

INDUSTRIAL

PARKS

OF UKRAINE

INDUSTRIAL  
PARKS



MADE IN  
UKRAINE



# YULIA SVYRYDENKO

First Deputy Prime Minister of Ukraine - Minister of Economy of Ukraine

Industrial parks are among the Government's priorities in attracting investment into the real economy and are an important component of the Made in Ukraine policy.

Calculations show that one hectare of an industrial park creates up to 50 new jobs, and each hryvnia of public investment in their development provides up to UAH 5-6 of private investment.

This year, for the first time, the state has provided financial support to industrial parks for creation of industrial infrastructure. Earlier, the state provided for tax and customs benefits for companies operating on their territory. In particular, income tax exemption for 10 years subject to reinvestment. Companies can also import production equipment without paying import duties and import VAT.

These measures are well underway to create the conditions for economic recovery. The emergence of new businesses strengthens our resilience and economic self-sufficiency.

## INDUSTRIAL PARKS IN NUMBERS

# FROM PRESENTATIONS TO THE LAUNCH OF PRODUCTION. INVESTORS BEGAN TO BUILD PLANTS IN INDUSTRIAL PARKS OF UKRAINE



**12 PLANTS BUILT**



**13 PLANTS CONSTRUCTION IN PROGRESS**

This year saw the most dynamic development of the industrial parks network in the history of our independence. In January-October 2024, a total of 29 new IPs were included to the register. As of October 25, 2024, there are **97 industrial parks** in Ukraine with a total area of more than 3.1 thousand hectares. The growth in the number of IP registrations demonstrates the desire of communities to influence the economic development of their territories. The incentives introduced by the state support communities turn their intentions into real investments.



# DMYTRO KYSYLEVSKIY

Member of Parliament, Deputy Chairman of the Verkhovna Rada of Ukraine Committee on Economic Development

Industrial parks have proven to be an effective tool for communities to compete for industrial investment.

The central Government provides national tax benefits and financial support for the development of industrial infrastructure, while leaving communities free to regulate local tax rates, co-finance infrastructure, and otherwise create investment incentives. The direct involvement of community leaders in supporting investment projects also plays a significant role.

Industrial parks enable communities to offer investors resolution of a number of problems: a ready-made industrial land plot, connected networks, constructed buildings, and a better business case thanks to tax and customs incentives.

The best evidence of the effectiveness of this tool is the emergence of new industrial enterprises in communities during the war.

## MAP OF INDUSTRIAL PARKS



# STATE SUPPORT FOR INDUSTRIAL PARKS INFRASTRUCTURE DEVELOPMENT

## UAH 1 billion

Total amount of incentives



Up to 150  
million UAH

Maximum amount of  
state support

Up to 50%

Co-financing  
from the state  
(up to 80% for the deoccupied  
territories)

Obligations: 01. Construction and commissioning of 5 thousand m<sup>2</sup> of industrial buildings within three years

02. Involvement of 2 participants within three years

## INDUSTRIAL PARKS FOR WHICH A DECISION HAS BEEN MADE ON THE PROVISION OF FUNDING

### INNOVATION FORPOST

Construction of an electric substation.

UAH 150 million



### Korosten

Construction of an access road to the  
industrial park.

UAH 83.6 million



### BF Terminal

Construction of a railway siding and electrical  
infrastructure.

UAH 148 million



### Vinnysia Industrial Park

Construction of internal passages in the  
industrial park.

UAH 115.9 million



### Zahid-Resource

Construction of a domestic sewage system for  
the industrial park.

UAH 15.1 million



### Kovel Porto

Connection and reconstruction of the railway  
siding.

UAH 69.8 million



### Khmelnysky

Construction of electrical infrastructure, water  
supply and sewage system of the industrial  
park.

Reconstruction of the access road.

UAH 51.4 million



### Bila Tserkva 1

Construction of electricity grids and water  
supply and sewage networks.

Overhaul of the road surface and other  
beautification elements.

UAH 79.8 million



### VinIndustry

Construction of a road and a new power line.

UAH 51.4 million



### Bila Tserkva 2

Construction of electricity grids and water  
supply and sewage networks.

UAH 66.1 million



### City of Glass

Construction of 10 kV power grids to supply  
power to a sheet glass plant.

UAH 26.3 million



About 5

industrial parks are at  
the stage of application  
confirmation

«State support for the development of  
industrial infrastructure in industrial parks  
gives entrepreneurs more confidence to  
invest right now»

**Yulia Svyrydenko**  
First Deputy Prime Minister  
of Ukraine - Minister of Economy of Ukraine



MADE IN  
UKRAINE

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# «The main change was not in the legislation, but in the attitude of the state and communities towards industrial investors»

**DMYTRO KYSYLEVSKYI**  
Member of Parliament, Deputy Chairman of the Verkhovna Rada of Ukraine Committee on Economic Development



Two years have passed since the adoption of the updated legislation on industrial parks. The initiator of these changes, Parliament member Dmytro Kysylevskiy, has commented on the main trends in attracting industrial investment by communities over this period.

In your opinion, how complete is the process of legislative changes in the field of industrial park development?

The modernization of the legislation on industrial parks, carried out in 2021-2022, led to a significant development in this area. Despite the war, industrial infrastructure and new plants are being built in industrial parks in various regions of the country. The regulatory framework can and should be improved, but the main principle remains the same: the state is making a serious bet on this economic tool. It has demonstrated its effectiveness all over the world, and Ukraine has all the prerequisites to be successful in this area as well.

First of all, we have a powerful class of industrialists who can and do build factories. The state needs to create conditions for them that are at least as good as those for industrial parks in other economically developed countries. Industrial parks account for 22% of China's GDP, more than 60% of South Korea's production and exports, and more than a third of Turkey's total exports. We will get these numbers too.

We closely monitor the practice of applying the legislation on industrial parks. After two years, we see a number of

unresolved issues. In cooperation with management companies, communities, and the Government, using the Economic Committee of the Parliament as a basis, we have worked out some technical changes that should resolve these issues and improve the legislation.

The first laws on industrial parks were adopted in 2013, but for the next nine years, most existed only on paper. And today we have rapid development. What has changed?

As strange as it may sound in the current situation, the main impetus for the development of industrial parks was the mutual trust of the state and the business. This trust is fragile, and it is important to keep it because it is quite valuable.

At first, we adopted amendments to the law on industrial parks and announced plans to introduce tax and customs incentives. There was some skepticism, both from the business and the fiscal part of the state. But we were able to find a solution, which convinced the fiscal authorities that this was not done for abuse and that there were reliable safeguards. And we demonstrated our seriousness to the business by adopting laws on tax and

customs incentives for industrial parks in cooperation with the Tax Committee.

Then we started holding explanatory meetings in the communities. We have traveled almost all over the country, and still keep a close contact with local authorities, local self-government bodies, management companies, and investors. Everyone is in the same information field. We hold conferences, exchange experience, and have ongoing discussions.



As a next step, together with the Ministry of Economy, we managed to preserve a program of financial support for the development of industrial park infrastructure in the budget and successfully launch it.

Another important component is the involvement of local self-governments. We have managed to design the mechanism of industrial park operation in such a way that creates interest for communities in applying this tool to attract investment to their territory. They got a subject for a conversation with a potential investor and a means of competition among themselves for investments and taxes.

Finally, we discuss changes to legislation and regulations with our stakeholders. For them, they are not a surprise at all. So the main change was not in the legislation as such, but rather in the attitude of the state and communities towards industrial investors.

One of the objectives for 2024 in the field of industrial parks' development was to effectively use the UAH 1 billion allocated in the state budget for the creation of industrial park infrastructure. Is it possible to achieve this goal?

We are talking about a historical precedent for Ukraine here: for the first time, the state is investing in the infrastructure of industrial parks. I believe that the Ministry of Economy has coped with the task of transparent and constructive consideration of applications. Communications and explanations were provided in a timely manner. We did not see any scandals or delays. This support will be returned to the state budget in taxes, which will be paid by new plants built in industrial parks.

The conditions for providing state support are 50 to 50% co-financing by the applicant and the state. And the applicant is obliged to put into operation at least 5,000 m<sup>2</sup> of industrial

real estate and attract at least two participants in three years. Accordingly, only the obligations under the state support program already stipulate that for UAH 1 of the state's investment, the applicant will invest at least UAH 2 of its own investments in infrastructure and buildings. And then the industrialist will invest another UAH 3-4 of its own investments in production. In total, it turns out that UAH 1 of state investment will enable the attraction of at least UAH 5-6 of private investment.

How realistic is it to expect foreign investors to come to industrial parks in the midst of war?

We already have examples of powerful companies, such as the British Unilever and the Finnish Peikko Group, starting to build factories in industrial parks. Not to mention Kronospan with investments worth hundreds of millions of euros. I am grateful to these and other international investors who are not afraid and are building in Ukraine now.



But the main investments in the real sector, while the war is on, are made by Ukrainian entrepreneurs. The Government should keep this in focus. If they build the plants, foreign companies will follow suit.

We see such examples in various parts of the country. Factories are being built in industrial parks in Bila Tserkva and Fastiv in Kyiv region, in Lviv and Vinnytsia, in Ternopil and Rivne regions, and in the regions of Zhytomyr and Zakarpattia. Parks also start to build industrial infrastructure in other areas of Ukraine. Trust in the instrument of industrial parks, a sound Government policy, and entrepreneurs' faith in Ukraine make the impossible possible – the construction of new plants during the war.

The number of industrial parks in Ukraine is still higher than the number of factories built on their territory. Is there any risk for existence of dozens of new empty parks, having only fields of waist-high grass?

The growing number of industrial parks in the register demonstrates the interest of communities and private landowners in this instrument.

There is nothing wrong with the fact that not all of them are active. No one cares if there are inactive individual entrepreneurs or LLCs. The same is true here. An inactive park does not receive any state support – only manufacturing businesses in the parks have tax benefits. Therefore, if there are no enterprises, there are no benefits.

Accordingly, in assessing the effectiveness of such a tool as industrial parks, we are moving from analyzing the number of entries in the register to analyzing the dynamics of active industrial parks, the emergence of new plants, jobs, electricity capacity, and the amount of investment.

At the same time, our task is to ensure that quantity turns into quality. There are both positive and negative motivations for this. The positive one is the provision of state support under the obligation to build. The negative one is exclusion from the register in case of inactivity. If a park does not submit reports and fails to hire a management company, it will be excluded. Since spring 2024, the process of "cleaning" the register has been ongoing and will continue.

At the same time, another topic is much more important – the awareness by the community or a private initiator of an industrial park that the work is only just beginning from the moment of registration. The mere fact that a park is listed in the register will not attract investors. It is necessary to build industrial infrastructure, look for competitive advantages of the park's location region, and conduct marketing and sales.



### How does a large-scale war affect the development of industrial parks in Ukraine?

The war has significantly changed the industrial map of Ukraine. Previously, the majority of the powerful factories operated in the eastern part of the country, and it would be logical to expect most parks to be created there. Today, for obvious reasons, almost all new production facilities are being set up in industrial parks in the center and west of Ukraine. And community leaders in regions such as Zakarpattia have to learn virtually from scratch what industrial infrastructure is and create it for relocated and new enterprises.

In general, the war has forced the Government and communities to take a very sober look at the threats of losing businesses, people, and budget revenues. The fuel crisis and the closure

of the borders by our neighbors for raw material exports were important lessons learned. It has become clear how important it is for the sustainability of Ukraine to have its own manufacturing industry.

We simply had no choice but to help industrial companies. After all, we saw with our own eyes that a notional IT company can simply take out programmers, traders sell out their warehouse and close down, but factories continue to operate even under fire – industrialists are the last to leave. In the East, operating plants often remain the last islands of normalcy for many thousands of families in the war conditions. That is why the development of industrial parks in Ukraine is not only about the economy, but also about the resilience of the entire country.



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Industrial parks are one of the elements of the "Made in Ukraine" state policy initiated by President Volodymyr Zelenskyy. What are its main areas of focus now?

There are three such areas: 1) development of domestic production, 2) promotion of investments in the real sector, and 3) development of non-resource exports. The first area focuses on programs to stimulate the demand for local goods – from the state, the private sector, and citizens. These include localization, compensation for the purchase of Ukrainian mechanical engineering products, and the National Cash back. The second area includes industrial parks, war risk insurance, and access to cheap money, as well as support for projects with significant investments. The third area covers the development of the ECA, trade diplomacy, and opening of access to the markets.

Only such a comprehensive approach can ensure that the share of the manufacturing industry in GDP grows from a humiliating 8% figure to the standard 20% for wealthy countries. But this is not just a matter of wealth or poverty. Ukraine's existence depends on it – because an industrial country always wins over a raw material country.

## TECHNICAL IMPROVEMENTS: DRAFT AMENDMENTS TO THE LEGISLATION ON INDUSTRIAL PARKS HAVE BEEN SUBMITTED TO THE VERKHOVNA RADA



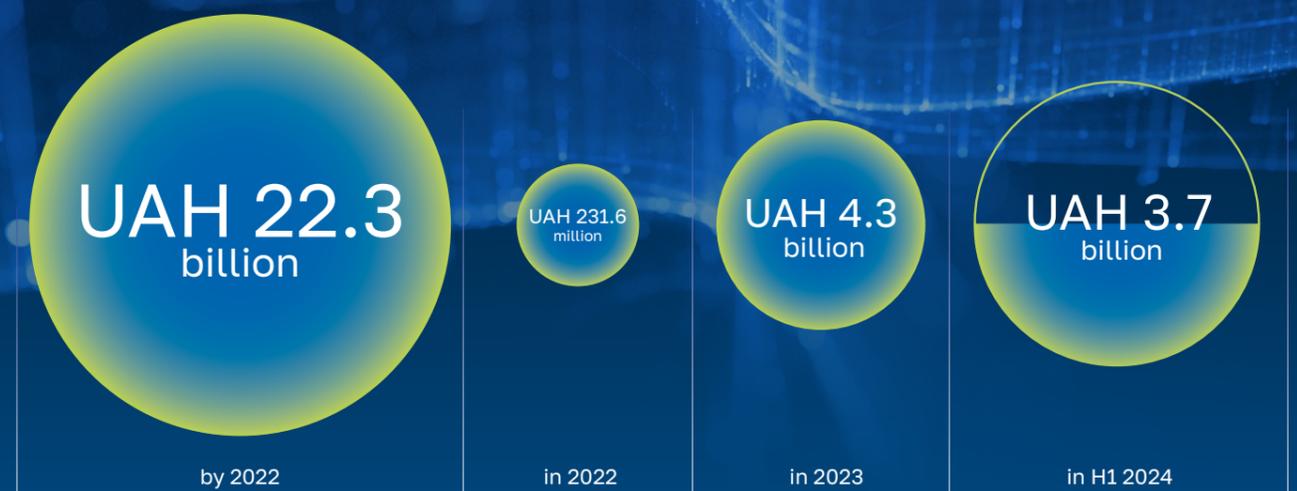
Draft law No. 12117 contains technical changes to improve the work of management companies and residents of industrial parks, said the author of the bill, Dmytro Kysylevskyi. They have been prepared by the Working Group of the Verkhovna Rada Economic Committee and are based on the initiatives of industrial parks, communities, and the Government.

The list of these changes includes the following:

- > Allowing the initiator of the IP to be a management company at the same time.
- > Regulation of the rules for location of other objects within the IP, in addition to the industrial ones.
- > Regulation of the procedure for increasing and decreasing the area of the IP.
- > Determining the procedure for transferring land ownership from the IP initiator to another legal entity.
- > Detailing the procedure for IP inclusion to and exclusion from the Register.
- > Enabling the management company to take advantage of the Government's 5-7-9 affordable loan program.

### INDUSTRIAL PARKS IN NUMBERS

## INVESTMENTS OF INDUSTRIAL PARKS



**UAH 30.5 billion** Total investment by participants and other entities in industrial parks

Source: According to reports submitted to the Ministry of Economy.



«Before creating industrial parks, we had thoroughly studied the respective foreign experience»

Serhiy Morhunov  
Mayor of Vinnytsia

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There are currently four industrial parks in Vinnytsia, three of which are active: 1) the Vinnytsia Refrigeration Equipment Cluster IP is being developed by UBC Group, which has created about 1,000 jobs; 2) VinIndustry IP has attracted investments in the construction of two plants (scheduled to be launched in spring 2025) and a logistics center; and 3) Vinnytsia Industrial Park IP received confirmation of state funding for an infrastructure construction project worth UAH 116 million in September 2024, while construction work began in the summer of 2023. The Vinnytsia City Council has already invested about UAH 150 million in the construction of roads, electricity grids, and water supply networks. Vinnytsia Mayor Serhiy Morhunov has spoken about the effectiveness of these community investments.

Not all communities in Ukraine are actively investing funds in the infrastructure of industrial parks. How does the Vinnytsia City Council cope with such decisions?

The covid pandemic and the war have generated serious challenges for the Vinnytsia community in terms of the need to support entrepreneurship. The response to these challenges was the creation of an entire ecosystem of business support programs. Industrial parks are one of the components of this ecosystem. We started to provide interest compensation from the local budget for loans to manufacturers for the purchase of equipment and compensated for the unified social tax for the creation of new jobs. In addition to that, last year we began to reimburse enterprises for up to 40% of the cost of installing solar panels. By the way, thanks to this program, 15.5 MW of new generation capacity was commissioned over the year. For Vinnytsia, this is about 7% of consumption. Later, we introduced a similar program for batteries. Within this ecosystem, we see industrial parks as a set of opportunities for creating new industrial production facilities and logistics

centers. Investments in roads and networks of industrial parks will return to the community with new jobs and taxes.

Vinnytsia provides its industrial parks with land tax and real estate tax benefits. Do you also consider these benefits as investments?

Yes, because the main source of local budget revenues is personal income tax. If we estimate the amount of all the benefits provided by the city for industrial parks, it is only 10% of the personal income tax that comes to the city budget. And I constantly observe the improvement of this efficiency. Thanks to the benefits provided and the entire business support ecosystem created in Vinnytsia, industrial park participants are now expanding their production capacities, hiring new employees, and building new plants. I think that soon the benefits provided will account for only 5% of the amount of personal income tax that the city receives annually from the industrial parks. But it is important that we implement this policy at the regional level in unison with the state.

Many communities that have industrial parks on their territory are hesitant not only to invest in their infrastructure, but also to set a zero land tax. After all, this tax is also very important for local budgets. What would you advise them?

Each community has its unique characteristics, and I can only speak from Vinnytsia's experience.

Before creating industrial parks, we had thoroughly studied the respective foreign experience.

Our sister cities helped us a lot with this. Back in 2016, when we were creating the first park, we realized that investors were not interested in a bare land plot. The UBC Group, which relocated its refrigeration equipment production facilities from Crimea after 2014, was making its choice from ten options. They chose Vinnytsia only because we had already made a commitment to develop the infrastructure of the industrial park. Water, natural gas, sewage system, electricity, and transportation network – these issues should be taken care of by the community and the state. These are the questions that an investor asks first of all. This is how the whole world works. Communities that do not take this aspect into account, especially the connection to the energy grid, will not go anywhere with their parks.

When the Verkhovna Rada approved the initiative on small-scale electricity distribution systems as an alternative to regional-level power companies, everyone understood that Vinnytsia was the one that insisted on this reform the most. Are you ready to demonstrate how this law will work in industrial parks in practice?

It was a very difficult law to pass, and there were many discussions with Government officials and Parliament members. There was some opposition from the monopolist, and it is still there. But on the other hand, when the law was adopted, it stimulated the monopolist in our region to start developing its infrastructure more actively. That's why I can already see that the law is starting to have an effect – the city is getting additional capacity. The main thing that the participants of industrial parks will get after the emergence of a small-scale electricity distribution system is competition among suppliers. KNESS Group is currently creating a small-scale distribution system and is ready to invest about \$10 million in this project.



According to your forecast, when leaders of other communities will be able to come to Vinnytsia to study the experience of creating an alternative to regional-level power companies for industrial parks?

I think we will cope with this within 2-3 years. To a certain extent, this depends on the success of our application for funding from the state budget for the project to develop the infrastructure of industrial parks. The Government approved our application for UAH 80 million, and we will add our share to co-finance it. This project is currently at the stage of resolving land issues and obtaining permits. It also takes some time to overcome the monopolist's resistance.



Are investors ready to wait 2-3 years?

Two plants in our industrial parks are being built right now.

The refrigeration equipment cluster is also expanding. They are counting on the capacity of the future small power distribution systems. The most fundamental issue of access to the grid is for the project of Head Group, one of the world's leading manufacturers of winter sports equipment. They have a quite unfortunate history of relations with the regional power company. The latter "rolled out" a bill for them for connection to the grid, which exceeded the cost of buying land for the plant. We promised them that we would provide additional capacity from the small-scale distribution system no later than 2027. And there will be no grid connection fees – this is the practice all over the world. I have recently spoken with the owner of Head and asked if their decision to build a plant in Vinnytsia was still valid. He told me that Vinnytsia was still attractive for this group, and that good relations with our community were important to them. When we invest in power grids, sewage systems, and roads for enterprises, we are working to attract such industrial investors.

How realistic is it to attract investors for the construction of new plants in a time of war?

Ukrainian investors are bolder in building new factories. Foreign investors say it is interesting, but only after the war is over. To be more precise, they literally talk about "the emergence of safe conditions". This means, among other things, the creation of a strengthened air defense system. We see the conditions in which Israel lives, but investments come there because of a strong security system.

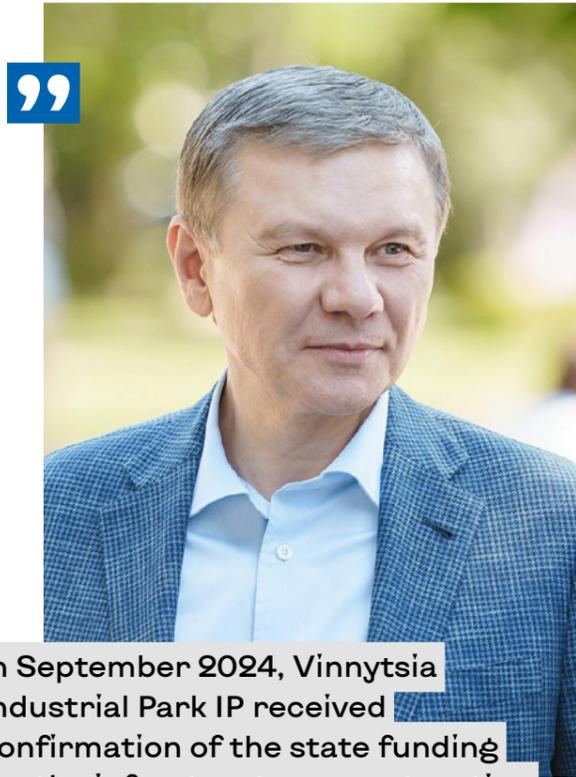
There is a problem that is no less important for investors in Ukraine than security - the availability of personnel to work at new enterprises. What is the situation with this issue in Vinnytsia?

In general, this is a huge challenge for Ukraine today. We need to work more systematically on the return of Ukrainians from abroad.

The mere availability of jobs is not enough to solve this problem. Many Ukrainians have already found jobs abroad after leaving, and they need additional arguments to return. Here we also need to think in terms of the ecosystem. We need to understand where people will live, how they will get to work, and what level of healthcare and leisure activities we will offer. That is why, in my opinion, the funding of programs for the return of Ukrainians as part of the post-war recovery should be decentralized as much as possible. In Vinnytsia, we are considering the development of industrial parks taking the demographic situation into account. As of today, we have sufficient human resources.

For which industries is Vinnytsia ready to provide qualified personnel to investors in industrial parks?

First of all, it is agricultural processing, mechanical engineering, and the pharmaceutical industry. Our region does not have large deposits of minerals, but we can be one of the leaders in agricultural processing. The recent problems on the border with Poland have shown how important it is to process agricultural raw materials in Ukraine and not just export them abroad. We are already in talks with investors willing to invest in agricultural products' processing, including the facilities in industrial parks.



In September 2024, Vinnytsia Industrial Park IP received confirmation of the state funding for the infrastructure construction project worth UAH 116 million, and construction work began in the summer of 2023.

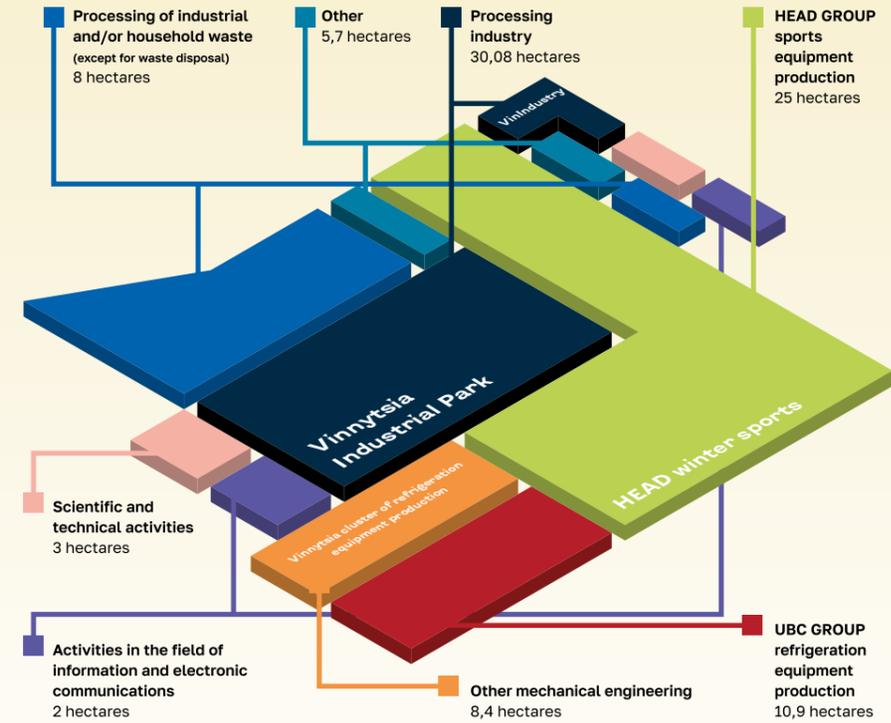
What other plans do you have for the development of industrial parks that no one else knows about?

Brownfields can be a serious potential for creating new industrial parks.

One of the once powerful Soviet factories in Vinnytsia used to employ 15,000 people, but now it is standing idle. We have already decided to transfer the land plot under this plant to an investor with the prospect of creating an industrial park. There is already some infrastructure there. This may be the first sign of the resumption of industrial production in Vinnytsia on the territory of a brownfield.



# INDUSTRIAL PARKS OF VINNYTYSIA



News of Industrial Parks | News of Industrial Parks

## MINISTRY OF ECONOMY DEVELOPED A GUIDE FOR INITIATORS AND INVESTORS OF INDUSTRIAL PARKS - VITALIY KINDRATIV

The Ministry of Economy of Ukraine published a guide with instructions and recommendations for communities and entrepreneurs planning to create an industrial park or become a participant in it. This was announced by Deputy Minister of Economy of Ukraine Vitaliy Kindrativ.

“The guide comprehensively explains the requirements for new industrial parks, including the necessary documents and criteria. An important part of the guide is a step-by-step roadmap for communities and entrepreneurs, which will help to prepare an application and supporting documents in a quality manner,” said Deputy Minister of Economy Vitaliy Kindrativ.

According to him, high-quality preparation of the application is the first and extremely important step that determines the speed of the documents' review.

Participants of registered industrial parks can benefit from tax and customs incentives, while initiators and management companies of industrial parks are eligible for state co-financing for infrastructure development.

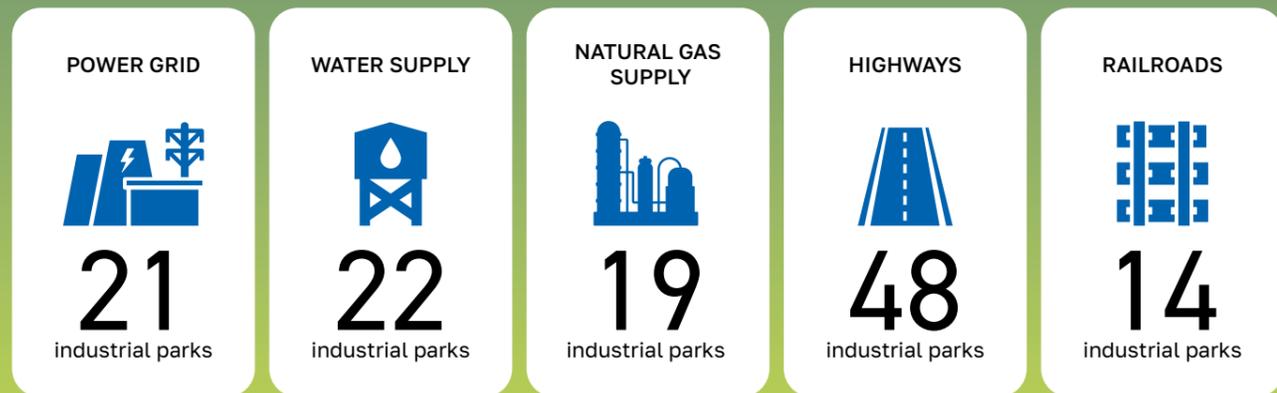


The guide is available on the Made in Ukraine platform page



### INDUSTRIAL PARKS IN NUMBERS

# AVAILABILITY OF UTILITY LINES AND ROAD INFRASTRUCTURE



Source: According to reports submitted to the Ministry of Economy as of 2023.

Industrial Parks | News of Industrial Parks



## AREA OF THE INDUSTRIAL PARK IN HORODOK CITY OF KHMELNYTSKYI REGION WAS TRIPLED

The industrial park Carbon Neutral Eco Agro Hub Podillia-Horodok (Horodok City, Khmelnytskyi region) has agreed with the Ministry of Economy to increase its area by almost three times – from 50 to 149 hectares. This decision was also supported by the Horodok City Council.

The need to expand the boundaries of the industrial park arose during the development and scale-up of the project, namely the production of oil, bioethanol, biomethane, and waste recycling. The Epicenter Group of Companies became the investor and initiator of the project.

Currently, the industrial park is undergoing design and land works, as well as coordination with local authorities on the supply of additional engineering networks. At the same time, Epicenter Group has contracted and is in the process of manufacturing equipment to implement these plans.



«Investors prefer pre-prepared sites with utility lines»



Ruslan Kravchenko  
Head of the Kyiv Regional State Administration

Kyiv region has the largest network of industrial parks in Ukraine. There are 13 registered here, and Bila Tserkva and Fastiv are among the leaders of development in this area. [Ruslan Kravchenko, Head of the Kyiv Regional State Administration, spoke about the factors that determine this leadership.](#)

Kyiv region is one of the leaders in regional competition for investment under martial law. Do you feel that this competition has intensified recently?

I would not talk so much about competition between regions as about the ability of each of us to adapt to the challenges we face because of the war. Today, a working economy is the key to our Victory. That is why Kyiv region is working to make our contribution to the Victory bigger every day. Each region has its own strengths and opportunities for development and smart specialization. Kyiv region has a well-developed infrastructure, proximity to the capital, and enormous natural resources. It is no exaggeration to say that today in Kyiv region we have created a unique multi-level anti-corruption system that allows investors to clearly understand that there are all the conditions for normal operation. Kyiv region is among the top five regions attractive for business. And our task is to continue creating the most comfortable conditions for entrepreneurs in the region. The occupiers have destroyed and damaged more than 700 business entities in our region. 90% of entrepreneurs in Kyiv region have already resumed their operations, and 76% are operating at full capacity.

How did Kyiv manage to attract more relocated businesses than some western regions?

As of today, 77 companies have moved to Kyiv region as part of the Government's relocation program. Of these, 37 have already resumed their operations.

A total of 540 businesses were relocated to Kyiv region during the full-scale invasion.

Why are we among the leaders? In times of war, everyone is guided by the security factor first and foremost. People go to places where it is safe, where there is an effective air defense system, a proper number of mobile fire teams, and shelters. The next factor is the labor market, especially for highly skilled workers. We also have significant advantages here, given our proximity to Kyiv. And the final factor is the assistance of local authorities. Let me give you an example. For cooperation with relocated businesses, the Bila Tserkva community has launched a Telegram chatbot "Business Real Estate. Bila Tserkva". It helps entrepreneurs search for land plots or premises for location of their own business. The database in the chatbot is constantly

updated. It includes municipal property objects that can be leased or put up for sale.

**How do you see the role of industrial parks in attracting industrial investment to Ukrainian regions?**

Kyiv region has one of the largest networks of industrial parks. There are 13 in total here, including 3 ones registered in the last year. Industrial parks help attract investment in communities and create new production facilities. After all, when choosing locations for implementation of investment projects, investors prefer pre-prepared sites with engineering communications. And this is extremely important, especially during the war. This significantly reduces the cost of production for companies. New production facilities mean new jobs, the introduction of new technologies, including digital ones, the launch of new products, and the development of business infrastructure.

**How effective for communities do you think such an investment incentive tool as exemption of industrial parks from land fees is?**

Each community has its own policy concerning large industrial businesses. There are communities with cities that have historically been centers of industry. These are Bila Tserkva, Fastiv, and Brovary. They have more manufacturing enterprises and more taxes.

Last year, the Bila Tserkva City Council issued a resolution to exempt land plots within the territory of industrial parks, included to the Register, from paying the land tax. This resolution is valid until the end of this year. The Fastiv City Council has set the land fee at 1% of the normative monetary value of land for land plots included in the territory of industrial parks.

This resolution is valid until the end of 2025. If the community sees, and this is confirmed by respective documents, that an industrial park is being developed, it can in advance exempt it from paying the land fees for a certain period of time, or reduce such fees. But there must be a certainty that after some time these underpaid funds will be returned to the community through taxes.

**How do you see the role of the regional administration in attracting investors to industrial parks?**

At present, the circle of participants in industrial parks is being formed at all levels and interested investors are being sought. It is not a cheap thing to equip the territory of an industrial park

with engineering communications, and budget funds alone will not be enough for all parks. The Kyiv City State Administration is actively cooperating with international organizations on this issue. Together with the initiators of the parks, we present projects for their development. And there is a certain interest. For example, we have attracted Korean companies to cooperate with the industrial parks Bucha Techno Garden and City of Glass from Berezan.



**The number of registered industrial parks significantly exceeds the number of active ones. This is also true in Kyiv region, despite the fact that the region is among the leaders in economic development. What do many industrial parks lack to move from paper to reality?**

First, there is a need to improve the state policy, although there are already some positive changes. The pace of development of industrial parks is also affected by the high cost of building the engineering communications, especially if the park is in an open field. Wartime risks also play a role. Investors are watching closely, looking at potential investment targets. Let me give you an example. Turkey has high rates of development of industrial parks. Why? Because they say that each industrial park is grown like a flower. And this is a long process.

**What are the plans of the Kyiv region's administration team concerning the establishment of new industrial parks and development of the existing ones?**

First and foremost, we plan to support and promote the development of industrial parks, search for investors, establish partnerships, and help parks gain the respective international experience.

The main thing is openness to cooperation and interaction over a long period of time. After all, such global infrastructure projects are not implemented within just one year.

# MAP OF INDUSTRIAL PARKS IN THE KYIV REGION



A TOTAL OF  
**13** IPs

# BILA TSERKVA:

## INVESTMENTS DESPITE THE WAR

"We came to look at the premises on Tuesday, signed a contract on Friday, and on Sunday railroad cars with equipment went to our new location," describes **Andriy Ropitskyi, director of Bila Tserkva Industrial Park**, the national record for the time it took to attract an industrial investor. He is referring to the relocation of Pripravka, a company that in 2022 was looking for an opportunity to leave the shelled frontline city of Kharkiv. At that time, Vyacheslav Dubovyk, CEO of this Ukraine's largest producer of seasonings and spices, traveled around 8 regions and visited 40 sites – and chose Bila Tserkva City. The circumstances coincided in such a way that Kyiv region had just been de-occupied itself, but thanks, in particular, to the industrial park's team, it almost instantly received a status from the Government that allowed it to relocate plants from the East to its territory with free transportation of equipment by Ukrzaliznytsya.

But that's not all the incredible details of the national record. The fact is that while Pripravka was transporting its production lines from Kharkiv to the selected industrial premises in 100 railcars as quickly as possible, a company relocating from Bila Tserkva to Chernivtsi was moving its equipment out of the park. In other words, the arrival and departure of residents took place

almost simultaneously. Having gained this unforgettable stressful experience in 2022, the industrial park team was no longer afraid of anything. Despite the war, they continued to invest in the construction of new industrial buildings of standard design. And already in 2023, the vacant space in the buildings of the industrial park was over.



Photo: Andriy Ropitskyi, director of Bila Tserkva Industrial Park

Today, only 35% of the land area, or 13 hectares, remain free for construction, lease, or sale. The park has built 41,000 square meters of production and warehouse premises and attracted 14 companies, including companies processing agricultural raw materials, FMCG, automotive, and other industries.

Almost USD 50 million has already been invested in the development of Bila Tserkva Industrial Park. And nearby, the 34.7 hectare Bila Tserkva-2 industrial park is being developed, which is just starting to attract its residents. Both parks have a common management company, Astrobuild, which belongs to the well-known UFuture development group.

Speaking about the stages of the industrial park's development, Andriy Ropitskyi distinguishes three phases. The first was in the relatively peaceful years of 2019-2021, when residents were attracted by Bila Tserkva's proximity to Kyiv. During this period, in particular, Nova Poshta opened an innovative logistics depot here. In 2022-2023, the industrial park hosted mostly relocated companies. This wave has now been exhausted, and negotiations with companies still operating in the frontline regions are quite sporadic. Instead, foreign companies have become more active and are building factories with an eye toward the postwar economic recovery.

In August 2024, Finland's Peikko Group Corporation signed an agreement with Bila Tserkva Industrial Park (IP) for the turnkey construction of a plant for the production of concrete joints and composite structures. The area of the future enterprise is 2,400 m<sup>2</sup>. Construction

of this production facility has already begun. Earthworks are underway, while metal structures for the future plant are being manufactured.

The plant is expected to be commissioned in spring 2025. Topi Paananen, CEO of Peikko Group, does not hide the fact that the new plant in Bila Tserkva is an investment in anticipation of the large-scale reconstruction that will take place in Ukraine after the Victory. But the Bila Tserkva Industrial Park is already planning to use the plant's products in the construction of new buildings.

A little earlier, in March 2024, the British Unilever launched the construction of a plant in the industrial park. The new enterprise will produce personal care goods, shampoos, and shower gels of such well-known brands as Dove, Axe, and Clear. The 4.2 hectare site is connected to electricity. British investments in this project are expected to amount to EUR 20 million. **Vasyl Bovdilov, CEO of Unilever Ukraine, emphasizes that the investment in the construction of this facility in the industrial park is a confirmation of the company's ambitious plans and long-term commitments to our country.**

The turnkey construction of a 3,200 m<sup>2</sup> production and warehouse building for an existing resident to expand its production

base is at the stage of negotiations. If these negotiations are successful, the launch of the construction will be announced in 2024.

Meanwhile, the management team of the industrial park has no time for loud statements. It is actively involved in recruiting production staff for both foreign investors and in building additional engineering infrastructure for their needs. Bila Tserkva's vocational schools are already aware that Peikko Group Corporation needs about 30 local specialists, especially CNC machine operators. At the same time, both industrial parks managed by Astrobuild have received Government support as part of the Made in Ukraine policy, which is aimed at developing industry in the regions. It will help to cover the growing needs of the IP participants.

**In mid-September 2024, the Bila Tserkva City Council unanimously approved a program to stimulate the development and operation of industrial parks for 2024-2026 within the budget allocations for the relevant budget period.**

The 210,000-resident city of Bila Tserkva developed as a powerful industrial center back in Soviet times. The community has

inherited industrial electricity, water, and gas supply networks with a huge margin of safety and capacities. This is now one of the major advantages of the local industrial parks.

The team of Andriy Ropitskyi is gradually preparing to enter the next stage of development and is looking at territories for new projects. They also consider the possibility of building new industrial parks in the West and South of Ukraine.



# GOVERNMENT INCENTIVES FOR PARTICIPANTS IN INDUSTRIAL PARKS:

## Fiscal incentives

01.

Exemption from import VAT and duty on production equipment according to the list of UCTZED codes (UCT ZED - Ukrainian classification of foreign economics goods)

02.

Income tax exemption for 10 years under the specified list of activities subject to reinvestment

03.

The right of the community to grant local tax exemptions



## Financial incentives

01.

Possibility of financing from the budget to bring infrastructure and networks to IP\*

02.

Possibility to compensate for connection to networks within the park\*

03.

Possibility of compensation of loan interest rates\*

\*Financial incentives are available only if funds are available. The state budget for 2024 allocates UAH 1 billion for industrial parks' infrastructure development.

# UNILEVER HAS FINALLY LEFT RUSSIA AND IS BUILDING A PLANT IN BILA TSERKVA



The British Unilever is building a new production facility in the Bila Tserkva Industrial Park. The area of the construction site is 4.2 hectares. The amount of investment in this project is €20 million.

The future plant will produce personal care goods, shampoos, and shower gels.

The company's production capacity is over 5,000 tons per year. Some of the products will be exported.

Meanwhile, Unilever announced its final exit from the Russian market. The production sites in Yekaterinburg, Omsk, St. Petersburg, and Tula were sold at a price one and a half times lower than the market price. Since 2022, the company has not supplied its products to the market of the aggressor state, but the sale of Russian factories has only just been completed.

| News of Industrial Parks | News of Industrial Parks

# FINNISH PEIKKO GROUP IS BUILDING A PLANT WITH A FOCUS ON POST-WAR RECONSTRUCTION IN UKRAINE

The construction of a new production facility, commissioned by the Finnish Peikko Group Corporation, is underway at the Bila Tserkva Industrial Park. Astrobuild, the industrial park management company, will build the plant on a turnkey basis. Commissioning is scheduled for the first quarter of 2025.

The plant will produce concrete joints, composite structures, and fasteners for wind turbine components. The custom-built leased production and warehouse facilities will occupy an area of 2,400 m<sup>2</sup> in a newly built industrial zone.

Peikko Group has factories in 12 countries, but this is the first investment in a country, the territory of which is under martial law. Peikko Group has announced its intention to expand its presence in Ukraine, as the country's construction market will be actively developing during the post-war recovery period.



# HOW TAX AND CUSTOMS INCENTIVES WORKED OUT IN FASTIV

Univest, which is a resident of the Fastindustry Industrial Park in Fastiv, was the first in Ukraine to import equipment for industrial production using incentives for industrial park participants. The beneficial regime was granted to a Chinese production line for applying special solutions to cardboard that replace plastic in the production of paper tableware. Univest is a well-known manufacturer in the fast food packaging market, supplying packaging and cups for large gas station and supermarket chains, McDonald's and KFC restaurants, and Roshen and Svitoch factories. Every Ukrainian has come across these products. It is quite symbolic that tax and customs incentives for industrial parks are actually related to this democratic product.

The production line, when assembled, is 40 meters long and 5 meters high. As of today, the equipment has been already installed and the production building has been put into operation. The second stage of the Univest plant, a logistics center, is currently under construction. It is scheduled to open by the end of 2024.

It took about 3 months to customs clear the first cargo for the industrial park, which was exempt from customs duties and VAT. "Everything was a first-time job for both us and the Customs Service. We were ready to go through a difficult

procedure. Formally, it has already existed, but in practice it has undergone many changes," says Univest co-owner and CEO Volodymyr Kudriashov. He admits that he expected much more problems when applying for benefits. The key was the help of specialists from the Vasylykiv office of the State Customs Service. After conducting an initial document check, they introduced the industrial park participant to experts from the Customs Service central offices and directly supported the project. The fact that the customs point is located in the industrial zone where Univest Group operates, and the company itself has experienced brokers on staff, also played a role.

**PCD – this abbreviation should be known to all companies that want to take advantage of tax and customs incentives for participants in industrial parks. PCD means preliminary classification decision. This is the title of the final decision of the Customs Service that the presented equipment is meant for the manufacturing industry and that it can be subject to tax exemption. The total number of documents provided by Univest to the customs officers included approximately 250 pages. The experts were interested in all the details: images of equipment, booklets, flowcharts, letters from the supplier, and a video of the production line in operation. Having received answers**

to their inquiries, they asked to submit another set of documents – and this happened several times.



Photo: Univest CEO Volodymyr Kudriashov

But in the end, Univest imported the equipment, saving about UAH 15 million in VAT and import duties. These funds have already been reinvested in the construction of a new production building. "I think that over time, this procedure will become clearer and faster," says Volodymyr Kudriashov – and plans to test this assumption in practice soon. After all, he is preparing to import equipment for another member of the Fastindustry Industrial Park, the FPK Company. It is also part of Univest Group.



The new FPK plant is just being built on the outskirts of Fastiv. The plant's products will solve the issue of removing plastic from the production of certain types of items for the fast food industry. We are talking about plastic cup lids. This element has special requirements for heat resistance, and that is why Ukrainians are offered plastic lids at any gas station or fast food chain. A completely new technology will make it possible to produce these lids from the cardboard pulp, which has the necessary heat resistance.

However, this time the equipment will have to be imported not from one country, but from six ones, namely: India, Germany, Turkey, China, Finland, and Sweden. And for each shipment from different countries, the company will have to provide a full set of documents, links to manufacturers' websites, and videos. However, this time, FPK plans to complete the entire procedure in 2 months. The money saved on customs duties and VAT will also be reinvested in the construction of the plant. Its launch is scheduled for spring 2025. From this point on, all fast food chains will get an opportunity to reject the use of plastic lids for cups.

This technological solution will allow Univest Group to develop more ambitious plans for entering export markets. Today, packaging and cardboard tableware from

Fastiv are exported to the UK, France, Poland, Romania, Moldova, the Czech Republic, Lithuania, Latvia, and Estonia. Exports account for about 20% of the group's production. It is constrained by strict European Commission directives on the presence of plastic in the supplied goods. And over time, these directives will become more and more stringent. This problem can only be solved with the latest technologies. After the launch of a new state-of-the-art plant for the production of cardboard cup lids, the share of exports in the production structure is planned to reach 60%.

**Despite the obvious leadership of Univest Group in the Fastindustry industrial park, there are also some free niches for other companies.**

Gennadiy Demchenko, Director of Start-Industry LLC, the management company of the industrial park, notes that they are currently looking for a resident to produce cardboard or paper. Currently, after being used, cups and packaging from gas stations and fast food chains are recycled at plants in Zhytomyr and Obukhiv. Their remoteness from Fastiv results in significant logistics costs. If the production of cardboard and paper items could be arranged in the Fastindustry industrial park, it would lead to synergies

and mutual benefits for the residents.

Plans to attract an investor to open a cardboard recycling plant are one of the elements of the big idea around which Fastindustry was created. This is the idea of a circular economy. It involves building production chains in such a way that waste from one plant becomes raw material for another. Therefore, it may not be excluded that we will soon learn about the arrival of a new resident in the Fastiv industrial park. Undoubtedly, it can count on tips from the park's partners to quickly complete all the procedures necessary to import equipment with the use of customs and tax government incentives.





«We designed the pavements at Formatsia in such a way that people from different businesses could cross paths, get to know each other, and communicate»



**Dmytro Kovalchiuk**  
Co-owner of Alterra Group



VISUALIZATION

In 2024, the Lviv-based Formatsia broke into the major league of industrial parks that already have contracted residents and are building industrial premises for their needs. Construction work is currently underway at 6 sites. Production at the new plants of the industrial park is scheduled to start in early 2025. **Dmytro Kovalchiuk, co-owner of Alterra Group, spoke about the details of the project.**

### What is the current stage of construction of the industrial park?

The first phase of construction is currently underway for small and medium-sized businesses' premises, which will be ready for delivery in the first quarter of 2025. About 50 companies will operate there – and these premises already have their residents. We are also carrying out the construction work as part of the Built to Suit service – we are building a large turnkey construction materials factory with an area of 7 000 m<sup>2</sup>. In addition, we are preparing another land plot of more than 3,000 m<sup>2</sup> for a packaging manufacturer. We plan to complete the main construction works and launch active life in the park during the first and second quarters of 2025.

### Some of the industrial premises you are building are not yet contracted. Do you hope to guess the standard needs of future residents?

Alterra Group's portfolio includes several dozen industrial projects across Ukraine. **Approximately 150 companies currently operate in the premises we have already built.** Therefore, based on this experience, we generate certain hypotheses about the height of the ceiling, the width of the premises, etc. In the industrial park for small and medium-sized businesses, we immediately install crane-related structures, and if necessary, we will also install a crane beam. We fully rely on our experience.

### Are the power grid and other infrastructure network sufficient for the participants of your industrial park?

**Currently, we have an installed capacity of 10.8 MW of electricity connections, and there is more than enough water and gas.**

The city meets us halfway when we need to bring city networks to the park. For backup in the project, we are installing 2 MW of storage, arranging 2 MW of gas cogeneration, and building a 4 MW solar power plant. This is a significant investment that we plan to complete by February-March 2025, when the first residents will start bringing their equipment to the production shops.

### What is the amount of the management company's investments in the industrial park and what is the plan for their return?

**For the first stage, this is more than UAH 750 million, and about UAH 5 billion for the entire project.** In the future, we plan to reinvest all the profits of the management company first in the Lviv Formatsia park and then in the development of a network of industrial parks throughout Ukraine.



### How do the Government's Made in Ukraine policy programs help your industrial park develop?

We applied for state co-financing for the development of the park's energy infrastructure. In addition, the 5-7-9 affordable loan program has been very effective in attracting residents. Many small and medium-sized businesses had never heard of it before. For them, the management company provided not only consultations, but also introduced them to banks and guided them through the entire procedure. **We also literally guided a large industrial enterprise that will be working with us through all the procedures for obtaining a 5-7-9 loan. As a result, they received financing worth \$10 million.** These funds will be used

to purchase equipment for new production shops. Also, with our assistance, this resident is now applying for a UAH 8 million state grant for the manufacturing industry. As for the imported equipment, we plan to apply tax and customs benefits provided for participants in industrial parks. This is a new procedure, but we have six months to go through it together with the client.

**If all goes well, the resident will get about EUR 1 million in savings, which they can reinvest in their development in the industrial park.**

In all these cases, the management company does not play just an advisory role. We have initiated the participation of residents in Government support programs on our own.



### Your industrial park has announced ambitious plans to create 3,600 jobs. Have you researched the availability of specialists in engineering and labor professions in Lviv?

**About 200,000 people live within a 15-20-minute radius of our park, and approximately 30,000-36,000 of them are employable, skilled people.**

We are confident that we will fulfill the task of creating jobs. For our residents, we have established an HR agency that is constantly in touch with resident companies. There are cases when we fully recruit a team for a company, so that the latter could join Formatsia. For example, the world's largest plastic bottle recycling and manufacturing corporation asked us to recruit a team to conduct domestic market research before entering Ukraine. We spent six months looking for people for this team. Now this research is ongoing. We are making such long-term efforts because we expect a long-term effect. In general, for the benefit of our residents, we have already signed a memorandum with Lviv Polytechnic National University and established contacts with vocational schools and institutions. And within the industrial park, a separate area is allocated for a training center, where our residents will be able to conduct classes for their current and future employees.

You plan to implement your industrial park with the concept of a town, which includes not only industrial buildings, but also a recreational area, a pond, a park, and conference and exhibition halls. Is this a rational decision in terms of return on investment?

I understand that this is a rather unobvious decision, directly affecting the financial model. We made it after studying the respective international experience, taking into account the fact that competition for human capital is quite fierce in Ukraine.

The level of specialists that residents will be able to attract depends on how comfortable the work in the industrial park is going to be.

But this concept is not just about profit. I see the industrial park not just as another successful development project. It is our attempt to influence the change in the structure of the Ukrainian economy. It includes both powerful investments in the organization of industrial production and care for a particular craftsman working in this production. We even designed the pavements in the industrial park in such a way that people from different companies would cross paths, get to know each other, and communicate.

In your opinion, what are the prospects for attracting foreign investors to the industrial park?

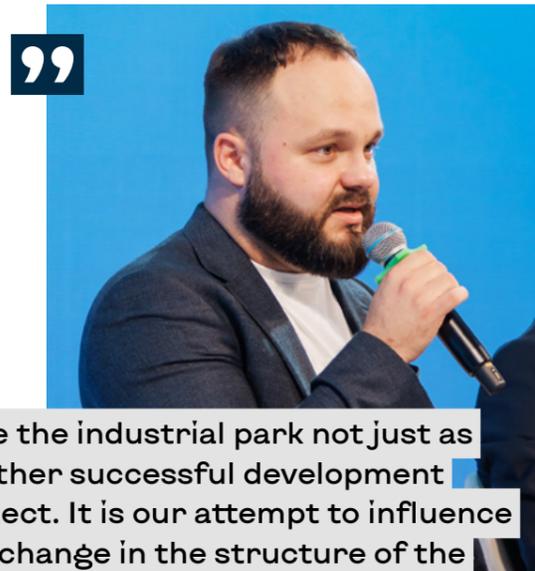
We have a separate team in charge of attracting foreign residents. It takes a lot of money and time, including mine. Foreign investors often want to communicate directly with the founder. We have about 100 such companies in our pipeline, but none of them is a resident yet. The reason for that is quite clear - the war. But there are certain prospects. Some European countries are already helping with state guarantees for investment projects in Ukraine.



VISUALIZATION

Which category of residents is currently most interested in the opportunities of the industrial park?

First of all, these are Ukrainian industrial companies that are developing and need new sites. These are companies from the East that do not plan to relocate, but open new facilities in the West. Accordingly, it takes time for such companies to make a decision to enter an industrial park. On average, it takes us 8 months from the start of negotiations to the deal. This period of time also includes the selection of a site, design of the required production shops, and purchase of equipment. The second important category is local small and medium-sized businesses. They are very active in Lviv compared to other regions and are interested in the turnkey solutions that the industrial park can offer.



I see the industrial park not just as another successful development project. It is our attempt to influence the change in the structure of the Ukrainian economy.

How the unpredictability of the war factor affects the pace of the Formatsia project implementation?

The war certainly affects all aspects of life, including the economy and construction plans. However, we are doing our best to meet the planned deadlines and even get ahead of them. The construction of Formatsia Industrial Park in Lviv started in 2024, and we plan to commission the first buildings in 2025.

According to the business plan, the project is designed for 8 years, but we plan to complete 60-70% of the construction by 2027.

We consider Formatsia. Lviv as a prototype park. Then we will multiply it in other regions. We will also announce new industrial parks in the near future.

# INDUSTRIAL PARKS IN LVIV



VISUALIZATION

## IP Formatsia. Lviv

Area: 30,1 hectares

- > A communal industrial park has been registered
- > Management company has been selected
- > Preparatory work and construction of 6 phases of industrial premises have begun



## IP M-10

Area: 23,5 hectares

- > The first stage of construction has been completed
- > MIGA insurance has been obtained
- > EBRD is among the shareholders

Availability of engineering networks: 💧 ⚡ 🔥



## IP Sparrow Park Lviv

Area: 18,8 hectares

- > Two phases of construction have been already completed
- > Presence of other IP entities

Availability of engineering networks: 💧 ⚡ 🔥

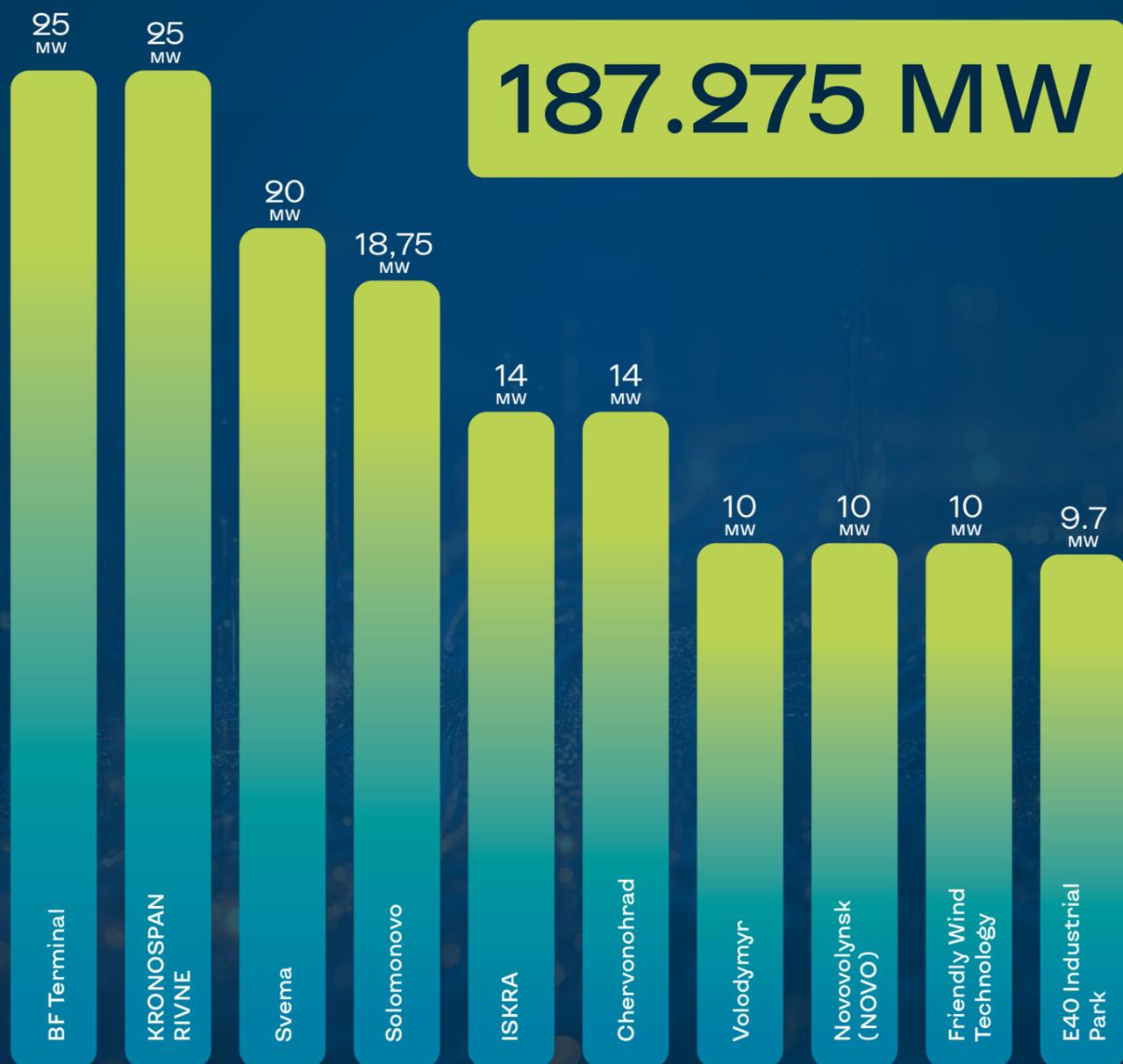
INDUSTRIAL PARKS IN NUMBERS

# TOP 10 INDUSTRIAL PARKS BY ELECTRICITY CAPACITY

Electricity, MW

⚡ The total actual capacity of the industrial parks is

## 187.275 MW



Source: According to reports submitted to the Ministry of Economy as of 2024.

## SPARROW PARK LVIV HAS BECOME A LEADER IN TERMS OF CONSTRUCTION PACE

Industrial park Sparrow Park Lviv is completing the construction of the third stage of industrial premises with a total area of 23 thousand m<sup>2</sup>. When they are commissioned (tentatively in the first quarter of 2025), the total area of premises ready for industrial production and warehousing will exceed 50 thousand m<sup>2</sup>. This is the highest pace of construction of industrial premises among all industrial parks in Ukraine.

About UAH 500 million have already been invested in the project, and there are also plans to invest \$10 million in the construction of the third stage.

Sparrow Park Lviv occupies an area of 18.8 hectares in the Sygnivka industrial zone on the outskirts of Lviv.



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## TURBINES FOR THE FIRST WIND POWER FARM IN THE REGION ARE PRODUCED IN AN INDUSTRIAL PARK IN ZAKARPATTIA

The industrial park Friendly Wind Technology (Perechyn city, Zakarpattia region) continues to manufacture wind turbines for the first wind farm in Zakarpattia. The Ostrovsky wind farm is located near the village of Nyzhni Vorota in Mukachevo district.

The first wind turbine with a capacity of 4.8 MW has already been put into operation. As of October 1, it has already generated 1 million kWh of clean green energy for Ukraine's power grid. In total, 16 turbines with a total capacity of up to 80 MW are planned to be manufactured at the Friendly Wind Technology industrial park for this project. The initial design of the wind farm included the construction of 30 wind turbines, but later, after assessing the environmental features of the territory, the number of turbines was reduced.

The social partnership agreement, concluded with the Nyzhni Vorota community, provides for 3% of the income from electricity sales to be allocated to the community budget. The annual equivalent is one and a half million hryvnia from each wind turbine. The completion of the wind farm construction is scheduled for 2025.





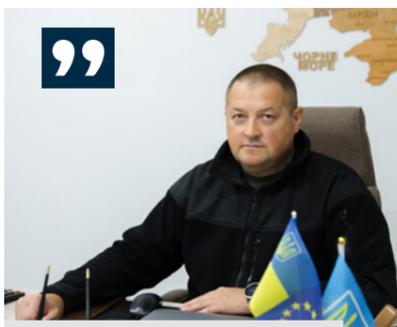
ІНДУСТРІАЛЬНИЙ ПАРК  
ЗАХІДНОУКРАЇНСЬКИЙ ПРОМИСЛОВИЙ ХАБ

# INDUSTRIAL BOOM ON THE OUTSKIRTS OF TERNOPIL

One of the most successful industrial parks in Ukraine is being developed in the village of Ostriv on the outskirts of Ternopil. Last year, industrial park Western Ukrainian Industrial Hub ran out of free space for investors, and new production premises are now actively built. The 10.6-hectare territory is home to a number of companies, including Nasha Ptytsia (chicken processing), Delta Food (sauces' production), Ternopil Meat Processing Plant (meat processing, canned meat, and chilled semi-finished products), and Babusi Marusi Plant (canned vegetables). Another 20 companies, most of them relocated, use the local logistics center. They store their equipment here, waiting for free space in the park to be available for production.

The Western Ukrainian Industrial Hub was established on the territory of the former Soviet giant, the Ternopil Meat Processing Plant. Most of its industrial space had not been used for decades. The infrastructure was preserved, although it needed modernization. With a 10 MW substation, an autonomous water supply system (13 own artesian wells), medium-pressure gas system, sewage systems, wastewater treatment plants, the M-19 international road, and a railway, the industrial park has become one of the most powerful in Ukraine after the investments in reconstruction totaling about UAH 150 million. The list of the newest power

infrastructure facilities of the IP includes a 3 MW solar power plant and a 1.5 MW gas cogeneration unit.



“Today we are almost the only ones in Ukraine who can choose future residents. Our priority is industrial production»,

says Vitaliy Korol, CEO of the IP West Ukrainian Industrial Hub management company.

He considers Lviv industrial parks to be the main competitor in the fight for



residents, but believes that his park is currently winning in this competition. The main advantages of Ternopil are lower rental rates for industrial real estate, availability of labor, and geographical location in the center of Western Ukraine, as well as the amount of resources available. Currently, Dnipro-M (power tools' manufacturing) and Tik Pak (cereal packaging) are considering the possibility of launching their production in Ostriv village. Negotiations with several other manufacturers are also in progress.

To accommodate future residents, the construction of a new industrial building of 3,000 m<sup>2</sup> is coming to completion. Its commissioning is scheduled for November 2024. A reinforced foundation, ceiling heights of 6 to 9 meters, and a section for vehicle access are standard features that meet the requirements of most manufacturers. The management company is currently completing consultations on zoning this area for several residents. Their total electricity demand will be about 0.5 MW – and this reserve is already available in the industrial park.



At the same time, the reconstruction of a 700 m<sup>2</sup> building for a future food production facility is being completed in the premises nearby. The foundation was strengthened, the walls were leveled and tiled, and windows were replaced. After that, the lighting system, sewage drains, bumpers, and additional gates were installed – in general, the work is almost complete. The IP residents' move-in is also scheduled for November 2024.

And in 2025, the IP Western Ukrainian Industrial Hub is preparing to increase its area by several times. The agricultural land located across the road from the park has already been purchased. Recent changes to the legislation, adopted by the Verkhovna Rada, will be applied for changing the purpose of the site to the industrial one. They enabled the shortening of this procedure from 1–3 years to 1.5 months. In particular, the need for mandatory development and land management documentation was abolished. The change in purpose will be based on the conclusion of the authorized body for urban planning and architecture of the local council on the possibility of location of the planned industrial facility.

After the agricultural land is converted into the industrial land and incorporated into the industrial park, there are plans to arrange a large customs terminal on the new territory. In addition to warehouses, it will include not only the State Customs Service office, but also offices of customs brokers and specialists from the State Food and Consumer Service and the



Veterinary Inspection.

After the expansion, the industrial park will offer new space, including for relocated companies that currently store equipment in warehouses. One of the companies that used to operate in the frontline region has already launched its production process. This is Delta Food, a well-known manufacturer of ketchup, mayonnaise, and other sauces. Previously, this plant operated in the city of Huliaipole, Zaporizhzhia region. After the shelling intensified, the company was relocated to Ternopil region. The relocation included not only the equipment, but also part of the production team. With the assistance of the management company, the production was restarted very quickly. Today, the company employs dozens of local residents and exports its products to 20 countries. The largest foreign buyers of sauces produced at the Western Ukrainian Industrial Hub are Germany, France, and the Baltic States.

Until recently, Delta Food and other participants in the industrial park brought most of their employees to work from neighboring Ternopil by their own buses. But now the final preparations are underway to extend the city's public

transportation line here. For this purpose, passenger stops have already been reconstructed and road markings have been applied. The Velyka Berezovytsia settlement community, which includes the village of Ostriv, has signed an agreement with the Ternopil City Hall to compensate for the transportation of the benefit recipients. The bus route will run right in the middle of the industrial park.

Noting the significant assistance from the local community, Vitaliy Korol, CEO of the management company, mentions that the industrial park does not use the land tax exemption granted by law. And the reason is not the community's position, but the decision of the initiator of the park's establishment.

Filling the industrial park and contributing to the development of local social infrastructure is one of the missions that businessmen have set for themselves. After all, community development is one of the strategic goals for which the Verkhovna Rada adopted legislation on the support of industrial parks in 2021-22.

## «The industrial park has tripled the city's budget»

Ivan Pohoriliak  
Mayor of Perechyn City



The Friendly Wind Technology Industrial Park has forever changed the measured provincial life of the town of Perechyn in Zakarpattia. It used to be a depressed community here, but now local people joke that they can lend money to the regional center. The wind turbine plant, relocated from Kramatorsk, posed challenges to the Perechyn community that it had never faced before. [Perechyn Mayor Ivan Pohoriliak spoke about the main ones.](#)

The industrial park has transformed the small Zakarpattia town of Perechyn from a depressed settlement into a financially viable community and one of the region's economic leaders. How did it all start?

The backstory begins in 2018, when we were developing a master plan for Perechyn. We had an old abandoned industrial area, where in Soviet times there was a woodworking company that produced boxes and pallets. Later, a Czech metalworking enterprise operated there for some time, but then the area was also abandoned. Somehow intuitively, we in the City Council decided to leave that territory as industrial land. There was even a street named Industrial. And after the Russian invasion in 2022, on March 25, we decided to take an inventory of these lands. We realized that industrial companies from the East of Ukraine would come to us.

So, at the time of the first wave of relocation, Perechyn was already ready to receive industrialists?

Not quite so. After the inventory, it turned out that some of the industrial land was used by city residents as vegetable gardens. Ordinary teachers and doctors grew vegetables there for their own needs, but without any execution of the required documents for that.

When a large industrial investor appeared, we had to have a quite difficult conversation with people who believed that it was their land, although they had no ownership rights to it.

It also took a lot of effort to find a Czech businessman who owned the land under the abandoned metalworking factory. He was an elderly man, over 85 years old. We could not go to him because there was a ban on men of military age leaving the country. But we managed to persuade him to come to us. Only then did things move forward. The City Council decided to expand the area of this industrial land for the needs of the industrial park to 16.5 hectares, and after that the construction began.

What mutual obligations have the Perechyn community and the Kramatorsk-based company Friendly Wind Technology undertaken?

The City Council was primarily interested in taxes to the community budget. The investor guaranteed this. We, for our part, took on the task of speeding up all procedures related to land issues, building housing for the company's employees, and organizing training for young people in the specialties required by the company.

Does the industrial park fulfill its tax obligations?

The budget of Perechyn in 2021 amounted to UAH 68 million, while in 2023 it was already UAH 148 million. Today we can say with confidence that the industrial park has tripled the city's budget. This was achieved not only due to the taxes paid by Friendly Wind Technology. When the company launched its operations, other manufacturers started to join it. This was a kind of a chain reaction.

Does the city comply with its part of the obligations to the investor?

Yes, because now we have the funds to do so. Now the issue of arrangement of the electricity grid for the 150-apartment building, constructed for the industrial park's employees, has arisen. This year, the community is allocating UAH 12 million for this purpose. Next, there are plans to build housing for 1,500 apartments for the needs of the industrial park. At the same time, we are working on the future expansion of the industrial park's territory from 16.5 hectares to 25 hectares.

Does the industrial park's infrastructure require any investment from the community?



The investor built a 25 MW transformer substation at his own expense. The municipal water supply system runs through the entire territory of the park, and its capacity is sufficient. Natural gas is also supplied throughout the entire territory of the park. In fact, all its needs in the utility networks are now met.

It is known that not all residents of the city liked the construction of the new industrial enterprise. There were protests to protect the environment. Have you managed to resolve this issue?

Indeed, some people were categorical and brought protesters to us. In response, we decided to intensify our explanatory work to convince the community. We held several public discussions. Eventually, we reached an understanding. This was primarily due to the investor's position. People saw that taxes are paid and this improves life in the community. Perechyn is located 20 kilometers from Uzhhorod, and the town's residents were used to receiving social services in the regional center because everything was more convenient there. Now we are changing the situation. Perechyn turns into a comfortable city.

So now Zakarpattia residents are ready for the fact that the landscape of their region is gradually changing and powerful industrial zones will emerge here, right?

I think it's too early to talk about full readiness. Inhabitants of Zakarpattia region are the kind of people who have to try everything new first. We are quite cautious about any new process. But for me, the indicator was the Mechanical Engineer's Day, which we celebrated in September. We had never even heard of such a holiday before. Last year, some critics were very

dissatisfied with this day. They said that outsiders had come and posed a threat to the environment. However, there has been no such criticism this year. People see what changes the work of an industrial investor brings to the city. We are planning to build a new school and a kindergarten, and reconstruct a hospital that covers the needs of two former districts. This is how the attitude of Zakarpattia residents to the arrival of industry is changing.

Wind energy in Ukraine has been usually developed in the steppe southern areas. Now these are the frontline regions. How realistic is it for wind turbines produced in Perechyn to be installed in Zakarpattia?

One wind power farm using our equipment has recently started working in Zakarpattia. With its operations, it destroys the myths that were spread among people about the alleged damage to the environment. They were afraid that the water in the wells would disappear. This did not happen. In Austria, I saw how wind farms work in the mountains. They supply power to the local ski resorts. We are 500 kilometers away from Vienna, and there are also many windmills around that city. In Zakarpattia, such farms can also give a boost to tourism and hotel construction. Windmills will harmoniously fit into our mountains. In addition, it is worth considering that wind is an environmentally friendly source of electricity. While, for example, coal is a non-renewable fossil source.



Currently, industrial enterprises are experiencing a shortage of personnel even in the eastern and central regions, where there is a tradition of training specialists for large factories. How can this problem be solved in Zakarpattia?

This year, in September, we enrolled the first 30 students in the local vocational lyceum for the needs of the industrial park.

They will be trained as CNC machine operators. We really didn't teach such professions before. And in general, parents tried to take their children abroad after graduation. Now, when there are good conditions for studying and the prospect of learning a profession with a decent salary, parents leave their children here. This is very important. But we are going further and are considering relocating vocational schools from Kramatorsk and Pokrovsk to us, along with their teachers and equipment. And in the future, together with an investor, we plan to open the first higher education institution in Perechyn that will train specialists for industry.

# Made in Ukraine: a policy for the development of Ukrainian producers

Made in Ukraine is the policy of development of Ukrainian producers announced by the President of Ukraine Volodymyr Zelenskyy. Its three key components are the development of domestic production, attracting investment in the real sector of the economy, and promoting non-resource exports. Each of the components includes a number of programs and tools.

## DEVELOPMENT OF DOMESTIC PRODUCTION BY STIMULATING DEMAND FOR UKRAINIAN GOODS FROM THE STATE, PRIVATE SECTOR, AND CITIZENS

### Localization in public procurement

This is the requirement on a local component in public procurement of railway equipment, public transport, municipal and special machinery, and energy equipment. In 2024, 20% of local components are required, in 2025 – 25%, and then +5% annually up to 40%.



### Catalog of Ukrainian equipment and machinery for communities

This is a handy tool for buyers of public transport vehicles, municipal and special machinery, and attachments. It is available in both Ukrainian and English languages.

### 25% compensation for the cost of Ukrainian agricultural machinery

When buying Ukrainian-made agricultural vehicles, a Ukrainian farmer will receive 25% compensation from the state for the cost of this machinery.

### 15% compensation for the cost of Ukrainian machinery and equipment

A private buyer of power equipment, construction and municipal machinery, elevators, and public transport vehicles will receive

compensation from the state for 15% of the cost of such items if they are manufactured in Ukraine and have at least 40% localization.

### School bus

The program of co-financed subventions to communities for the purchase of school buses solves several problems at once. Communities get transportation vehicles to bring children to school and Ukrainian manufacturers receive orders.

### National cash back

This program is a form of financial support for citizens from the state. The condition for getting such support is the purchase of Ukrainian goods. 10% of the cost of the goods is returned to the consumer's bank card. The accumulated funds can be spent on services. The national cash back program aims to turn Ukrainian goods into the first choice ones for citizens.

### eOselia (eHouse)

Affordable mortgages help people get their own homes. It is also an important factor in the demand for construction materials, as only the new real estate is financed.



## ATTRACTING INVESTMENT IN THE REAL ECONOMY THROUGH ACCESS TO FINANCING, INDUSTRIAL INFRASTRUCTURE, AND INCENTIVES

### Grants for the development of the manufacturing industry

A manufacturing industry company can receive up to UAH 8 million from the state to upgrade their equipment fleet. The conditions are 50%-50% co-financing and the creation of at least 5 jobs.

**579** доступні кредити

### Available loans 5-7-9

A manufacturing industry company can receive up to UAH 150 million for investment purposes at low interest rates. In 2023, this program provided over 80% of all business loans in Ukraine.

### Industrial parks

For a potential investor, industrial parks solve a number of important tasks: formalized industrial land, connected networks, existing industrial buildings, and a better business case due to tax and customs incentives.



## PROMOTING NON-RESOURCE EXPORTS THROUGH OPENING UP MARKET ACCESS AND EXPORT FINANCING

### National stands at international exhibitions

Opportunity for Ukrainian producers to participate in international exhibitions on preferential terms as part of the national stands of Ukraine.

### ECA products

Financing from ECA partner banks without collateral. With this program, ECA facilitates Ukrainian exporters' access to export credits under a simplified procedure and protects banks from the risk of default by the exporter.



### Support for projects with significant investments

For investment projects over EUR 12 million, a set of forms of state support is available to compensate up to 30% of the investment. These include compensation for the cost of building utility and transport networks and connecting to the networks, compensation for forestry business losses, and compensation for investments through taxes – import duties, import VAT, and income tax.

### War risk insurance

War risk insurance instruments are available for both international and Ukrainian investors. Foreign companies can insure investments against war risks through MIGA and DFC. Ukrainian investors have access to such insurance through the Ukrainian ECA. Foreign ECAs provide insurance for the purchase of equipment originating in their countries.

### Simplifying the change of the land use designation

A law has come into force that allows changing the designated purpose of agricultural land outside settlements under a simplified procedure. Instead of 1-2 years, the new procedure will take 1.5-2 months.

### Opening access to markets

Given the ongoing Russian aggression, partner countries provide duty-free access to their markets for Ukrainian goods.

A separate area of the policy is a network of Made in Ukraine offices to work with micro and small businesses.

An information campaign is being implemented to popularize Ukrainian goods. A platform for meetings between producers and the country's leadership to discuss pressing issues has also been created.



More information about the programs is available on the website: [madeinukraine.gov.ua](https://madeinukraine.gov.ua)



# GUIDE TO REGISTERING AN INDUSTRIAL PARK

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