

Closing Session

Mr. Oleksandr Gryban, Deputy Minister of Economy, Ukraine

*Abstracts of the speech at the final meeting
of the 30th OSCE Economic and
Environmental Forum (Prague, Czech
Republic, online, September 9, 2022)*

Dear forum participants!

On behalf of the Government and the Ministry of Economy of Ukraine, I would like to thank you for the opportunity to participate and speak at the closing session of the Final Meeting of the 30th OSCE Economic and Environmental Forum "Promoting of the Security and Stability in the OSCE Region through Sustainable Economic Recovery after the COVID-19 Pandemic".

This event is very important for all states in the OSCE region, in particular for Ukraine at this extremely difficult for it time.

The economy of our country has been functioning in the conditions of a hybrid war between the Russian Federation and Ukraine for many years. **But a full-scale war is a new extraordinary challenge.**

For now, businesses, citizens of Ukraine and the authorities have united in a worthy response to this challenge, and today there is a gradual breakdown of negative trends.

Key challenges:

According to our estimates, **if the war continues, by the end of 2022:**

- **30% of Ukrainians may be below the poverty line;**
- according to forecast estimates, **the decrease in GDP may be up to 30-35%;**
- **budget deficit may exceed 35 billion dollars.**

The total direct and indirect losses of the Ukrainian economy have already reached 600 billion dollars and will continue to grow.

Today, there are significant challenges in the economic sphere:

- Bankruptcies and shutdowns of the business;
- Blocked ports and narrow logistics;
- Raw model of development;

- Unmodernized (underinvested) economy;
- Low diversification of energy supply;
- Excessive fiscal burden on business and population;
- High level of unemployment;
- Risk of non-return of a large part of Ukrainian citizens;
- Decrease in bank activity and freezing of investment projects.

Key capabilities:

Ukraine has the potential to give a worthy response to all these challenges - both new and inherited, and challenges on the way to EU integration. The entire period of our struggle for independence with the losses we suffered: human, production, markets and traditional partners, did not destroy the economy of Ukraine. While losing some of our traditional advantages, we acquired new ones.

Among the key opportunities for development, Ukraine currently has:

- **available own raw materials**, in particular ore and products of plant production (rich fertile black soil and a favorable climate), the increase in processing of which will help to change the raw material nature of the economy;
- **diversified production**, which allows to direct the growth energy of some industries to the development and creation of others, as well as the modernization of which in many sectors does not require the creation of production cycles "from scratch", but only the re-equipment and expansion of individual production lines;
- **geographical location**, which facilitates the implementation of fast logistics and, accordingly, export potential to European countries;
- **high intellectual capital of the country**, which, in close correlation with production, can ensure the implementation of modern technical and technological innovative developments;
- **high level of IT development in a wide range of economic spheres and dynamic growth of creative industries**, which have a high multiplier of added value;
- **affordable electricity** (at a price lower than the European one) **with a significant share of "green" energy.**

Also, in the process of post-war reconstruction with simultaneous adaptation to the criteria of membership in the European Union, we count on the support of partner countries, which will contribute to the solution of the issues of modernization of production capacities and reduction of material and energy intensity of production, extension of chains of creation of added value on the territory of Ukraine.

Currently, the entire Ukrainian political community, state institutions, scientific, expert and public organizations are united by a common goal - **to work on the draft Plan for the Recovery and Development of Ukraine, initiated by the President of Ukraine Volodymyr Zelenskyi** and presented by the Prime Minister of Ukraine on July 5 at International conference on the restoration of Ukraine in Lugano (Switzerland).

The Targeted **Plan for the Recovery of Ukraine** is a unique chance not only to compensate for the damage caused by the war, but also **to accelerate economic growth and improve the quality of life in Ukraine.**

The recovery plan identifies three goals:

SUSTAINABILITY - to ensure economic, social and environmental sustainability in the marathon to victory

RESTORATION - to find effective solutions for the fastest possible restoration of the most important economic and social processes and natural ecosystems

MODERNIZATION - to develop a plan for the modernization of the country, which will ensure sustainable economic growth and the well-being of the population

We assume that **the sustainable recovery of Ukraine must be based on seven key elements: strategic imperatives, enabling factors and key drivers of future changes.**

The economic block of the Plan provides for the implementation of seven key reforms:

- 1) **Structural restructuring of the economy due to the accelerated development of the processing industry** (attraction of investments, increase in exports, import substitution)
- 2) **Prosperity of SMEs due to deregulation**, reduction of tax burden, expansion of access to knowledge, markets, capital and creation of comfortable conditions for doing business
- 3) **Reform of the labor market** through the introduction of market principles of relations between employees and employers
- 4) **Implementation of the economic part of the Association Agreement between Ukraine and the EU**
- 5) **State property management reform:** privatization and corporate governance
- 6) **Market reform**, reducing the influence of monopolies and de-oligarchization of the economy
- 7) **Reform of law enforcement agencies in the field of economic crimes.**

For the implementation of reforms of the economic bloc, it is determined:

Short-term tasks and measures of the stage "Wartime economy: Everything for victory!", June - December 2022.

Medium-term tasks and measures of the "Recovery, restart of the economy and institutions" stage, 2023–2025.

Strategic tasks and measures of the stage "Structural modernization and full integration into the EU", 2026-2032.

One of the main tasks **of the Plan for the post-war period is to expand access to the markets for products with high added value, in particular, to ensure full access to the G7 and EU markets.** For its implementation it is necessary to ensure:

- **a structured dialogue with the EU** regarding the application of an individual approach to Ukrainian **producers within the framework of the future implementation of the Carbon Border Adjustment Mechanism (CBAM);**
- **removal of technical barriers to the integration of Ukrainian manufacturers into the Single European Green Market,** in particular, by spreading the necessary certification procedures and confirmation of compliance, increasing the level of awareness of manufacturers in this area, supporting manufacturers of ecologically better products, expanding the ability of Ukrainian manufacturers to participate in "green" (energy-efficient, sustainable) public procurement.

Also, under the framework of the strategic task of the stage "Structural modernization and full integration into the EU", among other things, **the transition of the economy to new innovative trends of development through:**

- **construction of the Industry 4.0 ecosystem and clustering;**
- **prioritization of ecologically neutral productions and closed cycle productions.**

The government, in particular the Ministry of Economy, with the participation of non-governmental organizations and central executive authorities, has already started work on the introduction of a circular economy in Ukraine and the formation of a list of potential sources and tools for its financial support.

The key project of the Economic Block of the Recovery Plan is the Investment Menu. In fact, it is a map of opportunities for investing in the Ukrainian processing industry.

As a part of the Investment Menu, we have identified **8 priority industries and sectors,** these are: defense-industrial complex, agro-industrial complex, metallurgy and metalworking,

mechanical engineering; energy, mining industry, furniture and woodworking industries, logistics.

Calculations of investment needs and opportunities were made for each of these "Investment Menu items". **Today, the Investment menu includes more than 600 projects. Investment needs (425 billion US dollars) and effects on the economy and employment are also calculated.** In particular, the implementation of the proposed projects **is expected to create 931,000 jobs places.**

Within the framework of the "Green Energy" investment menu block, the need for investments is 63.3 billion US dollars, instead it is expected the creation of 136.2 thousand jobs.

Therefore, we invite friends of Ukraine, partners to join the post-war reconstruction of Ukraine.

We want to build a new Ukraine, with new transparent rules, digital, ecological, convenient for people and business, safe and economically strong.

And we want to build such a country together with our friends and partners.