

Metinvest Identifies Conditions for Increasing Foreign-currency Earnings From Steel Exports

On 1 December, at the Export Credit Forum 2023 in Kyiv, Yuliya Dankova, Metinvest Group's Chief Financial Officer, spoke about the conditions needed to significantly increase foreign-currency earnings from steel exports. These are safe sea shipping, financing for small and medium-sized steel consumers, the simplification of customs procedures and the expansion of the export product range, along with help to certify Ukrainian products in global markets.



The forum is a response to a request from export-oriented businesses to create a national and international platform for open dialogue among the government and exporters about developing Ukrainian non-raw material exports. The event discussed financial instruments to support the expansion of Ukrainian products, work and services to global markets. The main focus was investment insurance, as since legislative changes, the country's Export Credit Agency (ECA) can insure investors' financial risks, which will contribute to building infrastructure and enterprises that will further export their products. The forum is organised by the ECA in partnership with Ukraine's Ministry of Economy and with the support of the USAID Competitive Economy Program.

The forum was attended by Ukraine's First Deputy Prime Minister and Minister of Economy Yulia Svyrydenko, heads of the Verkhovna Rada Committee on economic policy and the ECA, as well as representatives of banks, regional military administrations, international partners and export companies from various industries and regions of the country.

The government plans to reorient the economy from raw materials to process manufacturing by stimulating investment in the real sector and non-raw material exports.

Yulia Svyrydenko said: "The same transformation should happen in the breakdown of exports. Currently, the share of process manufacturing is around 35%. We need to strive for 70-80%."

In turn, Yuliya Dankova noted that Metinvest generated US\$1.3 billion in foreign-currency earnings in the first nine months of this year and has significant potential to increase exports.

The first factor that will contribute to developing the Group's export capabilities and boosting foreign-currency earnings is the safe shipment of products through the Black Sea, the Metinvest CFO said. "We must have a constant supply of ships, insurance for them and the ability to cooperate with financial institutions. We need to be able to receive funds not after crossing the Bosphorus or Suez, but as before, after loading products onto ships."

The second factor is the ability to obtain finance for small and medium-sized Ukrainian companies that consume the Group's steel products so that they can export their products and have stable cash flow. "Then we, as suppliers, will be protected," Yuliya Dankova added. "This will also help to increase exports and foreign-currency earnings for Ukraine."

Another condition for boosting foreign-currency earnings for the country is to resolve the issue of re-clearing products in transit through European countries. The Metinvest CFO believes that Ukraine should join European initiatives to develop a computerised transit system.

In addition, expanding the range of non-raw material product groups under the KVED codes supported by the ECA could increase the Group's export opportunities. Currently, the list of metal products includes only pipes and not flat and long products, which are high value-added goods.

According to Yuliya Dankova, the recognition of Ukrainian quality certificates or assistance in certifying products in foreign markets would also help to promote domestic products globally.

The Metinvest CFO added that staff shortages are impacting the Group's operations. In addition, she commented that businesses and the government need to become reliable partners for Western consumers even during the war.

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