

# ProSME BUSINESS INTELLIGENCE (#1) – UKRAINE

## Reconstruction

- The European Commission issued the strategic reconstruction plan named **'RebuildUkraine'**. According to this document, the reconstruction would be led jointly by Ukraine and European Commission via a platform that will include EU members states, other bilateral and multilateral partners, and international financial institutions. Given the extent of damage of the war, the financial needs are expected to be substantial (up to 600 Mds EUR according to the first estimate made by the Ukrainian government). But at this stage the document does not specify the exact figures as well as the distribution between different forms of financing: grants, loans, and investments. Additionally, is the possibility to use frozen Russian assets as financing source can be considered in line with national and EU law.
- The **Ukraine Reconstruction Forum** took place on 26 and 27 May at the London School of Economics (LSE). 45 economists and top officials from a dozen countries discussed how to properly rebuild Ukraine after the war with Russia. Among the participants were representatives of the European Commission, the International Monetary Fund, business associations and the Ukrainian government. Although the main part of the reconstruction can only be started after the end of the war, the participants of the event stressed on the importance of launching minor recovery projects immediately.
- During the World Economic Forum in Davos, **Kyiv Mayor Vitali Klitschko** met European Bank for Reconstruction and Development (EBRD) First Vice President Jürgen Rieger. The first vice-president of the bank stressed that the EBRD is ready to invest in projects for the reconstruction of Kyiv and Ukraine. Also, he stated to be open to proposals for projects that need to be implemented.

## Municipality cooperation on international level

A new online platform, [Cities4Cities](#), [Regions4Regions](#), has been developed to support Ukrainian local and regional authorities. The platform is a free online exchange tool; it allows local authorities in Ukraine and in the rest of Europe to share their needs and offers related to local infrastructure and get in direct contact to receive practical help.



As of recent cooperation: [The city of Bergamo establishes a relationship with the city of Bucha and Italian humanitarian organization Cesvi allocates the first half a million euros to restore Bucha.](#)

## Sectoral overview in terms of business continuity

**Energy:** In March 2022, Ukraine successfully completed an emergency synchronisation of its power grids with the **ENTSO-E** (European Network of Transmission System Operators for Electricity). This is a milestone towards permanent synchronisation in the future. In addition, in April 2022, an Observer Membership Agreement has been signed between ENTSO-E and Ukrenergo. On 8 June, Continental Europe TSOs (Transmission System Operators) confirm the technical pre-conditions for the gradual **opening of electricity trade with Ukraine**. Ukraine also starts supplying electricity to Moldova. As Moldova's energy consumption largely depended on generation at the Moldovan GRES, owned by Russia, Ukrainian electricity will diversify its supply and strengthen its energy security. It is also planned to commission the interstate air power line between Ukraine and Poland. Its launch will potentially allow Ukraine to increase electricity exports to Poland to 1 GW.

**Construction:** Ministry of Communities and Territories Development of Ukraine developed a draft law about introduction of construction information modelling (**BIM technologies**). In addition, the development of national standards for the use of BIM technologies in architecture and the digitization of all processes is underway. Also, the Ministry issued a draft law about building a network of reliable bomb shelters that will protect people from air or chemical attacks in rebuilt and new buildings.

**Metallurgy:** Pipe production in Ukraine has recovered by 65% from pre-war levels. According to the results of May 2022, Ukrainian pipe plants multiplied their production by 2.5 compared to April - up to 45 thousand tons. Thus, the industry managed to restore **almost 65% of the pre-war level of production** (approximately 70 thousand tons per month). It is noted that the following companies operated in May: Nikopol Seamless Pipe Plant (production multiplied by 2.6 compared to April); Centravis (+45%); Trubostal (-20%); Novomoskovsk plant (production multiplied by 2.3).

**Infrastructure:** According to the Ministry of Infrastructure of Ukraine, as of mid-May, **24 000 km of roads and more than 300 bridges are damaged or destroyed**. Ukraine has already launched partial restoration of the roads and bridges, both temporary

and permanent, but major reconstruction is still ahead and could take 3-4 years. The Ministry of Infrastructure is now working on:

- Assessment of destruction and damage;
- Simplification and reduction of deadlines for the design of roads and man-made structures, the creation of standard projects;
- Reducing deadlines of public procurement and developing common qualification selection criteria;
- Transition to a European pricing system (such as CESSM), development of standard types of contracts according to the FIDIC standard.

**Agriculture:** At the beginning of June, Ukraine finished the most difficult sowing campaign in thirty years of its independence. According to the Ministry of Agrarian Policy and Food of Ukraine, the sown area is **13.4 M hectares** - this is 79% of the sown area in 2021 (16,9 M hectares). The association 'Ukrainian club of agrarian business' shares its vision of the 2022 harvest in Ukraine. For cereals, the forecasts are 18 M tonnes for wheat (against 32.2 M tonnes in 2021), 25.7 M tonnes for corn (42.1 M tonnes in 2021), 5.2 M tonnes for barley (9.4 M tonnes in 2021) and 1.4 M tonnes for other cereals (compared to 2.3 M tonnes in 2021). Thus, the total production of cereals this year would amount to about 50.4 M tonnes against 86 M tonnes the previous year.

## Ukrainian business after 100 days of war

The European Business Association of Ukraine (EBA) conducted a survey among its members on the business continuity during the war. According to 101 CEOs of the EBA member companies that took part in the survey, 47% of companies work now in full, while 50% work partially or with certain restrictions. Among the companies that previously suspended their work, 17% have already resumed it either totally or partially. Now only 3% of companies stay idle - in April, they were 4% and in March - 29%. The full survey report: Almost half of the EBA companies have resumed full operation - European Business Association

In the last week of May, a record number of individual entrepreneurs was registered - 4 454. This is the highest figure since the full-scale invasion of Russia into Ukraine. At the same time, the pace of registration of companies remains stable. Thus, in the last week of May, Ukrainians registered 643 new companies, according to Opendatabot statistics. This is the average rate of registration of legal entities in May and exactly 10 times higher than in the first week after the re-opening of the Unified State Register two months ago.

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