

Is Now the Time to Invest in Ukraine?

By [William Beaver](#)

July 28, 2015



George Soros, a billionaire philanthropist with a strong interest in Eastern Europe, is known as the man who broke the Bank of England. In 1992 on a day now called Black Wednesday, he made more than \$1 billion in a savvy, aggressive bet against the British pound. Deals like this one have earned him a reputation as one of the world's top money managers and currency speculators.

In March 2015, in comments to an Austrian newspaper, he stated he was considering a \$1 billion investment in Ukraine, which is in desperate need of foreign investment and aid.

Investing in a country in the midst of a civil war and a severe economic crisis is audacious. However, Soros believes the investment is not only important for the country as it rebuilds but could also be profitable.

Large-scale fighting in Ukraine is finished. According to analysts from both Macro Advisory and the Risk Advisory Group presenting in meetings this year at the U.S.-Russia Business Council, the separatists in eastern Ukraine no longer have Russian support for significant military action.

Sanctions and the economic downturn are now finally having an impact on Russian decision-making. In addition, a degree of autonomy for the Donbass region is the most likely outcome at this stage and is acceptable to Russia. Investors can be less concerned about political risk in Ukraine and focus instead on finding the country's nascent opportunities.

Ukraine, which already boasts a sizable market of 45.9 million, will soon become attractive for investors interested in export to the EU and also the Eurasian Economic Union. At the start of next year, a free trade agreement with the EU is expected to be implemented, eventually creating easy access to the combined European market.

Though Russia objects to free trade between Ukraine and the EU, it is hard to believe that after one delay of implementation because of Russia, there is going to be another.

Furthermore, depending on how negotiations and relations work out between Ukraine and Russia, there could be an opportunity in the future for companies investing in Ukraine to have access not just to the EU but also continued access to the Russian market, one of the biggest in Europe.

Executive Secretary of the UN Economic Commission for Europe Christian Friis Bach argued recently that assuming Kiev implements important changes to its regulatory barriers to trade, Ukraine is in an enviable position to take advantage of its location and become a key link between free trade in the EU and the Eurasian Economic Union.

The country's economic challenges are widely known — corruption, sickly fiscal health and ailing industrial output.

However, there is also great opportunity because of Ukraine's desperate circumstances. As it exits from the political crisis and works to extract itself from the economic crisis, there is a crucial window for daring businessmen like George Soros to invest while it is as cheap as it is ever going to be.

The massive investments that Soros is allegedly weighing would be in agriculture — a traditional strength of Ukraine — or infrastructure, which will ease transport within the country and export out of the country. He also recognizes the importance of investing in Ukraine and providing support now in a time of great need for the country.

Crises have always attracted risk takers like Soros. Ukraine now is like many other possibly lucrative but risky bets of the past and present. There are chances to profit, but you have to be bold and shrewd.

However, it is a superior opportunity in at least one respect to most other crises: Investing in Ukraine could not just make you a profit; it also has the chance to be a lifeline for a country that has shown that it has chosen a free, democratic future for its people.

William Beaver is an international affairs specialist focusing on the former Soviet Union.

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

Original url:

<https://www.themoscowtimes.com/2015/07/28/is-now-the-time-to-invest-in-ukraine-a48591>