

## Remarks by US Ambassador Geoffrey Pyatt at the Odesa Financial Forum on September 24, 2015

Good morning. Thank you, Andy, for your kind introduction. It is my pleasure to be here at the Odesa Financial Forum with such distinguished experts from across Ukraine. I welcome the leadership of the Association of Ukrainian Stock Traders and the Financial Markets Association of Ukraine for organizing this forum. Special thanks to the American Chamber of Commerce for its strong support.

Today's event is about highlighting the potential of the Odesa region and determining how you, business leaders and investors, can work to sustain progress. How you can demand that things get better, by insisting on accountability, transparency, and fair rules. Without these, business cannot survive and investors will not invest.

During my tenure as U.S. ambassador to Ukraine, I have been inspired by the Ukrainian people's demand for accountability. During the Revolution of Dignity, and every day since, Ukrainians have persevered, often at great personal cost, in order to determine their own future.

And Ukraine's leaders are listening. Despite an invader in the east – using weapons and words to weaken, dispirit, and distract – national, regional, and local officials are moving forward with difficult political and economic reforms to bring Ukraine closer to its chosen European future.

However, they – we – must not ignore an equally tenacious enemy dead set on undermining Ukraine's economic success. One that is equally dangerous to Ukraine's future. That enemy is corruption.

Corruption kills.

It kills productivity and smothers inspiration. Ideas are lost in its shadow. Innovation and entrepreneurship lag under the weight of bribery, back room dealing, and bullying.

These old ways are not worthy of today's Ukraine.

Those who gave their lives last year on the Maidan, or in recent weeks the ATO, did not sacrifice themselves for business as usual. The sons, brothers, sisters and mothers defending Ukraine in Donbas today are not there to preserve the status quo. They deserve and demand better.

All of us here today know that Ukraine can, and must, address the problem of corruption now. You, Ukraine's business leaders, investors, prospective investors and partners, all who want to do business here, can help. You can refuse to participate in corrupt business practices. You can insist that when corruption is found, arrests are made and followed by thorough, properly implemented investigations. And then, when warranted, the guilty should be convicted and punished according to the law.

Imagine the impact if – instead of lining corrupt officials' pockets – the resources being zapped by corruption were freed up and reinvested in Ukraine's economy. Imagine what those resources could do to fuel the development and broad-based prosperity the Ukrainian people want and deserve.

The United States is helping to build Ukraine's capacity to fight corruption, expose the guilty and see them punished appropriately. And we are helping to do it, here in Odesa. Let me give you a few examples.

First, the U.S. government is developing a program to provide training for every judge, prosecutor, and defense attorney in Odesa Oblast on the adversarial process in criminal proceedings as envisioned by the new Criminal Procedure Code.

We hope that this pilot project will demonstrate how Ukraine's criminal process can be made more effective. If it is successful, the project can be a model for the rest of Ukraine.

Second, we partnered with the Ministry of Internal Affairs and Odesa to deploy the new Patrol Police in Odesa. The presence of these officers on the streets is a concrete demonstration of how Ukraine is changing, but more importantly, they are building trust with the public. That trust will give rise to

confidence – the confidence to work together to expose and fight the petty corruption that stifles small business and intimidates average citizens.

Third, we are funding a team of Ukrainian, regional, and international experts who are working with Governor Saakashvili to flesh out an anticorruption and deregulation agenda for Odesa oblast. Odesa's vision for reform is transformative. If successful, Odesa can be a model of transparent, accountable government and business.

It will be a symbol of success in the new Ukraine. Odesa, long known for corruption, will come clean. Investment and opportunity will follow.

I know that President Poroshenko and Prime Minister Yatsenyuk understand the importance of this issue and recognize the threat that business as usual represents for Ukraine's hopes of political and economic transformation.

However, there is one glaring problem that threatens all of the good work that regional leaders here in Odesa, in Kharkiv, in Lviv, and elsewhere are doing to improve the business climate and build a new model of government that serves the people.

That problem threatens everything that the Rada, the Cabinet, the National Reform Council, and others are doing to push political and economic reforms forward and make life better for Ukrainians, and it flies in the face of what the Revolution of Dignity is trying to achieve.

That obstacle is the failure of the institution of the Prosecutor General of Ukraine to successfully fight internal corruption. Rather than supporting Ukraine's reforms and working to root out corruption, corrupt actors within the Prosecutor General's office are making things worse by openly and aggressively undermining reform.

In defiance of Ukraine's leaders, these bad actors regularly hinder efforts to investigate and prosecute corrupt officials within the prosecutor general's office. They intimidate and obstruct the efforts of those working honestly on reform initiatives within that same office.

The United States stands behind those who challenge these bad actors.

We applaud the work of the newly-established Inspector General's office in the PGO led by David Sakvarelidze and Vitaliy Kasko. Their investigations into corruption within the PGO, have delivered important arrests and have sent the signal that those who abuse their official positions as prosecutors will be investigated and prosecuted.

I encourage all of you to speak up in support of these brave investigators and prosecutors. Give them the resources and support to successfully prosecute these and future cases.

We have learned that there have been times that the PGO not only did not support investigations into corruption, but rather undermined prosecutors working on legitimate corruption cases.

For example, in the case of former Ecology Minister Mykola Zlochevsky, the U.K. authorities had seized 23 million dollars in illicit assets that belonged to the Ukrainian people. Officials at the PGO's office were asked by the U.K to send documents supporting the seizure.

Instead they sent letters to Zlochevsky's attorneys attesting that there was no case against him. As a result the money was freed by the U.K. court and shortly thereafter the money was moved to Cyprus.

The misconduct by the PGO officials who wrote those letters should be investigated, and those responsible for subverting the case by authorizing those letters should – at a minimum – be summarily terminated.

Even as we support the work of the new Anti-Corruption Commission, and the recruitment of new prosecutors, we have urged Prosecutor General Shokin to empower Deputy Prosecutors Sakvarelidze and Kasko to implement reforms and bring to justice those who have violated the law, regardless of rank or status. We are prepared to partner with reformers within the PGO in the fight for anticorruption.

That's why, on August 10, the United States signed a Joint Action Plan with Deputy Prosecutor General Sakvarelidze to provide 2 million dollars in U.S. assistance to support reform, anticorruption, and capacity building at the PGO.

It is critical that these reforms be undertaken in an open and transparent manner – consistent with the Procuracy Reform Law, international standards, and in coordination with national and international stakeholders – so that the Ukrainian people can have full faith and confidence in their laws and in those who have sworn to enforce them.

There are other cases as well, like those involving Former Deputy Chief Prosecutor Volodymyr Shapakin and Former Prosecutor Korniyets that clearly demonstrate that it is critical to cease intimidation and investigations of investigators, prosecutors and witnesses.

We want to work with Prosecutor General Shokin so the PGO is leading the fight against corruption.

We want the Ukrainian people to have confidence in the Prosecutor General's Office, and see that the PGO, like the new patrol police, has been reinvented as an institution to serve the citizens of Ukraine.

Ukraine has every reason to succeed. This country has resources in abundance. Its highly educated workforce can supply Europe and its neighbors with human capital and competitive products. Its famous black earth already feeds the world. Ukraine exported a record-breaking 33.5 million tons of grain last year, and the agricultural sector has tremendous potential to grow even more.

The Deep and Comprehensive Trade Area Agreement with the European Union will help leverage these natural resources and help build even more economic success. Ukraine's government, spurred on by an active, engaged, and committed civil society, is continuing difficult reforms in the face of armed aggression and economic hardship.

But as I said before, it is up to citizens, business and investors to hold those standing in the way of reform and progress accountable.

Work with the reformers, with new, trustworthy authorities like the patrol police and honest civil servants to make change happen. Think creatively about how to overcome the roadblocks being put up by those, like the bad actors in the Prosecutor General's office I mentioned before, who want to keep the status quo. Do not take no for an answer, but rather work to strengthen your democracy and push for Ukraine's European future.

The United States is with you in this difficult process. Through training programs and other assistance, we are working with Ukraine to make judges independent so they can uphold the law free from political pressure. We continue to support your efforts to build a modern police force and public prosecution service focused on serving the citizens, and providing an equal playing field for all.

And U.S. businesses – with the support of the U.S. Chamber of Commerce – will continue to look for opportunities to invest in Ukraine, a Ukraine committed to reform, transparency, accountability, and clear rules properly enforced.

I ask you all to be committed to putting a stop to corruption, wherever it is found.

Ukrainians demanded an end to business as usual on the Maidan. Business leaders here today can help by demanding a better, fairer, corruption-free environment to invest and create opportunities for the future.

In closing, and speaking of creating opportunities for the future, I take great pleasure in announcing that U.S. Secretary of Commerce Penny Pritzker will return to Ukraine in October. During her visit, Secretary Pritzker will take a serious look at what Ukraine has accomplished since her last visit. I am confident that she will see a government and business community serious about reforms, and ready to establish more connections and partnerships with U.S. businesses and investors.

As the United States Ambassador to Ukraine, I tell you, we stand with you.

Slava Ukraini.