



# INVEST IN UKRAINE

Maxim Nefyodov

First Deputy Minister  
Ministry of Economic Development  
and Trade of Ukraine

# REASONS TO INVEST IN UKRAINE

## 1 Area & Location

- Largest country in Europe
- Geographical centre of Europe, making the country an ideal trade hub for the EU, Middle East and Asia
- Borders Poland, Romania, Slovakia, Hungary and Moldova, Belarus and Russia and via the Black Sea, Bulgaria, Turkey and Georgia



## 2 Ground floor opportunity

- Bold structural reforms unlock growth potential, incl. robust deregulation
- Large consumption gaps = significant upside, at 10-50% CEE peers' level in most categories
- World Bank estimates growth of GDP at 3,5% in 2018

## 3 Attractive Entry Valuations

- Valuations discounted significantly vs. peer countries
- FDI is a key priority for Ukraine



## 4 FTAs

- Deep and Comprehensive Free Trade Agreement with the EU came into effect on Jan 1, 2016
- Free Trade with Canada, CIS, EFTA, FYROM, Georgia, Montenegro
- On-going negotiations with Israel and Turkey

## 5 Competitive Advantages

- Leading globally in IT outsourcing and agribusiness
- Highly-skilled labour at cost-competitive wages
- Low-cost, rapid logistics to the EU, Middle East, Asia
- Most EU hubs are within 2 truck days away

# FTAs' BENEFITS FOR UA-BASED MANUFACTURERS

Under FTAs UA exports enjoy increased price competitiveness in foreign markets



## CHEAPER

Substantial elimination of all custom duties, making UA imports more competitive



## FASTER

Good movement facilitation through customs and setting common rules on technical and sanitary standards



## PREDICTABLE

More foreseeable policy environment (incl. FDIs, IPRs, competition rules and public procurements)



Instead of a regular import duty (e.g. 10%) importers of UA exports pay no duty or "preferential" lower duties (e.g. 2%)



Ukraine-based manufacturers benefit from cheaper inputs imported without (or with lower) import duties and under predictable conditions from FTA partners - in addition to having access to inputs locally available

# DEREGULATION

**36** points Ukraine rose in "Doing Business" ranking compared to 2014. In 2019-2020 Ukraine is to join **TOP-50 countries by ease of doing business**

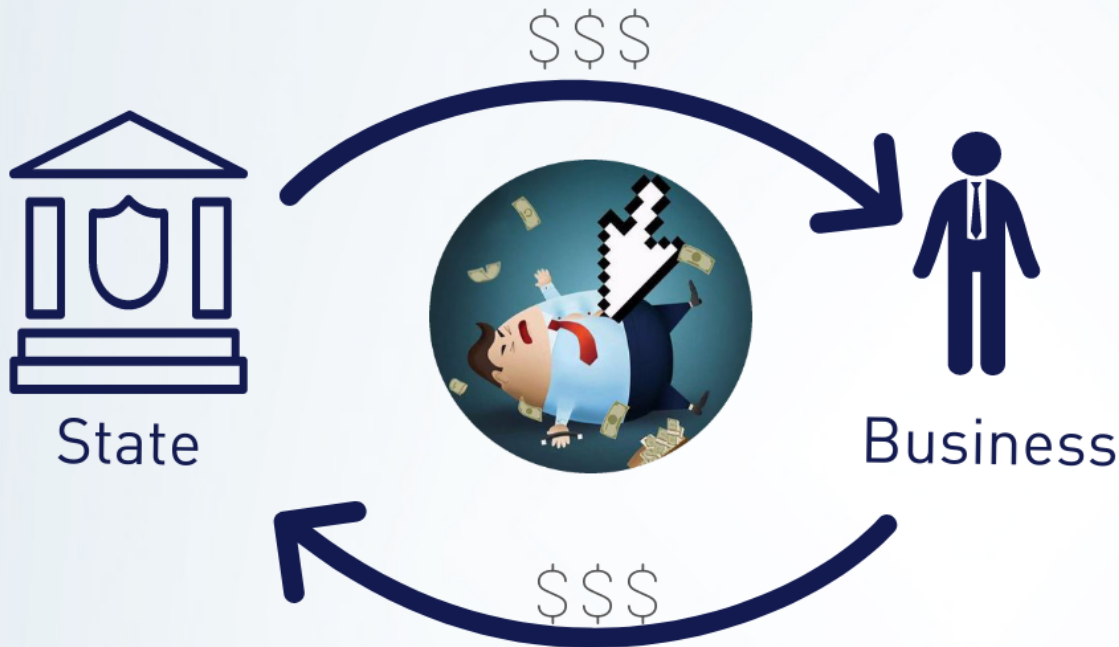
**2** days needed to register business online

Number of permitting documents for business decreased by 41%, annual regulatory burden on business decreased by **3 bln UAH**



# FIGHTING CORRUPTION

  
prozorro saved **UAH 36 bln**  
on procurement



  
prozorro sale sold **UAH 6,5 bln**  
in assets

 prozorro  
sale

piloted on Deposit  
Guarantee Fund



to be implemented  
on small SOEs

**UAH 775 bln**  
Total cost of the  
assets on sale in 2017

# RAPIDLY GROWING IT SECTOR



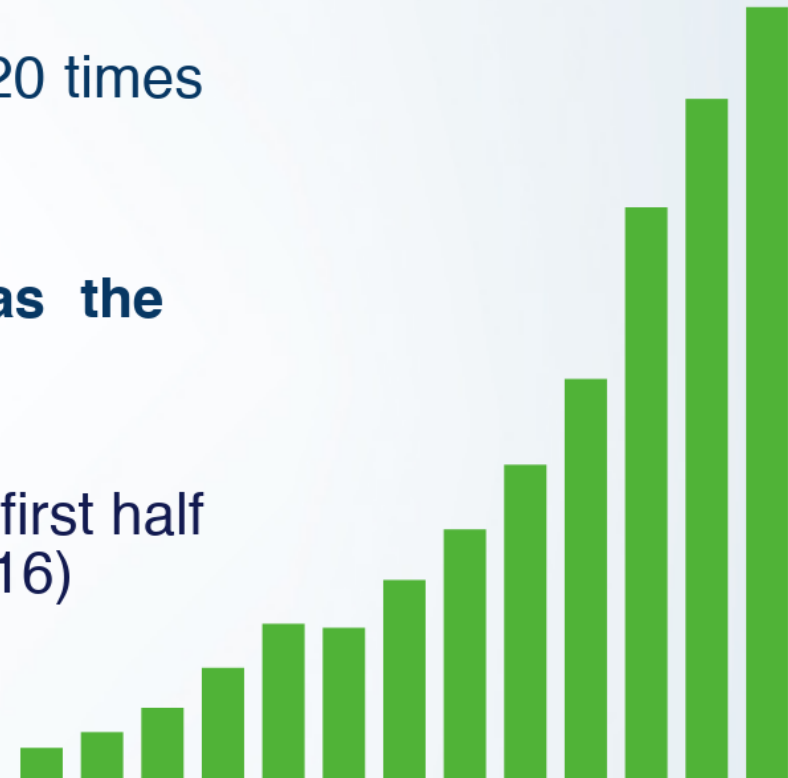
Ukraine is in TOP-30 global outsourcing destinations by Gartner since 2007, capitalizing on a large, skilled and cost-competitive labour base of software engineers

**TOP-3 by number of certified IT-professionals in the world**

IT industry in Ukraine has grown by nearly 20 times over the last decade

**PwC analysis: Ukrainian IT industry has the potential to reach \$5.7 billion by 2020.**

18.3% - growth of Ukrainian IT export in the first half of 2017 (compared to the same period in 2016)



# PRIVATIZATION: KEY FACTS

3500+ state-owned enterprises

Total income \$15.6 bln in 2016

Most profitable industries for SOEs: electric power generation and chemical industry

In 2018, privatisation under new rules will be launched







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