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business ukraine What you need to know.

BUSINESS UKRAINE MAGAZINE: SPRING 2024
From drones and electronic warfare to artillery shells and armored vehicles, the Ukrainian defense industry has expanded dramatically since February 2022 in response to the existential challenge of Russia's full-scale invasion, and is now benefiting from growing cooperation with international defense sector partners attracted by Ukraine's unique experience and expertise.



The West must not bow to Putin's nuclear blackmail

Trying to predict the future course of the Russia-Ukraine War is a fool's errand. On the eve of the invasion, most experts agreed that Ukraine would fall within a matter of days. When Ukraine withstood Putin's blitzkrieg and launched a series of stunningly successful counteroffensives, it was suddenly Russia that was now allegedly close to defeat. As the war has entered a third year, delays in Western military aid have fueled renewed forecasts of an imminent Russian breakthrough that never quite seems to arrive.

Meanwhile, who could have anticipated Ukraine's unlikely victories in the Battle of the Black Sea, the US Republican Party's retreat into isolationism, or French President Emmanuel Macron's reinvention as Europe's leading hawk?

Even in this most unpredictable of environments, the one thing that seems fairly safe to assume is that Vladimir Putin will continue making nuclear threats. After all, this is exactly what he has done with remarkable consistency throughout the war. When announcing the invasion, Putin warned against any Western intervention with promises of consequences "such as you have never seen in your entire history." Four days later, he ordered Russia's nuclear forces to be put on high alert.

Following Russia's defeat in the March 2022 Battle of Kyiv, Putin sought to deter the West from arming Ukraine by declaring he was ready to use nuclear weapons. In recent months, he has repeatedly hinted at a nuclear response to the possible arrival of Western troops in Ukraine, and has also ordered the Russian army to conduct tactical nuclear weapons drills, just in case anyone has yet to get the message. Perhaps the most notorious example of Putin's nuclear saber-rattling came during a televised September 2022 address to announce Russia's first mobilization since World War II. With the Russian army retreating in disarray in Ukraine, Putin referenced his country's nuclear arsenal and vowed to use "all means at our disposal" to defend Russia. "This is not a bluff," he declared.

None of this has convinced the Ukrainians, who have repeatedly called Putin's bluff and exposed the emptiness of his bluster. For example, just weeks after Putin's September 2022 speech, the Ukrainian military liberated Kherson, the only regional capital captured by Russia since the start of the invasion and a city that Putin himself had just trumpeted as "forever Russian." Rather than reaching for the nuclear button, Putin reacted to this embarrassing defeat by ordering his troops to quietly withdraw.

While Ukraine has refused to be intimidated by Putin's nuclear blackmail, the same cannot be said for the West. The Russian dictator's thinly veiled threats may appear crude and primitive, but

there can be little doubt that they have been instrumental in fueling the crippling fear of escalation that has plagued Western decision-making ever since the first days of the invasion. This has led to the disastrously slow delivery of military aid to Ukraine and the outright denial of weapons that could have set the stage for Ukrainian victory. It has also produced absurdities like the ban on using Western weapons inside Russia.

Unless this changes, the damage will not be limited to Ukraine. If the mere suggestion of nuclear escalation is enough to deter the West from preventing Russia's takeover of Ukraine, Putin will inevitably employ the same tactics against other countries. He is already openly portraying the current invasion as a sacred mission to reclaim "historically Russian lands." With more than a dozen other countries also potentially qualifying as "historically Russian," it is all too easy to imagine further invasions in the coming years accompanied by more of Putin's thinly veiled nuclear threats.

Nor will the implications be restricted to Russia's wars of aggression. On the contrary, fellow autocrats around the world will take note of Putin's success in Ukraine and draw the logical conclusions for their own expansionist agendas. If nuclear intimidation works for Moscow, why not for Beijing or Pyongyang?

By allowing themselves to be intimidated by Putin's nuclear threats, Western leaders risk plunging the whole world into a dark new era of insecurity and aggression. Russia's successful use of nuclear blackmail in Ukraine will transform attitudes toward nuclear weapons and undermine decades of nonproliferation efforts. Nukes will become an essential tool for any country that wishes to avoid being bullied by its neighbors. As the number of nuclear-armed nations grows, the potential for nuclear war will increase dramatically, as will the possibility of stray nukes falling into the hands of non-state actors.

Vladimir Putin's decision to use nuclear intimidation as part of his Ukraine invasion is a reckless gamble that reflects his firm belief in Western weakness. Unless the West proves him wrong, the consequences for global security will be catastrophic.

Peter Dickinson
Publisher
Business Ukraine magazine



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Ukraine seeks meaningful **NATO summit signal**

Alliance leaders will meet in Washington DC in July to mark NATO's 75th anniversary



Photo: president.gov.ua

Ukraine will be hoping for much more than mere words of support when NATO leaders gather in the United States for a jubilee summit on July 9-11 to mark the seventy-fifth anniversary of the alliance. While there is little expectation of any major breakthroughs toward the strategic Ukrainian objective of membership, officials in Kyiv will be looking for concrete steps to underline the alliance's long-term commitment to Ukraine, both in terms of the ongoing fight against Russia and future NATO integration.

Speaking in Kyiv in May, US Secretary of State Antony Blinken vowed to use the upcoming summit to make sure "Ukraine's bridge to NATO is strong." He said alliance leaders would use the July gathering to take tangible steps to increase NATO's role in building a resilient, capable Ukrainian military and support ongoing reforms critical for the further integration of Ukraine into the alliance. "We are bringing Ukraine closer to and then into NATO," commented America's top diplomat in the Ukrainian capital.

Weeks earlier during a similarly unannounced Kyiv trip, NATO Secretary-General Jens Stoltenberg provided an idea of what Ukraine might be able to expect from the July summit. In surprisingly frank remarks, the NATO chief accused alliance members of failing to provide Ukraine with promised aid, and renewed calls for a more sustainable response to Russia's ongoing invasion.

Ukraine's supply issues and battlefield setbacks during the first half of 2024 have highlighted the need for a more reliable approach to arm-

ing the country against Russia. At present, Ukraine's ability to defend itself depends heavily on the changing political winds in a number of Western capitals. This makes it difficult for Ukraine's military and political leaders to plan future campaigns, while also encouraging the Kremlin to believe it can ultimately outlast the West in Ukraine.

In order to address this problem, Stoltenberg has proposed the creation of a USD 100 billion, five-year fund backed by the North Atlantic Treaty Organization's 32 members. "I believe we need a major, multi-year financial commitment to sustain our support. To demonstrate that our support to Ukraine is not short term and ad hoc, but long term and predictable," he commented in Kyiv. Stoltenberg said a five-year fund would help convince the Kremlin that Ukraine's NATO partners have the requisite resolve to maintain their support until Russia's invasion is defeated. "Moscow must understand: They cannot win. And they cannot wait us out."

While a five-year fund would certainly be welcome, it is unlikely to persuade Putin to end the war. Following the failure of his initial blitzkrieg attack in 2022, the Russian dictator has changed tactics and is now attempting to break Ukraine's resistance in a long war of attrition. Given Russia's vastly superior human and material resources, this approach has a good chance of succeeding, unless Kyiv's partners demonstrate a clear commitment to Ukrainian victory and arm the country accordingly. The July NATO summit in Washington DC would be a good place to signal the West's determination to help Ukraine win.

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Ukrainian private sector can fuel energy resilience

A decentralized power grid could help Ukraine survive Russia's infrastructure attacks



About the author: **Yuri Kubrushko** is co-founder of the Green Recovery Fund

Since the beginning of 2024, Russia has conducted a major bombing campaign targeting Ukraine's civilian energy infrastructure. Building on key lessons learned from an earlier air offensive during the first winter of the war, this latest wave of Russian airstrikes has concentrated on Ukraine's largest power plants. The results have been devastating, with a large part of Ukraine's thermal and hydro power generation capacity damaged or destroyed by May 2024.

"Rather than continuing to focus their attacks on Ukraine's transmission systems, Russia has begun launching massive attacks on our energy generation infrastructure," Maxim Timchenko, CEO of Ukrainian energy producer DTEK, told CNN. "Unfortunately, the enemy has evolved his tactics and is using high-precision weapons. The result is a huge increase in its destructive effectiveness compared to 2023."

This is placing unprecedented pressure on Ukraine's embattled power grid. Problems are arising not only due to a severe shortage of generation capacity, but also because the destroyed facilities played a vital role in ensuring the flexibility of the system. Fears are now growing that Ukraine will face rolling blackouts in the coming months, with potentially grave consequences for the wartime Ukrainian economy and the humanitarian situation in the country once the winter season approaches.

Ukrainian government officials and energy sector representatives anticipate that it could take years to repair the extensive damage done to power plants targeted in Russia's recent attacks. Nor would this necessarily solve the problem. As numerous commentators have already pointed out, repaired facilities would remain vulnerable to repeat Russian airstrikes. Indeed, some of the plants struck since the beginning of 2024 had only recently been fixed following earlier bombardment.

There are alternatives to simply repairing Ukraine's old power grid and hoping for the best. Looking ahead, many industry experts and officials favor a more diverse and decentralized model for the Ukrainian energy sector. Volodymyr Kudrytskyi, CEO of Ukrainian electricity transmission system operator Ukrenergo, has argued that instead of relying on 15 to 20 large electricity generation facilities dating back to the 1960s and 1970s, Ukraine should be aiming to construct a nationwide network featuring hundreds of far smaller power plants.

This national energy upgrade should incorporate the latest technologies and take maximum advantage of Ukraine's considerable renewable electricity generation capabilities. From a military perspective, it would be significantly more challenging for Russia to inflict critical damage on such a decentralized Ukrainian power grid. With a large number of potential targets spread out across the country, the cost of doing so would also likely be prohibitive.

The Ukrainian private sector can play a critical role in the transformation of the country's energy industry. For the past two years, Ukrainian companies have demonstrated remarkable resilience in the face of Europe's largest invasion since World War II. They have successfully adapted to incredibly challenging conditions and have overcome a wide range of obstacles, including in the energy sector. But in order to lead the way in building a new generation of power plants, the country's energy entrepreneurs require access to the necessary financial tools.

While Ukraine's energy industry has received considerable financial support since 2022 from international donors and development institutions, most funding has gone to the public sector. This is understandable, given the need to keep state-run critical infrastructure functioning. However, to advance to the next stage, the Ukrainian authorities and the country's international partners must look to make new projects economically viable for Ukraine's private sector.

Without access to private sector financing, the large-scale construction of decentralized energy facilities is unlikely to happen. Ukraine's state-owned energy companies are already occupied with the restoration of their existing assets, and are not realistically in a position to embark on dozens of new projects in parallel. Providing access to financing could help spur competition within the Ukrainian private sector and pave the way for significant investment.

Much of the financial support for Ukrainian energy initiatives currently comes from international financial institutions. At present, many of Ukraine's largest private sector players do not meet their criteria, while others are too small to appear on their radar. With little prospect of overcoming financial obstacles, some Ukrainian energy sector companies are already turning their attention to more economically viable projects outside Ukraine. Unless the situation changes, others may follow.

Financing the decentralization of Ukraine's energy sector should be recognized as a strategic priority. Russia is clearly aiming to destroy the Ukrainian power grid and hopes this will break the country's ability to resist. Withstanding the Russian attack on Ukraine's energy infrastructure is therefore vital for the wider war effort. The Ukrainian private sector is a logical partner in this undertaking, but needs access to the financial tools that only the country's international partners can provide. To paraphrase Winston Churchill, "Give Ukrainian entrepreneurs the financial tools, and they will finish the job."



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New European gauge railway line

Keeping Ukraine's EU integration on track

Groundbreaking new train route will connect Ukraine directly to EU transport networks

Photo: Ukrzaliznytsia
(Ukrainian Railways)



Construction work began in April 2024 on a groundbreaking new European gauge railway line in western Ukraine's Zakarpattia Oblast that will directly connect the country's rail system to the neighboring European Union network. The 22 kilometer line will run from regional capital Uzhgorod to Chop on the Ukrainian border with EU member states Slovakia and Hungary, and is expected to enter service in summer 2025. The \$33 million project is co-financed by the EU's Connecting Europe Facility. It is part of ongoing efforts to advance Ukraine's integration into Europe's transport infrastructure. Once complete, the new European standard line will enable direct rail connections from Ukraine to destinations across Europe, dramatically improving con-

nectivity for both passenger and freight services. At present, it can take up to five hours to reload freight at the border due to the incompatibility of Ukraine's broader railway gauge. "This project will not only increase the comfort of passenger traffic and redistribute passenger flows, but will also provide Ukraine with new logistical opportunities for freight transport, and will relieve bottlenecks," commented Ukrainian Prime Minister Denys Shmyhal. The importance of Ukraine's rail connections to the European Union has increased significantly since the onset of Russia's full-scale invasion in February 2022. While Ukraine has managed to break the Russian naval blockade of the country's Black Sea ports, disruption to commercial shipping

has led to growing demand for railway freight transportation to EU countries and via European ports to global markets. Meanwhile, with millions of Ukrainian refugees currently based in the European Union and Ukraine's airspace closed due to wartime conditions in the country, there is now unprecedented demand for passenger train services. This infrastructure initiative comes as Ukraine continues to make progress toward future European Union membership. The country signed a landmark Association Agreement with the EU in 2014, and was granted official candidate status in June 2022. Eighteen months later in December 2023, the European Council agreed to open accession negotiations with Ukraine.



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Ukrainian Legal Services 2024 Industry Review

Ukraine’s legal services sector has adapted remarkably well to the new realities following Russia’s full-scale invasion and has achieved a significant degree of stability, but it remains far too early to talk of a full recovery to prewar levels of industry activity, writes Oleksiy Nasadyuk



About the author: **Oleksiy Nasadyuk** is head of Yurydychna Praktyka’s annual Top 50 Leading Law Firms in Ukraine project

The gradual recovery of business activity in the Ukrainian legal services sector that began in the middle of 2023 has continued into the current year, but it is still premature to talk of a full recovery or a return to growth. Instead, the industry continues to adapt to the unprecedented challenges created by Russia’s full-scale invasion, with individual law firms tailoring their services while adjusting to the often rapidly changing circumstances in the wider business community.

One of the key tasks facing Ukrainian law firms in the early stages of the war was the retention of staff as significant numbers relocated in search of safety for themselves and their families. While far fewer lawyers have left the country during the past year, the numbers returning to Ukraine also remain relatively low. This is creating a competitive personnel market and forcing law firms to work harder to preserve their existing teams. Fewer staff members and smaller budgets have been factors driving



HOW TO WIN LEGAL DISPUTES
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a rise in law firms moving offices and downsizing. Many law firms have also adopted a more flexible approach to office attendance, reflecting the uncertain security situation in Ukraine's major cities and other wartime practicalities such as long journey times for international travel and the separation of family members.

Financial Stability

There was a slight increase in annual revenues across the Ukrainian legal services sector in 2023, but this modest industry growth failed to keep pace with the 5.3 percent rise in Ukrainian GDP as a whole. Unsurprisingly, law firms that were able to retain their key clients along with senior personnel have managed to avoid the most damaging financial fallout from the Russian invasion. While others in the legal services industry have fared less well, the overall impression has been of strong market resilience and flexibility when faced with the dramatically different professional environment created by the outbreak of war and the imposition of martial law.

Digital Demand

The structure of client portfolios at many of Ukraine's leading law firms has evolved in response to wartime changes. While the banking sector remains the main source of business in the legal services industry, its share of the overall market continues to decrease and has now shrunk to just over ten percent. The IT sector, which has arguably been Ukraine's biggest economic success story of the past two years, occupies second place, also accounting for around ten percent. These were followed by the energy sector (8.1 percent), real estate and construction (6.8 percent), agriculture (6.7 percent), and e-commerce (6.6 percent).

The agricultural industry recorded the sharpest decline in market share over the past year, falling from a prewar level of 10.3 percent in 2021. Meanwhile, the prominence of IT and e-commerce among the key industrial drivers of demand for legal services in today's Ukraine underlines the advanced state of digitalization in Ukrainian society. This process has been underway for more than a decade, but has visibly accelerated amid the disruption and displacement of the wartime period.

Wartime Trends

The dramatic changes in almost every aspect of Ukrainian daily life since the start of Russia's full-scale invasion have inevitably created new focuses for Ukrainian law firms. Most legal services providers have reported large volumes of inquiries relating to martial law. In the field of labor law, the focus has been on mobilization and exemptions for certain categories of employees. Wartime changes in legislation regarding import and export regulations have also provided considerable amounts of work for Ukrainian lawyers, as have efforts to determine damages caused by Russian aggression.

Ukrainian society has mobilized since February 2022 in support of the country's war effort, with the Ukrainian legal services industry playing its part in this historic process. This has often taken the form of providing free legal services for humanitarian and charitable initiatives. In addition to pro bono legal assistance, many Ukrainian law firms have also donated significant sums to initiatives helping victims of the war or supporting the Ukrainian military.

European Future

As Ukrainian law firms navigate the complexities of doing business amid the largest European invasion since World War II, many legal services professionals also have one eye on the future. While there is no end in sight yet to the Russian invasion, it already looks increasingly clear that Ukraine is now firmly on a trajectory toward eventual membership of the European Union. This integration process creates a range of potential practice areas related to things like technical assistance from the EU and changes to regulations in a number of Ukrainian industries.

The legal services sector will also have a major role to play in the postwar reconstruction of Ukraine. This vast undertaking is expected to attract the participation of partner governments, international financial institutions, and major investment groups. With hundreds of billions of dollars likely to be at stake, the period could well result in unprecedented international demand for the services of Ukrainian law firms. Farsighted Ukrainian lawyers are now exploring the opportunities this may create.



Ukrainian Legal Industry Commentary

Rustam Kolesnik

Chief Editor of Yurydychna Praktyka publishing house

Despite signs of stabilization throughout Ukraine's legal services market, there is currently little reason for optimism as the recovery we are witnessing within the industry is slower than the growth of the Ukrainian economy as a whole. The turbulence of recent years will remain a key feature in 2024, while the legal services sector will continue to adapt, with law firms mastering new practice niches such as martial law and war damages. There is growing awareness that the postwar period will bring unprecedented opportunities for Ukrainian law firms as foreign investors and international businesses enter the Ukrainian market. Legal services providers should be prepared for what is likely to be a fierce competition to secure clients and retain the most talented lawyers. This all lies in the future, however. For now, the huge potential of the postwar period pales in comparison to the unprecedented ongoing challenges of the war.

AVELLUM

Ukraine's Business Landscape



Andriy Romanchuk
Partner, Corporate/M&A,
Private Equity, and Venture Capital



Andriy Fortunencko,
Partner, Dispute Resolution,
Head of White-Collar Crime

Ukrainian Defence Industry: Strategic Partnerships (JVs) and Acquisitions

- 1 Contractual instruments: take advantage of appropriate Ukrainian and international legal instruments to achieve the agreed commercial terms.
- 2 Public procurement procedures: account for public procurement procedures applicable to military/dual-use products.
- 3 Cost documentation: be prepared to substantiate the actual cost of your products within the public procurement procedures.
- 4 Export/Import controls: account for potential export and import controls.
- 5 Regulatory approvals: check whether your deal requires Ukrainian regulatory approvals, such as the approval of the Antimonopoly Committee of Ukraine.

Strategic planning and local legal expertise are key to successful cross-border defence collaborations.



Anton Zaderyholova,
Partner, Tax and Private Clients



Anton Arkhyrov,
Counsel, Antitrust

Efficient business structuring in Ukraine

Key tax-efficient structuring options for consideration when investing in Ukraine:

- 1 Industrial park: a perfect option for industrial manufacturing or on-site R&D.
- 2 Diia City: a solid option for structuring IT business.
- 3 Single Tax (4th Group): a special taxation regime for agro producers.
- 4 Ukrainian Corporate Investment Funds: a vehicle with enormous potential for efficient investment structuring.

In any case, bespoke legal advice must be taken for each particular scenario.

Key steps to protect your business in 2024

- 1 Continuous monitoring: Establish ongoing surveillance of public registers and media coverage to stay informed about potential legal threats.
- 2 Sanctions compliance: Strengthen your adherence to Ukrainian and foreign sanctions, ensuring your business remains in legal bounds.
- 3 Tackle the issues: Actively address legal issues with state authorities to prevent escalation into criminal proceedings.
- 4 Anti-Corruption Measures: Implement robust anti-corruption policies and procedures to uphold ethical standards and foster a culture of integrity within your organization.
- 5 Hire a lawyer: Retain the services of a competent attorney to safeguard the company and its top management in urgent situations.

Basics of Ukrainian merger control

- 1 Oversight: M&A deals and JVs may require prior merger clearance if parties hit any of the following notification thresholds.
- 2 Threshold 1: Ukrainian assets or turnover of at least two parties exceed EUR 4 million, and combined global assets or turnover of all parties exceed EUR 30 million.
- 3 Threshold 2: Ukrainian assets or turnover of at least one party exceed EUR 8 million, and global turnover of one other party exceeds EUR 150 million.
- 4 Mandatory notification: if required, receive approval from the antitrust regulator before completing your transaction to avoid hefty fines.
- 5 Review timelines: the antitrust regulator reviews unproblematic transactions within 25 or 45 calendar days.



Key legal industry trends in wartime Ukraine

Mykola Stetsenko: Ukraine's legal services industry has demonstrated remarkable resilience



About the author: **Mykola Stetsenko** is President of the Ukrainian Bar Association and Managing Partner at AVELLUM

Since the onset of Russia's full-scale invasion in February 2022, the Ukrainian legal sector has navigated through unprecedented challenges and undergone significant transformations, while at the same time continuing to play a crucial role in society. A number of key trends and important issues have emerged during this period that are shaping the legal landscape in the country.

Remarkable Resilience

Despite the unprecedented challenges created by the war, many law firms have demonstrated remarkable resilience, managing to sustain their activities and retain their talent pool. This resilience underscores the commitment of Ukraine's legal professionals to uphold the rule of law, while also highlighting the continued demand for legal services, even in the most difficult of times.

Enhanced Mobility

The war prompted a wave of mobility among lawyers, with many seeking secondment opportunities abroad. Some have since chosen to remain in their host countries, contributing their expertise to legal systems beyond Ukraine's borders. In the long-term perspective, this international exchange of legal professionals will enrich cross-border collaborations. Ultimately, it could play an important role in assisting Ukraine's accession to the European Union.

Judicial Reform

Wartime Ukraine has made significant progress in its judicial reform efforts, with the reactivation of key institutions such as the High Council of Justice and the High Qualification Commission of Judges. These reforms aim to enhance the independence, accountability, and effectiveness of the judiciary, laying the groundwork for a more robust and fair legal system in Ukraine.

War Crimes Justice

Ukraine's criminal justice system has been tasked with efficiently handling a large volume of war crimes cases. Thankfully, the Ukrainian authorities, including courts, typically permit public and media attendance at hearings.

Most criminal cases are considered in absentia with the participation of defense lawyers. While these trials are generally justified, the proceedings in such cases must ensure the highest level of compliance with the defendants' right to a fair trial.

Combating Corruption

Ukraine's anti-corruption architecture has continued to function effectively despite the unprecedented shocks and stresses of the wartime environment. The Anti-corruption Court of Ukraine has adjudicated numerous cases, resulting in a majority of convictions. NABU investigators have uncovered a range of corruption cases, including among top public officials and oligarchs, and have successfully brought these cases to court.

Ethical Approach

The wartime context has sparked far-reaching discussion within the legal community regarding the role of lawyers in society, the pursuit of justice for war crimes, and the importance of transparency and accountability among law firms. This is driving efforts to align legal practices with the best ethical standards and values. In summer 2023, the Ukrainian Bar Association (UBA) adopted a comprehensive Code of Ethics for the legal services industry. This Code aims to promote best legal practices and ethical conduct among legal professionals, reinforcing integrity and professionalism within the legal sector.

Bar Reform

In its 2023 report, the European Commission emphasized that an independent, professional, and accountable Bar is a key prerequisite for access to justice and a functioning market economy. As Ukraine seeks to move toward EU membership, the Ukrainian law regulating lawyers (the Bar) should be aligned with the Ukrainian Constitution, applicable European standards, and best practice. In particular, the self-governance system and resource management of the Bar should be improved and made more accountable. Qualification and disciplinary procedures for lawyers require significant improvements, both in law and in practice. Finally, the process for admission to the profession also requires an overhaul in order to uphold the credibility and independence of the legal profession.

Legal Education

Another crucial area that requires further development is the Ukrainian legal education system, which serves as a cornerstone for the future success of the Ukrainian economy. By improving educational standards, the legal community seeks to bolster the foundations upon which the Ukrainian economy can thrive. Looking ahead, the Ukrainian legal sector faces various challenges. One major issue is the need to complete harmonization of Ukrainian law with EU regulations. Another key task is addressing the talent drain from the legal services industry due to emigration. This issue also underlines the importance of investing in the next generation of legal professionals through improved education, enhanced training, and internship opportunities.

The Ukrainian legal sector has undergone some profound changes since the onset of Russia's full-scale invasion in 2022 and has exceeded all expectations in terms of resilience and adaptability. Moving forward, continued support for judicial reform and the fight against corruption are essential in order to create a just and durable legal system.

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Top 50 Ukrainian Law Firms

Ukraine's top 50 leading law firms for 2024: Business Ukraine magazine presents the official English-language version of the annual Yurydychna Praktyka legal industry rating

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Ukraine is the driver of the new European security architecture

Daniel Bilak: Ukraine will play a central role in the revival of Europe's defense industry

Few people are better placed to assess the historic changes currently taking place in the Ukrainian defense industry than Kyiv-based Canadian lawyer Daniel Bilak. In his role as director of Kinstellar law firm's Ukraine practice, Bilak helps major international defense companies establish a presence in wartime Ukraine. As the former chief investment advisor to the Prime Minister of Ukraine and head of the country's UkraineInvest agency, he also understands the challenges of cooperating with the Ukrainian defense sector. Meanwhile, since the onset of Russia's full-scale invasion in February 2022, Bilak has served in Ukraine's Territorial Defense Forces, giving him invaluable first-hand insight into the raw military realities behind the talk of increased output, technical innovations, and joint ventures.

"Ukraine's defense industry is currently the most important and active sector in the country," says Bilak as he sits down to chat with Business Ukraine magazine in mid-May. "It's exciting because it is brand new. The domestic defense industry used to be a closed shop, but everything changed very quickly within six to nine months after the full-scale invasion. The Ukrainian government realized that to make the defense of the country sustainable, Ukraine had to develop its own defense industrial base."

This recognition has helped encourage what Bilak describes as an unprecedented openness to international collaboration among Ukraine's traditionally dominant state-owned defense companies. It is also fueling an explosive expansion in the number of private sector companies active in the country's defense industry. According to recent estimates, since 2022 the private sector share of Ukraine's overall defense output has increased from the low single digits to almost 50 percent. Officials say that within five years, they would like to see this figure rise further to between two-thirds and three-quarters.



About the interviewee: **Daniel Bilak** is a partner with international law firm Kinstellar and director of the firm's Ukraine practice. He currently serves in Ukraine's Territorial Defense Forces.

Enhanced Openness

To illustrate the changing climate within the Ukrainian defense industry, Bilak points to his own recent experience after being hired by German defense giant Rheinmetall to help negotiate the first major joint venture in the sector with state-owned defense industry behemoth Ukroboronprom. When informed by his German clients that they expected to finalize all details within two weeks, Bilak admits to being initially highly skeptical, only to be shocked by the productive approach and professionalism of the Ukrainian officials involved in the talks.

The deal was duly closed on time. "I think it was a record for any state agency in the history of independent Ukraine," he recalls. "It was like negotiating with a major Western company and demonstrated that you can do business with the Ukrainian government."

Mutual Benefits

Bilak stresses that the arrival of major defense industry players such as Rheinmetall is not merely a matter of businesses from friendly countries supporting Ukraine in its hour of need. Instead, he believes the recent expansion of the Ukrainian defense

sector, together with increased international involvement, should be viewed in the broader context of the major changes currently underway within Europe's security architecture. "This isn't about giving Ukraine assistance. This is about developing mutually beneficial collaboration. The Russian invasion of Ukraine and the recent delays in US military aid have served as a wake-up call for the whole of Europe. London, Paris, and Berlin have realized they must be prepared to protect themselves and will need to dramatically increase defense production. Ukraine will play a central role in this process."

Tech Innovation

When it comes to rebuilding the European defense industry, two of Ukraine's most immediately obvious assets are expertise and experience. For generations, no other Western country has had to fight a war against a military power even vaguely comparable to today's Russia. This has created unprecedented challenges for the Ukrainian Armed Forces, while also pushing the country's vibrant tech sector to come up with a steady stream of innovative battlefield solutions. While similar trends can be seen everywhere from electronic warfare to armored vehicles, Bilak highlights the remarkable progress made by Ukraine's domestic drone industry since the outbreak of full-scale hostilities more than two years ago.

"Because of the real time testing that is taking place in wartime Ukraine, the country is advancing leaps and bounds in terms of drone technology. In many cases, Ukrainian producers have already surpassed the drone technologies that partners were providing the country at the initial stage of the war," Bilak comments. Understandably, many of the world's leading drone producers are now seeking to integrate into this rapidly expanding Ukrainian drone ecosystem. Germany's Quantum Systems recently opened a EUR 6 million drone production plant and development hub in Ukraine, its second facility in the country following the establishment of a Ukrainian training and service center in 2023. Others are set to follow. At the same time, Ukrainian drone manufacturers are looking to expand into other countries. "It is a very fluid situation," says Bilak.

Logical Partnership

Access to innovative technologies is not the only reason for companies and partner countries to pursue deeper defense industry cooperation with Ukraine. Bilak notes that as the country's European neighbors move to ramp up defense production they are encountering a range of obstacles, including regulatory restrictions alongside challenges related to manpower and production sites. "In Ukraine we have the land, we have the skills, we have the willingness, and we have the need," says Bilak. "A lot of international defense sector companies have already

come to the conclusion that expansion into Ukraine makes economic sense, even under today's wartime conditions." Bilak emphasizes that his primary goal is to help bring about Ukrainian victory. At the same time, he believes there is an extremely persuasive business argument for foreign companies to collaborate with the Ukrainian defense industry. "In the coming years, all the military kit coming out of Ukraine will carry a stamp, 'Tested in Ukraine.' This will become the gold seal for the defense industry globally. So those who develop partnerships with Ukrainian defense companies now or invest in the sector are likely to end up doing very well."

Era of Instability

Ultimately, however, the further development of Ukraine's defense industry will be fueled by security imperatives rather than profit margins. As Bilak notes, we are now entering a new era of global instability that will force countries throughout the democratic world to reverse decades of cuts in defense spending and to rearm. The Russian invasion of Ukraine was the catalyst for this historic shift; Ukraine is set to remain at the heart of European efforts to safeguard its security for many years to come. "It's not even a question anymore of bringing Ukraine into the European defense ecosystem," says Bilak. "Ukraine is now the driver of the new European security architecture."

"Many international defense companies have already come to the conclusion that expansion into Ukraine makes economic sense, even under today's wartime conditions"

Adapting legal services to wartime conditions

Interview: Ilyashev & Partners Managing Partner Mikhail Ilyashev on changes since 2022

How have the wartime conditions in Ukraine affected your work with international corporate clients?

At the very beginning of the full-scale invasion, the level of demand in the international corporate client segment at our law firm decreased significantly. But demand has subsequently recovered and we have managed to engage new global brands in cooperation.

In my opinion, the decisive factors for international companies when choosing a law firm are not only price and the availability of the relevant experience, but also network representation and the presence of qualified lawyers in person. This is a distinctive feature of our law firm. We require a physical presence from all our employees in offices around Ukraine except where there is a direct physical risk, as was the case during the first months of the war in Kyiv, for example.

“Our clients continue their work in Ukraine. More than ever, they require legal advice in order to resolve wartime challenges”

Systematic business modeling, a network of representative offices outside of the capital, and the ability to promptly engage with the client's tasks are all advantages that help to distinguish us on the Ukrainian legal services market.

How did the war affect the operations of your regional offices?

Our regional offices in Dnipro, Kharkiv, and Odesa currently have a one hundred percent workload. Our clients continue their work in Ukraine. More than ever, they require legal advice in order to resolve wartime challenges.

Business activity in each of Ukraine's different regions has its own specifics. Over the past two years, we have noted that the top five most popular practice areas among clients of our offices in Kharkiv and Dnipro were Dispute Resolution, Taxation, Land, Criminal Law, and Energy and Natural Resources. In the Odesa Office, despite the maritime blockade and damage to port infrastructure, demand for legal services in the Customs Law and Maritime and River Shipping practice areas has increased.

How has your cooperation with humanitarian and charitable organizations developed since the beginning of Russia's full-scale invasion in February 2022?

By 2022, we already had many years of experience providing legal advice to the Ukrainian Red Cross Society. Since the start of the full-scale invasion, the practice of supporting

NGOs has become a separate area of work within our law firm.

We have the greatest respect for the mission of international humanitarian and charitable organizations in Ukraine and the emergency assistance they provide. The tasks they currently assign to lawyers are often non-standard, since they typically work in a rapidly evolving environment that nobody could have foreseen. We enjoy the challenge of finding effective solutions to complex cases. As a result, our role in this area goes far beyond ordinary consulting work.

Working with NGOs requires the special legal

examination of documents. We have a team of subject-matter experts assigned to such clients. We register foreign NGOs and enable them to implement projects in Ukraine, and provide support for a full range of activities related to programs in Kyiv and different regions throughout the country. Following an initial “surge” in registration requests, we have noted an increase in demand for legal advice on local employment, various state inspections, taxation, and contractual matters. Current projects we are engaged in include internal policies for the Mobile Health Units program, through which the Ukrainian Red Cross Society provides primary medical care to the Ukrainian population in areas most affected by military operations and to those located in remote settlements. Since the onset of the full-scale invasion, the Ukrainian Red Cross Society's Mobile Health Units have provided over half a million consultations. The involvement of medical personnel in the provision of medical care, purchasing medicines and their distribution to the population, processing and storing personal data about patients, and the cooperation framework in cases identifying signs of sexual and gender-based violence, are just a small part of the many issues we handle.

Your law firm actively cooperates with some leading sports organizations in Ukraine. A year ago, you were elected President of the Ukrainian Fencing Federation. How has Russia's full-scale invasion affected this sector?

International sport has become yet another “battleground.” Ukraine is striving to prevent the return of athletes from aggressor countries (i.e. Russia and Belarus) to the global arena. The Ukrainian Fencing Federation, which I was elected to lead a year ago, has brought several claims against the International Fencing Federation (FIE) and the Russian Fencing Federation which are pending before the Court of Arbitration for Sport (CAS) and the District Court of Lausanne. These claims concern the readmission of Russian and Belarusian athletes to international competitions as part of the qualification process for the 2024 Olympic Games. In my

opinion, the FIE is trying by all available means to delay this process so that it is not complete by the time of the Olympic Games Opening Ceremony this summer.

There are also some local victories to report. For instance, the European Fencing Confederation's decision to suspend the membership of the Russian and Belarusian federations was procured. Meanwhile, some Russian athletes have already lost their neutral status.

Ukrainian fencing star Olga Kharlan attracted considerable praise and sparked controversy for refusing to shake hands with her Russian opponent during a competition in summer 2023. What is a legal position regarding such principled stances in international sports competitions?

In my opinion, the situation that arose with Kharlan was the result of a direct provocation on the part of the Russian athlete. This was deliberately done so that Kharlan would miss an opportunity to participate in the Olympic Games.

What else can be done to support Ukrainian sports stars such as Olga Kharlan and defend Ukraine's national interests in the sporting arena during the war?

Broadly speaking, it is necessary to continue the legal struggle at the international level and seek the disqualification of Russian and Belarusian athletes, as well as the introduction of personal sanctions against them and other sports officials, even those located in third countries. People underestimate the importance of Ukrainian sanctions but such measures can become a major problem. Sanctions imposed by Ukraine can serve as a stigma that is visible wherever the sanctioned person goes. In this regard, the Ukrainian Parliament's resolution, which called on countries to hold those responsible for the disqualification of Kharlan accountable for their actions, is an important tool that can help with the imposition of personal sanctions.

As President of the Ukrainian Fencing Federation, I intend to continue informing international organizations that it is unacceptable to allow Russian and Belarusian athletes to compete while the war continues.

About the interviewee: **Mikhail Ilyashev** is Managing Partner at Ilyashev & Partners Law Firm



Legislation and lobbying to aid Ukraine's recovery

ADER HABER experts: Ukraine's lobbying legislation can help attract investment

Over the coming five years, the European Bank of Reconstruction and Development (EBRD) plans to invest between EUR 7.5 billion and EUR 15 billion in Ukraine. The private sector is also showing signs of increasing commitment. Major companies including Germany's Bayer AG and Rheinmetall, the UK's BAE Systems, and Turkey's Baykar have already either announced major investments or begun construction of plants in Ukraine. This is potentially just the tip of the investment iceberg. In total, thousands of other companies around the world are currently believed to be monitoring the situation and preparing to participate in the recovery of Ukraine.

While interest in clearly strong, the decision to invest in Ukraine does not only depend on the future course of hostilities and the outcome of the war. Much also hinges on perceptions of corrup-

tion and regulatory risks within the country. To ensure that dialogue between the international business community and the Ukrainian government is both transparent and practical, the Group of States Against Corruption (GRECO) and the European Commission recommended Ukraine regulate relations between business and political institutions and legalize the lobbying market.

bying activities at the Ukrainian Parliamentary Committee on Legal Policy. This legislation represents an important step in the development of the Ukrainian business climate. The legalization of lobbying makes it possible to create a market for legal influence complete with transparent mechanisms and regulatory tools, while eliminating the culture of behind-the-scenes agreements with senior officials. A legalized and regulated lobbying industry can open doors for everyone, not just a few select clients. When lobbyists from one business see the work of others, it has a qualitative impact on the broader business environment; different market players engage in intellectual competition through debates, ideas, and inventive approaches. The arrival of foreign companies in Ukraine will also raise the standards for lobbying practices.

does not provide many opportunities or instruments for activity. The law restricts lobbying to individuals who have obtained lobbyist status. Lobbyists can be both private individuals and companies, including foreign companies with representative offices in Ukraine. This status is obtained by entering the relevant information about the lobbyist to the Transparency Register, which will be maintained by Ukraine's National Agency on Corruption Prevention. This register will feature information about lobbyists and details of their activities. The data contained in the Ukrainian Transparency Register will be free and publicly available (excluding personal data) in both Ukrainian and English. Access to the register on the official NACP website will be available 24/7.

Similar registers have been established in a wide range of countries. In many cases, this makes it possible to track who is lobbying for what and how much they are being paid. The EU Transparency Register was launched by the European Parliament and the European Commission in June 2021. This is an open database of groups and organizations that influence the formation or implementation of EU policies and laws. As of February 2024, it includes nearly 12,500 registered businesses, non-governmental organizations, law firms, lobbying companies, private individuals, research institutions, associations, and personal advisors.

Restrictions on Lobbying

Ukraine's lobbying legislation will restrict who can be a lobbyist and what can be lobbied. Lobbying without registration on the NACP Transparency Register will be considered illegal. Political parties, media and religious organizations, and candidates standing for election to public office will not be allowed to act as lobbyists or to promote their interests through the use of lobbyists. Public officials will be prohibited from lobbying, with this restriction extending for one year following the termination of an official's time in office. Individuals with criminal records and those subject to sanctions,

The lobbying law has already been passed by the Ukrainian Parliament. Next steps include the creation of a Transparency Register. This will allow those with official lobbyist status to begin working under a new regulatory framework that will be transparent and clear, both for domestic consumers of lobbying services and international investors.

Transparency Register

Ukraine's law legalizing the lobbying industry is by nature a framework. It defines the status of "lobbyist" and introduces this category to the legal environment. However, at the same time, it

"A legalized and regulated lobbying industry can open doors for everyone, not just a few select clients"

tion and regulatory risks within the country. To ensure that dialogue between the international business community and the Ukrainian government is both transparent and practical, the Group of States Against Corruption (GRECO) and the European Commission recommended Ukraine regulate relations between business and political institutions and legalize the lobbying market.

Ukraine's Lobbying Legislation

ADER HABER law firm, which has been providing government relations services for almost 20 years, participated in the working group preparing the draft law on the regulation of lob-



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along with citizens and companies from the aggressor state (i.e. Russia) will be subject to similar prohibitions. Lobbying for the announcement of mobilization, imposition of martial law, deployment of the military, declaration of war, conclusion of peace, or changes to Ukraine's territorial status will likewise be prohibited. Meanwhile, the activities of non-governmental associations and various categories of non-profit organizations will not be considered lobbying if they do not pursue commercial interests. The law will also not apply to activities carried out in connection with obtaining, using, monitoring, providing, and utilizing international technical assistance, or the implementation of international technical assistance projects and programs.

Lobbyist Rights

Statutory recognition of lobbyist rights in Ukraine is a significant signal to the international business community that also creates opportunities for employers. Lobbyists are granted the right not only to enter administrative buildings, but also to participate in discussions related to lobbying. This goes beyond merely being able to show up in person for a meeting; it also involves having the capacity to express ideas clearly, provide arguments, and defend a position. Of equal importance are regulations that open up the possibility for international investors to not only discuss their wishes in a broad sense, but to directly specify their proposals.

Significantly, lobbyists have the right to initiate the preparation of draft regulations. Moreover, we interpret this regulation not only as the unilateral right of the lobbyist, but as a mutual obligation for officials to react to lobbying initiatives and enter into a dialogue. This opens up new opportunities for international companies, both at the stage of entering the Ukrainian market and in the process of operating in Ukraine. The internal regulations of international companies often require alignment with Ukraine's regulatory legal framework.

Sharing Information

Lobbyists have also been granted the right to freely disseminate information about lobbying in the media and online. This creates a range of new opportunities to shape public opinion on the regulation of specific issues, especially if they relate to entire economic sectors or socially sensitive matters. Sharing information publicly can be seen as a tool to help overcome misunderstandings between business and consumers, leading to mutually beneficial compromises. This is extremely important for responsible businesses and global brands, which must safeguard their social capital.

The law allows for lobbying of private commercial interests, including the interests of the lobbyist. Any business or business association can enter into a contract with a lobbyist, except for businesses and individuals associated with

the aggressor state, sanctioned individuals, or those engaged in terrorist activities. Naturally, lobbyists will have the opportunity to receive remuneration for their work. However, the law prohibits determining remuneration based on lobbying outcomes.

Funding and Fines

Controlling the sources of funding for lobbying activities is another major consideration. It is important that lobbying activities are not financed from state and local budgets or from funds received by senior officials and civil servants. Likewise, regulations prevent the funding of lobbying by officials from the aggressor state or companies and organizations associated with it.

Like any other business, the lobbying industry requires proper regulation and ongoing control by the state. The National Agency on Corruption Prevention will monitor the activities of lobbyists, while the Ukrainian Parliament plans to introduce a system of fines for infringements. The relevant law has already been approved by the Ukrainian Parliament. If signed by the President, it will become effective simultaneously with the main lobbying law, but no later than 1 January 2025. Overall, the adopted lobbying law and its implementation represent a positive signal to potential investors and partner countries regarding Ukraine's ability to implement reforms and readiness to work according to accepted international standards.

From Drones to Demining

How Ukrainian legislation is adapting to wartime realities

Ukraine is seeking to simplify imports, encourage investment, and tackle mine crisis



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Over the span of more than two years since the start of Russia's full-scale invasion, Ukraine's rapidly evolving defense sector has played a crucial role in strengthening the country's ability to defend itself. One of the most notable success stories has been the development of Ukrainian drone technologies. Since February 2022, a significant number of Ukrainian companies have switched to the production of drones.

In a bid to help facilitate this private sector activity, the Ukrainian authorities have been working on the liberalization of legislation and regulations governing the import of drones and related components. These efforts have focused on establishing streamlined procedures and removing restrictions.

In February 2023, the Ukrainian govern-

ment adopted new regulations simplifying the importation of a range of military and dual-use goods to Ukraine. The list included drones and their component parts, control systems, night vision devices, optical sights for weapons, and technologies for the development, production, and repair of military equipment. In line with these changes, the previous requirement to secure permission for the import of military and dual-use goods from the State Export Control Service was canceled. The Ukrainian authorities then went even further in May 2023, enacting a specific law that exempts imported component parts for unmanned systems from VAT and customs duties as long as martial law remains in place in Ukraine.

For the past year, an ongoing experimental project has been underway with the aim of

fostering the domestic production of unmanned systems and enhancing Ukraine's electronic warfare capabilities. This initiative involves instituting a tailored approach to defense procurement, overseen by the Ministry of Defense and the State Special Communications Administration.

A decree has also been adopted exempting a range of military and dual-use goods from Export Control registration and permit requirements. Crucially, this exemption encompasses all drones being brought into Ukraine, relieving importers of the need to process a range of additional documentation that was previously mandated.

Together with the efforts of Ukraine's state-run defense tech cluster Brave1, these legislative and regulatory initiatives aim to establish a robust platform for the

wartime development of Ukraine's defense industry. They also lay the groundwork for the kind of technology transfer models that are critical for the promotion of innovation within the Ukrainian defense tech sector.

While efforts to bolster Ukraine's domestic defense industry are recognized as vital for the country's war effort, there has also been a significant emphasis on encouraging cooperation with international defense companies. For example, the Ukrainian Parliament has passed several bills to secure insurance against military and political risks for direct investments. So far, a number of international companies including German giant Rheinmetall have unveiled plans to open manufacturing facilities in Ukraine.

Another major challenge facing Ukraine is the issue of demining. As a result of Russia's full-scale invasion, Ukraine has become the world's most heavily mined country. According to recent estimates, approximately 174,000 square kilometers of Ukrainian land are potentially contaminated with explosive ordnance. This total includes areas of Ukraine currently under Russian occupation. Preliminary estimates provided by the World Bank indicate that the cost of clearing this area of mines could eventually reach more than USD 37 billion. Experts believe clearance efforts may take decades to complete.

The international community has joined forces with Ukraine to help address this

Herculean task. In April 2024, the United Nations Development Programme (UNDP) in Ukraine, with funding from the European Union, Denmark, Japan, and Sweden, provided Ukraine with a substantial quantity of demining equipment including a wide range of detection tools and personal protection items. This aid was sufficient to equip more than 200 of the Ukrainian State Emergency Service's demining units, representing 80 percent of the Service's overall capacity.

At the governmental level, Ukraine's 2024 state budget provided a total of UAH 3 billion in funding for a compensation programme designed to support Ukrainian agricultural enterprises and farmers in their demining efforts. In line with this initiative, the state will compensate 80 percent of the costs incurred in the demining individual plots of land owned or leased by farmers. The price of demining services will be determined by open tenders held via the Ukrainian government's Prozorro platform, an electronic procurement system that was launched in 2015 as part of efforts to improve the transparency of state expenditures. Each individual plot subject to demining will only be eligible a single round of compensation.

In addition to cooperating with international partners and introducing measures to compensate farmers, the Ukrainian authorities have also established a network of institutions dedicated to mine-clearing efforts. The Mine Action Centre (MAC)

plays a pivotal role in ensuring the effective planning, organization, and coordination of Ukraine's mine-clearing activities. In the present wartime conditions, the MAC is recognized as the main body responsible for the coordination of Ukraine's demining strategy.

Ukraine's State Emergency Service (SES) is also at the heart of Ukraine's demining efforts and is one of the agencies responsible for the physical detection and disposal of explosive devices throughout the country. There are a number of additional state agencies engaged in the demining process that come under the SES umbrella. This includes the Interregional Centre for Humanitarian Demining and Rapid Response, which is involved in overseeing the practical implementation of demining processes and data collection.

The National Mine Action Authority (NMAA) serves as the primary body responsible for developing and approving both mid-term and long-term national plans for mine removal. The Centre for Humanitarian Demining acts as a think tank collating and summarizing information relating to Ukraine's demining needs in collaboration with a number of other state agencies, and is also charged with leading fundraising efforts and managing cooperation with Ukraine's donor partners. Meanwhile, the State Special Transport Service is focused on mine clearance from transport infrastructure, industrial facilities, buildings, and agricultural land.

“In addition to work with international partners and measures to compensate farmers, Ukraine has also established a network of institutions dedicated to mine-clearing efforts”



LEGAL INDUSTRY

Legal services professionals plant trees for a greener Kyiv

Friends and partners of the Yurydychna Praktyka publishing house from Ukraine's legal services industry and business community marked the start of the spring season by planting trees on Taras Shevchenko Boulevard in the

heart of the Ukrainian capital. The Yurydychna Praktyka Alley event is an annual ecological initiative that began in 2020 and is now in its fourth year. It aims to support a greener future and is supported by the Kyiv municipal authorities.



EUROPE'S SHIELD

The revival of Ukraine's defense industry is vital for the future of European security

For more than two years, countries across Europe have been sifting through existing military stockpiles in search of weapons and equipment to send to Ukraine. These often outdated reserves are now almost exhausted, but the war launched by Vladimir Putin in February 2022 is far from over. Indeed, there is a growing consensus among European leaders that the threat to the continent has never been greater. If Putin is not stopped in Ukraine, most now believe he will inevitably go further.

A New Era of Insecurity

Clearly, Europe must rearm. As French President Emmanuel Macron and others have recently acknowledged, the long era of peace and plenty that followed the end of the Cold War is now being replaced by a new period of uncertainty and insecurity. In recognition of this shift, European defense budgets are now increasing as governments seriously consider reintroducing military service and expanding their armies for the first time in more than thirty years.

This belated recognition of the danger posed by a resurgent and revisionist Russia is certainly welcome. For much of the past two decades, many in Europe were far too willing to overlook the growing menace in Moscow as they profited from Russian energy deals and wallowed in the corruption that the Kremlin exported across the continent with such enthusiasm. It took the largest European invasion since World War II to shatter this complacency.

Stopping Russia in Ukraine

The question now is how best to respond to the challenge posed by Russian aggression. With the invasion of Ukraine now in its third year, all sensible European governments are already presumably well aware of the need to rebuild their domestic defense production capabilities. At the same time, the most effective containment strategy remains stopping Russia in Ukraine.

Few would question that a Ukrainian victory is in Europe's interests. However, there is currently very little enthusiasm in European capitals for boots on the ground in Ukraine. Instead, the debate revolves around how to most effectively support the Ukrainian war effort. Producing weapons for Ukraine is certainly helpful, and has the added political benefit of boosting domestic defense industries in donor countries. There is also a strong argument to be made for investing in the expansion of Ukraine's defense industry.

Reviving Ukraine's Defense Industry

Ukraine inherited a powerful military-industrial complex from the Soviet Union, but successive post-Soviet governments in Kyiv allowed this legacy to fall into a state of disrepair. Things began to change ten years ago with the onset of Russian military aggression against Ukraine. Russia's occupation of Crimea and invasion of eastern Ukraine's Donbas region in spring 2014 fueled a series of urgent and ambitious reforms in Ukrainian security policy, leading to the first signs of revival within the country's long-neglected defense in-

dustry. This process would radically accelerate in the wake of Russia's full-scale invasion in February 2022.

In the months following the invasion, it became increasingly apparent in Kyiv that Ukraine faced the prospect of a long war. Rather than relying exclusively on the continued delivery of Western weapons, Ukrainian officials began working with the country's allies to develop partnerships that would move arms production to Ukraine and help strengthen the Ukrainian defense industry. By late 2022, President Zelenskyy was hosting the first major conference of international defense industry representatives in Kyiv.

International Cooperation and Innovation

This approach offers a number of obvious advantages. It reduces the delay time between production lines and the battlefield to an absolute minimum, while allowing defense industry professionals to benefit from the unrivaled real-time testing capabilities provided by the close proximity of the Ukrainian war zone. It is no surprise that many in the defense industry now refer to Ukraine as the world's largest weapons laboratory.

International defense industry partnerships also help foster collaboration between Ukrainian defense tech innovators and their Western colleagues. Ukrainian defense companies have been on an incredibly steep learning curve since February 2022, leading to advances that can enhance a wide range of technologies used by Western armies. Bringing these parties together is a win-win for the free world and a very unwelcome development for the Kremlin and its authoritarian allies.

Crucially, Ukraine has the facilities, labor force, and political will to dramatically expand defense production. In many other European countries, defense spending remains contentious, while the armaments industry is deeply unpopular. Establishing joint production in Ukraine can help companies bypass potential political obstacles and regulatory quagmires, while benefiting from the favorable terms offered by the Ukrainian authorities.

Vital Economic Lifeline

Increased international cooperation with Ukrainian defense companies also boosts the Ukrainian economy and reduces the need for Western partners to prop the country up financially. This economic lifeline is vital if Ukraine is to have any chance of success in a long war of attrition against its far larger and wealthier enemy. With this in mind, the Ukrainian authorities have recently launched a new initiative calling on partner countries to place weapons orders directly with Ukrainian companies.

The coming decade looks set to be a period of expanding European defense budgets and increasing military production. Ukraine's experience, expertise, and industrial potential make it a natural partner in this process. On the eastern frontier of the continent, Ukrainian soldiers are currently serving as Europe's shield against Russian aggression. In the years to come, the continued revival of Ukraine's defense industry looks set to remain vital for the future of European security.



About the author: Alexander Kamyshin is
Minister of Strategic Industries of Ukraine



Buying Ukrainian weapons supports Ukrainian victory

Ukraine aims to become the arsenal of the free world but needs international partners to join the Zbroyari (“armorers”) initiative and back Ukrainian domestic production in order to fully access the untapped potential of the country’s rapidly expanding defense industry, writes Alexander Kamyshin, Minister of Strategic Industries of Ukraine

In the seventeenth century, Ukrainian Cossacks developed swift and highly maneuverable lightweight boats known as “chaikas” for use in military campaigns on the Dnipro River and the Black Sea. In an early example of Ukrainian defense tech innovation, Cossacks would sometimes load these ships with barrels of gunpower and send them downwind toward enemy fleets as “unmanned kamikaze boats.”

Hundreds of years later, today’s Ukrainians are now using high-tech naval drones to sink Russian warships in the Black Sea and force Putin’s fleet to retreat from occupied Crimea. From chaika boats to naval drones, Ukraine’s defense industry has a long history marked by ingenuity and effectiveness. These qualities have never been in greater demand as Ukrainians once again find themselves forced to fight for their freedom.

Decades of Neglect

During the Soviet era, Ukraine developed an extremely powerful defense industry. By the time Ukraine regained independence in 1991,

around 17 percent of the USSR’s entire defense capacity was located inside the country. This included more than 2,000 enterprises that employed approximately 700,000 people. However, following the collapse of the Soviet Union, the Ukrainian defense sector fell into a period of decline and neglect that would last for decades. Everything then changed in February 2022.

Reviving Domestic Production

We are very grateful to our partners for refusing to abandon us in 2022 when Russia launched its full-scale invasion of our country. We would not have lasted so long if we had been left alone against an enemy with such overwhelming advantages in terms of armaments factories and military depots. At the same time, it is important to stress that Ukraine has not sought to rely exclusively on aid from our partners. Instead, we have focused on reviving domestic defense production wherever possible across Ukraine.

Thanks to these efforts, there are now an estimated 500 defense

► sector enterprises operating in Ukraine employing around 300,000 staff. Over the past year, the capacity of Ukraine's defense industrial base has tripled. This year, we have already contracted twice as much as the total produced during 2023. We believe this is just the beginning and are confident we can produce much more.

Emphasis on Innovation

Ukraine's defense industry is now evolving to meet the specific challenges of modern warfare, with an emphasis on producing the products that the country's military needs most. The development of the domestic drone manufacturing industry is a good example of this process in action. In 2014, when Russia first launched its military campaign against Ukraine with the occupation of Crimea and invasion of eastern Ukraine, Ukrainian servicemen began deploying drones as part of efforts to repel Russian forces. A decade later, there are now more than 200 companies in Ukraine involved in drone production. This includes everything from reconnaissance drones and strike drones to long-range kamikaze drones capable of hitting targets such as Russian refineries at distances of over 1000 kilometers.

Ukraine's maritime drones have made international headlines and are transforming our understanding of modern naval warfare. Meanwhile, Ukrainian defense tech specialists have also developed robotic systems capable of carrying out a wide range of battlefield functions such as medical evacuations and demining. The emergence of similar innovations is now an almost daily feature of Ukraine's wartime defense industry.

The recent growth of Ukraine's defense sector is not taking place in a vacuum. Russia is also rapidly expanding its own defense production and is seeking to develop new weapons technologies to counter Ukraine's innovations. Our enemy has allocated enormous amounts of money for these purposes as it prioritizes the invasion of Ukraine above all else. Since 2022, the Kremlin has demonstrated a willingness to sacrifice other social spending in order to fund the war, even if this means compromising the standards of living and safety of the Russian public.

Ukraine's Excess Capacity Dilemma

As a democratic country, Ukraine cannot match Russia's disregard for the well-being of the civilian population. Our budgetary capabilities are therefore far more limited. In simple terms, we cannot spend more on weapons than we have, and we have already reached our limits. With the production capacity of Ukraine's defense industry currently far larger than in 2022, this means there is now a significant gap between the amount of weapons Ukraine can produce and the total volume Ukraine can afford to buy. This year, the shortfall is expected to represent at least USD 10 billion.

In order to help bridge the Ukrainian defense industry's excess capacity gap, we have launched the "ZBROYARI: Manufacturing Freedom" fundraising initiative. We are calling on all of our international partners to consider purchasing weapons and other military equipment direct from domestic Ukrainian producers. This will support the Ukrainian war effort and the Ukrainian economy, while also strengthening Ukraine's defense industry, which has a key role to play in safeguarding the future of European security. Denmark and Canada have already signed up for this initiative. We applaud them and are confident others will follow their example.

Arsenal of the Free World

We are currently building the arsenal of the free world in Ukraine and invite our partners to join us in this historic undertaking. There are a wide range of possible partnership options available to support the Ukrainian defense industry, including localization of production, joint ventures, and direct contracts with Ukrainian manufacturers. Ukrainian legislation is adapting to wartime conditions and liberalizing conditions for the defense industry.

History has taught us the importance of learning from experience. This is nowhere more relevant than when applied to the rapidly evolving art of war. Our partners now have the unprecedented opportunity to learn from Ukraine's unique experience of waging war against Russia in real-time, while also supporting the Ukrainian war effort. Buying Ukrainian weapons supports Ukrainian victory, and Ukrainian victory is the key to the safety and stability of the entire free world.

“There are currently an estimated 500 defense sector enterprises operating in Ukraine employing around 300,000 staff”



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Ukrainian defense tech offers unique investment opportunities

Ukraine has the potential to become one of the global leaders in the defense tech sector



About the author: **Valery Krasovsky** is Co-Founder and CEO at Sigma Software Group

The ongoing Russian invasion of Ukraine, conflicts in the Middle East, and escalating geopolitical tensions around the world are prompting Western democracies to reassess their defense strategies and expenditures. Germany has announced plans to spend an extra USD 100 billion on defense, while other NATO countries are taking similar steps. Poland, for example, increased its defense budget from 2.4 percent of GDP in 2022 to 3.8 percent in 2023. According to a recent McKinsey report, European defense spending overall will increase by 65 percent from 2021 through 2026, reaching EUR 488 billion.

A large part of these increased budgets will be invested in defense tech. This focus reflects the huge shift we are currently witnessing in military thinking and the art of war. The Russian invasion of Ukraine has highlighted the importance of technologies designed for real combat missions in modern warfare. Smart technologies in the fields of weaponry, logistics, reconnaissance, and cybersecurity are becoming the key to gaining decisive advantages on the battlefield. As the Israeli example shows, continuous investment in defense tech and military startups pays off, helping to save lives of soldiers and civilians.

Ukraine's role at the epicenter of the largest European invasion since World War II is a national tragedy, but it does give the country a range of obvious advantages in terms of defense tech innovation. With the ability to rapidly test new technologies and receive continuous feedback from the world's largest battlefield, Ukraine has the potential to become one of the leading countries in a sector that has long been dominated by the

world's traditional military superpowers. Ukraine's defense tech sector is now transforming into a modernized industry powered by sophisticated solutions.

As a Ukrainian businessman and investor, I see a huge potential here. My belief is based on three cornerstones that make the Ukrainian defense tech sector deeply promising. The first factor is the unique military experience of our soldiers. Within weeks, we can receive feedback from the battlefield on any new innovation. In countries not at war, such testing could take years and still not accurately reflect the realities of wartime conditions. The second cornerstone is the great engineering talent we possess, which can be seen in Ukraine's vibrant IT scene, both in terms of services and products. And the magical third ingredient is the business and managerial acumen of our people.

According to Ukraine's state-run defense tech cluster Brave1, there are currently over 1600 Ukrainian defense tech projects established and operating in the country. Launched in spring 2023, Brave1 has already awarded over USD 3 million in grants to 176 startups. To take the next step and become genuinely scalable businesses, these projects need seed funding. With engineering talent and the ability to test defense tech solutions right away, Ukrainian defense tech startups are potentially attractive propositions for domestic and foreign investors. In some cases, Ukrainian defense tech startups can also serve as sources for Western dual-use technology, which can lead to prominent joint ventures.

In order to connect all the pieces of the puzzle, Ukraine needs to establish a defense tech business ecosystem, including a platform preparing startups for investment and helping to connect with funds, governments, and enterprises. In April 2024, we took a big step in this direction with the launch of the Defence Builder, an acceleration program for Ukrainian defense tech startups that is focused on enabling product development in line with Ukraine's military requirements. It is a joint initiative founded by serial entrepreneur and Ukrainian army officer Ivan Kaunov together with his partners.

The accelerator will provide business and military mentorship to make selected startups suitable for investment by helping Ukraine's best engineers and soldier-innovators obtain the necessary business skills, build a working prototype, start battlefield testing, and be ready to receive governmental contracts. The Defence Builder program was developed with the participation of tech ecosystem leaders including Genesis, Sigma Software Labs, and the Kyiv School of Economics.

At Sigma Software Group, we firmly believe in Ukraine's victory and are committed to contributing as much as we can. Within our ecosystem we provide IT services, develop innovative products, invest in Ukrainian startups, and much more. At the same time, we recognize that in order to make the most of Ukraine's vast defense tech potential, we also need to attract Western capital and technological expertise. This is why we are inviting foreign investors to consider joining the Defence Builder accelerator.

By combining the battlefield experience, rapid feedback capabilities, and engineering power of Ukrainian teams with the venture capital and key technologies of the West, it will be possible to create incredibly strong companies and products. I am confident that this cooperation will shape the future of defense tech for the entire free world.



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Empowering Ukrainian defense tech innovation

Ukraine's Brave1 hub aims to provide new technologies with a fast track to the battlefield

The full-scale Russian invasion of Ukraine has unleashed what is widely recognized as the most technologically advanced war in human history. As both sides race to gain an advantage in a rapidly changing battlefield environment, the Ukrainian authorities have sought to make the most of the country's vibrant tech sector and culture of innovation. This led to the April 2023 launch of Brave1, a state-backed hub designed to promote cooperation between the main different participants contributing to the development of the Ukrainian defense tech sector.

Brave1 was founded on the initiative of the Ministry of Digital Transformation together with the General Staff of the Ukrainian Armed Forces, Ministry of Defense, Ministry of Strategic Industries, Ministry of Economy, and National Security and Defense Council. Throughout its first year, Brave1

the public and private sectors, this has involved efforts to make sure innovative efforts match the needs of the military. With this in mind, the Ukrainian General Staff identified twelve priority focuses for future technological developments including Electronic warfare, UAVs, artificial intelligence, demining, and information protection.

During the first year of the cluster's activities, Ukrainian developers registered over 1,600 technological solutions on the Brave1 platform, including at least three hundred UAV projects and in excess of two hundred unmanned ground vehicle concepts. More than sixty of these innovations have already been codified according to NATO standards. Projects that are identified as priorities receive special attention including priority access to military testing and guidance to move toward commissioning.

In July 2023, Brave1 launched its first grant

has a far larger population and military-industrial complex to call upon, Ukraine seeks to maintain an innovative edge on the battlefield by expanding on its own existing tech sector advantages and streamlining cooperation within the country's defense tech ecosystem.

This process is still in the early stages with huge growth potential. In the next few years, we will likely witness the emergence of numerous powerful Ukrainian defense tech companies worth billions of dollars. The ongoing development of this sector will play a critical role in the broader evolution of Ukrainian defense policy for decades to come, and looks set to remain at the heart of national security strategy.

Since the onset of Russia's full-scale invasion in February 2022, Ukraine has demonstrated time and again that it is more than capable of competing technologically with one of the world's largest and most heavily funded militaries. By adopting defense tech solutions that are one step ahead of Russia in terms of efficiency, innovation, and price, Ukraine has been able to secure significant battlefield advantages. This has involved a variety of software and hardware products that are constantly subject to further improvement and development in the most dynamic of real-time environments.

Ukraine's experience has underlined the importance of creating and maintaining a defense tech cluster to accelerate processes in the field and optimize cooperation between different stakeholders. This has made it possible to scale up progressive solutions to the unprecedented challenges presented by the largest European military invasion since World War II. Wartime conditions have created unprecedented opportunities to test and deploy the latest innovations in spheres including cybersecurity, command and control management systems, robotics, drone warfare, and electronic warfare. Looking ahead, Ukraine is ready to share the unrivalled lessons learned during this period of intense innovation with the country's partners in order to enhance our collective strength and security.

“In the coming years, we will witness the emergence of powerful Ukrainian defense tech companies worth billions of dollars”

has worked to build an effective defense tech ecosystem. This has meant bringing together everyone from developers and manufacturers to government officials and members of the country's military leadership, along with investors, media representatives, and anyone else working to promote innovation in support of the Ukrainian war effort.

The cluster seeks to engage with and support defense tech initiatives of all kinds, ranging from those at the concept stage to more mature manufacturers. As well as enabling streamlined cooperation between

program, with funding provided to help support research and development and meet production needs. By April 2024, a total of 186 grants had been issued with an overall value of USD 3.2 million. This financial support is designed to provide producers with the impetus to develop their products in an effective and efficient manner.

With the full-scale Russian invasion now in its third year, Ukraine has established itself as a global defense tech hub. This emphasis on innovation serves as an asymmetric answer to the enemy's overwhelming advantages in terms of resources. While Russia



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Victory through innovation

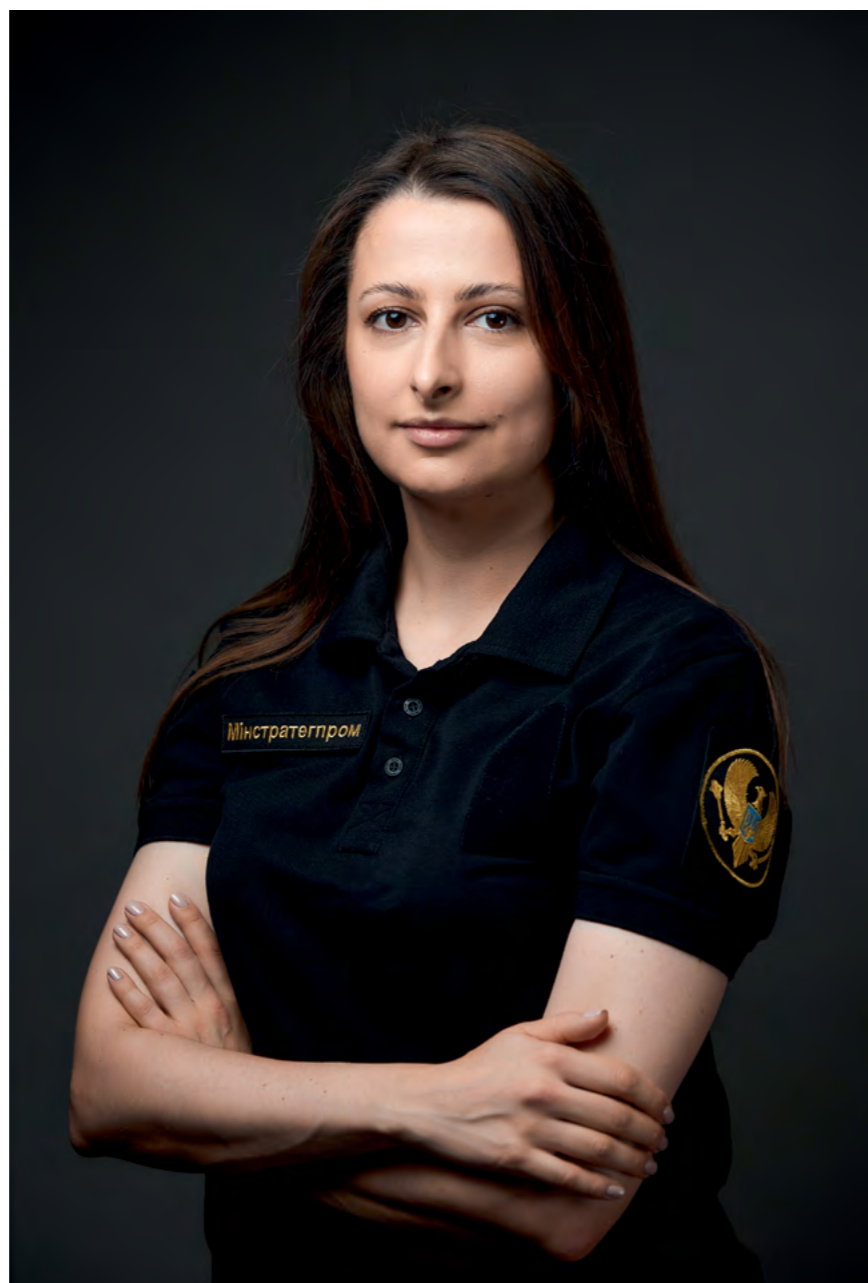
Defense tech creativity is the key to Ukrainian success

Interview: Ukrainian Deputy Minister of Strategic Industries Anna Gvozdiar says Ukraine and Russia are locked in a deadly defense tech competition to gain an innovative edge on the battlefield

As Deputy Minister at Ukraine's Ministry of Strategic Industries, Anna Gvozdiar is at the heart of the country's efforts to revive the domestic defense industry and provide the Ukrainian army with the tools it needs to defeat Russia. The sector has undergone radical change since the onset of Russia's full-scale invasion in February 2022, with production increasing dramatically amid the rapid development of new technologies and weapons systems. Nevertheless, Gvozdiar says maintaining an innovative edge over the enemy remains a daily struggle. "The Russians are learning all the time," states Gvozdiar. "As I often say, there are two parallel battles currently underway. While our military fights Russia on the front lines of the war, another competition is taking place for technological ascendancy. This battle is being waged every single day. We have drones and electronic warfare systems, and so do the Russians. Everything depends on constant adaptability and innovation."

In the race to innovate, Gvozdiar says Ukraine's thriving IT industry has proved to be a major asset. She estimates that more than half of the approximately 200 Ukrainian companies currently engaged in drone production were founded by people with backgrounds in the IT sector. This comes as no surprise, given the increasingly important role played by IT companies as drivers of Ukraine's economic growth during the prewar period.

Ukrainian drone output has expanded at a remarkable rate since the outbreak of hostilities in early 2022. Gvozdiar believes this is partly down to the short and relatively simple production cycle in the drone manufacturing process, which has created opportunities for smaller companies to enter the market. Following the meteoric growth of



About the interviewee: **Anna Gvozdiar** is Ukraine's Deputy Minister of Strategic Industries



DEFENSE INNOVATION HIGHWAY



DEFENSE INNOVATION HIGHWAY (DIH) IS THE PLATFORM FOR SPEEDING UP

COOPERATION IN DEFENSE INNOVATIONS BETWEEN UKRAINE & NORDIC COUNTRIES



the first year, the sector is now experiencing a period of diversification. While new companies continue to appear, many are looking to focus on the production of component parts or concentrating on research and development.

Gvozdiar is heavily involved in efforts to facilitate productive dialogue between the expanding ecosystem of Ukrainian defense tech startups, government officials responsible for procurement, and the military commanders on the front lines. This communication is vital to make sure new production matches the needs of the army. "Ukrainian defense tech companies are generally very open to tailoring their products to the needs of the military," says the Deputy Minister. Nevertheless, the constantly evolving situation on the battlefield creates a range of challenges that require a high degree of flexibility along with the far-sightedness to anticipate the coming needs of the military, often months in advance.

One of Ukraine's most significant successes has been the development of the country's naval drone fleet. These innovative weapons have managed to sink much of Russia's Black Sea Fleet, forcing Putin to withdraw the bulk of his remaining warships from Crimea to the relative safety of Russian ports. "Ukrainian naval drones are transforming the entire concept of naval warfare," says Gvozdiar. "They have demonstrated their ef-

iciency and have a big future. For example, Ukrainian technologies could become part of evolving efforts to protect merchant shipping around the world."

The emergence of a world-class Ukrainian drone manufacturing sector is only one aspect of a much broader revival that is currently underway throughout Ukraine's defense industry. This transformation reflects an awareness in Kyiv that the country cannot continue to rely on international military aid indefinitely, and must move toward a more self-sufficient model, while at the same time looking to foster long-term cooperation with strategic partners within the defense industry. Ukraine's emphasis on domestic production has already made it possible to significantly boost output of everything from artillery ammunition to armored vehicles. This expanding production capacity has major implications for the future course of the war with Russia, and could also become an important factor in European security.

Gvozdiar acknowledges Ukraine was not starting from scratch in 2022, but stresses that the considerable military-industrial legacy inherited from the Soviet era had been slowly dying for three decades prior to the onset of Russia's full-scale invasion. This makes the progress of the past few years all the more remarkable. In 2023, the country's overall defense production increased three times. This year, Ukrainian

defense industry output is on track for a further sixfold expansion. "The defense industry is like a locomotive," says Gvozdiar. "It can be difficult to get started, but once it is moving, it begins to gain a momentum of its own."

Ukraine's current status as the world's largest laboratory for defense technologies is obviously unwelcome, but it has made the country something of a magnet for the international defense industry. Since 2022, a wide range of companies have sought to establish a presence in Ukraine as the country defends itself against the full might of Russian military power. This is leading to partnerships that enhance Ukraine's ability to defend itself while providing international defense companies with unrivaled insights into the realities of the modern battlefield.

With the Russian invasion of Ukraine now in its third year, Gvozdiar says there is widespread recognition across Europe of the threat posed by the Kremlin and the need to rearm. She is convinced Ukrainian experience and expertise will be central to this process. "Our partners know they need to rapidly upgrade defense production, but there is still uncertainty over exactly what is needed to defend themselves," she says. "The one thing we all understand is that democracy has to be well armed. Because with today's Russia, we have no idea what tomorrow will bring."



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Wartime Ukraine emerges as the world's leading laboratory for drone development

International drone companies are investing as Ukrainian domestic production grows

The Russian invasion of Ukraine is widely recognized as the first ever full-scale drone war. This has transformed Ukraine into the world's leading laboratory for drone development. In this new security environment, the Ukrainian authorities and the country's private sector have prioritized the production of drones and expanded manufacturing capacity at an unprecedented rate. Meanwhile, international drone producers are also looking to partner with Ukraine and are entering the Ukrainian market despite the obvious challenges created by Russia's ongoing invasion.

Since the onset of Russia's full-scale invasion in February 2022, Ukraine has earned a global reputation for defense tech innovation, and has been responsible for breakthroughs in a range of spheres ranging from drones and communications to cybersecurity and artificial intelligence. This potential first became evidence eight years earlier when Russia first began its attack on Ukraine with the seizure of Crimea and hybrid invasion of eastern Ukraine's Donbas region. While the long-neglected Ukrainian army was caught unprepared by the sudden outbreak of hostilities with Russia in spring 2014, Ukraine's vibrant tech sector was able to react far more rapidly to the unprecedented threat facing the country. A number of tech companies and startups were soon producing ground-breaking drones, some of which have remained indispensable elements of the Ukrainian military's UAV fleet.

Ukraine has come a long way over the past decade since those early days of 2014. The country's Ministry for Digital Transformation, which has been instrumental in supporting the expansion of domestic defense tech manufacturing, has reported that during the first two years of Russia's full-scale invasion, drone output rose by more than a hundredfold.

There are now believed to be over 200 Ukrainian companies engaged in drone manufacturing. As a result of these efforts, the Ukrainian army is currently receiving more than ten thousand domestically produced attack drones every month.

In the initial stages of the full-scale war, the rapid growth of Ukraine's drone capabilities owed much to the work of individual entrepreneurs and volunteer networks. These informal efforts were gradually given more structure thanks to the launch of projects like the Army of Drones initiative. The Ukrainian government has now identified drones as a spending priority and allocated a significant portion of the country's 2024 defense budget to support research and production. Kyiv's partners

share this strategic vision and have established a drone coalition to provide Ukraine with large quantities of the latest models.

Drones have played a key role in the Ukrainian war effort. Throughout late 2023 and early 2024 when the Ukrainian military experienced mounting ammunition shortages due to an extended pause in Western military aid, attack drones were deployed to help make up for the lack of artillery firepower on the front lines. Meanwhile, Ukraine has used domestically produced long-range drones to bomb Russian refineries located more than one thousand kilometers from the Ukrainian border.

Ukraine's single most striking drone success story has been the development of maritime drones, which have given Ukraine the upper hand in the Battle of the Black Sea. Despite not having a navy of its own, Ukraine has used innovative maritime drone technology to sink or damage around one-third of Russia's Black Sea Fleet, forcing Putin to withdraw the bulk of his remaining warships from occupied Crimea to the relative safety of Russian ports. This has allowed Ukraine to break the Russian naval blockade of the country's Black Sea ports and reopen merchant shipping lanes.

Despite this obvious progress, many roadblocks remain. Domestic drone producers continue to complain of bureaucratic delays and a dependence on foreign components that creates potential bottlenecks and vulnerabilities. Critics say the military certification process is still too time-consuming and does not reflect the urgency of the situation. As the drone industry continues to mature, companies also face increasing difficulties finding specialists with the kind of specialized skills necessary to maintain Ukraine's innovation advantage over Russia.

Unsurprisingly, more and more international drone companies are seeking to establish a presence in Ukraine. German drone manufacturer Quantum Systems unveiled a new production plant in Ukraine in April 2024, adding to the Munich-based company's existing Ukrainian support, logistics, and training center. Quantum Systems Vector reconnaissance drones have been in use in Ukraine since May 2022. By the end of 2024, a total of 500 reconnaissance drones are expected to have been delivered to Ukraine. The new production facility is set to increase production capacity to around 1,000 drones per year.

Turkish drone industry flagship company Baykar has been cooperating with Ukraine for a number of years. Baykar officials first unveiled plans to establish a presence in the Kyiv region before the onset of Russia's full-scale invasion, and are proceeding with this initiative. The facility is expected to feature a production plant along with research and testing components. Meanwhile, Poland's WB Electronics, the makers of the FlyEye reconnaissance drone, have opened a service center in Ukraine, with Latvian UAV manufacturer ATLAS also announcing plans to build a Ukrainian production plant.



About the author: **Nazarii Volianskyi** is a Kyiv-based investment analyst

TAF
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UKRAINE
DRONES

Founded in 2022 by Oleksandr Yakovenko, TAF Drones has brought together a team of passionate individuals united by a common goal: safeguarding Ukraine's independence and protecting the lives of military personnel and civilians. Our mission is to elevate Ukraine to the forefront of military technology, leveraging innovation to deter and decisively counter the enemy.

Our priorities are innovative engineering and functional performance. Our in-house R&D unit and extensive knowledge of global logistics enable us to swiftly respond to the shifting demands of the frontline, creating and enhancing military technologies. We emphasize practicality, ensuring that every forward-looking project reaches military units promptly.

Our essential product, the FPV drone Kolibri, has proven effective in the first year of the full-scale invasion and has been actively used by the Ukrainian military for more than one and a half years. Recent TAF Drones landmarks include increased production capacity to more than 25,000 drones per month, expansion to over 20 production locations nationwide with 200 specialists, and thousands of training flights and tests by senior military personnel. TAF Drones is actively expanding its portfolio of innovative solutions including short-range missiles, unmanned kamikaze drones, and EW Resistance technologies.



In early 2024 we launched Innovation Hub, a private Defense Tech cluster that brings together developers of military tech who may need support to turn their ideas into reality. This initiative aims to accelerate projects to deployment on the battlefield, where they can save lives and contribute to victory. Innovation Hub is designed to ensure every promising development gets support to reach the front lines.

visit our website



NAVAL DRONES

Ukraine's secret weapon in the Battle of the Black Sea

Ukraine's expanding fleet of domestically-produced naval drones has established itself over the past two years as a potent symbol of the country's defense tech excellence and Kyiv's innovative approach to the art of war. Since exploding onto the scene in 2022, these seafaring drones have revolutionized naval warfare, sinking multiple Russian warships and forcing the bulk of Vladimir Putin's once vaunted Black Sea Fleet to retreat from occupied Crimea.

On the very first morning of Russia's full-scale invasion in February 2022, a huge Russian warship loomed over the Black Sea horizon and approached the tiny Ukrainian garrison on Snake Island with an ultimatum: "Lay down your arms and surrender, or you will be bombed." Although hopelessly outnumbered and outgunned, the handful of Ukrainian troops stationed on the island had no intention of complying. "Russian warship, go f*** yourself," they replied.

This instantly iconic response would soon echo across Ukraine and around the world, becoming an unofficial wartime slogan that captured the indomitable fighting spirit of Ukraine's popular resistance to the Russian invasion. Within days, it was adorning T-shirts, billboards, bumper stickers, and fridge magnets, while serving as inspiration for an entire genre of patriotic memes on social media. The incident even prompted Ukraine's national postal service to issue a commemorative stamp.

The defiance displayed by the defenders of Snake Island set the tone for the war at sea, which has seen Ukraine achieve a frankly stunning string

of successes against the Russian Black Sea Fleet despite not possessing a fleet of its own. Indeed, while media attention remains firmly focused on the largely static front lines and appalling casualties of the conflict in mainland Ukraine, there are mounting indications that Ukraine is now winning the Battle of the Black Sea.

Black Sea Blockade

The war at sea actually began more than a week before the onset of the full-scale invasion, with Russian warships imposing a naval blockade on Ukraine's Black Sea ports in mid-February 2022 under the guise of routine exercises. At first, the maritime confrontation between Kyiv and Moscow looked to be a foregone conclusion. With no navy to speak of, Ukraine appeared to have little chance of challenging Russia in the Black Sea. Instead, most expected the Kremlin's mighty Black Sea Fleet to remain largely unchallenged. However, it soon became apparent that such conclusions were premature.



» Sinking the Moskva

In April 2022, Ukraine struck its first major blow in the war at sea by sinking the flagship of the Russian Black Sea Fleet, the Moskva, using two Ukrainian-produced Neptune anti-ship missiles. News of this naval victory caused a sensation. Coming so soon after Russia's defeat in the Battle of Kyiv, it did much to consolidate support for Ukraine and helped convince the international community that the Ukrainian military was far more capable than had previously been assumed. The symbolism of the Moskva sinking was particularly strong, as this was the same warship that had attacked Snake Island on the first day of the war and been told exactly where to go.

Two months later in June 2022, Ukrainian troops launched an audacious operation to liberate Snake Island itself. The operation served as a major morale boost for Ukraine. Given the strategic importance of Snake Island's location, it also marked a significant shift in the balance of power in the northwestern Black Sea and was an important step toward reducing the Russian threat to merchant shipping sailing from the country's major ports.

Targeting Occupied Crimea

Summer 2022 saw the first Ukrainian drone strikes on Russian military targets in occupied Crimea, including attacks on the home port of the Russian Black Sea Fleet in Sevastopol. Ukraine's air war against Russian occupation forces in Crimea has continued to gain momentum ever since. Britain's decision in May 2023 to provide Ukraine with cruise missiles was a landmark moment, significantly increasing the firepower potential of Ukrainian attacks in Crimea. Within weeks, France had followed suit. As a result of these British and French deliveries, Ukraine was able to dramatically expand its bombing campaign. Headline-grabbing incidents have included the destruction of a Russian submarine in dry dock

and an audacious strike in the heart of Sevastopol that left the Black Sea Fleet Headquarters in partial ruins.

More recently, the arrival of American-supplied ATACMS long-range missiles in significant quantities has further enhanced Ukraine's ability to hit Russian targets in Crimea. In the weeks following an April 2024 breakthrough vote in the US Congress confirming a major new military aid package for Ukraine, Kyiv was able to conduct a number of suspected ATACMS attacks on airfields, Russian air defenses, and weapons stores on the occupied peninsula.

Revolutionizing Naval Warfare

While missiles supplied by Kyiv's partners have played an important part in making the Russian occupation of Crimea increasingly untenable, Ukraine's secret weapon in the Battle of the Black Sea has undoubtedly been the country's naval drone fleet. Since 2022, Ukrainian drones have struck a series of Russian warships at sea, at dock, or close to port, with drone operators often patiently pursuing their prey over a number of days. These attacks, many of which are masterminded by Ukraine's HUR military intelligence agency and SBU secret service, have sent many targeted warships to the bottom of the Black Sea, while forcing others out of action for extended periods.

The development of Ukraine's naval drone capabilities was in part undertaken as a response to Russia's overwhelming advantage at sea. The division of Soviet naval assets following the 1991 collapse of the USSR had already left newly independent Ukraine with a modest number of warships. This rusting fleet was further depleted following Russia's 2014 seizure of Ukraine's Crimean peninsula. Ukrainian naval planners saw maritime drones as a good way to harness the country's strong tech traditions and even out the odds against Russia's large but increasingly outdated conventional naval forces. »



THAT SINKING FEELING: RUSSIA'S RAPIDLY SHRINKING BLACK SEA FLEET

The final moments of a Russian warship caught on the video camera of a Ukrainian naval drone as it approaches to deliver the killer blow during a nocturnal attack in the Black Sea. Ukrainian sea drones have sunk a number of Russian warships and have forced Vladimir Putin to withdraw the majority of his remaining fleet from occupied Crimea to ports in Russia.

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UKRAINIAN SUCCESS IN THE BATTLE OF THE BLACK SEA BOOSTS MORALE

A placard on display outside Kyiv City Hall in the heart of the Ukrainian capital in spring 2024 takes a whimsical view of Ukraine's remarkable success in the Battle of the Black Sea. Amid the horrors and trauma of Russia's ongoing invasion, Ukrainian victories at sea have helped boost national morale and have inspired an entire genre of social media memes.

► Ukraine operates a number of domestically-produced naval drone models with different capabilities. They are remotely controlled and can travel at speeds of up to 80 kilometers an hour while carrying a payload sufficient to sink a warship. The small size and high maneuverability of Ukrainian naval drones makes them particularly challenging to intercept, while plastic construction materials make them difficult for radar to pick up. Some models claim to have a range of up to 800 kilometers, enabling them to strike targets throughout whole of the northern Black Sea. Ukraine demonstrated this expanded reach in late 2023, carrying out a number drone strikes against Russian vessels close to the port of Novorossiysk on the eastern Black Sea coast.

Russian Fleet Retreats

Russia has responded to Ukraine's naval drone threat by withdrawing the bulk of its warships from occupied Crimea. Russian naval commanders also keep vessels away from the Ukrainian coastline and limit their time in the open sea. In a clear sign that Russia is not anticipating any improvements at sea in the near future, Kremlin officials confirmed plans in October 2023 for the construction of a new naval base in Russian-occupied Georgia, far away from Ukrainian naval drones.

The sinking of Russian warships will not prove decisive in a land war, of course. Nevertheless, Ukraine's success in the Battle of the Black Sea is having a meaningful impact on the course of the wider war. As well as making it increasingly hard for the Russian navy to maintain a presence in the northwestern Black Sea, Ukrainian naval drones are also ham-

pering Russia's ability to bomb Ukraine using the Black Sea Fleet's missile-carrying warships. While naval vessels played a key role in Russia's bombing campaign of Ukrainian civilian infrastructure during the first winter of the war, there has been a noticeable decline in cruise missile launches from the Black Sea over the past year.

Ukraine's successes at sea have also helped to disrupt the logistics of the Russian army in Crimea and southern Ukraine. Throughout the invasion, Moscow has used the Black Sea Fleet as a workhorse to ferry munitions and other military equipment to Crimea and through the Azov Sea to Russian-occupied southern Ukraine. It is no coincidence that Russia's fleet of large amphibious landing ships have been key targets for Ukrainian naval drones.

Maritime Economic Lifeline

Crucially, sinking so many Russian warships has enabled Ukraine to break the blockade of the country's Black Sea ports and resume maritime exports to global markets. The reopening of merchant shipping lanes for the country's vast agricultural industry represents a financial lifeline for Ukraine, which is struggling to keep its battered economy afloat and fund the war effort. Many were skeptical that Ukraine could unilaterally defy the Russian blockade, but the results speak for themselves. In the six months up to May 2024, Ukrainian exports of grain and oilseed through the country's Black Sea ports returned to prewar levels. This achievement would not have been possible without the game-changing role played by Ukraine's naval drones.



UKRAINIAN DEFENSE INNOVATIONS

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International defense industry **can learn from Ukraine**

Defence Alliance of Ukraine Chairman **Anatoliy Amelin** says cooperation is just beginning



About the interviewee: **Anatoliy Amelin** is Chairman of the Defence Alliance of Ukraine, an association of Ukrainian defense industry companies established in December 2023

How would you assess the current state of cooperation between Ukrainian defense industry companies and potential international partners?

Cooperation is taking place, but in many cases it is still at the early stages. Since the start of Russia's full-scale invasion, Ukraine has gained a reputation among Western defense sector companies as a key testing ground for new military technologies and tactics. This is one of the main factors fueling today's growing cooperation. Many Western companies have also been impressed by the quality of Ukraine's software solutions in terms of issues such as battle management, secure communications, and cybersecurity. This is attracting companies that seek to come and learn from the experience and expertise of their Ukrainian colleagues. In the past year, a number of Western companies have set up maintenance and production facilities in Ukraine or announced plans to do so. The most high-profile case involves Germany's Rheinmetall, but there are also numerous other examples. Establishing a presence in Ukraine is appealing as it allows defense companies to benefit from the experience of the Ukrainian military. Ukrainian companies have also developed a lot of defense sector innovations that are attractive to international partners. Everyone is interested in Ukraine's latest drones and robotic systems, along with the country's use and modification of electronic warfare tools and air defense systems. Ukraine's naval drones have an unrivaled record of success against modern warships. Understandably, foreign defense sector companies are eager to learn from Ukraine's combination of innovative products and unique battlefield experience.

What impact is international cooperation having on the development of the Ukrainian defense industry?

This is actually a difficult question to answer. The most direct factor influencing the development of the Ukrainian defense industry is the acquisition of modern weapons and the experience gained in using these weapons on the battlefield. Beyond this very practical impact, it is hard to speak in specific terms as cooperation in most cases is still in the very early stages.

Which sectors of Ukraine's defense industry currently attract the most interest from potential foreign partners?

There is considerable international interest in everything relating to Ukrainian drones of all kinds and the country's latest electronic warfare innovations. Potential partners are also focused on software solutions, communication systems, and some categories of firearms.

What are the main challenges and obstacles to further cooperation between Ukrainian and foreign defense sector companies?

There is currently considerable potential for Ukrainian partners to attract capital and scale up their operations, but many Ukrainian companies do not meet some of the requirements expected for such cooperation at the international level. We must also acknowledge the challenges created by the closed nature of the Ukrainian defense industry in general, which remains sensitive to information about new developments and is still sometimes reluctant to share details with potential partners or investors.

On a practical level, complex restrictions and time-consuming bureaucratic processes can make it difficult to deliver weapons samples and other related equipment to partners in other countries for testing purposes. This directly hinders cooperation. In broader terms, the absence of a coherent national strategy for the development of Ukraine's defense industry also acts to deter potential partners. Without the predictability of a clear strategy, it is harder to convince foreign defense companies to enter into long-term cooperation.

Where do you see the greatest opportunities for future cooperation?

There is huge scope for deepening cooperation and collaboration throughout the defense industry. Ukraine has plenty of value to offer in this respect, as do potential Western partners. Increased collaboration could prove fruitful for both parties. Crucially, there is now a growing awareness that the democratic world needs to prepare for an even bigger war. These preparations will require a wide range of offensive and defensive systems and solutions. It is obvious that Ukraine can play a very significant role in this process.

Looking ahead, I would like to underline that the development of Ukraine's defense industry must continue to evolve toward the establishment of an ecosystem of technologies and innovations. This will create additional opportunities for further cooperation. An important part of this ecosystem will be education with a focus on defense-related technical subjects, creating further room for promising partnerships with the international defense industry.



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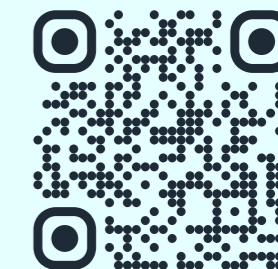
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Volunteers play key role in Ukraine's defense

The Ukrainian war effort has been boosted by an unprecedented volunteer movement

The scale of civilian efforts to bolster Ukraine's defense following Russia's full-scale invasion in February 2022 has been both remarkable and tangible. For confirmation of this impact, you need simply ask any soldier who has used a civilian-supplied Mavik drone to identify an enemy position, or a civilian-developed app on a civilian-supplied tablet to plot the artillery response, or a civilian-supplied encrypted radio to communicate with artillery operators.

Since 2022, Ukrainian civil society activists and civilian volunteers have been at the heart of Ukraine's national fightback against Russian aggression and have done much to supplement the efforts of the country's defense industry. The variety of volunteer initiatives has been truly staggering, encompassing everything from equipment deliveries and logistical support to information operations and technological innovations.

In December 2022, the Helsinki Commission of the US Congress highlighted this phenomenon in a public hearing titled "Crowdsourcing Victory for Ukraine" that recognized nongovernmental organizations as essential providers of supplies for Ukraine's military. Speakers such as Serhiy Prytula, who runs a charity that has donated over USD 160 million in equipment to the Ukrainian military, and Taras Chmut, the director of Come Back Alive, which has supplied over USD 341 million in equipment since 2014, exemplify the scale of these efforts.

The diverse nature of Ukraine's civilian support movement complicates any attempts to arrive at a specific valuation of its contribution to the Ukrainian war effort. However, it is clear that this support has substantially increased the effectiveness of Ukraine's military. The absence of any formal or centralized structure has been a key factor underpinning the effectiveness of Ukraine's volunteer movement, enabling the establishment of direct supply lines to individual units. This communication is often managed by friends and family who understand the specific needs of military units, which could include anything from tactical medicine to night vision equipment. In addition to filling supply gaps for front line troops, civilian groups also contribute in a wide range of other ways including drone training courses, repair services, and more.



Russia's war against Ukraine began in 2014. The full-scale invasion is now in its third year, with no end in sight. As the conflict persists, there is a growing need to ensure the long-term sustainability of Ukraine's volunteer movement. Initiatives like the Free Ukraine Fund, born out of volunteer efforts in Kharkiv, are now focusing on securing funding to bolster domestic weapons production, which is critical for the future military and economic stability of the country. Since the beginning of the full-scale invasion, the Ukrainian defense industry has grown fifteen times over. In 2023, it accounted for almost one-third of GDP growth. The target for 2024 is a further sixfold expansion. Ukraine has a long history of weapons production and has the capacity to produce more, but can only currently fund around one-third of potential output. Securing additional funding can enable the Ukrainian defense industry to grow further, while boosting the wartime Ukrainian economy and providing the Ukrainian military with the tools to defeat Russia.

The Free Ukraine Fund is in many ways typical of volunteer organizations active in today's Ukraine. Its activities are centered on the Kharkiv region in northeastern Ukraine, with a particular focus on supporting the Kraken Special Division, 92nd and 32nd brigades. This approach is common among most small and me-

dium-sized volunteer groups, which are often linked to specific units, providing essential kit and serving a range of support functions. Diaspora-based groups and foreign civilians inspired by Ukraine's struggle have made important contributions to the volunteer movement. Support has included training from military veterans along with deliveries of drones, vehicles, medical supplies, and much more. These foreign volunteer groups are often highly motivated, resourceful, and skilled, but their efforts sometimes suffer from a lack of coordination. To this end, work is currently underway to form an "Unconventional Statecraft Alliance", essentially a non-hierarchical network for all those foreign civilian organizations active in Ukraine.

This initiative to strengthen cooperation among international volunteers is focused primarily on the military side, and with good reason. While humanitarian aid remains crucial, the best way to prevent further humanitarian crises is by strengthening Ukraine's military capabilities. This is something potential donors must also take into account. Ukraine's volunteer movement is dependent on continued donations from the wider public, both in Ukraine itself and internationally. Contributing to reputable organizations supporting Ukraine's military remains the best way of protecting the civilian population and preventing the catastrophic consequences of a Russian victory.



State-of-the-art rehabilitation for Ukrainian defenders


RECOVERY is a network of innovative rehabilitation centers for wounded soldiers in Ukraine. The project was founded by Victor and Olena Pinchuk in gratitude to Ukrainian defenders who are heroically resisting Russian aggression.

Today, 12 RECOVERY rehabilitation centers provide free services in Kyiv, Lviv, Poltava, Rivne, Vinnytsia, Khmelnytskyi, Cherkasy, two centers in Odesa and three in Dnipropetrovs'k region. The founders of the project plan to expand the network to at least 18 innovative rehabilitation centers, providing rehabilitation to about 25,000 soldiers annually.



Follow RECOVERY for more:
www.recoveryua.org

 [recovery.ua](https://www.instagram.com/recovery.ua)

 [RecoveryUaOrg](https://www.facebook.com/RecoveryUaOrg)

About the authors: **Jade McGlynn** is a Research Fellow at King's College London. **Chris Pool** is a Researcher at King's College London.

NEWSLETTER

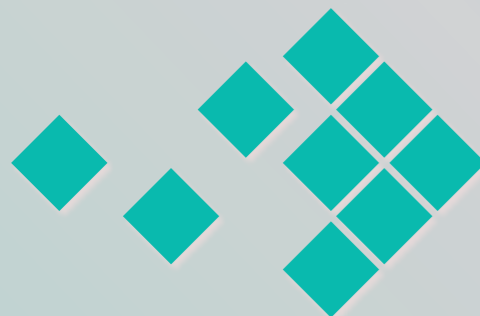
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GETTING THE JOB DONE: WHAT DRIVES RESILIENCE IN WARTIME UKRAINE?

From a young age, children are taught by parents and teachers to embody values such as kindness, politeness, bravery, responsibility, and hard work. Business schools teach how to manage and succeed, innovate, and make decisions. But where can one learn how to be RESILIENT, especially a resilient leader during a full-scale war?

Since February 24, 2022, with Russia's brutal full-scale invasion, being a resilient leader in Ukraine has always been a struggle but also a choice and honorable mission. Companies operating on the ground are true business heroes, with 86% of AmCham members being fully operational after two years of the war.

Business resilience refers to a business's ability to anticipate, prepare for, respond to, and adapt to disruptions to maintain continuous operations. But in times of war, resilience also includes bravery, social support, empathy, and benevolence, ensuring that businesses can continue to support their employees, serve clients, and thrive in the long term. According to the latest Oxford University study, during Russia's full-scale war, Ukraine showed the highest in the world acts of benevolence – 80% – because of the extraordinary rise in fellow feeling across Ukraine.

As a leading business association, we constantly track our member companies. I regularly visit companies across Ukraine and can definitely see that the spirit of business is undaunted. Every story is phenomenal, and the international community should know about them. To share these messages and continue discovering what drives resilience in wartime Ukraine, in April 2024, we launched a video project on social media – WARTIME RESILIENCE IN UKRAINE. It aims to demonstrate to the global community how businesses operate in Ukraine during Russia's full-scale war, showing that Ukraine is open for business, what companies are doing on Ukraine's path to recovery and victory, what real resilience is, and key wartime learnings. Our team engages companies' CEOs for interviews to share their stories of resilience, unity, and strength during the biggest hardship in modern European history.

I want to share the first key outcomes and invite more companies to stand up and speak up about opportunities and wartime realities of doing business on the ground and succeeding:

- **Resilience is Ukrainians' superpower.** Ukraine's resilience, bravery, and unity are stronger than missiles, blackouts, and terror. Inspired by the lionhearted defenders on the frontlines, AmCham members showed the entire world that they are tough cookies, can adapt fast, and can fully operate in the face of adversity.



Andy Hunder, President of the American Chamber of Commerce in Ukraine

- **Focus on safety and mental wellbeing.** As Russia continues to bomb civilian infrastructure on a daily basis, the safety and security of employees and clients remain the top priority for all businesses. Psychological support and access to mental health programs is the #1 topic for HR directors across sectors.
- **Continuity and business evolution amid hardship.** Businesses have contingency plans ready to ensure the continuity of processes and the resilience of business models. Companies continue to look for solutions and find new creative ways of resolving wartime challenges.
- **Rebuilding momentum.** Every day, we must add to Ukraine's strength: giving back to the community is what every bonafide investor focuses on, as there is no prosperity for the companies without the prosperity of Ukraine.
- **CommUNITY.** Power comes from unity, so it's vital to be in a like-minded environment. AmCham is honored to unite the best-in-class business community on the ground, helping companies to grow and promote their services and brands.

We are here, and business is here – operating, employing, paying taxes, and investing. AmCham will continue to work with the Ukrainian government and international partners to create a recovery-wise business climate and engage more companies to invest in Ukraine and join its rebuilding momentum. Slava Ukraini!

ACC

AMERICAN CHAMBER
OF COMMERCE
UKRAINE

WARTIME
RESILIENCE IN
UKRAINE



US & INTERNATIONAL OUTREACH

MEETING WITH LINDSEY GRAHAM, US SENATOR FOR SOUTH CAROLINA

AmCham President Andy Hunder, Chair of AmCham Board of Directors Lenna Koszarny (Horizon Capital), and Agriculture Committee members met with Lindsey Graham, US Senator for South Carolina, and the US Embassy team in Kyiv. US military and financial support of Ukraine, US investors' protection, and global food security were among the key focuses of the high-level discussion.

AmCham is grateful to the US Government and the US Embassy on the ground for all the support the United States provides to Ukraine and Ukrainians and calls for its continuation, as with the help of international partners, Ukraine can win the war.



MEETING WITH US BUSINESS DELEGATION

AmCham Ukraine President Andy Hunder, team members, and Banking & Financial Services Committee Co-Chair Artem Gerganov (Citi) met with the US business delegation in Kyiv. The delegates were discovering ways to form potential partnerships and invest in Ukraine, and the AmCham team shared insights on doing business on the ground.



MEETING WITH ZACH NUNN, US CONGRESSMAN

AmCham Ukraine works with US partners and uses every single opportunity to call for more support for Ukraine. AmCham Ukraine President Andy Hunder, Board of Directors Chair Lenna Koszarny (Horizon Capital), and member companies met with Congressman Zach Nunn in Kyiv, a part of a bipartisan Congressional Delegation visiting Ukraine. Participants delivered a strong message on why the US should continue supporting Ukraine and thanked Congressman Nunn and the US Embassy team on the ground.



US CHAMBER FOUNDATION'S 14TH ANNUAL INTERNATIONAL WOMEN'S DAY FORUM

AmCham Ukraine Vice President Tetyana Prokopchuk delivered remarks at the 14th Annual International Women's Day Forum organized in Washington, DC, by the US Chamber of Commerce Foundation and the US Department of State. "We are grateful to the US and international partners for support. It's important to support Ukraine now and to do what is right," said Tetyana Prokopchuk. The Forum offered dynamic insights, underscoring how continued investments in women and girls strengthen society. A special focus of the Forum was also on women and children in Ukraine.

"We are proud to serve and support women leaders of member companies for more than a decade within WELDI and will continue to empower and create opportunities. We are grateful to the US Chamber, US Chamber Foundation, and the US Department of State for the great support and for this opportunity to deliver the voice of the business community," commented Tetyana.

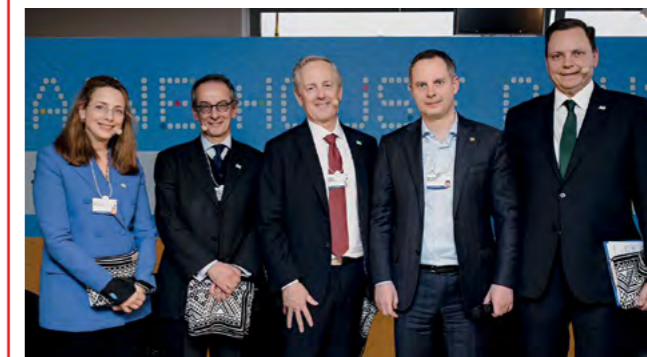


UKRAINE HOUSE DAVOS 2024

"Showing unprecedented economic resilience, Ukraine remains open for business, and we invite companies from all over the globe to join its rebuilding momentum," AmCham Ukraine President Andy Hunder moderated the panel discussion, "Enabling Recovery and Reconstruction: Investment Opportunities and Risk Insurance," at Ukraine House Davos. The professional lineup of speakers – Rostyslav Shurma (Office of the President), John Doyle (Marsh McLennan), Matteo Patrone (European Bank for Reconstruction and Development), and Julie Monaco (Citi) – shared their vision and outlook on business resilience, short and long-term plans to achieve growth, attracting new investors and supporting businesses by improving the business environment and developing insurance tools.

MEETING WITH USAID UKRAINE REPRESENTATIVES

AmCham members met with USAID Ukraine representatives to discuss engagement with the private sector and support for Ukraine's businesses. During the event, moderated by AmCham Ukraine President Andy Hunder, the distinguished speakers – James Hope, the Director of the USAID Mission to Ukraine; Theodora Dell, Deputy Director of the USAID Mission to Ukraine; and Carter Saunders, Acting Contracting Office Director at the USAID Mission to Ukraine – have shed light on the critical role of partnerships in USAID's mission by outlining USAID's strategic priorities and providing information on how to work with USAID as an implementing partner.



MEETING WITH US AMBASSADOR BRIDGET BRINK, G7 DIPLOMATS, AND MEMBERS OF THE COUNCIL FOR ENTREPRENEURSHIP SUPPORT IN THE CONDITIONS OF MARTIAL LAW

AmCham continues to work with the international diplomatic community and Ukrainian business leaders toward recovery and entrepreneurial potential boost. AmCham Ukraine President Andy Hunder, AmCham Board of Directors Chair Lenna Koszarny (Horizon Capital), together with Business

Ombudsman Roman Waschuk, met in Kyiv with US Ambassador to Ukraine Bridget Brink, G7 diplomats and members of the Council for Entrepreneurship Support in the Conditions of Martial Law under President Zelenskyy. The key focus of the discussion was on the Entrepreneurship Council's activities to support domestic and international businesses.

2024 AMCHAMS IN EUROPE ANNUAL CONFERENCE IN WASHINGTON, DC

AmCham Ukraine President Andy Hunder, along with 50 ACE delegates from across Europe, participated in the 2024 AmChams in Europe Annual Conference in Washington, DC, and got the message on Ukraine across. The delegation underscores its commitment to transatlantic relations and partnerships, gaining valuable insights into the US business, political climate, and global policy outlook. Visits included the US Chamber of Commerce, US Department of Commerce, US Department of State, Small Business Administration, Atlantic Council, APCO, and others. AmCham Ukraine is grateful to the US Chamber of Commerce and AmChams in Europe family for supporting Ukraine on its path to recovery and victory.



US CHAMBER'S US-UKRAINE PARTNERSHIP FORUM



On April 17, the US Chamber of Commerce held the 2024 US-Ukraine Partnership Forum "Laying the Foundation for Recovery" at the Chamber headquarters in Washington, DC. This year's Forum was hosted in partnership with the US Department of State, US Department of Commerce, and USAID, and supported by the Ukrainian Embassy in the US. The Forum brought together high-level business executives, government officials, and other thought leaders to explore how Ukraine can recover and rebuild, working with international partners to prosper for years to come. Participants also discussed conditions that can create a positive business environment and encourage private sector interest and investment. The keynote speakers were Gina Raimondo, US Secretary of Commerce,

Denys Shmyhal, Prime Minister of Ukraine, Penny Pritzker, US Special Representative for Ukraine's Economic Recovery, Scott Nathan, CEO of US International Development Finance Corporation, and Suzanne P. Clark, President and CEO of the US Chamber of Commerce. AmCham Ukraine President Andy Hunder moderated the Fireside Chat "Looking Ahead to the Berlin Ukraine Recovery Conference" with Jean-Pierre Froehly, Head of Task Force URC 2024, German Federal Foreign Office. AmCham is extremely grateful to the US Chamber's team for organizing the Forum and igniting vital conversations about Ukraine. AmCham Ukraine continues to work with the Ukrainian and US governments and businesses toward victory, recovery, and growth.



US CHAMBER'S
UKRAINE BUSINESS
INITIATIVE



AMCHAM'S
REBUILD UKRAINE
INITIATIVE

AMCHAM MEMBERSHIP

191

new companies joined AmCham since the beginning of Russia's full-scale invasion of Ukraine

39

new members in 2024

OFFICIAL SERVICE PROVIDERS



Experience Sharing Platform for Business: On-Site Visit to AmCham Member



AmCham Ukraine is pleased to announce the launch of the Experience Sharing Platform for Business: On-Site Visit to AmCham Member. The platform's purpose is to give AmCham members the opportunity to exchange practical experience in wartime enterprise management. On April 8, CEOs of 7 AmCham member companies joined the kick-off visit to Coca-Cola Beverages Ukraine Limited.



For more details on the platform and participation, please contact – Olena Ishchuk, AmCham Business Development Coordinator at oishchuk@chamber.ua.

VISITING MEMBERS



I'm lovin' it. McDonald's has been successfully operating in Ukraine for 27 years, since 1997. The McDonalds at Kyiv Central Railway Station was one of the world's busiest. Despite Russia's full-scale invasion, McDonald's continues to operate, having 101 restaurants opened (out of 117) in 15 regions of Ukraine. 11 new restaurants were opened during the war. McDonald's has served 94.3 million clients last year (March 31, 2023 – April 1, 2024).



This is another great story of resilient business in Ukraine. InterContinental Kyiv has not closed for a single day since February 24, 2022. The hotel has remained fully open and continues to safely welcome visitors from across the globe.



Ease of delivery for life and business. Nova Group of Companies unites Nova Post, Nova Global, SuperNova Airlines, Nova Pay, and Nova Digital. Nova Post has eight large innovative terminals, two of which were built during the war. Nova Post's biggest sorting plant in Ukraine – Kyiv Innovative Terminal – set a record-breaking number of parcels sorted per day – 2 million.



Discovering Unlimited Polymer Solutions. REHAU Ukraine is a leading developer of polymer-based solutions on the market. Rehau Group, named after the city of Rehau, has 75 years of experience worldwide, employs 20.000 employees, and has 190 locations. The company has been operating in Ukraine for 26 years, focusing on sustainability, promoting diversity and inclusion, and actively driving humanitarian efforts for the Ukrainian people during wartime.



Coca-Cola has been investing in Ukraine's economy since 1992. The Coca-Cola plant, located north of Kyiv, is the biggest plant in Europe. It is operating despite damage as a result of Russia's invasion, with all 1,500 employees keeping their jobs.



Carlsberg Ukraine has three plants up and running in Ukraine despite the war; the company has over 1,300 employees and pays 3.3 billion in taxes annually to Ukraine's budget. Carlsberg adheres to a sustainable development strategy and cooperates with 95% of Ukrainian suppliers.



AmCham member company CRH is represented in Ukraine by Cemark brand, a leading manufacturer of building materials solutions in the world, and it has market leadership positions in both North America and Europe. A complex for the shipment of cement in the Kyiv region includes facilities for receiving, storing, and shipping cement by road transport and an automated packaging and palletizing line, and it also ensures the creation of 80 new jobs in the region. Cemark has been working in Ukraine since 1999.



Science for a Better Life. The Pochuyki site of Bayer Ukraine in the Zhytomyr region is one of the biggest corn plants in Ukraine and one of the largest seed plants in Europe. The company has 6158 ha of corn and 50 ha of sunflower. Employing 105 permanent employees, 305 seasonal and supporting 5000 partners' jobs, the company continues to operate in Ukraine despite hardship.

AMCHAM SURVEY

DOING BUSINESS AFTER 2 YEARS OF RUSSIA'S FULL-SCALE WAR IN UKRAINE

AmCham Ukraine presented the results of its survey that aimed to assess the state of business in Ukraine after two years of full-scale invasion and identify critical challenges for the business community in 2024. 125 CEOs and top managers from AmCham Ukraine member companies took part in the survey conducted on February 12-22, 2024. 76% of the respondents are CEOs.

Does your company continue to operate in Ukraine after 2 years of Russia's full-scale war in Ukraine?

fully operational



partially operational



no



Have your company's plants/factories/facilities/storehouses/offices been damaged during 2 years of war?

58% NO



30% YES



minor damage

75%

unrepairable damage

25%

7% assets under occupation

5% other

Are any of your company's employees serving in the Armed Forces of Ukraine?

YES 84%

NO 16%

ACC

AMERICAN CHAMBER
OF COMMERCE
UKRAINE

FULL
RESULTS



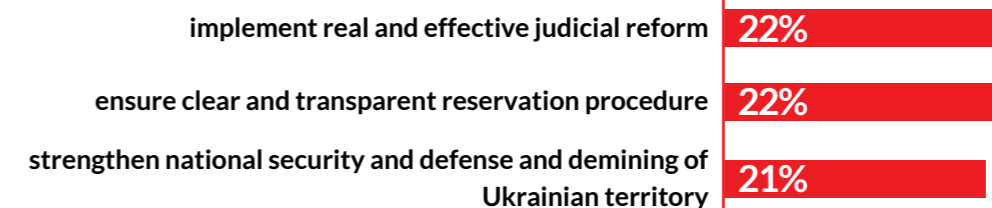
Have any of your company's employees been injured or killed during almost 2 years of war?



What are your company's key challenges with regard to doing business in 2024?



What number one step the Ukrainian Government should take to significantly help your business on the ground in 2024?



“Despite the hardship, and inspired by the brave defenders, the business community continues to operate and believe in Ukraine, keeping the economy running, taxes paid, and Ukrainians employed. Ukraine remains open for business, with 86% of AmCham members being fully operational after 2 years of Russia's full-scale invasion. The security of staff and judicial reform are the highest priorities for business. We will continue working with the Ukrainian Government and pushing the pro-growth agenda forward, shaping recovery-wise policies, and finding possible tools and ways to support the economy.”

Andy Hunder
AmCham Ukraine President

B2G DIALOGUE

Driving Actionable Dialogue Between Business and Government

RULE OF LAW AND INVESTMENT PROTECTION IN THE SPOTLIGHT

Implementing the rule of law, real and effective judicial reform, fair justice, ensuring a transparent selection of judges at all levels, protecting investors' rights, and adhering to the independence of the Antimonopoly Committee and anti-corruption agencies are among AmCham's 10 Priorities for Ukraine's Post-War Economic Recovery. AmCham continues to deliver these messages, working closely with responsible stakeholders. Key meetings included discussions with Minister of Justice Denys Maliuska and National Anti-Corruption Bureau Director Semen Kryvonos, focusing on protecting investors' rights in the context of Ukraine's recovery as well as the Economic Security Bureau and Antimonopoly Committee leadership. AmCham also continues to maintain regular dialogue with the Prosecutor General's Office team on investors' rights protection and held meetings with its leadership – Andriy Kostin, Dmytro Verbytskyy, and Oleksiy Boniuk, as well as Kyiv City Prosecutor's Office representatives on the illicit market issues.



DIALOGUE WITH NATIONAL BANK, INTERNATIONAL MONETARY FUND, AND INTERNATIONAL FINANCIAL INSTITUTIONS

The highest strategic priorities for the business community include adapting and driving balanced monetary, fiscal, budgetary, and debt policies to set the basis for rapid economic growth; ensuring sufficient political risk insurance coverage for investors through cooperation with leading global financial institutions and a private insurance market; and developing the capital market infrastructure. To address them, AmCham conducted meetings with Andriy Pyshnyy, Governor of the National Bank; Jean-Erik de Zagon, European Investment Bank; William Tompson and Gregor Virant, OECD; Vahram Stepanyan, IMF Resident Representative in Ukraine; Olena Voloshyna and Violane Konar-Leacy, IFC.



STRENGTHENING NATIONAL SECURITY AND DEFENSE

Ensuring Ukraine's national security and defense, in cooperation with international allies, is at the top of AmCham's agenda. Thus, AmCham maintains an open dialogue with the Ministry of Defense, the Ministry of Economy, and other responsible stakeholders. Among the key meetings conducted are the one with Deputy Minister of Economy Ihor Bezkaravainyi to address demining efforts and the discussion with Maryna Bezrukova, Director of Defense Procurement Agency, on collaboration in state defense procurement. AmCham also held the Roundtable Discussion "Public-Private Partnership Mechanism in the Context of Ensuring Ukraine's National Security." Other B2G engagements involved Yurii Myronenko, Head of the State Service of Special Communications and Information Protection of Ukraine, addressing cybersecurity and legislative developments, and Oleksandr Bornyakov, Deputy Minister of Digital Transformation, focusing on artificial intelligence usage and its regulation.

POLICY ENGAGEMENTS IN TAX AND CUSTOMS SPHERES

AmCham Ukraine remains committed to maintaining an ongoing dialogue to foster a transparent, predictable, and efficient tax and customs environment for the business community. AmCham members met with MP Danylo Hetmantsev, Head of the Parliamentary Committee on Financial Issues, Tax and Customs Policy, the leadership of the Central Interregional Administration of the State Tax Service for Work with Large Taxpayers, and representatives of the Kyiv Customs of the State Customs Service.

ADVANCING INFRASTRUCTURE AND RECOVERY INITIATIVES

AmCham Ukraine is actively involved in fostering discussions and driving initiatives aimed at rebuilding and modernizing the country's vital infrastructure and ensuring economic recovery. Meeting with MP Olena Shuliak and Nataliya Kozlovska, Deputy Minister for Communities, Territories, and Infrastructure Development, was focused on enhancing mechanisms for investment attraction and addressing key issues in construction, urban planning, and housing policy reforms. Discussion with State Property Fund's Head Vitaliy Koval centered on transparent privatization and concession processes crucial for infrastructure development. AmCham also engaged with Yurii Vaskov, Deputy Minister for Development of Communities, Territories, and Infrastructure, to discuss such priorities as the functioning of the marine corridor, port infrastructure development, and the enhancement of transport links with neighboring countries.



HUMAN CAPITAL COMMITTEE INITIATIVES

Liberalizing labor legislation and implementing social security policies, including voluntary health insurance, that encourage people to live, work, and invest in Ukraine are among AmCham's highest strategic priorities. AmCham Ukraine's Human Capital Committee is focused on addressing pivotal workforce issues through targeted B2G meetings with state officials. In this context, AmCham members met with Ihor Fomenko, Deputy Minister of Economy, and his team to discuss issues related to employees' reservation, military service, mobilization, and military registration, and Ihor Degnera, Head of the State Labor Service. The Committee also held the Round Table "Empowering Heroes: Veterans' Reintegration to the Workplace" aimed at facilitating veterans' reintegration and promoting inclusive work environments.

ADDRESSING AGRICULTURE, FOOD, AND TRADE ISSUES

Boosting international trade and ensuring supply chain security via free access to seaports, building customs and border guard infrastructure capacity, and ensuring long-term market access opportunities with international trade partners are vital for the business community, as stated in AmCham's 10 Priorities for Ukraine's Post-War Economic Recovery. AmCham's Agricultural, Customs, and Food & Beverage Committees became platforms for communicating these and other related issues. Committees' members met with the leadership of the Parliamentary Committee on Agrarian and Land Policy – MP Oleksandr Haidu and MP Stepan Chernyavsky. AmCham also maintains an actionable dialogue with the leadership of the Ministry of Agrarian Policy and Food, Serhii Tkachuk, Head of the State Service on Food Safety and Consumer Protection, and Taras Kachka, Deputy Minister of Economy – Trade Representative of Ukraine.



SIGNING MEMORANDA OF COOPERATION

AmCham Ukraine recently signed two Memoranda of Cooperation with the State Customs Service and the Economic Security Bureau of Ukraine. The key objective is to create a stronger collaboration between respective state authorities and the American Chamber of Commerce of Ukraine for the benefit of the business community and the country's economy at large.

ANNUAL MEMBERS APPRECIATION 2024

AmCham's Annual Members Appreciation 2024 gathered over 400+ AmCham members, decision-makers, partners, and friends at the evening of appreciation, unity, and networking. US Ambassador to Ukraine Bridget Brink, Chair of AmCham Ukraine Board of Directors, Founding Partner and CEO of Horizon Capital, Lenna Koszarny, and AmCham Ukraine President Andy Hunder delivered inspiring speeches during the event and thanked the business community for everything they do for Ukraine, its economy and people. The atmosphere buzzed with a shared commitment to Ukraine's path to economic recovery and victory.



Beverage Partner



Wine Partner



AMCHAM SPRING NETWORKING RECEPTION

AmCham Spring Networking Reception gathered 300+ members, partners, and friends in central Kyiv. The AmCham team proudly serves the business community and is grateful to all member companies for investing, employing, believing in, and supporting Ukraine.



Rob Needham, Deputy Chief of Mission at the US Embassy in Ukraine, Lenna Koszarny, AmCham Ukraine Board of Directors Chair, Founding Partner and CEO of Horizon Capital, Adam Rowson, Regional Director of Eastern Europe at GardaWorld, and Andy Hunder, AmCham Ukraine President, kicked off the reception with inspiring remarks.



Exclusive Partner



Beer Partner



Wine Partner



Beverage Partner



EMPOWER HER & WELDI WEBINAR: MENTORING UKRAINIAN WOMEN TO SUCCESS

AmCham Ukraine continues its cooperation with the US Department of Commerce to support and empower Ukrainian women leaders. In March, AmCham Ukraine, jointly with the US Department of Commerce, in the framework of Empower Her initiative and Women's Executives Leadership Development Initiative (WELDI), organized a webinar to support another cohort of Ukrainian women entrepreneurs titled "Mentoring Ukrainian Women to Success."

The webinar was aimed at helping Ukrainian women entrepreneurs

articulate their business needs and connect with US mentors for individual guidance to maximize their business effectiveness. Around 100 female leaders who wanted to explore how mentoring can help set effective business goals, establish successful growth strategies, explore export opportunities, and leverage the benefits of establishing a relationship with US business leaders joined the webinar.

After the webinar, the Mentorship Pilot Program pairing Ukrainian businesswomen with US business mentors was announced.

WELDI | WOMEN'S EXECUTIVES
LEADERSHIP DEVELOPMENT
INITIATIVE

EMPOWER
HER



MODERATOR

Agnes Pawelkowska

International Trade Specialist
US Department of Commerce



Diane Farrell

US Deputy Under Secretary
of Commerce for International
Trade



Tetyana Prokopchuk

Vice President
AmCham Ukraine



Honorata Hencel

Managing Director
Poland and Ukraine
Boeing Global



Kate Isler

Co-Founder & CEO
TheWMarketplace



Lynn Power

Co-Founder & CEO, MASAMI
Founder, Conscious Beauty
Collective



DON'T MISS THE UPCOMING
EVENTS FOR WOMEN LEADERS



ST. VALENTINE'S BLOOD DONATION DAY

AmCham Ukraine has been organizing regular blood donation days for over eight years. This year, St. Valentine's Blood Donation Day gathered 66 donors who selflessly contributed over 30 liters of blood, showcasing the power of unity and making a significant difference in someone's life.

SPREAD LOVE, SPREAD HOPE, AND JOIN AMCHAM IN THIS LIFE-SAVING MISSION.



Premium Partners

Partner



AMCHAM BUSINESS SCHOOL

In February, AmCham Ukraine partnered with its member company – American University Kyiv, and launched the AmCham Business School, marking a significant milestone in their commitment to members’ professional development and growth.



“I am extremely proud that the faculty of American University Kyiv and me personally had the opportunity to share our academic and professional experience and discuss with the attendees of the Business School such essential topics as the role of leadership in business success, stress and performance management, the digital revolution in management operations and personal change strategies. It amazes me that despite all the challenges of the war in Ukraine, business not only does not stop looking for ways to develop and transform but also seems to do it with even greater zeal. Strong partnerships are a sign of a strong

society. Thank you to the American Chamber of Commerce in Ukraine, all participants of the Business School and my colleagues from American University Kyiv for the fantastic dialogue between our organizations and the synergy of efforts for the victory and prosperity of Ukraine.

Jacek Leskow, AUK Rector

Can Military Leadership Principles Make Your Business More Successful?



Dan Rice

The kick-off session of AmCham Business School on February 29, led by the distinguished Dan Rice, President of AUK and Co-Founder of Thayer Leadership at West Point, gathered professionals eager to bridge military leadership strategies with business success.



Stress and Performance Management

Hanna Shvindina

On March 6, AmCham members gathered for the second session of AmCham Business School with Dr. Shvindina. Delving deep into stress and performance management, business leaders explored strategies to conquer workplace stress and boost productivity.



Digital Revolution in Management of Operations

Jacek Leskow

AmCham members had an excellent opportunity to dive deep into how AI, 5G, and IoT are reshaping logistics, inventory, and enterprise management during the lecture with visionary Dr. Jacek Leskow, AUK’s Rector. The lecture was not just educational; it was a journey through the innovations shaping our future.



Personal Change Strategies: How to Overcome Barriers to Change and Unlock Your Potential

Yuriy Bots

During the concluding lecture on April 11, Dr. Yuriy Bots, Dean of the School of Management and Visiting Professor at American University Kyiv, guided attendees through identifying and overcoming the obstacles to their personal growth. AmCham members engaged in conceptual discussions and hands-on exercises aimed at fostering personal transformation through the DARE system — Direction, Attitude, Relationships, and Execution.

American University Kyiv evolves and adapts amid ongoing challenges in wartime Ukraine

American University Kyiv launches summer internships for students at top US companies

Students, tutors, local dignitaries, and institutional partners gathered in the Ukrainian capital's Podil district in early 2024 as American University Kyiv marked a major milestone with its first graduation ceremony. The students in question were the first cohort of Masters graduates from American University Kyiv's EPAM School of Digital Technologies and School of Management. As is befitting an institution that claims to offer an authentic American educational experience in Ukraine, this initial batch of graduates were treated to a ceremony closely modeled on the traditional US format.

American University Kyiv's inaugural graduation ceremony was the latest landmark in a remarkable story of institutional evolution and adaptation that has taken place against the backdrop of Europe's largest invasion since World War II. The idea to establish an American university in the Ukrainian capital was conceived around 2020. By the time American University Kyiv officially opened in the first weeks of 2022, the storm clouds of war were already gathering over Ukraine. Despite the onset of Russia's full-scale invasion on February 24, 2022, AUK officials welcomed their first academic intake and began studies in online format. The university has not looked back since.

"We are not only surviving but thriving," says AUK President Dan Rice during an April 2024 interview with Business Ukraine magazine. He argues that the unique challenges presented by today's wartime conditions have fueled a culture of innovation at AUK that is helping to create a dynamic and user-friendly learning environment. After an initial year of online classes, the university has now settled into a hybrid mode that allows students to find the right balance between digital convenience and in-person experience. "A lot of universities are not good at adapting to hybrid models but we have a special expertise born out of necessity," Rice says.

This approach certainly seems to be working. According to Rice, AUK had around 100 students enrolled during the first academic year, rising to 350

undergraduate and graduate students in the current year. Enrollment is currently underway for the coming academic year in September, with Rice expecting to welcome an additional 300-400 new students.

As you would expect from a hybrid model, students are able to study online or attend classes in person, with around half of AUK students currently engaged in distance learning. Rice says one of the university's current goals is to attract more young Ukrainians from across the country while also engaging with potential students based outside Ukraine in Poland and elsewhere in the EU. "We want everyone to know they can enroll without necessarily coming to Kyiv in person for classes. Whenever their situation is comfortable, they are of course welcome in Kyiv, but we offer hybrid and online options to suit different circumstances," says Rice.

Those studying in person will benefit from the university's genuinely stunning campus facilities. AUK is located inside Kyiv's iconic boat-shaped former River Port Building in the picturesque Podil district of the city. Two of the campus's six floors have been comprehensively renovated, with work ongoing to expand study space as the university attracts more students. The historic campus building looms elegantly over the Dnipro River, offering panoramic views of the sandy beaches on nearby Trukhaniv Island. It is also within strolling distance of the cozy cafes and cocktail bars that have made Podil something of a hub for Ukraine's vibrant hipster scene in recent years. "It is such a beautiful campus building," says Rice. "When everything is completed, I think it is going to be among the most beautiful universities in the world."

Rice is one of a number of American staff whose presence underlines AUK's deep ties to the United States. He joined AUK as President in March 2023 after serving as special advisor to Ukrainian Army Commander-in-Chief Valeriy Zaluzhnyi during the first year of the war as an unpaid volunteer. He was the primary advocate who obtained cluster munitions for Ukraine, and continues to advocate for more weapons and ammo for Ukraine in Washington DC. Rice is a graduate of West Point, holds three

masters degrees, and has completed his doctoral classes. He is a decorated combat leader who co-founded and remains co-president of a global company called Thayer Leadership at West Point.

AUK's main institutional link to the US is a long-term relationship with Arizona State University including a twenty-five year licensing partnership coordinated through the Cintana Education network. "They are such great partners," says Rice of his colleagues at Arizona State University. "They give us everything we need in order to look like a one hundred year old university institutionally, while behaving like a two year old university in terms of technology, so we have the best of everything."

The AUK President explains that this developing relationship with Arizona State University has provided his university with direct access to the same content and curriculum as US-based students, allowing AUK to offer what he terms as American educational standards at a much more affordable price. At present, the AUK focus is on IT and business schools, but thanks to the partnership with Arizona State University, the scope to expand academically into new areas is vast. "The resources available to us are just enormous and we have only begun to tap into them," says Rice. Working with partners in Arizona, AUK academics can launch a wide range of new programs based on years of research and development by leading US academics, while largely bypassing the time-consuming planning stages. Instead, existing programs can be imported from Arizona and implemented with some tailoring and adaptation to local Ukrainian requirements. Rice is already looking at a number of potential new additions to support the AUK mission of contributing to Ukraine's postwar recovery, including schools of architecture, engineering, and tourism. All could potentially be established using the firm foundations provided by existing Arizona State University educational resources.

Graduates from AUK receive a Ukrainian degree with the option to then continue their studies for a limited period at Arizona State University in order to secure an American degree. For undergraduates, this requires one year of additional study in the US. Postgraduate AUK students who wish to acquire an American qualification are required to study for a semester in Arizona.

AUK is also launching an innovative internship program that will enable students to spend time in America and gain professional experience working at top-tier companies. "The paid internship program for our AUK students to get real world work experience at an American company is taking off and the list of sponsor companies is growing rapidly," says Rice. "Our market research shows students come to AUK not only to get an American-style education, but to experience American culture. With this summer internship program, they will gain experience in the United States at some of the best global brands, with sponsor companies paying flights, housing, J-1 Visa, insurance, and a salary."

While martial law restrictions currently prevent males from leaving the country, Rice says the goal is to make this new internship initiative an annual program for all AUK students and an important element of the university's overall offer. "For companies like JP Morgan and Logistics Plus that plan to be part of Ukraine's recovery, the internship program will be a way to build their future executive workforce in Ukraine," he notes. "These students will be helping the rebuilding of Ukraine by developing our corporate ties with US companies. The program we are now launching will help us continue to attract the best and brightest undergrad and graduate students. I believe it will also strengthen cultural exchange. After victory, we expect many American students to flood into Kyiv, especially from Arizona State University, which powers AUK. I'd like this initiative to be big news in Ukraine and the US. It's a good news story."



About the interviewee: **Dan Rice** is President of the American University Kyiv

"Our market research shows students come to AUK not only to get an American-style education, but to experience American culture"

More and more Ukrainian businesses are embracing international expansion

Wartime realities help fuel growing trend of Ukrainian entry into new global markets

The unprecedented disruptive impact of Russia's ongoing invasion is prompting Ukrainian businesses to enter foreign markets in record numbers. This expansion is no longer limited to neighboring European Union member states on Ukraine's western border, and has now become a much more global phenomenon. Growing numbers of Ukrainian companies are seeking to establish a presence in markets beyond Europe, including the United States.

In more and more cities around the world, Ukrainian brands are becoming increasingly visible. It is now possible to sample the delights of Ukraine's iconic cherry liqueur bar franchise Piana Vyshnia in the center of London, for example, while Ukrainian courier service Nova Poshta currently accepts parcels in countries across Europe from Moldova to Spain. Meanwhile, Ukraine's largest privately owned energy company, DTEK, is developing plans for green power plants and energy storage facilities in a range of different European locations.

For some Ukrainian business owners, the decision to enter new international markets is a matter of practical necessity due to wartime conditions in Ukraine. For others, the goal is expanding the geographical reach of their business and increasing the scale of operations. In addition to issues related directly to physical safety, many business owners are driven by a desire to spread risk and reach new categories of consumers with increased purchasing power. In multiple cases, the shocks of war have provided a new impetus to business plans and fueled a boldness that was not necessarily evident during peacetime.

Poland and Beyond

About 80 percent of Ukrainian businesses looking to expand internationally take their first step in nearby Poland. This should come as no surprise: the Polish market is closest geographically to Ukraine, and is widely viewed as being both safe and easily navigable for Ukrainians. Poland is also home to Europe's largest Ukrainian diaspora community. This multi-million strong Ukrainian population serves as a ready customer base while also often acting as brand ambassadors.

Since the start of the Russian invasion, many of Ukraine's biggest brands have entered the Polish market. This influx has been led by giants such as Monobank and Rozetka, Ukraine's version of Amazon. Ukrainian streaming service Megogo also opened an office in Poland last year, while Ukrainian ice cream brand Three Bears has gone further and established a Polish production facility. These headline-grabbing developments have been accompanied by a far larger wave of small and medium-sized Ukrainian businesses establishing themselves in Poland, ranging from coffee shops to handmade goods. This wave of SME expansion has often involved family-owned businesses.

Poland is only one of many countries to witness an expanding Ukrainian business presence since 2022. Baltic countries Estonia, Lithuania, and Latvia have proven popular destinations, as



About the author: **Oleksandr Yaremenko** is a Partner at SP Management

have Romania and Germany. Increasingly, Ukrainian brands are also crossing the Atlantic and seeking to enter North American markets. At SP Management, we help Ukrainian companies register and establish their business in the United States. Over the past two years, the number of companies seeking our services has almost doubled.

US Market Appeal

What draws Ukrainians to the US market? America is, on the one hand, a highly competitive market. On the other hand, a presence in the United States opens up a range of opportunities for doing business in what remains the largest consumer market in the world. Despite regular headlines about the relatively poor state of the US economy, American consumer spending remains remarkably robust and actually increased in 2023.

With the right approach, opening a business in the US can be much easier than anywhere in Europe. For example, the state of Wyoming allows you to register a company in a single day. Wyoming offers businesses asset protection and competitive taxation that is sometimes no less profitable than in offshore zones.

Brand Ukraine

The presence of a growing Ukrainian diaspora in the United States has helped many Ukrainian companies establish themselves in the country. Russia's full-scale invasion of Ukraine created millions of refugees, with large numbers of Ukrainians moving to America within the framework of the United for Ukraine program. Many continued working for their Ukrainian employers remotely, often seeking to establish a presence in their new locations. This has led to a surge in representative offices and branches of Ukrainian companies opening up across the United States.

While there are certainly fewer Ukrainians on the streets on Wyoming than in Krakow, for example, visitors from Ukraine will still see a range of familiar items like Kyiv cake and Ukrainian kefir brands for sale in local stores. Some Americans have also developed a growing appetite for all things Ukrainian in recent years, thanks in part to the country's rising profile. Many have been introduced to Ukraine through news coverage, and have gone on to discover a variety of Ukrainian brands for themselves.

Ukrainians operating a business in the United States can expect to receive strong support from both the state sector and financial institutions. While working with clients, we have repeatedly witnessed how a Ukrainian passport has helped company owners obtain loans from even the most demanding American banks at an accelerated pace.

Finding a Niche

For many Ukrainian business owners, expanding abroad is all about finding the right niche. At the beginning of 2024, the Galya Baluvana frozen food chain entered the US market under the MultiCook brand name, opening its first two American outlets in Chicago and Philadelphia using a franchising model. By the end of the year, there are plans to expand this network to more than 100 venues.

One Ukrainian seeking to enter the American construction sector was able to find a niche by focusing on Florida communities that are subject to frequent hurricanes. Others achieved success by identifying niche sectors like roofing, working with European partners to secure exclusive distribution rights in the US for imported building materials. Meanwhile, soon after it was founded by Ukrainians, Spotless Agency was able to establish itself as a marketing solutions leader in New York's notoriously competitive real estate market.

Ukrainian IT Startups

The international expansion of Ukrainian IT companies in recent years has been particularly striking. This should come as no surprise. Over the past decade or so, there have been numerous examples of hugely successful IT startups with Ukrainian roots. For example, Grammarly is a cloud-based typing assistant headquartered in San Francisco that was founded in Ukraine back in 2009 and continues to serve as a source of particular pride for Ukrainians.

There many other similar success stories, including multiple Ukrainian IT startups that have established themselves in the EU and US. Calmerry, a marketplace for finding a therapist, was named one of Wyoming's top ten technology companies in 2023. Other Ukrainian-led IT trailblazers based in Wyoming include the Translate.com translation service and the WOW24-7 customer support outsourcing service.

Growth Opportunities

Entering a new market in a foreign country is a complex and in many ways intimidating proposition. However, as a company engaged in support for Ukrainian businesses looking to establish a presence in the United States, we have observed that many of those who do take the plunge go on to be successful. In numerous cases, annual growth of 50 percent is not unusual. Understandably, word is now spreading about the kinds of growth opportunities available to Ukrainian companies in the US. It is therefore reasonable to assume that the current trend of Ukrainian expansion into the American market is here to stay, and will likely become a long-term feature well into the postwar era.

“The number of Ukrainian companies seeking our support to register and establish their business in the United States has almost doubled in the past two years”

ProCredit Bank prepares for future growth

Viktor Ponomarenko says bank is looking to support investment after year of consolidation



Viktor Ponomarenko is General Manager of ProCredit Bank in Ukraine

The Ukrainian banking industry has adapted remarkably well to wartime conditions, providing crucial stability amid the shocks of Russia's full-scale invasion. With the war in its third year, ProCredit Bank's General Manager in Ukraine, Viktor Ponomarenko, says the goal now is to boost lending and prepare for future growth. "2023 was a year of consolidation. It was an uncertain and difficult year, but we succeeded in significantly strengthening our financial position and building up the resources for future development," he comments. "We are now in a much stronger position, which gives us confidence."

For now, this confidence is tempered by an awareness of the extremely turbulent conditions throughout today's Ukrainian business environment. Ponomarenko acknowledges this lack of predictability but is undeterred. He says ProCredit Bank in Ukraine is currently prioritizing increased support for investment, while also setting the stage for further development once it becomes possible to establish more stable market conditions. "Now is the time to prepare for a

return to growth in the Ukrainian business community. As a bank, we need to be ready to finance this growth."

Since the beginning of 2024, ProCredit has been actively looking for customers to expand the bank's loan portfolio. This proactive approach reflects a degree of cautious optimism that Ponomarenko attributes to a combination of short-term and long-term factors. He notes that since the onset of Russia's full-scale invasion in February 2022, the Ukrainian business environment has proven highly adaptable to rapidly changing circumstances, and is particularly effusive in his praise for the SME sector, which he says has "exceeded all expectations."

This resilience is a key reason why Ponomarenko believes the stagnation trend of recent years within the Ukrainian banking sector will gradually give way to a rise in investment activity during the second half of 2024. "There is still a lot of uncertainty, of course, and we cannot forecast growth with total confidence in the current environment," he says. "At the same time, we now know that we are dealing with a business sector that has already proved itself exceptionally strong and resourceful. With that in mind, we have to think about expanding our lending activities."

As ProCredit looks to revive lending, the bank also continues to expand and consolidate institutionally. Employee numbers returned to prewar levels in 2023 and have since grown further, while staff training programs have also resumed in full. With millions of Ukrainians displaced by the Russian invasion and staff members potentially subject to mobilization, today's wartime conditions have made finding the right candidates for vacancies tougher than ever. ProCredit has deliberately boosted personnel in some critical areas to make sure the bank is able to remain strong and stable in all circumstances. Ponomarenko sees ProCredit's current recruitment policies as a clear statement of intent. "We are still actively hiring and offering opportunities for professional development. The purpose is to strengthen our capacity because we intend to grow."

With no end in sight to Russia's invasion,

some may feel it premature to plan beyond the immediate task of navigating Ukraine's wartime realities. Ponomarenko does not agree. Ukraine's longer term outlook is already shaping his thinking as he plots a strategy for the rest of 2024 and beyond. Ponomarenko points to the huge scope for postwar investment and notes that international financial institutions and foreign businesses are already engaged in active preparations. ProCredit Bank is also working to pave the way for robust growth during the recovery period, which is widely expected to be one of the largest international reconstruction initiatives in modern European history.

So far, these efforts include the establishment of a Ukraine Desk in Germany and a German Desk in Ukraine. These parallel initiatives aim to help facilitate bilateral investment. ProCredit teams from both countries are currently working together to provide a range of banking services and offer expert guidance for potential investors on the specifics of the German and Ukrainian markets. "We cannot expect an immediate response but this is being done with future investment in mind," says Ponomarenko. "Attracting meaningful investment from Germany will take time. It is better to start now, so that when the right moment arrives, we are already fully prepared to support German businesses in Ukraine and Ukrainian businesses in Germany."

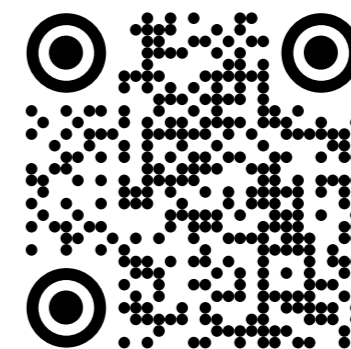
There is a consensus within the Kyiv business community that Ukraine will only be able to attract large-scale international investment following the end of active hostilities in the country. While Ponomarenko broadly shares this view, he notes that accepted wisdom does evolve over time, especially in light of the continued resilience demonstrated by Ukrainian businesses. "Perceptions change and nothing can be ruled out," he states. "We believe that even if the war continues for longer than we would all wish, investor attitudes will likely adapt. Some may become more open to entering the market despite an uncertain environment, but this takes time and communication. Step by step, we are confident we will find companies ready to invest in Ukraine, even without a decisive end to the war."

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Helping international medical companies enter the fast-evolving Ukrainian market

Interview: Archimed aims to guide global medical companies pursuing Ukrainian expansion



About the interviewee: **Nickolay Romanok** is CEO of Archimed

The Ukrainian healthcare sector has undergone a decade of dramatic change including a series of high-profile and comprehensive reform initiatives. Despite the unprecedented challenges created by the ongoing Russian invasion, this evolution continues. Outside interest in the Ukrainian medical industry has increased in recent years, but the sector remains a challenging environment for new international arrivals. Archimed CEO Nickolay Romanok spoke to Business Ukraine magazine about the expanding opportunities for international pharma and medtech companies in Ukraine and elaborated on his consulting firm's efforts to help navigate potential obstacles from market entry to regulatory processes.

During the initial few decades of Ukrainian independence, the country's medical procurement sphere was often associated with institutional corruption. How has Ukraine's approach to procurement issues in the healthcare sector developed over the past ten years since the 2014 Revolution of Dignity?

I can say with confidence that Ukraine's approach to medical procurement has evolved significantly over the past decade. Before

2014, centralized procurement was handled by the Ministry of Health. However, due to rampant corruption within the Ministry, it was decided to transfer procurement processes to a number of international agencies such as UNDP, UNICEF, and Crown Agents. During this transition period, Ukraine worked to build its own procurement capabilities with an emphasis on transparency and efficiency. In 2018, the Medical Procurement of Ukraine (MPU) state enterprise was established with USAID support to improve transparency in state-funded medical purchases. This enterprise currently operates successfully and continues to develop.

What opportunities does today's Ukrainian healthcare sector present for international manufacturers of medical products?

In 2024, Ukrainian state budget allocations for medical goods increased to over UAH 12 billion, compared to UAH 9.2 billion in 2023. Meanwhile, the Medical Procurement of Ukraine agency was established based on OECD state enterprises governance practices in accordance with international anti-corruption policy standards. This is a signal that

Ukraine is looking to attract global companies and seeks to develop direct cooperation. Companies not represented in Ukraine have the same opportunities as domestic companies to participate directly in procurement. It is also worth mentioning that Medical Procurement of Ukraine has implemented the SAP Ariba platform. This is an international procurement platform for the publication of information on upcoming procurements. International manufacturers can register on this platform and receive the relevant information about the current requirements of the Ukrainian healthcare system.

Medical Procurement of Ukraine conducts procurements based on consolidated, centralized needs across Ukraine. As a consequence, international manufacturers looking to enter the Ukrainian market do not necessarily require a local distribution system. Instead, they can supply to one place under a single contract.

What are the key challenges and potential obstacles facing any international manufacturers of medical products who are currently looking to enter the Ukrainian market?

While representing significant opportunities for international medical suppliers, local legal and cultural specifics continue to make Ukraine's market a somewhat sophisticated proposition for global players to navigate directly. Key challenges include regulatory issues, the overregulation of procurement procedures, language barriers, and specific documentation requirements. According to our analytical data, a high percentage of tender bids are rejected for reasons that are directly related to these issues.

For example, companies must submit a document confirming that their CEO has not been involved in any corruption-related offenses. Firstly, not many countries have an appropriate organization that is authorised to issue a suitable document of this kind. Secondly, from a legal standpoint, a corruption offense is either administratively or criminally punishable. While documentation confirming the absence of a criminal record is likely to be obtainable in

some form or other in most countries, almost no country distinguishes corruption offenses from other offenses in line with Ukrainian legislation. This is one of many seemingly small but often crucial obstacles.

A range of similar challenges arise as a result of legalizative requirements for documents. Formal procedures like certifying signatures or notarization can be unexpectedly time-consuming, often exceeding the tender application deadline. Surprisingly, even the seemingly straightforward notarization process can require more time to complete in many developed countries than the allotted period for compiling Ukrainian tender documentation. Consequently, it is crucial for companies to initiate preparations well in advance. They need to thoroughly comprehend and anticipate the intricate legalization requirements present in Ukraine in order to avoid potential disqualification due to missed deadlines or incomplete documentation.

How does Archimed plan to support international medical companies seeking to establish a presence in Ukraine?

Archimed offers comprehensive support to international medical companies seeking to operate in the Ukrainian market. We provide services across a number of key areas that manufacturers must navigate to ensure their products comply with market regulations. We act as an authorized representative and assist with managing the process of conformity assessments required for importing and selling medical devices according to Ukraine's tech-

nical regulations. We also guide companies through the registration process for medicines and other medical products.

Archimed offers support to international companies without a local presence in Ukraine. As a representative back office, we provide strategic marketing advice customized to reflect Ukraine's unique cultural and market factors. We understand the potential roadblocks and darker sides of the tender process, and are able offer our clients comprehensive administrative support during the full range of procedures and assessments. This allows international companies to focus on the commercial side of the tender process while we take care of the rest. Through this comprehensive suite of offerings, Archimed aims to position itself as a partner for global medical companies pursuing Ukrainian market expansion.

Which aspects of Archimed's experience will be most important as you look to help international companies navigate the Ukrainian healthcare sector?

There are several critical aspects of our corporate experience that I anticipate will prove invaluable in helping international companies navigate through the Ukrainian healthcare sector. Our seven-year track record of executing projects and representing global manufacturers during medical procurements at all levels provides unmatched familiarity with local requirements and nuances. We also assist clients with comprehensive documentation, qualification criteria, risk assessments, and streamlined supply chain processes. This sim-

plifies the launch experience for international manufacturers while ensuring full compliance. Overall, we aim to bridge the gap between the international business community and Ukraine by providing consulting support and representation services to international pharma and medtech companies.

How might the arrival of additional international medical companies shape the future development of the Ukrainian healthcare sector?

The arrival of additional international medical companies could serve as a catalyst for positive transformation within Ukraine's healthcare sector in several key ways. Firstly, by enabling direct procurement from global manufacturers, it optimizes limited state budget expenditures that have already been placed under considerable strain by the ongoing Russian invasion. Bypassing local distributor costs generates substantial savings. Secondly, global healthcare corporations facilitate accelerated access to innovative, cutting-edge medical products, technologies, and therapeutic advances that can elevate clinical standards and patient outcomes across Ukraine. Finally, increased competition is likely to exert downward pricing pressures, making quality healthcare more affordable for both the state and individuals. Through budget optimization, innovative treatments, and competitive pricing, the entry of global medical manufacturers could have a revitalizing effect on Ukraine's healthcare system.

“Local legal and cultural specifics continue to make Ukraine’s medical market a sophisticated proposition for global players to navigate directly”

France's Credit Agricole Bank opens flagship branch in Kyiv

Carlos de Cordoue says banks must strike right balance between digital and human factors



About the interviewee: **Carlos de Cordoue** is the CEO and Chairman of the Management Board at Credit Agricole Ukraine

France's Credit Agricole underlined its ambitions on the Ukrainian market in mid-May with the opening of a new flagship branch in Kyiv that could serve as a model for the bank's network throughout Ukraine. The unveiling of the branch in the Ukrainian capital's San Francisco Business Center is another significant milestone in Credit Agricole's 31-year presence in Ukraine. Larger than existing branches and with an expanded staff of 11, the new venue aims to build on synergies between the bank's corporate business and private individual banking segments. "This is a pilot project featuring a new concept and a new design. If the format works, we will develop it across Ukraine," says Carlos de Cordoue, the CEO and Chairman of the Management Board at Credit Agricole Ukraine. This new Credit Agricole initiative comes at a time when the focus throughout much of the Ukrainian banking sector is firmly on

growing the digital segment of the business. For over a decade now, Ukraine has become increasingly known as one of the most dynamic European markets with a reputation for the rapid adoption of new digital technologies. The full-scale Russian invasion in February 2022 has added new impetus to the country's existing digitalization agenda, with millions of Ukrainians displaced by the war and increasingly dependent on digital solutions for a wide variety of everyday services.

Despite these challenging circumstances, Credit Agricole remains committed to maintaining an extensive nationwide network of branches in Ukraine. "When you look at wartime trends in the Ukrainian banking sector, a lot of banks are reducing their networks. This is not our target," says Carlos de Cordoue. "We currently have 140 branches operating in Ukraine and have no plans to reduce our footprint, despite the fact that our digital solutions are very popular among clients. In my opinion, that would be a mistake." Credit Agricole's CA+ mobile application is used by 70 percent of the bank's active customers and 97% of the bank's employees, a clear indication of trust in the product.

Carlos de Cordoue is convinced the most effective approach in today's Ukrainian banking sector involves striking the right balance between digital convenience and human contact. "Banks need to focus on both digital services and physical branches. The key is to enhance the connectivity between these two complementary elements," he says. "We believe the human aspect of our relationship with clients remains extremely important. Yes, more and more transactions are now taking place on people's smartphones, but that does not mean there is no longer a role for branches and face-to-face contact. What if you have an issue? This is why it is so vital to create a model that recognizes the value of the human factor, where the client can connect with someone they know."

The opening of Credit Agricole's new Kyiv branch comes again a backdrop of relative economic stability in Ukraine and emerging signs of growth in consumer spending. As one of the market leaders in Ukraine's car financing segment, the French bank reported a 20 percent increase in demand during the first four months of 2024, with overall car financing volumes climbing to around 80 percent of prewar levels. Carlos de Cordoue says a range of factors are contributing to rising consumer confidence including encouraging economic indicators, accumulated savings, and rising salaries.

In 2024, Credit Agricole confirmed its status as a systemically important and reliable bank according to a series of independent ratings. Credit Agricole's core business in Ukraine remains the agricultural sector. During the initial stages of the war, the primary focus was on supporting the short-term needs of agricultural clients. Over the past year, the bank has witnessed growing demand for financing for the purchase of farming equipment such as

tractors. "We are now starting to look at expanding our support for investment in agricultural infrastructure," says Carlos de Cordoue. He identifies particularly attractive infrastructure investment opportunities in the green energy sector, which has huge potential in Ukraine and is already on the international radar. Many Ukrainian farmers and agricultural businesses are looking at the possibilities of biomass projects, which represents a promising new field for the industry that will require access to significant financing.

Credit Agricole is also working with Ukrainian farmers on the hot button issue of carbon emissions. With the right investment, Carlos de Cordoue argues, this could be profitable for the Ukrainian agricultural industry. Perhaps even more importantly, it is a factor that has the potential to impact access to future financing and the broader development of the Ukrainian agricultural industry. "We are moving toward an environment where the carbon footprint of clients will feature in all credit agreements, so we would like to help introduce this practice in Ukraine. This issue is something new for farmers all over Europe, and Ukrainians are very open to new things," he notes.

Carlos de Cordoue is a vocal advocate of investment opportunities in Ukraine. "Credit Agricole Ukraine has reported a net financial result of UAH 2 billion in the first quarter of 2024. Our bank generates profit which we keep here to reinvest in Ukraine," he says. "Thanks to the stability and expertise of the bank, we offer our cli-

ents daily support and help them plan and develop projects even in wartime conditions. Additionally, since the war broke out, we have allocated UAH 123 million to charitable causes."

Carlos de Cordoue is already preparing for the bank to play a part in what is widely expected to be one of the biggest reconstruction undertakings in modern European history. This includes expanding cooperation with international financial institutions in order to increase capacity. "The first thing we need to be aware of is that the Ukrainian banking system in its present form is far too small to support the coming reconstruction," Carlos de Cordoue says. "This means much will depend on external financing, which is why we are looking to explore new partnerships with international financial institutions. By developing risk-sharing capabilities, we can potentially double our capacity."

With Ukraine's ongoing European integration very much in mind, Credit Agricole is also currently working on a new initiative to support cross-border investment and economic cooperation between Poland and Ukraine. Carlos de Cordoue explains that the bank is taking advantage of its presence in both countries to build a team of Polish and Ukrainian colleagues. They will work together to offer a range of financial tools and support services tailored for Polish companies seeking to enter the Ukrainian market and Ukrainian businesses looking to establish a presence in Poland. "This is a real startup," says Carlos de Cordoue. "It is not yet a large-scale initiative, but it is a beginning."





Kyiv Hosts 2024 Legal Services Forum

Many of Ukraine's leading legal services professionals gathered in Kyiv in April for the Ukrainian Bar Association's annual Development of the Legal Services Market Forum. Currently in its eighteenth year, this high-profile industry event

brought together representatives of top law firms along with government officials, diplomats, and academics to address the most pressing topics and innovations in the Ukrainian legal services market and the country's justice system.





American University Kyiv Hosts First Graduation Ceremony

The American University Kyiv made history in early 2024, hosting its inaugural graduation ceremony for the institution's first cohort of Masters graduates from the EPAM School of Digital Technologies and School of Management. These graduates were the first to enter AUK in the second half of 2022, beginning their studies despite the wartime conditions in the country and the unprecedented challenges created by Russia's ongoing invasion.

The graduation ceremony took place at AUK's iconic Kyiv River Port campus building in the Ukrainian capital's riverside Podil district. It was attended by Kyiv Mayor Vitaliy Klitschko and a host of dignitaries. "There will be thousands of future graduates from this incredible institution, and they will always look to your leadership as the first graduating class. You have not only been a witness to history - you have made the history," commented AUK President Dan Rice.





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Kyiv Exhibition Explores Ukraine's National Journey

The spring 2024 cultural season in the Ukrainian capital got underway with a new exhibition by Ukrainian-American artist Ola Rondiak at Kyiv's Maidan Museum. Entitled "Unseen Hands," the exhibition explored the emotional undercurrents of Ukraine's troubled past and turbulent present through Rondiak's distinctive use of painting, collage, and sculpture, with a range of featured artworks incorporating pop art references and traditional Ukrainian folk motifs. Rondiak's art has been shaped by key events in independent Ukraine's history such as the 2004 Orange Revolution, the 2014 Revolution of Dignity, and the war with Russia. She sees art as a way to process the pain of Russia's ongoing invasion and also hopes to inspire others to leave a lasting legacy for future generations.



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Ukraine's nation-building journey through a Jewish prism

David Volodzko reviews Vladislav Davidzon's new book on Jewish-Ukrainian relations

Much has been written about Ukraine since the onset of Russia's full-scale invasion over two years ago, but there is no escaping the fact that the country is still struggling to emerge from centuries of imperially enforced obscurity and disinformation. In his new book, *Jewish-Ukrainian Relations and the Birth of a Political Nation*, journalist Vladislav Davidzon seeks to enhance our understanding of today's Ukraine by exploring the remarkably rich history of the Ukrainian Jewish community. This is a timely endeavor. Under the banner of blue and yellow, Ukrainians are currently defending the ideals of Western liberal democracy and, Davidzon writes, "Ukrainian Jewry is at the very core of these historical events." In the revolutionary environment that followed the fall of pro-Kremlin Ukrainian President Viktor Yanukovich in February 2014, Ukraine experienced a cultural renaissance; nobody was better suited to chronicle its passage than literary critic Davidzon, who traveled to the country to co-found *The Odessa Review* together with his wife. Born in Uzbekistan to a Jewish family and raised in Brooklyn, Davidzon led the journal until its closure in 2019. He followed this in 2021 with his first book, *From Odessa with Love*, an essay collection that spans a decade of trenchant reporting on post-Soviet Ukraine.

In his new 248-page essay collection, *Davidzon*, a correspondent for the Jewish magazine *Tablet* and nonresident fellow with the Atlantic Council, preaches against radicalism, Putinism, and binary leftist thinking. With this book, he continues his journey from literary critic to leading commentator on contemporary Ukrainian affairs.

This is not your traditional history in which the musical notes of chronology are sounded out in a dull, descending scale. To borrow Lincolnian language, it is a book in which the mystic chords of memory swell the chorus of the Jewish voices of Ukraine, and the music plays from the moment your eyes alight upon the first page.

After a delightful foreword by Bernard-Henri Lévy, Davidzon launches into an introduction in which he nimbly disentangles the web of Ukrainian, Russian, and Jewish identities. He illuminates the cogwheels of Kremlin conspiracy, explains how Putin has inadvertently strengthened Ukrainian national identity, and details an artistic revival centered around Kyiv, as well as the creative bounty with which Ukrainian Jews have enriched and ennobled their nation.

Often, as in the essay "The Jews of Ukraine," Davidzon describes the resiliency of Jews within Ukrainian society. He recounts their history, from the myths and legends surrounding the medieval Khazars to the birth of Hasidism, and on through Soviet persecution and the Holocaust. This voyage through the centuries eventually arrives at the post-Soviet revival of Ukrainian Jewish life and, as the title of the book suggests, the birth of a modern European nation with Jewish heritage at the heart of its democracy.

Davidzon is attracted to the complexity of people and past events, while remaining stubbornly unswayed by the stumbling groupthink of public opinion or the sloppy spin of shoddy journalism. This shines through in his 2014 interview with Boryslav Bereza, a devout Jew and then spokesperson for the nationalist Right Sector movement. Or his take on Andrey



Sheptytsky, the Greek Catholic archbishop of Lviv during World War II, who initially greeted the invading Germans as liberators but later protected Jewish children and rabbis. Davidzon also has much to say about a controversial new Ukrainian statue honoring Symon Petliura, who led the short-lived Ukrainian People's Republic in the early twentieth century. Tens of thousands of Jews were killed in pogroms during this period, yet Petliura was also a philosemitic liberal who introduced the death penalty for murdering Jews.

In "The Arc of History Bends From Ukraine to Israel and Back Again," Davidzon covers a symbolically charged meeting between Netanyahu and Ukrainian President Volodymyr Zelenskyy in Kyiv in 2019, unfurling the tapestry of history between Ukraine and Israel and the ongoing debate over the recognition of the Holodomor as a genocide, a sensitive topic for both nations. In a series of essays on the Babyn Yar massacre, he explains how the work and career of director Ilya Khrzhanovsky raises questions about the line between the portrayal of tragedy and sensationalism.

The book also contains some fascinating profiles, from the richly captured life of Yiddish rock star Arkady Gendler and the "mobbed-up Soviet Sinatra" Iosof Kobzon, to the colorful and allegedly criminal adventures of former Kharkiv Mayor Hennadiy Kernes. Each one is a rewarding study in the psychology of identity and the deeper meaning of cultural connection.

There is much more to mine from these pages, which as a whole offer a collection of Jewish-Ukrainian thought and personality that is as beautiful and complex as the people described within. This is the story of Ukraine's national journey, an ode to the country's Jewish community, and a masterclass on the ways in which they are intertwined for the benefit of both.

About the author: **David Volodzko** is the author of *The Radicalist*, a newsletter on political extremism. His reporting and analysis has been published in *New York Magazine*, *Foreign Policy*, *The Free Press*, *Bloomberg*, *The Nation*, *The Wall Street Journal*, and *Forbes*. He lives in Washington state.

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Euro 2024: Ukraine's football stars aim to boost wartime morale



The Ukrainian national football team are heading to the UEFA European Championship in Germany this summer aiming to boost national morale and give war-weary Ukrainian audiences something to cheer. Head coach Serhiy Rebrov's team claimed a berth at Euro 2024 thanks to playoff victory over Iceland in March. They will now be hoping to build on the success of Euro 2020, when they reached the quarter finals before losing to England.

Ukraine served as the powerhouse of Soviet football, providing the backbone for the great USSR teams of the 1980s. However, the country has struggled to live up to this legacy following independence and has frequently failed to qualify for major tournaments. Ukraine have only participated in

one World Cup, reaching the quarter finals in Germany in 2006 before losing to eventual winners Italy. The country's European Championship record is slightly better with three appearances in total. Nevertheless, there is no disguising the fact that Ukraine have underachieved over the past three decades at international level.

Ukraine go to Euro 2024 with a number of key players in excellent form at club level. Goalkeeper Andriy Lunin has starred for Real Madrid this season in the Champions League. Meanwhile, flying winger Mykhailo Mudryk has shown flashes of brilliance in the English Premier League since his record EUR 70 million transfer from Shakhtar Donetsk to Chelsea in January 2023. Media attention will likely be focused on striker Artem Dovbyk, who

has emerged as one of the stars of the season in Spain's La Liga with impressive underdogs Girona. Dovbyk will mark his twenty-seventh birthday on 21 June when Ukraine face Slovakia in their second Euro 2024 group stage tie. Ukrainians will be hoping he can give them all something to celebrate.

Ukraine at Euro 2024

Ukraine vs. Romania
17 June at 16:00

Ukraine vs. Slovakia
21 June at 16:00

Ukraine vs. Belgium
26 June at 19:00

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