



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 2/5/2019

GAIN Report Number: UP1839

Ukraine

Exporter Guide

Report

Approved By:

Robin Gray, Agricultural Attaché

Prepared By:

FAS Kyiv Staff

Report Highlights:

Ukraine is a lower-middle income country in Eastern Europe. Its economy is slowly recovering after the political and economic turmoil of recent years. Ukraine's imports of agricultural products grew over twenty percent from September 2017 to September 2018, and the retail food market is growing as well. As a major agricultural producer and exporter, Ukraine also possesses a large food-processing industry. The majority of agricultural import growth in the near future is likely to concentrate in food ingredients. However, domestic producers occupy an overwhelming share of the retail sector with imported products concentrated in the high-end retail segment. The Hotel, Restaurant and Catering sector is also on the rise in larger towns and cities, following the same pattern as the retail sector. Trends for Western-style food are profound and can spell more imports in the near future. In the last fifteen years, imported food products increased their presence from 6 to 15 percent.

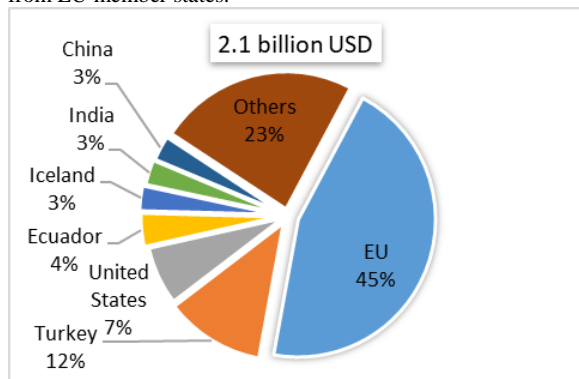
Market Fact Sheet: Ukraine

Executive Summary

World Bank classifies Ukraine as [lower-middle income country](#). Despite military conflict on the East Ukraine’s economy is recovering. Significant economic reforms are supported by international community and result in relatively stable currency and disposable incomes recovery. With rich farmland, a well-developed industrial base, a highly trained labor force of 17.3 million, and an adequate education system, Ukraine has the potential to become a major European economy and it is one of the world’s largest grain and vegetable oil exporters. In 2017, Ukrainian GDP reached \$112.9 billion, positioning the country as the 60th economy in the world. Ukraine is country with population of 42.3 million. Relatively low percapita GDP of \$2640 transfers into \$8767 in purchasing power parity reflecting high efficiency of Ukrainian processors and service providers. Currently, 51.4 percent of household expenditures are dedicated to food products. In 2017, imports of agricultural products reached \$4.29 billion, an increase of 11 percent compared to 2016. In 2104 Ukraine signed a Deep and Comprehensive Free Trade Agreement (DCFTA) with EU.

Imports of Consumer-Oriented Products

In 2017, Ukraine imported consumer-oriented agricultural products worth \$2.09 billion; just under half (45 percent) of these originated from EU member states.



Source: Global Trade Atlas

Food Processing Industry

Sales of domestically processed food and beverages totaled \$20.62 billion in 2017, with the food processing industry responsible for 20.8 percent of total manufacturing. Small and medium size enterprises dominate the market, a few large processors are responsible for the majority of sales in the beer, soft drinks, hard liquors, condiments and confectionary industries.

Food Retail Industry

Modern food retail chains dominate the urban markets squeezing traditional groceries and wet markets into rural areas and lower-income districts and towns. Ukrainian chains are well established, possess significant market power and offer different retail formats and service level for consumers of different incomes and preferences. Ukrainian consumers are willing to try foods from other countries, but expect quality products at a competitive price. Imported products occupy the upper food market segment and rarely populate everyday shopping list of lower income buyers. Popularity of imported products are higher in middle and especially upper

segment. E-commerce is developing fast in Ukraine, but on-line food sales are slow to pick up.

Quick Facts CY 2017

Imports of Consumer-Oriented Products (USD billion) 2.098

List of Top Ag and Related Goods That Have Seen Gain

- | | |
|------------------------------|----------------------|
| 1) Seafood – Crab, Roe, Hake | 2) Tobacco |
| 3) Sunflower Seeds | 4) Food Preparations |
| 5) Distilled Spirits | 6) Whiskey |
| 7) Almonds | 8) Beef |

Food Industry by Channels (USD billion) 2017

Food Exports – Agricultural Products	17.771
Food Imports – Agricultural Products	4.291
Retail Turnover	48.98

Retail Trade Turnover (USD Million) 2017
 - Food (Domestic market) 8800

Top Ukrainian Retailers

- Fozzy Group**
- ATB**
- Auchan**
- Metro Cash & Carry**
- MegaMarket**

GDP/Population

Population (millions): 42.3
 GDP (billions USD): 112.9
 GDP per capita (USD): 2,522

Sources: World Bank, Global Trade Atlas, UkrStat

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> - Ukraine is one of the biggest markets in Eastern Europe. - U.S. products are viewed as high quality products by Ukrainians and are still new for the majority of the population. 	<ul style="list-style-type: none"> - U.S. exporters face competition from tariff-free products from EU member states, the European Free Trade Association (EFTA) and the CIS partners.
Opportunities	Threats
<ul style="list-style-type: none"> - Ukraine’s retail sector is recovering, providing a number of opportunities for prospective U.S. exporters. - Import tariff levels for food products are comparatively low. 	<ul style="list-style-type: none"> - Low-cost competition from the EU countries, Turkey, Asia, Canada - High trade risks due to political instability make imports of food products cumbersome.

Data and Information Sources: Global Trade Atlas (GTA), State Statistics Service of Ukraine
Contact: FAS Kyiv, Ukraine
 AgKiev@fas.usda.gov

SECTION I. MARKET SUMMARY

Ukraine is typically referred to as a “high risk – high reward” country for international businesses. Turbulent political environment, exchange rate fluctuations, revolutions, on-going conflict with Russia-backed separatists in the east, widespread corruption and the uneven pace of economic and legal reforms make it a challenging place to do business. To minimize risks, the majority of U.S. exporters rely on their Ukrainian partners on issues on the Ukrainian side of the border: customs and food safety clearances, in-land transportation, storage, product placement, marketing, promotion etc. The terms of payment are also set in a way that rules out financial losses for the U.S. exporter.

In recent years, some regulatory reform progress has been achieved. The Ukrainian marketplace has become more predictable and business-oriented. The number of bilateral trade problems have decreased greatly. The majority of the new norms and regulations mimic EU rules; therefore, U.S. businesses working in the EU market may find many sanitary, phytosanitary, veterinary, labeling and conformity certification requirements familiar. Simultaneously, the implementation of EU-like regulation has, in some cases, introduced existing EU trade restrictions into U.S.-Ukraine trade.

Ukraine will likely remain a lower-middle income country in the near future. The market is price-sensitive and lower-priced products and products with optimal price/quality ratio will have a better sales perspective in all segments – retail, HoReCa and further processing. However, quality requirements remain quite high as domestic industry competes with many imports offering similar products at lower prices. U.S. suppliers should either find a niche market for their products or be prepared to face fierce competition from domestic and EU suppliers.

Country Overview

Ukraine is a country in the middle of a political and economic transition. Despite the economic downturn and the drop in some sales during 2014 and 2015, the market has been rebounding since 2016. This growth has been driven by economic stabilization and a growth in disposable incomes. Ukraine’s imports of agricultural products (from the world) grew 20.65 percent during the period September 2017 to September 2018. In 2017, imports of agricultural products reached USD 4.29 billion, an increase of 10.5 percent over 2016, while imports of consumer-oriented agricultural products totaled USD 1.993 billion in 2017, an increase of 13 percent compared to 2016.

INDICATORS	2015	2016	2017	2018 (projection)
GDP (% Growth)	-9.7%	2.3%	2.5%	3.5%
GDP per capita, PPP (USD)	7,949	8,269	8,666	
Inflation (% Growth)	43.3%	12.4%	13.7%	8.9%
Exchange rate (Hryvnas)	21.86	25.55	26.50	
Total Imports from U.S. (Billions of USD)	1.479	1.681	2.525	N/A
Total Exports to U.S (Billions of USD)	0.481	0.426	0.832	N/A

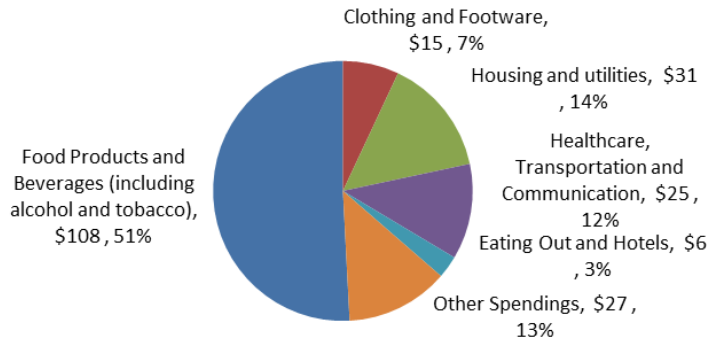
Source: World Bank, International Currency Exchange, Global Trade Atlas

The population of Ukraine is in decline, with one of the highest world annual depopulation rates of -0.5 percent. A substantial part of this is due to the loss of control over the Crimean Peninsula in 2014, which resulted in a decrease in population of 2.3 million. Moreover, the real number of potential consumers is smaller than the official population numbers suggest. An additional 2.5 to 3 million people are located in eastern Ukraine, which is not controlled by the central government. And, another 3.2 million Ukrainians work abroad, frequently sending money back to Ukraine. Remittances from abroad amounted to \$2.4 billion in 2017.

There were meaningful improvements in the stability of the Ukrainian financial sector in the last two years. Significant political and economic shocks in 2014 and 2015 undermined the Ukrainian currency – Hryvnia (UAH), resulting in an abrupt devaluation. The currency devaluation significantly increased currency exchange risks, complicating trade. Due to multiple initiatives by the National Bank of Ukraine, the exchange rate has been relatively stable since 2016. Dozens of Ukrainian and foreign banks went out of business between 2014 and 2018. However, the remaining banks are much more transparent and stable. While trade risks associated with the financial sector have significantly reduced, they remain a consideration to trade. Ukraine has made improvements, but corruption and Ukraine’s weak system for enforcement of rule of law should still be evaluated when considering trade with Ukraine.

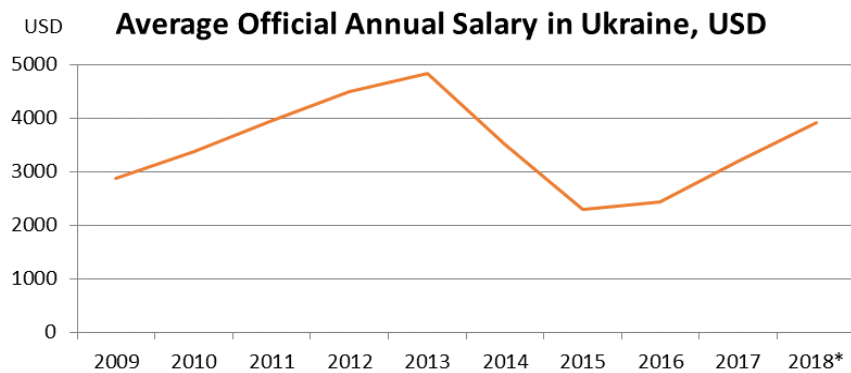
Ukrainians spend over half of their income on food products with staple foods (bread, milk and dairy, confectionary, fruits and vegetables) taking the largest share of family incomes. Semi-subsistence farming plays an important role in rural areas where spending differs from the average numbers presented in the graph below. Backyard production serves as an income-supporting activity in cases where rural dwellers have outside employment, work on farms or are retired. It also served as a cushion for the economic crises that shook Ukraine over the last ten years.

**Monthly Household¹ Consumption Spending in 2017,
USD 213.5**



Source: State Statistics Service of Ukraine
¹Average household is 2.1 person.

Because Ukrainians continue to spend over half of their income on food, disposable income is the overwhelming determinant of demand for food imports, especially often higher-priced U.S. products.

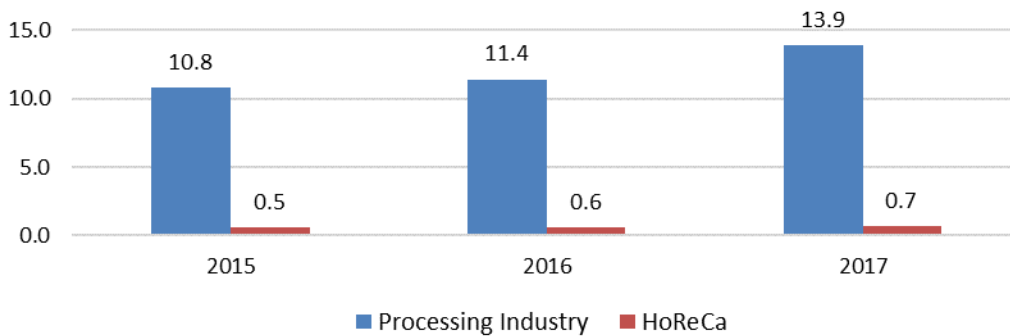


Source: State Statistics Service of Ukraine
*Forecast (based on 9 month salary in 2018)

Although low in USD denomination, monthly salaries rebounded in 2016-2018. Monthly salaries are expected to reach the pre-crisis level in 2019. Additionally, a significant shadow economy allows for substantial income growth at a rate significantly exceeding the GDP increase.

The food processing industry has better sales opportunities. Within the Ukrainian food processing industry, expensive imported ingredients are blended with cheaper domestic ingredients resulting in a market-rational price for the final product. Competition in the food ingredient sector is smaller as many such ingredients are not produced domestically. Export opportunities for U.S. companies exist in both bulk and specialized food ingredient markets. Some opportunities may be hindered by a low awareness among Ukrainian processors about U.S. suppliers; competition from EU suppliers and food-safety control system reform aimed at compliance with EU rules and norms.

Ukraine's Processing Industry and HoReCa Output, Billion USD



Source: State Statistics Service of Ukraine

The HoReCa sector is also attractive for U.S. suppliers as the demand for high-end products has demonstrated the greatest growth potential. While the output in this sector is currently comparatively small, it is growing. Large tourist centers are developing in western and southern Ukraine. The economic crisis of recent years has facilitated the development of domestic tourism.

Ukraine will be a large market for products that are not grown in the country for both retail and further processing. This list is extensive and includes tree nuts, fish, seafood, tobacco, cocoa, tea, coffee, spices, certain alcoholic beverages, fresh and canned fruits and many other products. Many of these products can be considered staple foods as they enter each Ukrainian’s diet and are consumed on a daily basis.

Advantages and Challenges Facing U.S. Products

Advantages	Challenges
Structural changes in consumption lead to greater demand for value-added food products.	Due to the 2014 economic crisis, decreasing population and erosion of incomes, only a small percentage of Ukrainian consumers can afford imported food products.
Recent deregulation in SPS area along with removal of TBTs, accompanied by anti-corruption efforts, single window for importers led to some simplification of customs procedures.	High trade risks due to the previous volatile exchange rate and political instability in the country, arbitrary custom valuation practices and corruption make imports of food products cumbersome.
Investment growth in the food processing industry increases demand for additives and other ingredients not produced in Ukraine.	Strong competition in the local market from domestic producers and increasing imports from EU. Only EU-based producers can benefit from many zero import tariffs and import tariff-rate quotas.
Average import tariff level for intermediary, consumer-oriented, and processed food products are low.	Ukrainian regulatory framework changes aimed at compatibility with EU regulations create SPS and TBTs for U.S. suppliers.
Growth of international fast food and restaurant chains in Ukraine that use standard procurement systems and that source some food ingredients from the U.S.	High distribution and shipping costs, currency devaluation of 2013-2015 made supermarket chains switch to local suppliers.
The retail sector is looking for innovative high value-added food imports.	Low awareness of U.S. products; extremely low presence of U.S. products on the shelves of supermarkets and discounters.

SECTION II. EXPORTER BUSINESS TIPS

Local Business Practices and Customs

Currently, almost all U.S. food and agricultural product exporters work through Ukraine-based subsidiaries, importers, or through the procurement service of a buyer (often a major retail chain). Many Ukrainian retailers generate additional short-term turnover funds at the expense of importers and local distributors through prolonged contract repayment schedules. The trend of financing of the retailers from the distributors’ pocket has become widespread.

In the vast majority of cases, importers are responsible for the entire logistical chain and inland transportation. Due to frequent changes in Ukrainian legislation, customs clearance rules, SPS and veterinary procedures, it is common for the Ukrainian partner to handle all logistics.

Ukrainian market research and evaluation for specific product groups can be problematic for U.S. exporters. Some Ukrainian retailers have very sophisticated consumer data research through their loyalty programs, but this data is not made available. Ukraine does not have large food shows. Buyers are looking for unique products that fit Ukrainian demand preferences and import regulations. Mass-market products have a smaller chance of attracting an importer's attention. EU is often preferred due to its geographical proximity and wide variety of well-established food producers that propose niche products of unique tastes.

U.S. companies should approach potential Ukrainian partners with due diligence. While information on Ukrainian companies has improved, there is still a significant dearth of background data and credit history for potential Ukrainian distributors. This presents the greatest obstacle to finding reliable, competent distributors. In order to obtain a due diligence report on a potential Ukrainian partner, a U.S. company is advised to contact either a law firm or an internationally accredited financial service company.

Select U.S. products may also enter the Ukrainian market via an EU-based intermediary. By splitting large product shipments arriving from the U.S., EU distributors are able to provide Ukrainian buyers with smaller product batches. However, logistics and product promotion remain at the Ukrainian importer's discretion and expense. All U.S. regional trade associations and cooperators that cover Ukraine do so with representatives in the region. There are no such representatives based in Ukraine.

Exporters of high value-added products must note that larger Ukrainian retail chains use their own procurement centers. Some products are procured directly from suppliers and chains do not work with independent distributors. Independent importers supply mainly niche products and new-to-market products that have higher market risk. All major chains have rather efficient product selection strategies, and independent distributors sometimes face high shelving and marketing fees. Chains may also refuse distributor service and shift toward direct imports, should sales perspective and volumes appear to be good.

General Consumer Tastes and Preferences

Consumer preferences differ significantly among various income and age groups. Similar to other nations, young consumers tend to experiment with new products, but many of them remain at the "tasting level." Middle-aged and elderly consumers are much more conservative in their taste preferences and often treat new products with caution. Despite being price conscious shoppers, consumers of all ages and income groups are highly patriotic in their choices and often will not buy an imported product if a domestically produced one of comparable price and quality is available. Consumers in bigger urban centers are more demanding and sophisticated. Disposable income differences are quite significant.

Some foreign geographic indicators (GIs) are recognized by consumers. Likewise, there are some historically well-established local indicators. Under the DCFTA, Ukraine committed to EU practices in recognition and registration of GIs. Moreover, this market is very competitive; with many consumers have an established preference for imported food products from EU countries. This covers a wide range of GI protected dairy and meat products, and alcoholic beverages. When supplying similar products, U.S. exporters would need to overcome long-established preferences for like-products of European origin. However, as some U.S. producers of beer and hard liquors have recently demonstrated, it can be done successfully.

Ukrainians are very familiar with organic products, but, similar to other countries, there are many misconceptions about their quality and safety. In some instances, household or small farmer-produced products are associated with "organic." In 2018, Ukraine developed legislation related to "organic" claims (see FAIRS report for more information), but Ukraine's own certification system remains non-functional. The EU's Green Leaf logo is known and recognized by many. Some upscale retail chains are trying to associate a farmer or small company's name with specific products. So far these attempts are not associated with the "locally produced" concept and are made to highlight unique features (or even implicit health benefit) of the product.

All categories of consumers analyze product content/ingredients with great care. There is widespread belief that preservatives, stabilizers, colorants and flavoring agents are not healthy and should be avoided if possible. However, consumers pay little attention to fat, sugar or protein content. The trend for healthier food consumption (low fat and reduced cholesterol, sugar free) is slowly emerging in Ukraine. However, the diet of many low-income people is not nutritionally balanced. The trend toward a health-conscious diet is mainly found in big cities.

In general, public opinion about biotechnology in Ukraine is still negative. Food product labeling legislation requires indication of GE content presence in food products sold to Ukrainian consumers. According to Ukrainian regulations, if a product contains GE materials, and that ingredient exceeds 0.9 percent of the food product, the seller must label it as "Containing GMO."

Over 60 percent of women (age 15-64) are employed, contributing to the increased demand for meals consumed away from home, easy to cook and ready-to-eat products. The market trend for frozen and convenience food is relatively new in Ukraine, but with a large proportion of two-income families and the increasing incomes of city dwellers, this market segment may grow when incomes allow. Demand for frozen fruit, vegetables (including mixes of different kind) and berries is developing fast. However, some consumers with traditional views of dining have rather negative perceptions of semi-finished foods (frozen, pre-cooked products, TV-dinners, etc.).

Almost 31 percent of the population lives in rural areas. The average income of rural residents is lower and many people rely on subsidized household plots to provide staple foods (potatoes, vegetables and fruits). Many rural families sell vegetables, meats and traditional dairy products in open-air markets. The majority of rural consumers are low income and elderly (these two categories overlap considerably). Consumption of sophisticated food products by these consumer categories is limited, if existent at all.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

For explanations of Ukrainian Food and Agricultural Import Regulations and Standards, a prospective exporter should refer to FAS/Kyiv’s [FAIRS Report](#). This is a large comprehensive document explaining all import aspects for all agricultural and food products. Additional information can be found in specific [FAS Kyiv markets and commodity reports](#).

Ukraine is a country in regulatory transition. Major regulatory efforts conducted in the last three years have made Ukrainian food import regulations more EU-like. Ukraine is using the “EU-approximation” term widely, although the degree of desired approximation remains known only to Ukrainian regulators. FAS/Kyiv does not consider the existing regulatory system to be overly trade restrictive, however future EU-approximation changes could potentially be more trade restrictive. Please refer to the previously referenced FAS/Kyiv FAIRS Report and the consequent updates for the current regulatory picture.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Retail Sector

The share of organized retail trade (supermarkets and convenience stores of different sizes) is rather stable and exceeds 47 percent of Ukraine’s internal trade. Family-owned small shops are responsible for the largest share of remaining trade. Open-air market share is less than seven percent. Further growth of supermarkets is restrained by low disposable incomes in the post-crisis period. This growth will require spatial expansion into smaller towns and rural areas, accompanied with marginal profitability decreases.

Distribution of Retail Stores by Type and Size



Source: State Statistics Service of Ukraine

Despite decreasing number of outlets, Ukraine’s retail industry is far from being in crisis. Major chains expand at the expense of their competitors, close inefficient stores and optimize stock keeping unit (SKU) number. Overall, retail turnover grew by almost eight percent in 2018.

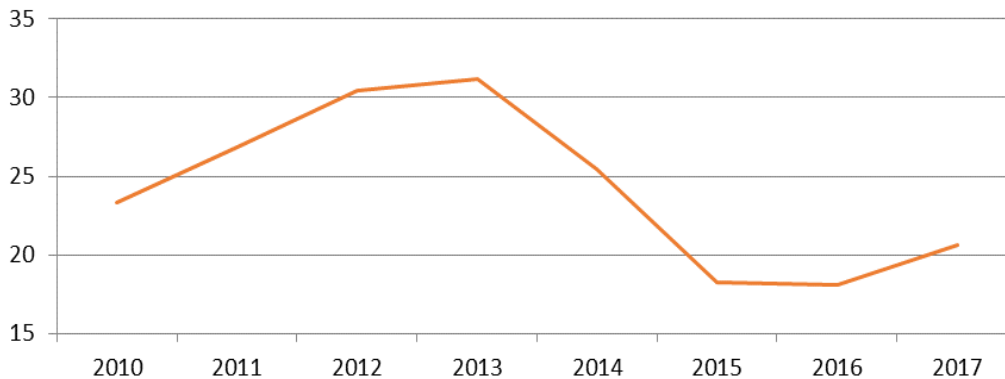
The proportion of imports in wholesale and retail chains varies both by specific commodity group and by type of trade enterprise. Ukrainian supermarkets have the widest product mix and the biggest proportion of imports in all categories of goods. In the last fifteen years, imported food products increased their presence from 6 to 15 percent. Basic food products (fish, meat, fruits) not produced in Ukraine occupy the largest share of food imports.

Ukrainian retailers have been very effective in their development of private labels. Some retailers have multiple private label lines covering low-tier, middle-tier and high-tier price categories.

Food Processing Sector

The Ukrainian food processing industry accounts for over 20 percent of total manufacturing and employs nearly 15 percent of the Ukrainian labor force. The Ukrainian food processing industry relies heavily on small and medium size enterprises (SMEs). However, a few large processors are responsible for the majority of sales. Such large processors particularly dominate in beer, soft drinks, hard liquors, condiments and confectionary sectors.

Foodstuffs and Drink Production, Bln. USD



Source: State Statistics Service of Ukraine

U.S. food ingredients and agricultural products traditionally suffer from low awareness among processors in Ukraine. Several constraints and misconceptions have contributed to the small market presence of U.S. food ingredients:

- U.S. companies have little reliable information about the country, current market opportunities and potential business partners.
- A perception that persists among Ukrainian importers is that landed costs of U.S. products are higher relative to European products due to higher transportation costs.
- The perception that U.S. exporters are simply too far away to follow market trends and service the Ukrainian market.
- U.S. companies are afraid of political and economic instability in Ukraine and just do not want to make deals under significant market uncertainty, sometimes even refusing an up-front paid sale.
- Often EU or Russia-based distributors or representative offices have secondary market responsibility/coverage of Ukraine, and both may miss opportunities while concentrating on their larger core markets.

Ukraine is currently, and is expected to remain, a large importer of agricultural inputs needed for its growing agricultural sector. Imports of many bulk inputs (planting seeds) are expected to shrink as large international suppliers move into the country building domestic production facilities and distribution centers, while others (livestock genetics, tree shrubs, vegetable seeds) are expected to grow as their exports remain profitable. Imports of some inputs are defined by low cost-driven consumer markets. For example, as one of the largest vegetable oil exporters in the world, Ukraine imports significant quantities of palm oil, which it substitutes for more expensive domestic sunflower oil and butterfat in the confectionary industry.

HRI Sector

Independent establishments dominate the Ukrainian foodservice market with the exception of fast food restaurants, pizzerias and coffee shops. Ukrainian fast food and pizza chains are developing quickly (for both corporate and franchised establishments); with the Ukrainian franchise chains quickly establishing dozens of franchisees all over Ukraine. Many Ukrainian fast food restaurants and chains avoid associating with “fast food,” preferring to be called “fast service restaurants.” This reflects the slightly negative perception that the Ukrainian consumer has toward fast food chains. The presence of international food chains remains very limited (McDonalds, Dominos and KFC operate in Ukraine). The international chains prefer to maintain full control over each restaurant, rather than establishing franchisees.

There are many newly introduced networks of restaurants at different stages of development. Such networks are slowly moving into the middle-class and even into the high-end restaurant segment (especially ethnic or specialized food establishments) in urban areas, while the cheaper, street hot-dog stalls and kiosks, are slowly moving into provincial towns with less prosperous and less demanding consumers.

Schools, hospitals, army, state penitentiaries and other government institutions have their own procurement guidelines for food products. In many cases, they are based on old soviet product standards and requirements. The use of new centralized, transparent, procurement systems significantly simplifies access to this market. The general outlook for the restaurant and institutional sectors is good with growth prospects. Continued income growth will continue to drive expansion of the sector, especially outside of urban areas. The state institutional sector is becoming a significant consumer as well.

Recently the hotel and resort sector has demonstrated significant growth. The hotel occupancy rate in Ukraine climbed to 47.3 percent in 2017, an increase of 7.4 percent. This is the highest positive dynamic in the past five years. Boryspil International Airport reported an increase in passenger flow by 17 percent, with over 10 million arrivals. International investment into the hotel industry has allowed for the construction of a number of high-category (four- and five-star) hotels in the capital and larger cities. E-commerce development facilitated mass-market inflow of cheaper private apartments. This may have discouraged, to some extent, investment into two and three star hotels category. The continued development of the tourism sector, as well as further income growth, will encourage more growth in the hospitality sector.

SECTION IV. AGRICULTURAL AND FOOD IMPORTS

Ukraine's Top Ten Imported Consumer-Oriented Products, USD Million

HS Code	Commodity Group	Imports in 2017	Import change for 10 months of 2018	Share of Major Suppliers and U.S. Share
03 and 1604	Fish, Roe and Seafood	502.6	23.9	1. Norway - 31 2. Iceland - 15 2. U.S. - 11
0803 and 0805	Fresh Fruits	312.2	20.5	1. Ecuador - 23 2. Turkey - 11 3. U.S. - 0
18	Cocoa And Cocoa Preparations	236.2	33.8	1. Cote d'ivoire-10 2. Netherlands -17 3. U.S. - 0.001
2101 and 0901	Coffee, Coffee and Tea Extracts	216.0	15.3	1. Germany - 25 2. Brazil - 11 3. U.S. - 0.002
210690	Food Preparations HS	193.3	19.5	1. Poland - 17 2. Germany - 17 3. U.S. - 6
2208	Hard Liquors	182.4	38.55	1. Germany - 20 2. U.K. - 16 3. U.S. - 4
2204	Wine of Fresh Grapes	104.2	34.85	1. Italy - 29 2. Georgia - 16 3. U.S. - 0.004
0902	Tea, Whether Or Not Flavored	64.0	-7.9	1. Sri Lanka - 36 2. India - 16 3. U.S. - 0
0207	Meat & Ed Offal Of Poultry, Fresh, Chill Or Frozen	48.5	15.11	1. Poland - 66 2. Germany - 12 3. U.S. - 0
2103	Sauces & Prep; Mixed Condiments, Mustard Flour Etc.	48.2	11.3	1. Germany - 28 2. Poland - 22 3. U.S. - 0.01

Source: FAS/Kyiv calculations

BEST PRODUCT PROSPECTS CATEGORIES

Ukraine is a good market for U.S. food exports, such as frozen fish and seafood, dried fruits, nuts, cereal products, snacks, beef, food ingredients, and other prepared food products.

There are emerging trends in urban areas and niche products that currently sell in small quantities, but have significant future sales potential. Demand for healthy, organic, and/or natural foods is increasing. Demand is growing for niche products that target specific health issues, such as diabetes or celiac disease (gluten-free food). Likewise, demand is growing for vegetarian and vegan products. In urban areas, high quality and high-end food products have demonstrated an increase in sales and significant future prospects. Seafood, high-end alcohol products and quality beef products have also been expanding their market share.

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 • Beef • Nuts • Dried fruits (cranberries) • Alcohol (whiskey, beer, wine) • Snacks • Pet food • Pomegranate juice 	<ul style="list-style-type: none"> • Premium dessert products such as premium chocolate bars, cookies, ice cream, and cheese • Wine • Sauces • Vegan and vegetarian products • Organic food • Gluten free products 	<ul style="list-style-type: none"> • Cheese and ice-cream due to difficulties with logistics which increases products' price • Fresh fruits/vegetables due to strong competition from EU countries, Turkey, Georgia.

SECTION VI: KEY CONTACTS AND FURTHER INFORMATION**United States Department of Agriculture**

Embassy of the United States of America

Foreign Agriculture Service – Kyiv

4 Igor Sikorskyi Street

Kyiv, Ukraine 04112

Tel: +38 044 521 5496

E-Mail: agkiev@fas.usda.govWebsite: www.fas.usda.govwww.fas-europe.org**Links to government sources**[Ukraine Customs Tariffs](#)[Ukraine Import Tariffs](#)[State Statistics Service of Ukraine](#)[State Service of Ukraine on Food Safety and Consumer Protection \(SSUFSCP\)](#)

For questions or comments regarding this report, or assistance exporting to Ukraine, please contact the Foreign Agricultural Service in Kyiv – agkyiv@fas.usda.gov

<http://www.fas.usda.gov>