

# Ukraine slide package for a foreign investor



Elisa Aro  
August 2015

# Contents

1. General information	3
2. Economic development	11
3. Political scene	18
4. Prosperity and consumption	22
5. External economic relations	27
6. Additional information	33

The information in this document is compiled from a variety of sources.

The Pan-European Institute assumes no responsibility for the completeness or accuracy of the information.



# 1. General information

## a) Geographical facts

### Land area:

579 330 sq km

### Border countries:

Slovakia 97 km, Hungary 128 km, Romania 601 km, Poland 535 km,  
Belarus 1 111 km, Moldova 1 202 km, Russia 1 944 km

### Distance from Kiev to some European capitals:

Moscow 756 km  
Helsinki 1 139 km  
Berlin 1 205 km  
Paris 2 024 km  
London 2 132 km  
Madrid 2 861 km  
[[www.geobytes.com](http://www.geobytes.com)]



Source: CIA The World Factbook

# 1. General information

## b) Administrative divisions and territorial constitution

- **24 Provinces ("oblasts" in Ukrainian):**

Cherkasy, Chernihiv, Chernivtsi, Dnipropetrovsk, Donetsk, Ivano-Frankivsk, Kharkiv, Kherson, Khmelnytskyi, Kyiv, Kirovohrad, Luhansk, Lviv, Mykolayiv, Odesa, Poltava, Rivne, Sumy, Ternopil, Vinnytsya, Volyn, Zakarpattia, Zaporizhzhya, Zhytomyr

- **1 Autonomous Republic:**

Autonomous Republic of Crimea

- **2 Municipalities:**

City of Kyiv, City of Sevastopol

Note: The status of the Autonomous Republic of Crimea and the municipality of Sevastopol in Ukraine remain unclear due to the current political situation. Plenty of countries do not recognize Russia's annexation of Ukraine's Autonomous Republic of Crimea and the municipality of Sevastopol nor their redesignation as the Republic of Crimea and the Federal City of Sevastopol.

# 1. General information

## c) Population

### **Population:**

45 245 900 (2014)

### **Major cities:**

**(As of May 1, 2015\*)**

City of Kyiv (capital)	2 849 125
Dnipropetrovsk	3 265 326
Donetsk (estimation)	4 272 071
Kharkiv	2 710 510
Lviv	2 515 862
Odesa	2 381 946

### **Share of urban population:**

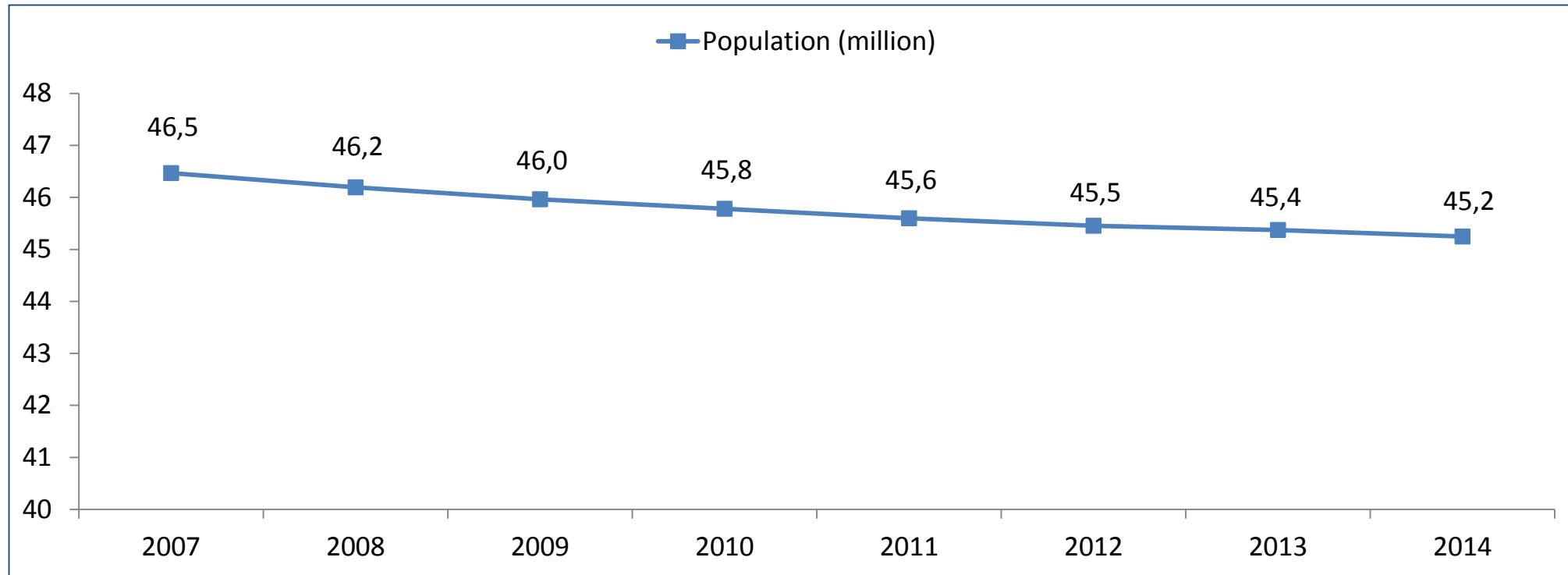
69% of total population (2014)

Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

# 1. General information

## d) Total population change



Source: State Statistics Service of Ukraine

# 1. General information

## e) Basic facts

### **Industries:**

Coal, electric power, ferrous and nonferrous metals, machinery and transport equipment, chemicals, food processing

### **Agriculture products:**

Grain, sugar beets, sunflower seeds, vegetables, beef, milk

### **Natural resources:**

Iron ore, coal, manganese, natural gas, oil, salt, sulfur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber, arable land

### **National Currency:**

Hryvnia, UAH

### **Official exchange rates of Hryvnia:**

1 EUR = UAH 23,86

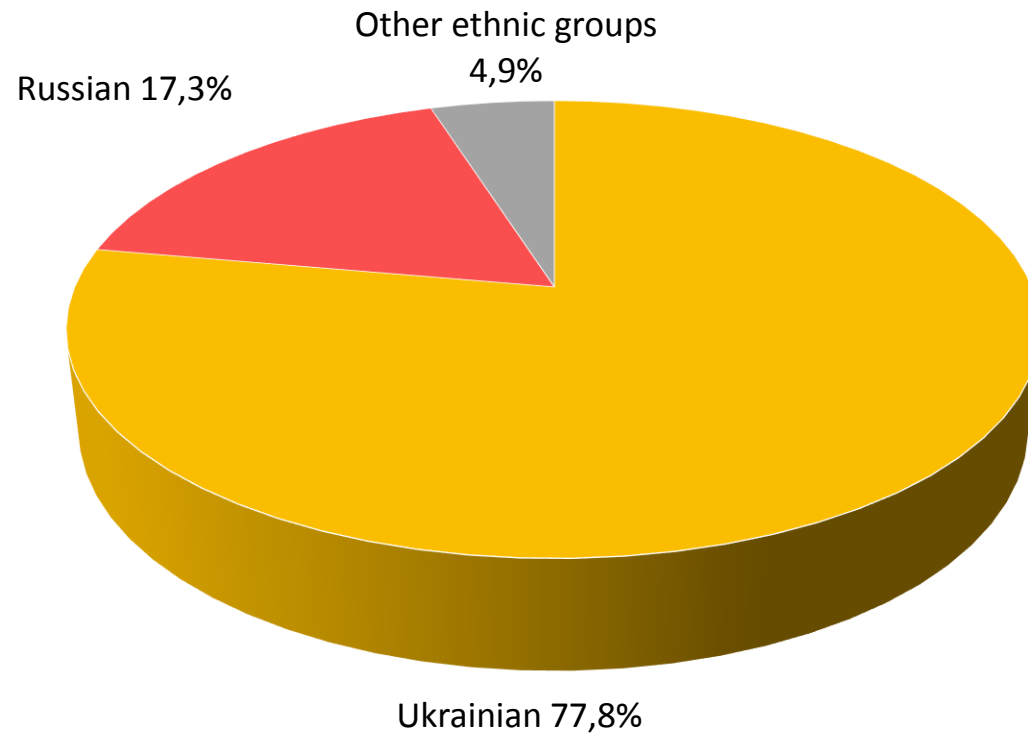
1 USD = UAH 21,39

1 RUB = UAH 0,329

Source: CIA The World Factbook;  
Exchange rates according to the National Bank of Ukraine  
13<sup>th</sup> of August 2015.

# 1. General information

## f) Ethnic groups



Other ethnic groups include:

Belarusian	0,6%
Moldovan	0,5%
Crimean Tatar	0,5%
Bulgarian	0,4%
Hungarian	0,3%
Romanian	0,3%
Polish	0,3%
Jewish	0,2%
Other	1,8%

Source: CIA The World Factbook



# 1. General information

## g) Transport infrastructure

<b>Airports</b>	187
<b>Ports and terminals</b>	Feodosiya (Theodosia), Illichivsk, Mariupol', Mykolayiv, Odesa, Yuzhnyy
<b>Railways</b>	21 619 km
<b>Roadways</b>	169 694 km (approx. 98% paved roadways)
<b>Waterways</b>	1 672 km

**Ukraine has a strategic position at the crossroads between Europe and Asia. The country also offers an important route for oil and gas exports from Russia to Europe.**

Source: CIA The World Factbook

# 1. General information

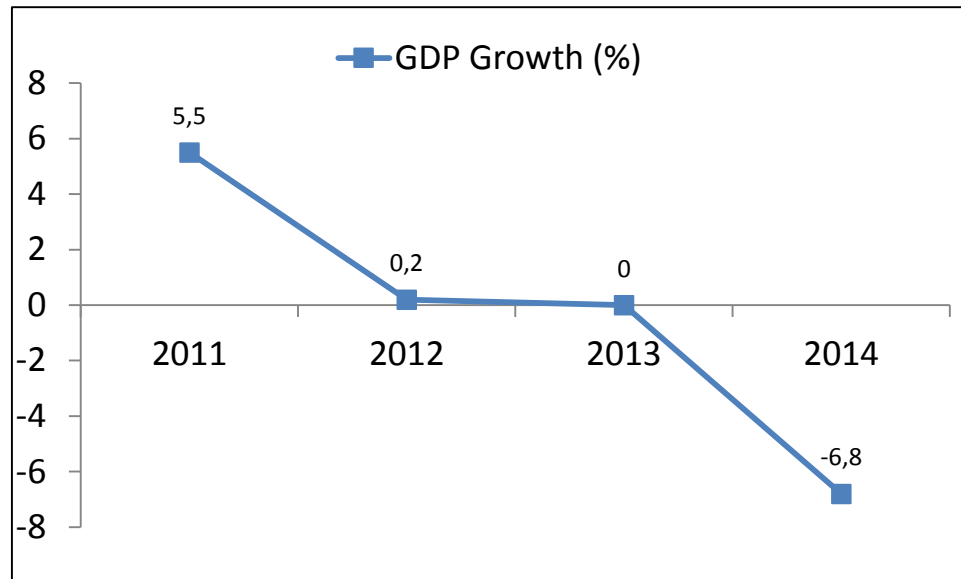
## h) Largest companies in Ukraine by revenues 2014

	Company	Industry	Revenue from sales (mln €)	Net income (mln €)
1	MetInvest	Manufacturing	9 619,0	294,4
2	DTEK	Energy & Resources	8 721,6	313,1
3	Energorynok	Energy & Resources	8 033,1	4,7
4	Naftogaz of Ukraine	Energy & Resources	7 010,8	-1 176,6
5	Ukrzaliznytsia	Consumer Business & Transportation	4 796,9	51,2
6	Megapolis Ukraine	Consumer Business & Transportation	2 696,8	84,4
7	ATB Market	Consumer Business & Transportation	2 646,1	22,1
8	ArcelorMittal Kryvyi Rih	Manufacturing	2 604,0	-144,5
9	Fozzy Group	Consumer Business & Transportation	2 390,6	N/A
10	Kernel	Consumer Business & Transportation	2 100,6	86,0

Source: Deloitte, Top 500 companies in the Central Europe 2014

## 2. Economic development

### a) GDP growth

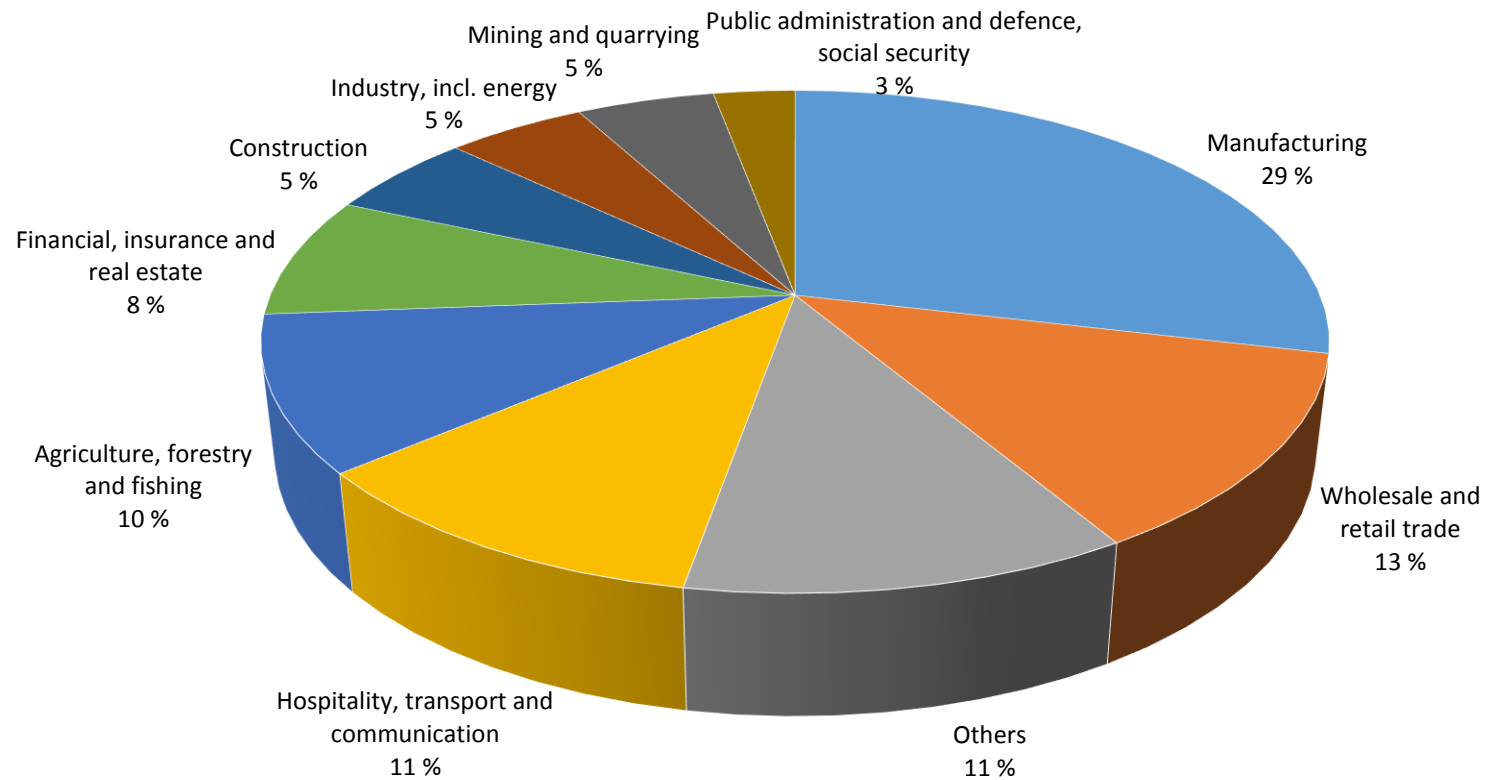


GDP growth (%) at 2010 constant prices.

Year	GDP (at prices of the previous year)	GDP per capita (at prices of the previous year)
1 Q 2015	296,7 billion UAH	Not available
2014	1 365,1 billion UAH	Not available
2013	1 404,3 billion UAH	32 553 UAH

## 2. Economic development

### b) GDP by types of economic activity 2013\*



Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

## 2. Economic development

### c) Labor force

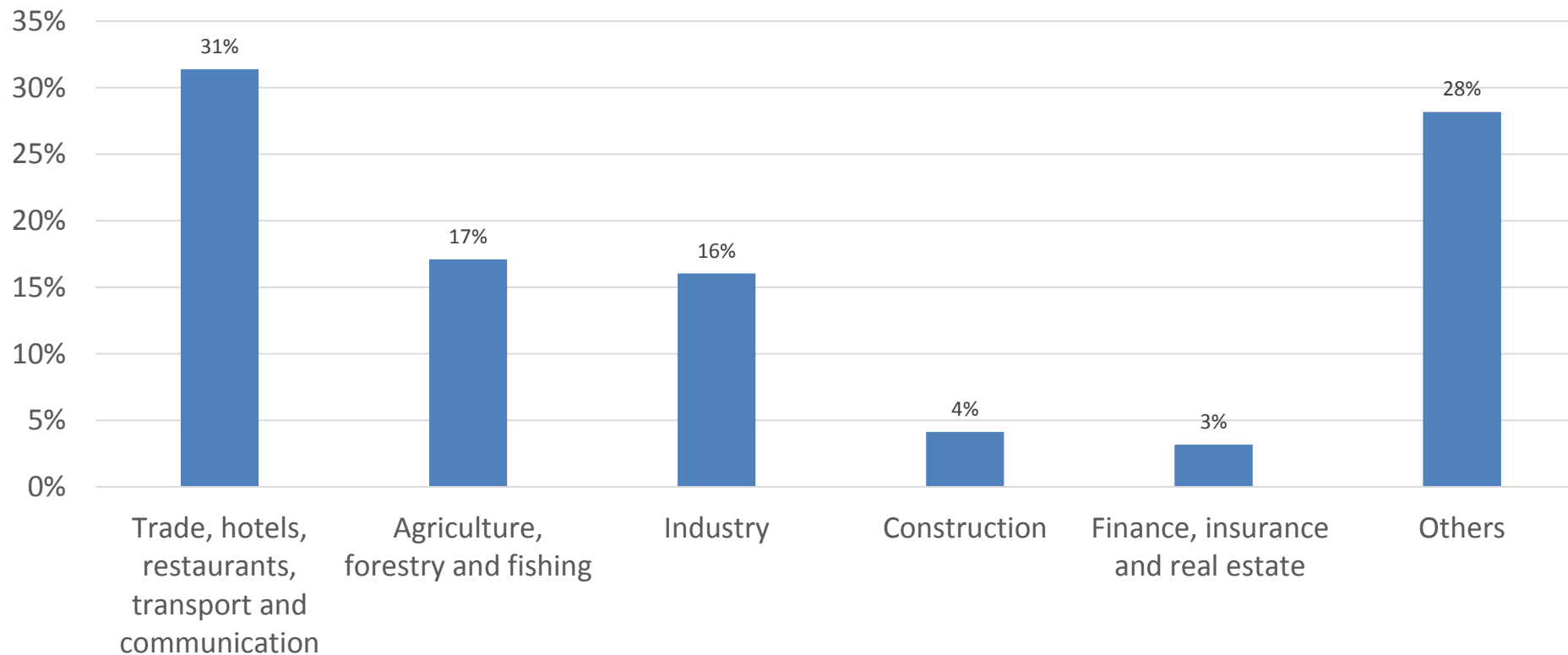
	2011	2012	2013	2014*
<b>Population (total resident)</b>	45 598 200	45 453 300	45 372 700	45 245 900
<b>Economically active population (of working age)</b>	20 247 900	20 393 500	20 478 200	19 035 200
<b>Unemployed (of working age)</b>	1 731 700	1 656 600	1 576 400	1 847 100
<b>Unemployment rate (% of population of working age)</b>	8,6%	8,1%	7,7%	9,7%

Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

## 2. Economic development

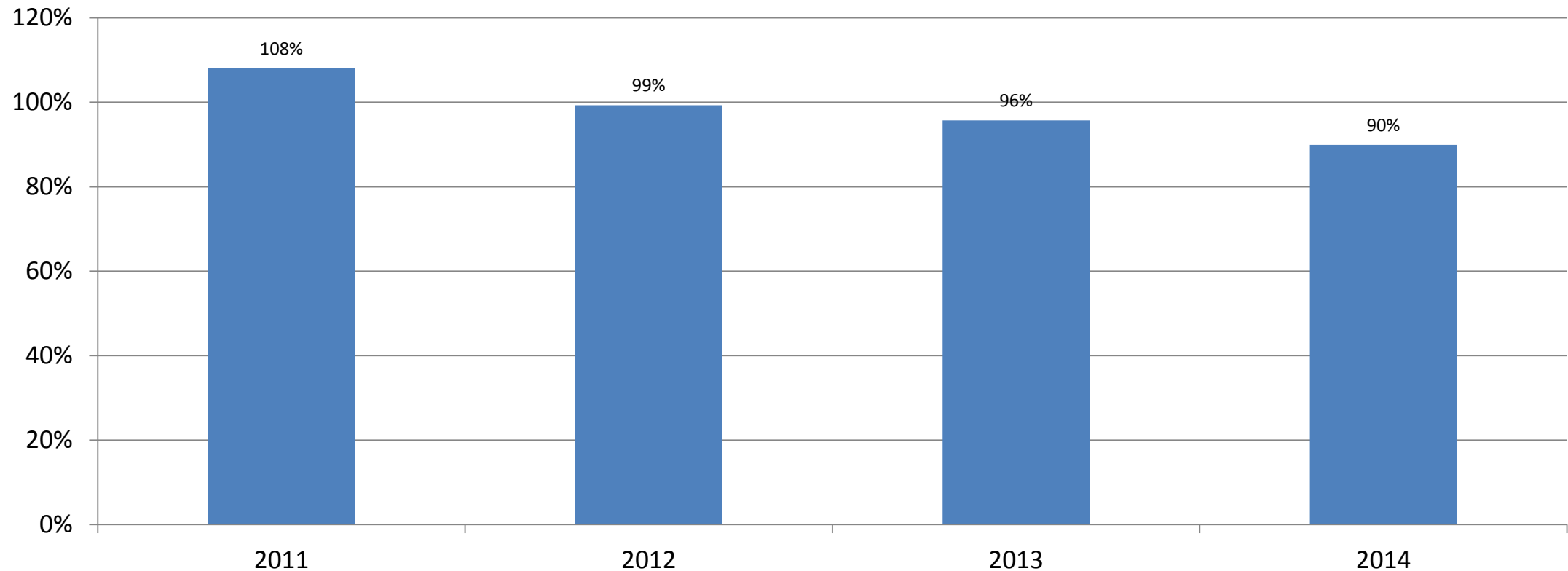
### d) Employment by sectors 2014



Source: State Statistics Service of Ukraine

## 2. Economic development

### e) Industrial production growth rate (% to the previous year)



Source: State Statistics Service of Ukraine  
Excluding the Autonomous Republic of Crimea and the City of Sevastopol,  
for IV quarter of 2014 also excluding the part of the anti-terrorist operation zone.

## 2. Economic development

### f) Industrial production growth rate by industries 2014

Industry	2014 (% to the previous year)
Transport vehicles and equipment	-35,7%
Computer, electronic and optical products	-22,1%
Coke and refined petroleum	-21,3%
Machinery and equipment	-20,6%
Metallurgy and finished metal	-14,5%
Chemicals and chemical products	-14,2%
Mining and quarrying	-13,7%
Non-metallic mineral products	-8,8%
Electricity, gas, steam, air conditioning	-6,6%
Wood, paper and printing	-4,0%
Textile	-1,4%
Foodstuffs, beverages and tobacco	2,5%

Source: State Statistics Service of Ukraine



## 2. Economic development

### g) Bank reserves, external debt & account balance

	2011	2012	2013
<b>Total reserves</b>	31,79 billion USD	24,55 billion USD	20,41 billion USD
<b>External debt stocks</b>	135,50 billion USD	135,87 billion USD	147,71 billion USD
<b>Current account balance</b>	-10,23 billion USD	-14,34 billion USD	-16,52 billion USD

Sources: The World Bank;  
Exchange rates according to the Bank of Finland  
14<sup>th</sup> of August 2015: 1 EUR = 1,1171 USD

# 3. Political scene

## a) Democracy

<b>Democracy Index 2014</b> <b>Regime type: Hybrid regime</b>	<b>Overall rank</b> <b>92/167</b>
Overall score*	5,42
Electoral process & pluralism (on a scale from 0 to 10)	5,83
Functioning of government (on a scale from 0 to 10)	3,93
Political participation (on a scale from 0 to 10)	5,56
Political culture (on a scale from 0 to 10)	5,00
Civil liberties (on a scale from 0 to 10)	6,76

Source: Economist Intelligence Unit

\* On a scale from 0 to 10, 0 is the lowest score.

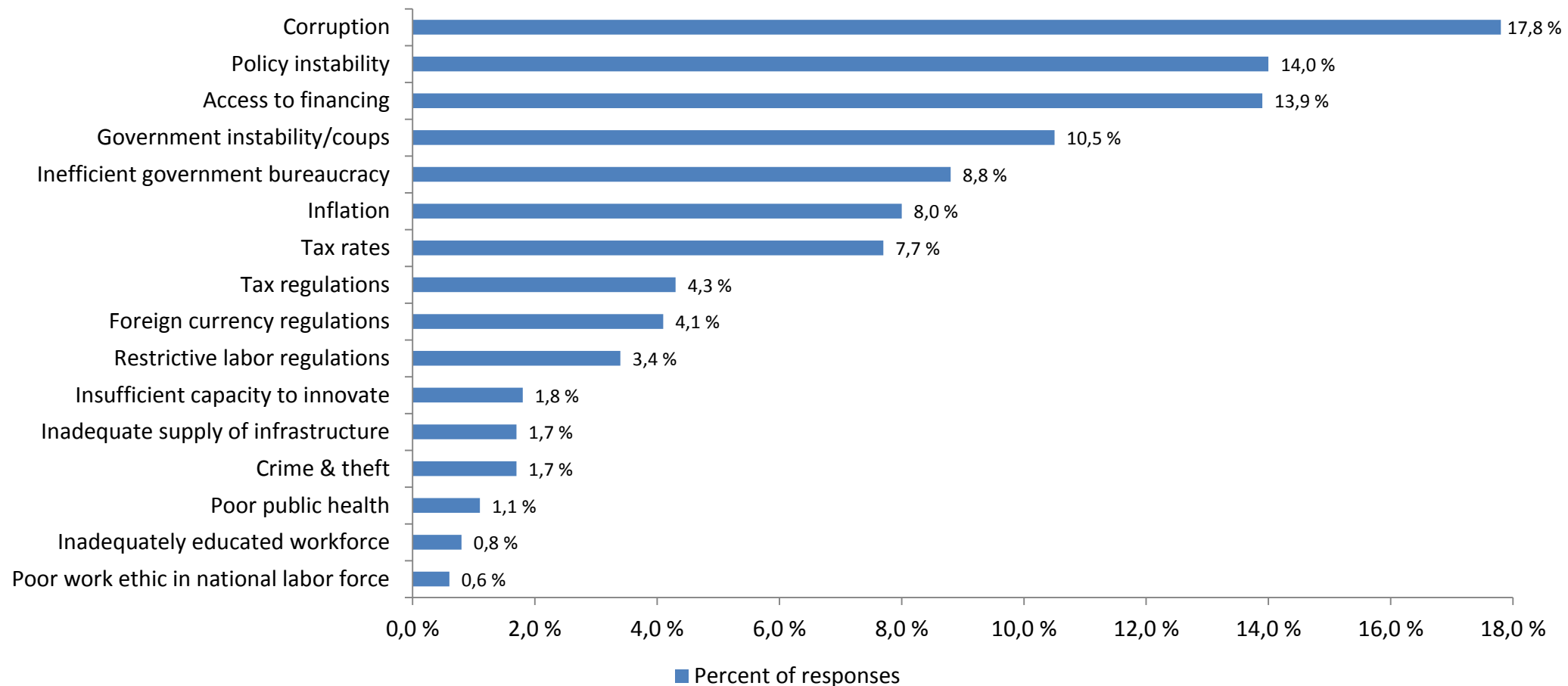
# 3. Political scene

## b) Business freedom

Ranking index	Rank of Ukraine/ Total number of countries
World Democracy Audit overall ranking (World Audit, January 2015)	113/150
Press Freedom ranking (World Audit, January 2015)	99/150
Global Competitiveness Index 2014-2015 (World Economic Forum)	76/144 (-8 change to the previous year)
The 2015 Index of Economic Freedom (The Heritage Foundation)	162/178
Corruption Perceptions Index 2014 (Transparency International)	142/175 (Corruption score 26 on a scale 0-100)
Ease of Doing Business 2015 (World Bank)	96/189 (+16 change to the previous year)

# 3. Political scene

## c) The most problematic factors for doing business



Source: The Global Competitiveness Report 2014-2015

Note: Respondents were asked to select the five most problematic factors for doing business and to rank them. The bars show the responses weighted according to their rankings.

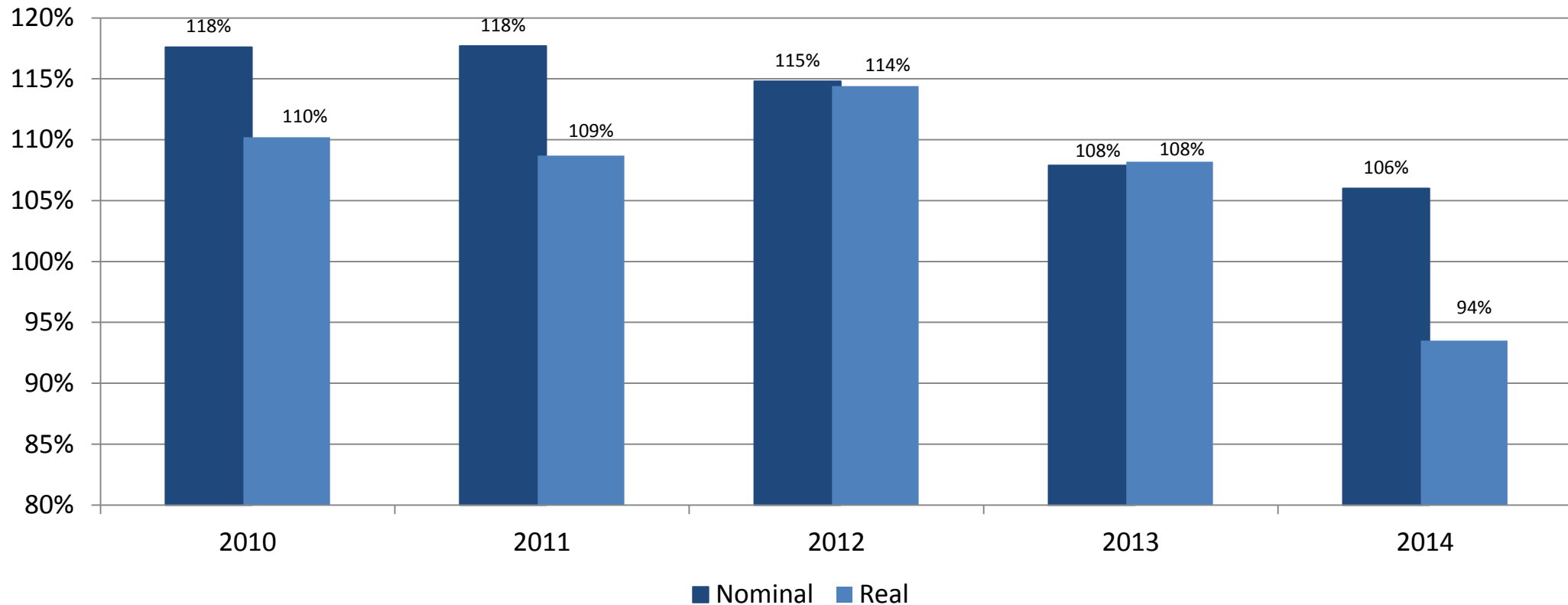
# 3. Political scene

## d) Taxes, government spending, public debt

Taxes, government spending and debt	
Corporate tax rate (2014)	18,0 %
The average tariff rate (2012)	2,1 %
Government spending of GDP (2013)	48,2 %
Government gross debt of GDP (2013)	41,0 %

# 4. Prosperity and consumption

a) Growth rate of nominal and real wages of employees (% to the previous year)

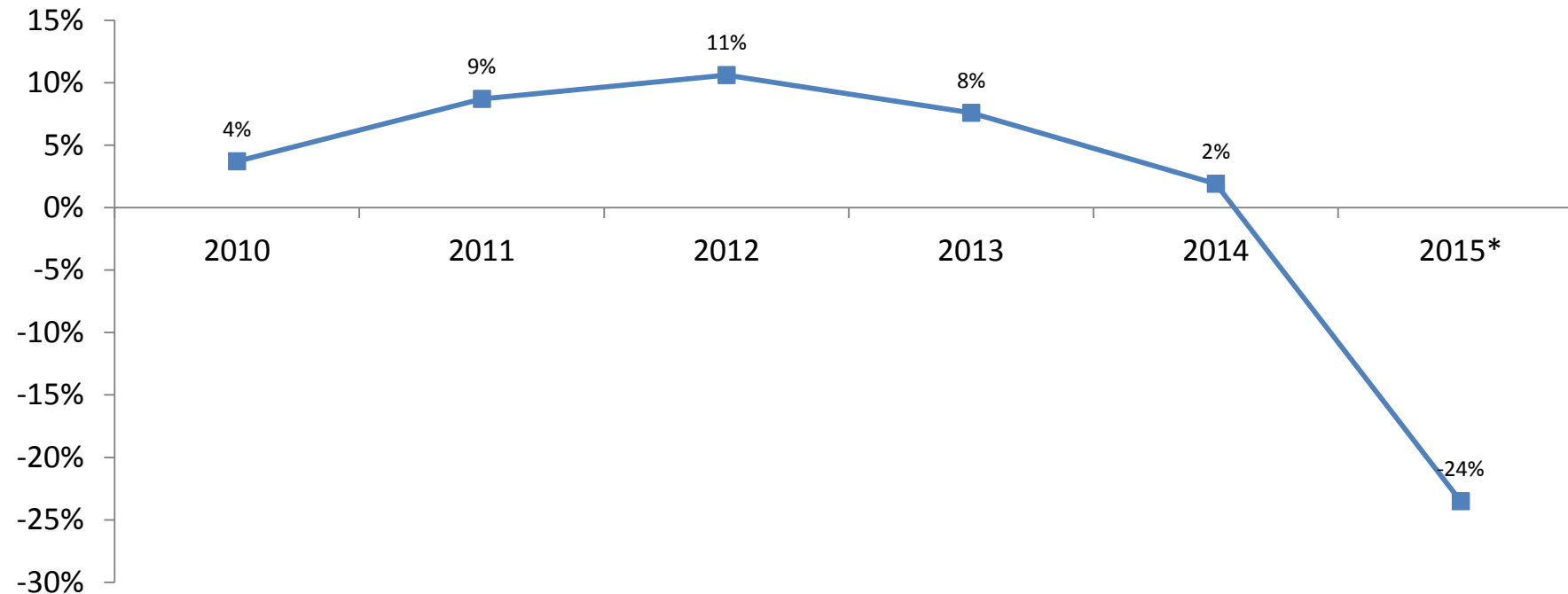


Source: State Statistics Service of Ukraine

# 4. Prosperity and consumption

## b) Household real disposable income growth

(1 Q of each year, % to the corresponding period of previous year)

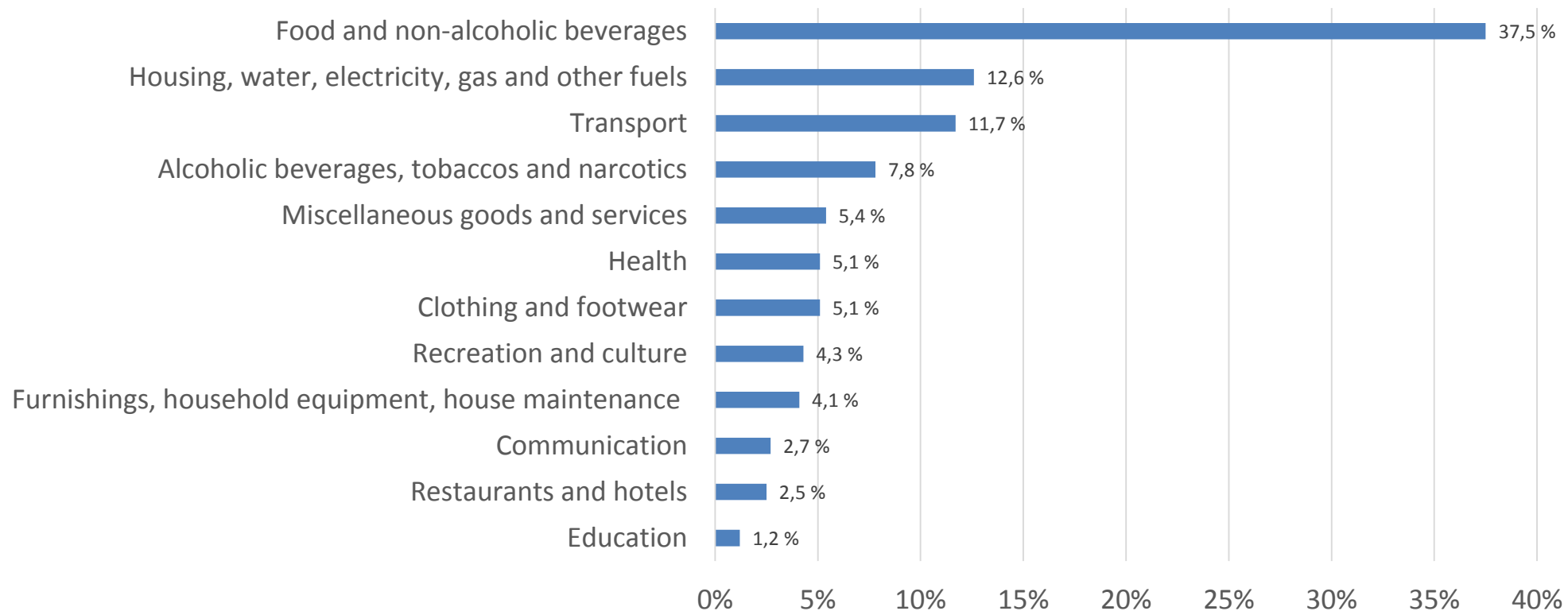


Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea, the City of Sevastopol and part of the anti-terrorist operation zone.

# 4. Prosperity and consumption

## c) Structure of household total expenditures 2014\*



**Average monthly total expenditure per household 2014: 4049 UAH**

Source: State Statistics Service of Ukraine,

\* Excluding the Autonomous Republic of Crimea, the City of Sevastopol and part of the anti-terrorist operation zone.

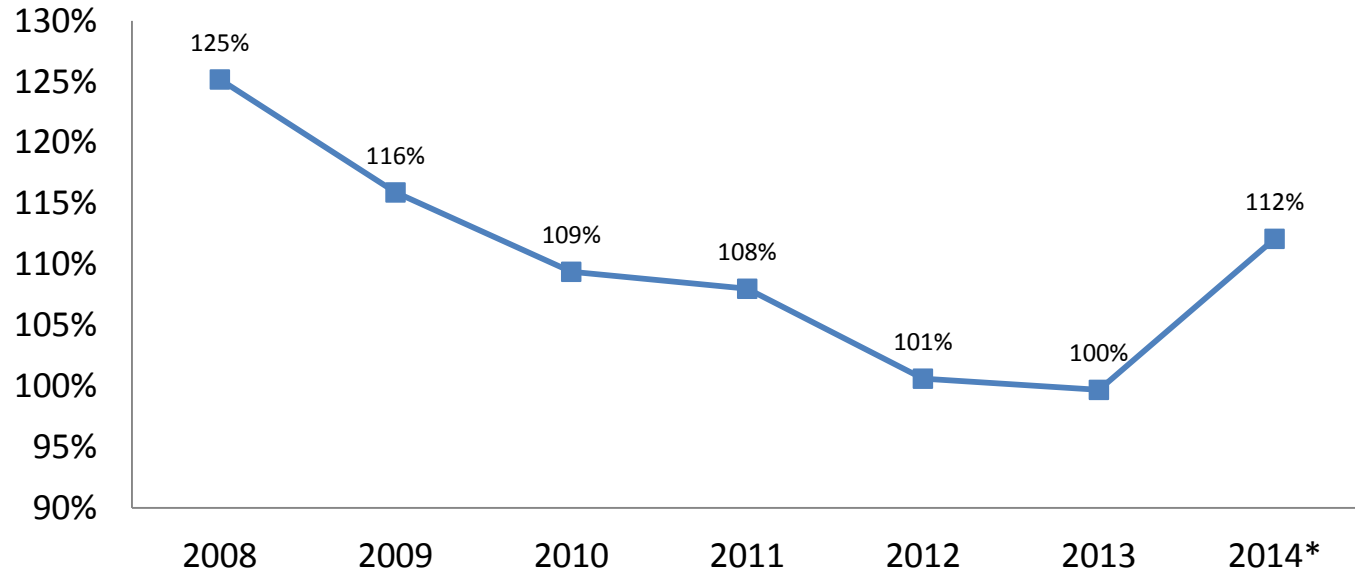
Exchange rates according to the National Bank of Ukraine

13th of August 2015: 1 EUR = 23,86 UAH



# 4. Prosperity and consumption

## d) Consumer price indices



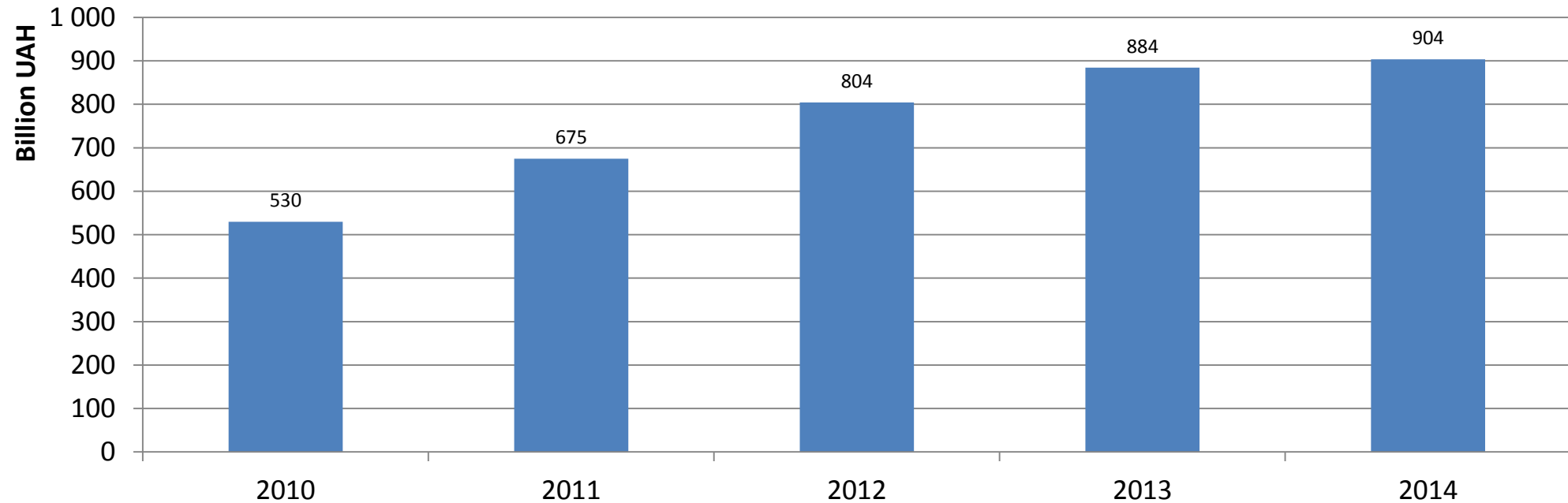
Year	2008	2009	2010	2011	2012	2013	2014*
CPI (annual variation in %)	25,2%	15,9%	9,4%	8,0%	0,6%	-0,3%	12,1%

Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

# 4. Prosperity and consumption

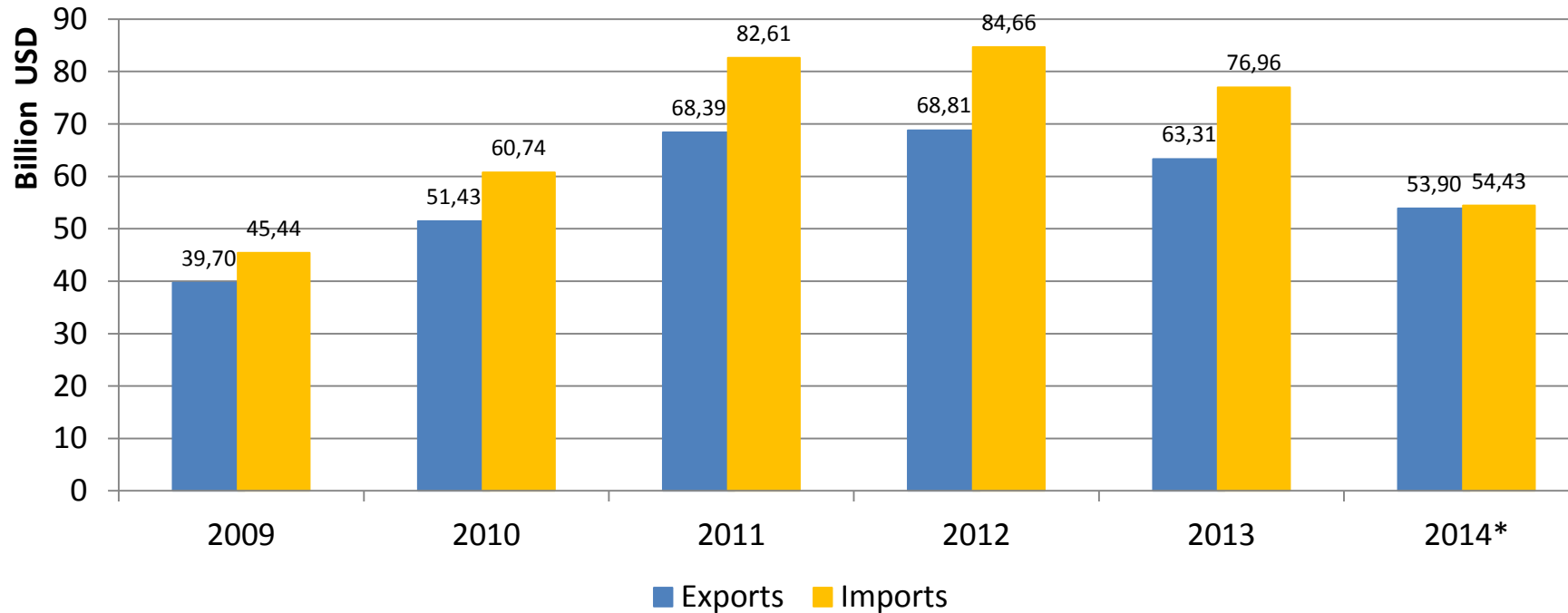
## e) Retail trade turnover (billion UAH)



Sources: State Statistics Service of Ukraine;  
Exchange rates according to the National Bank of Ukraine  
13th of August 2015: 1 EUR = 23,86 UAH

# 5. External economic relations

## a) Development of foreign trade in goods (billion USD)



Sources: State Statistics Service of Ukraine

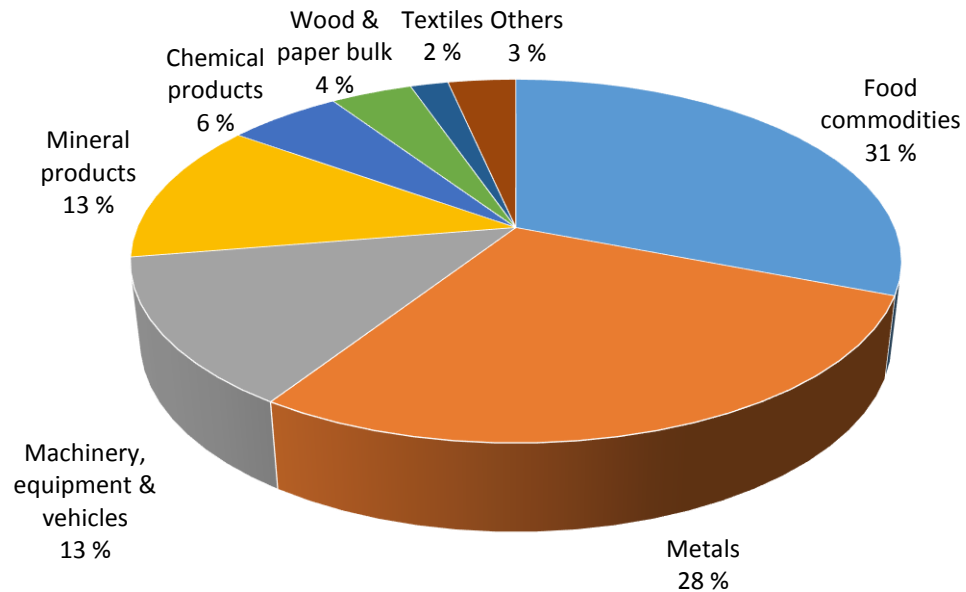
\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

Exchange rates according to the Bank of Finland 14<sup>th</sup> of August 2015: 1 EUR = 1,1171 USD

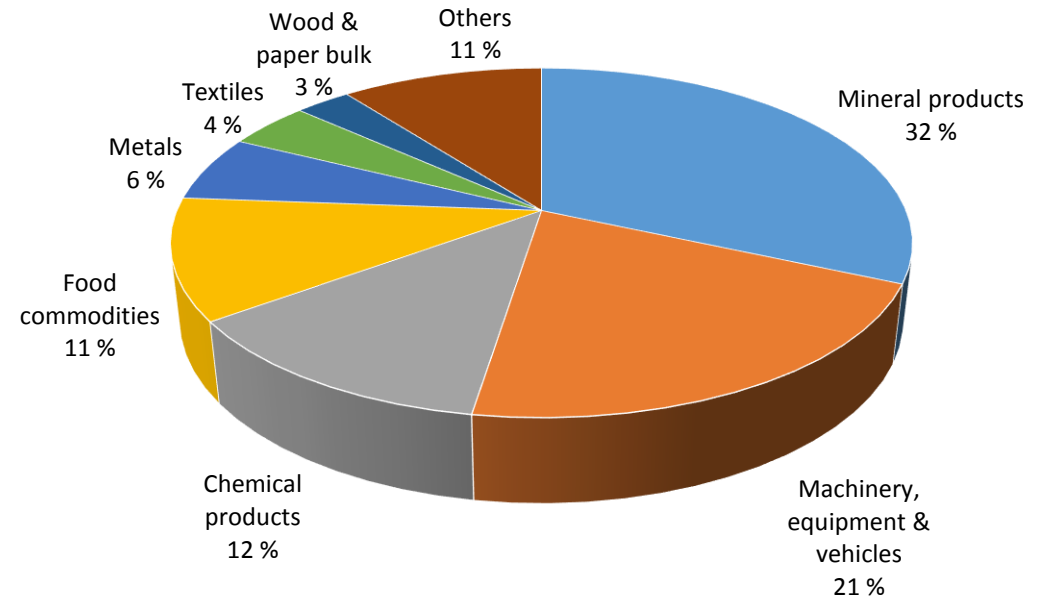
# 5. External economic relations

## b) Foreign trade structure 2014\*

**Exports**



**Imports**



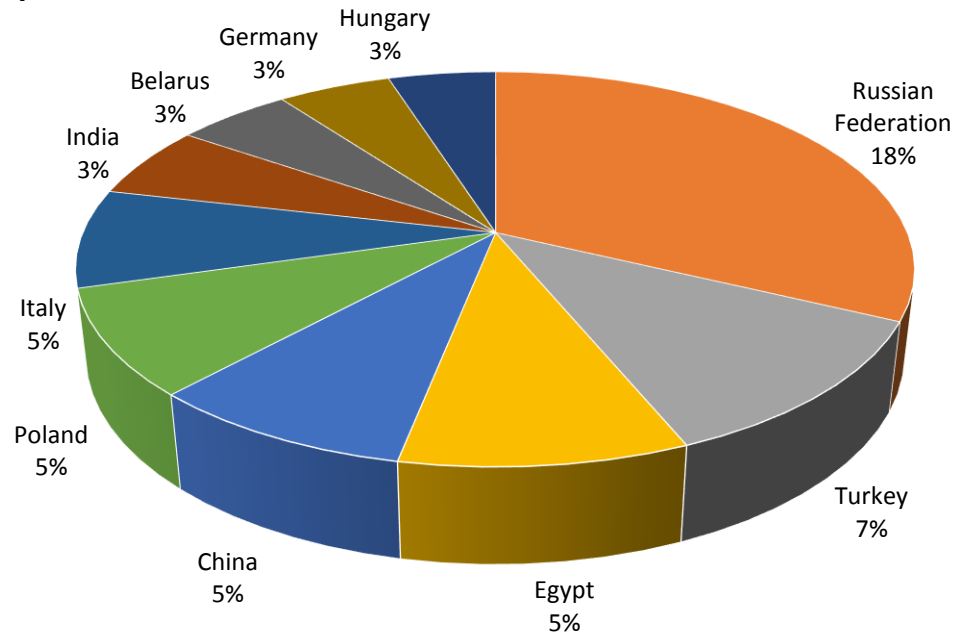
Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

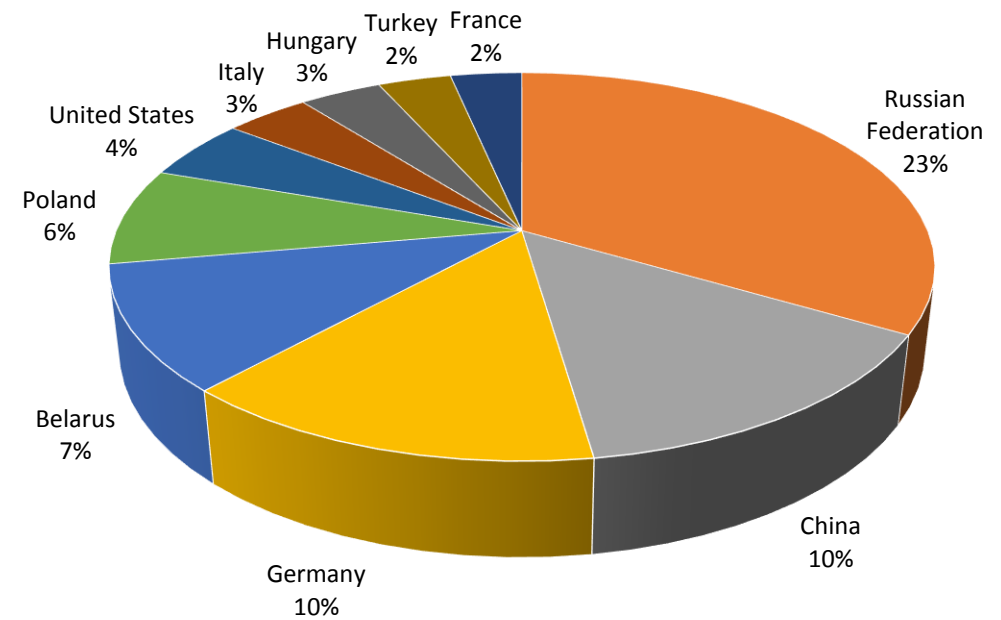
# 5. External economic relations

## c) Major export and import partners 2014\*

**Exports**



**Imports**

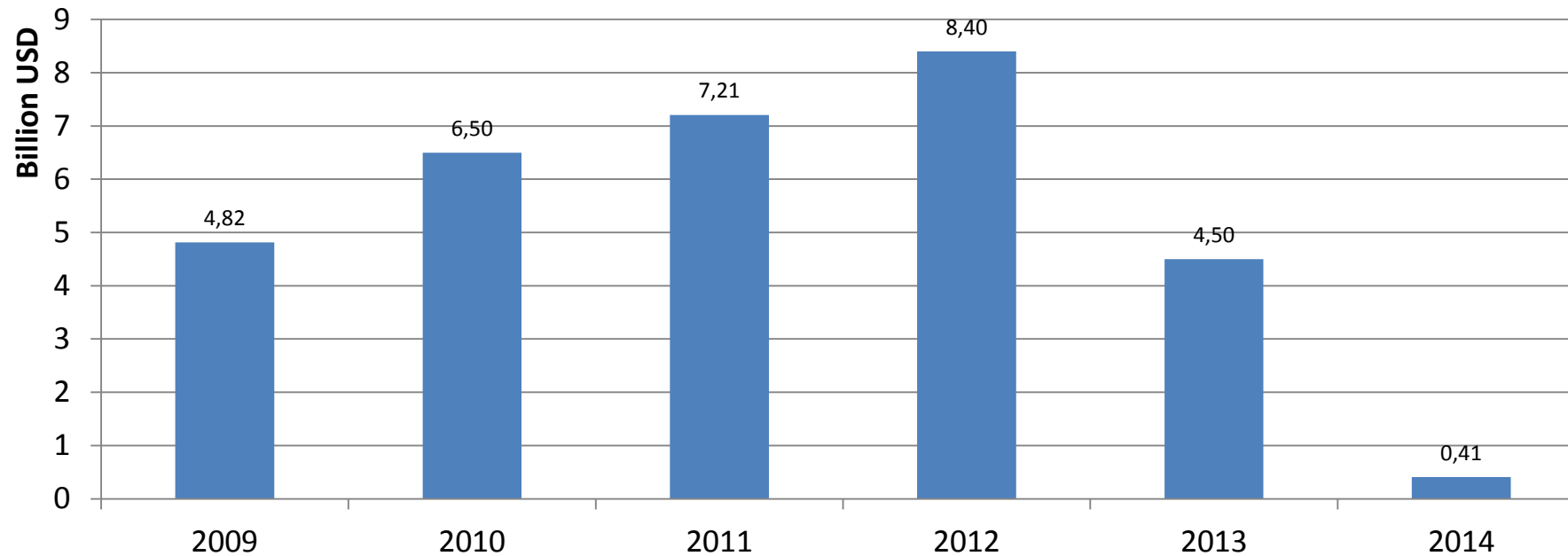


Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.

# 5. External economic relations

## d) FDI inflows (billion USD)



Sources: UNCTAD STAT;  
UNCTAD World Investment Report 2015;  
Exchange rates according to the Bank of Finland 14<sup>th</sup> of August 2015: 1 EUR = 1,1171 USD

# 5. External economic relations

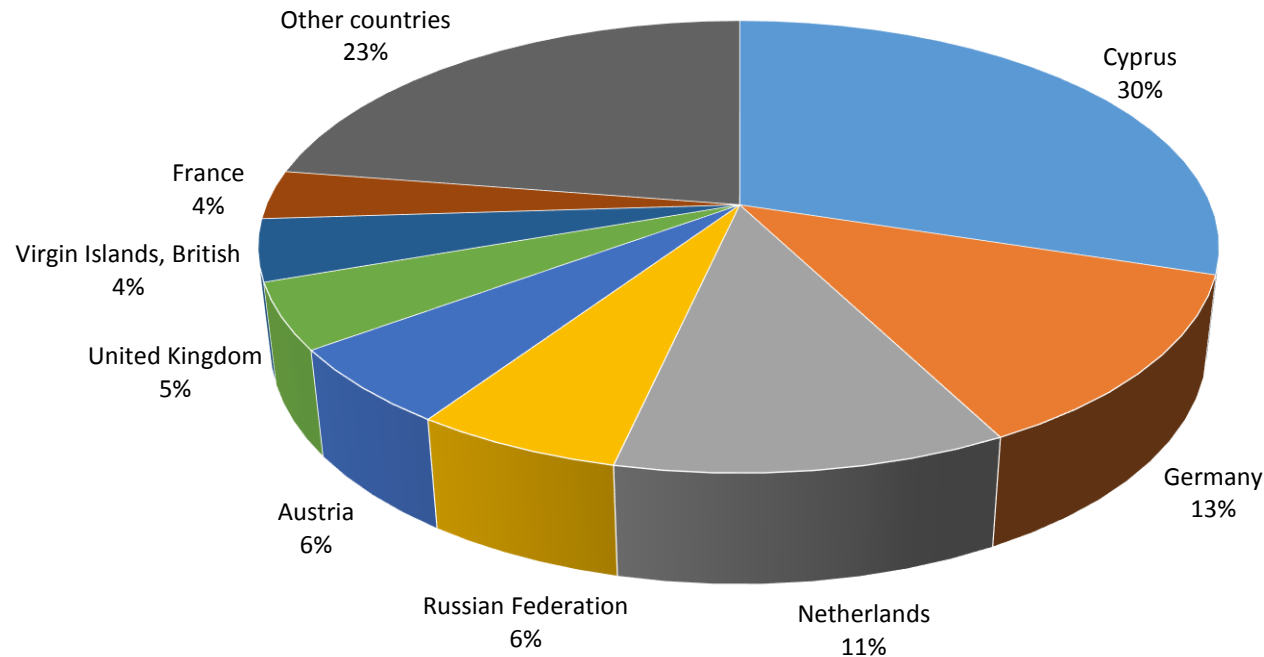
## e) FDI stock (billion USD)

	2000	2010	2014
<b>FDI inward stock</b>	3,88 billion USD	57,99 billion USD	63,83 billion USD
<b>FDI outward stock</b>	0,17 billion USD	7,96 billion USD	9,71 billion USD

Sources: UNCTAD STAT;  
UNCTAD World Investment Report 2015;  
Exchange rates according to the Bank of Finland  
14<sup>th</sup> of August 2015: 1 EUR = 1,1171 USD

# 5. External economic relations

## f) Inward FDI (equity capital) by countries 2014\*



Source: State Statistics Service of Ukraine

\* Excluding the Autonomous Republic of Crimea and the City of Sevastopol.



# 6. Additional information

## a) Business services and authorities

### BUSINESS SUPPORTING SERVICES

**Finpro Ukraine, Finland Trade Center**

[www.finpro.fi/web/finpro-eng/contact/ukraine](http://www.finpro.fi/web/finpro-eng/contact/ukraine)

**State Agency for Investment and National Projects of Ukraine**

[www.ukrproject.gov.ua/en](http://www.ukrproject.gov.ua/en)

### SOME AUTHORITIES

**Verkhovna Rada of Ukraine (Parliament)**

[www.rada.gov.ua](http://www.rada.gov.ua)

**Ministry of Economic Development and Trade of Ukraine**

[www.me.gov.ua](http://www.me.gov.ua)

**Ministry of Finance Of Ukraine**

[www.minfin.gov.ua](http://www.minfin.gov.ua)

**Ministry of Foreign Affairs of Ukraine**

[www.mfa.gov.ua](http://www.mfa.gov.ua)

**National Bank of Ukraine**

[www.bank.gov.ua](http://www.bank.gov.ua)

Information subject to changes

# 6. Additional information

## b) Embassy and European Commission's Delegation

### **Embassy of Finland, Kyiv, Ukraine**

[www.finland.org.ua](http://www.finland.org.ua)

Embassy of Finland  
vul.Striletska, 14  
01901 Kyiv  
Tel. +380 44 278 7049  
E-mail: [sanomat.kio@formin.fi](mailto:sanomat.kio@formin.fi)

### **Delegation of the European Union to Ukraine**

[www.eeas.europa.eu/delegations/ukraine](http://www.eeas.europa.eu/delegations/ukraine)

Delegation of the European Union to Ukraine  
101 Volodymyrska St.  
01033 Kyiv  
Telephone: +380 44 390 8010  
E-mail: [delegation-ukraine@eeas.europa.eu](mailto:delegation-ukraine@eeas.europa.eu)

Information subject to changes

# 6. Additional information

## c) Other sources

### **CIA World Factbook**

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

### **Economist Intelligence Unit, EIU**

[www.eiu.com](http://www.eiu.com)

### **European Bank for Reconstruction and Development, EBRD**

[www.ebrd.com](http://www.ebrd.com)

### **Eurostat**

[www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat)

### **International Labour Organization, ILO**

[www.ilo.org](http://www.ilo.org)

### **International Monetary Fund, IMF**

[www.imf.org](http://www.imf.org)

Information subject to changes

# 6. Additional information

## c) Other sources

**State Statistics Service of Ukraine**

[www.ukrstat.gov.ua](http://www.ukrstat.gov.ua)

**The World Bank**

[www.worldbank.org](http://www.worldbank.org)

**United Nations Economic Commission for Europe, UNECE**

[www.unece.org](http://www.unece.org)

**Unicef**

[www.unicef.org](http://www.unicef.org)

Information subject to changes