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Report Highlights:

Ukraine is a lower-middle income country in Eastern Europe. Its economy is rebounding after the political and economic turmoil of recent years. Ukraine's imports of agricultural products grew over eight percent in the first ten months of 2019. 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. Economic growth in Retail, Hotel, Restaurant and Catering sectors is opening multiple niche opportunities for U.S. higher value-added products. Trends for Western-style food are profound and can spell more imports in the near future.

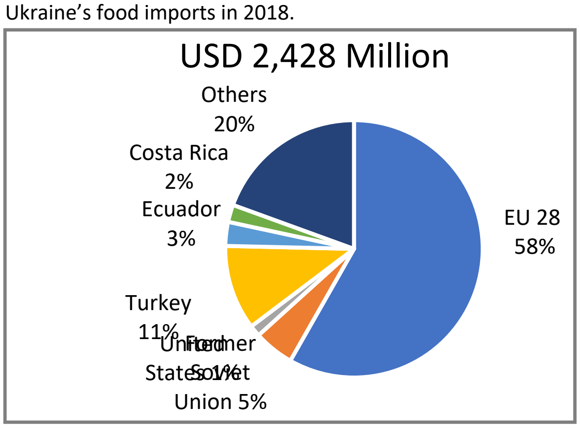
Market Fact Sheet: Ukraine

Executive Summary

World Bank classifies Ukraine as lower-middle income country. Despite military conflict in the East, Ukriane's economy is recovering. Significant economic reforms are supported by the international community and result in a relatively stable curency and recovery in disposable income. With rich farmland, a well-developed industrial base, a highly trained labor force of 17.3 milion, 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 vegitable oil exporters. In 2018, Ukrainian GDP reached US$130.8 billion, positioning the country as the 59th largest (?) economy in the world. Ukraine is a country with a population of 41.9 million. The raelatively low percapita GDP of $3,095 transfers into $9,233 in purchasing power parity reflecting a high efficiency of Ukrianain processors and service providers. Currently, 46.2 percent of household expenditures are dedicated to food products. In 2018, imports of agricultural and related products reached US$5.27 billion, an increase of 7.5 percent compared to 2017. In 2014 Ukraine has signed a Deep and Comprehensive Free Trade Area agreement (DCFTA) with the EU which dominates country's trade and regulatory agenda.

Imports of Consumer-Oriented Products

Fresh fruits, chocolate, wine, coffee, dairy, pet food, canned and miscellaneous processed products constitute the majority of Ukraine's food imports in 2018.



Source: Trade Data Monitor

Food Processing Industry

Sales of domestically processed food and beverages totaled $19 billion in 2018, with the food processing industry responsible for 31 percent of total processing. Small and medium sized enterprises dominate the market, a few large processors are responsible for the majority of sales in the beer, soft drinks, hard liqours, condiments and confectionary industries.

Food Retail Industry

Ukraine food retail sales reached USD 230 billion in 2017. Modern food retail chains dominate the urban markets squzeeing traditional groceries and wet markets into rural areas and lower-income districts and towns. Ukrainian chains are well established, posses 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 are primarily consumed by the upper food market segment and rarely by lower income buyers. Imported products are more popular in middle and especially upper incomes. E-commerce is developing fast in Ukriane, but on-line food sales have been slow to pick up.

Quick Facts CY 2018

Imports of Consumer-Oriented Products *(USD billion)* 2.428

List of Top 10 Ag and Related Goods That Have Seen Gain

1) Sunflower Seeds	**6) Almonds**
2) Seafood – Hake, Roe	**7) Vegetable Seeds**
3)Food Preparations	**8) Fat and Oil Mixtures**
4) Tobacco	**9) Pet Food**
5) Distilled Spirits	**10) Bovine Semen**

Food Industry by Channels (USD billion) 2018

Food Exports – Agricultural Products	18.144
Food Imports – Agricultural Products	4.117
Retail Turnover	24.6

Retail Trade Turnover (USD billion) 2018

- Food (Domestic market) 10.6

Top Ukrainian Retailers

1. Fozzy Group
2. ATB
3. Auchan
4. Metro Cash & Carry
5. MegaMarket

GDP/Population

Population *(millions)*: 41.9; GDP *(billions USD)*: 130.9; GDP per capita *(USD)*: 3.095

Strengths/Weaknesses/Opportunities/Challenges	
Strengths	**Weaknesses**
- Ukraine is one of the biggest markets in Eastern Europe by population; - U.S. products are viewed as high quality products by Ukrainians and are still new for the majority of the population.	- Low disposable incomes push imported products into high-end segment. - High trade risks due to political instability make imports difficult.
Opportunities	**Threats**
- 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.	- U.S. exporters face competition from zero import duty products from EU and Canada - Ukraine adopts EU regulations limiting market access for many U.S. products

Data and Information Sources: Global Trade Atlas (GTA), State Statistics Service of Ukraine

SECTION I. MARKET SUMMARY

Ukraine is typically referred to as a "high risk – high reward" country for international businesses. A 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 for 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 payments 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. Ukraine introduced a single window custom clearance process and streamlined import procedures. Although new rules made trade more transparent, implementation of EU-like regulations have, in some cases, resulted in the introduction of existing U.S. – EU trade restrictions into U.S.-Ukraine trade.

Ukraine will likely remain a lower-middle income country in 2020-21. 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.

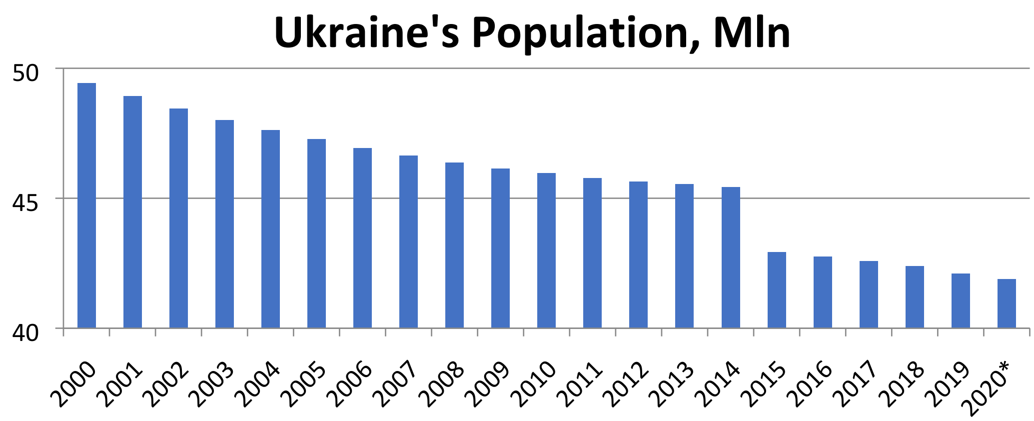
Country Overview

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 food and agricultural products 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 8.4 percent in 2019. In 2018, imports of agricultural products reached USD 4.12 billion, an increase of 16 percent over 2017, while imports of consumer-oriented agricultural products totaled USD 2.43 billion in 2018, an increase of 22 percent compared to 2017.

INDICATORS	2015	2016	2017	2018	2019 (projection)
GDP (% Growth)	-9.70%	2.30%	2.50%	3.3	3.40%
GDP per capita, PPP (USD)	7,949	8,269	8,666	9,233	9,600
Inflation (% Growth)	43.30%	12.40%	13.70%	9.80%	6.00%
Exchange rate (Hryvnas)	21.86	25.55	26.5	27.19	25.8
Total Imports from U.S. (Billions of USD)	1.479	1.681	2.525	2.961	N/A
Total Exports to U.S (Billions of USD)	0.481	0.426	0.832	1.112	N/A

Source: World Bank, National Bank of Ukraine, Trade Data Monitor

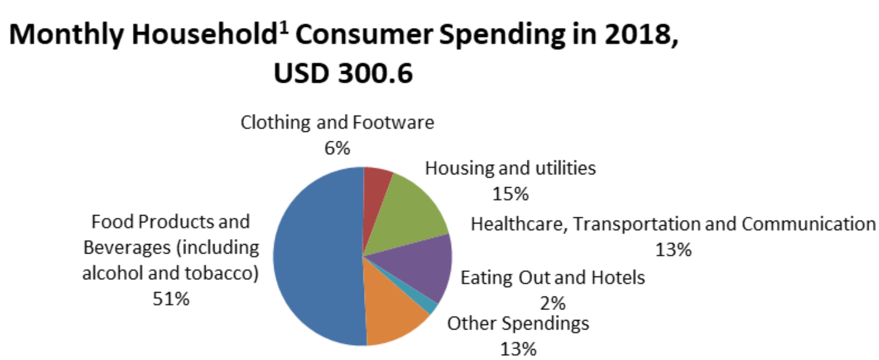
The population of Ukraine is in decline, with one of the highest world annual depopulation rates of -0.5 percent. A substantial part of this is due to the loss of control over the Crimean Peninsula in 2014, which resulted in a decrease in population of 2.3 million. Moreover, the real number of potential consumers is smaller than the official population numbers suggests. 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 $11 billion in 2018.



Source: State Statistics Service of Ukraine

There were meaningful improvements in the stability of the Ukrainian financial sector in the last 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. While trade risks associated with the financial sector have significantly reduced, they remain a consideration to trade.

The share of food expenditures is high and exceeds half of all spending. However, the share of the average consumer's budget spent on food is decreasing as disposable incomes grow. Staple foods (bread, milk and dairy, confectionary, fruits and vegetables) consume 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.



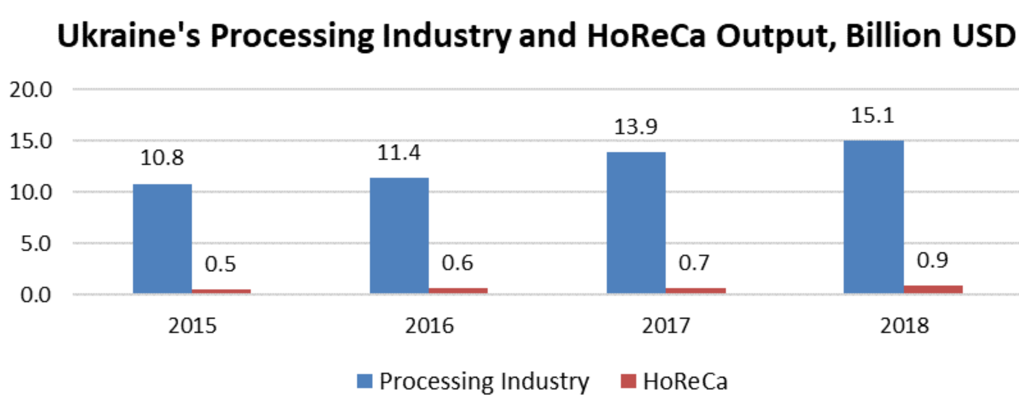
Source: State Statistics Service of Ukraine
[1]Average household is 2.1 person.

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*

Although low in USD denomination, monthly salaries rebounded in 2016-2018. In 2019, Ukrainian average monthly salaries exceeded the pre-crisis level. 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.



Source: State Statistics Service of Ukraine

The institutional food service 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 both for 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. Demand for these products is subject to disposable income fluctuations at much lesser extend (inelastic).

Advantages and Challenges Facing U.S. Products

Advantages	**Challenges**
Structural changes in consumption lead to greater demand for value added food products.	Disposable incomes remain low, limiting imports to cheaper consumer-oriented food products and seafood.
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 and consumer-oriented and processed food products are low.	Ukrainian regulatory framework changes aimed at compatibility with EU regulations create SPS and TBTs for US 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. The 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 sometimes independent distributors 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, and 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 a lot of misconceptions about their quality and safety. In many cases household or small farmer-produced products are associated with "organic." In 2018, Ukraine developed legislation related to "organic" claims (see FAIRS Narrative 2018 GAIN 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. Ukrainian consumers are not yet familiar with the concept of "locally produced" and see no value in it. However, 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. A new food labeling law, that highlights nutritional value of food products, was implemented in Ukraine in late 2019. It may change the focus of some consumers. For more information, see the labeling requirements section in FAS Kyiv's FAIRS Subject Report 2019. 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 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 in the process of reforming its food safety system to adopt the best international practices and to simplify production and trade in agricultural and food products. In 2014, the modernization of the Ukrainian safety system was altered by the signing of the Deep and Comprehensive Free Trade Area agreement (DCFTA) with the European Union (EU) which imposed additional obligations for compliance of Ukrainian food safety rules with EU rules.

A number of Ukrainian laws adopted after DCFTA adoption declared Ukraine's adherence to both "international and/or EU norms." These laws do not address cases when international (CODEX or OIE-based) regulations and standards differ from EU regulations and standards. 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 impact trade negatively. Please refer to the previously referenced FAS/Kyiv FAIRS Report and the consequent updates for the current regulatory picture. An abbreviated review of Ukrainian import regulations and food standards is provided below:

Import Regulations

All products of animal origin and seafood need to be accompanied by a bilateral health certificate, without exception. For the explicit list of HS headings that need to be accompanied by International Certificates, refer to GAIN FAIRS Certificate Report. The Certificate Report provides links to particular bilateral certificates. 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." The law does not define this document further and provides no other options. For processed food product certification, importers should contact the U.S. Food and Drug Administration (FDA) either for a "Certificate of Exportability:

Food For Human Consumption" or a "Certificate to a Foreign Government: Food for Human Consumption." A detailed description of the on-line application procedure is available on the FDA website.

Ukraine implemented a single food safety authority model for its food and animal safety control, as well as consumer protection. The single regulatory agency is called the State Service of Ukraine on Safety of Foodstuffs and Consumer Protection (SSUFSCP). The SSUFSCP is responsible for the safety of veterinary drugs, feed, products of animal origin for food and non-food consumption, other processed and unprocessed food products and phytosanitary issues (plant quarantine).

For detailed description of all food and agricultural import regulations and standards, please see the most recent FAIRs narrative report.

Import Procedures

The product will not be granted final clearance until all legal procedures are met. Since 2018 Ukraine implemented a "Single Window Custom Clearance System" that allow for one-point document submission. The following documentation is required for Food Safety clearance:

1. Original of the Shipment Accompanying Document
2. International Certificate (for raw and processed food products of animal origin, combined products and selected products of plant origin) or
3. Veterinary Certificate (for food products of animal origin, feeds, live animals and animal byproducts) or
4. Original Phytosanitary Certificates (for plant products);
5. Import Document (with Section I filled by importer)
   Common Veterinary Entry Document for Product Entry for products accompanied by Veterinary Certificate (with Chapter I filled by importer) or

   Common Entry Document (with Chapter I filled by importer) for all other food products shipments
   Detailed Manual for filling the Common Veterinary Entry Document and Manual for filling Common Entry Document are available on SSUFSCP website (in Ukrainian)

6. Bill of Lading (for all products). Bill of Lading also serves as transport document for food products of plant origin that do not need to be accompanied by any other certificate.
7. Voluntary Certificates (if available).

Attention: This list does not contain documents necessary for custom clearance. The exporter is advised to be in touch with the importer as to the customs clearance document package. Additional documents are likely to be required for customs clearance and customs valuation of imported products. Such documentation usually includes customs declaration, the contract, invoices, bank transfer slips, insurance slips if they reference customs value, etc. FAS Kyiv is aware of cases when importers were required to provide over a dozen auxiliary documents.

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. Overall retail turnover is expected to grow over five percent in 2019.

The proportion of imports in wholesale and retail chains varies both by specific commodity group and 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.

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 franchises 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 full control over each restaurant, rather than establishing franchises.

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 positive 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.

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 Agricultural Imports from the United States, USD Million

HS Code	Commodity Group	2014	2015	2016	2017	2018
120600	Sunflower Seeds	50.2	32	58.5	64.6	74.8
303	Seafood	72.6	33	38.7	56.4	61.8
240120	Tobacco	14.9	14.7	14.9	13.9	16.6
210690	Food Preparations	16.1	11.9	10.2	11	12.8
220830	Whiskies	7.9	6.8	6.6	6.1	8.5
80211	Almonds, Fresh or Dried, in Shell	9.9	5.2	5.7	7	10.9
120991	Vegetable Seeds for Sowing	6.8	4.4	4.5	5	5.1
230990	Animal Feed Preparations	0.8	1.7	1.3	0.7	2.8
220870	Liqueurs and Cordials	0.1	0.7	0.9	1.1	2.2
	Other Products	100.2	27.5	23.5	25.2	29.2
	Total	279.4	137.6	164.7	191	224.7

Source: Trade Data Monitor

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
• Fish and seafood • Beef • Nuts • Dried fruits (cranberries) • Alcohol (whiskey, beer) • Snacks • Pet food • Pomegranate juice	• Premium dessert products such as premium chocolate bars, cookies, ice cream, and cheese • Wine • Sauces • Vegan and vegetarian products • Organic food • Gluten free products	• 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

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www.fas-europe.org

Links to government sources
Ukraine Import Tariffs
Ukraine: Country Commercial Guide by Foreign Commercial Service
State Statistics Service of Ukraine (in Ukrainian)
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*

Attachments:

No Attachments