

Ukraine

Business Guide

Compiled by:

Embassy of Switzerland in Ukraine

Kyiv, December 2015



Travel Advice

The travel advice of the Federal Department of Foreign Affairs contains important information regarding the recent developments and security and is regularly updated. Please consult the FDFA travel advice before traveling to Ukraine: <https://www.eda.admin.ch/eda/de/home/vertretungen-und-reisehinweise/ukraine/reisehinweise-fuerdieukraine.html>

Recent political developments

In November 2013 Ukraine entered a political crisis. In March 2014 Crimea was occupied by Russian forces and subsequently integrated into the Russian Federation. Ukraine and most other countries do not recognize this annexation. Ukraine considers Crimea a “temporarily occupied territory”. Furthermore parts of Oblasts Donetsk and Luhansk are not under the control of the government in Kyiv.

Area:

Ukraine is located in Eastern Europe and covers a land area of 603'549 sq. km, making it the largest contiguous country on the European continent, of which about 55% is cultivated. It borders the Russian Federation to the east and northeast, Belarus to the northwest, Poland, Slovakia, and Hungary to the west, Romania and Moldova to the southwest, and the Black Sea and Sea of Azov to the South and Southeast, respectively. Approximately 7% of Ukraine's territory (45'000 sq.km) are currently not under the control of the Government in Kyiv.

Population:

42.9 million (2014 – 45.4 million), of which 77% are ethnic Ukrainians, and 17% ethnic Russians. The remaining 6% of population includes ethnic Belarusians, Moldovans, Crimean Tatars, Bulgarians,

Hungarians, Romanians, Poles, Jews, Armenians, Greeks, and other nationalities. Population density: 75 people per sq. km. (no data from Crimea and Sevastopol)

Unemployment level:

9.6% (I-II quarters of 2015), 9.7% (2014), by ILO methodology.

Regional Structure:

Ukraine is a unitary state composed of 24 oblasts (regions), the Autonomous republic of Crimea, and the cities Kyiv and Sevastopol, having a special status. Switzerland did take some measures with regard to Crimea and Sevastopol, notably in matters of trade with and foreign investment in Crimea and Sevastopol. If you consider establishing business relationships with Crimea, please contact the Embassy or the State Secretariat of Economic Affairs SECO beforehand. Please also see the Ukrainian legislation: http://arzinger.ua/press/newsletter/occupied_territories/

Capital:

Kyiv, ca. 2.8 Mio inhabitants.

Principal cities:

Kyiv, Kharkiv (1,4 Mio), Odessa (1,0 Mio), Dnipropetrovsk (0,9 Mio), Donetsk (0,9 Mio), Zaporizhyya (0,7 Mio), Lviv (0,7 Mio)

Natural resources:

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

One quarter of the world's black soil reserves are located in Ukraine. The country's black soil is deemed the best in the world because of its physical, chemical, agrochemical, and mineralogical properties. The total area of black soil is 60.4 mn ha including 69% of agricultural lands. 78% of this is arable land.

GDP (bn USD): 176,6 (2012), 182,0 (2013), 127,4 (2014), 98,0 (forecast 2015)

Real GDP Growth: + 0,2% (2012), 0% (2013); - 6,8% (2014); -12.0% (forecast of World Bank for 2015), + 1% (forecast of World Bank for 2016), approximately 3000 USD /inhabitant in 2014

Real industrial output: - 4.5% (2012), + 13.3% (2013), + 2.8% (2014), - 5.8% (forecast 2015)

Real agricultural output: + 19,6% (2011), - 4.3 % (2012) + 10% (2013), + 2.85 (2014)

Key economic sectors:

Agriculture, IT, metallurgy, machine-building, chemicals and petrochemicals, mining, fuel and non-fuel extraction, food processing, pharmaceutical production, timber production, textile, pharma, construction, retail trade.

Religions:

Eastern Orthodox Christianity, Greek Catholic Church, Roman Catholic Church, Protestantism, Islam, Judaism.

Climate:

Ukraine has a continental climate, with the exception of Crimea, which has a subtropical, Mediterranean climate. Precipitation is abundant, especially in fall and winter. Winters are long and cold, dominated by cloudy skies. The mean temperature in winter is between -6 and -8 °C. Summer temperature tends to be warm and can reach 30°C or more. The mean temperature in summer is between + 17 and + 19° C.

Crime:

Petty crime is getting higher compared to 2012-2013. The number of property crimes - theft, burglaries and fraud - remains high. Pickpocketing and snatch thefts are a concern in public transports. Identity theft involving ATMs and credit cards is widespread. Normal precautions should be taken (avoid flashing lots of money, be careful in large crowds, avoid dark streets at night).

High cybercrime activities.

Security:

The situation in Kyiv and western cities is generally calm. Public demonstrations can flare up and turn violent with little warning. You should remain vigilant and monitor the media for information about possible safety or security risks. There has also been a series of isolated explosions and other security incidents in Kyiv, Kharkiv, Odesa, Kherson and Lviv. You should take great care and remain vigilant throughout Ukraine. Avoid all demonstrations and take extra care in public gatherings.

Please consult FDFA travel advice: <https://www.eda.admin.ch/eda/de/home/vertretungen-und-reisehinweise/ukraine/reisehinweise-fuerdieukraine.html>

Water:

Tap water is generally not fit for drinking. Bottled water is easy to find in each supermarket. Outside the capital warm water supply can be irregular.

Arrival and departure:

Ukraine has no visa requirements (tourist, business or private visit) for Switzerland, Liechtenstein, USA, Canada, Japan and EU-countries. No visa is required for a stay up to 90 days within a 180 day period.

Visas can be obtained from the Ukrainian diplomatic mission abroad. For further information you can contact the Embassy of Ukraine in Bern: <http://switzerland.mfa.gov.ua/ua>

Languages used for business:

Ukrainian is the official state language. It belongs to the Eastern branch of the Slavic group and is written in Cyrillic script. Russian is very widely used as a second language for informal communication, especially in Kyiv, in the big cities in the East as well as in the South. While many young people are now learning English, most people do not speak it. You can't count on being understood easily as you make your way around town. Street signs are mostly in Ukrainian and English. It is thus very helpful to learn at least the Ukrainian or Russian alphabet. Another useful advice might be to learn a few stock phrases and how to count from one to ten.

English is the most widely spoken foreign language and might be spoken in hotels, restaurants and in department stores in major cities. German or French are clearly less spoken, documents and catalogues in these languages are therefore of very limited use.

Public holidays:

There are ten days of public holidays around the year. The following holidays are timed on the Gregorian calendar:

New Year's Day	1st of January
Orthodox Christmas	7th of January
International Women's Day	8th of March
Orthodox Easter	April or May (date fluctuates)
Labor Day	1 st and 2nd of May
Victory Day	9th of May
Trinity Sunday	June (date fluctuates)
Constitution Day	28th of June
Independence Day	24th of August
Defender of Ukraine Day	14 th of October

If public holidays fall on a Saturday or Sunday, the following Monday may also be considered a public holiday as well. It is therefore advised to check two or three weeks ahead of your planned visit for possible holidays.

The weekend is Saturday and Sunday. Government offices are closed, but some private sector companies may work on Saturday. Supermarkets, shops, and boutiques are open seven days a week.

Health and inoculations:

Please consult the travel medical advice before traveling to Ukraine:

<http://www.safetravel.ch/safetravel2/servlet/ch.ofac.wv.wv202j.pages.Wv202DestinationsCtrl?action=sHowPays&ref=UA>

No specific additional vaccination is needed for visitors. Although there are no particular health requirements it is advised to have appropriate medical insurance when coming to Ukraine. For minor emergencies there are many pharmacies located throughout the country. The public health system is of low performance. While medical doctors are normally competent and well trained, public hospitals are badly equipped and hygiene is not up to Western levels.

There are some private clinics in Kyiv providing services for foreigners too (English speaking doctors).

www.medikom.ua

www.oberigclinic.com

www.boris.kiev.ua

www.isida.ua (obstetric-gynaecological clinic)

www.eurolab.ua

www.dila.com.ua (clinical trials)

Time zone:

Ukrainian time is 2 hours ahead of Greenwich Mean Time (1 hour later than in Switzerland). Ukraine covers one time zone, with two time changes, which take place in spring and autumn.

Electricity supply:

The standard electrical voltage throughout Ukraine is 220 volts. Power failures are very rare (mostly in the winter season) and short in duration.

Methods of payment:

Currency: The Ukrainian national currency Hryvnia (UAH) was introduced in 1996. The Currency Decree provides that the UAH is the only lawful means of payment on the territory of Ukraine, and thus acceptable without any limitations in the settlement of any obligations.

To find the official exchange rate of the Ukrainian Hryvnia to USD, EUR and other currencies you may consult the website of the National Bank of Ukraine <http://www.bank.gov.ua> As of middle of December 2015, the exchange rate was as follows: 1 USD = 23.5 UAH, 1 EUR = 25.5 UAH, 2 CHF = 23.5 UAH.

Visa, Master Card, American Express are accepted in major boutiques, hotels, restaurants and in department stores. You might be asked for an ID (passport). Credit card fraud is frequent, it is therefore recommended to use a credit card only in reputed establishments and to watch, as far as possible, how it is handled. Personal cheques are not widely accepted.

Ukraine is a country, where still a lot is paid with cash. Many taxis have no possibility to accept electronic payments and it is currently completely inconceivable in public transport. The tickets on the bus or tram cost depending on the city 3 to 5 Hryvnia (UAH). These are the equivalent of 15-20 Euro cents.

You will find ATMs on the streets, in big supermarkets, at banks and commercial centers, providing cash (UAH) 24 hours a day. Important: some banks could fix temporary limits on ATMs (3000 – 5000 UAH/day) withdrawals due to instability in the country.

US Dollars and Euros are easily exchanged in many exchange offices located throughout the city. Other currencies such as Swiss Francs can be exchanged in major Ukrainian banks or some exchange offices, however at less favorable rates. You might be asked for an ID (passport). You should never change money offered by other people on the street; there is usually little difference in rates and you will almost surely be cheated.

Transportation:

Ukraine has an extensive train, bus, subway, and airport transportation system. Some of the larger cities also have above-ground trolleys and small shuttle buses called “marshrutkas.”

Air flights are the most common way of travelling to and from Ukraine. “Ukraine International Airlines” (www.flyuia.com) has daily direct flights between Kyiv and Zurich and between Kyiv and Geneva. Alternatives mostly used for non-direct travel to and from Switzerland are Lufthansa, Austrian Airlines, Czech Airlines.

The international airport of Kyiv – Borispol (KBP) is the air-gate to the country and is located 36 km from the capital. To get from the airport to Kyiv you can take a taxi, shuttle-bus or bus. Besides Borispol airport you can take international flights also from Kyiv-Zhulyany, Lviv, Odessa, Dnipropetrovsk, Kharkiv, Zaporozhje and Kherson. International railway connections are established with Poland, Russia, Belarus, Moldova, Baltic States, Bulgaria, Romania, Czech Republic, Slovakia, Hungary, Austria, and Germany. International bus routes are from Poland, Great Britain, the Netherlands, Belgium, France, Germany, etc. By ship you can get to Ukraine from Turkey.

A Swiss visitor can rent a car through the hotel or at a car rental company. An average car costs 50 - 150 USD per day (www.hertz.ua, www.avis.com.ua, www.sixt.com, www.europcar.com). Most companies offer chauffeur service (to be recommended since roads and general driving conditions are not always in line with the European standards). An average trip by taxi in Kyiv can cost 100-120 UAH (5-6 CHF). It is recommended to ask and to agree on the price beforehand. Taxis can also be rented for the whole day or longer at an agreed price.

Important:

Transport/Crimea:

Ukraine cancelled all flights to and from Simferopol. All train and official bus services from Ukraine to Crimea have been stopped. There are reports of road blocks, with private vehicles and passengers being searched but traffic is able to get through. From 4 June 2015, to enter or exit Crimea, foreign nationals will need to provide their passport and a special permit issued by the State Migration Service of Ukraine.

The Crimean sea ports of Kerch, Sevastopol, Feodosia, Yalta and Yevpatoria have been designated by the Ukrainian authorities as closed to international shipping.

Transport/Eastern Ukraine:

The security situation in the southern parts of the Donetsk and Lugansk regions in the east of Ukraine remains highly unstable. There are no scheduled flights into or out of Donetsk and Lugansk airports. There is no direct train connection with parts of Donetsk and Lugansk regions that are not under the control of the Government in Kyiv.

Flights between Ukraine and Russia:

Currently there are no direct flight connections between Ukraine and Russia.

Hotels, office and accommodation:

There are a few 5-star hotels in the big cities: Kyiv, Odessa, Donetsk, and Dnipropetrovsk and a variety of 4-star, and 3-star hotels. Hotel rates vary from 130 – 250 CHF in a four-star hotel to 250 - 450 CHF for a single room in a five-star hotel.

Hotel apartments do exist and are often preferred by foreign or local visitors coming for longer stays.

To find the accommodation that would meet your requirements you may consult the booking web-pages like www.hotels-kyiv.com or www.booking.com.

Apartments: several real estate agencies (www.joneseast8.com.ua, www.teren.kiev.ua, www.blagovest.ua, www.dtz.com) specialize in leasing apartments to expatriates. Similarly to office accommodation, prices vary considerably according to location and level of refurbishment.

Communication:

Ukraine's country code is + 380. The list of region codes can be found at the website of www.ukrtelecom.ua

Calling nationwide requires dialing 0, waiting for a dial tone (optional on digital exchanges), and then the region code followed by the local number. For instance to call Kiev from Odessa, users would need to dial 0 48 XXX XX XX. Same convention was adopted for mobile operators.

For local calls, users would still be able to dial the local number without a 0 and the area code. Mobile users have to dial full 0-prefixed number, although operators may implement local dialing in cities.

In order to call abroad, users would need to dial 0~0 before the country code. Example: for a call to Bern, Switzerland dial 00 41 31 The rate for calling Switzerland from Ukraine is approx. 0.60 CHFper minute

Business hours:

The regular business week in Ukraine is Monday-Friday, 9:00 a.m. to 6:00 p.m., with an hour break for lunch.

Banks: Monday through Friday, 9:00 – 13:00 and 14:00 – 18:00, open for payment till 16:00/17:00)

Shops: usually, Monday through Saturday, 8:00/9:00 – 21:00/22:00 and on Sundays from 09:00/10:00 to 20:00/21:00

Many shops, however, in particular big department store centers, are open longer hours, on Sundays and do not close for lunch-time.

Addresses and opening hours of the Embassy:

Embassy of Switzerland in Ukraine

vul. Kozyatynska, 12

01015 Kyiv

Phone: + 38 044 281 61 28

Phone/Visa: + 38 044 590 44 85

Fax: + 38 044 280 14 48

Out-of hours emergency contact number: + 38 067 5027808

E-mail: kie.vertretung@eda.admin.ch

E-Mail/Visa: kie.visa@eda.admin.ch

www.eda.admin.ch/kiev

Opening hours: Monday to Thursday 08:00 –17:30, Friday 08:00 – 12:00

Tips for initiating business contacts:

For establishing initial business contacts with a Ukrainian partner it would be advisable to have references from another company. The same is true for the other way round: make sure you obtain references (reliability, financial stability and legal grounds for operating activities)

In Ukraine personal contacts are of a particular significance and they highly influence business decisions. Therefore it is extremely important to try and establish such contacts through informal dining, tennis, golf, going out together, etc.

Swiss firms wishing to export their products or services to Ukraine need to have patience and perseverance. Since the process from the first contact to decision-making is rather lengthy, the Swiss company is well advised to follow up on its first contact by sending a reminder, or to call to talk to the

person in charge. The representatives of Swiss companies are welcome by the Embassy by their first trips to Ukraine. The Embassy of Switzerland in Ukraine hosts regular Swiss Business Meetings. Representatives of Swiss companies are welcome to these information and networking events upon invitation (please contact Embassy).

Business practices:

One of the very important conditions for your success is to find a reliable translator who would be trustworthy, both professionally and in terms of his or her business awareness.

Keep in mind that in Ukraine a lot would rather depend on your initial choice of a reliable partner, which, in practice, may turn out to be a much more important guarantee for fulfilling the terms of a contract than your framework agreement provisions.

It is highly advisable when trading with Ukraine to be very careful with respect to payment conditions and to require full pre-payment or bank guarantee every time you are not 100 percent sure about your partner's reliability.

Local customs:

When visiting Ukraine, there are a few simple rules of etiquette that may be useful.

If invited into a family home, it is traditional to bring a gift. A bottle of wine, a cake or a bouquet of flowers is customary. If there is a child in the house, it is appropriate to bring him/her a small gift as well.

If you bring flowers, make sure it is an uneven number of flowers.

Do not shake hands across the threshold of the door. It is considered bad luck. When shaking hands, take off your gloves.

Offer to share your snacks and cigarettes with those around you.

Special features on the market:

There are opportunities for IT, food-processing companies and consumer goods distributors, etc. In addition, the agricultural sector needs fertilizers, genetically improved stock, machinery, fuel and modern management techniques. There are opportunities in coal, utilization, mineral and oil exploration, ship-building, telecommunications, tourism and consumer goods sectors, also for management consultants, accountancy firms and lawyers and in all kinds of technical assistance projects.

The business environment in which Ukrainian and foreign importers / exporters as well as Ukrainian producers operate needs improvement. Excessive taxation makes firms hide their real profits, shortage of finance, problems with sales, problems of the financial system, as well as frequent and abrupt changes in legislation - all inhibit normal operations of importers and exporters alike.

Feedback:

Please send your comments to the below mentioned E-Mail address of the Embassy of Switzerland

Disclaimer:

Every effort has been made to ensure that the information contained is as accurate and up to date as possible. However, the Embassy is unable to accept responsibility for any inconvenience or loss as a result of the advice and information given.

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