

UKRAINE: A STORY OF CHANGE



Encouraging Canadian Investment in Ukraine

In October 2018, the CUTIS project organized the first-ever Canada–Ukraine investment forum. The idea was to provide a venue where Canadian investors could meet directly with Ukrainian companies looking for investment partners. More than 130 potential investors and 18 Ukrainian businesses took part in the two-day forum in Toronto, which was held at high-profile Bay Street venues and resulted in a number of successful investment discussions.

All of this would have been unimaginable even 15 years earlier. After Ukraine achieved its independence in 1991, most foreign direct-equity investments in that country were made by wealthy members of the Ukrainian diaspora, and many of these failed due to the uneven rule of law in Ukraine. However, after the Orange Revolution of 2004 and the Maidan Revolution of 2013–14, Canadian investors began to look at Ukraine more favourably.

While Ukraine made a clear break from its Soviet-influenced past and moved toward more democratic values, old stereotypes lingered. The CUTIS project sought to dispel those stereotypes and replace myths with facts. To begin engaging Canadian businesses, CUTIS held a Canada–Ukraine business forum in Toronto in June 2016. More than 400 business representatives and prominent members of the Ukrainian-Canadian community gathered at the forum, where the program



Matt Simpson, CEO of Black Iron, speaks about investing in Ukraine at a CUTIS event.

focused on opportunities in four key Ukrainian sectors: agriculture, energy efficiency and renewables, innovation, and information and communications technologies. This was followed by a second business forum held in October 2017.

“The investment roadshow held in October 2018 in Toronto gave me an opportunity to provide an overview of Black Iron’s activities in Ukraine to the Toronto investment community. In addition, my presentation was also focused on convincing the senior Ukrainian government officials, who attended the investment roadshow, of the value of moving forward on such a large multi-billion-dollar iron ore project.”

—Matt Simpson, CEO, Black Iron

To further encourage Canadian investors to look at Ukraine more seriously, the CUTIS project, with the support of consulting firm Crossways and its principal, Mark Markevych, organized an investment forum in October 2018. This event helped bring Ukraine into the legitimate investing sphere. Attending investors included major pension funds like the CPP Investment Board (the largest fund in Canada), the Ontario Teacher’s Pension Fund, OMERS, and CN Investment; money managers, including Hillsdale Investment Management, Sprott Private Wealth, Hamblin Watsa Investment Counsel, and Greystone Managed Investments; brokers from major Canadian banks; energy and resources companies; infrastructure companies; lawyers and consultants; IT-related companies; and high-net-worth Ukrainian-Canadians.

Twenty Ukrainian companies from four major sectors identified by Crossways (infrastructure, natural resources, agriculture, and information and communications technology) each made formal presentations to the gathered investors. It was the first opportunity these companies had to meet with Bay Street investors in a structured environment. Markevych’s deep understanding of and contacts within both the Ukrainian government and business community were invaluable to the event’s success.



Stanislav Lytvyniuk, Deputy Director of Company Development at Kislotoupor, the largest producer of graphite in Eastern Europe, speaks to Canadian investors at the Prospectors and Developers Association of Canada conference in March 2020.

Several fruitful investment discussions were launched at the forum and are still ongoing. The biggest success story to come out of CUTIS' investment support to date is clearly the Canadian financial services holding company Fairfax which, during the investment forum, announced that French multinational insurer AXA had agreed to sell its entire Ukrainian business to them. Fairfax made two further acquisitions in 2019 and is now the largest insurance company in Ukraine, holding roughly 30 per cent of the market share.

Other CUTIS investment successes include large real-estate investor Brookfield's entrance into the Ukrainian market; TIU Canada's solar projects in Ukraine, totaling approximately

\$35 million invested; and G8's acquisition of 20 hectares of oceanfront property on the Sea of Azov, to be developed into a recreational area. All of these companies are considering further investment in Ukraine, and CUTIS continues to work with them to facilitate next steps.

"It is gratifying that we have the opportunity to further strengthen our existing relationship with Ukraine through investment and look forward to continuing to build upon this solid platform. Our member companies, such as Shelton Canada, G8 Investments, and Black Iron Inc., continue to increase their investments in Ukraine," said Zenon Potoczny, President of the Canada-Ukraine Chamber of Commerce.