



Press Release

Seminar on Political Risk Insurance for Business in Ukraine held by the BUCC and ICBAC at USUBC on 31 May 2019

On 31 May 2019, the British Ukrainian Chamber of Commerce (BUCC) jointly with the International Council of Business Associations and Chambers of Commerce in Ukraine (ICBAC) held a seminar on “Political Risk Insurance for Business in Ukraine” at the U.S.-Ukraine Business Council (USUBC) located at the Office of SigmaBleyzer.

The main speakers at the event were **Daniel Bilak**, Chairman of the Supervisory Board of UkraineInvest, **Alfred F. Praus**, General Secretary of the International Council of Business Associations and Chambers in Ukraine (ICBAC), **Bate Toms**, Chairman of the BUCC and **Morgan Williams**, President of the USUBC. It was attended by representatives from other international chambers of commerce, embassies of foreign countries, the Administration of President of Ukraine, banks, companies and insurance brokers (like Willis, the world’s leading broker for political risk insurance), as well as Government representatives.

The main topic of the discussion was the need for political risk insurance to be made broadly available for Ukrainian business in order to attract and retain foreign and domestic investment in Ukraine. Political risk insurance is used for businesses to mitigate and manage risks arising from adverse actions or inactions of governments, including due to conflict. As a risk-mitigation tool, political risk insurance helps provide a more stable environment, especially for emerging market countries like Ukraine, and thus unlocks better access to finance. It allows investors to focus on the positive commercial aspects of their investments, knowing that the political risk is covered. The need for political risk insurance for Ukraine is particularly important because of the current situation in eastern Ukraine and the Crimea.

Bate Toms of the BUCC presented their plan to facilitate such insurance through the World Bank’s Multilateral Insurance Guarantee Agency (MIGA), as has been done for other countries that have experienced conflict, such as Afghanistan, Liberia, Yemen, Nepal and the West Bank and Gaza. As he explained, the most promising scenario for obtaining political risk insurance for Ukraine is based on leading countries establishing a specific investment guarantee trust fund for the provision through MIGA of political risk insurance for Ukrainian business, following the example of the West Bank and Gaza Investment Guarantee Trust Fund that is administered by MIGA.

Dan Bilak of UkraineInvest spoke also on political risk insurance through the export support agencies of various countries to support investment by their nationals. He explained that presently only the US’s Overseas Private Investment Corporation (OPIC) is available to provide political risk insurance cover for suitable projects involving US investors. For example, recently OPIC has approved (but not yet implemented) political risk insurance to support its part financing of the construction of a large wind farm in eastern Ukraine near Mariupol. OPIC is not known to be currently supporting any other Ukrainian projects with political risk insurance cover, but states that it is willing to consider other proposals. Ukraine is generally off-cover for the Canadian, German, UK, Italian and French export support agencies.

The speakers discussed who should initiate the process to negotiate such a political risk insurance program for Ukraine, and how to involve the Government of Ukraine and Ukrainian business. They concluded that the Third Ukraine Reform Conference, to be held on 2-4 July 2019 in Toronto, Canada, bringing together foreign ministers from the G7 and a number of other leading countries to support democratic and economic reforms in Ukraine, would be the most appropriate forum in which other countries could agree on providing a MIGA administered political risk insurance program for Ukraine. Such a MIGA program should greatly help the implementation of the other reforms for Ukraine to produce positive economic consequences.