

Ukraine

EUSKADI
BASQUE COUNTRY

BasqueTrade and Investment Agency

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**BasqueTrade
& Investment**

Agencia Vasca de Internacionalización
Nazioartekotzeko Euskal Agentzia



TABLE OF CONTENTS

Ukraine - Overview	03
Key Location & Country Risk Outlook	04
Foreign Trade	05
Key Industrial Sectors - Opportunities	08
Conclusions	10
About Us – Poland & Ukraine Office	11
Contact	12

I. UKRAINE - OVERVIEW

Main figures and key numbers in 2019:

Population: 44,39 MM – 8th in Europe

Area: 603 628 km² - 2nd in Europe

Currency: Hryvnia (UAH)

Exchange Rate: 0.038€/UAH

GDP: US\$154.9 Billion

GDP Growth %: 3,2%

GDP per Capita: US\$3,050

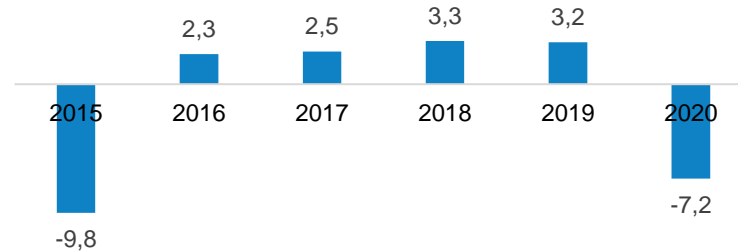
Medium Wage: US\$188,91

CPI: 7,89%

Unemployment: 8,53%



GDP GROWTH, %
(COMPARING TO RESPECTIVE PERIOD IN THE PREVIOUS YEAR)



Source: IMF – World Economic Outlook Database, October 2020

Source: State Statistics Service of Ukraine

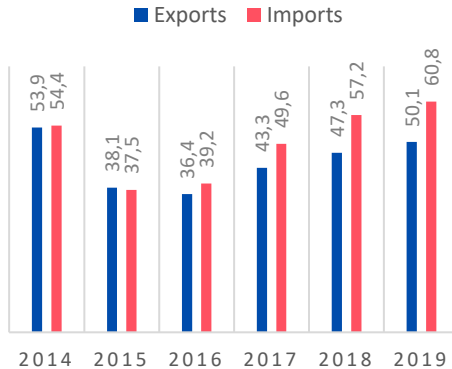
I. KEY LOCATION & COUNTRY RISK OUTLOOK

- Ukraine is the second largest country in Europe in terms of area after Russia.
- Ukraine's **geographic location** combined with **17 free trade agreements** with **various countries** (including the EU, Canada, Israel, etc.) makes it an important **transit corridor for trade and travel** between Europe, Asia and the Middle East. **EU-Ukraine Association Agreement signed in 2014.**
- The growth outlook going forward depends critically on accelerating the reform momentum to address the bottlenecks in investment and productivity. Given the strong performance in 2019 (3,2%), going forward it will depend on the impact of COVID (-6,3%) and if the new Government is able to deliver on its ambitious reform goals, growth could increase up to 3% by 2021 and 3,2% by 2022.
- Despite local turmoil Ukraine's ratings remain stable although with high debt levels (52% GDP in 2019). International private and public investment continue to flow in key sectors.

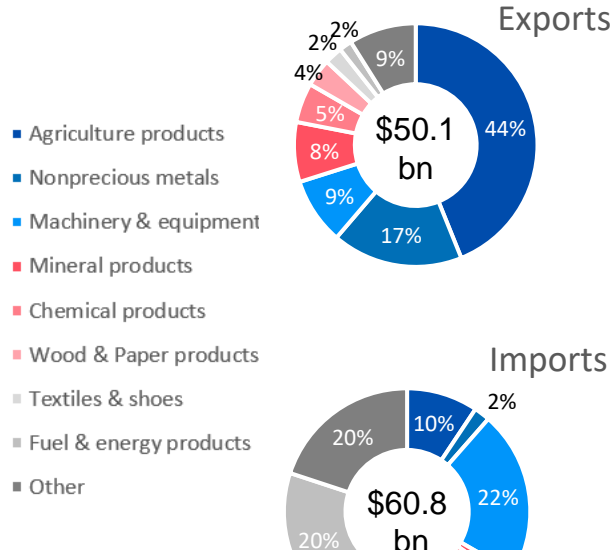


II. FOREIGN TRADE (in USD)

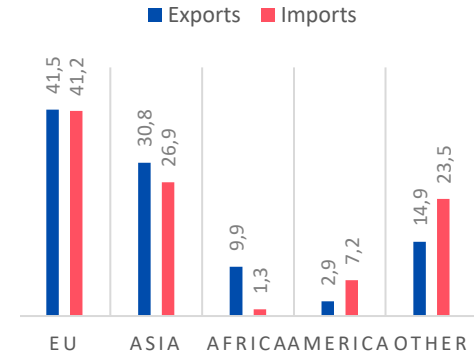
UKRAINE'S FOREIGN TRADE (\$ BILLION)



UKRAINE'S FOREIGN TRADE 2019: BREAKDOWN BY PRODUCTS, %



UKRAINE'S FOREIGN TRADE 2019: BREAKDOWN BY GEOGRAPHY, %



Source: State Statistics Service of Ukraine

II. FOREIGN TRADE (in USD)

Ukraine's foreign trade (2019)*

**Exports from
Ukraine:
50.054.605**

TOP 5 COUNTRIES:

- CHINA: 3.593.093,9
- POLAND: 3.295.846,6
- RUSSIA: 3.242.815,8
- TURKEY: 2.619.024,9
- ITALY: 2.418.875

- SPAIN: 1.500.801

**Imports to
Ukraine:
60.800.173**

TOP 5 COUNTRIES:

- CHINA: 9.204.805
- RUSSIA: 6.985.013,5
- GERMANY: 5.986.873,6
- POLAND: 4.109.083,2
- BELARUS: 3.751.922,9

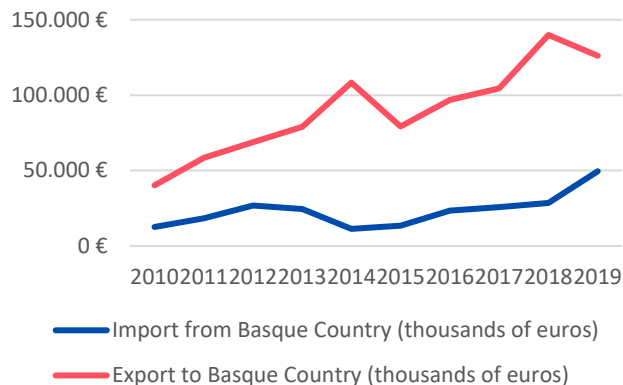
- SPAIN: 844.213,8

*thousands of USD

Source: State Customs Service of Ukraine

II. FOREIGN TRADE (in EUR)

FOREIGN TRADE BETWEEN UKRAINE AND THE BASQUE COUNTRY



- Growth rate of imports from the Basque Country (2010-2019): **290,59%**
- Growth rate of exports to the Basque Country (2010-2019): **213,67%**

Source: Datacomex

TOP 5 Imports from Basque Country (2019)		TOP 5 Exports to Basque Country (2019)	
84 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	18.423 €*	15 Animal or vegetable fats and oils and their cleavage products prepared edible fats and animal or vegetable waxes	64.364 €
73 Articles of iron or steel	13.161 €	72 Iron and Steel	40.453 €
87 Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	7.648 €	12 Oil seeds and grains	17.459 €
85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	3.363 €	44 Wood and Articles of Wood; Wood Charcoal	1.489 €
93 Arms and ammunition; parts and accessories thereof	1.926 €	81 Other Base Metals; Cermets; Articles Thereof	765 €
TOTAL IMPORTS (thousands of euros)	49.441 €	TOTAL EXPORTS (thousands of euros)	126.138 €

III. KEY INDUSTRIAL SECTORS - OPPORTUNITIES



Transport infrastructure

- Transport represents around 8% of the GDP
- "National Transport Strategy - 2030"



Road construction

„National Transport Strategy 2030” and „Road Found” with EBRD, EIB and EU funds, as well as Ukrainian state funds



Urban transport

- 43,6 million inhabitants , 4 cities with over one million inhabitants.
- 22% of the EBRD's investments in Ukraine



Airport infrastructures

The Government's Airport Development Program 2023 provides funding of € 320 million for the reconstruction and modernization of airports. 19 active airports. 24.3 mln passenger traffic through the airports of Ukraine in 2019, steadily growing



Rail infrastructure

Strategic investment plan for 2017-2021, Ukrzaliznytsa (UZ, Railways in Ukraine) planned investment of nearly € 4.5 billion in renewal of equipment



Energy & Energy Efficiency

Investments by EBRD, World Bank Group, Ukrainian Energy Efficiency Fund



Renewable Energies

National Energy Strategy to increase the combination of renewable energies up to 25% by 2035



Nuclear Safety

Chernobyl Shelter Found managed by the EBRD with contribution for the NSC of € 500 million



Electrical networks

Working on the integration of the Ukrainian grid within European Network of Electricity Transmission System Operators



Environment

New National Waste Management Strategy, adopted in 2017. Objectives of this strategy: increase the proportion of waste incinerated to reach 7% in 2020 and then 10% by 2030 (compared to 2.4% today)



Waste Treatment

National Waste Management Strategy. International financial support for treatment centers construction. Plans for constructing 800 recycling centers by 2030



Seaports

13 active seaports, 16 riverports. 160 mln t of cargo handled in seaports in 2019(+18.4%). 1 mln TEU containers handled in seaports in 2019 (+18%). 8 ports included in TNT transport system



Agriculture

Agricultural machinery, needs for storage and handling of grains, irrigation infrastructure, fertilizers



Health

Health-related spending represents 2.3% of GDP. Special Fund of the State budget for the fight against Covid-19 (€ 2.2 billion). EU has allocated € 190 million to Ukraine, including € 15 million to support the Ukrainian health system; World Bank - additional US\$ 135 million allocated to the Improving Health Project program



Digital Education

New Ukrainian School reform. Digital platforms for teachers and students to replace textbooks, course notes and evaluation tests. € 1.74 M planned for this project. International funding in support of education in Ukraine (in particular from the World Bank) is directed towards these digital modernization projects

IV. CONCLUSIONS

- 1. STABILITY & POTENTIAL** - After years of political and economic tension, the Ukrainian economy had started to stabilize, but the outbreak of COVID-19 reversed this trend. According to the IMF, GDP growth fell to an estimated -7.2% in 2020 (from 3.2% in 2019) and is expected to pick up to 3% in 2021 and 3.2% in 2022, subject to the post-pandemic global economic recovery. Activity should be supported by a revival of external and domestic demand, as well as fiscal and monetary stimulus.
- 2. REFORM PROGRAM + OPPORTUNITIES** - Until February 2020, the Ukrainian economy was still in a robust macroeconomic state thanks to the successful implementation of a reform program, with declining public debt, falling inflation and positive growth forecasts, but the outbreak of the pandemic and the government reshuffle darkened the outlook (Euler Hermes). Public debt increased significantly, from 50.1% GDP in 2019 to 65.7% GDP in 2020 and is expected to stay high in 2021 (64.3% GDP) and 2022 (61.8% GDP) putting pressure on its ratings. During the first nine months of 2020, the hryvnya lost -16% vs. the USD (Euler Hermes), but inflation declined to 3.2% in 2020 (from 7.9% in 2019) due to the easing of energy and food prices.
- 3. INTERNATIONAL SUPPORT** - In June 2020, the IMF approved a USD 5 billion support package to help Ukraine to cope with COVID-19 pandemic challenges. Policies under the new arrangement focus on four priorities: mitigating the economic impact of the crisis; ensuring continued central bank independence and a flexible exchange rate; safeguarding financial stability while recovering the costs from bank resolutions; and moving forward with key governance and anti-corruption measures to preserve and deepen recent gains (IMF). The 2021 budget priorities include healthcare, purchase of vaccines from COVID-19, increasing the premium wage, salaries and pensions, education and agriculture.
- 4. COVID IMPACT & LABOUR MARKET** - Ukraine's unemployment rate was falling until 2019, but due to the negative economic impact of the COVID-19 pandemic, it is estimated to have increased to 11% in 2020 and is forecast to stay high in 2021 (9.6%) and 2022 (9%) (IMF). The informal sector in Ukraine is estimated to account for a third of the country's GDP, and GDP per capita (at purchasing power parity) is only 20% of the EU average.

Poland & Ukraine Office

A portfolio of value-added services

+ STRATEGIC AND OPERATIONAL SUPPORT AND ADVICE

+ FUNDING TOOLS

+ COOPERATION AND PARTNERSHIPS

+ COMPETITIVE INTELLIGENCE

+ BASQUE COUNTRY BIDDING PLATFORM

+ TALENT

+ EVENTS

16 countries with Basque
Trade&Investment offices

we are in

+80



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companies, its industrial tradition and the
ongoing search for excellence**

If you're looking for innovation, expert know-how, a strong
work ethic and guaranteed commitment
visit us, contact us:

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EUSKO JAURLARITZA
GOBIERNO VASCO
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