see the process of transformations, our priorities and achieved results. Through the analysis, carried out by the Council, one can follow the direction in which Ukraine is heading and the results it has already managed to achieve.

Among the key results that have already been achieved and which make our state more attractive to business is the forming of a system of anti-corruption bodies.

New police has been formed. This reform was probably the most popular among the population, because people have witnessed not just a new uniform, but also a new style of work and communication, which corresponds to the European standards.

Financial system has been stabilized. In this regard I would like to point out that the legislation changes have been adopted to ensure that the protection of rights of consumers of financial services are in line with the European standards, as well as to protect the rights of creditors.

The reform of the energy sector, the adoption of the new Law on Natural Gas Market, the reduction of the deficit of the NJSC Naftogaz of Ukraine became major changes. We have managed to solve an extremely complicated assignment, well known for European countries – to get rid of total dependency on Russia in the issue of gas consumption. Today over 60% of gas supplied to Ukraine comes from Europe.
Deregulation reform has helped to simplify doing business in Ukraine.

The introduction of electronic public procurement through ProZorro system has not only allowed saving at least 2 billion UAH, but also became an important element of elimination of corruption component in the procurement process. By the way, ProZorro system was recognized as the best in the world and won the most prestigious international award in the field of procurement – World Procurement Awards 2016.

So, we have attained real results and witness progress in the improvement of business environment in Ukraine.

And this is confirmed by the confidence of the leading companies, which invest in Ukraine.

Let me give you just few examples.

In July 2016 BUNGЕ Ukraine invested 180 million USD to build a modern production and handling complex on the territory of Mykolaiv seaport. The complex includes an oilseed refinery, oil handling terminal and expanded grain terminal.

The ArcelorMittal, a world leader in steel production, is planning to invest between 2016 and 2020 1.2 billion USD in the industry development on the basis of existing capacities in Kryvyi Rih.

One of the world’s leading suppliers of food, personal care products and household products, Unilever has decided to build a tea factory in Ukraine.

Leoni, a global supplier of wires, cables and wiring systems is planning to build another plant in Western Ukraine.

All investors are worried about the rule of law, protection of legal principles of business and the general functioning of economy and state. The steps already taken and the changes initiated in law enforcement and judiciary spheres, as well as a clear plan for the future provide our partners with confidence. We hope that this will contribute to further development of trade and economic cooperation.

To sum up, I would like to emphasize that the current situation in and around Ukraine, the challenges we are facing cannot be considered separately from the general European and world context, both in terms of security and economics. However, the key question we are answering while defining the algorithm of our actions is which approach we
choose to these challenges. Either we shall just move by inertia, not seeking new answers to new threats, or we shall concentrate our efforts on finding new opportunities in these challenges – both to strengthen political solidarity and security guarantees and to unleash the potential of new trade and economic opportunities. The answer is up to us. And we shall decide what our future will be. For my part, I am convinced that the current situation is not only a challenge, but also a chance which we have to use in order to strengthen the respect for international law, the unity of Europe and the entire civilized world, and to demonstrate that in the development of our trade and economic relations, we do not sell our values and the lives of those who are now at the forefront of the struggle for the ideals of Europe.