

THE BROOKINGS INSTITUTION

THE FUTURE OF UKRAINE'S ECONOMIC RECOVERY

WEDNESDAY, JULY 31, 2024

OPENING REMARKS: BEN HARRIS

Vice President and Director, Economic Studies, Brookings

KEYNOTE: PENNY PRITZKER

United States Special Representative for Ukraine's Economic Recovery

PANEL

MODERATOR: BEN HARRIS

Vice President and Director, Economic Studies, Brookings

PENNY PRITZKER

United States Special Representative for Ukraine's Economic Recovery

OKSANA MARKAROVA

Ambassador of Ukraine to the United States

CONSTANZE STELZENMÜLLER

Director, Center on the United States and Europe; Senior Fellow, Foreign Policy, Center on the United States and Europe; Fritz Stern Chair on Germany and Trans-Atlantic Relations, Brookings

\* \* \* \* \*

**Ben Harris** Good morning everyone. My name is Ben Harris. I am vice president and director of economic studies here at the Brookings Institution. I'm truly honored to welcome you to today's event, hosted by the Economic Studies and Foreign Policy Programs, where we will discuss the future of Ukraine's economic recovery. I would like to extend a special welcome to Her Excellency Oksana Markarova, Ambassador of Ukraine to the United States, and to the esteemed delegation of Ukrainian parliamentary leaders who have joined us today. Your steadfast dedication to Ukraine's future in the face of extraordinary challenges has been nothing short of inspiring. Today, we are privileged to hear from another distinguished leader who plays a crucial role in shaping Ukraine's economic future. United States Special Representative for Ukraine's Economic Recovery Penny Pritzker I suspect Special Representative Pritzker is well known to most of you. She is one of our country's most prominent and respected business leaders, having served as Secretary of Commerce in the Obama administration. On a personal note, I'll mention that I have been fortunate to know Penny for roughly 15 years when she hired me as an advisor during her tenure on the President's Economic Recovery Advisory Board, which was convened in the wake of the Great Recession. I also have had the privilege of working with Penny during our mutual service in the Obama administration. Over the course of my career. I've been fortunate to work for and alongside a long list of prominent Americans. Leaders in the financial sector cabinet members, vice presidents and presidents. And I can say with great confidence that you will be hard pressed to find a person more capable and driven at achieving a particular objective than Penny. She simply finds a way to get things done. So when I learned of her appointment to lead Ukraine's reconstruction, I was personally overjoyed. Not for her, not for Penny, not for the Biden administration, not for the EU, but for the people of Ukraine. There is simply no one more capable of leading this effort. As Secretary of State Anthony Blinken stated plainly, she will be key to our determination to see that it is Ukraine that not only survives but thrives. Indeed, since her appointment to this role, Special Representative Pritzker and her team have been working tirelessly to support Ukraine's economic resilience and recovery. Today, she will share insights into her work and outline the Pritzker Plan for Ukraine's economic recovery. So let me briefly, very briefly lay out some of the underlying assumptions for today's event. We will not discuss whether Russia's invasion of Ukraine is justified. It isn't. We will not discuss whether Ukraine will ultimately prevail in this war. It will. And we will not discuss whether it is in the interest of the United States to support Ukraine on its road to economic prosperity. It is. The sole purpose of today's event is to discuss approaches for Ukraine to rebuild its economy from the ashes of this terrible war. So let's get to it. Following Special Representative Pritzker's address on the Pritzker Plan, we will have a panel discussion with Ambassador Markarova, Special Representative Pritzker and Doctor Constanze Stelzenmüller, director of the center on the United States and Europe and senior fellow in Foreign policy at the Brookings Institution, to further explore the implications for Ukraine's reconstruction and economic vitality. Without further ado, please join me in welcoming Special Representative Pritzker to the podium. Thank you.

**Penny Pritzker** Ben. Thank you. That was really an extraordinarily generous introduction. I want to particularly thank Ambassador Markarova, Deputy Secretary Verma and Doctor Stelzenmüller and the Rada members who are joining us here today. As well I am very grateful to the Brookings Institution and to my friend Ceci Rouse for hosting us. Thank you to my team that has gone above and beyond in service of our mission over the past year. And to all of you for your commitment to Ukraine's economic recovery and its future in the Euro-Atlantic community. When President Biden and Secretary Blinken asked me to take on this role, I said yes because I knew how important the work would be. And because it's personal for me. More than 140 years ago, my family fled Ukraine to escape Russian

aggression and destructive antisemitism. If they hadn't, I would not be standing in front of you today. Now, nearly a year later, it is still personal for me, but not just because of my family's story. Over the course of my many visits to Ukraine, I've heard the stories of so many heroes and I think about their journeys constantly. I think about the doctors and the nurses at the Okhmatdyt Children's Hospital in Kiev, helping kids fight cancer, even though they were brutally attacked just three weeks ago by Putin. I think about this scientist building bionic hands and limbs for Ukrainians so they can return to fight. I think about the Ukrainian American soldier from Chicago that rushed to the front lines in the war's early days, only to leave behind a young family in his wake. I think about the factory workers who reopened their Coca-Cola plant after it was bombed and taken over by the Russians. The work that we are doing to give all Ukrainians hope that a more prosperous future is not just possible, but achievable. I just returned from Kiev, my sixth visit to Ukraine in the last ten months, and I want to bring a message of resolve and optimism about Ukraine's economic future. This message is not blind optimism or wishful thinking. Rather, it's based on the underreported story that is grounded in the facts, trend lines and the progress that I have witnessed over the past months. Through our work, we have helped Ukrainians keep their economy going. To tackle corruption, increase private sector engagement. And through it all, we have worked with Ukrainians to develop a long term recovery framework. A blueprint, if you will, that I call Ukraine's Plan for Prosperity. For years, Ukrainians have wanted their economy and identity to be predicated on full EU and NATO membership integrated with Euro-Atlantic institutions plugged into European and global markets, empowering new startups and entrepreneurs, and strengthening rule of law, governance, and transparency. This fight for a new economic model, a new social contract, is generational. I've seen this struggle firsthand on the Maidan and elsewhere. During my earlier visits to Ukraine, when I was Secretary of Commerce, and I see it now. Today, given the scale and scope of Russia's aggression, Ukraine faces an urgent need to unlock the country's full potential and to break once and for all with the post-Soviet economic model. We know that Vladimir Putin's model is corrupt. It's lawless. It's an economic mess. It's anti-democratic, it's repressive, it's oligarchic, and it is failing. And it is not the future that the Ukrainian people want. Which is why the country is doing the hard work of building a new economy, even as it wages an existential battle for survival. So where does Ukraine's economic progress stand today? Well, for starters, Ukraine has the ingredients that are required for economic success. Rich black soil with the potential to feed 600 million people. Critical minerals like lithium and titanium, so it will enable the AI and green tech revolutions. Iron and steel that will be the backbone for new buildings at home, as well as across the continent, East Asia and beyond. And of course, Ukraine's greatest asset, its people. Many trained in science, technology, engineering and aerospace. Their ingenuity has given the world the hard disk drive, the helicopter, the prosthetic heart valve and even immunology. Even as fighting along the 620 mile long front lines continues, Ukraine is undertaking Europe's largest, most complex reconstruction and economic recovery effort since World War two. Against impossible odds, Ukraine is forging ahead with its economic comeback. Despite Russia's war, Ukraine's GDP growth was up 5% last year, investment increased 17% and tax revenues rose 25% year over year. Over 37,000 new businesses were registered in 2020, three more than were registered before the war. And since September, more than 2000 ships have carried 60 million tons of grain and steel to global markets through the Black Sea. The tech sector added 8% more jobs in 2023, with more on the way. And just this month, the private equity firm Horizon Capital brought its latest Ukrainian tech company to unicorn status with a valuation of over \$1 billion. There is no doubt Putin sees this success and is very worried. He has failed at his objectives to erase Ukraine from the map and to weaken NATO. Instead, NATO is as strong as ever, and Putin has lost Europe as an energy market for his natural gas. So now he's directed Russia's attacks on the heart of the Ukrainian economy, aimed particularly at

their energy and civilian infrastructure. Putin wants to break Ukraine's economy and the will of the Ukrainian people, but we and the Ukrainians will not let that happen. Let me repeat myself. We will not let that happen. Following the Ukraine Recovery Conference, G7 summit, Swiss Peace Conference and the NATO summit, Ukraine is in the strongest position it has been militarily this year with new air defense systems, F-16s, €40 billion in security support and a deepened relationship with NATO itself. On the economic side, the United States under President Biden's leadership, with the help of my team, has been with Ukraine every step of the way. Securing budget support, economic recovery assistance and new funding for emergency energy needs. Creating a war risk insurance market. Providing Ukraine support to pass business friendly laws and regulations, including a new corporate governance law. Building out Ukraine's defense industrial base with new American co-production and joint venture partners in and for Ukraine. Funding efforts to commercialize Ukraine's cutting edge science and research, bringing the private sector more systematically into the G7 plus governance for reconstruction and recovery, and expanding access to finance and training opportunities for farmers, artisans, manufacturers and entrepreneurs, to name just a few. These economic success stories are proofs of concept that demonstrate that Ukraine has economic greatness in its bones, and that real change is possible. The opportunity for Ukraine, with the help of the United States and our allies, is to create the capacity to foster this kind of success at scale. Just think of Ukraine's capabilities. This is the country that brought the world's largest aircraft, the Antonov An-225 Mriya, or dream in Ukrainian, to the skies. In a despicable act, Russian forces destroyed the dream aircraft in March of 2022. That was predictable. Putin wants to destroy all Ukrainian dreams, terrorize its population and break its will. But let me be very clear. Ukraine is already working to rebuild the An-225 Mriya, just as they are working to rebuild their economy. To realize this dream together, we must plan now for the day after the war. It starts with the U.S. and our NATO allies continuing to expand the air defense canopy across Ukraine to create the conditions for economic revival. But military assistance alone is not enough. We must match a hardened security umbrella with a comprehensive economic recovery framework. In formulating Ukraine's path to prosperity, we recognize that unlike the Marshall Plan, where one actor, the United States, was contributing to the reconstruction of many countries, in Ukraine today, many actors, including countries, businesses and NGOs are contributing to the reconstruction of one country, Ukraine. And it isn't Ukraine's partners that are designing the path forward. Ukraine has a vision for and a commitment to its own economic revival and to EU accession. Their vision is inspiring and aspirational. But they need our support. Now is the time for us to help the Ukrainians turn their vision into action and reality, to help them prepare not just for the day after the war, but for the decades to come. To do that. I believe the Ukrainians, with the support of the United States and our international partners, must commit to implementing five elements of Ukraine's path to prosperity. First, Ukraine must urgently develop a whole of government reconstruction, planning and prioritization capacity. The need is clear. Just take the current energy emergency. Russia has bombed Ukraine's energy network, reducing its supply to well under 50% of pre 2022 generation. While international donors have worked diligently with the Ukrainian government to increase capacity to meet demand now and into the winter, our collective efforts have been hampered by the absence of a cross-ministerial planning capacity without a mechanism to clarify priorities, it's been challenging to understand the precise needs and to coordinate among countries willing to help. Successful reconstruction requires a whole of government planning capacity that generates a single project pipeline. The structure must have bank of a buy in, must report to Prime Minister Strategic Investment Council for reconstruction, the SIC, and must integrate city, municipal and oblast priorities. This capacity is essential not just for energy, but for all critical sectors as well as infrastructure development. The Ukrainian government has pieces of what is required to implement this

type of whole of government planning, but it needs a surge capacity of technical experts, engineers, planners, program managers who can work alongside Ukraine's own civil servants to establish national standards in line with EU accession. Allocate limited resources to the most important efforts, enhance transparency, and ultimately prioritize projects. Frankly, this type of master planning modeled after the Marshall Plan, is a missing link in Ukraine's current approach to reconstruction. To support this effort, Ukraine could consider appointing a senior globally recognized and respected figure to work with them to provide strategic direction in line with the government's democratic priorities and Euro-Atlantic aspirations. To help bridge Ukraine's needs with those of international donors and to attract private capital. Second, Ukraine needs to rapidly increase the number of shovel ready projects. Simply put, there are not enough discrete projects across sectors like infrastructure or energy, or manufacturing or agriculture ready to attract or absorb significant capital. Once the whole of government reconstruction planning capability generates a single project pipeline for Ukraine's reconstruction, there need to be teams ready to prepare those projects for investment and implementation. The international community and the private sector must establish project preparation facilities that will provide technical support like project design, feasibility studies, due diligence, financial structuring and document preparation. The great news is that we, along with the World Bank, the European Investment Bank and others, are already developing these facilities and intend to deploy them to broaden the bench of investment ready projects from dozens to hundreds. In conjunction, the Ukrainian government can use its dream database platform to increase transparency and provide awareness to all stakeholders as to the breadth of public and private reconstruction happening locally and nationally. Third, Ukraine must continue to drive its reform and anti-corruption efforts, which are essential for investment at scale and a thriving economy. In less than a year. Ukraine has passed a bevy of tough reforms to address corruption, including new rules for asset declaration, anti-monopoly and energy pricing liberalization, strengthening Ukraine's Constitutional court, judicial discipline reform, corporate governance and just last month, landmark reform to crack down on gray markets. The global public and private investment community applauds the work the Ukrainians have done to date to make these reforms possible. However, they must keep up the momentum and fully embrace the commitments they made in the Ukraine plan and really live in to the reforms required for EU accession. Specifically, this means addressing areas like customs and accounting that will return money to Ukraine's national coffers and create a more trustworthy environment for investors. Also, it means codifying its brilliant dream database platform into law. And it means strengthening at every turn. NABU and SAPO, the country's sterling anti-corruption agencies. They are the essential guardians of Ukraine's future as a desired place to do business. Fourth, the world must marshal more capital to invest in Ukraine. We all know the scale of need is enormous. The World Bank estimated reconstruction costs for Ukraine at \$486 billion, even before the post march waves of Russian energy attacks. The G7 leaders have made a commitment to unlock \$50 billion from Russian sovereign assets by pulling forward and securitizing its earned interest. This money could fund Ukraine's military, its budget and reconstruction needs in the short run in the long run, justice requires that reconstruction must be largely underwritten by Russia. Yet we cannot let Russia's need to pay completely overshadowed the role of private capital in accelerating Ukraine's economic path to prosperity. It will be essential for Ukraine to reactivate and expand its banking sector, its insurance offerings and its equity and debt markets. The United States has been working with local banks to expand financing for small businesses that are at the heart of the Ukrainian economy. However, capital will not go where it is not protected. Therefore, insurance is critical for attracting investors at scale. To begin addressing this, we introduced more risk insurance products in Ukraine along with DFC, Aon, Marsh McLennan, Lloyd's of London. Now we need public and private institutions

globally to work with local Ukrainian carriers to scale and replicate these models, even while the war continues in the East. I urge commercial and investment banks to begin to understand the opportunities and carefully assess the risks. Ukraine is not a monolith. Two thirds of the country's territory has not been damaged by conflict. Investments in Ukraine should be based on clear, regionally specific assessments of risk. Fifth, Ukraine will need all of its people back. Men and women, internally displaced people, refugees and veterans to power its great economic comeback. Ukraine does not currently have the workforce required to rebuild. The reality is that more than 25% of Ukraine's population fled because of the horrific war. However, 58% of Ukrainians abroad say they plan to return as soon as it is safe. I heard this firsthand when I met with a group of brilliant women refugees in Romania. Reconstruction will demand large numbers of historically male dominated jobs in areas like construction and engineering. Ukraine needs to rebuild and deploy its workforce strategically, including retraining many women to fill critical jobs for its recovery. In addition, Ukraine will need to prepare for the physical, psychological and social needs of its returning citizens. The government must rebuild housing and schools, as well as provide mental and physical care for victims of war. Both military and civilian. Together, these five elements of Ukraine's path to prosperity will attract investment, expertise and ingenuity, transforming Ukraine's recovery into something that can eventually be private sector driven and led. Like in the movie *The Field of Dreams*, I believe if we build it, they will come. Ultimately, Ukraine's vision for its future is ambitious, but it is achievable. The five elements I just laid out in Ukraine's path to prosperity can only come to life if Ukraine chooses not only to take the tough steps required to join the EU and NATO, but also to form enduring decades long partnerships with the multilateral community. The Multi-Agency Donor Coordination Platform, or MDCP, has made significant progress in the past six months, systematizing international support for reform, holding its first steering committee meeting in Kiev and launching the Business Advisory Council, which is already having impact and catalyzing action. However, for the MDCP to become an economic Ramstein, it must evolve into a proactive decision making mechanism, able to provide guidance and support for the five elements of the plan outlined today. The MDCP must ensure its representatives have the authority to work across their own governments on behalf of Ukraine's recovery, and be positioned to involve minister level leaders when needed. And once Ukraine's whole of government reconstruction planning capacity is operational and stable, the MDCP should relocate its secretariat to Kiev to strengthen its connections with on the ground recovery efforts. In closing Ukraine's future, and our collective legacy, will not be determined by how it wins the war, but rather how it wins the peace. We can imagine what that might look like even now. On day one as a Ukrainian dream, its postwar economic renaissance takes flight, imagine, imagine millions of former refugees from Germany, Poland, Romania and elsewhere who've returned home to work in Ukraine's fields, factories, ports and technology incubators, drawing on the languages, personal connections and business knowhow acquired from their time away from home. Imagine Ukraine as the manufacturer of the world's arsenal of democracy, supplying the most sophisticated NATO interoperable defense systems and munitions to Europe, the United States, Japan, South Korea and elsewhere. Imagine a Ukrainian government that sets the gold standard for transparency, accountability and integrity in Europe, inspiring the confidence of people and global investors alike. Imagine universities bubbling over with young people, not just Ukrainians, but students from around the world taking advantage of Ukraine's cutting edge STEM programs born out of their ingenuity and resilience. Imagine bustling airports in Lviv and Kyiv, welcoming thousands of tourists and business executives, all anxious to see the Ukrainian miracle for themselves. All of this is not just a dream. It is possible if Ukraine, the United States, our international partners and the global private sector fully live in to the five elements of Ukraine's Path to Prosperity. The willingness and the grit of brave Ukrainians to sacrifice against a ferocious opponent, a

Russia hell bent on living in a corrupt, dictatorial past, is truly inspiring. So too is the fight the ultimate fight for a better future. The dream of an economy and a country of, by, and for the Ukrainian people. We owe it to them and to ourselves to help make the Ukrainian dream a reality. Thank you.

**Ben Harris** So thank you for that inspirational speech. It was it was wonderful. I think it's terrific to put some optimism on this terrible situation. We're going to have a panel discussion now. It will last for about half an hour or so. We'll have the opportunity for the audience to ask questions. So I'll start off with a few questions. Special Representative Pritzker, let me just start with you. You're coming to the end of your term. I think August 16th. So how do you define success in the midst of a hot war? And when you look at the, whatever term as you wanted to define it. What are the key challenges facing Ukraine's economic recovery?

**Penny Pritzker** Well, first of all, it's not about me. It's really about such a team effort. And, you know, there's so many things that we I feel really proud of, you know, from securing budgets, support, economic recovery assistance, funding for, you know, emergency energy needs, war risk insurance, you know, something that, frankly, was not at all on the table and didn't really exist to supporting Ukraine in passing, you know, business friendly laws and regulations, you know, expanding access to finance and training, opportunities. You know, the use of Russian sovereign assets, air defense. I remember writing in January back and saying, we need to reconsider how we think about air defense in Ukraine. It's not just essential for security. It's also essential for their economic recovery. We've extended the 232 tariff exemptions for steel. The defense team has 4 or 5 deals that they've got they're getting done in less than six months. I mean, it's just like you don't do defense deals in that period of time. And then we have the Business Advisory Council. So I looked at, you know, against all these odds, there's a lot that we can do. And, and there's so much more to do. It's an economy that, as I described in the speech, is, you know, it's is it maximally thriving? No, but it's alive and well. And, you know, if you go to Ukraine, which, as I said, I've done six times the last ten months, even the Ambassador said I've been more than she has, is, you know, you get off the train in Kiev and, you know, people are going to work, kids are going to school. I mean, I went to the children's hospital, even though half of that hospital is destroyed, the dialysis unit is is not functional, the outpatient operations patient is not functional. Half of it is. I mean, people are going to work and taking care of kids, who need their, you know, help in the cancer wards and others. So it's there is an exuberance there that we need not to be. I think the biggest enemy of Ukraine economic recovery is are becoming complacent and not really, doing none of this is sexy, but it's absolutely essential, to help, frankly, the Ukrainians live in to their aspirations. And if you listen to if you look at the polls, you know, Ukrainians want to be part of Europe. And so obviously our country has been massively generous on the military side, but we've also really leaned into the economic side of the equation. And both are necessary because Putin is trying to destroy both. He's trying to take the country, you know, a sovereign nation, but he's also trying to destroy their economy and destroy the people. So it's there's a long road ahead. I'm not Pollyanish about it. But, it's hard not to be overtaken by a sense of purpose when you get involved and when you meet the people and in country and what they're doing and their sense of commitment, you know what we have to do. Send money, send arms, you know, develop insurance. I feel like, that's, you know, they're paying the ultimate price for democracy and for sovereignty. We ought to help.

**Ben Harris** Thank you. Ambassador, so, Special Representative Pritzker twice mentioned the defense industry as a component of an economic recovery. So she just mentioned air

defense, and then in her remarks, she, mentioned, the defense industry more broadly. This is a bit of a specific question, but what's your view on the role of defense as a component, a major component of the economic recovery?

**Oksana Markarova** Thank you. It's it's great to be here with Special Representative, the Deputy Secretary, so many people in the in the audience that actually work together to during this very difficult more than two years, but since also 2014, since Russia attacked the first time, the defense industrial complex is actually, inseparable part of Ukraine's success, not only because of this current aggression, not only because of 2014 attack, but because this is where Ukraine always had very strong positions, coming out, develop an independent economy since 1991, the defense industrial complex is where we had, lot of advantages because of the people are a great asset, because of the engineering talents, because of traditionally making so many, if not, all the production, but elements of the former Soviet Union production. Unfortunately, Ukraine has been and the ingenuity of Ukraine has been a driving force while we were occupied by the Soviet Union, by so many developments, in the Soviet Union. So now when we must survive, must win this war. The defense industrial complex is a key element and even during the war, the president and prime minister and everyone really prioritized the defense industrial complex. So even during the last year, we have increased our production of, like, metal works by 27%. Some of their, like, vehicles, military vehicles and everything else by, more than 70% the wires and cables and everything related to optics, actually twice, I mean, 101%, not to mention the drones and, unmanned vehicles, both naval and aerial, where, you know, we have dozens of new companies which created more than 100 new platforms, actually, that we had developed. And so first, it's essential for the effort to win the war. Second, I mean, we have to acknowledge the world is a much less safe place now. Putin is not just attacking us, it's attacking the whole notion of international security and international architecture. So we will need to produce more, all of us, in order to deter Russia and others who might want to redraw their borders by force. And Ukraine is well positioned, as in so many other areas. We I'm sure we'll talk about it, but especially in defense production, to be a solution for global distrust, but for so many for So you, for the European Union, for other countries that might want to produce with us, produce in Ukraine, or simply buy what we will be able to produce. So this is one of the top 5 or 10 industries where Ukraine can not only excel now and help ourselves, but also be one of the global leaders in the future.

**Penny Pritzker** Can I just add a point here, which is is one of the things that I found. First of all, I knew nothing about defense industry before I took on this job. Just like I didn't know much about insurance, but I've been learning a ton. And in the defense industry, the American companies are very excited about engaging in Ukraine because they're learning the innovation from battlefield to innovation time in Ukraine is two weeks. Now, whatever it is in the United States, it's not two weeks. And so there's something to be learned about that feedback loop that's going on in modern warfare. And you see it when you walk into the production facilities. And, and, it's that kind of, creativity, commitment and ingenuity, the fact that we can benefit from. So it's not just there's one of the things that I have been impressed by was it started with President Zelensky when I first met him. He said, we we agreed in our first meeting. Let's only work on the sectors of the economy where you have an authentic right to win globally. And then we agreed on six sectors of the economy defense being one. And that was part of the, you know, the, the president saying we we have a right to win here. And he educated me about that. And it took me about, you know, 20 minutes to learn enough to say, you're absolutely right, we should work on that area. And so it's, I think what the ambassador says is, is, is not just self-serving. There's a reality to it. And frankly, for our own industrial defense industry, there's a value to being engaged there.



**Ben Harris** Thank you. So, Doctor Stelzenmüller.

**Constanze Stelzenmüller** Just Constanze

**Ben Harris** Sure. Whatever you like. We heard this in the keynote address. We heard this \$486 billion number, which was the number that came out of the World Bank and others estimating the ten year cost of reconstruction. Now, this is over a decade. A lot of this is private sector money. As we heard. But what do you think about when you think about the prospects for getting half a trillion over ten years for rebuilding? Is that a realistic prospect for Ukraine? And what needs to happen in order to enable that?

**Constanze Stelzenmüller** All right. Let me, if I may, preface with two things here. One, I think I'm going to adopt your method of starting out a discussion, whether in internal meetings or out here, by saying this is what we're not going to talk about. And these are the truth. The truth we're not going to question I think that's great. That strikes me as very efficient.

**Ben Harris** It works better in this, this room than it does in my own household. But.

**Constanze Stelzenmüller** On a more serious note, I just want to say that a number of us colleagues went last night, to attend a shiva for our, admired and beloved former Vice President, Martin Indyk. And I just want to maybe just spend a second or two, to recall his memory. He was a very distinguished diplomat. He was a wonderful colleague. He was a mentor to many of us. In fact, he changed many of our lives. I wouldn't be sitting here had he not done something that changed the pathway of my career. Which is to help create the Stern Chair, which which I now hold. But above all, he was a man of passions and principles who was absolutely unerring in the pursuit, of his convictions and of peace negotiations. But in a way that was muscular and was sort of, I have to say, very contemptuous of convention, which I think many of us admired as well. I think he remains a model for us in, in days when we are facing really existential questions for Ukraine's and Europe's security. And I just wanted to pay homage to him. I hope you will permit me. But to answer your question, I am not an economist. I would some of us would say, Thank God. And, I will. So I'll say three things here. I think I see three problems to, overcoming the three obstacles here to your question. One is one which, Penny Pritzker has just raised, which is the matter of Ukrainian capability building, which strikes me as essential, I think one of the lessons of the reconstructions from the Balkans wars. Other failures and successes of development aid in the past 30 years is that without agency of the country in question, nothing happens. If it is not owned by them, it's not going to happen. And so everything that we do needs to be subservient to that goal. Right? That's that's my first point. My second point is, and this will I think, you know, the fallen, fertile ground here, we are living in an age of limited political capital and narrow political margins, and not just in this country, but also in Europe. So the the the task before us that will require particular political and diplomatic finesse, right, is navigating those those narrow margins, right? And helping people sort of exploit the capital that they have. And the you I you know, I admire what you've set out. I think there is a huge role for the US to play here, but ultimately there is an at least equally great role for the Europeans and for the European Union. And right now we have a commission. We have we have a European Commission that is just in the process of rebuilding itself after the European elections. We have, slightly wobbly European politics. We have a French government that hasn't constituted yet. The the Brits have come back and are clearly, very, very keen to work with us, but but there is a whole new landscape to be navigated there, and the Germans will have national elections next

year. And the final point that I want to make, what is also going to be crucial here is, is that we on both sides of the Atlantic, not work at cross-purposes. Right? And that will depend absolutely and fundamentally on the outcome of November 5th election. Right.

**Ben Harris** So speaking of elections, Penny. You know, this is on everyone's mind these days. You laid out a very ambitious five part plan. The Pritzker Plan for reconstruction. What do you think about when you think about prospects for this plan to endure after the election?

**Penny Pritzker** I think that the I think building on what Constanze said is that I think there is absolutely the prospect for this plan to endure, because it makes sense for the Ukrainians, it makes sense for the Europeans, it makes sense for the United States. And even regardless of what happens in our election, if if, you know, if, the U.S. decides for one reason or another to pull back, and not be as forward leaning, they still need these kind of capabilities that I talked about. And the Europeans get it. I mean, and they're not pulling back, even though they have narrow political margins. And fundamentally, I don't believe we will either, regardless of who wins, in our presidential election, because at the end of the day, there's bipartisan support by the American people. We saw that in the vote for the supplemental. I think our challenge is more the question you asked about resources, you know, how much money and how much capital do we have to put forward? And you're starting to see we've got to look to other places besides just our direct budget support. And that's becoming more and more challenging. It's one of the reasons we've worked so closely together to try and sort out and, and where the Ukrainians have in their own Ukraine plan written that the actions that they want to take is to increase their own budget, revenue, income. And they realize that that that means reforms. You're seeing their state income going up. It's not is it going up fast enough to be able to cover for a war and an economy? No, and that's probably not possible. So we're looking for how do you create enough resources to give them the runway to be able to prevail in war? And that's something we're doing with the Europeans. Your question about reconstruction is a really, you know, is there enough money? It's one of the reasons I keep emphasizing how important it is. The steps that I laid out are really a lot about making the country attractive to private sector investment, because if you've got that, there are easier places to invest in the world. And I've said this not just to the ambassador, but to the president and to the rest of their cabinet, you just need to understand for the private sectors, easier places to put your money. So you've got to make yourself really attractive and they get it. It's a process. They've got to really lean into it and really embrace it. You know, in times that there's aspects that are challenging when you've got a hot war going on. But I'm, I. I. It's what the people want.

**Ben Harris** So, ambassador, can I sort of follow up with that and ask a bit about the role of Ukraine in reconstruction in shaping the global economy? And so I think that we saw on in the wake of Russia's invasion, you saw global energy prices spike. I spent most of 2022 at the U.S. Treasury Department working on the price cap on Russian oil. So there are clearly global economic consequences. But when you think about Ukraine reconstruction and if you're speaking to the whole world, what's your view on the role of reconstruction in the global economy?

**Oksana Markarova** Well, first of all, let's look at, where the global economy is and what effect Russian aggression had on it. And I think it was also a wakeup call to so many structural imbalances that we all created, because for way too many years, we all saw it. And, you know, I was in private equity for a long time before I joined the government in 2014, that if we trade with countries, if we create this relations with countries, then they will

be closer to us. Instead of weaponizing, we will run. And so many countries, Russia being a vivid example, actually weaponize everything. It doesn't matter how much we trade with countries like this. It doesn't matter how much we invest. They do not change. They use this against all of us. So Russia weaponized energy, Russia weaponized critical minerals. Russia weaponized everything. And as the result, when they decide it's the time for them to start another war. And they have done many of them. I mean, we are not the first country invaded by Russia. We are not the first country attacked by Russia, even in 2014, they use all of that involvement in the economy as an element to create risk for us. So I think for many companies who in a compliant countries, in a good countries, countries that value freedom, democracy, rule of law, the question is we need to reshape and rethink our relations in order to build more sustainable, resilient supply chains for all of us, not to be threatened. So that's one that that's why we cannot increase production as fast as we need in so many areas, because a number of countries were too dependent on somebody else enriching uranium or somebody else doing what. Now we're all picking up and starting to, to again, doing in all of our countries. Ukraine has been an important element of the global economy, and I think that has been under appreciated for a long time. We always have been in top five exporters of all global agricultural products, we were number one in sunflower oil, we were number three in wheat, barley in some areas. We have been very in the top five on honey. Little known fact, you know, but, you know, it's, and you can go on and on and on, not to mention innovation, not to mention how many Ukrainian companies actually supplied the software for companies here. I mean, we all learned it in 2022, and suddenly we realized how many airlines, how many road operators used actually Ukrainian companies to do that. And we can go on and on and on. So now we need not only to go back where we have been to secure this, exports and products, but Ukraine can actually, as I said, be a solution to so many global challenges, even being in top five producers and exporters of, agricultural products. We were really if you look at the productivity, we went very low. We were, you know, in so we can produce not two times more, we can produce ten times more of pretty much everything with technology, with investments, with, not extremely large, capital that could be invested into into Ukraine. So Ukraine could be this, you know, powerhouse of providing energy. We have been exporting energy, electricity, even during the first year of war, and we can produce more with our nuclear energy after we will liberate finally the largest nuclear plant, which is still occupied by Russians, after we will restore territorial integrity and sovereignty, we could be a provider of energy, of healthcare services, of educational services, as already Penny said, of, of course, food. You know, we used to call Ukraine breadbasket of Europe. But when we worked with Penny the first time when I was, in the Ministry of Finance, and then he was the secretary of Commerce, and she actually inspired me to start Ukraine invest in Ukraine. We modeled it after select. You say our motto was brain and grain, and this is what Ukraine actually can offer to, to, to the world. So I believe, you know that rebuild in Ukraine, not after we win, but now and even more so after we win is not only something good to do for Ukraine, but it's actually to allow and rebuild Ukraine as a solution to so many global challenges, which will allow all of us. And that's where we discuss a lot. To be more brave and strong and more principled. With so many other players globally, where now, unfortunately way too many leaders have to dance this very careful dance because we still depend on so many. So that will allow us to introduce sanctions to the fullest that would allow us to finally do the sectoral sanctions on all Russian banks that will allow us to completely cut Russia out from the energy markets, and that will allow us to depend on the countries, which was the same values which ultimately will benefit everyone who believe in the same values and reinforce a very important principles that democracies are not only better delivering to their people, but democracies are stronger and can defend themselves.

**Ben Harris** Thank you. So, Constanze, let's I'll give you the final word on the panel. We want to give the audience an opportunity to ask a few questions. So you're an expert on, among many other things, transatlantic relations. When you think about the U.S. Engagement with Ukrainian reconstruction, what does that mean for U.S. relations with Europe more broadly?

**Constanze Stelzenmüller** I think it is, really important to understand that it is not possible to somehow cordon off. Right? Ukraine security and and survival. And to think that America can ignore it, and ignore its existential importance for Europe's security, and sort of pivot to Asia and focus exclusively on that. I think that that would be deleterious to first order American strategic interest. Why? Very simply, if Ukraine loses to Russia. Right? That enables all the authoritarians in the world, as they have, in fact, already been enabled, the alliance that we are currently seeing between Russia and China and North Korea and Iran and the, shall we say, surging enthusiasm of these powers to interfere not just in their neighborhoods, but in fact in the European space in the form of hybrid warfare, which we are seeing all the time, is, I believe, due to the fact that we have not responded robustly and early enough in the conflict to their ambitions. Now, you could, of course, say if you were a very, very, very conservative American person, you know, that's the Europeans business and it's the Ukrainians business. I would say that, I would analytically challenge that thesis. Right? By saying very simply, if you remember that in whatever kind of, competition or conflict you have with China, you're already in it. It is happening every day on the sub kinetic level. Right? And you are as we are, perhaps not in quite the same way, but you are also deeply interdependent with China. If you want to manage economic competition with China. You are going to need a Europe that is has agency, right? And that is not subservient to another power at your side. And I believe the Biden administration recognize this, recognizes this. And I believe that, conservatives with an understanding of economics understand this as well.

**Ben Harris** Thank you. So let's turn to the audience. Let's go with a few quick, please. Just quick questions. Questions, not statements. Let's go over here, please. And we'll have a mike coming up, in just a second. Yeah.

**Audience member** All right. Oh, sorry. My name is [inaudible] I am from Voice of America. So my question is to Madame Pritzker, within your experience in this position, how would you evaluate the efforts of the Ukrainian side, namely, their fulfillment of the obligations in this mutual efforts? And what would you advise to your successor? Thank you.

**Penny Pritzker** Well, I think the Ukrainians, you know, have at the end of the day, it's really clear nothing about Ukraine without Ukraine. And so, you know, we're we're in essence, as I said, in on the economic side. The agreement was where the focus was really an agreement between the US and the Ukrainians. It's not our job to just say, you have to do what we say. It has to be something that the Ukrainians, and their government and the people want. And, so my assessment is, is that, making the kind of progress that we're talking that I talk about here is doable and is is, is executable today by Ukraine, I mean, you know, you won't get your refugees back until that situation has greater safety. But there's I think the partnership is, is working. But like any partnership, there's issues and there's things that, you know, we're constantly sorting out between the two countries. But at the end of the day they've got to take the lead. You can't make them. It's their country. It's not our country. We're here to be supportive and helpful. And also to share, frankly, you know, the you have a lot of expertise available, what has worked in the past and what has not worked in the past. So I, I would say the Ukrainians have been good partners. It doesn't mean we always agree.

**Ben Harris** Do you have any recommendations for your successor?

**Penny Pritzker** Oh, you know, fortunately, I think the, it'll be announced who's going to take over from now till the end of the administration shortly. And. It's a good, someone I think that, it will do a fantastic job.

**Ben Harris** Let's go. One last question over here, please.

**Audience member** Right. Hi [inaudible] from China. My question is to Ambassador Markarova. I think it's really great that Prime Minister Kuleba visited, China and talked with Foreign Minister Wang Yi recently. And we also saw, Minister Kuleba posted two videos, to greet the Chinese public and, thank Chinese people who supported Ukraine. My question is, what is Ukraine's attitude toward Chinese money and investment in the post war reconstruction in Ukraine? Thank you.

**Oksana Markarova** Thank you. Well, first of all, we need to win the war. And we need every country to stand with us. And first, help us to win this war. Second, not help Russians to sell their oil, to sell their products, to buy so many spare parts with. Then they turn into weapons that fall on our children. So we really count on China, which says, the how important the territorial integrity and sovereignty for, for, for, for, the country, to stand with us, to participate in our initiatives, to participate in, these formal assignments, to participate in all the work that we are doing together with all of our partners, to actually stop Russia now and tell them that it is not okay in the 21st century to violate all the international laws, which are so important for us to violate all the UN principles. And then, of course, all the countries will stand with us together. We look forward to working on reconstruction with them, as our Prime Minister likes to say. And I love this phrase, you know, united in defense, united in reconstruction. We really would like to rebuild the country with all the, countries that share this values and also actively pursue them. So we really look forward to seeing China in the next peace [inaudible], as we really look forward to China take an active position and signal into Russia that they should stop their aggressive war. Thank you.

**Ben Harris** So on that note, everyone, thank you for joining us today. And please join me in thanking our esteemed panel. Thank. You.