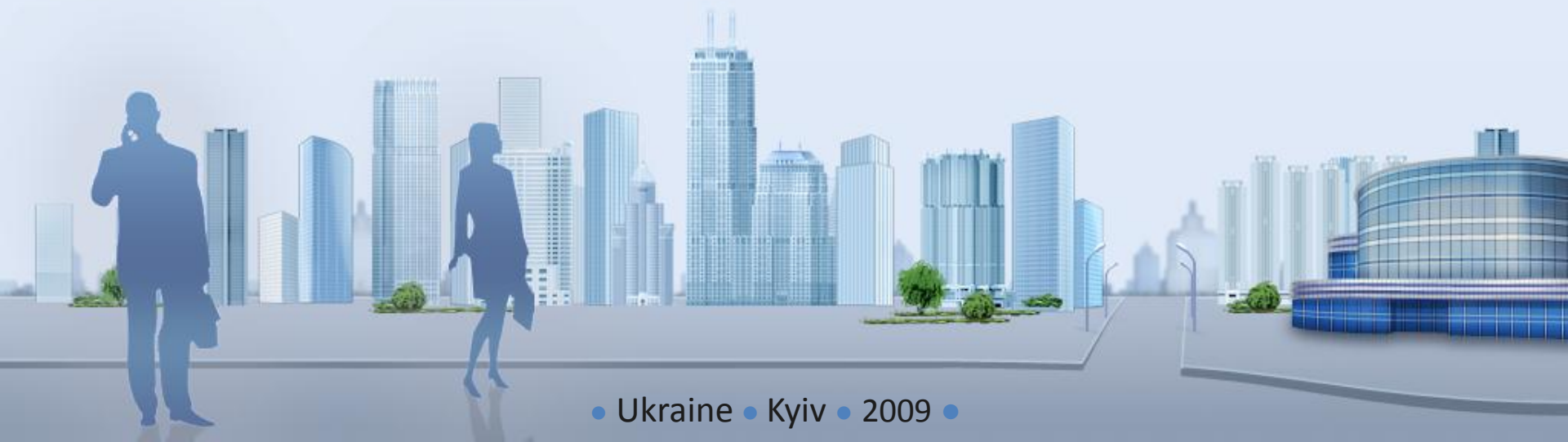


FDI IN UKRAINE: NEW APPROACH

«InvestUkraine: on a New Plane»



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Why Now?



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- Global financial crisis – call for new FDI promotion strategy on the State level
- Downgraded investment ratings require radical improvements in the **investment climate**
- External image challenges (e.g. the gas dispute) call for proactive **information campaigns**





FACT

*An increase of **1%**
in Foreign Direct Investment
Results in a **0.4%** increase in **GDP****



** Source: IMF, World Economic Outlook, International Financial Statistics*

Government FDI Promotion Strategy:



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- **«One-stop-shop»** – handling all after-registration procedures via ONE state institution; significantly reducing time-to-market
- Government Priority Projects Pool – 10-15 **strategic investment opportunities** directly supported by the Government
- **Development investment property database** – prioritizing and preparing projects for investor review



Government FDI Promotion Strategy (continued) :

- **Promoting Ukraine's image abroad** – proactive information strategy
- **Radical improvements to investment climate** – a better legal environment
- **Investor protection** – state oversight, pre-court dispute settlement, cutting through red tape
- **Investor aftercare** – working with existing foreign investors



What's new?

Government Priority Projects Pool

- A targeted search for investment from abroad to develop **10-15 strategic projects**, targeted and approved by the **Government**
- **List of projects** is prepared and approved by the Government every year
- Agency provides search process of **turnkey investment projects**
- **Government Priority Projects Pool** – strategic investment opportunities directly supported by the Government



What's new?

Investor Protection...

- **Key:** promptly resolving **bureaucratic issues** with local officials and regulatory institutions through **individual managers** of major projects within the Government
- **Consulting** on how to do business
- Promoting and providing **pre-court dispute settlement**
- **Regulatory** compliance



What's new?

Ukraine's Investment Image

- **Aggressive marketing campaign** (e.g. holding international events in Ukraine involving top officials from the world community)
- Introducing a **new efficient approach** of FDI targeting
- Ukraine's image campaigns in **top global media**
- Wide use of **success stories** for investment promotion and image building of Ukraine



What's New?

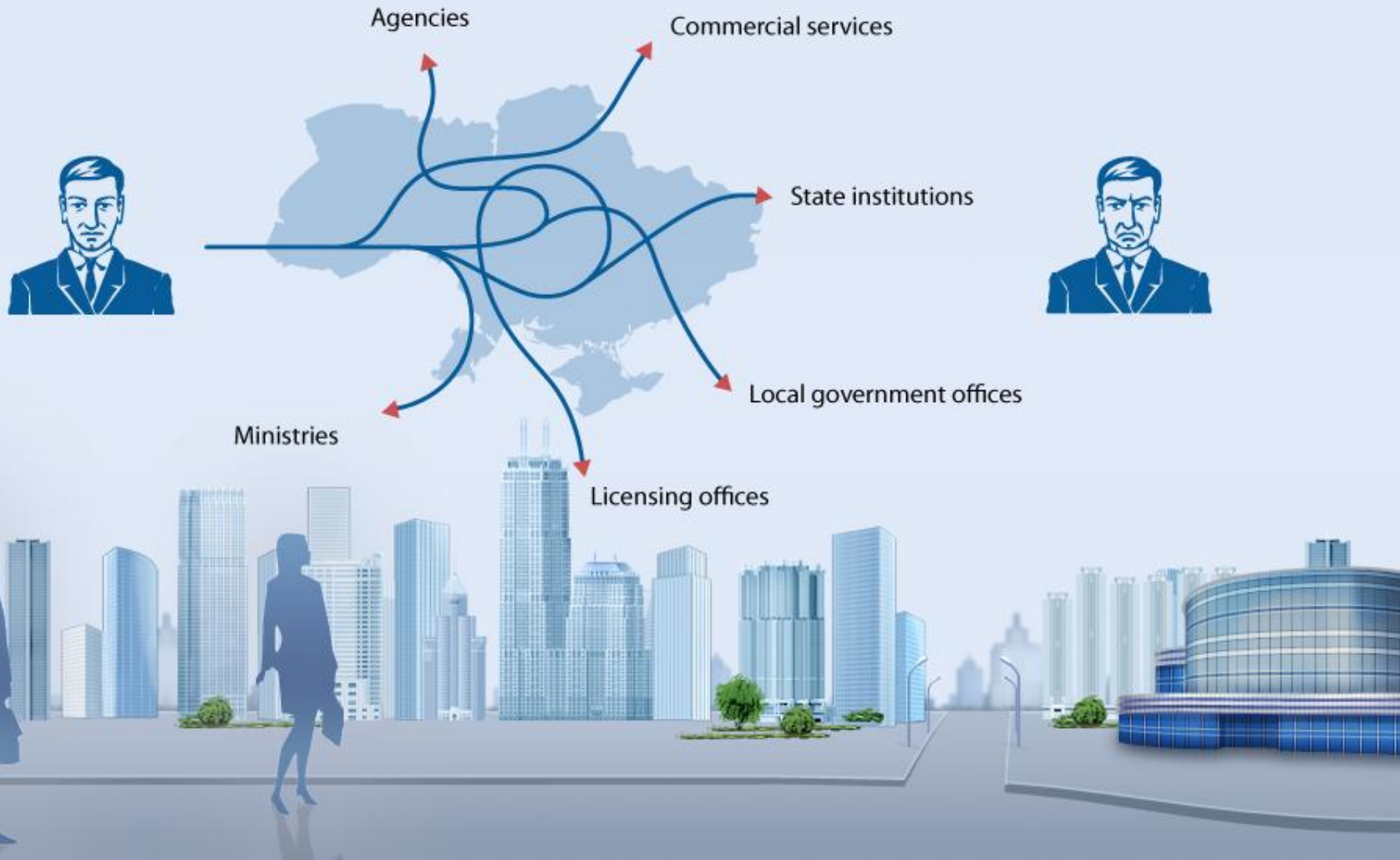
Ukraine's Investment Climate

- **Revisiting** of investment legislation and regulatory environment
- **Polling foreign investors** and studying international practice
- **Policy advocacy** – drafting changes and amendments to laws and by-laws



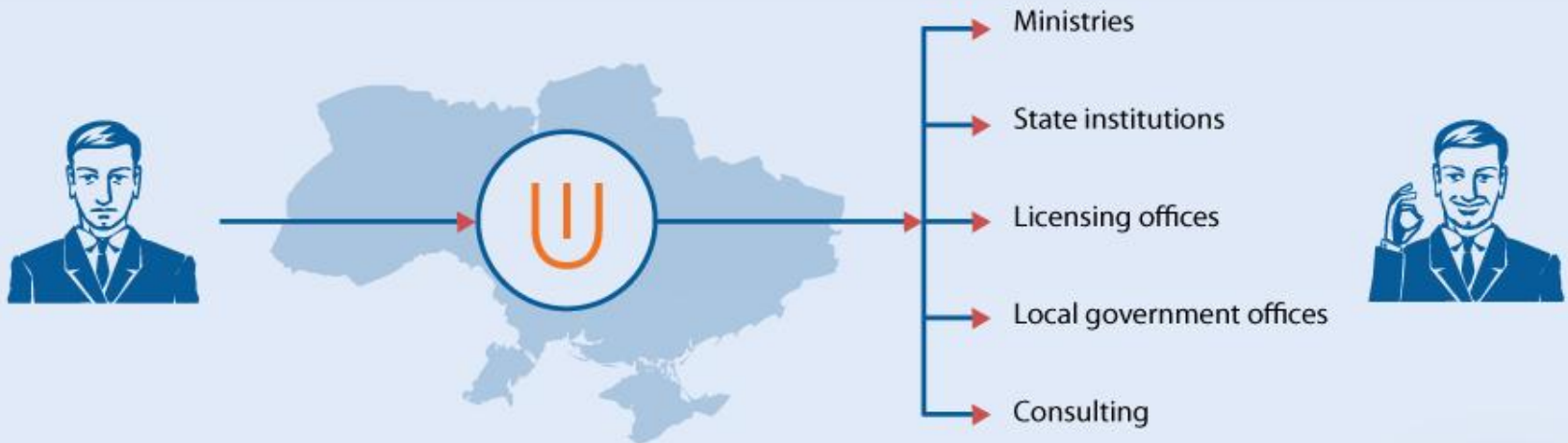
How it was

"One-stop-shop"

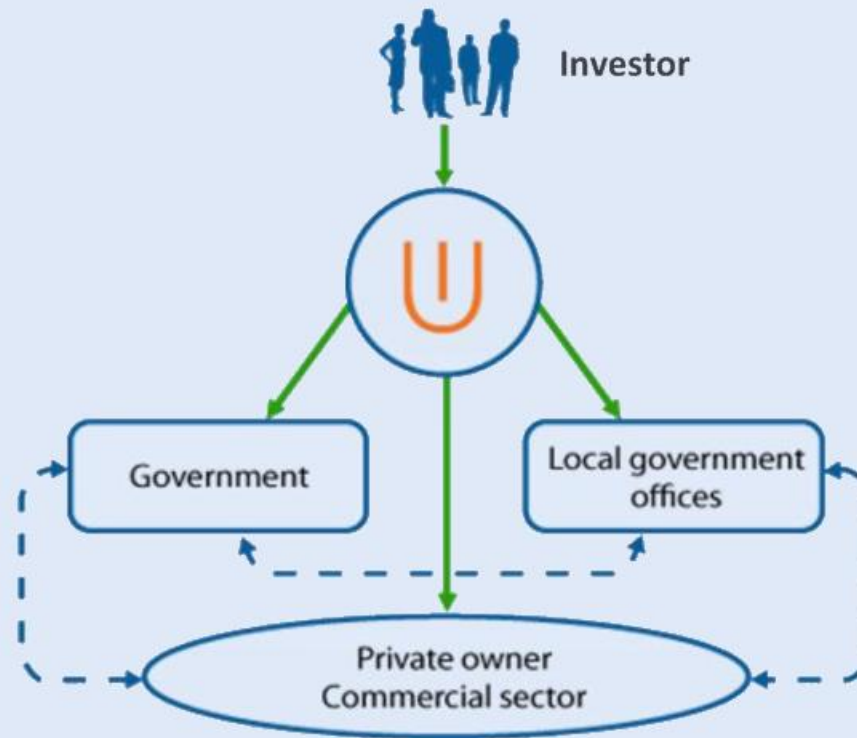


How it is

"One-stop-shop"



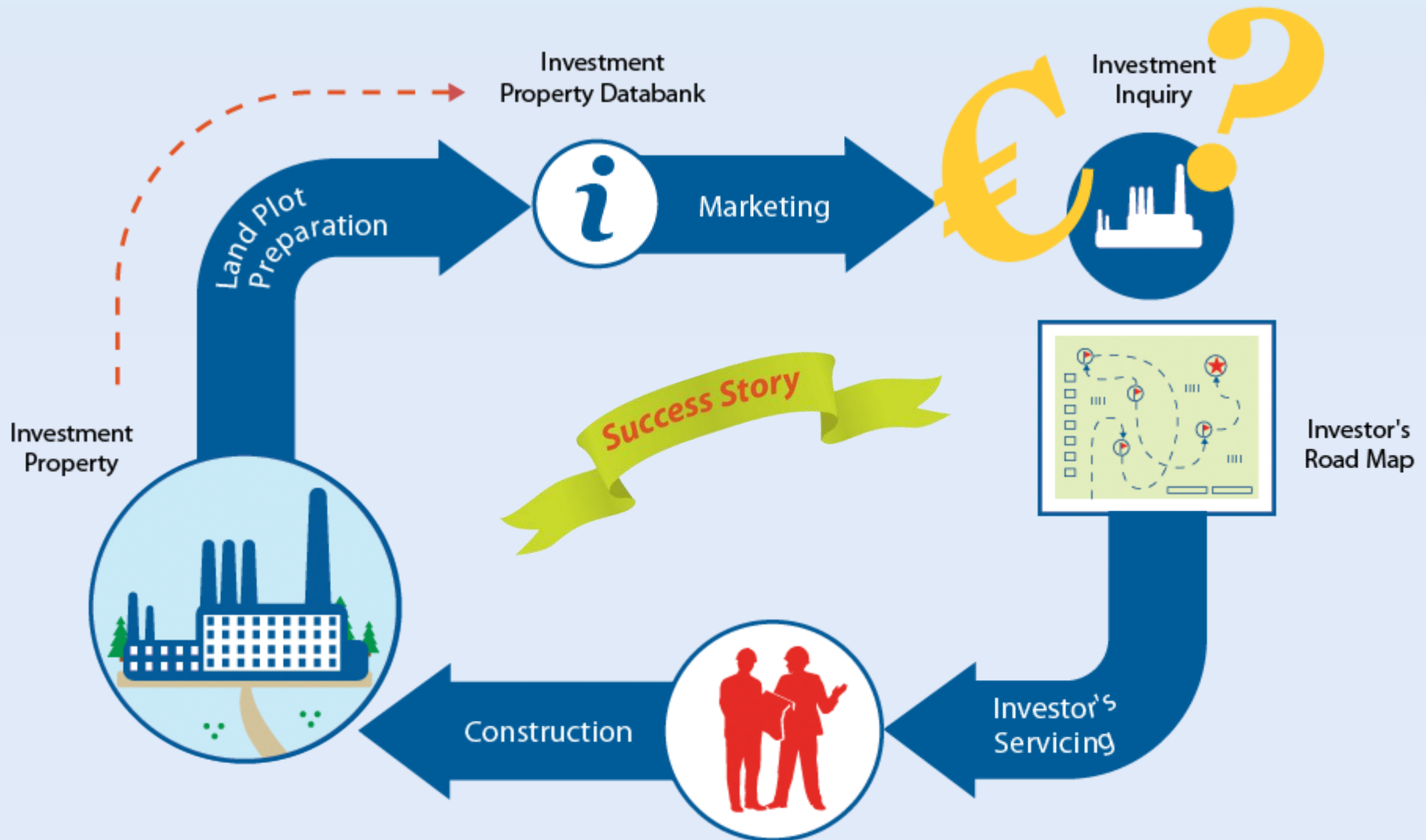
How it works



FDI generating



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FDI Promotion Best Practices: **Our Advisors**



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Jan Havelka – First General Director of **CzechInvest**, the Czech investment promotion agency. Track record: **771** completed investment projects, EUR **18 billion**, **154,000** new jobs



David Brown – chief consultant, Foreign Investment Advisory Service (FIAS, World Bank Group). Track record: organized launch of investment promotion agencies in **25** countries



Osamu Mizutani – First General Director of **InvestJapan** (Japanese investment promotion agency) of the Japan External Trade Organization (JETRO, Tokyo). Current Director of Ukraine-Japan Center in Ukraine (UAJC)

FDI Promotion Performance Criteria

- ✓ Volume of **FDI** involved
- ✓ Number of **successful projects**
- ✓ Number of **created jobs**
- ✓ Number of **resolved disputes**
via pre-court disputes settlement tool





Anticipated Results

Strategic Milestones:

- ✓ International **investment ratings** for Ukraine
- ✓ Foreign investors **successfully engaged** in Government-defined strategic project
- ✓ A successful **Euro-2012**



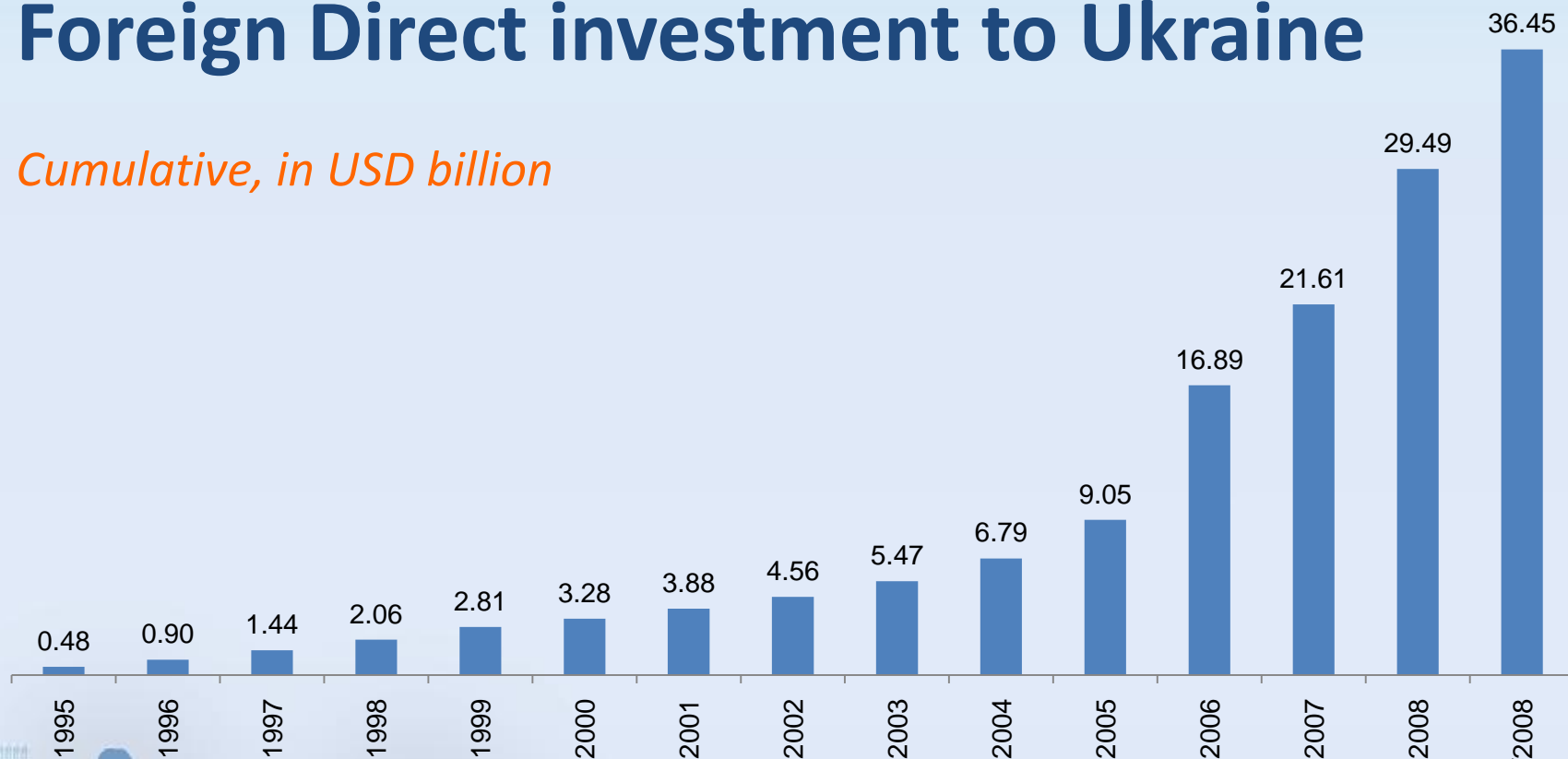
FDI NUMBERS



FDI NUMBERS:

Foreign Direct investment to Ukraine

Cumulative, in USD billion

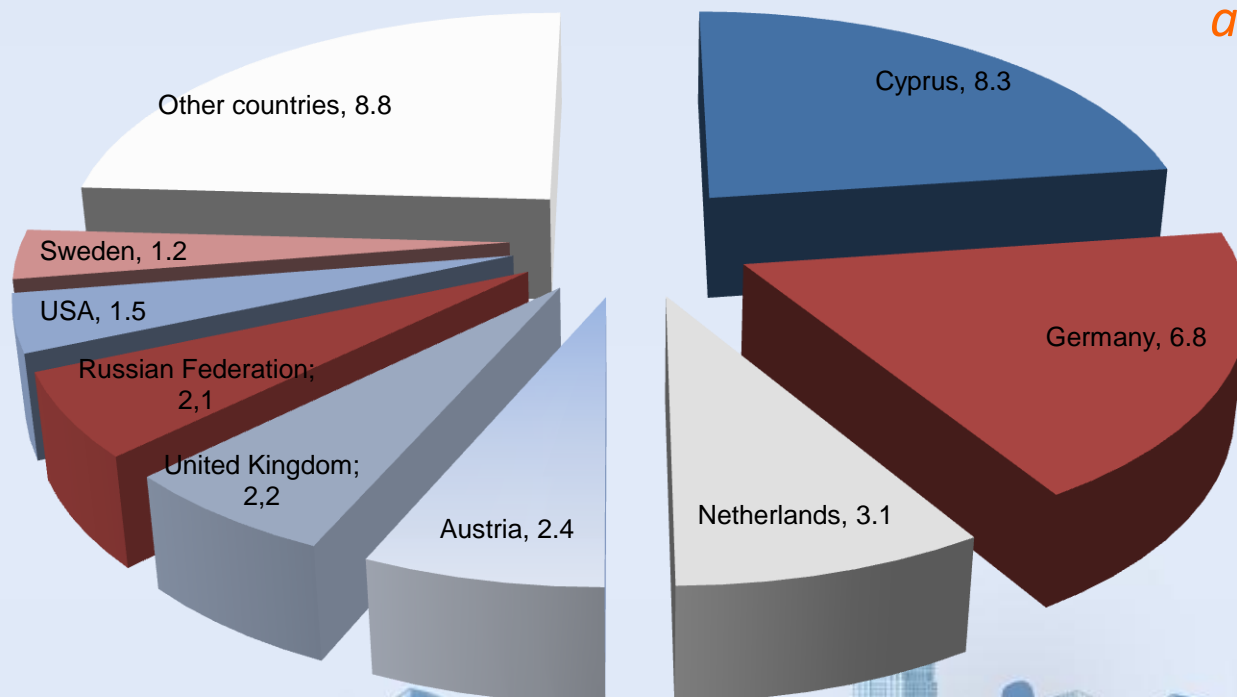


Source: Investment and Innovation Activity in Ukraine (2008),
Ministry of Economy of Ukraine, department of Investment and Innovation)

FDI NUMBERS (continued):

Breakdown of Direct Investment to Ukraine by Countries

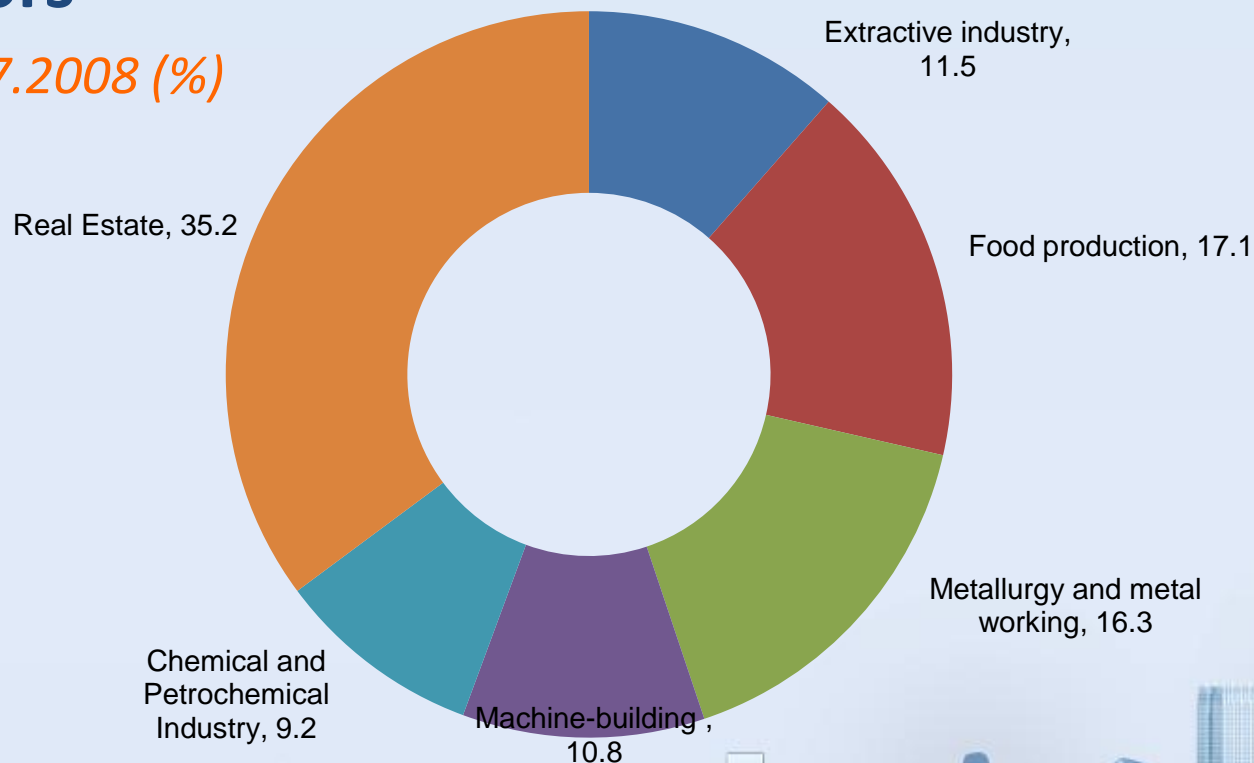
*in USD billion
as of 01.07.2008*





FDI NUMBERS (continued): Breakdown of Direct Investment to Ukraine by Sectors

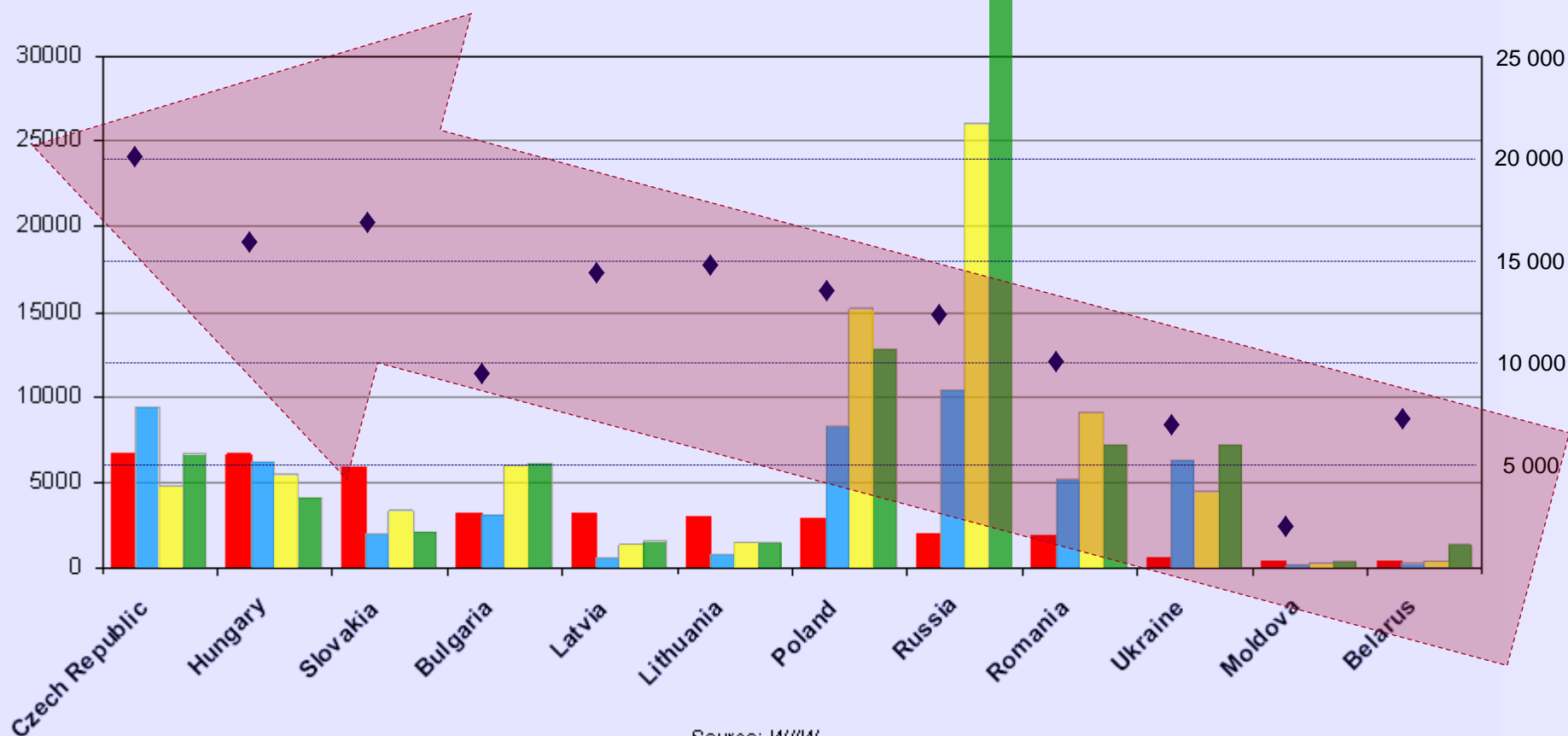
as of 01.07.2008 (%)



FDI NUMBERS (continued): FDI & GDP in CEE Transition Economies

GDP per capita, EUR at PPP in 2007

■ FDI Stock per capita in 2007, EUR ■ 2005 FDI Inflow, MEUR ■ 2006 FDI Inflow, MEUR ■ 2007 FDI Inflow, MEUR



Source: WIIW

FDI Priority Sectors in Ukraine

1. Energy (Energy saving technologies, alternative energy)
2. Infrastructure (including Euro 2012 projects)
3. Agriculture (Agro-industry)
4. High-tech (IT, Nanotechnologies, Airspace)
5. Tourism





Thank You!

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