


UKRAINE

Trade Credit Risk Insight

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A company of **Allianz** 

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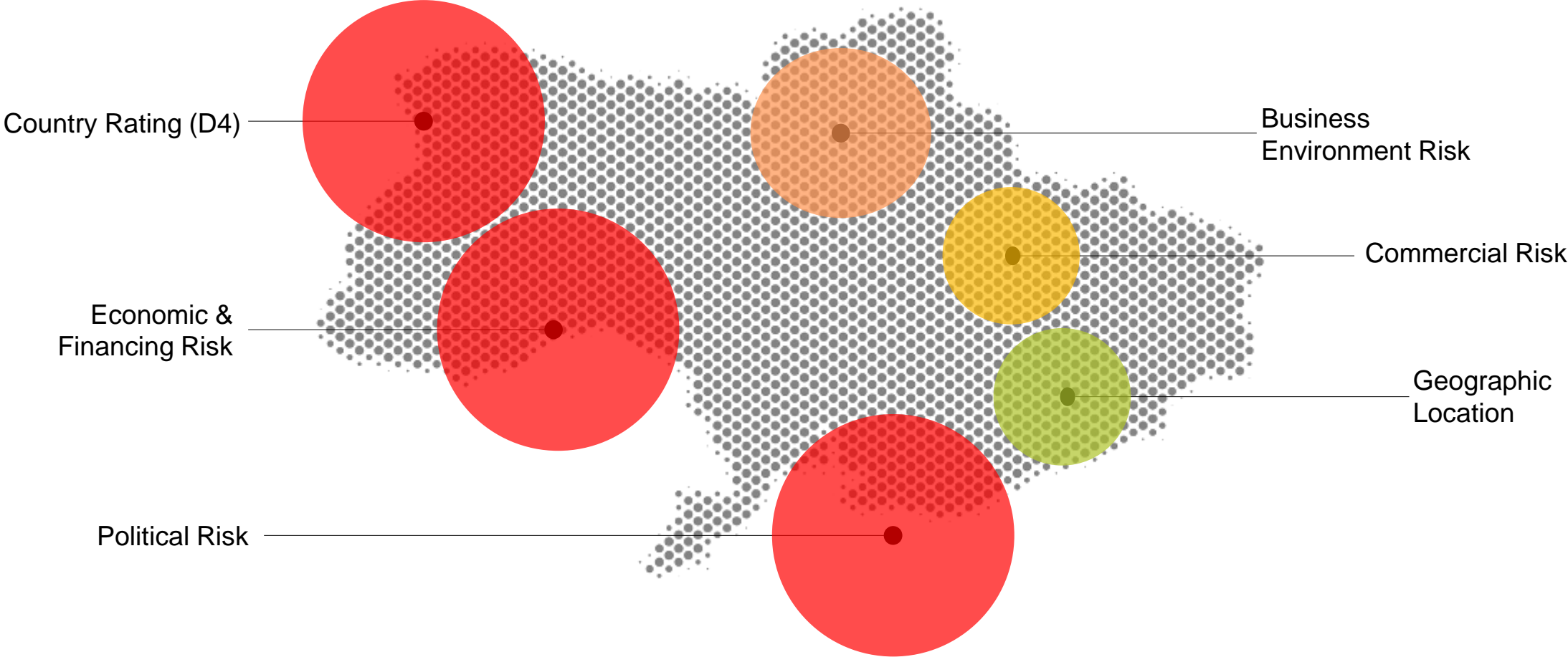
01 COUNTRY RISK

At a glance:

Gradual growth recovery set to continue, but crisis remain unresolved



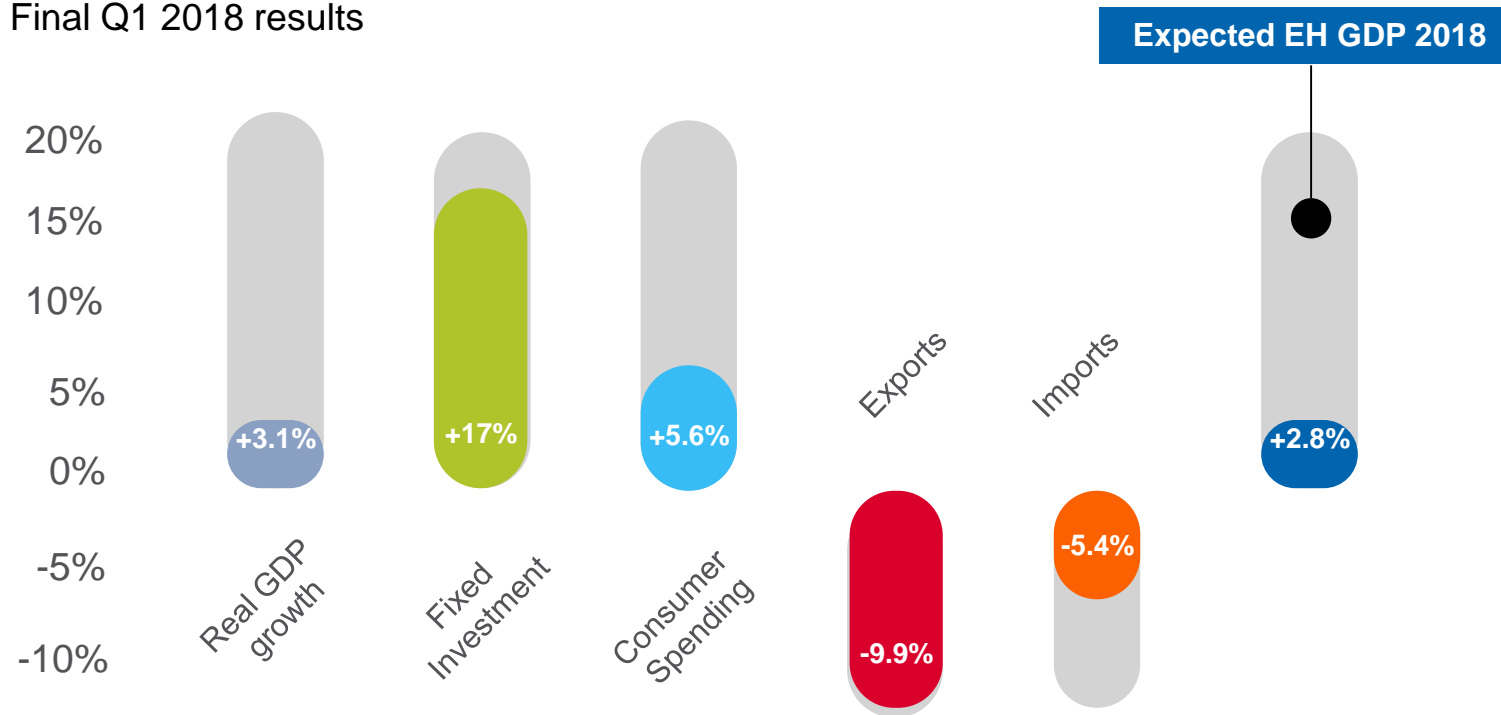
EH COUNTRY RISK



Source: EH

EH COUNTRY RISK

Final Q1 2018 results



Source: World Bank, EH

Strengths:

- Consumer market of c.ca 42 Mio people
- Fertile black soil
- Highly educated work force
- Willingness to support from International Financial Institutions and bilateral donors

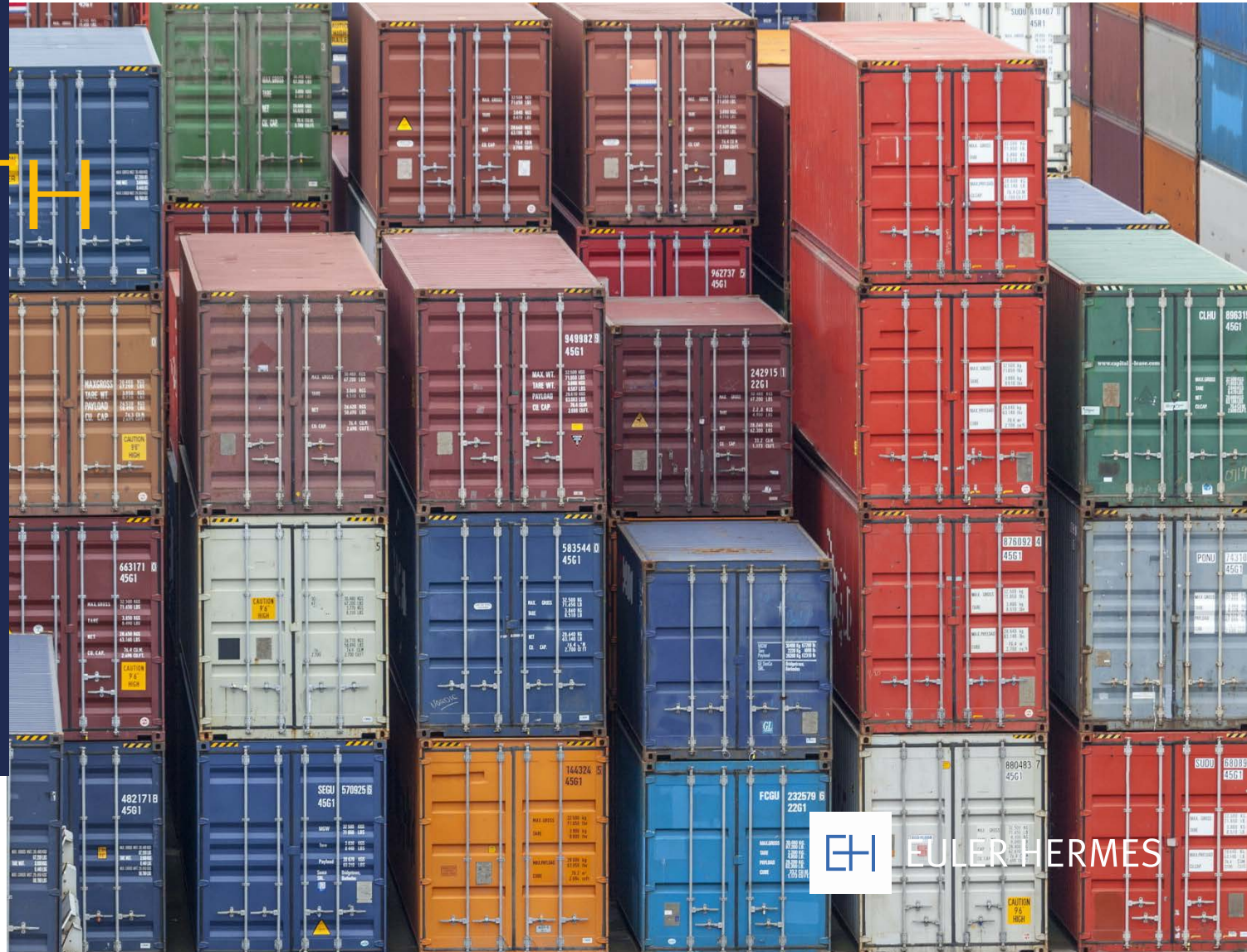
Weaknesses:

- Severe conflicts with separatists and Russia (major trading partner)
- Low FX reserves, implying significant transfer and convertibility risk
- History of political instability and government inefficiency
- A generally weak business environment

02

DOING BUSINESS WITH

Being prepared to...



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TRADING ACROSS BRODERS

Indicator	Ukraine	Europe & Central Asia
Time to import: Border compliance (hours)	72	25.9
Cost to import: Border compliance (USD)	100	185.1
Time to import: Documentary compliance (hours)	168	27.3
Cost to import: Documentary compliance (USD)	212	94.7

Source: World Bank

ENFORCING CONTRACTS

Standardized case	UAH (Hrywnja)
Claim value	91,041.00 (c.ca 3'200 CHF)
Court Name	Kiev Commercial Court
City Covered	Kiev

Indicator	Ukraine	Europe & Central Asia	Best Performer
Time (days)	378.0	489.9	164.00 (Singapore)
Cost (% of claim value)	46.3	26.2	9.00 (Iceland)
Quality of judicial processes index (0-18)	9.0	10.0	15.50 (Australia)

Source: World Bank

RESOLVING INSOLVENCIES

Debtor becomes insolvent when is generally unable to pay its debts as they mature;

Creditors may file for liquidation only;

The insolvency framework does not require approval by the creditors for sale of substantial assets of the debtor;

The insolvency framework does not provide that a creditor has the right to request information from the insolvency representative.

Indicator	Ukraine	Europe & Central Asia	Best Performer
Recovery rate (cents on the dollar)	8.9	38.0	93.1 (Norway)
Time (years)	2.9	2.3	0.4 (Ireland)
Cost (% of estate)	40.5	13.1	1.00 (Norway)
Strength of insolvency framework index (0-16)	7.5	10.8	15.00 (6 economies)


Source: World Bank

03

TAKE AWAY

Good to know

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TAKE AWAY

Relationships

Establish local relationships with skilled partners able to manage local laws and practices.

Relationships with stakeholders are key in order to resolve issues.

Track Record

For new-to-market companies, requesting **advance payment** for goods and services from a Ukrainian buyer is a prudent course to follow until both parties establish a record of payment.

Best Practices

All internationally acceptable forms of payment are available in Ukraine. We recommended an **irrevocable letter of credit**.

Payment transfers in foreign currencies are made either through a cover at a foreign partner-bank or the International Settlements Department of the National Bank (i.e. Credit Agricole Ukraine, Oschadbank, OTP Bank, Raiffeisen Bank Aval, Ukrsibbank). All authorized bank are member of SWIFT.

Operations

Be ready to currency exchange volatility

You deal especially with SMEs which generate 20% of GDP

Business environment is highly regulated but standards, support and innovation need to be improved

Avoid to sell under open terms without any coverage

KYC rules are high recommended

Do not lower your guard

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