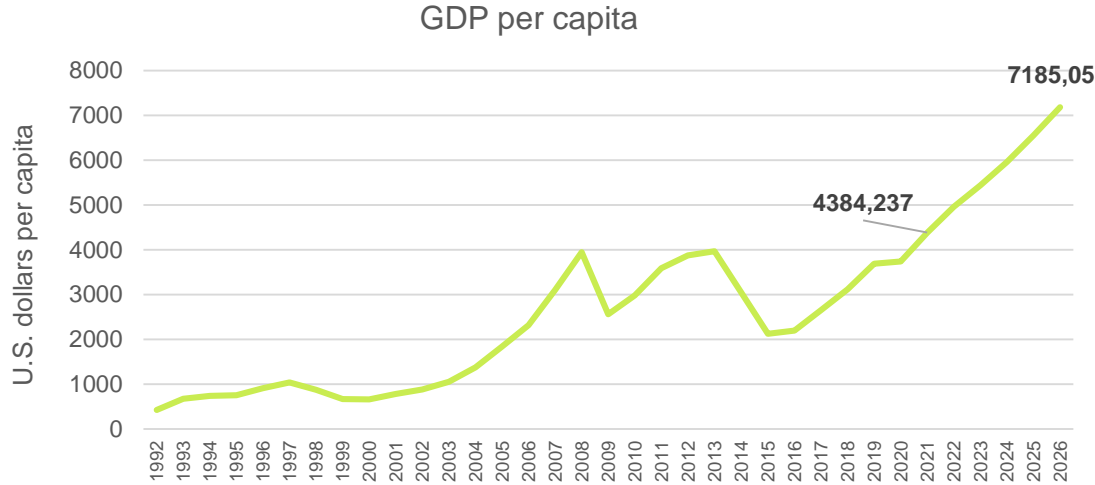




# Ukrainian Market overview



# Country Context



In 2021, Ukraine's economy is expected to recover mildly at 3.6%, which is faster than anticipated and the growth is expected to rise to 3.8% in 2022 as the spread of Covid-19 slows.

In 2021, inflation will stand at 8%, but it will return to the 5% ± 1 pp target range in H1 2022.

**43,4**  
million  
people

**69,4%**  
of the  
population  
is **urban**

**\$164.52**  
billion GDP  
in Ukraine is  
expected to  
reach by the  
end of 2021



**Agriculture**



- Ukraine's agribusiness sector remains the most promising sector of the economy. With 41.5 million hectares of agricultural land covering 70 % of the country and about 25 % of the world's reserves of black soil, agriculture is Ukraine's largest export industry.
- Ukraine plans to harvest about 76 million tons of grain in 2021, up from 65 million tons in 2020.
- Ukraine ranks among the world's top producers of grain crops including wheat, corn, and barley.
- In 2020, Ukraine's agriculture sector generated approximately 9.3% of GDP.

<i>Data in USD thousands</i>	2018	2019	2020 (estimated)	2021 (estimated)
Total Local Production	327,007	334,465	350,000	320,000
Total Exports	119,695	106,709	96,000	100,000
Total Imports	1,555,428	1,370,527	1,035,000	960,000
Imports from the US	293,407	240,466	216,419	200,300
Total Market Size	1,762,740	1,598,283	1,289,000	1,180,000
Exchange Rates*	27.2 UAH	25.85 UAH	28.3 UAH	28.6 UAH

Crop farming, which accounts for 73 % of agricultural output, dominates Ukrainian agriculture. Corn, wheat, and barley are Ukraine's main grain crops. Many experts estimate that Ukraine's total grain output potential is 140 million tons.

Oilseed is the second most important subsector in Ukrainian crop farming. The major oil crops are sunflower, soy, and rapeseed. In the mid-2000s, after implementation of export tariffs for unprocessed sunflower seed, Ukraine developed a leading sunflower oil industry and became the number one exporter of sunflower oil in the world.



## Opportunities

The modernization  
need is estimated at  
**\$194 million**



Ukraine is a major global producer and exporter of crops, its agricultural sector is under-equipped, and much of its existing agricultural machinery is outdated. Operational need for agricultural machinery and equipment is estimated at \$20 billion in 2025.

The opening of the land market together with implementation of the Ukrainian Government's Irrigation and Drainage Strategy until 2030 will encourage farmers to invest in irrigation and drainage technologies. It will also create public procurement opportunities related to engineering land reclamation systems.

Best Prospects include:

- Tractors
- Harvesters
- Tillage equipment
- Seeding equipment
- Sprayers and fertilizer distributors
- Irrigation equipment

In addition to the prospects for agricultural machinery used for plant cultivation, the following agribusiness sub-sectors are promising:

- Grain storage and handling
- Agricultural chemicals, including growth enhancers and micronutrients

# Competition

Agricultural machinery companies contemplating entering the Ukrainian market should also consider the competitive landscape. Competition is particularly fierce for tractors and harvesters. In the combine harvester segment, German manufacturers hold almost fifty percent of the market. The Deep and Comprehensive Free Trade Area (DCFTA) agreement, which is part of Ukraine's EU Association Agreement includes the gradual removal of customs tariffs and quotas and an extensive harmonization of laws, norms, and regulations in various sectors.

Local agricultural machinery and equipment production is also expected to grow due to a Ukrainian Government program offering 25 % support for the purchase of Ukrainian agricultural machinery and equipment

According to the Center of Economic Recovery the market share of imported machinery in Ukraine remains high accounting for 67 %.





# Financing



The major factor restricting agricultural development is access to credit and working capital. Domestic loans are expensive, and Ukraine's challenging business climate prevents local companies from attracting cheaper international funds. Therefore, the competition among suppliers of agricultural machinery in Ukraine is not only about quality, but also about a supplier's financial terms. A major trend in the agricultural banking industry is operational capital financing for the purchase of plant protection products, seeds, fertilizers, and fuels.

The Verkhovna Rada (the Parliament) has finally adopted a law on terms and conditions of agricultural land circulation, which entered into force on July 1, 2021.

Apart from individuals, the right of ownership of agricultural land could also be acquired by legal entities established and registered under the laws of Ukraine, which participants are citizens of Ukraine, the state, or amalgamated territorial communities.



# **Infrastructure market**

(regulation, key specifics)





# Overview



Ukraine is essential for the European Union as one of the key countries for the transportation of goods to and from the EU.

For the successful implementation of reforms, Ukrainian infrastructure requires billions in investment by 2030, with \$8-10 billion of private investment annually over the next 10 years, since on its own Ukraine is only able to finance about \$1.5 billion of infrastructure projects annually.

In autumn 2019, Ukrainian President announced the launch of a 'Great Construction' National Program. The purpose of the program was to build the necessary infrastructure facilities throughout Ukraine.

## **The primary segments of Ukraine's infrastructure industry are:**

- Transport infrastructure: Ports, harbors and waterways infrastructure, airports, roads, railway, postal and shipping services.
- Construction: residential and non-residential building



# Ukraine Infrastructure Market Size, million USD

	2017	2018	2019	2020
<b>Total Local Production</b>	3,973.0	5,191.7	7,042.6	5,402.4
including:				
construction of residential and non-residential buildings	1,985.3	2,455.6	3,239.9	2,560.2
transport infrastructure:	714.3	1,008.4	1,299.7	1,007.4
including:				
- highways, streets, and roads	616.4	865.5	1,049.4	843.7
- railways	41.0	64.9	77.5	61.1
- runways	1.7	1.1	20.0	7.6
- bridges, elevated highways, tunnels, and subways	31.3	43.8	94.6	56.6
- harbors, waterways, dams, and other waterworks	23.8	33.1	58.2	38.3
pipelines, communication, and electricity lines	481.4	586.4	797.8	621.8
complex constructions on industrial sites	608.5	893.1	1,420.1	973.8
other civil engineering structures	183.5	248.2	285.0	238.9
<b>Total Exports</b>	692.8	643.4	950.1	762.1
including:				
- construction	106.7	58.2	39.2	68.0
- transportation	586.1	585.1	911.0	694.0
<b>Total Imports</b>	1315.3	1615.1	1684.9	1,538.4
including:				
- construction	102.3	150.3	125.7	126.1
- transportation	1213.1	1464.8	1559.1	1,412.3
<b>Imports from the US</b>	124.7	130.9	145.0	133.5
including:				
- construction	21.2	18.5	19.7	19.8
- transportation	103.5	112.4	125.3	113.7
<b>Total Market Size</b>	3,322.1	4,435.7	5,274.3	4,344.0
including:				
- construction	1,980.9	2,547.6	3,326.4	2,618.3
- transportation	1,341.2	1,888.0	1,947.8	1,725.7
<b>Exchange Rates, UAH/USD</b>	26.6	27.2	25.8	28.8



# Ukraine Transport Infrastructure Industry Forecast (2019-2029)

Indicator	2019e	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f
Transport infrastructure industry value real growth, % y-o-y	13.2	-1.2	3.8	2.4	0.9	2.1	2.6	3	2.7	2.4	2.2
Roads and bridges infrastructure industry value real growth, % y-o-y	15.4	-1	4.1	2.8	1.1	2.3	2.8	3.1	2.9	2.8	2.8
Railways infrastructure industry value real growth, % y-o-y	10.1	-1.7	3.6	1.4	0.2	1.4	2.2	2.4	2.4	2.4	2.4
Airports infrastructure industry value real growth, % y-o-y	9.4	-2	4.6	3.1	1.7	3.3	4	4	4	4	4
Ports, harbors, waterways infrastructure industry value, real growth, % y-o-y	6.1	-0.7	1.6	1.2	0.6	1.4	1.8	4.1	1	-2.1	-5.2

Fitch Solutions estimate/forecast. Source: National sources, Fitch Solutions

Financing of transport projects has traditionally been led by the European Bank for Reconstruction and Development (EBRD), the World Bank, and the European Investment Bank (EIB).

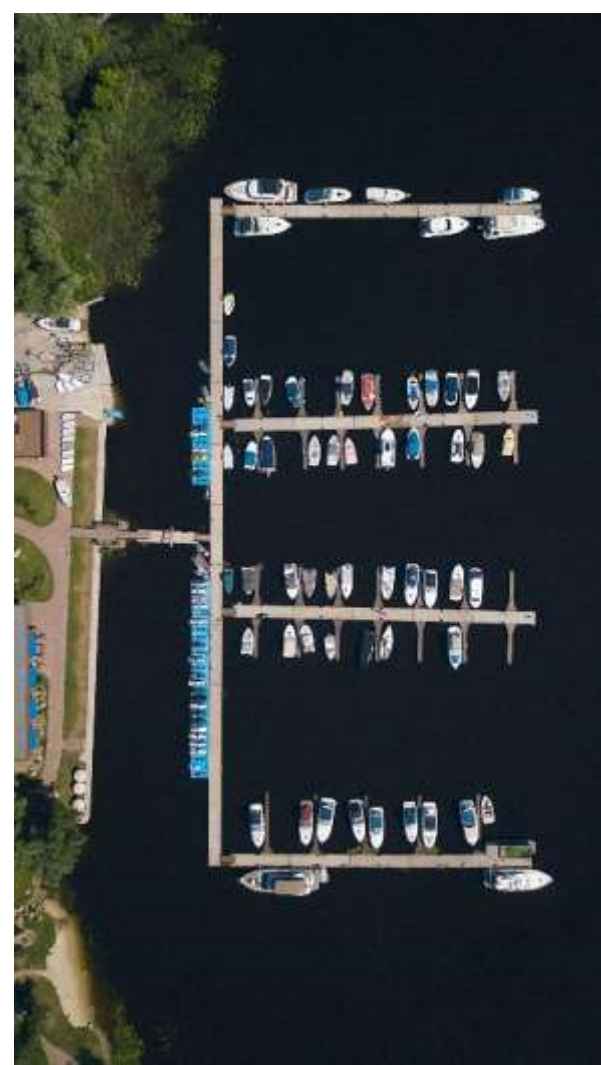
## Ports, Harbors and Waterways Infrastructure

13 ports operate in the Azov and the Black Sea basins and the Danube River Delta, with a total cargo capacity exceeding 230 million tons per year.

Port fees are based on two components: a prime rate and investment component. Cooperation with the leading port investors including BUNGE, DP World and Hutchison Ports towards port development in Ukraine.

The inland water transport system, typically the most cost-effective way to ship cargo, runs at only eight percent of capacity due to neglected locks, drawbridges, and navigation channels. The potential inland waterways transport capacity is estimated at up to 35 million tons per year.

The government has launched tenders for the development of the Olvia and Kherson ports.



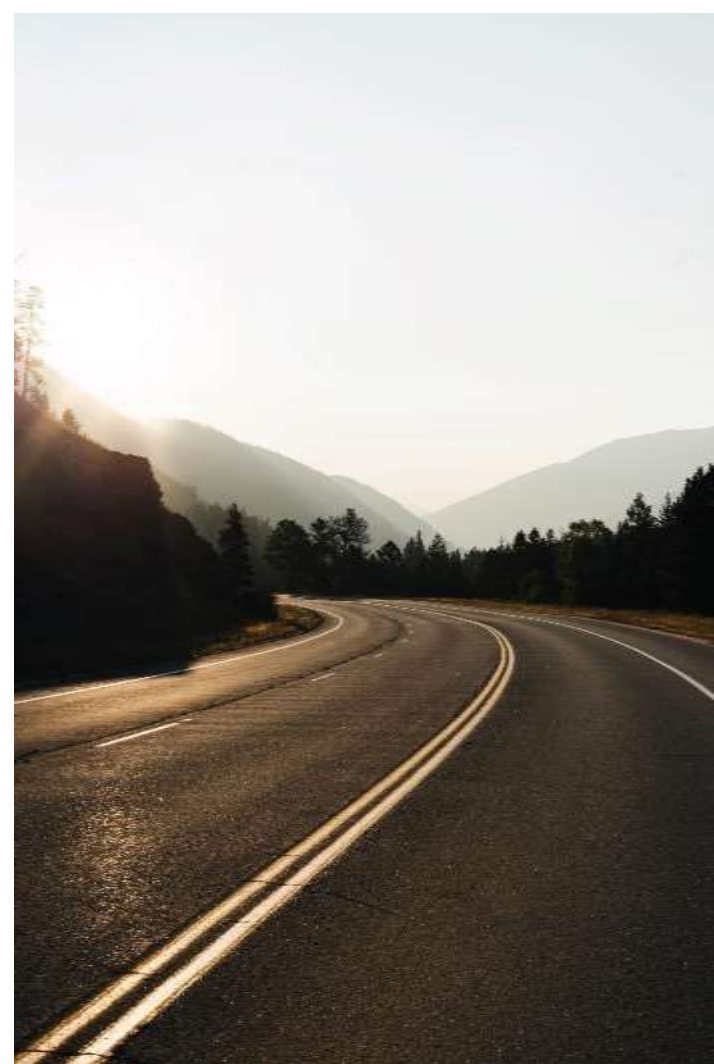
# Roads

In 2020, major road restoration projects took place in Ukraine with 4,000 km of public roads repaired.

The plans for 2021 are even more ambitious – about 4,500 km of national roads.

A development strategy for the electric transport market in Ukraine has been implemented. The objectives of the strategy include a full cycle production of electric vehicles in the country and provision of opportunities to Ukrainians to purchase affordable cars in the future.

The road network has also been noted by the government as the likely focus of investment.



# Railway

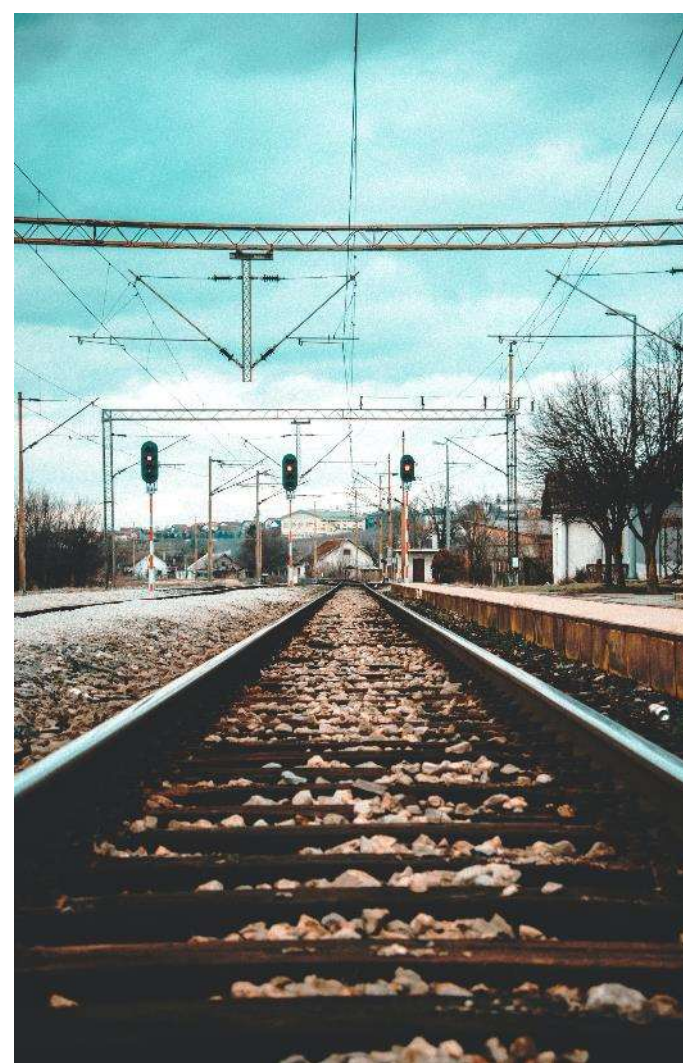
Ukraine's operational railway network is one of the largest in Europe.

The rail system, which moves 60 % of the country's total exports, is almost entirely outdated.

The deregulation of the freight wagon tariff component for the transport of goods by Ukrainian Railways' owned rail cars has been carried out, creating a more equitable playing field for all enterprises.

The share of railways in transport infrastructure industry value will decline marginally in coming years, to 22% in 2029 as the road subsector attracts more significant investment and records stronger growth.

China is already a major source of investment into the Ukrainian infrastructure sector and continues to commit to new projects.





# Construction and Infrastructure Market

Ukraine's residential and non-residential building sector is forecast to grow by 3.4% in 2021. Annual average growth of 1.4% over forecast period to 2030, with the residential building segment slightly outperforming non-residential construction.


## Construction and Infrastructure Industry Forecast (Ukraine 2020-2030)

Indicator	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Construction industry value, USD billion	3.8	4.1	4.4	4.7	5.0	5.2	5.5	5.8	6.2	6.5	6.9
Construction industry value, real growth, % y-o-y	-8.9	3.5	1.8	1.4	1.1	1.3	1.9	1.5	1.8	2.1	2.5
Construction industry value, % of GDP	2.6	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.1	2.0	2.0
Infrastructure industry value, USD billion	1.7	1.8	2.0	2.1	2.2	2.3	2.5	2.7	2.8	3.0	3.2
Infrastructure industry value real growth, % y-o-y	-5.8	3.7	2.0	0.4	1.8	2.5	3.0	2.5	2.3	2.2	2.1

Fitch Solutions estimate/forecast. Source: National sources, Fitch Solutions

The European Bank of Reconstruction and Development has agreed to provide a \$100 million loan to food retailer Novus Group for the construction of a green distribution center and stores across Ukraine (for completion by the end of 2022) as part of Novus's \$200 million investment program





## Leading Infrastructure Sub-Sectors with the best prospects:

- **Transport infrastructure: ports, harbors and waterways infrastructure, airports, roads, railway, postal and shipping services.**
- **Construction machinery**

## Opportunities

- Sea and river: concession of three seaports and state-owned stevedoring company “Olvia”, and privatization of Ukrainian Danube shipping company; reconstruction of Dnipro locks (\$57 million)
- Airports: renovation of five regional airports (up to \$500 million) and modernization of the air navigation system (\$136 million)
- Roads: upgrade of five regional roads (\$2.5 billion)
- Railway: construction of European 1435 mm gauge rail track high speed connection with EU and Odessa-Kyiv-Lviv route (\$8.5 billion), Electrification of the railway line Dolinska - Nikolaev – Kolosovka (\$416 million), electrification of the railway section Berdychiv-Korosten-Berezhest (\$162 million), and construction of Kyiv Boryspil train connection
- Postal Services: construction of new mail sorting centers (\$150 million), track fleet renovation (\$100 million), and computerization of the network (\$15 million)





# Ukraine: Major Transport Infrastructure Projects by Value, USD million



Project Name	Value, USD million	Size	Companies	Time-frame End	Status
<b>Kyiv Ring Road</b>	2000	200 km	<ul style="list-style-type: none"> <li>Sponsor: Ukravtodor, Ukraine</li> <li>Construction: China Road and Bridge Corporation, China</li> <li>Construction: Poly Changda Engineering Co. Ltd, China</li> <li>Feasibility: Bouygues S.A., France</li> </ul>	N/A	At planning stage
<b>Kyiv Subway Line 4, Troyeshchyna - Zhulyany, Kyiv</b>	2000	18 km	<ul style="list-style-type: none"> <li>Sponsor: Kyiv Regional State Administration, Ukraine</li> <li>Construction: Kyivmetrobud, Ukraine</li> <li>Construction: China Pacific Construction Group (CPCG), China</li> <li>Construction: Railway International Group, China</li> </ul>	2025	At planning stage
<b>Kiev Belt Road Project, Stolychne Motorway - Highway M-03 Kiev-Kharkiv-Dovzhansky</b>	554	18 km	<ul style="list-style-type: none"> <li>Sponsor: Government of Ukraine</li> <li>Sponsor: International Finance Corporation (IFC), U.S.</li> <li>Consultant/Project Management: Spea Engineering SpA, Italy</li> </ul>	N/A	At planning stage
<b>Dolynska - Mykolaiv – Kolosivka Railway Line Electrification</b>	433	253 km	<ul style="list-style-type: none"> <li>Sponsor: Ukrzaliznytsia, Ukraine</li> <li>Financer: European Investment Bank, Luxemburg, European Bank for Reconstruction and Development, UK</li> </ul>	2023	At planning stage
<b>Dnipropetrovsk Metro Extension Project</b>	410	4 km	<ul style="list-style-type: none"> <li>Financer: European Investment Bank, Luxemburg, European Bank for Reconstruction and Development, UK</li> <li>Construction: Limak Holdings, Turkey</li> <li>Consultant/Project Management: Egis Group, France, ILF Consulting Engineers, Austria</li> </ul>	2023	At planning stage



# **Food & beverages**

(incl. certification issues)



# Food Processing Equipment

Data in USD thousands

	2018	2019	2020	2021 (estimated)
<b>Total Local Production</b>	78,979	76,364	68,109	68,000
<b>Total Exports</b>	39,029	34,449	41,761	40,000
<b>Total Imports</b>	170,466	211,268	159,269	160,000
<b>Imports from the US</b>	5,776	3,322	2,259	2,500
<b>Total Market Size</b>	210,417	253,182	185,617	188,000
<b>Exchange Rates*</b>	27.2 UAH	25.85 UAH	28.3 UAH	28.6 UAH

Data Sources: State Statistics Service of Ukraine, Ministry of Economy\*



In 2020, total production of foodstuffs, beverages, and tobacco products in Ukraine was \$21.2 billion, making up 23 % of the total industrial output. Vegetable and animal oils and fats take a dominant position in the exports structure making up 70.3 % of all food products exports. However, the basis of agricultural exports are still exports of raw materials, namely products of plant origin, including corn, wheat, rapeseeds, and soybeans.

There are significant opportunities in vegetable and fruit processing. Ukraine is also one of the five largest European suppliers of apple concentrate. Finally, Ukraine's share of global potato production is 6.2 % and, with its GMO-free potato, Ukraine is well positioned to develop a strong position in the potato flour and starch market.

Altogether, there are two thousand small, medium, and large food processing enterprises in Ukraine, 200 of which are partners of international companies. Global giants that are well established in Ukraine include Mondelez, Nestle, Danone, PepsiCo, CocaCola, Carlsberg, Jacobs, East Balt Bakery, and Wim-Bill-Dann. The international companies' market share is about 50 %. FDI into the Ukrainian food processing industry is estimated at \$3 billion. However, about 70 % of Ukraine's food processing capacity still operates obsolete equipment, which makes them uncompetitive.



The Commercial Service in Kyiv identified food processing equipment as a “best prospect”.

Regarding distribution, it is easier for companies to sell equipment and machinery to local distributors rather than end-users.

Also, a local distributor may handle customs clearance, tax payments, and certification procedures, as well as service and maintenance. If an exporter is seriously interested in the Ukrainian market, they should consider opening a representative office here. This will broaden the scope of expected support functions (marketing, promotion, and other auxiliary functions), serve as a base from which to expand to neighboring countries, and allow the company to manage the demand for spare parts and repair services.

### **Leading Sub-Sectors**

- Animal fats and vegetable oil production
- Value-added products from cereals
- Confectionary products
- Dairy products
- Fruit and vegetable products
- Meat and poultry processing
- Food packaging



**Despite the challenges lack of financing for equipment purchases and a lack of highly qualified personnel, the Ukrainian food processing industry has many advantages.**

**Additionally, Ukraine may serve as an export base to both East and West.**

## Opportunities



The certification system is based on the Law on Standards, Technical Requirements and Compliance Evaluation Procedures, Law on Standardization, Law on Conformity Certification, and the Presidential Decree “Provision on State Inspection on Consumer Rights Protection.” These regulations envisage the following compliance documents:

- Technical Regulations are legal public acts establishing mandatory requirements for products, services, or production processes to eliminate threats to national security, to protect life, health, and property rights of consumers, protect animals, plants and the environment. It may also contain requirements for terminology, labels, packaging, marking or labeling requirements as they apply to a product, process or production method. In recent years, Ukraine adopted over 30 Technical Regulations most of which mimic EU safety directives word-for-word.
- National (State) Standards (DSTUs) are documents approved by the competent authority, which provide guidelines or characteristics that relate to the products, production processes or services with which compliance is not mandatory. The standard also may include requirements for terminology, labels, packaging, marking, or labeling requirements as they apply to a product, process, or service. From the legislator’s perspective, a Standard is an auxiliary document that, if followed, will help achieve compulsory safety requirements listed in a Technical Regulation. However, producers are free to choose other production techniques that can yield the same safety results

An aerial photograph of a dense forest with a variety of tree colors, including greens, yellows, and oranges, suggesting an autumn scene. A black rectangular text box is centered over the image, containing white text. A small yellow horizontal bar is positioned above the text box.

## Standards

Certification is a fee-based service in Ukraine. This certification service is delegated to about 100 accredited certification agencies listed at the National Accreditation Agency of Ukraine.

An importer, or its Ukrainian trading partner, are free to choose one of the accredited certification agencies and order a product certification needed for sale or production use of products in Ukraine. Depending on the type of product, testing, and applicable certification scheme, the certification process can take up to 30 days.



# Testing, inspection, and certification

**Importers can choose which type of technical standard certificates they would like to apply for:**

- A certificate for a single batch of goods;
- A certificate for up to one year, which is valid for all imported goods during that year with one or two additional selective tests; and
- A certificate for up to two years, for which inspection of production facilities is mandatory.
- The certification and approval process are lengthy, duplicative, and expensive, with politics and corruption still often behind arbitrary application of regulations.





Since all paperwork for submission to a Ukrainian certification agency should be in the Ukrainian language and in person, it is recommended that foreign exporter hire an attorney from a local or international law firms for certification of products in Ukraine. Other option is to delegate any required certifications in Ukraine to a Ukrainian trading partner or end-user. As a rule, the following documents issued outside Ukraine confirming a product's conformity to specific requirements are to be submitted to a Ukrainian certification agency:

- A certificate for a single batch of goods;
- An application stating that the company wishes to certify imported products;
- A certificate of conformity;
- User manuals, if available
- Standards (technical conditions) of production and the procedures for certification;
- A certificate of accreditation from the testing laboratory;
- A protocol/summary of test results;
- A certificate of quality control; and
- A certificate of origin (manufacturing).

# Procurement system

**Public procurement in Ukraine using the ProZorro system: a guide for Canadian bidders**

<https://www.tradecommissioner.gc.ca/ukraine/procurement-marches-publics.aspx?lang=eng>

<https://prozorro.gov.ua/en>

<https://www.trade.gov/country-commercial-guides/ukraine-selling-public-sector>



# Retail and wholesale specifics

Number of retail chains in Ukraine in 2021, by sector

<https://www.statista.com/statistics/642245/retail-chains-number-by-sector-ukraine/>



# Sales Channels

According to the Ukrainian State Statistics Service, Ukraine's retail trade turnover in 2020 was UAH 1,202 billion (\$45 billion), 10 % growth compared to 2019. Less than half of the overall retail market is controlled by chains, reflecting the considerable development opportunities that remain in Ukrainian retail.

Fast Moving Consumer Goods (FMCG).

The major international investors in the Ukrainian retail FMCG market are METRO GROUP (Germany), Auchan (France), Consul Trade House UAB (Lithuania) and Spar (Netherlands).

The top four national FMCG retailers in the market are the Fozzy Group, ATB Market, Retail Group, and Furshet.

The most popular FMCG outlet formats that opened in Ukraine in the recent years were discounters, corner shops, and supermarkets. New international brands entered the Ukrainian market in 2020:

- b.young, Denmark, opened at River Mall
- FLO, Turkey, opened at Forum Lviv
- Vans, USA, opened at River Mall
- 4F, Poland, opened at Retroville
- The Athlete's Foot, Switzerland, opened at Blockbuster Mall
- IKEA, Sweden, opened at Blockbuster Mall



- Consumer Electronics and Household Appliance Chains: currently, the largest household appliances and electronics market players are Foxtrot, Eldorado, and Comfy.
- “Do-It-Yourself” Chains - The national chain Epicenter remains the leading DIY player, with a market share of more than 50 %.
- Branded Apparel and Footwear - Multiple national premium fashion outlet chains sell branded clothing and footwear including Argo, Helen Marlen Group, and Melon Fashion Group, Intertop is a Ukrainian chain for branded footwear.
- Automotive Parts and Accessories Chains - Three nationwide chains, Auto Trade Line (ATL), ZipAvto, and AIS, along with numerous independent retail outlets sell car parts and accessories. There are also regional wholesale chains like Planetauto, Stop -Transit, Pitstop, and Avtostiv.
- Beauty and Toiletries Chains - The top four nationwide beauty chains in Ukraine include Eva (560 stores), DC-Watsons (440 stores), Prostor (280 stores), and Kosmo (106 stores).
- Drug (Pharmacy) Chains – Pharmaceuticals are sold through more than 21,000 private and municipal pharmacies and pharmacy retail points. Private pharmacies dominate at 87.5 % of the market, while the remaining 13 % of pharmacies are owned by municipalities.



## Using an Agent to Sell Products and Services



*Identifying a reputable, reliable agent or distributor is vital to mitigating risk and achieving success in the Ukrainian market. In order to identify such a business partner, it is absolutely essential to conduct appropriate due diligence.*

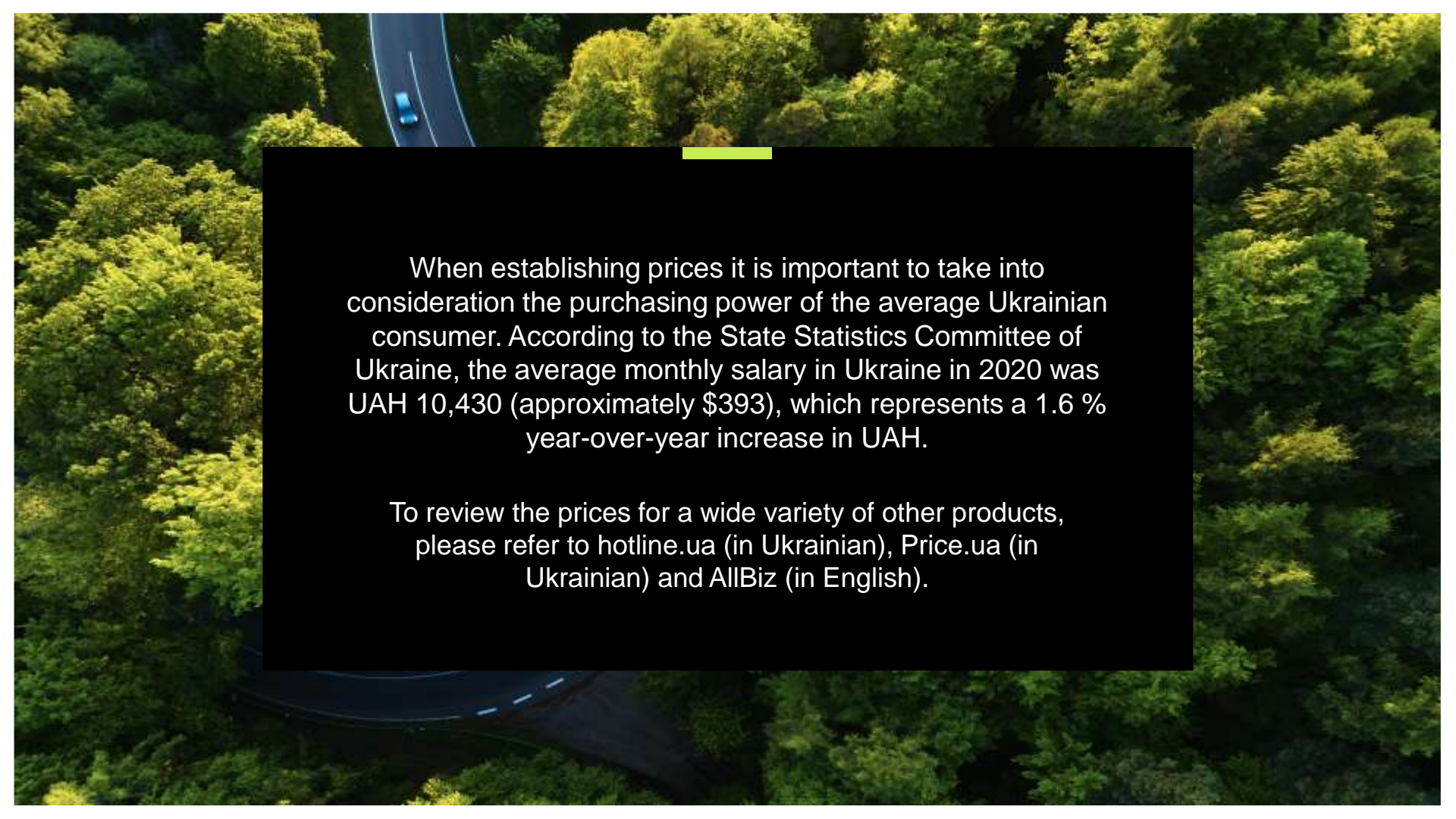
Depending on your business plan, you may want to look for distributors that have nationwide capabilities, including those located in the major cities and regions of Kyiv, Kharkiv, Dnipro, Lviv, and Odessa. These regions are the most densely populated and important commercial centers of Ukraine.

Depending upon your long-term interests, using an agent or distributor is an excellent way to learn about the Ukrainian market, gauge market potential, establish connections, develop a customer base, establish a foundation for future expansion into new product lines, introduce new-to-market technologies, and develop product recognition in the market. Attending or participating in Ukrainian trade exhibitions is another way to identify and gauge the qualifications of prospective partners.





# Pricing



When establishing prices it is important to take into consideration the purchasing power of the average Ukrainian consumer. According to the State Statistics Committee of Ukraine, the average monthly salary in Ukraine in 2020 was UAH 10,430 (approximately \$393), which represents a 1.6 % year-over-year increase in UAH.

To review the prices for a wide variety of other products, please refer to [hotline.ua](https://hotline.ua) (in Ukrainian), [Price.ua](https://Price.ua) (in Ukrainian) and [AllBiz](https://AllBiz.com) (in English).



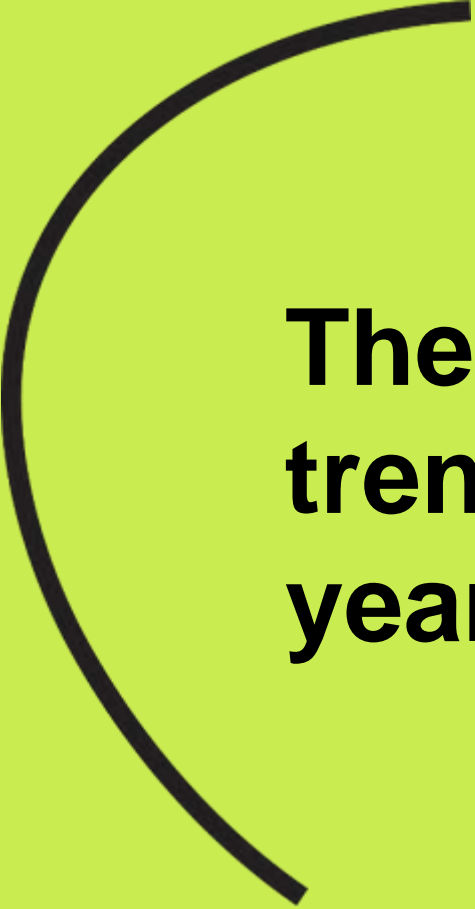


## Pricing and Value Added Tax (VAT)



Most businesses in Ukraine are organized primarily as individual private entrepreneurs, LLC companies, or joint stock companies. Exporters working with a Ukrainian partner to jointly price goods in Ukraine should be aware that individual private entrepreneurs are exempt from the obligatory 20 % VAT on goods resold to customers. They should also know that the price a customer pays for goods in retail outlets, wholesale, or distribution warehouses already includes 20 % VAT.

LLC companies and joint stock companies should include 20 % VAT into the price of their goods or services. The option of sale through an individual private entrepreneur is limited to sales revenues performed by an individual private entrepreneur over a one year period. For VAT purposes, three groups exist with different limits of annual sales revenues for each group: group I UAH 300,000 (up to approximately \$ 12,000), group II UAH 1,500,000 (up to approximately \$ 59,000); and Group III UAH 5,000,000 (up to \$196,000). LLC companies and joint stock companies are not limited by a ceiling in annual sales revenues since they are required to include 20 % VAT in the price.



**The market overview and  
trends over the next 1-3  
years**

Ukraine is a large and diverse market. And from this point of view, it looks attractive to investors.

Ukraine is # 64 in the Doing Business ranking of the International Bank for Reconstruction and with a score of 70.2, which is 1.1 points better than last year's assessment of Ukraine's attractiveness (69.1 points).

While the service sector, transport services, and the tourism industry are leaders among the "losers" affected by the coronavirus crisis, **the agricultural, IT, telecom/mobile communications and energy industries have blossomed**, generating more profit than ever before. E.g., the indicators of the first quarter of 2020 in the telecommunications industry of Ukraine amounted to over UAH 17 billion, which is 11.2% higher than the indicators of the same period in 2019.

Ukraine's IT sector keeps getting stronger every year. The scope of foreign investment keeps growing despite the current crisis. Market experts often say that Ukraine is becoming an "IT hub for foreign companies".



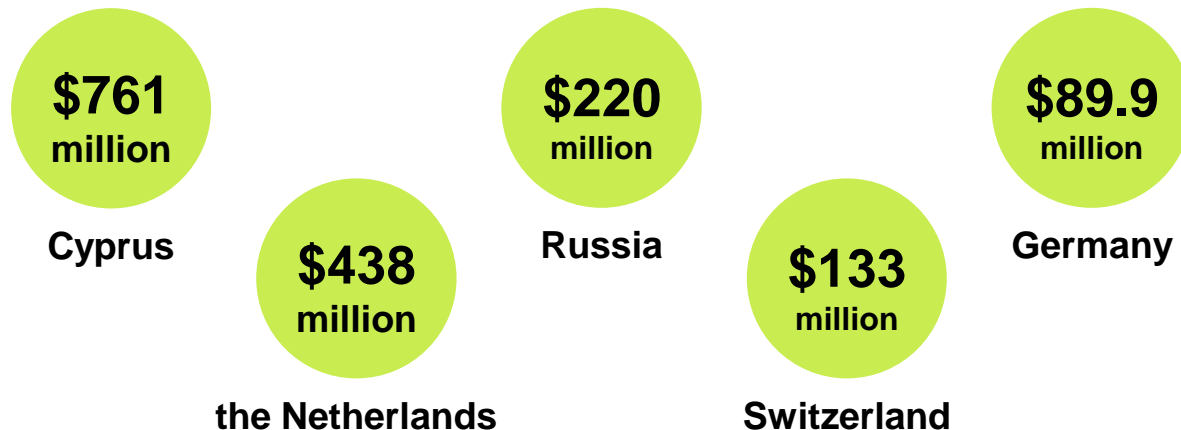
In the first half of 2020, Ukrainian startups attracted more than

**\$0.5**  
billion

<https://nv.ua/>



According to the State Statistics Service, as of October 1, 2019, the largest investors in the Ukrainian economy were:



<https://delo.ua/>

Most often, investors choose several sectors at once to avoid the risks associated with decline of a certain industry.



## And, of course, three more positive economic factors are important: people, resources, and location.

1.

### Workforce

COVID-19 has changed this factor for the better for those who want to seize the opportunity and know how to use it. Here, we are talking not only about the quantity of labor, but about the quality, which has increased due to the return of migrants who are providing services in accordance with European quality standards.

2.

### Natural Resources

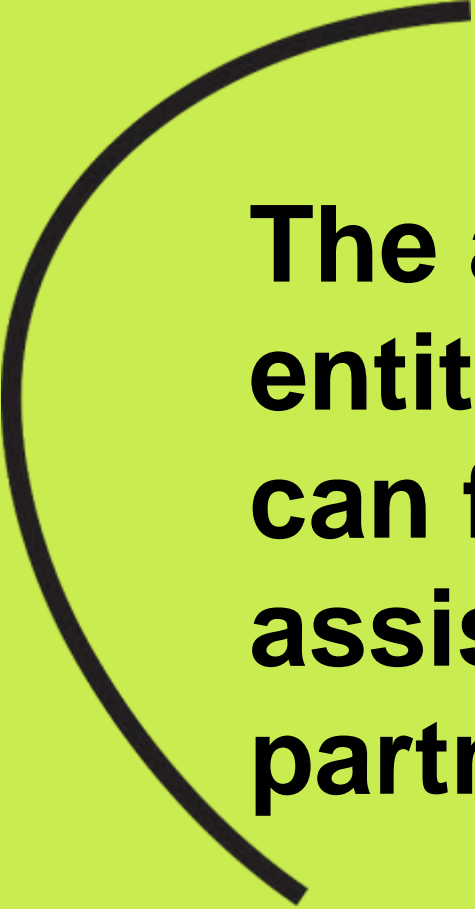
According to experts, the cost of such reserves exceeds \$ 1 trillion. Meanwhile, experts insist that the investment value of this sector should pertain not to the export of natural resources as such, but to processing them and exporting the end products to international markets.

3.

### The Geographic Location of Ukraine

Last but not least, the very location of our country turns Ukraine into the new Silk Road and the Baltic-Black Sea transport corridor, thanks to which Ukraine has every opportunity to profit from transit rent.

All these factors combined can and should develop Ukraine as one of the best markets to invest in.



**The associations, business entities, local offices that can facilitate entry, provide assistance and help find partners, clients**



The Department of Trade and Economic Cooperation **within the Ministry of Economic Development and Trade** handles the registration of local offices of foreign companies.

**60**  
days

**\$2,500**  
fee

The process can take up to 60 days following the submission of all required documents and upon payment of the one-time \$2,500 fee.



**The companies can find professional personnel for their Ukrainian operations through many experienced local and international recruitment agencies operating in Ukraine.**

Every year the government of Ukraine composes the list of products subject to import and export licensing. The current list of such products can be found in the Regulation of the Cabinet of Ministers of Ukraine No. 1329 On Approval of the List of Products subject to Import and Export Licensing and Respective Quotas for 2021, dated December 28, 2020. In 2019 the list included: pharmaceuticals, paints and lacquers, dyes, hygiene products, cosmetic products, pedicure and manicure products, shaving aerosols and deodorants; lubricants, waxes, shoe polishes, insecticides, solvents, silicone, fire extinguishers and the chemicals that fill extinguishers; refrigerators and freezers, air-conditioners, humidifiers, and other selected industrial chemical products; fungicides, insecticides, herbicides, and plant growth adjusters.





**Most import licenses are granted through the Ministry of Economic Development and Trade, Regional and Kyiv City Administration. Other import licenses or approvals are issued by other agencies including:**

- Ministry of Internal Affairs - sporting weapons and self-defense articles
- National Commission for the State Regulation of Communications and Informatization (NCSRCI) – radio electronic devices and emitters
- State Service of Ukraine on Medicines and Drugs Control – medicine and drugs
- Ministry of Agriculture and Food Industry - agricultural chemicals, seeds, veterinary medicines
- Ministry of Health - pharmaceutical products, cosmetics, and hygiene products
- Ministry of Ecology and Natural Resources of Ukraine - ozone-depleting chemical substances including propellants, paint-solvents, fire extinguishers and refills, oil-sprays, air-conditioners and refrigerating equipment, refrigerated vending machines; agricultural chemicals contained in sprays; and pharmaceutical products, cosmetics, and hygiene products contained in sprays

A listing of Ukrainian agencies that issue licenses for business activities in Ukraine is available at the website of the Parliament of Ukraine.

## EXPORT PROMOTION OFFICE (EPO) –

is an advisory and consultative body to the Ministry of Economic development and trade that has been founded as one-stop-shop to help Ukrainian exporters in opening new markets



### EPO WORKS WITH:

- Ukrainian Businesses & Associations
- Foreign Businesses & Associations & Import/ Trade Support organization, foreign consultants

### Currently EPO is working in 4 MAIN DIRECTIONS:

- **Export Information:** export and trade databases, analytics on the priority markets and industries.
- **Export Education:** training, seminars, webinars and other educational events to develop the export competencies of Ukrainian business.
- **Export services:** Initial consulting of Ukrainian companies and potential foreign importers, who are looking for partners in Ukraine; export readiness assessment for Ukrainian businesses, assistance in finding business partners, consulting on tender procedures in GPA-countries.
- **Business Opportunities:** events that can open new export opportunities, such as Trade Missions, Exhibitions, B2B and B2G meetings, and other business networking events

## UkraineInvest

is the Ukrainian government's investment promotion agency created in 2016 to attract and support foreign direct investment in Ukraine.

They provide turnkey services, including Navigation and Guidance, Information and Insight, Introductions, Key Sector Expertise, Regional Support and Advocacy.

<https://ukraineinvest.gov.ua/>

## Ukraine Investment & Trade Facilitation Center (ITFC)

is an independent non-profit organization serving as an expert platform of highly specialized professionals focusing on investment, trade, and trade-related policy matters offering both international expertise and local insight.

<http://tradecenter.org.ua/eng/what-we-do>



# Organizations for company's membership



**ACC**

<https://chamber.ua/>



**EBA**

<https://eba.com.ua/en/>



**СУП**

<https://sup.org.ua/en>



**UCAB**

<https://www.ucab.ua/en/>



An aerial photograph of a tropical landscape. The foreground and middle ground are dominated by terraced rice fields, which appear as a mosaic of dark green and brownish-green rectangular and irregular shapes. The fields are separated by thin, light-colored earthen walls. In the background, a dense forest of tall palm trees stretches across the horizon, their fronds creating a textured, light green canopy. The overall scene is vibrant and lush, suggesting a rural agricultural setting in a tropical region.

**Questions?**