

Preparing to export

Consultation and bespoke research

Visit: <https://www.great.gov.uk/> for guidance on how to research overseas markets as well as a range of other important issues for exporters.

Researching the market

Ukraine is a large country, and different regions will have different industry clusters. Good local research is needed and you should consider regional plans and market-entry requirements using both desk research and market visits.

You need to determine whether:

- there is a market for your product or service
- your pricing is competitive
- to adapt your business model

The questions listed here should help you to focus your thoughts. Your answers to them will highlight areas for further research and also suggest a way forward that is right for your company. You may then want to use this as a basis for developing a formal Ukraine strategy, although this may not be necessary or appropriate for all companies:

Your aims:

- Do you wish to buy from Ukraine, sell to Ukraine or both?
- Do you wish to establish your own company presence in Ukraine (for example setting up an office, direct sales, appointing a local agent, online selling, licensing or franchising)?
- Do you need to be involved in Ukraine at all?
- Do you see Ukraine as part of a wider plan including e.g. other Eastern European markets now or in the future?

Your company:

- Can you carry out a detailed SWOT analysis of your company?
- Are your competitors already in Ukraine? If so, what are they doing?

- Can you carry out a detailed SWOT analysis of your competitors?
- What are the Unique Selling Points of your product or service?
- Do you know if there is a market for your product or service in Ukraine?
- Do you know if you can be competitive in Ukraine?
- Do you have the time and resources to handle e.g. the demands of communication, travel, product delivery and after-sales service?

Your knowledge:

- Do you know how to secure payment for your products or service?
- Do you know where in Ukraine you should start?
- Do you know how to locate and screen potential partners, agents or distributors?
- Have you carried out any Ukraine-specific customer segmentation, and do you know how to best reach potential customers in-market?

It is unlikely that you will have the answers to all these questions at the outset and these 'knowledge gaps' could form the basis for further research and investigation. Some of these questions will require quantitative research in your sector, while others involve more-contextual and cultural considerations.

Talking to other people in your industry and regularly visiting Ukraine will give you access to the most-current advice and such experience can often lead to new insights and form the basis for further research.

There is also some useful guidance on developing a marketing strategy, customer segmentation, competitor and SWOT analyses, etc. on the <https://www.great.gov.uk/> site – and the IOE&IT and British Chamber can help too.

There may be trade shows held in Ukraine each year, which could be useful to test product viability in the market. The Department for International Trade (DIT) Tradeshow Access Programme at: <https://www.gov.uk/guidance/tradeshow-access-programme> provides funding in the form of grants for eligible businesses to attend overseas trade shows.

The funding helps your business gain:

- market knowledge
- experience in attending and getting the most from overseas trade shows

- advice and support from trade experts

Visit the DIT events portal at: <https://www.events.great.gov.uk/ehome/index.php?eventid=200183029&> to find upcoming events and missions in Ukraine.

Find out more about marketing your goods and services for Ukraine at: <https://www.great.gov.uk/>.

Contact DIT in Ukraine at: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us> for events and company launches at British Embassy locations.

Start-up considerations

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Getting started in the Ukrainian market

Ukraine is not an easy market to enter.

The most straightforward option to start exporting your product into Ukrainian market is to appoint a distributor. This should be a local company with importing experience and be registered as an importer with the local customs service.

Previously local retail chains were not interested in direct imports. However, this practice is now changing as businesses try to offer the best cost margins to their customers. This follows local currency devaluation and increased import costs.

The following business forms/structures for foreign investors are usually:

- representative office
- wholly-owned foreign subsidiary or enterprise (usually in a form of either PJSC or LLC)
- joint ventures
- agreement on joint co-operation and production

Some industries, including banks and insurance companies, are more heavily regulated, and must be established in compliance with specific requirements.

A foreign company may also establish a representative office in Ukraine which can carry out marketing, promotional and other functions on behalf of the company. A foreign legal entity can have both a representative office and establish a wholly-owned subsidiary at the same time.

You should seek legal advice as the tax and legal obligations of each business structure can differ.

A local lawyer can help you to avoid costly mistakes and ensure you start out in the way that is best suited to your sector of activity. See: <https://www.gov.uk/government/publications/ukraine-list-of-lawyers> for a list of lawyers in Ukraine.

You should conduct due diligence checks once you have chosen your method of entry into the market. However, if you want to establish a business relationship that goes beyond exporting, you will need to carry out further research.

Direct exports and sales

Direct exports means you supply your products direct to the customer. You handle all the logistics of marketing, selling, sending overseas and getting paid.

You may wish to use local representation. Options include using an agent, distributor or wholesaler.

The DIT's trade specialists at: <https://www.gov.uk/overseas-customers-export-opportunities> can help you identify local representatives for your products in Ukraine.

Appointing an agent, distributor or importer

A foreign company will often appoint one or more agents or distributors. They can keep track of market regulations, which can change at short notice.

You should spend time taking local advice and assessing a range of potential agents before making a choice. Beware of agents promoting similar or identical products. DIT in Kyiv can help you identify and meet potential agents and distributors. See: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us>.

Online selling

Find out about DIT's E-Exporting programme at: <https://www.gov.uk/guidance/e-exporting>, which can help you export your products to Ukraine.

Check out online marketplaces in Ukraine at: <https://selling-online-overseas.export.great.gov.uk/>, where DIT has negotiated listings at better-than-commercial rates.

Franchising

Franchising is developing extensively in Ukraine, and is one of the most successful mechanisms for entrepreneurship.

More than 50% of Ukraine's franchised outlets are in the services sector, more than 30% are in the restaurant sector, and nearly 10% are in the retail sector. The Franchising and Retail Industry Forum 2019 trade show takes place in Kyiv from 12th-14th March. See: https://franchexpo.com/index_e.php for more information.

Further advice on franchising in Ukraine can be found at the Ukrainian Franchise Group: <https://franchisegroup.com.ua/en/>, the Ukrainian Retail Association at: <https://rau.ua/en/> and the Franchising Association Ukraine at: <http://franchising.org.ua/>.

Contact DIT in Kyiv at: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us> for advice, or for help to find a legal adviser in Ukraine.

Visit the international section of the British Franchise Association at: <http://www.thebfa.org/international> for more information on franchising.

Financial considerations

Getting finance to fulfil an export contract

Globally, Ukraine ranks 32nd out of 190 economies for "Ease of Getting Credit" in the World Bank's "Doing Business" report 2019. See: <http://www.doingbusiness.org/data/exploreeconomies/ukraine>.

To make it easier to fulfil an export contract and grow your business, schemes are available to UK companies selling products and services to Ukraine. Contact your bank or specialist financial organisation for assistance.

UK Export Finance (UKEF) has significant risk capacity to support exports. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#ukraine>. You can contact one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your finance options.

Getting paid

You may wish to talk to a specialist about finance, including how to get paid in Ukraine. This could be a bank, an accountant or you can contact DIT in Kyiv at: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us> for help to find a financial adviser in Ukraine.

Payment risks

UK Export Finance (UKEF) helps UK companies to get paid by insuring against buyer default.

Be confident you will get paid for your export contract. Speak to one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your insurance options, or contact one of UKEF's approved export insurance brokers at: <https://www.gov.uk/government/publications/uk-export-finance-insurance-list-of-approved-brokers/export-insurance-approved-brokers>.

Currency risks when exporting to Ukraine

If you have not fixed your exchange rate you have not fixed your price.

You should consider whether the best option for you is to agree terms in Sterling (GBP), US Dollars (USD), Euros (EUR) or Ukrainian Hryvnia (UAH) in any contract. You should also consider getting expert financial advice on exchange rates (sometimes called FX).

[Source – DIT/UKEF/gov.uk]

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