

**STATEMENT BY THE
PRESIDENT OF UKRAINE**

**MAIN POINTS OF THE SPEECH OF
MR V A YUSHCHENKO, PRESIDENT OF UKRAINE**

**AT THE OPENING OF THE FIRST SESSION OF THE
SEVENTEENTH ANNUAL MEETING OF THE
BOARD OF GOVERNORS OF THE
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

KIEV, 18 MAY 2008

Mr Lemierre (President of the EBRD)!

Members of the Board of Governors and Participants in the Annual Meeting of the EBRD!

- I sincerely congratulate you on the opening in Kiev of the first session of the Seventeenth Annual Meeting of the Board of Governors of the EBRD.
- We are grateful to the Board of Governors for their decision to hold the Meeting in Ukraine for the second time in 10 years. We take that as indicating a high commendation of our economic reforms and of the democratic and rule-governed progress of our State.
- I am convinced that the Meeting will prove interesting and useful for all those attending. All participants will have the opportunity to describe the best achievements of their countries and learn about the achievements of their partners.
- Participants, business people and journalists are attending the Meeting in records numbers. This is evidence of the high level of interest on the part of the international community in the role and contribution of the EBRD in the development of the world economy.
- The after-effects of the international credit (mortgage) crisis have not yet been overcome and the world is already confronting new challenges.
- In that context, the consolidating role of the EBRD in ensuring the stable development of the region and minimising the risk of global threats is substantially enhanced.
- I am convinced that the participants in the Meeting will devote due attention to overcoming the adverse tendencies of the slow-down in world economic development and the growing food shortage.
- Despite the slow stabilisation of the financial markets, I am convinced that the new stock markets, in particular that of Ukraine, will not lose their attractiveness.

- From the moment when Ukraine's independence was declared, the Bank became its reliable partner. It was one of the first to offer assistance with the reforms and with the Bank's assistance we overcame the full complexity of the fundamental economic transformations.
- As a result of fruitful cooperation, we have today one of the largest portfolios of EBRD projects among all the countries of Central and Eastern Europe.
- The efforts made have justified themselves. Ukraine is developing dynamically. It is among the leading countries in Europe in terms of the pace of economic growth.
- The level of unemployment is the lowest in the history of Ukrainian independence. The real income of the population is increasing and foreign investment is coming to the country.
- Despite the difficulty and the challenges, the Ukrainian economy is growing. Although the price of gas rose by 36.8 per cent last year, the increase in real GDP came to 7.6 per cent and between January and March this year was 6.0 per cent. The majority of experts did not expect such dynamic growth.
- Ukraine is strengthening its positions in the stock market. Last year it was one of the three most profitable securities markets. Despite that, I think that the assets of our enterprises have so far been significantly underestimated.

Information: In 2007 the Ukraine PFTS index increased by 135.4 per cent and was second in the world in terms of growth (after the Chinese stock market, the China CSI 300 Index).

The value of the overall volume of trades on the PFTS listing in 2007 was US\$ 6.2 billion, an increase of 14 per cent in comparison with 2006.

- Our State is keenly interested in international business. In the first quarter of the current year alone direct foreign investments increased by a factor of four to US\$ 3.4 billion. At the present time, US\$ 33 billion is invested in Ukraine. This dynamic which is evidence of the integration of Ukraine into world rules and standards is irreversible.

Ladies and Gentlemen

- Last year we conducted a restrained monetary and credit policy. It was necessary to balance the supply and demand for money and to avoid the risk of inflation.
- In the future we plan to continue the liberalisation of currency regulation operations connected with the movement of capital.
- Our policy envisages actions which will stimulate the demand for the national currency. This will be assisted, in particular, by attracting international

financial organisations to conduct individual operations using the national currency (the hryvnia).

- I shall shortly submit to the Supreme Council (Verhovna Rada) a draft law which was prepared at the initiative of the EBRD. This law will enable non-residents and international financial organisations to issue securities denominated in hryvnias and to offer loans in the national currency of Ukraine.
- The Ukrainian banking sector is developing in a stable and dynamic manner. At the beginning of May, there were 177 banks operating in the country, one-third of them having a foreign component. The assets of the banking system are growing: in the first three months of this year the net profits of the system increased by 52 per cent and totalled US\$ 412 million.
- All these trends indicate that the Ukrainian economy is growing in a steady and consistent manner. Consumer and investment demand is due to increase in the future, the scientific and technological potential will rise and the integration of the Ukrainian economy in the world economy will gather pace.

Ladies and Gentlemen,

- The day before yesterday (on 16 May) we celebrated an important event. Ukraine officially became the 152nd full member of the World Trade Organization (WTO). This was an objective that we had been pursuing for over 14 years. I thank you for your support in that endeavour.
- With our entry into WTO, we turn a new page in our history. Before us there are new possibilities and prospects which bring us closer to our goal, that of making Ukraine a prosperous European State.
- With that objective in mind, on 18 February we began negotiations with the European Union on the establishment of a free-trade zone. That will constitute a far-reaching economic integration which has no parallel in the practice of the European Community.
- During the years of our cooperation with the European Union we have outgrown the confines of the Agreement on Partnership and Cooperation. There must be closer interaction between us. I hope that the new format of our relationship will be set forth in the new enhanced Agreement between Ukraine and the Community.

Members of the Board of Governors,
Participants in the Annual Meeting of the EBRD!

- Ukraine aspires to become a territory of European investments and has the required potential to achieve that. This is eloquently confirmed by our many years of collaboration with the European Bank for Reconstruction and Development.

- Today the Bank is the most effective and the largest investor in Ukraine. We have received over €3.2 billion for the development of transport and communications, municipal infrastructure, the energy sector and energy-saving initiatives.
- The Bank is the administrator of the Chernobyl Shelter Fund which will help to transform the sarcophagus into an ecologically safe system.
- I am very appreciative of the new strategy of the EBRD and of the programme of cooperation with Ukraine for 2007-9. I am convinced that through our joint efforts we shall achieve Ukraine's strategic goal, that of enhancing the competitiveness of our economy.
- I welcome the joint tripartite financing of infrastructure projects of overall European importance that was begun in 2007 and involved the European Investment Bank (EIB).

Information: a start has been made on implementation of the first joint project with the EBRD and the EIB on completing the reconstruction and repair of the Kiev-Chop motorway.

- In 2008 a new phase opened in the relations of our State with the EBRD. In April, the Bank opened an office in Dnipropetrovsk. It began its activities in the eastern and southern regions of Ukraine.
- I am counting on the further extension of our partnership with the Bank. This will constitute an important signal for attracting private foreign capital into our economy.
- This is especially relevant after Ukraine and Poland became entitled to hold the final stage of the European football championship in 2012. I hope that financial circles will be interested in investing in the preparations for the final stage of Euro-2012.
- We invite investors to cooperate. The total value of projects, comprising the construction of stadiums and hotels, and the reconstruction of airports and highways in Ukraine exceeds US\$ 25 billion.
- I am convinced that the European Bank for Reconstruction and Development will continue in the future to be our main partner and that its experience in devising and implementing large-scale investment projects will assist Ukraine in occupying with the least possible delay its due place in a united Europe.
- I wish all the participants in the Annual Meeting of the Board of Governors of the EBRD success, optimism and inspiration in their work!

Thank you for your attention.

And welcome to Ukraine!