

London's Ukraine Recovery Conference plans imperialist looting operation

Thomas Scripps
22 June 2023

The vultures are circling in London, picking over a Ukrainian economy devastated by the NATO-Russia war and readying the super-exploitation of the working class.

Billed the “Ukraine Recovery Conference”, the two-day meeting this Wednesday-Thursday was an opportunity for the NATO governments and their banks and corporations to further their predatory ambitions in Ukraine.

There was an air of the surreal to the events, with officials talking about Ukraine’s “significant economic potential” in a context where millions of Ukrainians have been forced to flee their homes, hundreds of thousands killed and \$700 billion of damage done—shuttering businesses, destroying infrastructure and ruining agricultural land—by a war predicted to grind on for years.

The conference was in part dedicated to escalating that conflict, providing a platform for demands that Russia be made to pay reparations. President of the European Commission Ursula von der Leyen announced that Ukraine’s reconstruction would be financed “eventually with proceeds from the immobilized Russian assets.” The European Union (EU) is making plans to use the €200 billion of frozen Russian reserves held on the continent for that purpose, with the UK, the US and Canada holding similar discussions.

However wide the gap between rhetoric and reality, the event did at least showcase the real relationship between Ukraine and the NATO powers. Presenting itself as the saviour of Ukraine, its democracy and sovereignty, the imperialist alliance in fact sees the country only as a vassal state. Already being bled white militarily and demographically to weaken Russia, Ukraine faces the same fate economically at the hands of the US and European powers.

Opening the conference, British Prime Minister Rishi Sunak said, “Before this terrible war, Ukraine’s economy was becoming a huge investment opportunity,” adding, “the truth is, that opportunity is still there today. In fact,

the war has only proved how much Ukraine has to offer.” Ukraine was “ready for investment”, and “President Zelenskyy’s government is determined to drive reforms to become more open, more transparent, and ready for investment”, said Sunak, a near billionaire and devotee of Thatcherism. Zelensky addressed the conference on Wednesday via video-link.

Sunak’s Conservative government issued a statement explaining, “The international community attending the conference wants to unlock the potential of the private sector to help Ukraine’s recovery.” Anna Bjerde of the World Bank commented that Ukraine “has a lot of potential to turn a lot of its assets into economic opportunity.”

These are polite ways of declaring open season on Ukraine’s working class, infrastructure and natural resources. Ukrainian Prime Minister Denys Shmyhal, representing the oligarchy in Kiev which expects to be well rewarded for facilitating this imperialist plunder, threw his arms wide in a series of opinion pieces in the European media.

He wrote in *Politico*: “At the moment, Ukraine has deposits of 21 of the 30 rare elements the EU classifies as critical raw materials;’ the second largest gas reserves in Europe; 41.3 million hectares of fine agricultural land; and one of the best developed digital ecosystems. It also has the most important thing—people—qualified, energetic and hard-working.

“All these factors, plus the recovery program worth hundreds of billions of dollars, open a window of opportunity for foreign investors.”

The *World Socialist Web Site* drew attention to the role played by Ukraine’s vast mineral wealth in the war earlier this month, explaining, “A global race for strategic sources of raw materials has long since begun, in the course of which the US and the leading EU powers are attempting to divide among themselves the mineral

resources and other resources of the ‘weaker’ states.”

European Commission vice president Maroš Šefčovič salivated to *Politico* that Ukraine “could completely replace Russia’s supplies of critical raw materials to Europe.”

He went on, “Ukraine has the largest underground storage facilities for gas in Europe—33 billion cubic meters, just at the border of Slovakia. The potential there is enormous. It could be a very important strategic asset for the energy security of the European Union.”

The EU is acting on its ambitions, planning to invest up to €72 billion in Ukraine between 2024 and 2027. The United States has sent \$26.4 billion in financial support. Britain used this week’s conference to announce \$3 billion in World Bank loan guarantees. The International Monetary Fund (IMF) is providing \$15 billion over four years.

While some of the funds are grants, most are loans, lading Ukraine with debt—total foreign debt now exceeds \$70 billion according to the country’s finance ministry. It will make payments of over \$3 billion on that debt this year, despite an agreed two-year freeze on international debts worth \$20 billion, and of an expected \$10 billion in 2024.

The funds also come with the expectation that Ukraine will be opened for US and European businesses. US Under Secretary of State Jose Fernandez commented earlier this year, “The need for the bold and original ideas of the private sector will be more important in Ukraine than ever before.”

Speaking at the Recovery Conference, Sunak announced the Ukraine Business Compact “for the private sector to pledge their support for Ukraine’s recovery and reconstruction,” adding that “over 400 businesses from 38 countries, with a combined market cap of \$4.9 trillion, have now signed up.”

Asset managers BlackRock, with significant holdings of Ukrainian debt, and bank JPMorgan Chase are working with the Ukrainian government to set up a “reconstruction bank” that “can attract hundreds of billions of dollars in private investment.” The *Financial Times* writes, “BlackRock and JPMorgan are donating their services, although the work will give them an early look at possible investments in the country.”

To encourage these investors, Ukraine has continued with a wave of privatisations and slashing of labour laws and protections begun before the NATO-Russia war, in particular in the aftermath of the 2014 Maidan Coup, as preparation for integrating itself into the EU market.

Guardian speaking last to October the economic advisor Alexander Rodnyansky explained, in the newspaper’s words, “Ukraine needs to revamp its labour laws and redouble efforts to privatise thousands of companies to repair its economy.”

Rodnyansky identified “ease of hiring, ease of firing, severance pay, flexible hours and contracts and fixed-term contracts,” as well as scrapping the minimum wage: “We need to make sure it’s not too high because our economy is collapsing, and we need to make sure it does not push up unemployment.”

Laws have already been passed stripping back employees’ rights and introducing zero-hours contracts.

At last year’s Ukraine Recovery Conference in Lugano, Switzerland, officials announced Ukraine’s intention to corporatise the country’s biggest 15 state-owned firms, allowing the sale of up to 49 percent of their shares.

The government made record profits from the sale of small state assets in the first quarter of this year. Laws are being pushed to help the full sale of larger enterprises, including major chemical-industrial factories and energy companies. Head of the State Property Fund Rustem Umerov told Reuters this May of the legislation, “There is opposition, but this will be the last nail in communism’s coffin.”

Ukraine’s economic situation, just as much as its military one, confirms Leon Trotsky’s warning on the eve of the Second World War, in the article “A Fresh Lesson”, that “An imperialist war, no matter in what corner it begins, will be waged not for ‘national independence’ but for a redivision of the world in the interests of separate cliques of finance capital.”

It is further proof of what the International Committee of the Fourth International said of the consequences for the region of the dissolution of the Soviet Union, as claims were made by the Stalinist apparatchiks responsible that imperialism was a myth created by Lenin: “This ‘myth’ has proven to be true” and is exacting a terrible toll on the Ukrainian and Russian working class.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact