



Department for
Business & Trade

Ukraine Business Guide

Helping UK businesses trade with Ukraine

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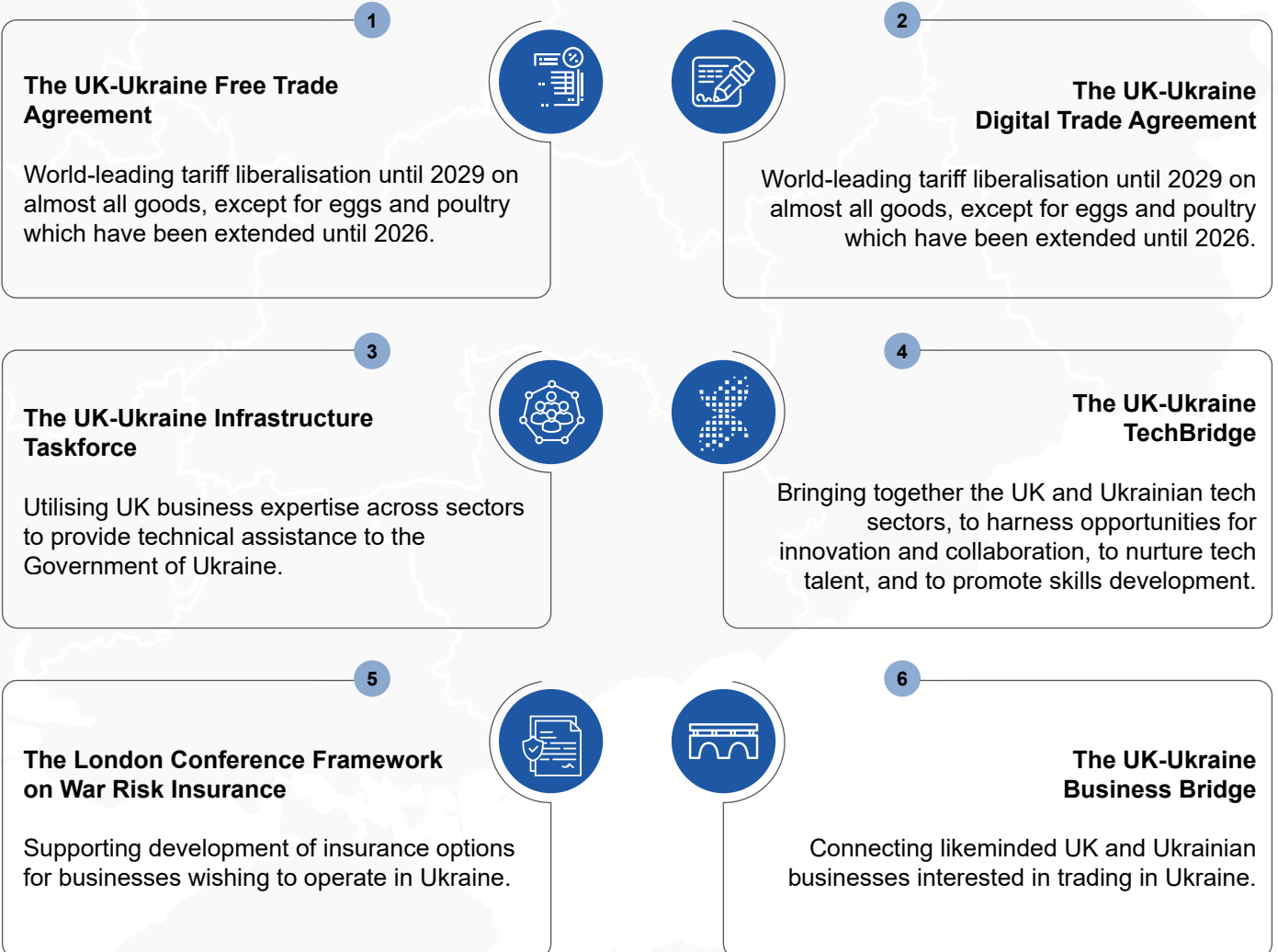
March 2024

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Trade initiatives tailored for UK businesses

A strong, resilient and private sector-led economic recovery will be critical to building lasting security and prosperity for Ukraine. UK businesses across all sectors, and of all sizes, have a key role to play in Ukraine's reconstruction.



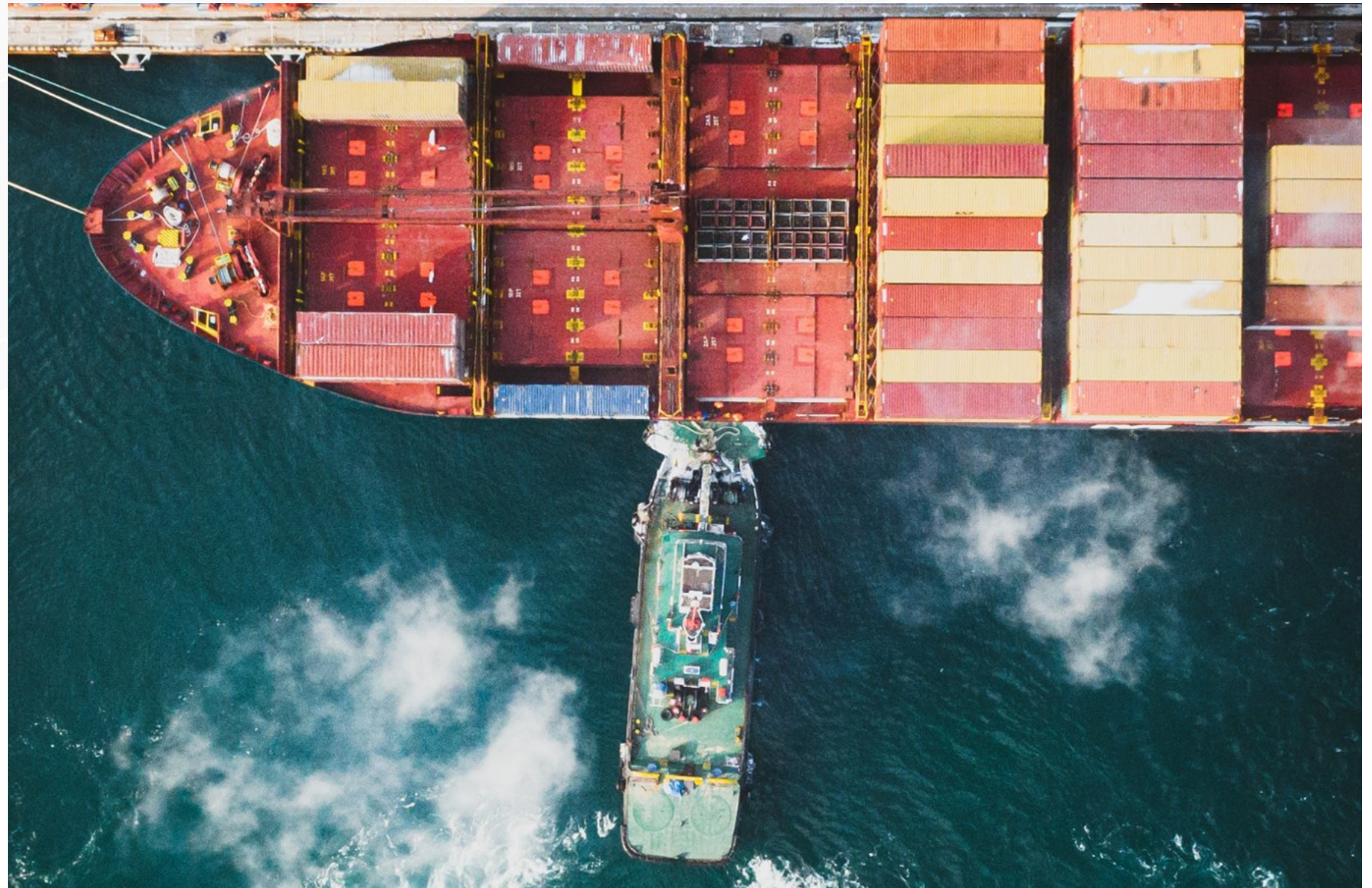
1. Summary and purpose

Russia's full-scale invasion of Ukraine has resulted in enormous damage to Ukraine's infrastructure and economy, and it will require a huge response from the international community to help Ukraine restore, recover and build back better. The UK will continue to act as a key partner and ally to Ukraine to support its long-term economic recovery.

The UK has world-renowned expertise in designing and delivering major infrastructure programs, as well as being a global leader in financial services, aerospace, and emerging technologies. Through collaboration with international partners, UK industry is well placed to play a significant role in the recovery effort across multiple sectors. The UK's non-military support to Ukraine since the start of invasion comes to £4.7 billion. This includes over £4.1 billion in fiscal support, and over £640 million in bilateral assistance. This demonstrates how committed the UK is to the reconstruction of Ukraine, and British business is key to achieving this objective.

This guide is tailored to provide UK businesses of all sizes and from a range of sectors with the core information needed to understand the challenges and opportunities of working in Ukraine and is correct as of March 2024. The information contained in this guide is intended to provide baseline details businesses may require but does not constitute advice or endorsement and is not intended to serve as a substitute for seeking out timely advice. For further information and guidance, including feedback and access to future updates to this guide, please reach out to UR@businessandtrade.gov.uk.

In reading this guide, you will better understand the broader economic, and market-based context to working in Ukraine. We have broken down the barriers between logistical and operational, to provide information on the journey from entering Ukraine towards commencing work in the country.



An aerial photo of a shipping container and a smaller tugboat in the sea.

Figure 1. Two ships in Odesa seaport.
Photo: Yevhenii Chasovenko.

2. Background and overview

Key facts

- On 24 February 2022, Russia launched a full-scale invasion of Ukraine, escalating the ongoing Russo-Ukrainian war that began in 2014 with the internationally condemned and illegal Russian annexation of Crimea.
- Ukraine's GDP is approximately \$155.4 billion. The economy contracted by almost 30% in 2022.¹
- Ukraine has a population of approximately 38 million people.²
- British and Ukrainian businesses currently benefit from zero tariffs. In May 2022 the UK led the world in being the first country to fully liberalise its trade with Ukraine, by temporarily removing all remaining tariffs under the UK-Ukraine Free Trade Agreement. On 8 February 2024, the UK and Ukraine agreed to extend tariff liberalisation for an additional five years, with eggs and poultry to be extended for two years.
- Ukraine was granted European Union (EU) accession candidate status in 2022 and opened accession negotiations in December 2023.
- Ukraine's location is strategically significant, in close proximity to Western Europe, Central Asia and the Middle East. To the south, the Black Sea is a vital trade route, with 50% of Ukraine's exports passing through Odesa during peacetime.
- It is the second largest country by land mass in Europe with an area of over 600,000km². Ukraine has 24 oblasts and one autonomous region (Crimea).
- Digitisation of public services is underway. More than 50 of the most popular government services for business are already available on the Diia state portal.³
- Ukraine has vast natural resources. The country is a significant exporter of grain and maize and has a rich mineral base of iron ore, manganese, coal, and titanium. Prior to the full-scale invasion, Ukraine was a globally significant exporter of these resources through the Black Sea; the conflict has disrupted exports, impacting global supply chains and destabilising global food security.⁴
- Prior to the conflict Ukraine had a thriving startup ecosystem which has since focused on defence technologies. The IT sector has shown resilience, with export growth of 5% in the first 12 months after the full-scale invasion.⁵
- Ukraine received new 5 "visa-free" regimes with the European Union, including: energy (entry to ENTSO-e), customs (joining NCTS), transport (elimination of road transport obstacles), digital (mutual recognition of qualified electronic trust services), economic (cancellation of all customs duties and EU quotas on Ukrainian goods).



1 [Ukraine Overview: Development news, research, data | World Bank](#)

2 [Population, total - Ukraine | Data \(worldbank.org\)](#)

3 The Diia mobile app allows Ukrainians to access 14 digital documents (ID card, foreign biometric passport, student card, driver's license, vehicle registration certificate, vehicle insurance policy, tax number, birth certificate, IDP certificate) and 21 services in total. The long-term objective of Diia is to make all of Ukraine's public services available online.

4 [Ukraine | History, Flag, Population, President, Map, Language, & Facts | Britannica](#)

5 [With USAID Support, Ukraine's Tech Sector Thrives Despite Russia's Full-Scale War | Ukraine | Press Release | U.S. Agency for International Development](#)

2.1. Ukraine overview

The modern state of Ukraine declared independence on 24 August 1991, following the collapse of the Soviet Union. Understanding and being sensitive to the culture and history of Ukraine will support effective integration into Ukrainian business environments.

Ukraine is one of the largest countries in Europe, and is bordered by Russia, Belarus, Poland, Slovakia, Hungary, Romania and Moldova. Before Russia's full-scale invasion, Ukraine attracted more than 20 million

visitors a year from around the world with its natural wonders, modern cities, festivals, ecotourism, and medical tourism.

Ukraine was granted European Union (EU) accession candidate status in 2022 and opened accession negotiations in December 2023. Since joining the World Trade Organisation in 2008 and adopting trade reforms aligning to EU standards since 2014, Ukraine's economy is increasingly open and has a favourable trade regime.



A green hillside in Ukraine with houses and surrounding trees.

Figure 2. A hillside village in Ivano-Frankivsk.
Photo: Serhii Zysko.

2.1.1. Culture

Ukraine has a rich and diverse culture that is influenced by its history, geography, and traditions. Ukraine's cuisine is an important aspect of its culture. Well known dishes include borscht, varenyky (dumplings), and salo (cured pork fat). The country has a history of traditional crafts, which includes woodcarving, weaving and pysanky (decorated eggs). These coloured and patterned eggs are typical of Easter; they take a long time to make and are normally displayed at the centre of the table rather

than consumed. The predominant religion in Ukraine is Christianity, with the majority of Ukrainian Christians members of the Eastern Orthodox church. There are also large numbers of followers of Catholicism, Protestantism and Judaism in Ukraine. In 2022 the Orthodox church of Ukraine broke tradition with the Russian Orthodox church, allowing followers to celebrate Christmas on 25 December and in 2023 the observed date was legally changed from 7 January.



A view of a city skyline and the Mother Ukraine statues on a green hillside.

Figure 3. Kyiv city, the capital of Ukraine.
Photo: Max Rahubovskiy.

2.1.2. Language

Ukrainian is the most prominent language and is an important part of the national identity. Official documents, statements and communications are conducted in Ukrainian. Different regions may have various dialects and language differences.

Russian is the second most widely spoken language in Ukraine. A significant part of the population continues to use Russian in business, though these figures have dropped significantly over the last decade.

English is also spoken throughout Ukraine. 23% of Ukrainians can read, write and communicate in English to a professional standard.¹ English is most commonly spoken by the younger generation in cities. This means a translator may be required when dealing with government, military bodies or completing process paperwork.

2.1.3. Currency

The local currency is the Ukrainian hryvnia (UAH). Visa and Mastercard are widely accepted in the major cities, and currency exchange offices are widely available.

Some businesses operate using euros or US dollars. The euro is more commonly used than the dollar.²

In 3 October 2023, the National Bank of Ukraine (NBU) introduced managed exchange rate flexibility. With international reserves at around US \$40 billion at the beginning of September 2023, the NBU can maintain exchange rate stability through market interventions.

Currency controls have also been imposed impacting businesses due to limited access to different currency instruments and operational payment restrictions. In general, only local currency may be used in business transactions between residents. Foreign currency may be used in cross-border transactions between residents and non-residents, however due to martial law, only certain types of foreign currency transfer transactions abroad are allowed.

2.1.4. Human capital

In 2023, Ukraine ranked 15th in The Global Skills Index, largely due to skills in computer science, applied mathematics, software engineering, big data and machine learning. Ukraine attracts attention as an IT destination, and has more than 200,000 high-skilled IT professionals and over 4,000 tech companies, with over 23,000 tech graduates annually feeding into their labour market. Ukraine has demonstrated incredible potential for innovation and ingenuity.

2.2. UK-Ukraine relations

The UK and its allies condemn the Russian government's unprovoked and premeditated war against Ukraine. The UK Prime Minister has reiterated the UK's unwavering support to Ukraine, and British business should be at the forefront of UK plc efforts towards Ukrainian reconstruction.³

The G7 nations agreed to provide Ukraine with bilateral security assurances at the NATO Summit in Vilnius last year. The UK was the first country to deliver a final agreement on the historic [UK-Ukraine Agreement on Security Cooperation](#), signed on 12 January 2024. The totemic agreement is intended to be the first step in developing a one hundred-year security partnership between Ukraine and the United Kingdom.

The UK and Ukraine have signed bilateral agreements to forge stronger links and demonstrate the UK's commitment to Ukraine. The UK-Ukraine Political, Free Trade and Strategic Partnership Agreement (FTA) is the central pillar of the UK's trading relationship with Ukraine. The UK has extended tariff-free trade with Ukraine until 2029, allowing businesses in both countries to benefit from increased imports and exports. Additionally, the UK signed the UK-Ukraine Digital Trade Agreement to support Ukraine's digital economy. The Department for Business and Trade has built on this agreement with the launch of the UK-Ukraine [TechBridge](#), an initiative to connect UK and Ukrainian tech companies and harness opportunities for mutual growth, shared innovation and collaboration.

¹ According to the survey conducted by the Kyiv International Institute of Sociology (December 2022 - January 2023),

² From 13% to more than 26% the share of the euro in export payments increased in 2015 - 2021.

³ UK plc is a colloquial term referring to the UK's economy as a whole, or in this case, the UK economic offer to Ukraine.

The UK is a key partner for Ukraine in its reconstruction efforts. We signed a Memorandum of Understanding at the UK-Ukraine Infrastructure Summit 2022 agreeing to play a leading role in Ukraine's reconstruction. Together with the Government of Ukraine, we have set up the UK-Ukraine Infrastructure Taskforce to implement this agreement. The Taskforce is co-chaired by DBT's Minister of State Nusrat Ghani and Ukraine's Deputy Prime Minister for Restoration Oleksandr Kubrakov. Finally, the UK and Ukraine jointly hosted the Ukraine Recovery Conference in London in June 2023, bringing together governments, international and civil society organisations, and businesses to mobilise the private sector to engage in Ukraine's recovery.

We advise businesses watch for updates on [UK government interventions](#), to understand the UK's ongoing commitment to supporting Ukraine, and use this guide to help understand what role British business can play to contribute.

2.2.1. Map and conflict impact

The situation on the ground in Ukraine is dynamic and has continued to evolve since Russia launched a full-scale invasion against Ukraine on 24 February 2022. The main fighting is concentrated in the Donetsk region, where the Russian forces are engaged in the Lymansky, Bakhmutsky, Marynskyi and Avdiivskyi directions.



Figure 4. A map of Ukraine and the frontline of the full-scale invasion based on ISW and Critical Threat's interactive as of 18 February 2024. To see the latest version of this map follow the link in the footnote.⁴

Other [live maps](#) of the unfolding conflict are available (map in Ukrainian, live updates and insight in English).

⁴ [Interactive Map: Russia's Invasion of Ukraine \(arcgis.com\)](#)

2.2.2. Damage statistics

A joint assessment by the Government of Ukraine, the World Bank Group, the European Commission, and the United Nations in February 2024 estimated that the cost of reconstruction and recovery in Ukraine had grown to \$486 billion (£386 billion). This was an estimate released in the World Bank's third [Rapid Damage Needs Assessment \(RDNA3\)](#). This report analyses the damage to Ukraine up until December 2023, almost 2 years after the full-scale invasion began. It is the most comprehensive overview of the cost of recovery and reconstruction.

As a result of the war, the destruction of residential buildings, educational institutions, and infrastructure continues. The World Bank assessment has made estimates for the volume of costs for reconstruction over the next 10 years:

- The largest share is for housing stock at over \$80 billion, with over 2 million housing units damaged or destroyed.
- This is followed by transport at almost \$74 billion and commerce and industry at \$67.5 billion.
- 8,400 km of motorways, highways, and other roads, 290 road bridges and 83 rail bridges have been damaged or destroyed.⁵

Ukraine is now the most heavily mined country on Earth. There are estimates that over 2 million mines have been laid since the full-scale invasion in February 2022.⁶ This will require one of the largest demining and military ordinance disposal operations in history.

2.3. Governance and bureaucracy

Many of Ukraine's pre-conflict plans to implement major Government reform, following President Zelenskyy's election win in 2019, were held up due to the ongoing full-scale invasion. The country has been developing and implementing public administration changes in line with EU standards and Organisation for Economic Co-operation and Development (OECD) [principles for public governance](#).

A critical issue for Ukraine is the reduction of bureaucracy. With the introduction of the unified

State web portal of electronic services "Diia" (link in Ukrainian), much has already been done on this path, but work on this will continue.

Recommendations have been made within Ukraine to modernise several processes to transition to European standards, including licences, permits, approvals and other documents. For example, customs declarations should be replaced by automatic processing of information provided electronically from customs databases and other state registers. Similarly, paper certificates of compliance should be abandoned, and replaced with electronic certificates. Advice has shown that many customs permits (for the import and export of goods) duplicate other documents and procedures, and should be replaced with automatic control mechanisms.

Based on the "Ukraine 2023 Report", published by the European Commission in November 2023, the programme of decentralisation reform is ongoing in relation to multi-level governance, with municipalities acting as a pillar of Ukrainian resilience. Overall, following the successful finalisation of the territorial part of decentralisation, other elements of reform still need to be completed. Local self-government in the liberated territories and those near the frontlines will be gradually restored where the security situation allows it. The recently established Ministry for Communities, Territories and Infrastructure Development of Ukraine (abbreviation stylised as MTU) includes the State Agency for Restoration and Infrastructure Development and intends to integrate infrastructure and the regional development portfolios. These entities aim to stimulate locally driven recovery and reconstruction based on the systematic involvement of local authorities and associations.

The State Agency for Reconstruction and Infrastructure Development was provided with the following powers and responsibilities in February 2023:

- Management of the construction, refurbishment and rebuilding of transport and industrial, social, residential and public, energy and waste management property and infrastructure.
- Development, construction, repair, arrangement,

modernisation and maintenance of border crossing points for road and rail traffic.

- Facilitation of the attraction of funds, formulate the investment policy and developing digitisation and information platforms for state services in the rebuilding sphere.
- Management and maintenance of the facilities falling under the control of the agency, including crisis management and civil protection.
- Implement PPP policy (including in the form of a concession) and secure concession tenders as well as the signing and execution of concession contracts.

2.3.1. Professional culture

Understanding the relationship between Ukrainian culture and business interactions can positively impact business activity. Key practices to note:

- **Formality and politeness.** People regularly shake hands and introduce themselves formally. There is a particular emphasis on politeness and the use of appropriate titles. Knowing the basics of etiquette can improve UK-Ukrainian business engagement.
- **Personal relationships and long-term partnerships.** Ukrainian culture values personal relationships. Long-term business partnerships are often built based on trust and personal contact. UK businesses can succeed by investing time in establishing relationships.
- **Flexibility and tolerance.** The Ukrainian business environment may require flexibility and tolerance in resolving issues and adapting to unexpected situations. Approaching decisions with understanding and a sense of humour can be valuable.
- **Formalisation of contracts and permits.** Entering contracts may require more formality (e.g. paperwork) as well as obtaining individual permits, which could require considerable time and patience. It is important to be prepared for bureaucracy.
- **Interaction with authorities.** Government authorities maintain official pages on social

networks and communicate with citizens through chat and instant messengers (Facebook, Twitter, Telegram and Viber).

- **Respect for history and cultural aspects.** Showing respect for the history, traditions and cultural aspects of Ukraine can have a positive impact on the perception of UK business.
- **Naming conventions.** Ukraine's name is not preceded by the word 'The.' This is a reference to the Soviet naming convention of the country. Similarly, Kyiv is pronounced 'kee-yiv.' Additionally, the phrase full-scale invasion refers to the escalation of the Russo-Ukrainian War that started in 2014.
- **The role of hospitality.** Ukrainian hospitality is an essential element of doing business. Inviting people to meals or participating in traditional activities can strengthen relationships and create a positive image.

2.3.1.1. Permits and licensing



The Government of Ukraine has temporarily reduced regulation around permits and licenses to stimulate small and medium enterprises and economic activity under martial law conditions. These measures have reduced the number of permits and licences required to start a business. Additionally, it has removed charges to submit business declarations to local authorities. Businesses may now submit declarations of business activity, via:

- The state web portal, Diia, for individual entrepreneurs.
- In paper form, through the Centre for the Provision of Administrative Services (CPAS).

Some business activities are not covered by the resolution. Table 1 of [Appendix 2 to Resolution No. 314](#) shows a non-exhaustive list of examples.

⁵ Ukraine - Third Rapid Damage and Needs Assessment (RDNA3) February 2022 – December 2023

⁶ Ukraine | Clearing Landmines 2 Years On From Invasion | The HALO Trust

Type of economic activity	Type of document giving the right to carry out economic activities
Performing, as a third party, certain conformity assessment tasks defined in the relevant technical regulations	Certificate of appointment of a conformity assessment body 
Acceptance into operation of completed construction facilities, which, according to the class of consequences (responsibility), are classified as objects with medium (CC2) and significant (CC3) consequences	Certificate of commissioning completed 
Environmental impact assessment	Conclusion 
Activities in the field of nuclear energy use, except for the implementation of activities related to the use of sources of ionizing radiation (see Appendix 2 to Resolution No. 314 for details)	License
Hazardous waste management	
Production of ionizing radiation sources	
Processing and storage of radioactive waste	
Production of explosive materials for industrial use according to the list determined by the Cabinet of Ministers of Ukraine	
The external economic activity	
Activities in the field of electric power, in the natural gas market, in centralised water supply and centralised drainage, in the production of thermal energy, transportation of thermal energy through main and local (distribution) heating networks, supply of thermal energy and other activities licensed by National Electricity Regulatory Commission (NERCP), in accordance with by law	
Transportation of passengers, dangerous goods and hazardous waste by road, rail, international transportation of passengers and goods by road	License, other permits
Professional activity in capital markets and organised commodity markets	
Carrying out construction work on construction sites that, according to the class of consequences (responsibility), are classified as objects with minor consequences (CC1)	Notification of the start of construction work 
Carrying out preparatory work specified by building codes	Notification of the start of preparatory work 







Type of economic activity	Type of document giving the right to carry out economic activities
Transportation of radioactive materials (international transportation)	Permit
Special water use	
Special use of natural resources within the territories and objects of the natural reserve fund	
Carrying out waste treatment operations	
Activities in exclusion zones and unconditional (mandatory) resettlement	
Carrying out preparatory work (if they have not been completed previously according to the announcement about the start of preparatory work) and construction work on construction sites, which, according to the class of consequences (responsibility), belong to objects with medium (CC2) and significant (CC3) consequences	Permit for construction work 
Special use of forest resources	Special permit for special use of forest resources (lumber license, warrant, forest ticket) 
Geological study of oil and gas-bearing subsoils, including research and industrial development of deposits with further extraction of oil and gas, etc. (see Appendix 2 to Resolution No. 314 for details)	Special permit for subsoil use 
Acceptance into operation of completed construction facilities, which according to the class of consequences (liability) are classified as objects with minor consequences (CC1)	The right to have the facility ready for operation 
Transboundary movement of hazardous waste	Written consent 

Table 1. List of types of economic activity and documents in accordance with Appendix 2 to Resolution No. 314 3.3.1.2.

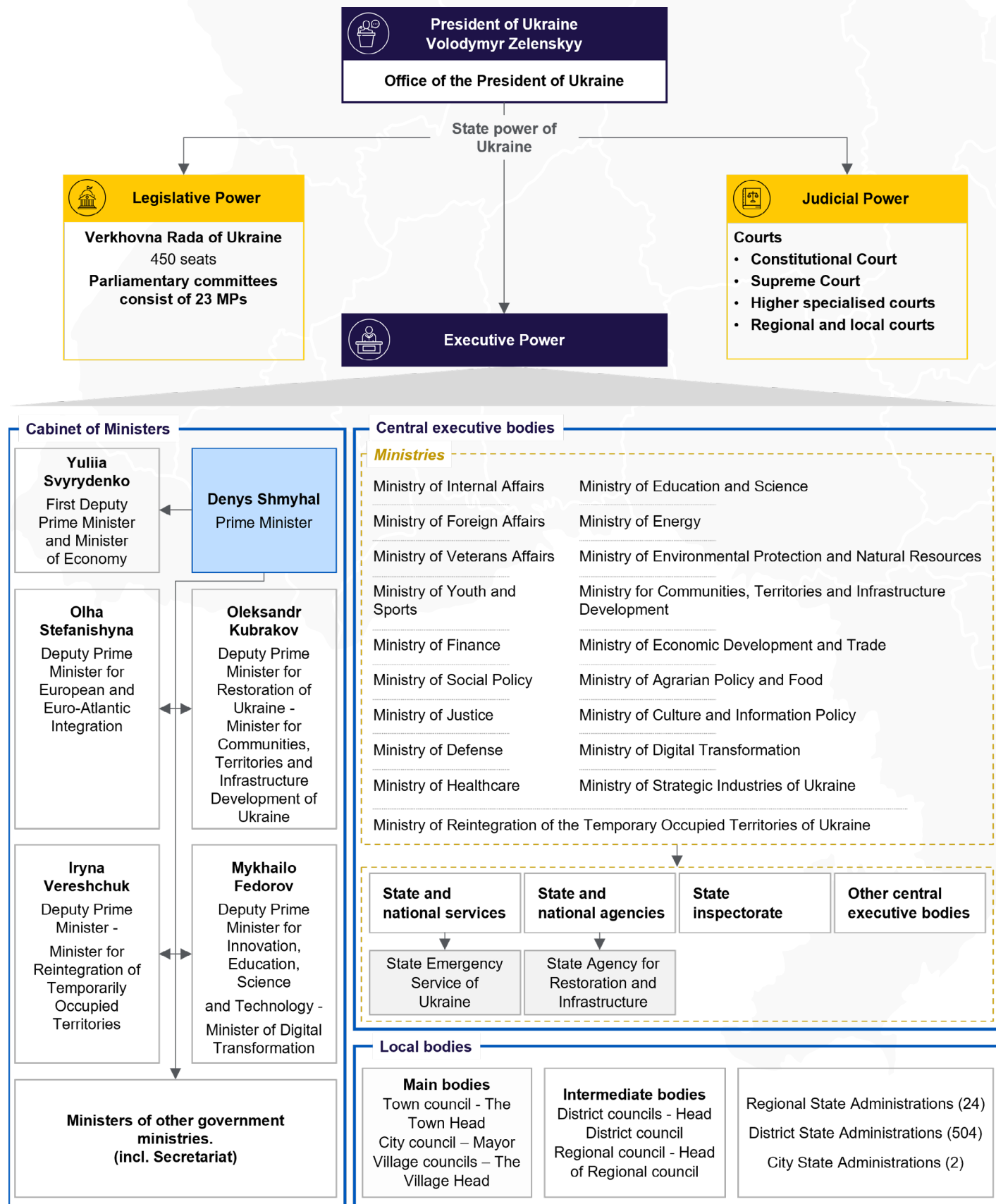


Figure 5. Organisational chart of the Government of Ukraine.

2.3.1.2. Government of Ukraine organisation chart

The Government of Ukraine has undergone significant structural change in the last few years in response to the escalation of the Russian invasion. The structural organisation of the government as of November 2023 is shown in Figure 6 below.

Ukraine is a unitary republic. The country is divided into provinces called oblasts and Kyiv and Sevastopol have the same status as an oblast. Crimea is an autonomous republic within Ukraine. The relationship between local and state government is based on decentralisation. Since 2014, Ukraine has pursued a decentralisation agenda to transfer state power to local self-government bodies to increase local representation and access to high-quality public services. The central government controls national functions such as foreign policy, defence and fiscal and monetary policies.

2.3.1.3. Martial law

Ukraine has officially been in a state of martial law since February 2022, since the start of the Russian full-scale invasion. The overarching objective of this is to strengthen the country's defence capabilities and protect its sovereignty and territorial integrity. However, the imposition of martial law also has implications on the operation of businesses in the country. It is important to consider the potential effects of martial law on various barriers and operations within the country, in addition to the information provided in the rest of the guide.

The implementation of martial law in Ukraine has encompassed various measures, such as the military activation of able-bodied men, curfews, checkpoints throughout the country, and strict regulations on currency flows. These changes, alongside the displacement of employees throughout the country, are affecting the availability of the workforce and are expected to have repercussions on the business landscape in Ukraine.

As mentioned in section 3.1.3, there are strict currency controls owing to martial law. Allowed foreign currency transfer transactions abroad include:

- Importing goods, services, works, intellectual property and other non-property rights for sale.
- Returning advance payments to non-residents.
- Cargo transportation for international connections.
- Paying interest on credit agreements with non-residents (with certain conditions).
- Transferring funds to a resident legal entity's own foreign accounts used for financing activities within certain payment limits.

At the date of publication, the following thresholds applied. Foreign exchange transactions under 400,000 Ukrainian hryvnia (approximately 9,500 euros) do not have foreign exchange controls, while export and import transactions above 400,000 Ukrainian hryvnia have a 180-day settlement period. There is a yearly limit of 2 million euros for fund transfers to non-residents for legal entities and individual entrepreneurs, and a monthly limit of 100,000 Ukrainian hryvnia (approximately 2,500 euros) for individuals. The 2 million euro limit does not apply to transactions where legal entities transfer funds to their branch accounts.

3. Sanctions and corruption

3.1. Overview

Corruption remains a source of instability and insecurity in Ukraine. Previous and current Ukraine governments have shown commitment to eliminating corruption. Tackling powerful private interests and uprooting entrenched corruption is a vital step that will empower Ukraine in its efforts to rebuild its economy and its democracy. Its National Anti-Corruption Strategy, adopted in June 2022, provides a positive signal and clear roadmap in this direction. Efforts to strengthen the independence of its anti-corruption institutions and fight corruption in the judiciary and prosecution service are key. In the short-term, budgetary transparency for post-war reconstruction is essential.

President Zelenskyy has continued to underline his commitment to UK/EU and other Western powers in stamping out the issue. Ukraine continues to work on combatting corruption with recent improvements in 2023 of its Corruption Perception Index ranking (see Table 3). The work here is ongoing and is evidenced during the full-scale invasion as Ukraine continues to meet UK/EU and other international donor requests with regard to anti-corruption measures.

On 6 March 2023, Semen Kryvonos was appointed director of the [Anti-Corruption Bureau of Ukraine \(NABU\)](#) to boost efforts and highlight the determination of Ukraine to be corruption free.

One example of where Ukraine is improving is through ProZorro, which has significantly increased transparency, though the impact still needs to be seen. The Government of Ukraine will continue its focus on tackling corruption, with support from an EU technical mission, USAID and other countries and enablers.

On a further positive note, the international financial institutions (IFIs) all have strict procurement processes to combat corruption, which further protects UK businesses who utilise these enabling funds to support reconstruction efforts. UK businesses considering other routes to market should be aware of this risk and potential barrier to operation and place strict controls

to ensure commercial dealings are managed and consistent with UK/EU standards.

The UK has also enacted broader legislation to limit the proliferation of corruption both domestically and in foreign markets, such as Ukraine. [The Bribery Act 2010](#), which came into force on 1 July 2011, makes it an offence for a UK national or person located in the UK to pay or receive a bribe, either directly or indirectly. The Act covers transactions that take place in the UK or abroad, and both in the public or private sectors.

Ukraine – Corruption Perceptions Index¹²

Date	Corruption Ranking	Corruption Index
2023	104 ^o	36
2022	116 ^o	33
2021	122 ^o	32
2020	117 ^o	33
2019	126 ^o	30
2018	120 ^o	32
2017	130 ^o	30
2016	131 ^o	29

Table 2. Ukraine corruption perceptions index.

3.2. UK perspectives on corruption safeguarding

All infrastructure projects that have been delivered in Ukraine, with the help of UKEF financing, were advertised on ProZorro, which has contributed to savings worth 10% of public spending due to increased competition and enhanced transparency.

All UK aid given through IFIs, including the World Bank, has existing strong safeguards against fraud and corruption.

The Good Governance Fund (GGF) Ukraine is a British Embassy Kyiv led programme, providing technical assistance to support the Government of Ukraine's good governance, economic resilience, and growth. GGF Ukraine supports an open, resilient, and democratic Ukraine with stronger rule of law, more effective, transparent, and accountable institutions, and an economy that is competitive and inclusive.

As part of GGF the UK continues to make a large contribution to our joint USAID programme Transparency and Accountability in Public Administration Services, which reduces the risk of corruption while improving the ease of access for Ukrainian citizens through digitalising public services.

The UK is supporting the development and implementation of the Digital Reconstruction Ecosystem for Accountable Management (DREAM), a digital management system for all proposed reconstruction projects. By March 2024 the full-scale DREAM system will enable international donors to follow the flow of key decisions and spending across the reconstruction cycle so they can “trust but verify” Government's systems and approach.

3.3. Sanctions against Russia

In coordination with our allies, the UK has implemented the most severe economic sanctions ever imposed on any major economy. We will continue to maintain

pressure on the Russian regime to secure peace. The total value of trade sanctions to date equates to over **£20 billion (96%)** of UK-Russia goods trade in 2021.⁸

HMG is working with its international partners to ensure that Russia pays for the consequences of its illegal war. The FCDO leads efforts and is working closely with other Government departments, and law enforcement agencies to identify all possible options for seizing Russian linked assets in the UK that could be used to pay for reconstruction in Ukraine.

The UK has passed legislation to enable sanctions to remain in place until Russia pays for the damage it has caused. It has also announced a new route to allow sanctioned individuals to donate frozen funds to Ukrainian reconstruction.

Please note that certain measures in the Russia sanctions regime apply to ‘non-government controlled Ukrainian territory’. This is defined as ‘Crimea and non-government controlled areas of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts.’⁹

To find out what sanctions apply to UK persons when trading with Russia, and the circumstances where exceptions or licences may apply, please refer to:

- The Russia sanctions legislation: [the Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#)
- The UK's statutory guidance on Russia sanctions: [Russia sanctions: guidance](#)
- The UK Office of Financial Sanctions Implementation: [OFSI Consolidated List Search](#)

⁷ <https://www.transparency.org/en/cpi/2022/index/ukr>

⁸ Source: HMRC Overseas Trade Statistics goods data, recorded on a physical movement basis

⁹ Regulation 2 in [The Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#).

4. Business environment

4.1. Overall environment and access

Entering a conflict or post-conflict environment presents many challenges for UK business. Often organisations that wish to help a country in its reconstruction and recovery efforts need to rely on multiple sources of information and advice before sending products and people into an area of risk. Therefore, the ongoing full-scale invasion of Ukraine presents challenges; however, UK companies are currently operating in-country through local or international partnerships from Ukraine, Poland, and Turkey.

This section covers some of the main areas UK business should assess as part of their management plans when entering the Ukraine market. Ukraine continues to be targeted even in cities far from the main hub of fighting in the east of the country. Travel to and from Ukraine is a high-to-extreme risk activity.

Free trade agreement (FTA) and market access

The [UK-Ukraine Political, Free Trade and Strategic Partnership Agreement](#) (“the FTA”) is the central pillar to the UK’s bilateral trading relationship with Ukraine. It provides preferential treatment for trade in goods and services, whilst setting clear rules and conditions for customs and trade facilitation, sanitary and phytosanitary (SPS) measures, intellectual property rights, public procurement and much more besides.

Trade in goods – Tariffs

British and Ukrainian businesses currently benefit from zero tariffs. In May 2022, the UK and Ukraine fully liberalised tariffs, removing all remaining tariffs. In February 2024, the UK and Ukraine agreed to extend tariff-free trade on all goods for five years, except eggs and poultry which were extended for two years.

Services

The services provisions within the FTA provide a range of benefits, including requirement that UK services businesses established or operating in Ukraine must

be treated no less favourably than Ukrainian domestic suppliers.

Public procurement

The FTA grants mutual access to large parts of each other’s public procurement markets at national, regional and local level. This means that guarantees of equal treatment apply to both countries’ companies and suppliers.

Intellectual property (IP)

The FTA IP provisions seek to achieve a balanced and effective level of protection and enforcement of IP rights. This aims to encourage investment in the production and commercialisation of innovative and creative products while allowing fair consumer access.

Rules of Origin (RoO)

Rules of origin help you work out where your goods originate from, and which goods are covered in the FTA. The RoO provisions in the FTA deliver a number of advantages to UK businesses, including: more access and flexibility to source more affordable inputs, improved market access, and enhanced supply chain resilience. To take advantage, UK businesses must ensure they comply with the RoO requirements under the FTA, which can be [checked online](#).

Investment protection

Provisions in the FTA and the UK-Ukraine Bilateral Investment Treaty include investment protection provisions where both parties make binding commitments regarding the treatment of each other’s investors and their investments. These are designed to make sure that investors/investments are protected from discrimination, unfair treatment, and expropriation without compensation at fair market value by the host state.

Reporting barriers to trade

Businesses can [report trade barriers](#) if they encounter a new trade barrier or have an issue with an existing

trade barrier in Ukraine. The UK government might be able to help resolve it. A trade barrier is something that slows down, limits or prevents a UK business exporting to or investing in an overseas market.

Digital trade

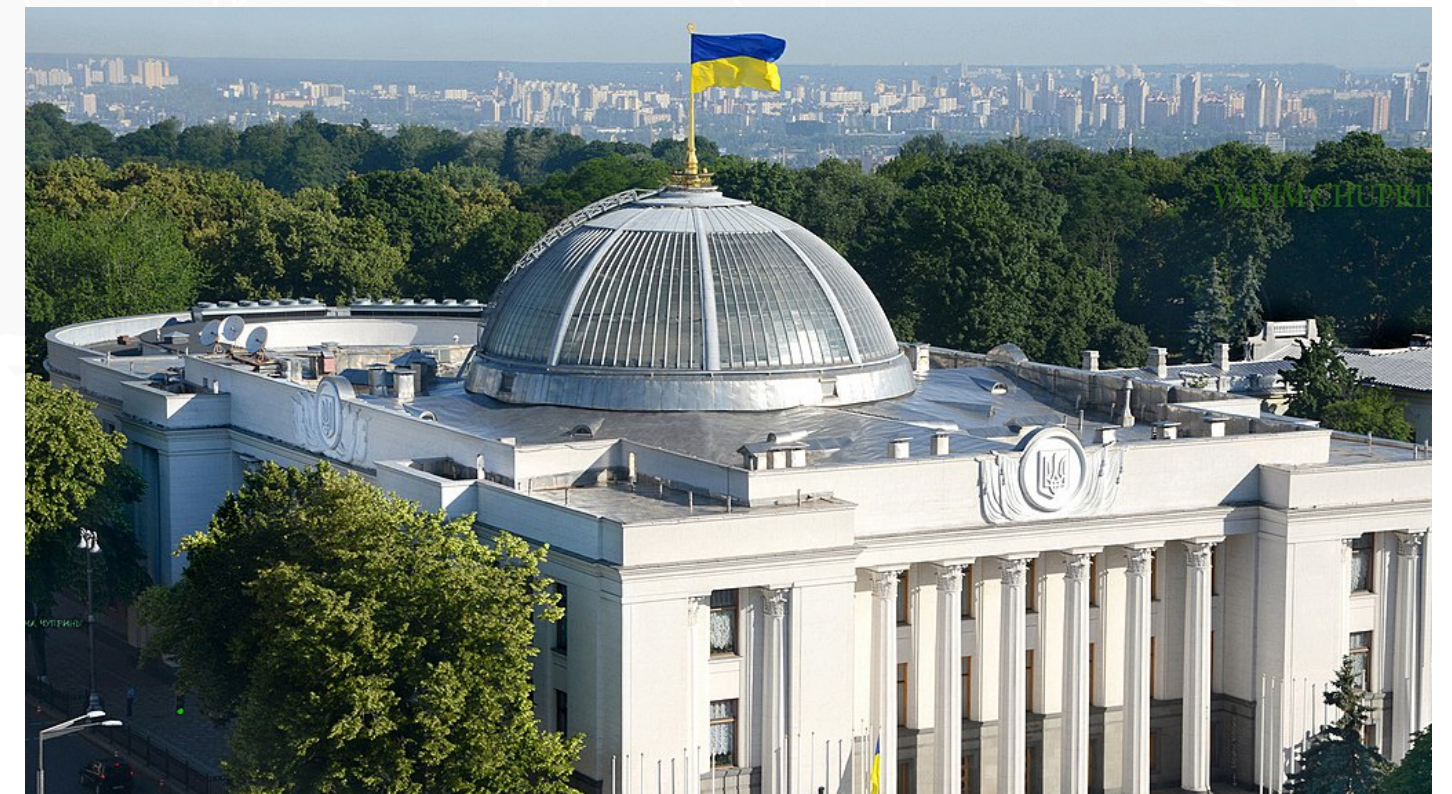
The [UK-Ukraine Digital Trade Agreement](#) builds on the existing FTA and focuses on opening digital markets by eliminating tariffs on digital goods and services, empowering data flows across borders, and fuelling e-commerce. It prioritises secure data transfers, strengthens cybersecurity collaboration, and sets shared standards for protecting consumers and personal data online. To facilitate digital trade, the agreement streamlines customs procedures and regulations, paving the way for a seamless flow of digital goods and services between the two nations. This landmark agreement promises to boost economic growth, create jobs, and propel both countries towards a thriving digital future.

Trading digitally is particularly important in the current conflict, where damage to Ukrainian infrastructure

makes it harder to trade physically. Digital tools and technologies can ensure that Ukraine can continue to access vital goods and services. There is a critical need for people to be able to use digital solutions to prove they are who they say they are, despite the loss of critical documentation or displacement across borders. The Agreement provides a framework for the UK and Ukraine to cooperate to promote compatibility between their respective digital identity systems to help address this.

Ukraine will have guaranteed access to the financial services crucial for reconstruction efforts through the deal’s guarantee of free and trusted cross-border data flows. It also establishes greater cooperation between the UK and Ukraine on cybersecurity and emerging technologies, helping to keep UK and Ukrainian businesses and people safer.

Ukrainian businesses will also be able to trade more efficiently and cheaply with the UK through electronic transactions, e-signatures, and e-contracts.



A white building with a dome flying the Ukrainian flag, surrounded by trees.

Figure 6. The Verkhovna Rada of Ukraine.
Photo: Vadim Chuprina.

To attract foreign investors to the Ukrainian economy, an electronic platform, [Advantage Ukraine](#), has been created, which contains more than 500 investment projects and opportunities in 10 sectors of the economy (including logistics and infrastructure). Each potential investor, by registering on the platform, will receive comprehensive information about investment opportunities, specific projects and the benefits that will come from investing in the Ukrainian economy.

4.1.1. Entry and logistics

In view of the ongoing conflict, FCDO travel advice is expected to evolve. For UK-based enterprises intending to engage in business operations in Ukraine by hiring foreign Ukrainian workers or sending UK nationals to the country, it is crucial to consider the most recent travel advice provided by the FCDO. In addition, conducting risk assessments tailored to the region, obtaining comprehensive travel insurance, and ensuring compliance with the appropriate work visa and permit requirements are all essential measures to be taken.

Those who wish to enter Ukraine must do so by travelling to a neighbouring country and then travel over the border by land (Ukraine's airspace is closed to civilian aircraft). There are trains entering and exiting Ukraine from bordering countries including Hungary, Moldova, Romania, Slovakia, and Poland.

In spring 2024, the Government of Ukraine plans to implement initiatives to improve the state of the infrastructure industry and, as its reflection, Ukraine's position in the "Logistics Performance Index" which currently rates 2.7 out of 5.¹⁰ Another priority is the development of alternative routes to infrastructure, to which the Government of Ukraine is making significant efforts. The government is also rapidly working on a bill on railway transport as one of the priority legislative initiatives in 2024.

The Government of Ukraine continues to take measures to ensure that the Danube ports operate at full or near full capacity, to mitigate the disruption of shipments of grain, ore, oil, and petroleum products. Since August 2023, the Ukrainian grain corridor has been operating, the security of which is controlled

by the Ukrainian Armed Forces. Between August and November 2023, 148 ships entered the ports of Greater Odessa, 115 ships left, and the cargo turnover along this corridor reached 4.4 million tons. Plans for 2024 include infrastructure restoration, repair work, dredging, technical support for pilots and vessel monitoring systems, digitalisation, and deepening international cooperation.

4.1.2. Security

The Russian invasion of Ukraine is ongoing, with attacks against several major cities, including the capital Kyiv. Several towns and cities in southern and eastern Ukraine are temporarily under Russian control. There is active fighting, shelling and minefields in these zones. Ukraine's airspace is closed to civilian aircraft and there is a real risk to life. For a live map (please note these maps face delays to their updates) of the front line please look at either:

- [Ukraine Interactive map - Ukraine Latest news on live map](#)
- [Interactive Map: Russia's Invasion of Ukraine | Institute for the Study of War](#)

In view of the ongoing conflict, the Foreign, Commonwealth and Development Office (FCDO) has issued a warning against all but essential travel to the western regions of:

- Zakarpattia.
- Ivano-Frankivsk.
- Ternopil.
- Chernivtsi.

[FCDO Ukraine travel advice](#) advises against all travel to the rest of Ukraine.¹¹

The situation in Ukraine can change quickly. Local rules and measures may change at short notice or with no notification. Continued threats to operations require a robust and diligent approach to risk management and cyber security advice and stringent implementation of security protocols is required. However, generally, access to locations within Ukraine is possible by road. Access requires coordination and clearances from the MTU, and often, local military and civilian authorities. Please regularly review the aforementioned [FCDO Ukraine travel advice](#).



A tall white clocktower flying the Ukrainian flag on top.

Figure 7. Lviv Town Hall.
Photo: Pexels.

¹⁰ <https://data.worldbank.org/indicator/LP.LPI.OVRL.XQ>

¹¹ This is the FCDO's Ukraine travel advice as of January 2024, and is reviewed monthly by the FCDO.

The British Embassy in Kyiv cannot provide in-person consular assistance. FCDO cannot facilitate your departure or evacuation from Ukraine. The FCDO cannot endorse or recommend private risk and security companies; those businesses requiring such services should complete their own research and due diligence before determining whether a service provider is suitable to meet their business needs. The [Security in Complex Environments Group \(SCEG\)](#) lists several companies who are active in Ukraine and have accredited certificates for international standards. For more information please regularly review the [FCDO Ukraine travel advice](#).

HMG advises everyone to check routes with security providers before departure, be prepared to look for hard cover in event of an air raid alert or similar as there will be a continuous threat of attack. Air raid sirens and time in shelters remain high as Russian forces continue to target Kyiv Oblast and other areas of Ukraine. The FCDO travel advice page notes that there are air raid apps available such as [Air Alert](#) and [Карта Тривоги](#).

To the north of Kyiv, a threat from Belarus remains as a possibility. The Ukrainian Armed Forces continue to be dispersed in defensive positions to counter any event should it occur.

Cyber threat is one of the key threats to UK business. Robust information security systems and protocols are strongly recommended, which includes the use of personal devices. Current intelligence continues to evidence a specific and growing threat against organisations supporting the Government of Ukraine especially in infrastructure reconstruction. [The UK's National Cyber Security Centre](#) can provide very useful advice to protect business and personal data.

4.1.3. Insurance

Ukraine is facing a major challenge to rebuild following Russia's illegal invasion. Private sector companies are crucial to that, with architects, engineers, and construction companies needed to rebuild major infrastructure. Many currently struggle to get the insurance they need to be able to operate in the country.

The UK is leading the world in trying to address this by improving access to war-risk insurance.¹² It follows the Ukraine Recovery Conference, hosted by the UK Prime Minister in 2023, during which international partners coordinated to announce the London Conference Framework that set out principles underpinning discussions to address the insurance gap.

War insurance and traditional insurance (e.g. fire, buildings) have been challenging to secure, from both an availability and an overall capacity perspective, across personnel, cargo and static assets. There are opportunities to secure war risk insurance, such as for personnel, but static assets cannot currently be insured for war risk. Since the full-scale invasion, the standard insurance market has decreased by about 25-33%; but some insurers remain active in Ukraine and will consider offering policies on non-war risks for personnel and cargo on a case-by-case basis.

HMG is aware of the lack of war-damage and war-risk insurance products in the market, which is acting as a barrier for businesses to export, to invest in or operate in Ukraine. HMG is exploring with the insurance industry what support they might be able to offer businesses here, and UK Export Finance¹³ is open to offering insurance on exports to or investment in Ukraine, though it is worth noting the bar for accessing this insurance is high.

This issue is not restricted to UK businesses and is found in other markets, so we are working with international partners to explore solutions. The UK committed up to £20 million to the Multilateral Investment Guarantee Agency (MIGA) SURE Trust Fund to provide war risk insurance for companies investing in real sector (goods and non-financial services) and trade finance projects in Ukraine. In terms of allocation of this funding, the decisions are made by MIGA and the World Bank Group; and HMG cannot influence this allocation for UK businesses.

Looking to the future, the UK signed a Statement of Intent on a European Bank for Reconstruction and Development (EBRD) war-risk insurance scheme for Ukraine in October 2023. The EBRD's effort, along with complementary backing by other international

financial institutions, over time will help UK companies to do business in Ukraine and support its reconstruction.

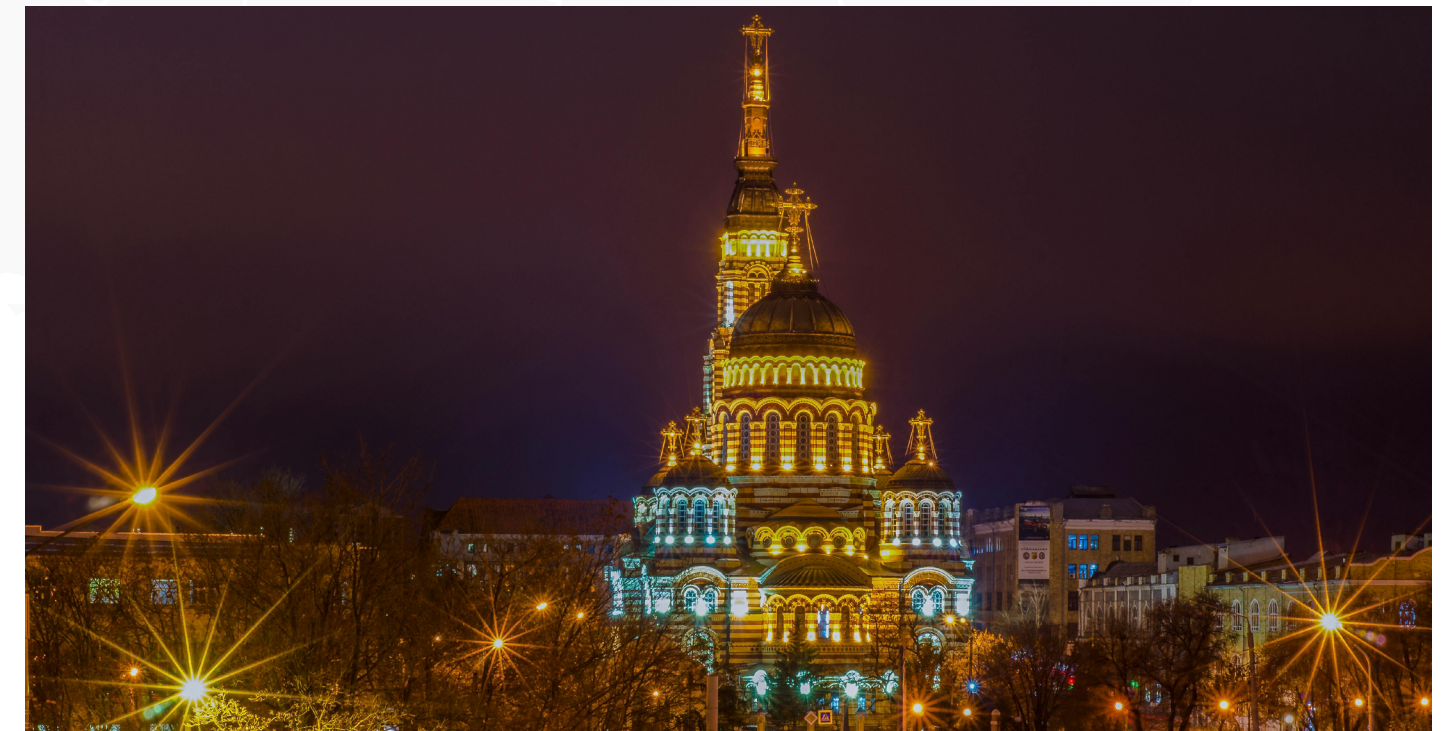
The EBRD scheme will provide new support for boosting the provision of insurance against war-related risks in Ukraine. It was galvanised by the London Conference Framework and is intended to kick-start insurance, firstly for the transport of vital cargo via trucks to facilitate continued trade flows, with a view to expanding it to cover more sectors as the scheme matures.

When considering operating in Ukraine, it is wise to closely monitor international developments and ensure you are taking necessary precautions and securing insurance where you can. The Government of Ukraine hosts a data platform with the intention of allowing insurers, investors and governments to analyse [war risks](#) in the country. This platform brings together detailed maps of war-related incidents in Ukraine since the Russian invasion in February 2022.

The insurance market in Ukraine is an admitted market, which means that coverage may only be

offered by insurance providers who are licensed to operate in Ukraine by the Ukrainian state insurance agency. If there is not capacity to provide that, as the market is relatively small, reinsurance options should be sought through international service providers, but at time of publication no providers remain in the market. In any case, businesses should consider seeking advice from an international broker with experience working on the ground in Ukraine.

The Verkhovna Rada, the parliamentary system of Ukraine, has adopted in full the draft law No. 9015 on insurance of investments in Ukraine against war risks.¹⁹ This will allow the Export Credit Agency (ECA) to insure and reinsure investments of both international and Ukrainian companies even before the end of martial law. The draft law provides that such insurance is carried out exclusively when investing in the creation of facilities and infrastructure necessary for the development of the processing industry and the export of goods of Ukrainian origin.



An Orthodox church with domes and towers which are lit up at night.

Figure 8. The Annunciation Cathedral in Kharkiv.
Photo: Pexels.

¹² [New insurance scheme to facilitate UK business supporting Ukraine - GOV.UK \(www.gov.uk\)](#)

¹³ UKEF is the British government's Export Credit Agency (ECA) looking to provide financial support to facilitate exports from the UK.

4.2. Operating environment

4.2.1. The market overall

The Department for Business and Trade regularly publishes trade factsheets where statistics on the UK and Ukraine's trading are regularly updated. These can be [found online](#). The below charts set out the top 5 products exported by the UK to Ukraine, and imported by the UK from Ukraine by value, at the time of publication.

The trading flows between the UK and Ukraine have changed significantly since the start of the conflict, driven by changing needs in the Ukrainian economy. This can present significant opportunities for UK businesses looking to enter the Ukrainian market.

4.2.2. Funding and support

There is a growing recognition that Ukraine's reconstruction must begin, and not wait for the end of the conflict. Many businesses will be interested in where the funding for potential reconstruction activity will be sourced, and what opportunities exist. The Department for Business and Trade is keen that UK business is well-placed to win contracts to deliver reconstruction activity from 2024 onwards, and part of that means better understanding the funding landscape.

Technical assistance is a form of aid provided to less-developed countries, delivered by international development organisations, such as the United Nations, sovereign governments, foundations or philanthropic organisations. In the case of Ukraine, technical assistance programmes aim to expand Ukraine's administrative capacity, build skills, and utilise existing resources more efficiently in order to support the country's reconstruction and recovery.

At the time of publication, funders of project activity in Ukraine include:

- Multilateral development banks (MDB), which receive their funding from several countries. These include the World Bank, EBRD, European Investment Bank (EIB), and International Finance Corporation.¹⁵ MDBs provide financial support in

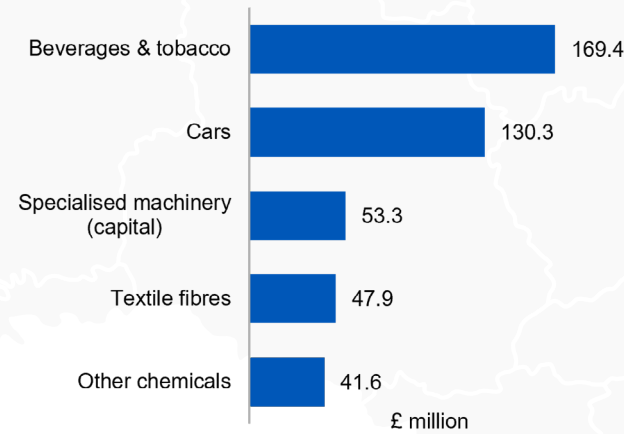
¹⁴ Adopted law on investment insurance against war and political risks will help attract domestic investors and support Ukraine's economy, - Yuliia Svyrydenko | Ministry of Economy of Ukraine

¹⁵ To note, the International Finance Corporation is part of the World Bank Group as its private sector lending arm.

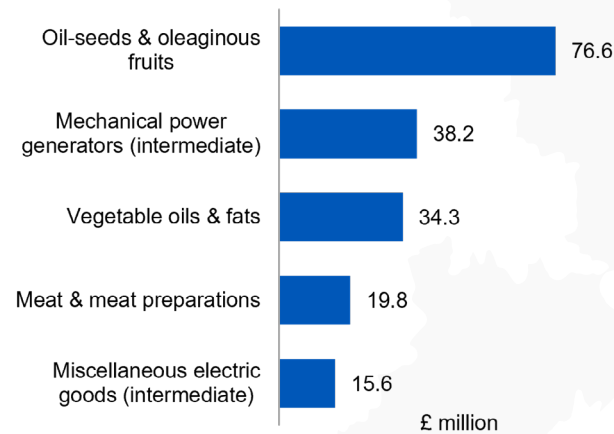
the form of concessional loans that must be repaid, often by the recipient government.

- Sovereign donors, such as EuropeAID, USAID and FCDO, where funding is generally provided through grants.

The top 5 UK goods exports, in the four quarters to the end of Q3 2023, to Ukraine



The top 5 UK goods imports, in the four quarters to the end of Q3 2023, from Ukraine



Source: ONS, November 2023

Figure 9. A chart from DBT's Ukraine trade factsheet showing the top 5 goods imported and exported between the UK and Ukraine.








Source	Area of focus
Multilateral Development Banks	
 <p>THE WORLD BANK IBRD · IDA WORLD BANK GROUP</p>	<p>The World Bank provides financial and technical assistance to developing countries for a wide range of purposes, including poverty reduction, infrastructure development, and economic growth. It has a particular focus on supporting countries in achieving the Sustainable Development Goals (SDGs).</p> <p>World Bank procurements can be located on two portals, Projects and RFx Now. To access, suppliers must register through a potential vendor registry. This will not fully register the supplier, but it will mean your organisation's information will be listed in the Supplier Database for WBG staff.</p>
 <p>European Bank for Reconstruction and Development</p>	<p>The EBRD provides financial and technical assistance to its member countries in Europe and Central Asia for private sector development, infrastructure development, and regional integration. It has a particular focus on promoting market-oriented economic reforms and environmental sustainability. Further information about the latest version of the EBRD's procurement Policies and Rules can be found in this document. EBRD contracts are typically awarded through a competitive tender process, and suppliers must first register with the bank.</p>
 <p>European Investment Bank</p>	<p>The EIB provides financing and expertise for sustainable investment projects related to EU policy objectives. It provides loans guarantees and other financial instruments to support projects in priority areas such as infrastructure, innovation, climate action and social cohesion. Procurement opportunities can be found on their website.</p>
Sovereign financial support	
 <p>Foreign, Commonwealth & Development Office</p>	<p>UK official development assistance (ODA) is foreign aid administered by the UK government to promote economic development and welfare, and a high proportion of the UK's ODA spend in Ukraine is channelled through the multilateral and international financial institutions listed above. Official FCDO policy is that UK ODA is not 'tied', meaning that it can be delivered by non-UK companies following tender. This is a departure from the European and US norms. A number of UK funded activities in Ukraine are delivered through wider frameworks, with details below.</p> <p>The UK Aid Development Tracker can be accessed at this link: Development Tracker</p> <p>UK government tenders found at:</p> <ul style="list-style-type: none"> • Contracts worth over £138,760. • Contracts worth £12,000 - £138,760.
 <p>UK Export Finance</p>	<p>UKEF is the British government's Export Credit Agency (ECA) looking to provide financial support to facilitate exports from the UK. Provided a project has a minimum UK content of 20% (by value), UKEF can be a source of financing and insurance for UK business. It is not a donor but provides guarantees on loans or insurances that make it possible for UK companies to participate in projects overseas where there may be a higher risk of default.</p>
 <p>EUROPEAID</p>	<p>ODA administered through member states of the European Union via grants or tenders. This typically must be delivered by an organisation with an EU/EEA subsidiary.</p>
 <p>USAID FROM THE AMERICAN PEOPLE</p>	<p>ODA administered by the US government. The vast majority of USAID programmes must be delivered by a company with registered offices in the US. There are a small proportion of opportunities for organisations in the country of delivery, i.e., Ukraine, which UK businesses would not be able to bid for.</p>

Table 3. Funders of project activity in Ukraine.¹⁶

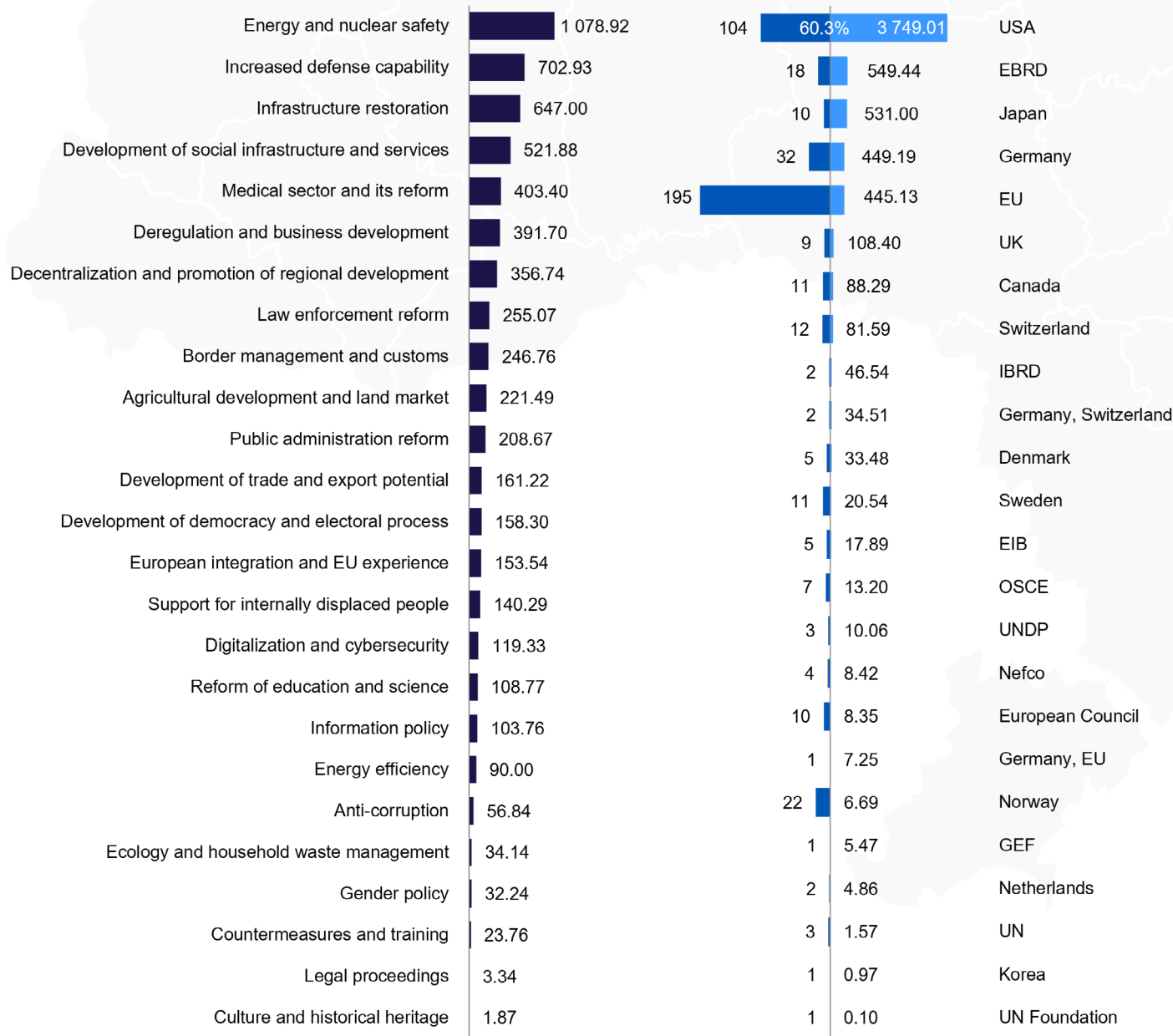
¹⁶ Many opportunities are reactive: funders develop a project and invite companies to bid. The UK government is working closely with the Government of Ukraine to understand where British businesses can best support reconstruction efforts.

International Technical Assistance (ITA) Commitments



The amount of ITA committed, by sector according to the estimated cost of projects, million (£)

The amount of ITA, by donors according to the number of projects, percentage of total, and the estimated cost of projects, million (£)

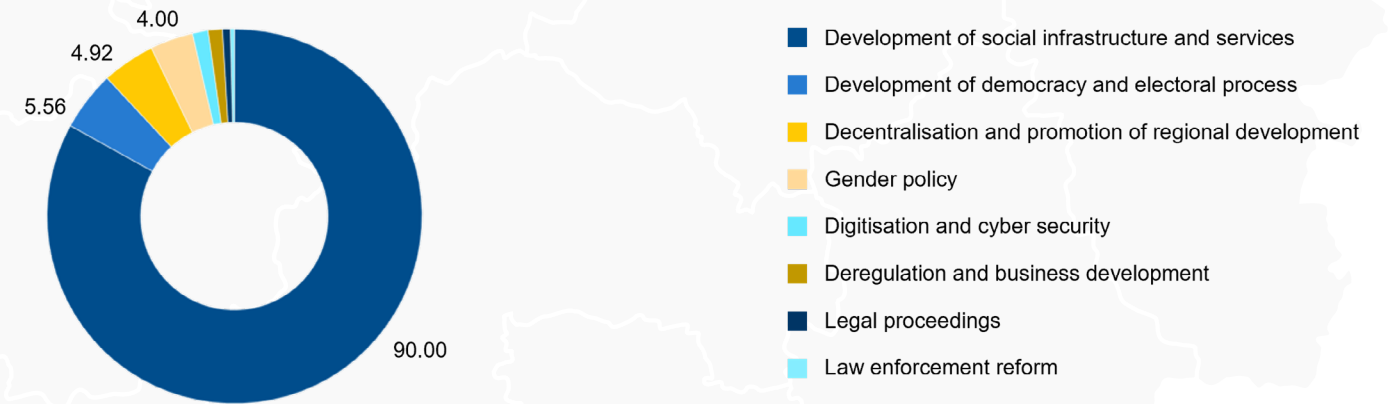


■ Number of ITA Projects ■ Amount of ITA

The key donors of Ukraine by the number of projects and the amount of aid provided*

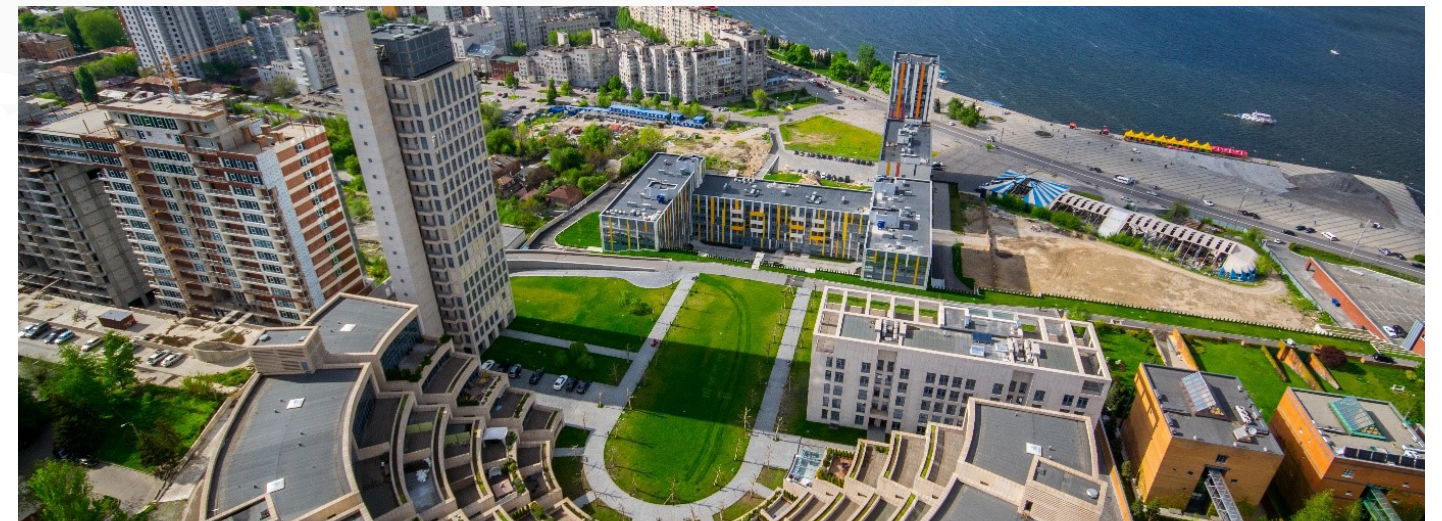


The amount of ITA committed by the UK, by sector according to estimated project costs, million (£)



Source: Cabinet of Ministers of Ukraine, International Technical Assistance Projects (1997 - 2031) as of January 2024.
* The amount of aid was converted from the currency sent by the donor into GBP at the exchange rate on January 19, 2024

Figure 10. Funding ecosystem of Ukraine based on international technical assistance (ITA) projects (January 2024).



An aerial photo of a city showing buildings, green spaces and a river.

Figure 11. Dnipro and the Dnieper river in Ukraine. Photo: Serhii Zysko.

4.2.3. The procurement process

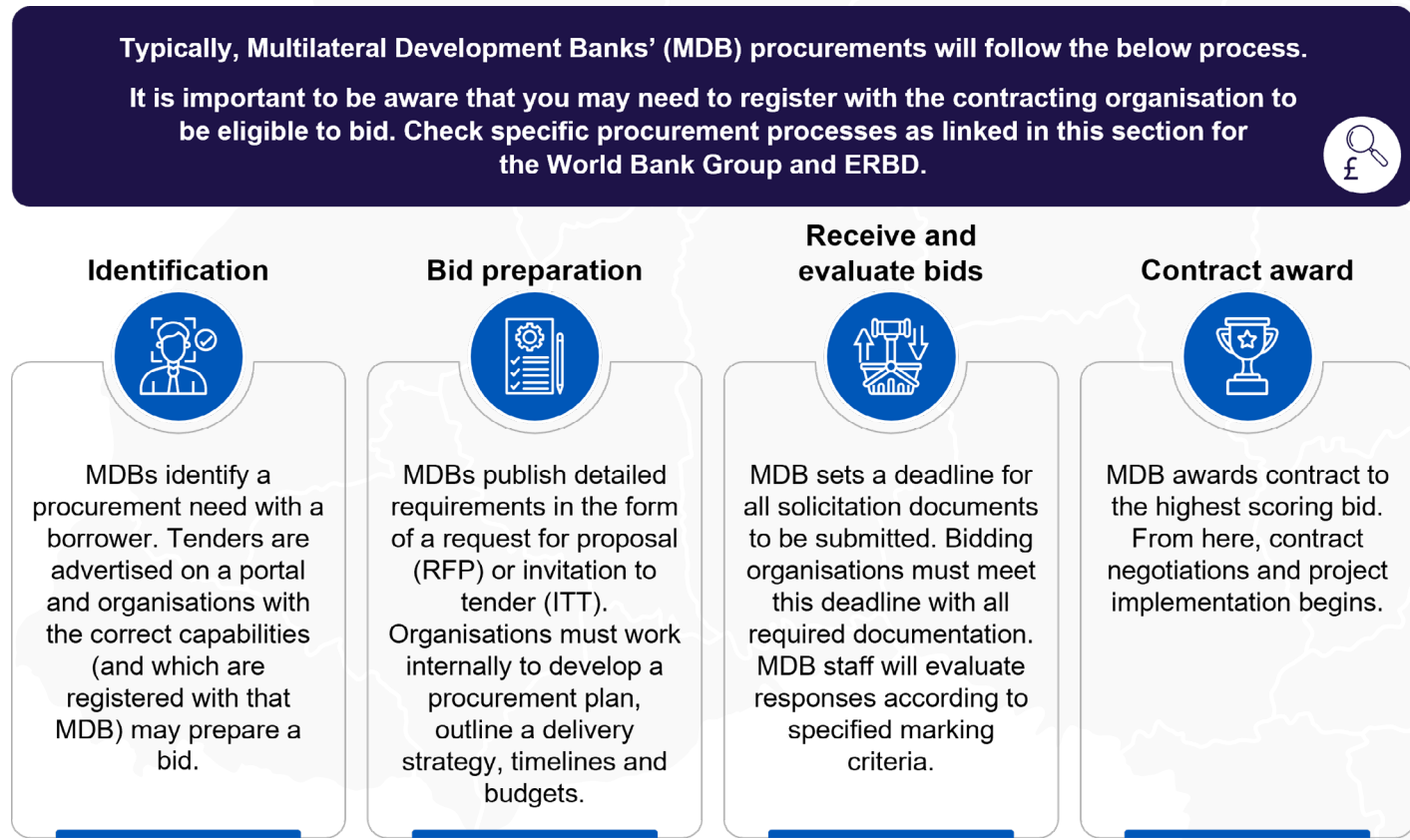


Figure 12. MDB procurement process.

4.2.3.1. ProZorro

The UK-Ukraine FTA grants mutual access to large parts of each other's public procurement markets at national, regional, and local level. This means that guarantees of equal treatment apply to both countries' companies and suppliers. The Ministry for Restoration (MTU) and other state bodies have made a partial transition to electronic procurement through the ProZorro system. The development of this system is one of the main priorities of the ministry.

ProZorro is the Ukrainian electronic public procurement system, where the buyer is always a state-owned or state-financed organisation, while the supplier is a private entity. All the information on the tender process is accessible and can be monitored by anyone. ProZorro coheres more than 35 thousand state and municipal authorities and enterprises (customers of goods, works and services) and about 250 thousand commercial companies (suppliers).

Each supplier and buyer is able to access the data from one of multiple platforms (electronic system's marketplaces), where they have been registered. Customers publish tender announcements in the ProZorro system, and suppliers provide their commercial offers. This happens through the electronic auction module, which clients and suppliers receive access to through electronic system's marketplaces authorised by the ProZorro system.

If a state-owned organisation announces a tender from one electronic system's marketplace, all participants, registered at other marketplaces, can find the tender, and participate in it. Information about tenders enters the central ProZorro database via an application programming interface (API) and is published simultaneously on the [portal](#) and on all electronic system's marketplaces.

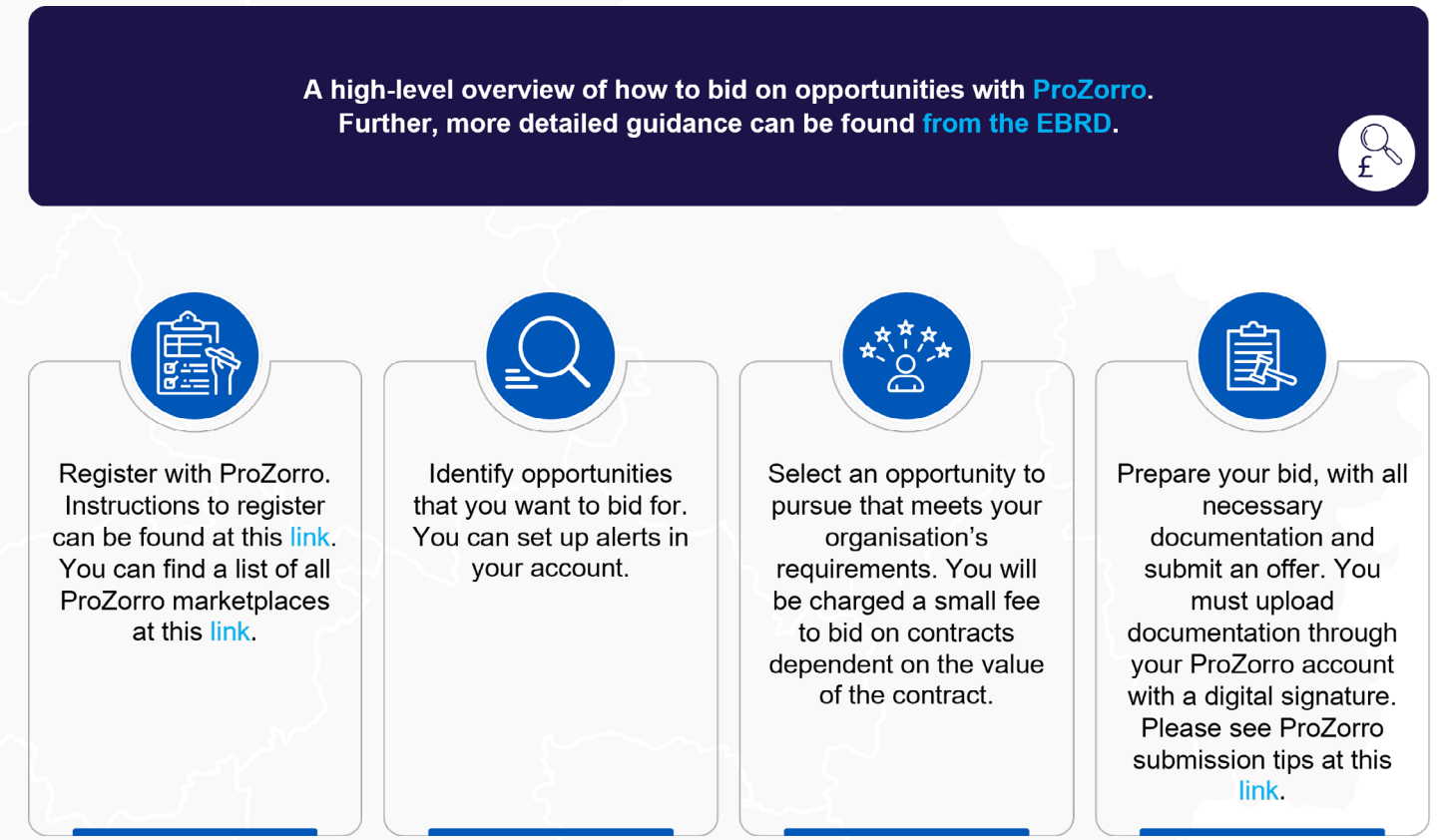


Figure 13. ProZorro procurement process.

4.2.3.2. Regulatory and compliance environment

There are some regulatory and compliance areas that UK businesses conducting business in Ukraine should take note of:



4.2.3.3. Technical regulation and product standards

Ukraine's technical regulation regime has been a significant obstacle to trade, although several laws have been passed in recent years to align towards the WTO Agreement on Technical Barriers to Trade,

and EU standards. Please review specific information on [technical regulations, product standards, and conformity assessment procedures](#).



A road and rail bridge crossing a river surrounded by trees.

Figure 14. Kyiv Metro Bridge spanning the Dnieper river.
Photo: Andriy Yakymenko.

4.2.4. Customs, borders, and logistics

The customs and trade environment will likely continue to change to reflect the needs of Ukraine, and this should be borne in mind when intending to conduct business in Ukraine.

In May 2022, the UK government implemented the temporary suspension of all customs duties and quotas on goods of Ukraine origin imported into the UK. This was accompanied by a reciprocal arrangement from the Government of Ukraine. On the 8th February 2024, the UK and Ukraine agreed to extend tariff liberalisation for an additional five years, with eggs and poultry to be extended for two years.

The UK-Ukraine FTA aims to strengthen the foundation for long-term cooperation between the two nations and one of the key strategies implemented to achieve this objective is the elimination of trade barriers, including tariffs, to significantly enhance bilateral trade flows between the UK and Ukraine.

The criteria used to establish the country of origin for a product is referred to as rules of origin. It's not solely based on the shipping location, but rather where the product was actually manufactured, grown or produced. Essentially, it refers to the economic nationality of a product, which can change if the good is significantly altered or processed in a different country and specific criteria is used when determining the correct origin. This is significant for businesses, as the economic origin determines the customs rules and tariffs that apply to the product when entering a country. Under the FTA, there are flexible rules of origin that require less processing or value addition within the UK or Ukraine for products to qualify for preferential tariffs. Preferential tariff treatment reduces the duties typically required to pay when importing or exporting goods to or from Ukraine.

To take advantage of the FTA's reduced customs duty rates, a company must comply with the rules of origin and maintain adequate documentation. [The Export Goods](#) tool on the gov.uk website provides detailed information on the specific criteria and evidence required. If the conditions for preferential rates do not apply, then a standard "Most Favourable Nation" duty rate is applied, and the applicable rate can be found using the online gov.uk tools.

Companies can use online tools [UK Integrated Online Tariff](#) and [Check How to Export Goods](#) to check product-specific and country-specific information on tariffs and regulations that currently apply to UK trade in goods. These tools are regularly updated to reflect any changes.

It is important to note that the FTA's rules of origin are currently in a transitional phase, and they might be subject to adjustments or clarifications in the future. Staying updated on any revisions or announcements from the UK or Ukrainian authorities is crucial for businesses relying on the preferential trade arrangements.

When importing goods into Ukraine for commercial purposes, customs declarations must be submitted, which can be done by individuals or customs brokers. While using a broker is not compulsory, it is advised for complex procedures or valuable goods as they can manage paperwork, navigate regulations, and expedite clearance more efficiently. State Fiscal Service of Ukraine and Ukrainian Chamber of Commerce and Industry are useful resources for finding customs brokers. The term "customs brokers" in Ukrainian can be searched through the [State Fiscal Service of Ukraine](#), and the [Ukrainian Chamber of Commerce and Industry](#) maintains a directory of businesses, including customs brokers.

Similar to the EU's Economic Operators Registration and Identification (EORI) number, Ukrainian traders need a State Registration Number (EDRPOU) for customs clearance. This is a unique identifier for businesses registered in Ukraine. Obtaining an EDRPOU is relatively straightforward and can be done through the [State Registrar Service of Ukraine](#). Additionally, for imports and exports exceeding certain thresholds, businesses need to register with the Ukrainian Customs Tariff Classification Registry (UCTC).

'Incoterms' are internationally recognised terms that clarify responsibilities in international trade contracts, including costs, risks, and customs clearance. For UK businesses trading with Ukraine, incoterms are widely used to ensure smooth trade with Ukrainian partners and to avoid misunderstandings and disputes. Additional insurance coverage beyond Incoterms

might be necessary due to the war conflict. It is recommended to consult with a customs broker or insurance provider for advice. Further information on incoterms can be found on the [Department for Business and Trade](#) website.

Increased border security measures and customs checks can cause delays in importing and exporting goods to and from Ukraine. [The International Trade Administration](#), a US Department of Commerce agency, warns of 'a slow working bureaucracy and a large volume of paperwork when dealing with Ukraine's State Customs Service', describing 'often changing and seemingly inconsistent customs clearance procedures.' Advice to businesses is to take this into consideration when managing timelines associated with logistics, in particular cargo with delays and protests having taken place at multiple checkpoints across the country within 2023.

4.2.5. Workforce planning

Visas and permits are required for UK nationals to operate in Ukraine. Depending on the nature of the business activity, nationality of persons, and duration of intended stay, a suitable category can be applied for. Detailed requirements and application procedures

can be found using the links for the State Migration Service of Ukraine [State Migration Service of Ukraine](#) and the [Ministry of Foreign Affairs Ukraine](#). Some of the types of visas available which businesses may opt for include, but are not limited to:

4.2.6. Tax and finances

Given the complexities and ongoing changes, seeking professional advice from a tax advisor with expertise in the Ukrainian market is highly recommended. They can help you navigate the current landscape, optimise your tax arrangements, and ensure compliance with regulations. It is assumed that the reader has a proficiency level similar to that of a finance professional.

UK businesses trading in Ukraine face a tax landscape influenced by their business form, income type, and the UK-Ukraine double taxation agreement (DTA). Key tax considerations for businesses are corporate tax, VAT, customs, and excise taxes. We have included further detail below and information on customs can be found in section 3.2.5.

Branches set up in Ukraine are liable to pay Ukrainian corporate income tax (18%), however UK head office establishments may also still owe tax on remitted

profits under the remittance basis. Subsidiaries are taxed locally, but dividends paid to the UK parent may face further UK tax unless exempt under the DTA. If a business has a permanent establishment in Ukraine, then profits attributed to the permanent establishment are taxed locally.

Value Added Tax (VAT) must also be considered by businesses operating in Ukraine. VAT is imposed on the supply of goods and services in Ukraine and on the import/export of goods and auxiliary services. Certain supplies are not subject to VAT (e.g., insurance and reinsurance services, the issue and/or sale of securities), and more information can be found on the different rates of VAT in Ukraine [here](#).

4.2.6.1. VAT on digital services

Ukraine implemented a specific VAT regime for digital services in July 2021, targeting supplies to individuals by non-residents. The scope of these requirements cover a wide range of digital services including online advertising and marketing services, software and video games, e-books, online courses, social media services, online gambling, cloud computing and data storage services.

The standard (20%) rate of VAT applies to digital services supplied, and non-resident businesses supplying digital services to Ukraine must register for VAT if their annual turnover exceeds the thresholds for registration from such supplies. The reverse charge mechanism applies meaning the VAT liability falls on the recipient if the supplier is not registered for VAT in Ukraine.

The Ukrainian authorities are directing their attention towards transfer pricing regulations, with a focus on scrutinising transactions between related entities that aim to minimise taxable profits in Ukraine. This increased emphasis is driven by various factors. Firstly, Ukraine's efforts to integrate with the European Union have spurred a move towards aligning its tax system with international best practices, which include stringent transfer pricing regulations. Secondly, the ongoing conflict in the country has heightened the government's need to secure tax revenue, reducing its tolerance for practices that artificially decrease taxable profits. Lastly, improvements in data analytics

and audit techniques have provided the authorities with better tools to identify and question instances of transfer pricing discrepancies. The transfer pricing rules in Ukraine generally are based on the OECD transfer pricing guidelines.

4.2.6.2. Investment projects

President Zelenskyy signed the Law "on state support of investment projects with significant investments in Ukraine" No. 1116-IX, which the Verkhovna Rada adopted on December 17, 2020.¹⁷ When the Law was adopted, it was provided for the provision of state support to Ukrainian and foreign investors with a total investment amount of 20 million euros, but the lower threshold for the cost of projects with significant investments was changed to 12 million euros, which significantly expands the scope of application of the Law. In addition to the existing forms of support approved in 2020, additional ones have appeared, thus identifying the following opportunities for investors:

- Exemption from certain taxes and fees.
- Exemption from import duty taxation of new equipment and components for it.
- Granting preferential land use rights to land plots of state or municipal property for the implementation of investment projects.
- Construction or compensation from the budget of related engineering and transport infrastructure.
- Compensation for the costs for connecting to engineering and transport networks.
- Exemption from reimbursement of forestry production costs.

The total amount of state support should not exceed 30% of the amount of the investment in the project. In addition, this approach allows investors to simultaneously invest and agree with the state on the forms and conditions of support, which reduces the project implementation period to 1 year.



Short-term Visa (Type C)

This visa is ideal for short business visits, conferences, and training purposes. It is valid for up to 90 days and doesn't require a work permit. This can be applied for through the Ukrainian embassy.



Long-term Visas (Type D)

This is ideal for longer stays exceeding 90 days, and different categories are available depending on the nature of the stay, e.g., extended business stays (D1), work (D2), study (D3), and family visits (D4). Eligibility varies depending on the specific subcategory. Generally, you must provide proof of financial sustainability, health insurance, and a valid reason for your extended stay in Ukraine.



Work Permits

Work permits are mandatory for foreign employees engaging in paid work in Ukraine regardless of the visa type. There are a few types of work permits available. Type A is valid up to a year, Type B up to three years, and Type C up to five years. The application process is initiated by your employer who will submit the application on your behalf.



Investor Visas

this visa is available for individuals investing significant amounts into the Ukrainian economy. This visa can be fast tracked and has the added benefit of extended validity periods with a potential for obtaining permanent residency in Ukraine. The investment thresholds vary depending on the specific program applied to.

¹⁷ [Investment projects with significant investments in Ukraine: tax preferences](#)

5. Next steps and further advice

This guide is intended as a first port of call for UK businesses interested in working in Ukraine. Included throughout are several links to seek further advice, but we are also looking for your feedback.

Links to sources of further information from the UK government:

1. [Department for Business and Trade - Ukraine Trade](#)
2. [Ukraine travel advice - FCDO](#)
3. [British Embassy Kyiv](#)

HMG is committed to removing the barriers to working in Ukraine, and we will continue activity in this space:

1. Deeper dives on key areas, accessible upon request.
2. Refreshed versions of the Ukraine Business Guide.
3. Analysis of the opportunity pipeline in Ukraine that businesses in the UK may wish to pursue.

As these are being developed, we welcome feedback from businesses on this guide. We would also welcome insight on where businesses have operated in Ukraine and are willing to contribute case studies to a future version, or feed into a deep dive in future. We are also in the process of refreshing the pipeline of opportunities for UK businesses in Ukraine.

Please contact UR@businessandtrade.gov.uk in the first instance to offer feedback, sign up for future updates on this guide and the future pipeline, and to be included in Department of Business and Trade events on Ukraine reconstruction in the future.

Additionally, businesses can [report barriers to trade](#) as they encounter them or have an issue with an existing trade barrier in Ukraine, and the UK government may be able to resolve it.



A stadium with a white roof and yellow seats.

Figure 15. The Olimpiyskiy National Sports Complex stadium in Kyiv.
Photo: Bohdan Susol.

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- [The UK-Ukraine TechBridge](#)
- [Russian invasion of Ukraine: UK government response - GOV.UK](#)
- [Ukraine Interactive map - Ukraine Latest news on live map](#)
- [Ukraine - Third Rapid Damage and Needs Assessment \(RDNA3\) February 2022 – December 2023](#)
- [Public governance in Ukraine](#)
- [Diia](#)
- [Table 1 of Appendix 2 to Resolution No. 314](#)
- [NABU official website](#)
- [Bribery Act 2010](#)
- [The Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#)
- [Russia sanctions: guidance - GOV.UK](#)
- [OFSI Consolidated List Search](#)
- [UK-Ukraine political, free trade and strategic partnership agreement - GOV.UK](#)
- [Check your goods meet the rules of origin - GOV.UK](#)
- [Report a trade barrier](#)
- [UK-Ukraine Digital Trade Agreement - GOV.UK](#)
- [Home - #AdvantageUkraine](#)
- [Interactive Map: Russia's Invasion of Ukraine | Institute for the Study of War](#)
- [Ukraine travel advice - GOV.UK](#)
- [Home - SCEG UK](#)
- [Air Alert - Apps on Google Play](#)
- [Карта тривоги on the App Store \(apple.com\)](#)
- [National Cyber Security Centre](#)
- [Homepage | Multilateral Investment Guarantee Agency | World Bank Group](#)
- [War Risks: Application form](#)
- [Trade and investment factsheets - GOV.UK](#)
- [Projects - World Bank](#)
- [RFx Now - World Bank](#)
- [The EIB Group Operational Plan 2023-2025](#)
- [Procurement - EIB](#)
- [FCDO Development Tracker](#)
- [Find high value contracts in the public sector - GOV.UK](#)
- [Contracts Finder - GOV.UK](#)
- [UK Export Finance - GOV.UK](#)
- [ProZorro Registration](#)
- [ProZorro Marketplaces](#)
- [EBRD ProZorro Guidance](#)
- [Government of Ukraine Website](#)
- [Ministry of Economy of Ukraine](#)
- [Trade Tariff: look up commodity codes, duty and VAT rates - GOV.UK](#)
- [Check duties and customs procedures for exporting goods - GOV.UK](#)
- [State Tax Service of Ukraine](#)
- [Homepage - European Business Association](#)
- [Ministry of Justice of Ukraine](#)
- [Choose which incoterms are right for you](#)
- [International Trade Administration](#)
- [State Migration Service of Ukraine :: Official Website](#)
- [Ministry of Foreign Affairs - Visas](#)
- [Department for Business and Trade Ukraine - GOV.UK](#)
- [British Embassy Kyiv - GOV.UK](#)

Disclaimer

The information provided in this Guidance is considered correct as of March 2023 and is intended to be updated on a quarterly basis.

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