Ukraine, - yesterday, today, tomorrow, - Quo Vadis?!
“Revolution of Dignity” as a Turning Point
Further developments

Clashes in Kyiv. Shooting peaceful protestors
Further developments

Annexation of Crimea
Further developments

Power shift
Further developments

Russian proxy war in Donetsk and Luhansk Regions
Dreadful impacts of war

War has affected 5 million people (official UN statistics):

- More than 6,400 people died
- More than 16,000 injured
- Approximately 1.3 million internally displaced persons and more than 801,000 migrants (approx. 5% of the population)

10% of the territory is occupied
20% of industrial capacity is lost
UAH-EUR/USD exchange rate dynamics
Dreadful impacts of war – Economy

- GDP drop by 7%
- Capital investments drop by 23%
- Import drop by 25.1%
- Export drop by 9.1%

Decrease (Increase) of Production Output in Certain Industries in 2014 in comparison to 2013 (in UAH)

- Oil Processing Industry
- Engineering Industry
- Coal and Steel Industry
- Mining Industry
- Wood Processing...
- Textile Industry
- Pharmaceutical Industry
- Food Industry
New challenges, new chances

Ukraine Today

Wartime Realities
Occupied Territories
Deep Economic Crisis
EU-UA Association Agreement
Investment Climate Improvement
Structural State Reforms
Annexation of Crimea – new challenges

• Coercive separation from Ukrainian political, economic, legal environment;
• Deeper integration with Russian Federation;
• Doing business in dual legal regulation realities;
• World sanctions against Crimean legal entities and certain sectors of economy;
• Disputes resolution
Deep economic crisis

• **Increasing tax burden:** expanding the tax bases (real estate, vehicles), increasing the personal income tax (15%, 20%), cancelation of gradual reduction of the VAT and corporate income tax rates

• **Restrictive measures at currency market:** compulsory exchange of 75% of receivable in foreign currency; ban on early repayment of loan agreements; restrictions on banking transactions etc.

• On the positive side - **moratorium on the state inspections** of small and medium business for 2 years
Towards more investment-friendly state

- **Deregulation** of the business environment: reducing the number of licensing procedures and documents; simplification of business launching procedure
- **Transparency**: anti-corruption, obligatory disclosure of the ultimate beneficiaries; public on-line access to registered rights in rem, etc.
- **Dialogue with business**, encouragement of self-regulation across industries on the antitrust issues
Provisional application of the Association Agreement until ratification by all parties (currently 19 out of 31 parties has ratified), mainly across the following industries/areas:

- **Transport** – removing administrative, technical, cross-border obstacles, improving transport networks;
- **Agriculture** – convergence of regulatory practices and standards;
- **Consumer protection** – unification of rules on product safety, reduction of the risk of purchasing low quality products;
- **Tax** – gradual convergence of national tax rules and practices with those of EU;
- **Access to justice** – each party undertakes to ensure that natural and legal persons of the other party have access that is free of discrimination in relation to its own nationals to its competent courts and administrative organs, to defend their individual and property rights.
Other important reforms - “de-Sovietization”, combating legacy of “Yanukovich Regime”

- Lustration (cleansing of government from past regimes’ officials)
- Anti-corruption
- Judicial reform
- Antitrust
- Decentralization
- Deregulation
- Optimization of state apparatus
Industries with the highest growth-potential

- Agriculture
- IT
- Alternative Energy
Our contacts

Head Office of Arzinger
Eurasia Business Center, 75 Zhylyanska St.
Kyiv, 01032, Ukraine
Tel.: +38 (044) 390-55-33
Fax: +38 (044) 390-55-40

West Ukrainian Branch of Arzinger
6/1 Generala Chuprynky St.
Lviv, 79013, Ukraine
Tel.: +38 (032) 242-96-96
Fax: +38 (032) 242-96-95

South Ukrainian Branch of Arzinger
Pokrovsky Business Center, 33 Zhukovskogo St.
Odessa, 65045, Ukraine
Tel./Fax: +38 (048) 711-74-74

mail@arzinger.ua
www.arzinger.ua

Key Contact:

Timur Bondaryev, Managing Partner
Timur.Bondaryev@arzinger.ua

We are looking forward to our future cooperation!
Thank you for your attention!