



# New opportunities for the Ukrainian economy

Small and medium-sized enterprises are benefiting from support to sell their products in the EU

## The challenge: Economy in crisis

The Ukrainian economy is in crisis. After being hit hard by the COVID-19 pandemic, the country's economic situation, especially for small and medium-sized enterprises (SMEs), has dramatically worsened since the Russian invasion. Much of the economic infrastructure has been destroyed and many workers have left the country.

Ukraine's status as a European Union (EU) accession candidate as well as its Association Agreement with the EU, which came into force in 2017, offer new economic opportunities. The agreement provides for a free trade zone that allows Ukrainian products to be sold in the EU. To achieve this, however, it is first necessary to adjust the framework conditions and adapt Ukrainian legislation. This is a major undertaking for the political institutions, as they lack the capacity to apply new guidelines and introduce a new standardisation system. Ukrainian companies are also insufficiently prepared for the EU market, lacking the expertise to meet EU standards. As a result, they are poorly placed to benefit from the new opportunities.

## ReACT4UA – Utilization and Implementation of the Association Agreement between the EU and Ukraine in the field of trade / EU4Business: SME Recovery, Competitiveness and Internationalisation

Project title	ReACT4UA – Utilization and Implementation of the Association Agreement between the EU and Ukraine in the field of trade / EU4Business: SME Recovery, Competitiveness and Internationalisation
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ); co-financed by the European Union
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## Our approach: More conducive conditions for SMEs

With the project ReACT4UA/EU4Business, commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and cofinanced by the EU, GIZ is supporting Ukrainian SMEs' efforts to sustain their business activities and contribute to the resilience and recovery of the economy. Our focus is on improving the framework conditions for companies, enabling them to drive innovation, while enhancing their competitiveness and export capacities, becoming part of global supply chains, and selling their products in the EU. By reshaping the policy framework for trade and exports, we are facilitating their access to the European market.

Specifically, we are advising the Ukrainian Ministry of Economy on its implementation of the EU Association Agreement, as well as the export strategy and the adoption of EU law. We provide expertise and deliver training courses underpinning the adaptation of national regulations to EU standards. Our experts review laws, provide advice on technical regulations and support adaptation to the quality infrastructure. We use dialogue events with the public and private sectors to bring companies and trade associations into the reform process.

Moreover, we strengthen the local economy and promote enterprise networks. We support business clusters in key sectors such as digitalisation, fashion and mechanical engineering. Trade fairs, study trips and city partnerships enable Ukrainian SMEs to position themselves on the EU market. Our financial support aims to cushion the impact of the ongoing war.



### 'SMEs are a pillar of the economy'

*'SMEs are a pillar of the Ukrainian economy. One of the Ministry of Economy's main jobs is therefore to establish conditions in which companies can survive and develop, despite the challenges of war. ReACT4UA/EU4Business is contributing to this goal, alongside the governmental programmes.'*

**Oleksii Sobolev**, Deputy Minister of Economy of Ukraine

## Our results: Ready for the EU market

What we have achieved so far:

- With our support, the Ukrainian Ministry of Economy has progressed with reform processes underpinning EU market integration with respect to intellectual property protection, technical regulation and quality infrastructure.
- More than 300 employees of state institutions have received training on quality infrastructure and the application of the EU legal framework.
- The Ukrainian Chamber of Commerce and Industry has advised and supported a large number of companies, and has organised a range of courses and workshops for more than 280 participants, assisting them in areas such as EU conformity.
- More than 11,000 SMEs have benefited from training and advisory support on topics such as resilience and EU regulations, and have participated in networking events.
- By establishing cooperative relationships with EU companies, Ukrainian enterprises have organised more than 600 B2B meetings and concluded more than 300 contracts and commissions worth over EUR 1.5 million.
- We have provided around 60 business clusters with support for their digitalisation, export promotion and exchanges with EU clusters, as well as their participation in international trade fairs. Three partnerships with European clusters have resulted from this.
- We have advised more than 40 towns and cities on local economic development.
- Our financial support is assisting SMEs to build resilience and introduce innovations. We have provided more than EUR 7 million to keep businesses running, purchase basic supplies and promote exports. To facilitate investments, another EUR 6.5 million is available in the form of subsidised loans intended to support 350 SMEs. So far, grants amounting to EUR 1.6 million have mobilised a credit volume of EUR 12.9 million.

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