

Speech: British-Ukrainian Chamber of Commerce celebrate Ukraine Week

Good afternoon First Vice Prime Minister, Ministers, ladies and gentlemen.

It is a pleasure to be here today to address you, and I must thank the British-Ukrainian Chamber of Commerce and their partners for the invitation.

I have always believed that trade, and the freedom of nations and individuals to freely access goods and services from overseas, is vital to international security.

Part of the same continuum – one inhabited by political and social stability.

Trade is not an end in itself. Rather, it is the foundation of commercial success and national prosperity. That prosperity, in turn, underpins political stability, and that stability underpins security.

I had said before that trade and security are part of the same continuum. Unbalance one of these factors, and peace, prosperity and freedom are all endangered. It is axiomatic that there can be no military security without economic security.

Few countries understand this better than Ukraine. We are here today not only to deepen the commercial ties between our two nations, but as a show of solidarity and unity in the face of external aggression.

The United Kingdom, of course, has also recently suffered direct action by Russia.

If nations are to successfully meet and combat external aggression, then they must first ensure their own strength, both politically and economically. Part of this is winning internal battles against the forces that stifle economic activity and threaten investment, such as corruption and bureaucracy.

It is no accident that those nations with the strongest defence capabilities also have the strongest economies.

The UK stands ready to help Ukraine in any way we can in these challenges, not only for our mutual prosperity, but as a common defence.

That is why I am here today.

Ukraine's economy has undoubtedly suffered in recent years, not only through the annexation of physical territory and infrastructure, but through the uncertainty of ongoing conflict.

Yet there are encouraging signs that the recovery is underway. Last year the total trade between Ukraine and the UK topped £1 billion, following two years of strong growth across the board, in goods and services, imports and

exports.

Much of this comes from Ukrainian companies, like many here today, who recognise the inherent strengths of the United Kingdom as a place to invest.

Our capital is the world's leading financial centre, and a springboard into global markets. The UK is in the right time zone to trade with Shanghai over breakfast and New York over tea.

We are home to some of the world's leading universities, producing a highly capable workforce.

And crucially, we are an unrivalled repository of commercial expertise, in everything from Fintech to infrastructure. This gives the UK a unique capacity to help Ukrainian businesses expand and thrive.

But it is not just the United Kingdom's strengths that have enabled our bilateral relationship to thrive.

British companies, like many others across the world, are increasingly aware of all that Ukraine has to offer, and the huge commercial opportunities that exist in the country.

GlaxoSmithKline, Astra Zeneca and Vodafone, to name just a few, have substantially increased their operations in Ukraine in recent years.

They see a country not only with a large and well-developed internal market – Ukraine has five cities of over one million people – but also the hard-working and well-educated workforce.

On top of this, Ukraine boasts abundant natural resources, a broad industrial base and a variety of well-developed sectors.

Lviv is undergoing something of an economic boom, driven by its enviable IT industry and service-based economy.

And of course, this historic bread basket of Europe is among the world's leading agri-producers, and my own Department for International Trade is taking steps to improve our bilateral relations in this area, offering British expertise in agricultural machinery, grain storage, and food processing.

I don't need to tell the people in this room that Ukraine is a nation with a vast amount of untapped economic potential.

But as well as external threats there are, as I have mentioned, internal challenges to be resolved if the country is to fully realise its opportunities.

Corruption exists, as it does in many nations around the world.

A key difference here though is awareness, and a strong desire to tackle and resolve the issue.

The Ukrainian people recognise the threat that corruption, inefficient public ownership, and overzealous and stifling bureaucracy pose to foreign investment, economic output, and ultimately prosperity.

The establishment of a Business Ombudsman and the National Anti-Corruption Agency are important steps in the right direction, as is the commendable ambition to bring Ukraine into the top ten nations globally on the ease of doing business rankings. It has already become the most improved country in the world since 2010.

Ukraine has made more progress in the last 4 years than in the previous 20, particularly in reform of the banking sector, good governance institutions and launching the electronic asset and income declaration system.

I am proud to say that the United Kingdom, and my own Department, is taking a leading role in helping Ukraine to achieve these goals.

We are providing assistance to improve the business climate and reforming the tax system, making the country an increasingly attractive place for global investors.

We are helping with the reform of Ukraine's energy sector, aiming to eliminate reliance on Russian gas and streamlining the pricing structure of Ukraine's own production.

This year, we are delivering a £35 million package to support reforms in good governance, anti-corruption and defence.

And we are helping British companies to share their expertise with their Ukrainian counterparts, opening new commercial opportunities across the economy.

This has been instigated, in part, by a wave of joint UK-Ukraine trade events, from the visit of the Deputy Minister Mykolska in June, where she visited women entrepreneurs at DIT's She Trades event, to the Group CEO of Jaguar/Land Rover opening their new sales centre in Kiev.

But perhaps the most important immediate task, and certainly the most important facing my own department, is the post-Brexit transition of the Ukraine-EU Deep and Comprehensive Free Trade Agreement into a new bilateral settlement.

We have designated Ukraine as one of the UK's post-Brexit priority markets, and our ambition is to further improve and liberalise the trading relationship between us.

But our first step must be to provide certainty and continuity for those firms currently operating between the UK and Ukraine. Officials in the UK and Ukraine are working together to design a bilateral agreement that will replicate the effects of the DCFTA, to come into effect at the end of our transition period.

Minimising the disruption to our existing trading relationship is the highest

priority for the United Kingdom.

Yet I appreciate that there will also be a degree of uncertainty around Brexit. This is equally true in Ukraine, not only from a commercial standpoint, but from a geopolitical one.

But the Referendum result was not a vote for insularity. We are not turning in on ourselves, abandoning our overseas partners or abdicating our international responsibilities.

The United Kingdom is not isolationist, but global. The British people chose to embrace the opportunities of the wider world.

Let me reiterate that our exit from the EU does not change the UK's commitment to Ukraine's development, growth and prosperity.

Nor does it alter our commitment to sanctions against Russia. Indeed, the Prime Minister has made it clear that we will look to carry over all existing EU sanctions at the time of our departure.

In August, the foreign Secretary Jeremy Hunt made the case for additional sanctions against Russia from the United States, building a firm, united front with our allies.

This is not a path that we are about to waver from.

Our action encapsulates the message that I came here today to deliver – that the United Kingdom is standing alongside Ukraine, ready to lend our support to ensuring a safe and prosperous future for both our peoples.

The progress that has been made by Ukraine is hugely significant, and already the dividends are appearing.

Nothing should be taken for granted. But if we work together to meet the challenges of the future, then we can, and will, defend our freedom, our prosperity, and our liberty.