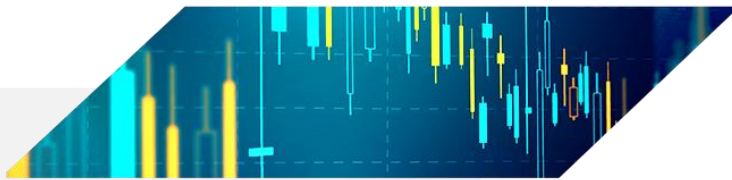




# UkraineInvest Guide:

## Rebuilding Ukraine with Private Sector



June 2022

**1** New opportunities

**2** Why invest in Ukraine

**3** Why Ukraine matters

**4** How to support Ukraine



# Foreword

## Sergiy TSIVKACH

Executive Director, UkraineInvest



On 24 February 2022, the Russian Federation began a large-scale armed aggression against Ukraine, killing peaceful civilians and destroying towns and villages by offensive hostilities, including missile, artillery, and air strikes. This war has been devastating to the Ukrainian economy, with dramatic consequences for international supply chains, manufacturing inputs, and, ultimately, food security, both regionally and globally.

Since the beginning of the war UkraineInvest's team have been tediously working to help raise the profile of crucial economic issues, bringing together the international business community in support of Ukraine to find new, cooperative solutions to tailored needs emerging as a result of this unprecedented crisis.

Relocation in Ukraine Guide, as one of the outputs of such work, is the primary information source for investors and operating companies to do business with Ukraine. It contains information on Ukraine's investment profile, financial incentives, business opportunities, as well as analytical data from various industries.

The upcoming victory of Ukraine at all fronts is unequivocal. At UkraineInvest, we strongly believe that further rise of Ukraine is only possible in the event of joint cooperation and support from international businesses and organizations.

# NEW OPPORTUNITIES

Before the full-scale Russian military aggression Ukraine's GDP growth forecast 2022 was estimated as **3.4%**.

For 2022 Ukraine is projected to experience large GDP contractions of -35% **as a direct result of the Russian invasion**, destruction of infrastructure, and exodus of its people.

As of June 9, the total amount of direct damage to Ukraine's economy from damage and destruction of residential and non-residential buildings and infrastructure reached **\$103,9 billion**, or over UAH 3.1 trillion.

The economic shock of the war in Ukraine is having differing negative effects on the **various sectors** of the economy.



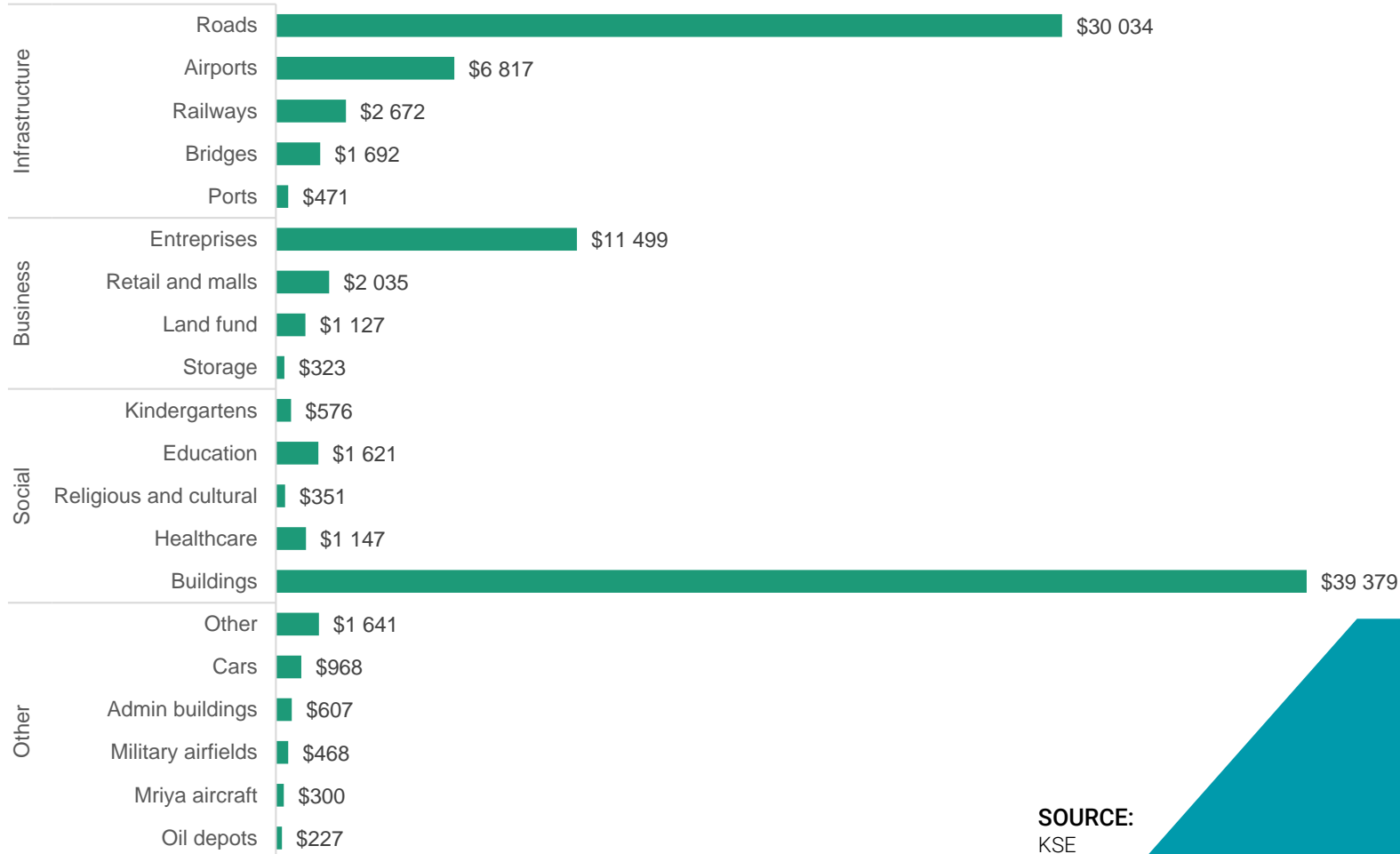
**SOURCE:**

International Monetary Fund  
Kyiv School of Economics

# NEW OPPORTUNITIES

## Damages caused by Russian military aggression (as of June 2022)

### Damages of physical infrastructure, mln USD



**Overall infrastructure damage**  
**103.9 bln USD**

256 businesses      304 bridges  
656 medical facilities      198 warehouses  
668 kindergartens      141 religious buildings

111 administrative buildings  
28 oil depots  
11 civilian airports

**The full-scale recovery may cost around 600 bln USD**

SOURCE:  
KSE

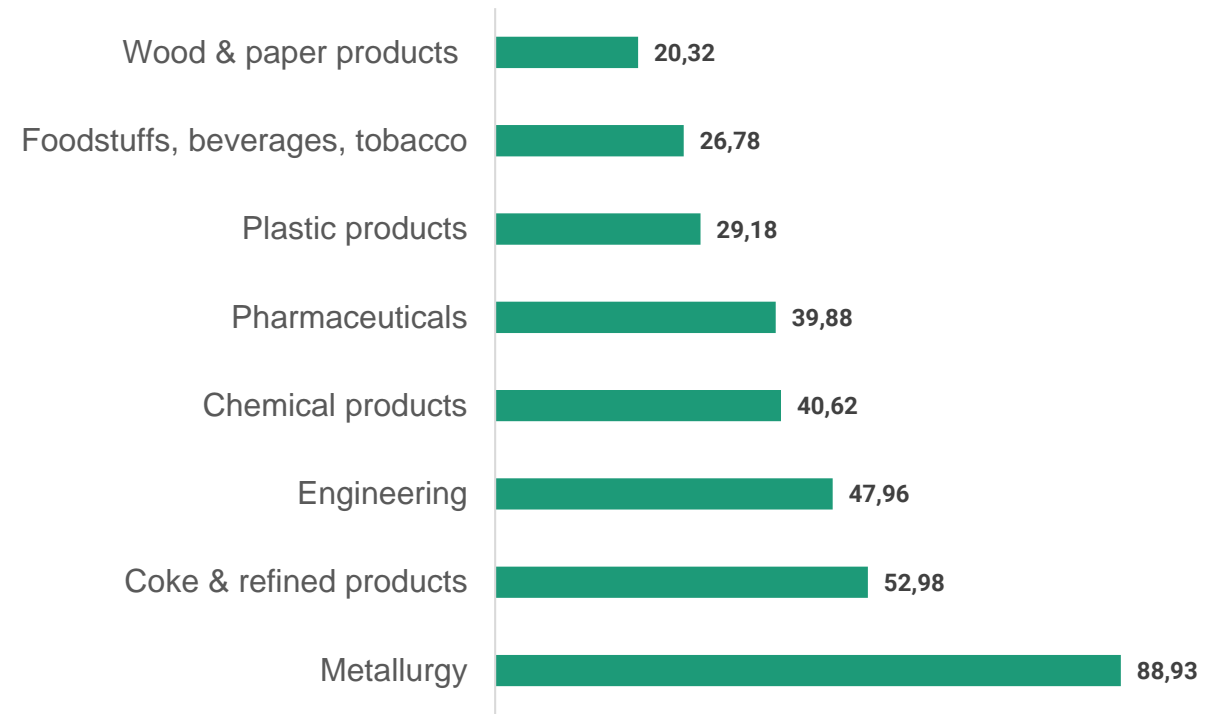
## Sectoral damages (potential) caused by Russian military aggression

As far as industry damage is concerned, metallurgy, coke & refined products and engineering are amongst the most severely affected sectors.

The regions fully or partially occupied by Russia are likely **to be excluded** from national value chains to some extent.

**The seven regions** that are fully or partially occupied by Russia account for 54% of national manufacturing output.

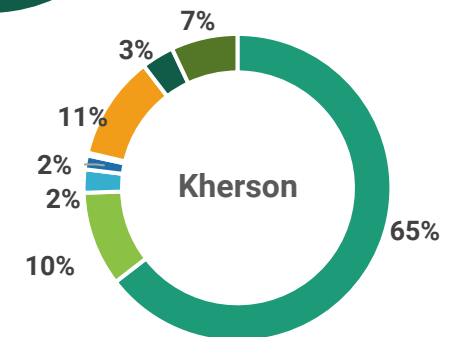
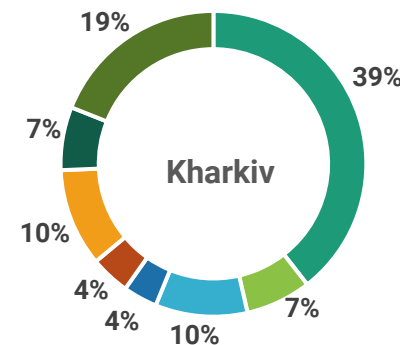
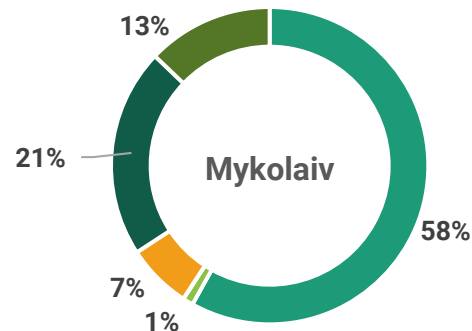
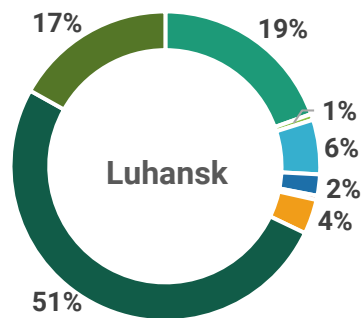
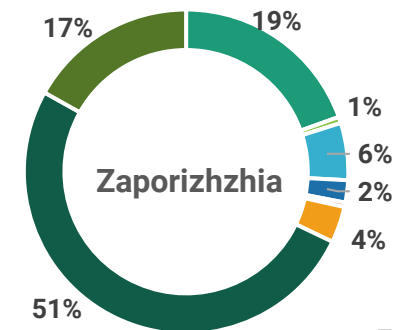
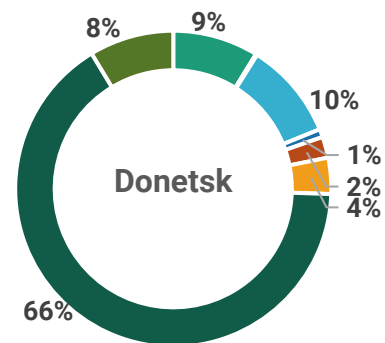
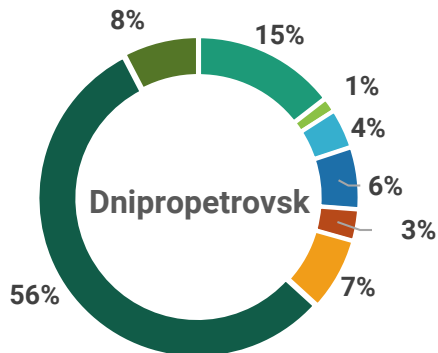
Total share of regions fully or partially occupied due to Russian military aggression\* in manufacturing output, % 2020



# NEW OPPORTUNITIES

## Manufacturing output structure in regions fully or partially occupied by Russian Federation, %

- Foodstuffs, beverages, tobacco
- Wood & paper products
- Coke & refined products
- Chemical products
- Pharmaceuticals
- Plastic products
- Metallurgy
- Engineering





# NEW OPPORTUNITIES

Reconstruction opens vast investment opportunities for building materials producers, logistics and EPC companies. **The construction of residential apartments with total area of millions of square meters is one example.**

In addition, reconstruction offers a unique opportunity to upgrade Ukraine's productive capacity and **attract** foreign capital in modern technology. This will lay the **foundation** for long-term growth, and **facilitates Ukraine's tighter integration** into the global economy.

Besides, plenty of international partners are ready to support Ukrainian cities and participate in the twinning reconstruction initiative.





# NEW OPPORTUNITIES

## Twinning Reconstruction Initiatives

Facilitating the cooperation of twinning investment programs is one of the directions to move forward in foreign direct investment attraction. That is when private investors from a certain country aim to finance certain projects in damaged cities with support of their governments through peer to peer schemes.

### The countries ready to take patronage over cities and regions:



#### United Kingdom

Kyiv City and Kyiv region



#### Sweden

Mykolaiv region



#### Estonia

Zhytomyr region



#### Denmark

Mykolaiv city



#### Greece

Odesa city



#### Taiwan

Kharkiv city



#### Italy

Donetsk Academic  
Regional Drama  
Theater

“When each of the partner countries or partner cities or partner companies will have the opportunity - historical one - to take patronage over a particular region of Ukraine, city, community or industry”.

President Zelenskyy's Address at WEF 2022

# NEW OPPORTUNITIES

## Support from international partners

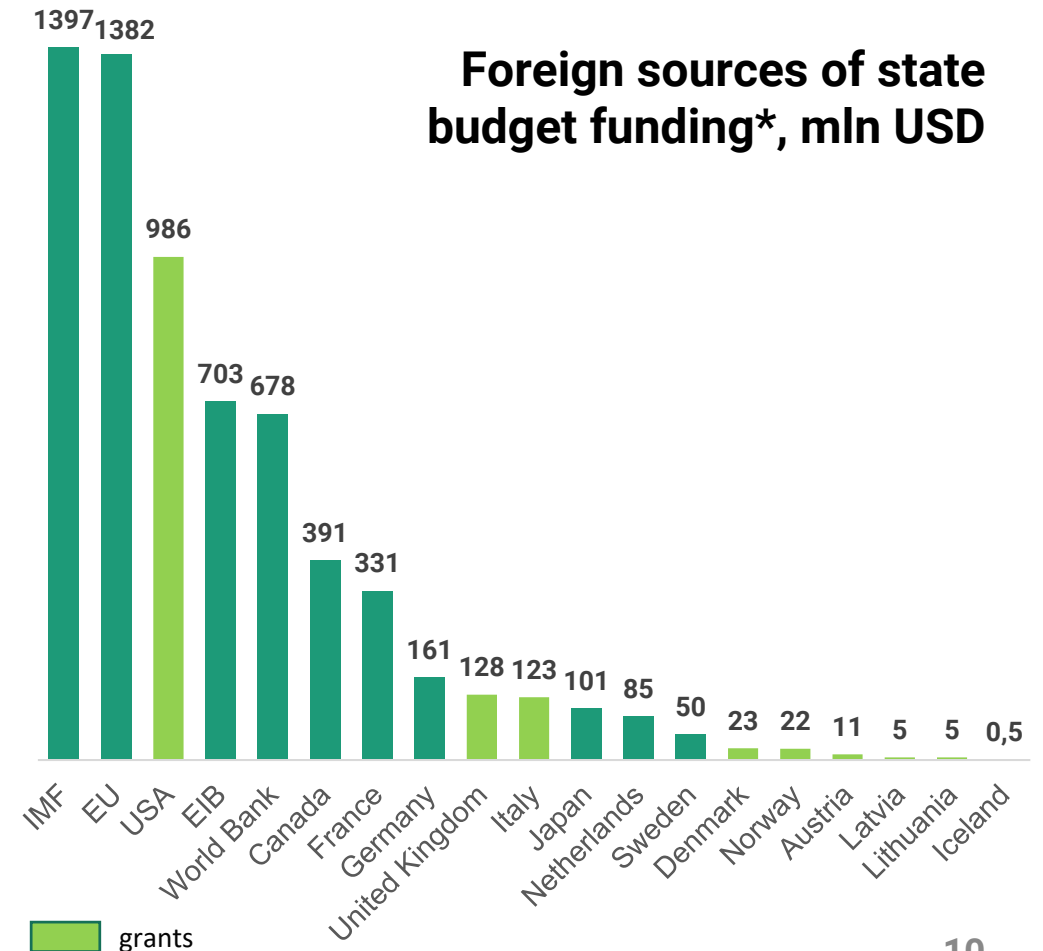
The EU together with Ukraine will create a financial platform of reconstruction that will help Ukraine rebuild critical infrastructure after Russia's devastating aggression, and pave the way to the European future through key economic, legal, and social reforms.

Ukraine Reconstruction Platform should bring together under one roof the EU support, as well as other initiatives set up by partners, such as the World Bank Trust Fund or the International Monetary Fund administered account.

**The platform's aim is to ensure a smooth division of labour** between different partners, avoid duplication and promote synergies, including via joint co-financing of specific projects.

**SOURCE:**

\*Ministry of Finance of Ukraine



# WHY INVEST IN UKRAINE

Ukraine still has a lot of advantages that make it an attractive investment destination. We believe that there are many reasons to invest in Ukraine.

Ukraine's financial system has demonstrated resilience and readiness for such a challenge as Russia's armed aggression.

Assistance from international financial organizations, as well as European integration processes, will raise the investment attractiveness of Ukraine to a new level.



# WHY INVEST IN UKRAINE

## Ukraine **MACRO OVERVIEW**

### Key Policy Rate

**25%**

In June 2022, the National Bank of Ukraine raised the key policy rate to 25% per annum. Along with other measures, this step aims to protect households' income and savings in the hryvnia, raise the attractiveness of hryvnia assets, reduce the pressure on the FX market, and thus enhance the NBU's capability to maintain the exchange rate stability and restrain inflation processes during the war.

### Inflation (per annum) June 2022

**21.5%**

### GDP growth 2021

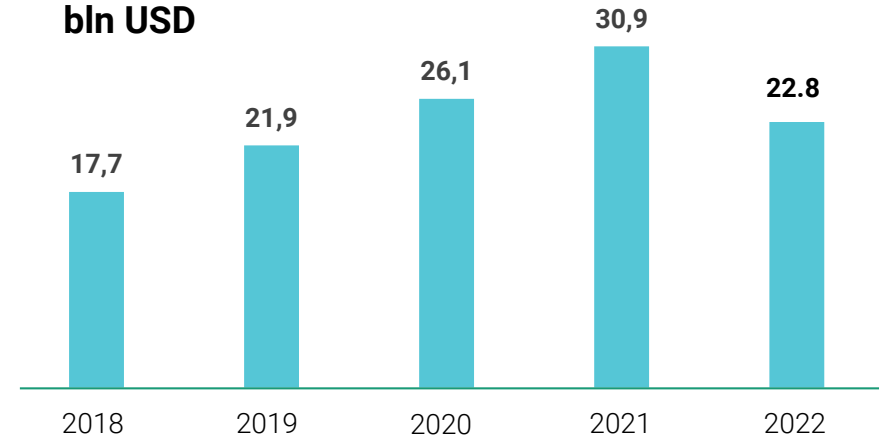
**3.4%**

The Ukrainian economy returned to growth in 2021, despite the difficult conditions caused by the coronavirus crisis consequences: real GDP grew by 3.4% as of the year-end, after a 4% drop in 2020.

### GDP growth forecast 2022

**- 35%**

### International Reserves, bln USD



In 2022, the key determinants of international reserves dynamics included NBU transactions in the FX interbank market, public debt management and financial instruments revaluation due to change in their market value and exchange rate fluctuations.

# WHY INVEST IN UKRAINE

## Ukraine Export January – May 2022

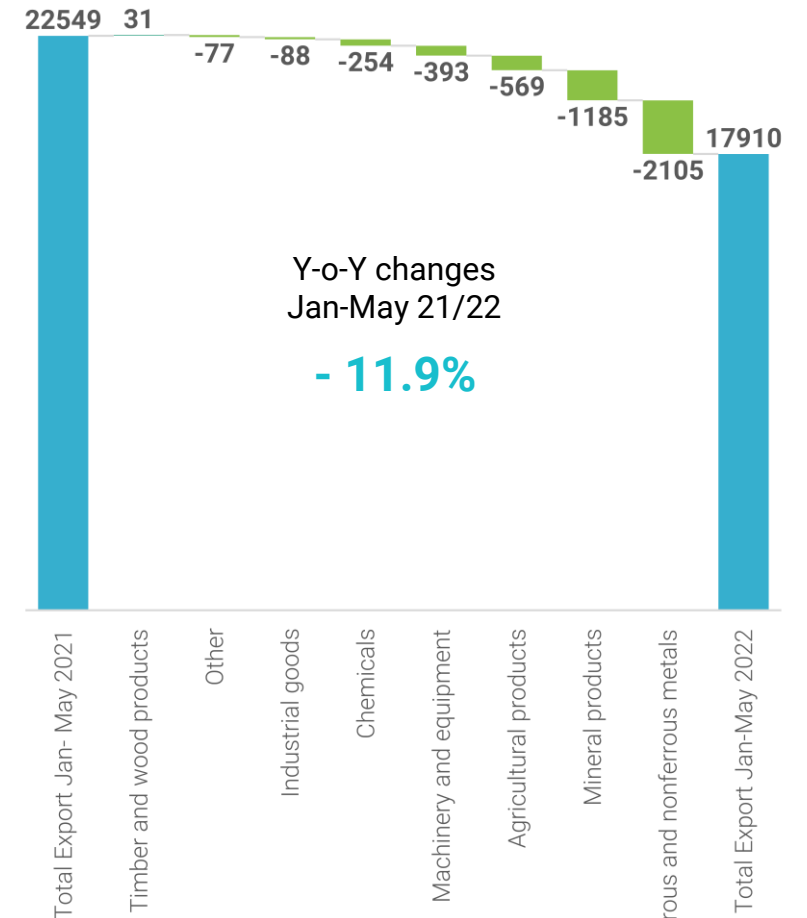
Total export  
Jan-May 2022 **17 910**  
**USD mln**

### Export by category, Jan-May 2022



Exports of iron ore and ferrous metals declined because of destruction and conservation of production facilities, as well as **the constraints of shipping services** and a high load of available logistics corridors.

### Y-o-Y changes factor analysis



# WHY INVEST IN UKRAINE

## 10 reasons to invest in Ukraine

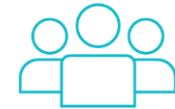
1  
Consumer markets coverage  
(with 47 countries FTAs  
signed)



2  
Geographical  
position  
advantages



3  
Skilled and competitive  
labor force



4  
Considerable raw  
material base



5  
Opportunities in  
various sectors



6  
Opportunities of  
operating costs  
optimization



7  
Advanced  
IT sector



8  
Developing  
R&D ecosystem



9  
Investment incentive  
schemes



10  
Lots of international  
companies already  
there





# WHY INVEST IN UKRAINE

## 1. Consumer markets coverage

Nearly 1 bln consumer market can be reached within 2500 miles distance

448 mln

**European Union**

100 mln

**CIS (selected)**

502 mln

**Non EU**

44 mln\*

**Ukraine**

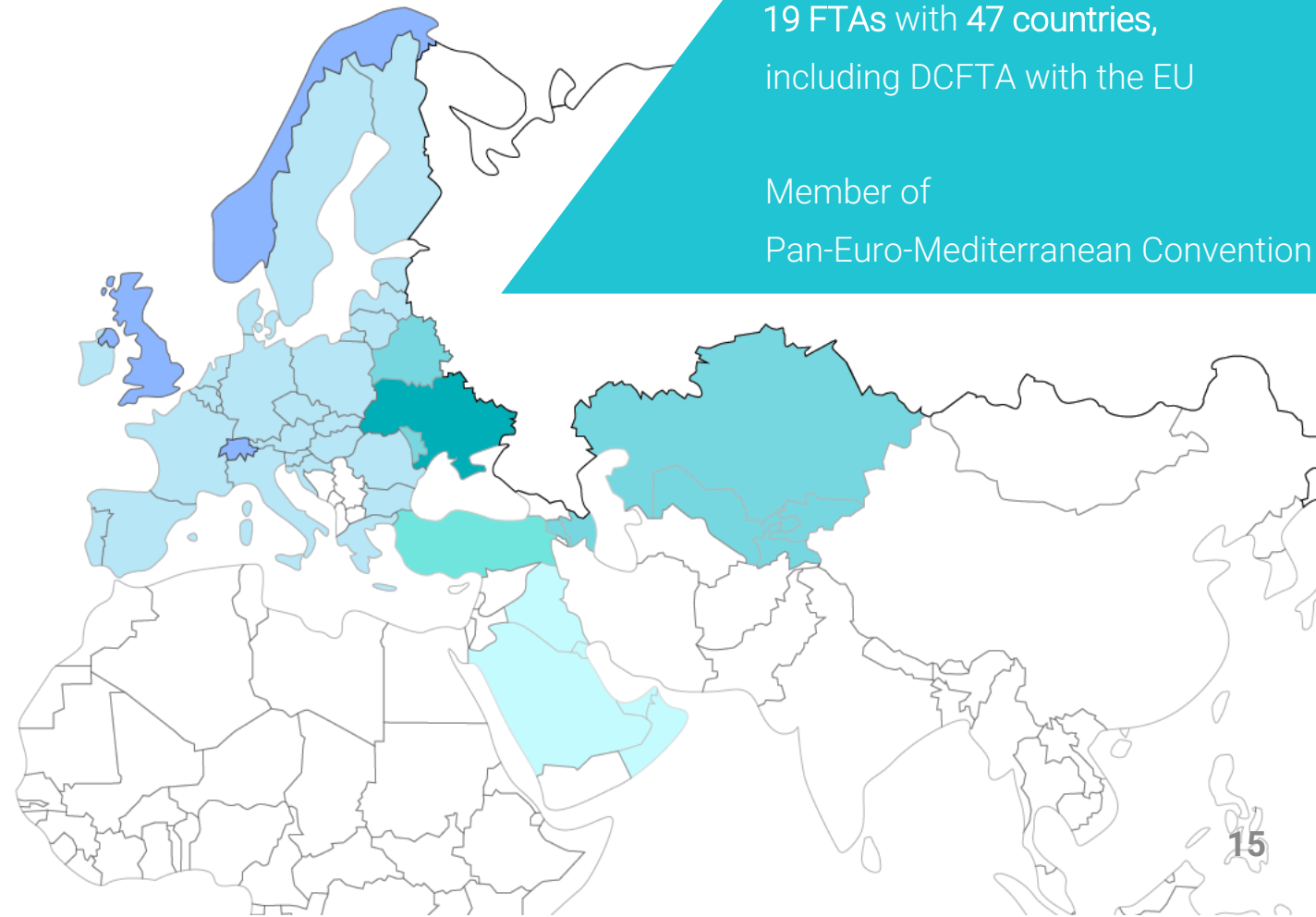
EU **suspends** for one year import duties on all Ukrainian exports.

The United States **has** suspended the collection of 232 duties on Ukrainian steel for one year.

\*as of 2021

19 FTAs with 47 countries,  
including DCFTA with the EU

Member of  
Pan-Euro-Mediterranean Convention



# WHY INVEST IN UKRAINE

## 2. Geographical position advantages

Ukraine's geographic location makes it an **important transit corridor for trade and travel between Europe, Asia and the Middle East**. When combined with its other comparative advantages, Ukraine has a potential to become an exclusive Eurasian hub.

International  
Transport  
Corridors  
Crossing Ukraine



**PAN-EUROPEAN TRANSPORT CORRIDOR III**

Berlin – Wrocław – Lviv – Kyiv

**PAN-EUROPEAN TRANSPORT CORRIDOR V**

Trieste – Ljubljana – Budapest –  
Uzhhorod – Lviv

**PAN-EUROPEAN TRANSPORT CORRIDOR IX**

Helsinki – Kyiv – Odesa – Bucharest – Alexandroupolis

**INTERNATIONAL TRANSPORT CORRIDOR**

Gdansk – Odesa

Access to key global business  
hubs (flight hours)



**The road hauliers can reach most major European destinations from Ukraine in two days, which makes Ukraine highly competitive, in particular, with regard to food distribution processes. Whereas the delivery time across Europe is calculated for non-port cities, Ukraine stands out for its capability of delivering goods in a timely and cost-effective manner.**

# WHY INVEST IN UKRAINE

## 3.1 Skilled and competitive labor force

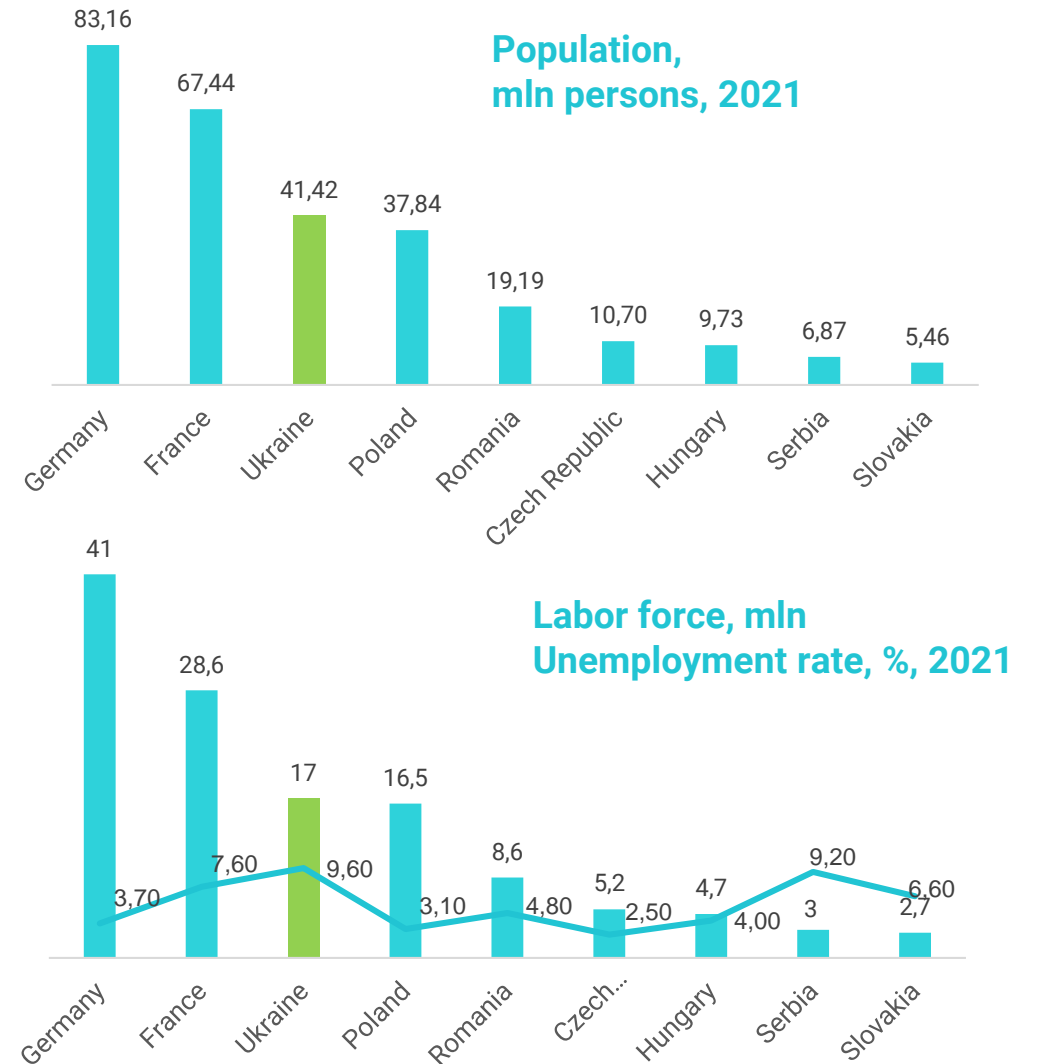
Globally, Ukraine is acknowledged for its highly skilled **labour** force and good education **as a country with high human development** (Human Development Index above 0.753).

As of 2021, Ukraine ranks 6th among European countries by population.

Despite the fact that the war forced many Ukrainians to flee to Europe, millions of motivated Ukrainians are starting to return home **in search for job and reconstruction process opportunities.**

SOURCE:  
Eurostat  
State Statistics Service of Ukraine

■ Labor force — Unemployment



# WHY INVEST IN UKRAINE

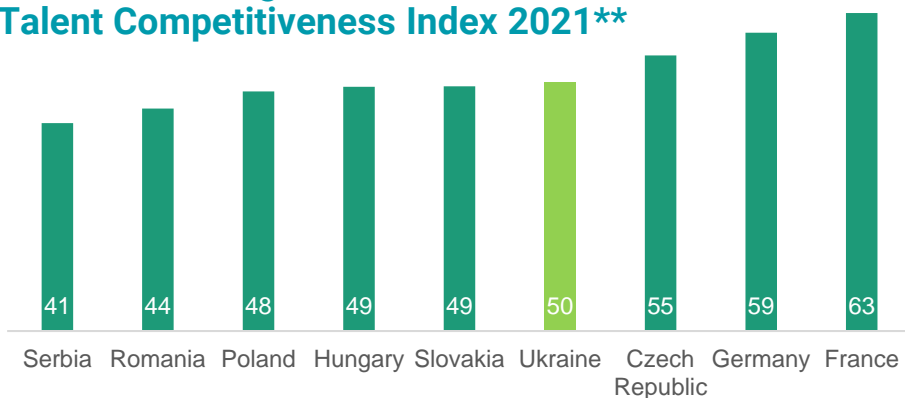
## 3.2 Skilled and competitive labor force

# 172 463

Graduates with a Bachelor's Degree in all specializations  
2020/2021

Ukraine is 21 among 100 countries in The Global Skills Index 2022

### Global Knowledge Skills 2021 from The Global Talent Competitiveness Index 2021\*\*



**SOURCE:**

\*State Statistics Service of Ukraine,  
\*\* inseed.edu

## Bachelor graduates by Specialization\*

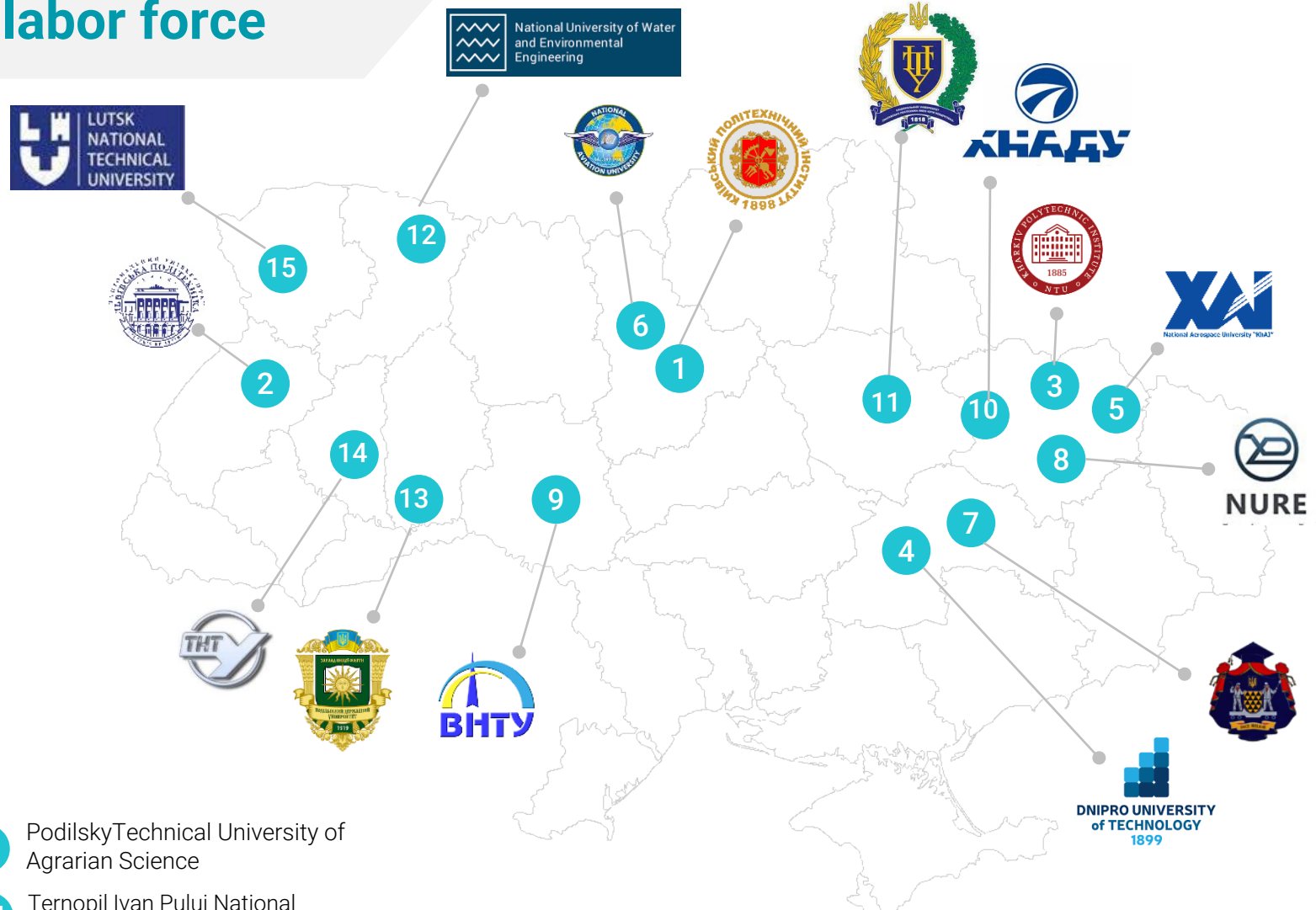
Name of Specialization	Number of Graduates
	<b>2020/2021</b>
Natural Sciences	2 948
Mathematics and Statistics	845
Information Technology	12 347
Mechanical Engineering	4 796
Electrical Engineering	4 760
Automation and Instrumentation Engineering	2 982
Chemical and Bioengineering	1 390
Electronics and Telecommunications	2 059
Production and Technology	5 214
Architecture and Construction	5 921
Agricultural Sciences and Food Technology	6 903
Transport	7 352

# WHY INVEST IN UKRAINE

## 3.3 Skilled and competitive labor force

### TOP-15 Polytechnic Universities

- 1 National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute"
- 2 Lviv Polytechnic National University
- 3 National Technical University Kharkiv Polytechnic Institute
- 4 Dnipro University of Technology
- 5 Kharkiv National Aerospace University
- 6 National Aviation University
- 7 National Metallurgical Academy of Ukraine
- 8 Kharkiv National University of Radio Electronics
- 9 Vinnytsia National Technical University
- 10 Kharkiv National Automobile and Highway University
- 11 Poltava National Technical University
- 12 The National University of Water and Environmental Engineering
- 13 Podilsky Technical University of Agrarian Science
- 14 Ternopil Ivan Puluj National Technical University
- 15 Lutsk National Technical University



# WHY INVEST IN UKRAINE

## 4.1 Considerable raw material base

### Ukraine's mining industry ranks 25th in the world

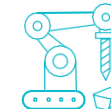
Due to unique raw material base of iron and manganese ores, Ukraine is one of the countries with the most developed ferrous metallurgy in the world.

#### RICH MINERAL RESOURCES BASE

**117**  
types of minerals  
found in Ukraine  
(out of 120 known)



**8.8**  
thousand  
deposits of industrial  
importance



**\$11.7**  
bln  
total output of  
mining industries



## UKRAINE'S PLACE IN THE WORLD BY MINERALS EXTRACTION

### METALLIC MINERALS

**Iron - 6th place:** 49.3 mln t. (7.24% of global output)

**Manganese - 7th place:** 699 thousand t. (3.62% of global output)

**Titanium - 5th place:** 537 thousand t. (6.38% of global output)

### NON-METALLIC MINERALS

**Kaolins - 7th place:** 1.68 mln t (3.96% of global output)

**Zircon - 11th place:** 16 thousand t (1.29% of global output)

**Graphite - 10th place:** 10 thousand t (1.06% of global output)

### MINERAL FUELS

**Steam coal - 12th place:** 21.6 mln t (0.31% of global output)

**Coking coal - 10th place:** 6.43 mln t (0.62% of global output)

**Uranium - 9th place:** 0.9 thousand t (1.56% of global output)

**SOURCE:**

World Mining Data 2022 report



# WHY INVEST IN UKRAINE

## 4.2 Considerable raw material base

**4 MINERAL SUBSOIL FIELDS**  
available for investments

### Non-metallic minerals

195 - licensed fields and blocks  
43,826 Ha - respective license area

### Metallic minerals

37 - licensed fields and blocks  
22,857 Ha - respective license area

### Hydrocarbons

49 - licensed fields and blocks  
6,440 Ha - respective license area

Li  
Lithium

3 - licensed fields and blocks  
280 Ha - respective license area

Ti  
Titanium

9 - licensed fields and blocks  
9,037 Ha - respective license area

### NON-FERROUS METALS

Ni Nickel    Co Cobalt    Cr Chrome    Cu Copper    Mo Molybdenum

5 - licensed fields and blocks  
3,086 Ha - respective license area

### RARE EARTH METALS

Be Beryllium    Zr Zirconium    Ta Tantalum    Nb Niobium    Sc Scandium

4 - licensed fields and blocks  
1,870 Ha - respective license area

### 24 MINERAL SUBSOIL FIELDS of critical raw materials

Au  
Gold

4 - licensed fields and blocks  
1,280 Ha - respective license area

# WHY INVEST IN UKRAINE

## 5.1 Opportunities in various sectors

### Developed industries:



Agri processing



IT



Automotive



Furniture



Metal working

### High potential for development:



Machinery



Electric vehicles and  
batteries



Industrial R&D



Medical R&D and generics



Electronics and  
electrical equipment

# WHY INVEST IN UKRAINE

## 5.2 Opportunities in various sectors

Ukraine is working on a Comprehensive Recovery Plan. The current situation is being analyzed and **discussed in working groups that include international experts, government and business representatives working out plans and proposals.**

The task is to rebuild and transform the **country and its economy, in line with European standards and new world best practices.**

### **The main principles of the plan are:**

- Full access to EU and G7 markets
- EU membership
- Deregulation and liberalization of the economy
- Transition from raw material exports to increased processing
- Development of the Military Industrial Complex
- Climate modernization
- Involvement of domestic producers in economic recovery



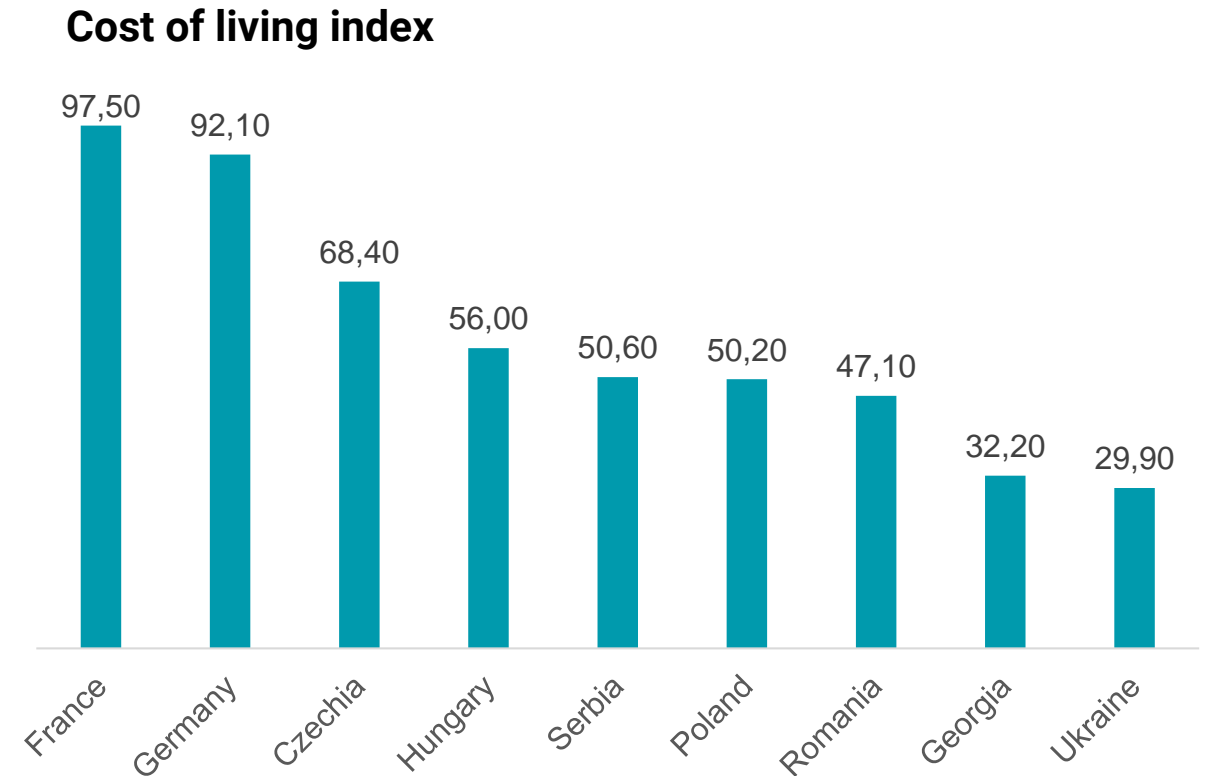
## 6.1 Opportunities of operating costs optimization

### Cost of living

#### Key facts:

- Ukraine is the most affordable country in the Europe regarding cost of living.
- Kyiv also has competitive cost advantage among the selected European capital cities.
- As for the rent price, Ukraine is the 3-rd most affordable country after Romania and Serbia. Same corresponds to Kyiv.

AVERAGE COSTS IN USD, 2022	UKRAINE	KYIV
Rent Apartment (45 m2) elite area	522	648
Rent Apartment (45 m2) average	252	412
Rent Apartment (85 m2) elite area	586	960
Rent Apartment (85 m2) average	478	597
Utilities (45 m2)	47	51
Utilities (85 m2)	71	78



0 – the most affordable  
100 - the most expensive

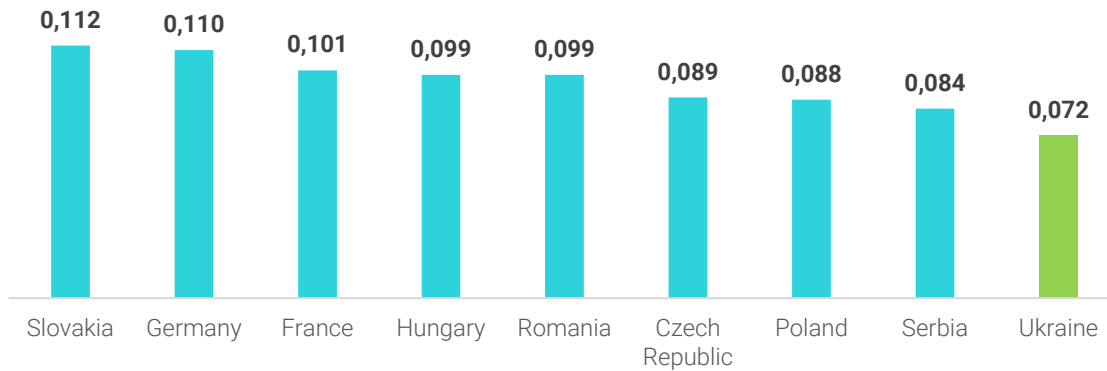
#### SOURCE:

worlddata.info  
expatistan.com

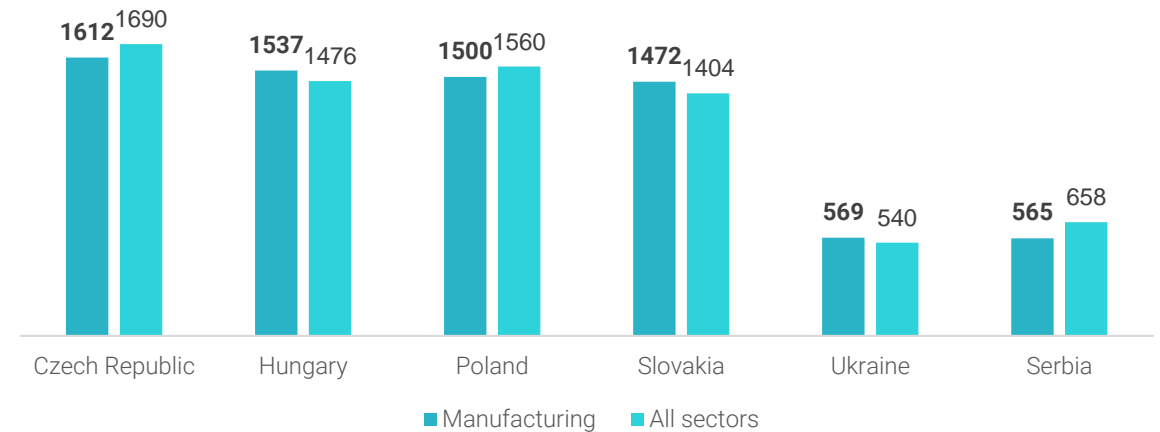
## 6.2 Opportunities of operating costs optimization

### Cost of doing business

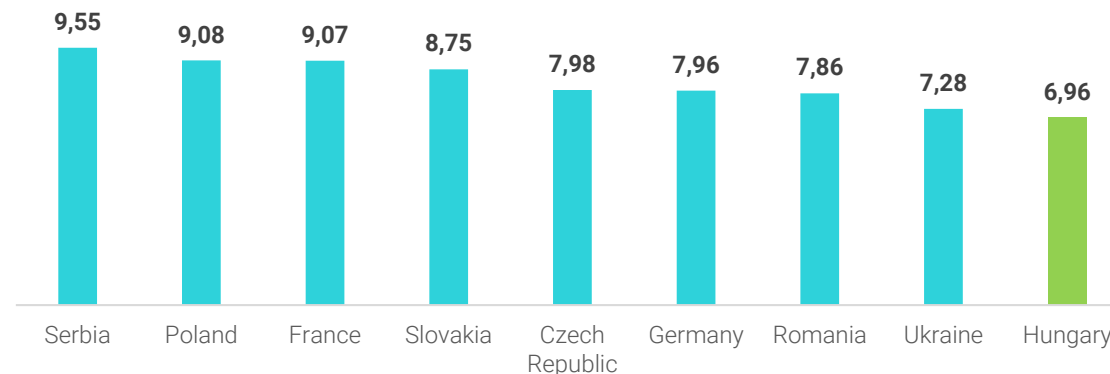
**Electricity cost for a large non-household consumers, in USD/per KWh, 2021**



**Average monthly wages, in USD, 2021**



**Gas cost for a non-household consumers, in USD/Gigajoule, 2021**



# WHY INVEST IN UKRAINE

## 7.1 Advanced IT sector

GDP share  
**4%**

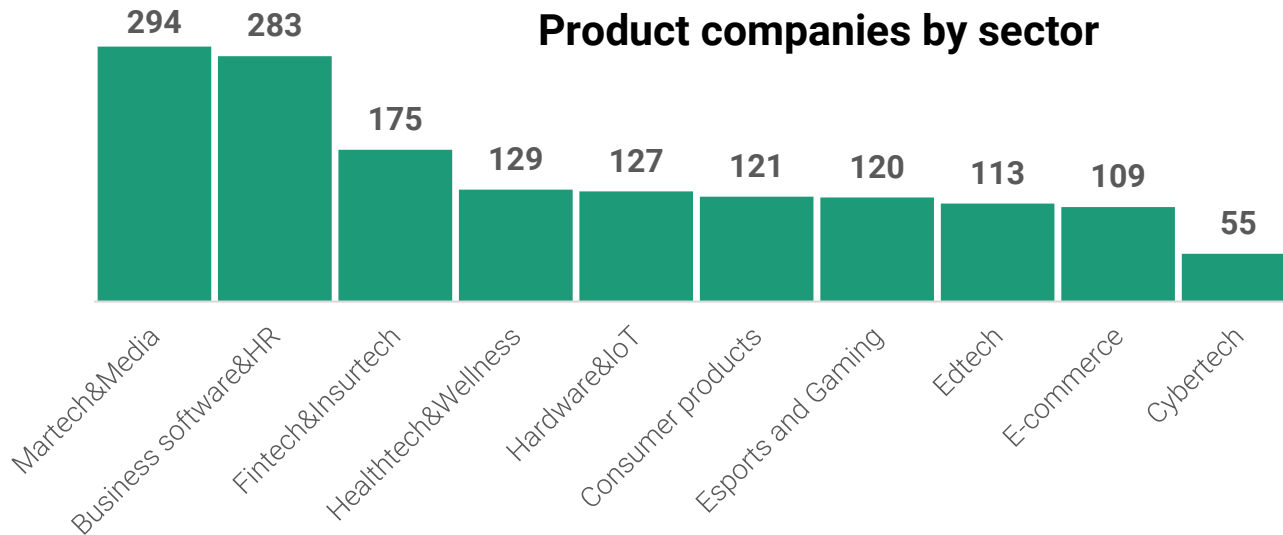
R&D centers  
**>100**

IT specialists  
**>240 000**

Unicorns

Grammarly, GitLab, BitFury,  
People.ai

**Product companies by sector**



Despite the war, IT Industry breaks the record in export volume in the first quarter of 2022, having provided USD 2 billion in export earnings. Exports of computer services increased by 38.5% compared to the 1st quarter of 2021 (USD 1.4 bln).

According to IT Ukraine Association, 77% of IT companies attracted new customers during the war, and more than half of the companies expect growth of 5-30%.

All this testifies to the resilience and adaptability of the IT industry and the high level of professionalism of employees, as the work goes on during intense hostilities, the ever-present danger of air attacks and stress.



# WHY INVEST IN UKRAINE

## 7.2 Investment opportunities in IT

### Ukrainian Startup Fund (USF)

State-owned fund and one of the largest angel investors in Ukraine. The mission of the fund: to promote creation and development of technology startups in Ukraine at an early stage in order to increase their global competitiveness.

USF provides financial support to startups in the early stages in the form of grants, as well as creates additional opportunities for startups to incubate, accelerate, and receive other types of support.

3700+

applications

160+ MLN UAH

grants

229+

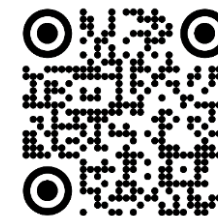
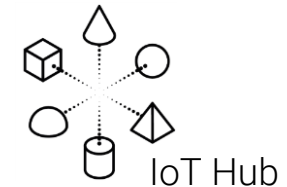
startup financed

SOURCE:  
Ukrainian Startup Fund

## Ukrainian accelerators



EO Business Incubators



USF startups catalog

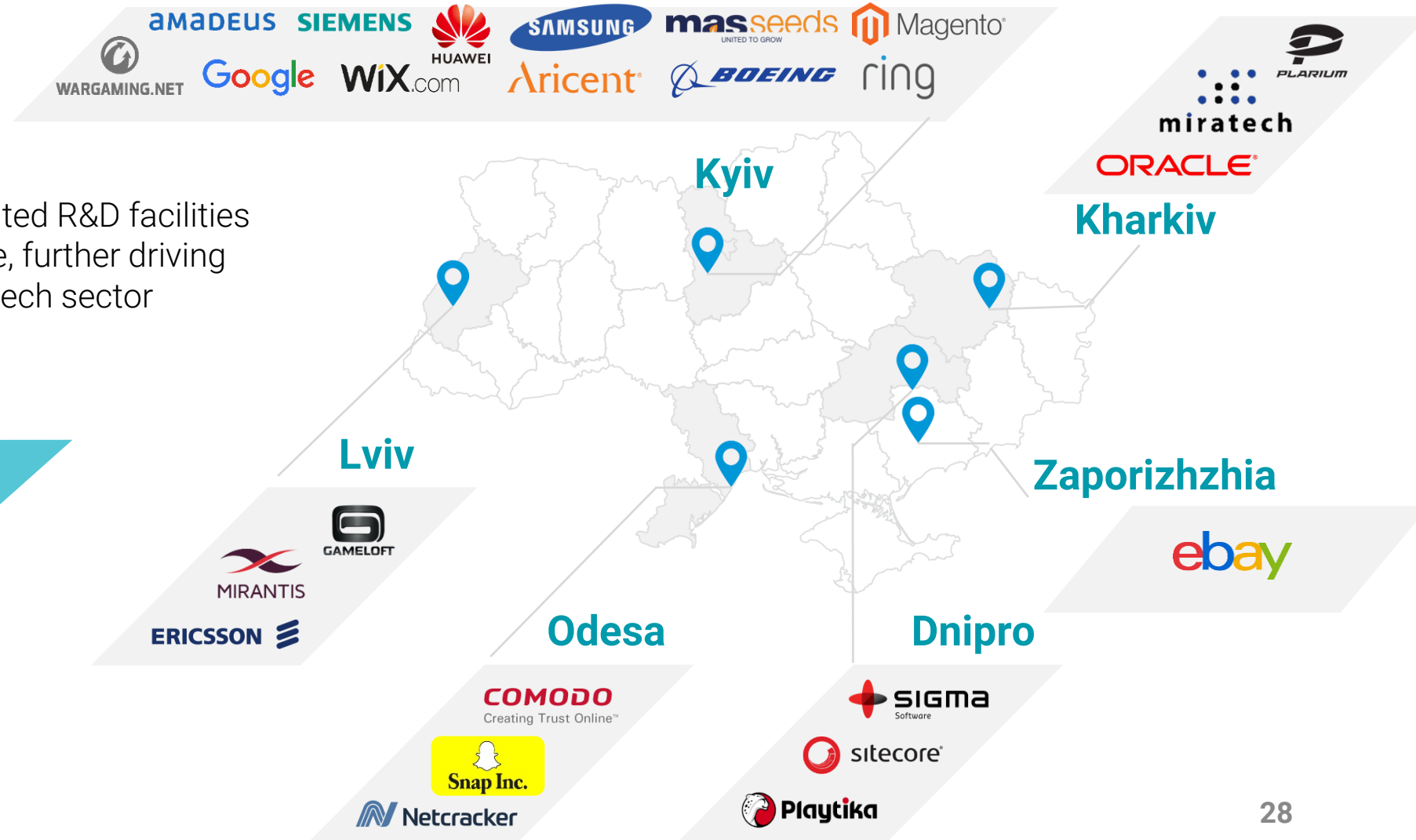
# WHY INVEST IN UKRAINE

## 8. Developing R&D ecosystem

100 +  
global players

have located R&D facilities in Ukraine, further driving the high-tech sector

Ukraine emerges as a global R&D hub



# WHY INVEST IN UKRAINE

## 9.1 Investment incentive schemes

### State support for investment projects with significant investments in Ukraine



5-year corporate income tax (CIT) exemption\*



Value-added tax (VAT) exemption for import of new equipment and components to it\*\*\*



Exemption from import duty of new equipment and components to it\*\*\*



Construction of related infrastructure\*\* (highways, communication lines, utilities etc.)

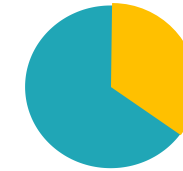


Lease of state or communal land plots without auction



Land tax exemption / lower land tax rate

### SCOPE OF STATE SUPPORT



up to 30%  
CAPEX

### PROJECT REQUIREMENTS

20+ mln EUR investments  
80+ jobs to be created

#### Eligible industries:

- processing industry;
- extraction for the purpose of further processing and/or enrichment of natural resources (except hard coal, lignite, crude petroleum, natural gas);
- waste management;
- transportation;
- warehousing;
- postal and courier activities;
- logistics;
- education;
- R&D;
- healthcare;
- arts and culture;
- sports;
- tourism;
- hospitality.

\* Not applicable to projects in extraction sector for the purpose of further processing and/or enrichment of natural resources.

\*\* Not applicable to projects in enrichment of iron ore.

\*\*\* The list and volumes of equipment are approved by the Cabinet of Ministers for each project.

# WHY INVEST IN UKRAINE

## 9.2 Investment incentive schemes

### INDUSTRIAL PARKS



Full or partial **compensation of interest rates** on loans



**Non-refundable financing** for the arrangement of industrial parks and/or construction of related infrastructure



Compensation for **connecting to engineering grids**



10-year **CIT exemption**



**Favorable land tax rates** by decision of local governments



Exemption from **import duty** of new equipment



**VAT exemption** for import of new equipment

### ELIGIBLE INDUSTRIES

- processing industry;
- recycling of industrial and/or household waste (except waste disposal);
- R&D;
- IT and Telecom.

As of June 2022, the Ministry of Economy of Ukraine, as the authorized state body, is working on development of the required bylaws to ensure full functioning of the system of industrial parks.

# WHY INVEST IN UKRAINE

Diia City

## 9.3 Investment incentive schemes

### DIIA CITY REGIME



#### Special taxation regime for Diia City residents

- 9% of withholding tax instead of 18% of CIT;
- 5% of PIT (instead of 18% of PIT and 1,5% of military tax);
- 0% of withholding income tax of an individual received as dividends, if not distributed for 2 or more years etc.



#### Flexible forms of employment

- Employment contracts or Gig-contracts instead of employment agreements when hiring employees (i.e., more terms of contracts to be determined by the parties);
- Commercial contracts when involving contractors, incl. individual entrepreneurs.

#### Better IP rights protection for IT companies

- IP rights for an object created by the gig-specialist in connection under the gig-contract shall belong to the Diia City resident, unless otherwise provided by the gig-contract (at the moment when IP rights appear for the author, if not specified otherwise in the contract).



#### Access to legal elements of common law system

- The right to increase charter capital of a LLC via convertible loans mechanism;
- The right of LLC and any third party to be a party to a shareholders' agreement;
- Mechanisms of the employee stock ownership plan (ESOP);
- Warranties and indemnities regulations, liquidated damages provisions, etc.



### REQUIREMENTS FOR ENTERING

- **9+** employees and/or gig-specialists;
- Average monthly salary of employees and is not less than the equivalent of **EUR 1,200**;
- **90%** of IT company's total net income consists of the **"qualified income"** (income obtained as a result of IT activities).
- **Eligible industries:**
  - software development and testing, including games;
  - publishing and distribution of software, including SaaS;
  - teaching computer literacy, programming, testing, software technical support;
  - digital marketing and advertising via software developed by Diia City residents;
  - R&D in IT and Telecom;
  - cybersport;
  - providing services related to the virtual assets flow etc.

**While martial law is in force, companies will not be deprived of the status of residents of Diia City, even if they do not meet the above criteria**

## 9.4 Investment incentive schemes

### TAX AND CUSTOMS INCENTIVES for e-transport industry



**Temporary CIT (Companies Income Tax) exemption (till 2036)** for legal entities that conduct solely business activity of production and sale of electric motors, lithium-ion (lithium-polymeric) batteries, their charging devices, electric transport, other eco-transport, tram and metro cars.



**Temporary VAT exemption (till 2026)** for import and sale on the territory of Ukraine of electric and eco-vehicles.



**Temporary VAT and customs duty exemption (till 2031)** for importing goods by the legal entities that conduct or plan to create/modernize their production for industrial production of electric vehicles, eco-transport, trams and metro cars.



#### THE AMOUNT OF CIT EXEMPT

can only be used for purposes of R&D activities, creation or re-equipment of factories material and technical base, increasing the volume of production



## 9.5 Financial incentives



**State reimbursement of credit interest via State Credit Program with 0 / 5 / 7 / 9 %**

- for SME;
- for agriproducers, etc.



### **For SMEs**

**Purpose:** business entities development, increase in production volumes, exports, import substitution, high-tech production, energy efficiency, introduction of innovations, as well as facilitating the creation of new jobs and enterprises, return of migrant workers to Ukraine

**UAH 60 mln** - the maximum amount of loan

**5, 7 or 9 %** of interest rate

For up to **5 years**

Amount of the loan guarantee - **80%** of the sum of the loan of the subject of micro, small and medium legal entities



### **For duration of the martial law**

**Purpose:** support and activation of business activity during the period of martial law, thus also meeting the needs of the armed forces, other military formations and/or the population (production of significant for society goods, investments into the critical infrastructure, etc.), for the aim of relocation, etc.

**UAH 60 mln** - the maximum amount of loan

**0 %** of interest rate during the period of martial law and one month after its termination

**5 %** of interest rate afterwards

For up to **5 years**

For medium-sized legal entities with annual revenues **up to EUR 50 mln** and for large-sized legal entities with annual revenues **over EUR 50 mln** regardless of the number of employees

Amount of loan guarantee - **50%** of the amount of credit of subjects of micro, small and medium legal entities (except for subjects of big legal entities)

## 9.6 Temporary tax and customs exemptions

\* During introduction of martial law



**Special 2% single tax regime \*\***



**Single tax payers under single tax groups I and II, i.e., a small-scale business, are released from the obligation (i) to pay single tax and (ii) to submit tax reports\*\***



**No VAT is due on the supply or import of goods by single tax payers (including tax payers under special 2% single tax regime)\*\***

\* Temporary tax and customs exemptions was introduced after martial law became in effect. Please note that Ukrainian legislation undergoes frequent changes and adjustments during this extraordinary period. We cannot exclude that the text available to you may not be up to date or may lack the latest developments.

\*\* Starting from 1 April, 2022 and for the duration of martial law in Ukraine special 2% single tax regime is in force. The 2% single tax will allow to opt out of CIT, VAT, land tax and PIT (in the context of the activities of private entrepreneurs). In order to benefit from the regime, the taxpayers should submit a relevant application to the tax authorities.

# WHY INVEST IN UKRAINE

## 10. International companies operating in Ukraine

**LEONI**



GLENCORE



BÜNGE



and many more

# WHY UKRAINE MATTERS

Ukraine is rich in mineral resources such as uranium, titanium, manganese, iron, and mercury ores. It ranks fourth in the world when it comes to the total value of natural resources, with 22 trillion cubic meters of shale gas reserves and 33.9 billion of coal reserves.

More importantly, Ukraine is a highly industrialized country. It is among the top global manufacturers of rocket launchers, steel products, and locating equipment as well as one of the world's largest exporters of iron, nuclear power plant turbines, defense industry products, ores, and concentrates.

In addition, Ukraine is the leading country in terms of export of: sunflower seed, wheat, barley, soy beans, chicken meat.

# WHY UKRAINE MATTERS

## Supply chain disruptions

### REGIONS HIGHLY DEPENDENT ON UKRAINIAN EXPORT, BASED ON 2021 DATA

Regional dependency on Ukrainian export	Europe		Middle East		Asia	
	CEE	Black Sea	GCC	North Africa	South	South – East
Over 15%	Iron ores			Cereals		
10-15%	Animal and vegetable fats, Vegetables	Cereals, fertilizers, Iron and steel	Animal fats		Cereals	
5-10%	Iron and steel, Wood sawn	Articles of steel, Wood sawn, Railway locomotives	Cereals, chicken meat		Oil seeds, Animal and Vegetable fats	Cereals
<b>Total volume of disruption at tier-1 (mln USD)</b>	<b>6,658</b>	<b>7,435</b>	<b>852</b>	<b>2,380</b>	<b>2,806</b>	<b>1,279</b>

**TOTAL POSSIBLE DISRUPTION OF SUPPLY CHAIN**

- 21 bln USD worth of supply at tier-1 Ukrainian suppliers for chosen regions
- Ukraine provides food products to over 400 mln people worldwide

**Outcomes:**

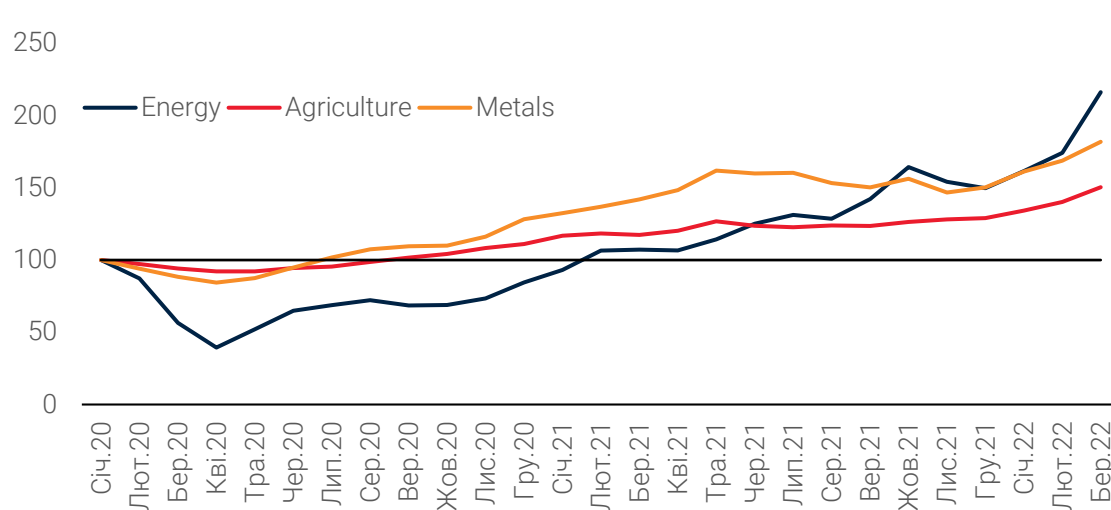
Most of emerging markets in North Africa, Central and Eastern Europe, and South-East Asia are highly depend on Ukrainian critical agricultural and metallurgical products, which directly influence food security and core economic activities.  
400 mln people could be highly affected by food supply chain disruptions and unprecedented price increase.

15% of the European automotive output are at risk because of the lack of wire harness produced in Ukraine.  
Ukrainian companies supply over 70% of the world neon gas used for production of semiconductors.

# WHY UKRAINE MATTERS

## Commodities markets

### Commodities indices, Jan 2020 – basic period



### Commodities market faces unprecedented challenges

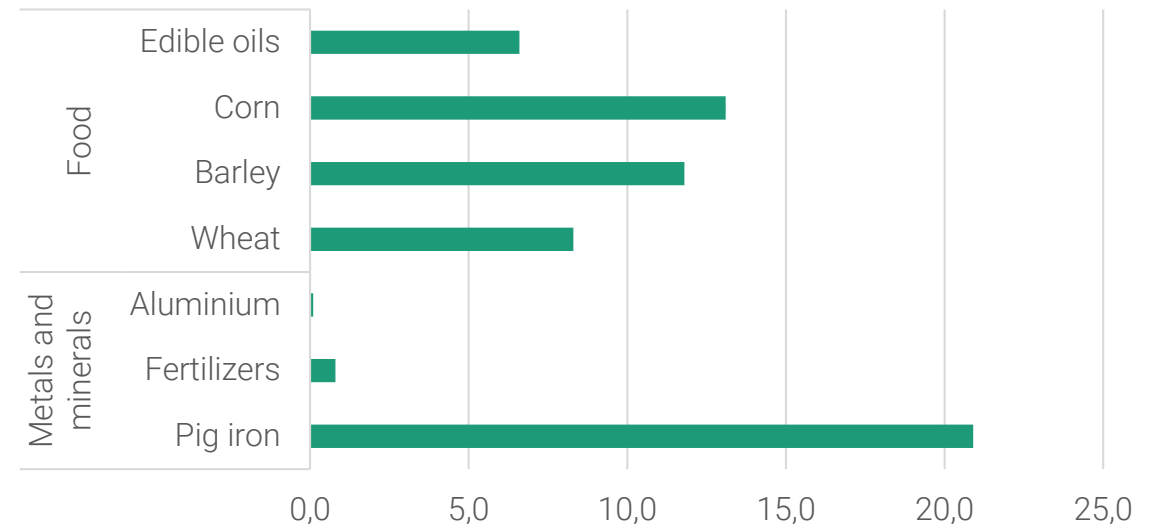
Energy price index continues to increase over a 23-month period, following disruption of gas and coal import from Russia.

### Non-energy prices

Large increase in prices of fertilizers, oilseeds, nickel and wheat results in a severe raise of non-energy commodities price index. Price of most agricultural commodities got almost 30% higher since the beginning of the year.

The metals and mineral index shows +24% increase yoy. Nickel and iron prices had a large increase due to hostilities in the main metallurgical regions of Ukraine.

### Ukraine`s global export share, in %



### Outcomes:

Unprecedented increase in commodities prices and shortage of the key raw materials severely affects most of industries of the global economies, increasing production and operational costs. Thus, there is a broader increase in inflation, affecting both producers and consumers.

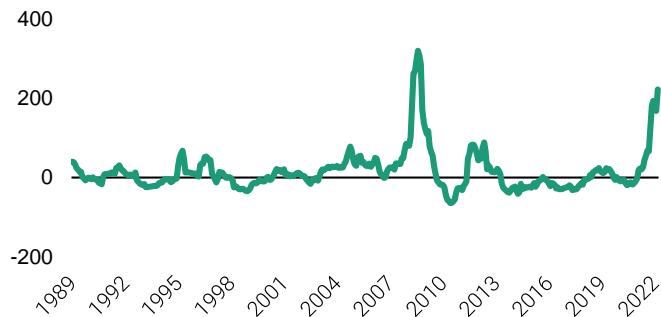
### Forecast:

The World Bank forecasts that most commodity prices are expected to be sharply higher than in 2021 and hardly recover to the past 5-year levels till 2023-24. Commodity prices are expected to continue going up in 2022, the forecast suggest that energy price would gain +50% and non-energy prices +20%.

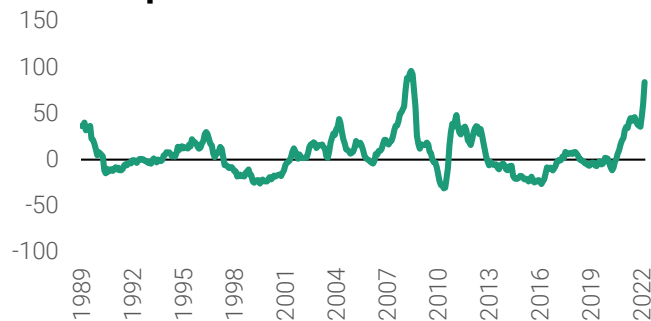
# WHY UKRAINE MATTERS

## Food security

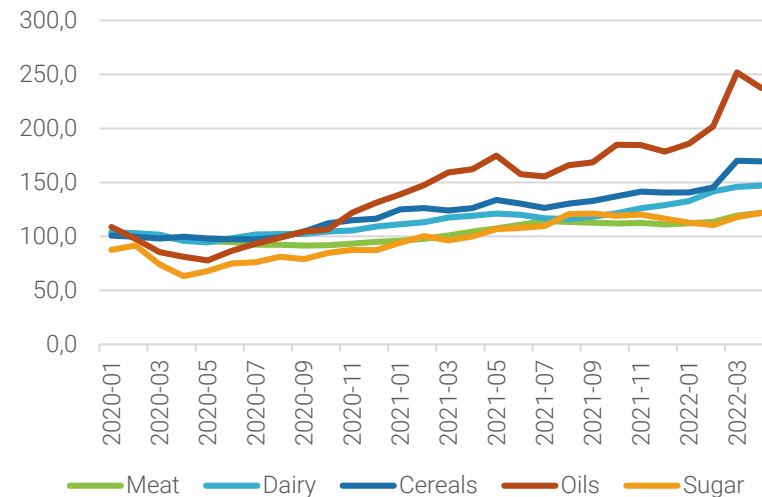
### Fertilizers price, % change



### Food price index



### FAO food price index components



### Ukraine is the breadbasket of the world

Ukraine is the leading country in terms of export of: sunflower seed, wheat, barley, rapeseed, soy beans, chicken meat.

Furthermore, Ukraine is one of the main food exporter to a number of countries, including Moldova, Lebanon, Pakistan, India, Qatar.

### Fertilizers crisis

The global fertilizer market was already under a severe stress before the war, pushing some fertilizers prices to their highest level since 2010, whereas now prices are more than doubled (+223%). Shortages in fertilizers could lead to reduced agricultural yields and production, particularly in EMDEs.

### Food prices are historically high

FAO Food price index reached all-time height in March 2022. In April 2022, food prices were 29.8% higher than the previous year.

**Outcomes:** cascade effect. Surging energy prices and fertilizer shortage correspond to higher operational costs for agriculture business all around the world. Ukraine has faced severe difficulties **as the main cereals exporter and one of the largest meat exporters.** This leads to the global shortage of essential food products, which, in turn, **will affect lots of** world economies, especially developing ones.

# HOW TO SUPPORT UKRAINE

**UNITED24** was launched by the President of Ukraine Volodymyr Zelenskyy as the main platform for collecting charitable donations in support of Ukraine. Funds will be transferred to the official accounts of the National Bank of Ukraine and allocated by assigned ministries to cover the most pressing needs:

- Defense and demining
- Medical aid
- Rebuild Ukraine



[u24.gov.ua](https://u24.gov.ua)

**UNITED24**



**Ukraine Invest**  
Your Investment Matters

# Your investment **matters**



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**NOW**   
**Ukraine**