Foundation for Support of Reforms in Ukraine

MINISTRY OF ECONOMY OF UKRAINE

співпраця з німеччиною
DEUTSCHE ZUSAMMENARBEIT

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ASSESSMENT

OF REACTIONS, EXPECTATIONS AND BEHAVIOURAL STRATEGIES OF KEY IMPORTERS OF UKRAINIAN PRODUCTS IN TOP-10 IMPORTING COUNTRIES IN THE CONTEXT OF THE RUSSIAN WAR IN UKRAINE

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STRUCTURE

- Research objective
- Selection of key partners
- Trade overview
- Formal and informal responses
- Key stakeholders
- Country classification by risk of restrictions
- Country classification by the importance of the reputation and human rights policies

RESEARCH OBJECTIVE

The objective is to analyse the responses, expectations, and behavioural strategies of key importers in order to improve awareness of the challenges faced by Ukrainian exporters to key markets and to take these results into account in the preparation of the Export Strategy of Ukraine 2030

Sources of data for analysis:

- Official statistics
- Open-source publications
- In-depth interviews

In total, more than 30 representatives of Ukrainian embassies, business associations, chambers of commerce and companies operating in the markets of partner countries were interviewed.

SELECTION OF KEY PARTNERS: METHODOLOGY

Objective: to select 10 countries considered to be key importers of Ukrainian products for further analysis of their responses to Ukrainian exports.

For this study, the "key status" of countries was determined based on the value of exports, including both direct and mirror trade data, as well as information on risks associated with importer behaviour and the structure of exports to a given country. The selection of countries was also based on the potential risks associated with conducting interviews as part of the study.

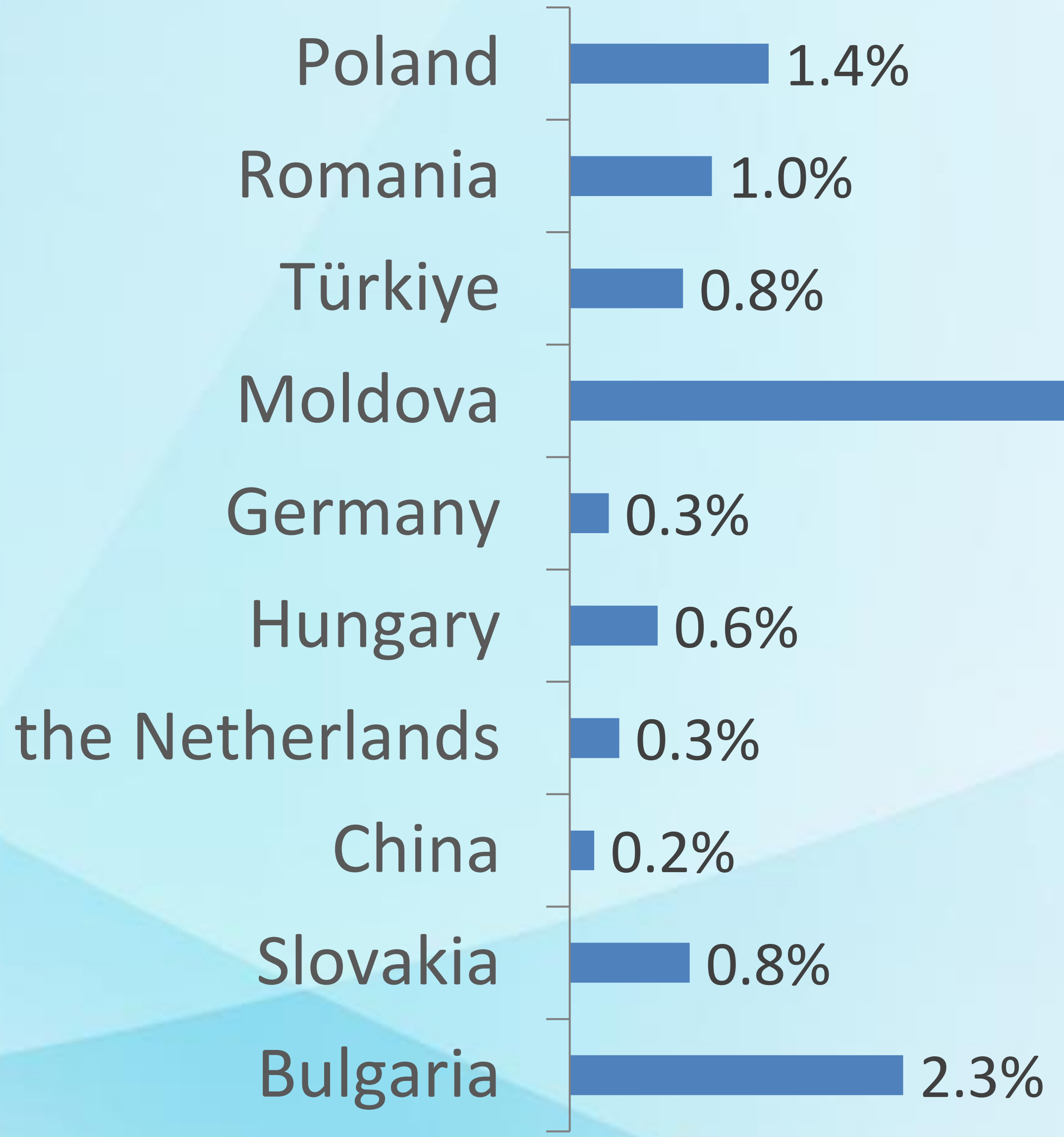
Data sources: WITS, Ukrstat, Global Trade Alert, own estimates

Approach: creating a database of indicators, the analysis of which allows for the decision to be made on the status of a partner country. A score ranging from 0 to 100 is calculated for each indicator, with 100 representing the best possible score. At each step, an integral score is calculated, which is the simple mean of the indicators assessed within that step. The total score is the arithmetic mean of the step scores.

SELECTION OF KEY PARTNERS: RESULTS

	Integrated Assessment Step 1	Integrated Assessment Step 2	Integrated Assessment Step 3	Aggregate Score
Poland	99	70	100	90
Romania	66	82	100	83
Türkiye	88	60	50	66
Moldova	29	68	100	66
Germany	84	8	100	64
Hungary	59	77	50	62
The Netherlands	65	18	100	61
China	94	30	50	58
Slovakia	33	90	50	58
Bulgaria	34	80	50	55
Spain	81	28	50	53
Italy	74	20	50	48
USA	38	40	50	43
Czech Republic	43	17	50	36
Austria	21	25	50	32
Egypt	61	32	0	31
India	50	33	0	28
Belgium	10	22	50	27
France	11	12	50	24
United Kingdom	13	5	50	23

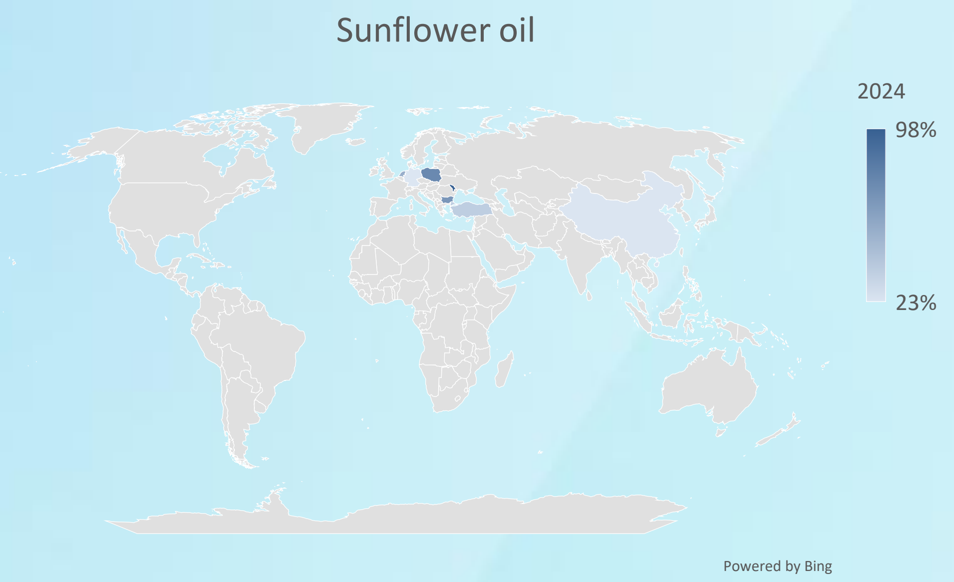
TRADE OVERVIEW: THE ROLE OF IMPORTS FROM UKRAINE FOR PARTNER COUNTRIES

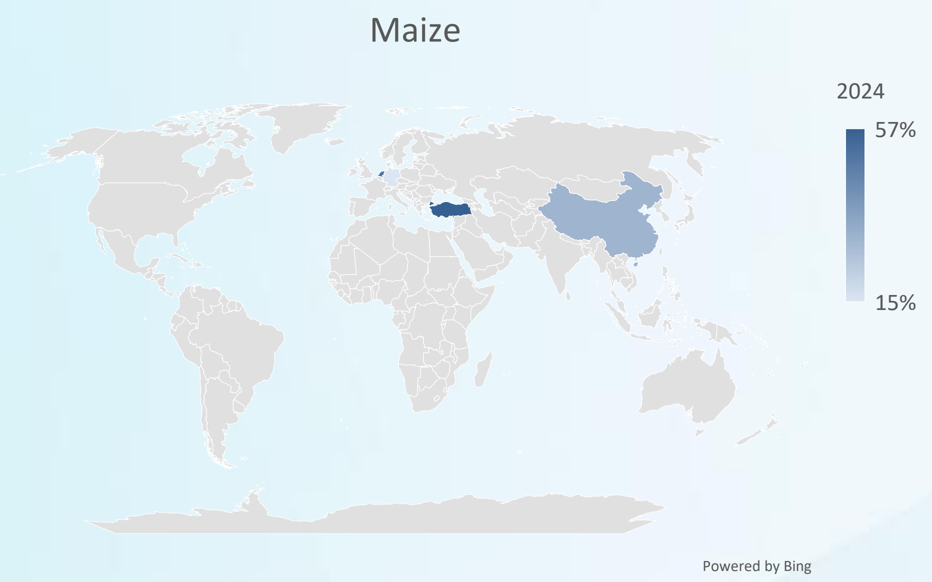


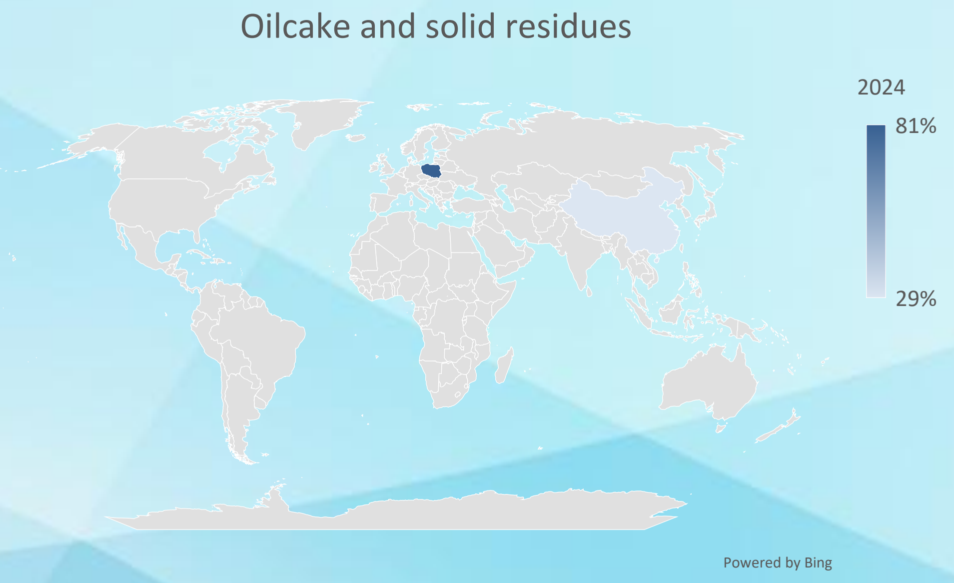
Imports from Ukraine do not play a significant role in the total imports of most partners, except for Moldova

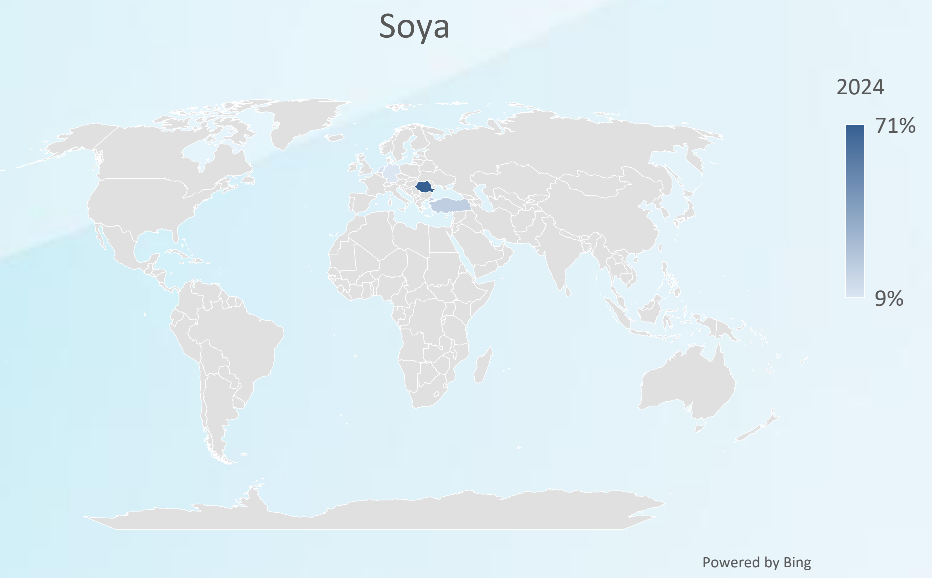
Source: ITC Trade Map; year 2024

TRADE OVERVIEW: AGRICULTURAL PRODUCTS MARKET









Among food products, Ukraine's role is particularly important for sunflower seed oil and oilcake

Source: ITC Trade Map; year 2024

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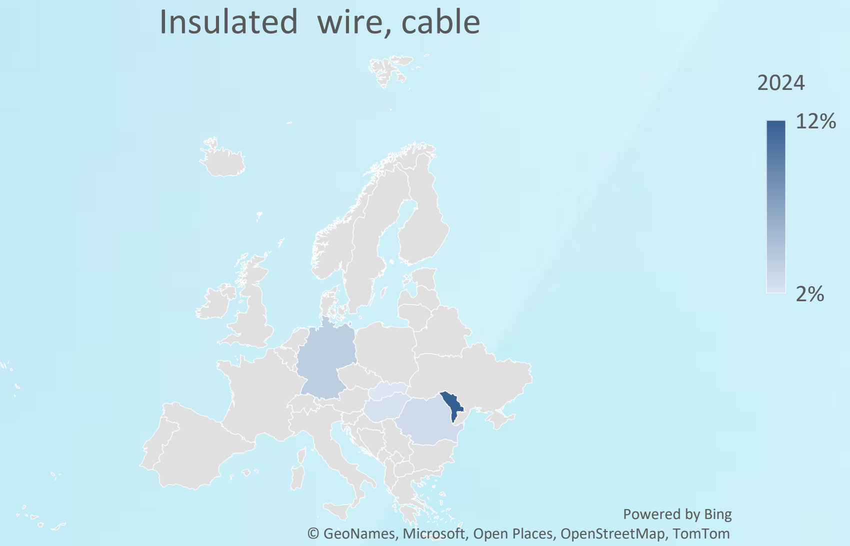
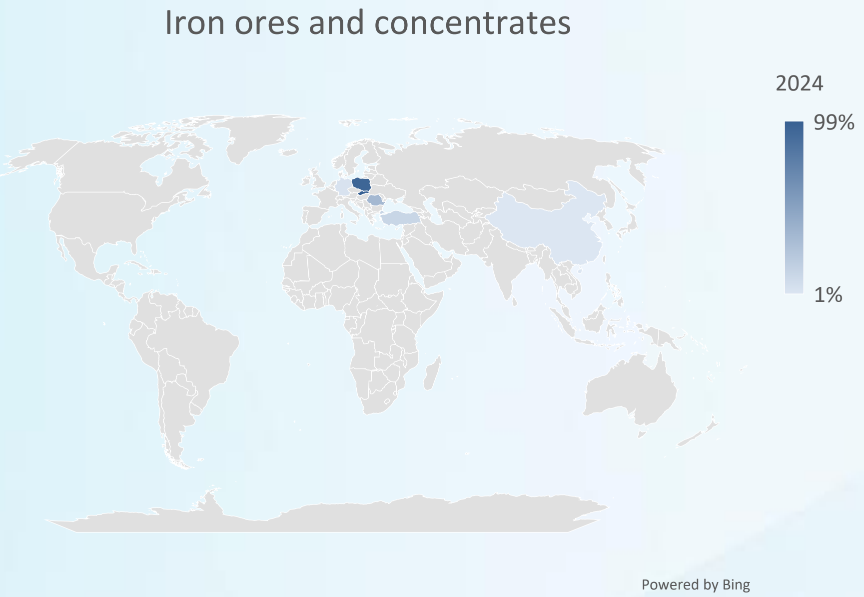
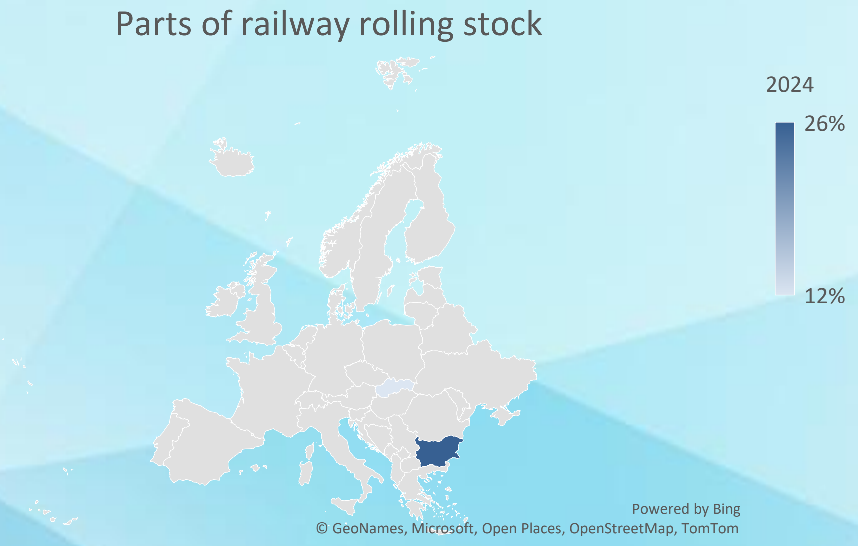
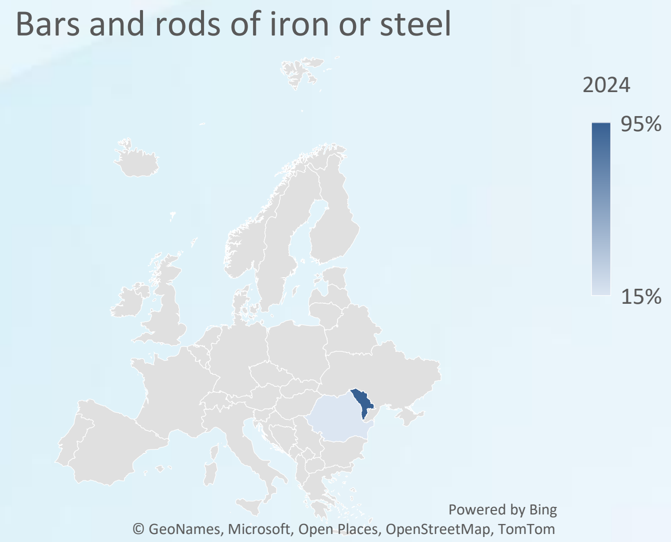
TRADE OVERVIEW: INDUSTRIAL PRODUCTS MARKET









Among industrial goods, Ukraine's role is particularly high for iron ore and concentrates, and bars and rods of iron and steel, while moderate for machinery

Source: ITC Trade Map; year 2024

TRADE OVERVIEW: UKRAINIAN GOODS ENTERING PARTNER MARKETS

- After February 2022, Ukrainian companies intensified their entry into foreign markets
- Partly due to the registration of businesses by Ukrainians who fled Ukraine after the outbreak of a full-scale war, and partly as a strategy for company development in the face of uncertainty in the domestic market
  - Since 2022, Ukrainians have established nearly 90,000 companies in Poland, with 87% of these being sole proprietorships. Other partner countries also experienced these processes, but not on such a scale
  - According to the IT Ukraine Association, in 2022, Poland became the primary destination for IT business relocation from Ukraine. Other key destinations are Germany and Romania
  - Nova Post entered the European market, following its customers.
  - Other service companies, including restaurants and retail, have also become more active
  - At the same time, some companies are being acquired (e.g. Farmak, Three Bears)

FORMAL AND INFORMAL RESPONSES: RESTRICTIONS

Measure	Countries
Licensing of Ukrainian imports	Romania, Moldova, Slovakia, Bulgaria
Unilateral restrictions on the grounds of national security	Poland, Hungary, Slovakia, Bulgaria
Tightening customs procedures	Poland, Romania, Hungary, Slovakia
Strengthening controls under the SPS framework	Poland, Romania, Hungary, Slovakia, Bulgaria, Moldova
Protests and border blockades	Poland, Romania, Hungary
Lobbying for trade restrictions	Poland, Romania, Bulgaria, Slovakia, Hungary, Moldova, the Netherlands

KEY STAKEHOLDERS

- Embassies of Ukraine in partner countries
- Office for Entrepreneurship and Export Development of Ukraine
- Chamber of Commerce and Industry of Ukraine, its representative offices
- Agencies of partner countries
- Bilateral Chambers of Commerce and Industry
- Business associations, including sectoral ones
- Political parties

CLASSIFICATION OF COUNTRIES BY RISK LEVEL FOR IMPOSING RESTRICTIONS

High Risk

- Poland
- Hungary
- Slovakia

Medium Risk

- Romania
- Bulgaria
- Moldova

Low Risk

- Netherlands
- Germany
- Turkey
- China

Criteria:

1. Application of extraordinary measures (e.g., border blockade)
2. Politicisation of trade relations with Ukraine
3. Use of safeguard measures citing national security concerns, outside formal arrangements
4. Increased application of non-tariff measures as trade barriers
5. Number of sectors subject to restrictions

Time Horizon: 2022–2025

CLASSIFICATION OF COUNTRIES BY THE IMPORTANCE OF COMPANIES' REPUTATION AND THE IMPLEMENTATION OF HUMAN RIGHTS POLICIES FOR DOING BUSINESS

High Level

Netherlands
Germany

Poland

Turkey

Medium Level

Romania
Bulgaria
Moldova
Slovakia

Low Level

Hungary
China

Criteria:

- Mandatory use of the code of ethics and human rights policies
- Significance of corporate reputation
- Pragmatism in business relations prevailing over human-rights considerations

The event was organized by the Public Union “Foundation for Support of Reforms in Ukraine” within the framework of the project “Export Strategy of Ukraine in Times of War” with the assistance of the United Nations Development Program (UNDP) in Ukraine and financial support of the Government of Japan provided under the project “Transformational Recovery for Human Security in Ukraine” and within the project “TIPSTER: Trade, Intellectual Property Support and Technical Regulation“ project implemented by the FEU with the financial support of the German Government within the framework of the international cooperation project ReACT4UA (”Application and Implementation of the EU-Ukraine Association Agreement in the field of Trade"), implemented by the German federal company Deutsche GesellschaftfürInternationale Zusammenarbeit (GIZ) GmbH.