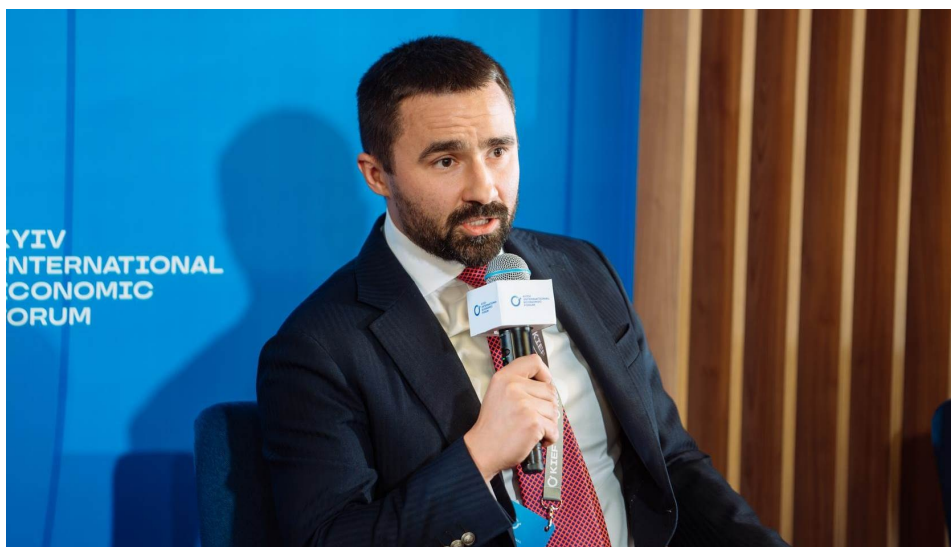


Oleksandr Vodoviz: Ukrainian Metals Industry Requires Equal Conditions to Compete in EU

At the Kyiv International Economic Forum (KIEF) held in the city on 7 November, Oleksandr Vodoviz, head of the Chief Executive Officer's Office of Metinvest Group, spoke about the challenges that the Ukrainian steel industry must overcome on its way to EU accession, as well as the risks and recommendations regarding this process.



One of the largest international forums in Eastern Europe, the KIEF brings together representatives of business, government and society to discuss the main economic issues and global trends. This year, over 100 speakers shared their views on various aspects of Ukraine's accession to the EU and the challenges that the country must overcome to become an equal player in the EU market.

Oleksandr Vodoviz participated in the "Ukraine's Integration into the European Community: Protecting Economic Interests" panel. In addition to him, the discussion featured executives from Kernel and MHP, as well as Katarina Mathernova, EU Ambassador to Ukraine, and Serhii Tkachuk, head of the country's State Service for Food Safety and Consumer Protection. The discussion was moderated by Mykhailo Bno-Airiian, special trade representative and head of the European integration committee at the Federation of Employers of Ukraine.

The head of the Metinvest CEO's Office believes that access to the EU market will open great opportunities for all Ukrainian producers. He said: "Why are we moving to the EU? Because it is the most premium market for all producers. It is the most lucrative slice that everyone wants a piece of. We also want to be part of it. This is a tremendous opportunity and an invaluable experience."

Oleksandr Vodoviz highlighted that one risk of the EU's Carbon Border Adjustment Mechanism (CBAM) policy for Ukrainian industry is the impossibility of unconditional implementation of regulations without proper support for enterprises.

He said: "In terms of the environment, we see guidelines suggesting that Ukraine should adopt certain regulations. But we cannot adopt them blindly. For example, in Europe, each plant receives between EUR0.5 billion and EUR1 billion for decarbonisation, while we receive nothing. We want to highlight that we are in different weight categories."

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- «Europe is interested in sourcing iron ore and coking coal from Ukraine. For Ukraine, the EU market is an opportunity to sell its products, which will support the development of the entire mining industry.»

He said: “By adopting all these regulations, we risk being left behind and burying the main industries that generate the country’s GDP. What are the other issues on the way to EU accession? Do our European competitors want to see us there? Probably not. And who doesn’t want to see us there the most? The Russians, because we are currently competing with them for 80% of the products in the EU.”

Oleksandr Vodoviz added that some of the sanctions against Russian steel producers have indeed had an impact, while others have not: “Russia continues to hold a strong position in supplying slabs to the EU. For example, Italian steelmakers purchase cheap semi-finished products from Russia. We cannot buy these cheap slabs and are losing out in the competition.”

The head of the Metinvest CEO’s Office noted that negotiations on the introduction of CBAM must not be based on any preferences for Ukrainian companies. He said: “Provide us with a competitive market and we will find our niche. We know how to compete, and we are confident. But right now, we are not in a competitive position. For example, US Steel Košice in Slovakia is receiving EUR600 million in grants for environmental modernisation. This will enable the enterprise to comply with both CBAM and ETS [the EU Emissions Trading System]. And we have nothing. The entire environmental agenda is neither commercial nor profitable, and grants are needed in any case.”

In Oleksandr Vodoviz’ opinion, Ukrainian companies should be given the same conditions as European ones: “Then we are ready to compete. But if we are subjected to the same environmental requirements as Europeans, we will lose this competition and be unable to enter the market.”

The head of the Metinvest CEO’s Office believes that modernising Ukraine’s steel industry through a financial plan with guarantees for companies would not create a level playing field for Ukrainian and European enterprises.

He said: “The difference is that there are guarantees. This means that you have to enter the market, take the money and the ministry will provide you with guarantees. This is not actual cash. Europeans receive interest-free and non-repayable grants. We are told: take loans, pay interest on them and we will give you guarantees for them. Of course, this is also a very good tool. It would be foolish to refuse it, and we will use it. But, again, these are not equal conditions.”