

**Remarks by ambassador Ole Egberg Mikkelsen at the opening of the Danish Ukrainian Defence Seminar 20 August 2024 in Copenhagen hosted by the Confederation of Danish Industry**

**1:** Warm thanks for inviting me and thank you to the Confederation of Danish Industry for organizing today's event. Impressive turnout, it is a sign that there is no Ukraine fatigue in Denmark, two and a half years into the full scale Russian aggression.

**2:** Today's conference is about defense procurement. But what does the ambassador of Denmark and the embassy of Denmark have to do with defense procurement? That is something for defense industry professionals and military people – not for diplomats you might think. But that is not entirely true. When I am asked what the embassy is doing I normally say that we are doing three things: Weapons, weapons and weapons. It is of course an exaggeration, but more than 90 percent of Denmark's support for Ukraine is defense equipment. The defense section of the embassy is by far the biggest section of the embassy. Actually the embassy is now the biggest Danish embassy in Europe with 19 posted staff and 33 Ukrainian staff.

**3:** However, the embassy is not only doing weapons and defense. Also important civilian programs. Denmark has assumed the patronage for the rebuilding and the recovery of the city and oblast of Mykolaiv. Proposed by president Zelensky when he spoke online to the Danish Parliament on the 29 of March of 2022, at the darkest hour of the Russian aggression. The Danish Prime Minister sealed the partnership when she came to Kyiv a couple of weeks later. Since then the partnership has been developed rapidly and Denmark's support for activities since 2022 amounts to more than 1.1 billion DKR or around 150 million Euro. Some are saying that reconstruction will have to wait until there is peace, then big conferences will be held and consultants will have write reports and plans. This is not Denmark's approach. Ukraine cannot wait for that. Reconstruction and recovery has started already. Denmark is also in full swing and in Mykolaiv we are not least focusing on bringing back economic life by assisting enterprises getting back in operation. We have opened an embassy office in Mykolaiv to support the reconstruction process. Mykolaiv is known as the shipbuilding capital of Ukraine and there are some very interesting projects in naval defense as well that might be of interests to some of you.

**4:** But how can the embassy assist Danish defense companies wishing to do business in Ukraine? The embassy is a hub and a point of contact for Danish-Ukrainian relations. Primarily official relations but also many private relations. We have a major advantage: We are not only representing the Danish Foreign ministry. We are representing the entire government. We have the political section, defense section, the trade section, we have representatives of IFU and EIFO, the two Danish investment Funds operating in Ukraine, we call them "Wall Street". The fact that we are under the same roof makes coordination and information sharing very easy. We simply meet at the coffee machine or in the shelter during air alarms.

**5:** IFU cannot do defense but EIFO can provide loans to Ukrainian buyers of Danish products on attractive terms. For Ukrainian public buyers the loans can include a 40% grant element. They can also provide investment guarantees and credit guarantees. These are very important tools in reducing the risk of doing business with Ukraine. Our EIFO-colleague, Mr. Kåre Stamer Andreasen is part of the embassy team and is ready to help.

**6:** So finance and guarantees are one way in which we can help. But how do we help Danish businesses in in more general terms? We help Danish companies to navigate the Ukrainian defense procurement system. If you look at the formal way in which the defense procurement has been organized in Ukraine it looks very easy and stringent.

The procurement architecture for the Ukrainian Armed Forces has changed fundamentally over the past six months.

The Ministry of Defense of Ukraine used to be in charge of organizing all defense procurement, and at the same time the ministry was in charge of the control of the quality of delivered goods. These functions have now been separated. Now the Ministry of Defense of Ukraine only establishes the rules under which defense procurement during martial law is carried out.

Procurement is now carried out by professional agencies: The Non-Lethal Procurement Agency (DOT) and the Lethal Procurement Agency DPA. They are state-owned enterprises and are independent of the bureaucratic procedures of the Defense Ministry.

So in principle the influence of senior officials and politicians on agencies operating has been reduced. At the same time the Ministry of Defense has managed to achieve more openness and to ensure that everything that can be bought through the ProZorro procurement platform should be bought there.

According to the Ministry of Defense about 94% of defense purchases are done through competitive bidding. And the public has full access to the information.

**8:** Now that sounds pretty straight forward. How does it work in practice seen from the embassy?

In practice things are more complicated. Almost every day we are getting email or phone calls from Ukrainian entities about defense equipment. We try to sort it in different categories.

If it is a request for donations we send it the Danish Defense Acquisition & Logistics Organization (DALO) and the Ministry of Defense in Copenhagen.

But apart from requests for donations there are also many requests for commercial partnerships or contacts with Danish companies. Some of those request are sent to us, some are sent directly to Danish companies. The first thing we look at is who is the sender?

Is it a state owned company that is part of the state defense holding company UkrOboronProm? Then things are normally pretty straight forward.

It can also be a private company maybe a civilian company that has diversified into the defense sector because of the business opportunities. It can for instance be a civilian vehicle manufacturer that has diversified into armored vehicles for instance.

It can also be one of the many new start-ups. The last two years the start-ups in the defense sector have been booming - for instance in the drone sector. I have visited a number of these start-ups and it is really amazing to see the innovation that the full Russian aggression has triggered off.

So the first thing we do if a Danish company has been approached is to help the Danish company to find out to whom are they actually talking? It might sound simple but sometimes it requires quite a bit of work to find out. Sometimes it turns out to be an intermediary or consultant who are working on behalf of the real partner and who wants to earn a profit by being the intermediary.

For the Danish company it might be difficult to find out if you have no presence in Ukraine. But the embassy is used to provide business intelligence. We are doing that in the civilian sector all the time. It is no different in the defense sector.

The second question we address is: Is the prospective Ukrainian business partner bona fide? It is related to somebody with a bad reputation or is there anything in the company's track record that would make it risky to engage with it. Could it entail a credit risk or a reputational risk?

Once this has been investigated and if there is commercial perspectives you need to meet in person with the prospective business partner. Increasingly difficult for Ukrainian males to travel outside of Ukraine, so don't count on having business meetings outside Ukraine.

If you want to do business in Ukraine you need to come to Ukraine. It takes time at least 24 hours and it also entails a risk due to the wartime conditions. But it is also seen as an act of solidarity. The MFA travel advise says: Don't travel to Ukraine. But it also says that if you travel, take the necessary precautions and ensure that you have access to security expertise, that can help you if you need security assistance.

The embassy can refer you to reputable security companies – both Danish and international.

We can also make a program for you, ensuring that you meet the right interlocutors.

We can also brief you on arrival and we can draw on the different sections of the embassy, the defense section, the political section, “Wall Street”, i.e. the finance people and everything is under one roof. We can also open doors for you, ensuring that you meet high level Ukrainian decision makers. If needed I can even host receptions or other social events that are conducive for business contacts.

We can also help setting up a representative office in Ukraine. Very often the Ukrainian buyer will require that you have a presence in Ukraine that can ensure after-sales-service, spare parts etc. This is equally important for those of you who are delivering in the donation-track through DALO. The embassy can assist you.

We can also guide and assist you if you decide to invest in Ukraine. We have a lot of experience from the civilian Danish business community who are here already. We also have IFU at the embassy and IFU is one the biggest Danish investors in Ukraine with a portfolio of 15 active investments in Ukraine, 4 of which were made in 2023. As I mentioned, IFU cannot do defense projects, but we can draw on their vast experience in doing business in Ukraine in accordance with international standards for compliance and integrity.

But what about corruption? Sometimes it the big pink elephant in the room: everybody sees it but nobody says anything. But corruption is a reality, it is a real risk and it is not a taboo. It is being debated vigorously among Ukrainians.

Ukrainians are acutely aware that fighting corruption is a prerequisite for progress in the EU-membership negotiations and that integrity and strong institutions are a key component of the Copenhagen criteria for EU accession.

Much progress has been achieved since 2014, but Ukraine is still ranked as number 104 on the Perceived Corruption Index of Transparency international. Denmark is number one and Venezuela is the lowest ranking. Still some way to go.

Denmark is implementing the European Anti-Corruption Program on behalf of the European Union. A network of anti-corruption institutions have been established and now they are actually functioning. Due to Denmark’s role I have good access to the heads of the anti-corruption institutions. I can assure you that I will not hesitate to contact them if Danish companies are faced with corruption or the hidden hand of vested interests.

So the embassy is ready to assist you if you want to do business in the defense sector in Ukraine

You are welcome to contact me or my team if you want to know more or explore the possibilities in Ukraine. I will be present during today’s conference together with my Ukrainian colleague, Anna. We are at your disposal if you want to explore the business potential in Ukraine further. And don’t wait too long. Once there is peace everybody will come, including your competitors. If you want to be among the first mover time is up.