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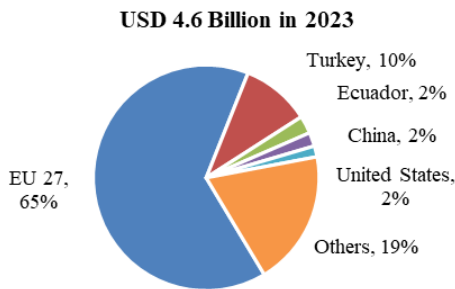
Report Highlights:

Despite Russia's full-scale invasion of Ukraine, Ukraine's retail, food processing, and food service sectors are functioning. The retail sector is working to maintain an assortment of imported products. Fish and other seafood, beef, nuts, food ingredients, whiskey, beer, snacks, and pet food imports are growing. After the economy and imports contracted in 2022, the situation recovered in 2023 and kept improving in 2024. A decrease in consumer purchasing power and a focus on cheaper product tiers has pushed many U.S. imports into the high-end segment. Ukraine is adopting numerous EU import regulations as it aligns its regulatory system as part of EU accession negotiations that started in July of 2024. The food and agricultural products import situation will remain dynamic with logistics challenges until the war ends.

Executive Summary:

All sectors of Ukraine’s economy have been impacted by the full-scale Russian invasion that began in February 2022. The economy started recovering in 2023 with 5.3 percent growth, after a 29 percent drop in 2022, with Ukraine’s GDP hitting \$179 billion in 2023. Ukraine’s 2023 per capita GDP of \$5,181 transfers into \$18,008 in purchasing power parity. Although Ukraine’s imports of food and agricultural products dropped in 2022 by almost a quarter to \$6.3 billion, they rebounded by 16 percent in 2023. Imports from the United States also declined in 2022 to \$191 million, but increased to \$249 million in 2023. The EU is Ukraine’s major trading partner. Ukraine’s major food/agriculture imports are tobacco, palm oil, pet food, wine, cheese, dairy, fresh fruits, miscellaneous food preparations, and sunflower seeds for planting.

Consumer-Oriented Agricultural Imports



Source: Trade Data Monitor

Food Retail Industry:

Ukraine’s retail sales grew by 15.4 percent in 2023 after a 38 percent drop in 2022. Population outflow and a drop in disposable income were the main reasons for the reduction. Ukrainian chains are well-established, possess significant market power, and offer different retail formats and service levels for consumers of different incomes and preferences.

Food Processing Industry:

Domestically processed food and beverage sales totaled \$19.2 billion in 2023, which is 40 percent of the total manufacturing sector. Small and medium-sized enterprises dominate the market, with a few large processors responsible for the majority of sales in the beer, soft drinks, hard liquors, condiments, and confectionery sectors.

Food Service Industry:

The food service industry has suffered most significantly from Russian aggression against Ukraine, with hotels and top market segment restaurants suffering the highest losses. Sales rebounded by 17 percent in 2023, reaching \$1.0 billion.

Quick Facts 2023

Imports of Consumer-Oriented Products

\$4.63 billion

List of Top 10 Products That Have Seen Gains in 2023

- | | |
|----------------------|---------------------|
| 1) Distilled Spirits | 6) Cocoa Products |
| 2) Wine | 7) Salmon |
| 3) Condiments | 8) Tree Nuts |
| 4) Dairy Products | 9) Food Ingredients |
| 5) Beer | 10) Pet Food |

Food Industry by Channels (USD billion) 2023

Retail Food Industry	\$12.9 billion
Food Service-HRI	\$1.0 billion
Food Processing	\$19.2 billion
Food and Agriculture Exports	\$22.0 billion

Top Ukrainian Retailers

- | | |
|-----------------------|----------------|
| 1. ATB | 2. Fozzy Group |
| 3. Metro Cash & Carry | 4. Novus |
| 5. Varus | 6. Velmart |
| 7. Auchan | 8. Tavria V |

GDP/Population

Population: ~30.0 million; GDP (billions USD): \$179; GDP per capita (USD): \$5,181

Sources: World Bank; Trade Data Monitor; UkrStat.gov; Ukraine’s Retailers Association; United Nations High Commissioner for Refugees

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> - Retail, food processing, and food service sectors are resilient - U.S. products are viewed as high-quality. 	<ul style="list-style-type: none"> - Decrease in consumer purchasing power and focus on cheaper product tiers push U.S. imports to the high-end segment -Logistics and cold chain affected by attacks on critical infrastructure and border blockades
Opportunities	Threats
<ul style="list-style-type: none"> - After the initial shock, food imports, production, and consumption returned to growth in 2023 and 2024. - Ukraine’s tech-savvy population and e-commerce platforms 	<ul style="list-style-type: none"> - Full-scale Russian invasion - U.S. exporters face competition from zero import duty products from the EU and Canada. - EU regulations limit market access for some U.S. products.

Section I: Market Overview

Although the Ukrainian economy has exhibited remarkable resilience since the beginning of Russia’s full-scale invasion in February 2022, the immediate economic effects were very significant (Table 1). After a 29 percent GDP drop in 2022, the economy is expected to rebound by 5.3 percent in 2023 and 3.2 percent in 2024. The Ukrainian hryvnia has stabilized after a large devaluation in 2022 and remained stable after an exchange rate liberalization in 2023, facilitating imports of agricultural and food products. Food prices and rising salaries driven by a tightening labor market were the primary drivers of price growth in 2024 and prompted Ukrainian authorities to raise interest rates at the end of the year. Authorities expect inflation will continue to rise until summer 2025 before declining to 6.9 percent by the end of next year. Due to population outflows resulting from Russian aggression against Ukraine, Ukraine’s consumer population decreased from 41 million pre-war to an estimated 29-31 million. Russia has hindered foreign trade by blocking ports in the Black Sea and Azov Sea and attacking infrastructure. Direct foreign investment in Ukraine remains depressed due to war risks and currency repatriation concerns and consumer spending is concentrated on necessities.

Table 1: Major Economic Indicators

INDICATORS	2017	2018	2019	2020	2021	2022	2023
GDP (%)	2.4%	3.5%	3.2%	-3.8%	3.4%	-29%	5.3%
GDP per capita, PPP (USD)	11,860	12,632	13,345	13,087	14,219	12,671	18,008
Inflation (%)	13.7%	9.8%	4.1%	5.0%	10%	26.6%	12.8%
Exchange Rate (Ukrainian hryvnia per dollar)	26.7	27.3	25.7	26.9	27.3	35.6	38.1
Total Imports from United States (USD billions)	2.5	2.9	3.3	2.9	3.4	2.1	2.9

Sources: World Bank; The National Bank of Ukraine; Ukraine’s State Budget 2023; Trade Data Monitor

The food industry experienced a sharp drop due to falling consumer demand and other war-related factors, such as logistics issues, after the full-scale invasion started in 2022, but quickly recovered in 2023 and 2024. In 2024, demand recovered to pre-full scale invasion levels for most staple and mid-priced food products. There continues to be strong demand for imports of tree nuts, fish and other seafood, beef, wine, beer, whiskey, and fresh, canned, and dried fruits. Demand for many high-end products remains sluggish.

Generally, lower-priced products and products with an optimal price/quality ratio will have a better sales outlook in all segments; however, quality requirements remain high, as the domestic industry competes with imports offering similar products at lower prices. U.S. suppliers should find a niche market for their products and be prepared to face competition from domestic suppliers and imports from the neighboring European Union (EU). Ukraine’s market focus on cheaper products may continue until the war ends. The food processing industry will likely see increased demand for imported ingredients as many are not produced domestically.

Ukraine's membership negotiations with the EU started in June 2024. Ukraine continues to implement regulatory reforms and has achieved some progress. Upon full membership, all import regulations should be in full compliance with the EU. Although new rules have made trade more transparent, the EU-like regulations have, in some cases, restricted market access for U.S. products. Following the full-

scale Russian invasion, new EU transit requirements came into force, and in some cases, blocked entry into Ukraine at EU border crossings, making exporting to Ukraine more unpredictable.

Population and Key Demographic Trends

Russia's full-scale invasion of Ukraine has caused the largest migration crisis in Europe since World War II. Close to one-quarter of the prewar population of 41.3 million (7.5-8.5 million refugees and migrants) has fled Ukraine. Women and children are the core of the displaced population, as border crossing for the majority of men aged 18-60 is restricted due to martial law. A large number of consumers, estimates range from 2.0 to 2.5 million, are also currently located in occupied territories with no access to the rest of the Ukrainian market. Around 6 million people are internally displaced, mainly settling in the central and western areas of Ukraine. Employment for displaced people can be difficult, and the corresponding income losses have had a direct impact on consumption patterns. Many consumers maintain their consumption levels by using savings, which may be unsustainable longer term.

Pre-2022, a large number of Ukrainians (2.5-3.0 million) were employed abroad, and remittances were an important part of GDP (10.4 percent or \$12.2 billion in 2022), fueling consumer demand. Remittances dropped to \$11.4 billion in 2023 and continue to fall.

After sharp income drop in the first half of 2022, nominal monthly income grew to \$477 in 2023 but remains below pre-full-scale invasion levels. Despite modest economic recovery in 2023 and 2024, increased social transfers and military salaries are fueling income growth. According to the World Bank [growth forecast](#), consumer purchasing power may exhibit notable 3 to 6 percent growth in 2024-2025.

Table 2: Advantages and Challenges Facing U.S. Products in Ukraine

Advantages	Challenges
U.S. products are perceived as quality, high-end, unique products. Ukrainians have a positive attitude toward the United States.	Population outflow has resulted in market shrinkage. A decrease in consumer disposable income, high inflation, and unemployment of internally displaced people has led to a structural shift in consumption toward cheaper products.
Recent improved trade regulations, accompanied by anti-corruption efforts and a single window for importers, simplified some customs procedures.	Arbitrary custom valuation practices can make importing food costly and complex.
Retail chains aim to diversify suppliers to maintain product assortment and a predictable supply of goods.	Strong competition in the local market from domestic producers and increasing imports from the EU. Consumers tend to buy more “made in Ukraine” products, especially since the start of the full-scale Russian invasion.
Average import tariff level for consumer-oriented and processed food products is low	Ukrainian regulatory framework based on EU regulations limits imports. Transit through the EU has become the only viable food import route, thereby imposing EU transit regulations on all imported products.
Presence of international fast food and franchising restaurant chains in Ukraine that use standard procurement systems and source some food ingredients from the United States	Trade and logistics risks due to Russian aggression against Ukraine. High distribution and shipping costs, logistics constraints, and long delivery timelines resulting from blocked ports and closed airspace
Retail sector is trying to maintain its U.S. assortment, and in some cases widen it, despite the economic situation	Electricity outages due to targeted energy infrastructure attacks have had a negative impact on retail, food processing, and food service operations.

Section II: Exporter Business Tips

Local Business Customs

Nearly all U.S. food and agricultural exporters work through Ukraine-based subsidiaries, importers, or buyers. Importers are typically responsible for the entire logistical chain and inland transportation due to frequent changes in Ukrainian legislation, customs clearance rules, and sanitary and phytosanitary and veterinary procedures. Imports by air are currently restricted, as Ukrainian airspace is closed. Imports by sea remain hindered, while imports via rail and road through western Ukraine are more viable and cost effective.

Retailers possess significant market power. Mass-market products have a smaller chance of attracting an importer’s attention than unique products. Exporters of high-value-added products must note that larger Ukrainian retail chains have very efficient product selection strategies. Many chains do not work with independent distributors; instead, they use their own procurement centers, working directly with suppliers. They may start importing through a distributor and then later refuse distributor service and

shift toward direct imports if sales potential appears to be good. Independent importers supply mainly niche products and new-to-market products that have higher market risk. Independent distributors often face high shelving and marketing fees. Large national retailers are also effective in the development of private labels. Some retailers have multiple private label lines covering low-tier, mid-tier, and high-tier price categories. Importers may face unfavorable payment terms with money being paid 60 or even 90 days after product sale, which increases import costs and currency exchange risks.

General Consumer Tastes and Trends

While there are branches of international research companies that can provide paid, ad-hoc research, and some Ukrainian retailers have very sophisticated consumer data research through their loyalty programs, Ukrainian market research for specific product groups can be difficult to access. Ukraine does not have large food trade shows.

Consumer preferences differ significantly across various incomes and age groups. Young consumers tend to experiment with new products, but this often does not convert to long-term sales. Middle-aged and elderly consumers often treat new products with caution. Consumers of all ages and income groups are highly patriotic in their choices and often prefer domestic brands over imported ones, a trend that has strengthened due to Russian aggression against Ukraine.

The geographic proximity to the EU influences Ukrainian consumer preferences. Ukrainian tourism in the EU, combined with the growing popularity of European cuisines, creates consumer demand. There are small convenience stores with imported EU products only, mostly in western Ukraine. At the beginning of the full-scale invasion, many chains increased imports of substitutes for some domestically produced products (i.e., salt, baking powder, candies, pasta) from neighboring countries due to disrupted logistics and damaged infrastructure. Consumers recognize some foreign and well-established local geographic indications.

Ukrainians are familiar with organic products, but the term is often associated with or understood to be produced by small farmers or households. Consumers are familiar with the EU's Green Leaf logo, and it is officially accepted as equivalent to Ukraine's organic certification. USDA organic certification is not officially recognized. The concept of regional and local production is not popular in Ukraine; however, some upscale retail chains and restaurants promote local farms and companies.

The trend toward a health-conscious diet is slowly emerging, mainly in urban areas and among high-income consumers, and Ukrainian consumers are paying more attention to the nutritional value of food products.

Section III: Import Food Standards, Regulations and Procedures

FAS/Kyiv's [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) provides a detailed overview of Ukraine's import regulations. The report contains multiple links to specific FAIRS reports that explain [labeling](#), [place of origin](#), packaging, maximum residue levels for [microbiological](#), [radiological](#) and [other contaminants](#), food additives, [health and nutritional claims](#), organic and novel foods requirements, sample shipments, and import inspection procedures.

Customs Clearance

Imported products will not be granted clearance until all requirements are met. In 2018, Ukraine implemented a “Single Window Customs Clearance System” that allows for one-point document submission. For food safety clearances, an importer must submit a bill of lading for all products, an original shipment document, an original international certificate (veterinary or phytosanitary certificate when applicable), and a properly completed product entry document ([Common Veterinary Entry Document](#) for products accompanied by veterinary certificates or [Common Entry Document](#) for all other food products). Exporters should confirm the full requirements of the customs clearance document package with their importer. Ukrainian is the only official language recognized in the entire territory. All documents must be bilingual, submitted in Ukrainian, or accompanied by an official translation. Originals of all accompanying documents must be presented to appropriate competent authorities prior to customs clearance of the product.

In response to Russia’s full-scale invasion, Ukraine passed the Regulation of Foreign Economic Activity under Martial Law, which can impact the customs clearance of goods and the work of customs authorities. Therefore, FAS/Kyiv highly recommends that U.S. exporters check with their Ukrainian partners regarding any recent changes to requirements or procedures.

Documents Generally Required by the Country Authority for Imported Food

All products of animal origin and seafood need to be accompanied by a bilateral health certificate without exception. For U.S. products, please refer to the [USDA FSIS Export Library](#) for specific products which can be exported to Ukraine. For the explicit list of HS headings that need to be accompanied by international certificates, refer to the GAIN [FAIRS Certificate Report](#). Processed food products imported into the customs territory of Ukraine must be accompanied by an “international certificate or another document issued by the exporting country competent authority.”

Tariffs and Free Trade Agreements (FTAs)

Ukraine has been modifying its food safety regulations to align with European regulatory norms since the signing of the [Deep and Comprehensive Free Trade Area Agreement](#) (DCFTA) that imposed additional compliance obligations for Ukrainian food safety rules in 2014. Several Ukrainian laws and regulations implemented after the DCFTA’s adoption declared Ukraine’s adherence to both “international and/or EU norms.” Many U.S. products require the use of bilateral certificates which have been negotiated with Ukraine for market access. Ukrainian import duties are [generally low](#), but many trading partners, including EU member states, Canada, and Türkiye, enjoy reduced import duties or zero import duty tariff rate quotas through various FTAs.

Section IV: Market Sector Structure and Trends

Retail Sector

Market share of organized retail trade, including supermarkets and convenience stores, exceeds 70 percent of Ukraine’s domestic market. Small, family-owned shops are responsible for over 20 percent, while open-air markets account for less than 7 percent, although their role in sales of raw pork, beef, and traditional dairy products remains significant. E-commerce is an emerging channel for food shopping. Historically, consumers have bought more non-food items than food products online; however, in big cities, consumers use grocery delivery, including services offered directly by retail chains, more often.

Although a small number of new stores opened in 2023 and 2024, most investments in the retail sector have stopped.

High rent costs and utility bills, substantial interruptions of supply chains, and prolonged electricity outages are among the main negative factors currently impacting retail operations. Retailers are forced to find alternative energy sources, such as generators, to maintain the necessary storage conditions, especially for fresh products.

The proportion of imports in wholesale and retail chains varies both by commodity group and the type of trade enterprise. From 2016 to 2021, imported food products increased their presence in retail sales from 18 to over 22 percent. Seafood, fresh and processed fruits, cheese, alcoholic drinks, coffee, and confectionery are the categories with the largest shares of imported products.

Food Processing Sector

In 2023, the Ukrainian food processing industry accounted for approximately 16 percent of total manufacturing and employed nearly 5 percent of the Ukrainian labor force. While the industry relies heavily on small and medium-sized enterprises, a few large processors are responsible for the majority of sales. These large processors specifically dominate in the beer, soft drinks, hard liquors, condiments, and confectionary sectors. Ukraine also has well-developed dairy and poultry sectors. Due to the full-scale Russian invasion and corresponding manufacturing contraction, imports of intermediate agricultural products declined by 29 percent in 2022 and a further 2 percent in 2023, but returned to growth in 2024, with 11 percent growth recorded from January to April.

Hotel, Restaurant, Institutional (HRI) Sector

The HRI sector occupies nearly 3 percent of total service industry turnover. At the start of the full-scale invasion, many international food service chains suspended their operations but gradually resumed them within a few months. The state institutional sector is a significant food product consumer. Schools, hospitals, the military, state penitentiaries, and other government institutions must follow Ukraine's common procurement guidelines ([Prozorro](#) Online State Procurement System). The use of the new centralized, more transparent procurement system significantly simplifies access to this market.

In 2022, international tourism into Ukraine largely stopped due to Russian aggression against Ukraine. Domestic tourism is still in place, mostly with a focus on cheaper formats.

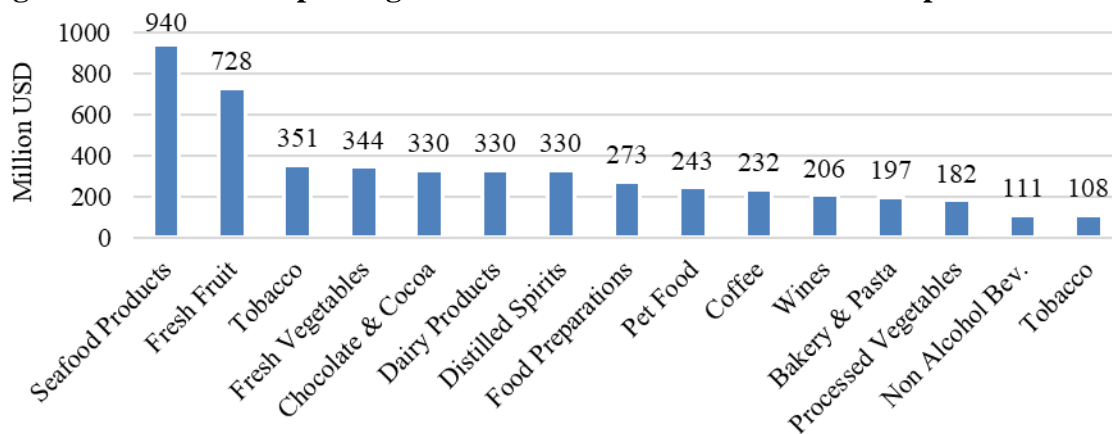
The economy and energy crises are key challenges for the HRI sector. In winter months, cafes and restaurants often serve as hubs for consumers during electricity outages, as people are looking for a warm place to work and charge their electronics. Establishments with generators have more chances to increase sales; however, the cost of electricity powered by generators is much higher, which impacts incomes and prices in the long-term. Some industry representatives predict that restaurants will transform into cheaper formats and will focus on quick service, fast delivery, and affordability instead of high-end interiors.

Section V: Agricultural and Food Imports

Being one of the world's largest agricultural producers, Ukraine predominately imports food products that cannot be produced domestically for climatic or geographical reasons (tropical fruits, seafood,

coffee, tea), sophisticated products for which domestic producers have little production competency (wine, pet food), or products complementing strong domestic production (dairy products, beer) (Figure 1).

Figure 1: Ukraine's Top 15 Agricultural and Consumer-Oriented Imports in 2023



Source: Trade Data Monitor

Note: Total 2023 import value is \$20.6 billion

Best Product Prospects

Ukraine imports many products from the United States, such as frozen fish and seafood, nuts, cereal products, snacks, beef, pork, food ingredients, and other prepared food products. Purchases of hake and Alaska pollock have seen major growth as lower-priced fish options for retail and food service. Some products that currently sell in small quantities will likely have significant sales potential as Ukraine’s economy recovers.

Demand for healthy, organic, and natural foods, as well as for niche products that target specific health issues, such as diabetes, or gluten-free products, is strong in large urban areas. Likewise, demand is growing for vegetarian and vegan products. Before the full-scale invasion, sales of high-quality and high-end food products were increasing. Seafood, high-end alcohol products, and quality beef products also have longer term sales potential (Table 3). U.S. food and beverages have their own target audience and have the potential to expand in the future.

Table 3: Best High-Value, Consumer-Oriented Product Prospects Categories*

In the market and have good sales potential	Not present in significant quantities, but which have good sales potential	Not present because they face significant barriers
<ul style="list-style-type: none"> • Fish and seafood, especially salmon, hake, Alaska pollock • Beef • Nuts • Dried fruits (cranberries) • Alcohol (whiskey, beer) • Snacks • Pet food • Carbonated soft drinks • Vegan and vegetarian products 	<ul style="list-style-type: none"> • Premium dessert products, such as chocolate bars and cookies • Wine • Sauces • Organic food • Gluten-free products • Plant-based proteins • Pomegranates 	<ul style="list-style-type: none"> • Cheese and ice cream, due to difficulties with logistics which increases prices • Fresh fruits/vegetables, due to strong competition from the EU, Türkiye, Georgia • No genetically engineered varieties are registered for food or feed use in Ukraine

* Includes products with the highest growth rate in the last five years

Section VI: Key Contacts and Further Information

Agricultural Affairs Office Kyiv
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Links to Key Resources:

[Ukraine Import Tariffs](#)

[Ukraine: Country Commercial Guide by U.S. Foreign Commercial Service](#)

Ukraine Food and Agriculture Data Sources

[State Statistics Service of Ukraine](#)

Entities Responsible for Policy Development

[Ministry of Economy of Ukraine](#)

[Ministry of Agrarian Policy and Food of Ukraine](#)

Ukraine's Single Food Safety Authority

[State Service of Ukraine on Food Safety and Consumer Protection](#)

Other Useful Contacts

[Association of Retailers of Ukraine](#)

[American Chamber of Commerce Ukraine](#)

[Association of Fish Importers of Ukraine](#)

[Meat Industry Association of Ukraine](#)

[Ukrainian Chamber of Commerce and Industry](#)

Attachments: [Ukraine's Imports of Agricultural and Related Products from the United States.docx](#)