

# Rebuilding Ukraine

Not waiting for anyone



# Rebuilding Ukraine: Not waiting for anyone

April 2025

The first quarter of 2025 saw approaches to a ceasefire and discussions for negotiating an end to the war in Ukraine. Despite the unpredictable politics behind these talks, investors expressed optimism that 2025 will see the fighting end.

CMS Ukraine began these updates in 2022 at the outset of Russia's unprovoked and illegal invasion. The goal was to look ahead to Ukraine's post-war recovery and the business and investment opportunities that reconstruction will create.

Since then, themes have emerged: the resilience of Ukraine's economy; the speed of regulatory reforms; Ukraine's integration into Europe; and the emergence of defence, energy, manufacturing, and logistics as key sectors. These trends continued in 2024, with foreigners opening over 1,000 companies in Ukraine last year.

So, is 2025 the year to start doing business in Ukraine?

The evidence from Q1 is, if you're waiting for the war to end and the dust to settle, you're waiting until the opportunities are gone.

# Key Sectors and opportunities

## Defence

Ukraine's defence industry has grown 900% since 2022. Last year alone saw USD 1.5bn in investments and an increase in foreign defence companies building or moving facilities to Ukraine. Ukrainian defence firms are now exporting expertise, partnering with defence sectors in other countries.

### Q1 2025 announcements:

Rheinmetall (Germany) will repair armoured vehicles and artillery in Ukraine.

- Ukroboronprom (Ukraine) will produce Canadian armoured vehicles.
- Quantum Systems (Germany) will double its drone production in Ukraine.
- Kongsberg (Norway) will produce air defence systems in Ukraine.
- Ukraine–Sweden bilateral defence agreement.
- Ukrainian firm to partner with Insta (Finland) to develop new military drone.
- KMW (Germany) joint venture with Ukrainian enterprise for repair of defence equipment.
- Drone manufacturer Shield AI (US) opened an office in Ukraine.

## Energy and renewables

Ukraine's energy sector earned USD 21bn in 2024, making it Ukraine's largest-performing industry. Sustainability is a pillar of Ukraine's National Recovery Plan, and Ukraine's infrastructure is moving to renewables and smart systems.

### Q1 2025 announcements:

- Atlas Global Energy (Turkey) will build a 100-200 MW wind farm in Ukraine.
- DTEK (Ukraine) received financing for Stage 2 of the Tylygulska Wind Power Plant. At EUR 450m, it's the largest private investment in Ukraine since 2022.
- MHP (Ukraine) began exporting biomethane to the EU; 3 Ukrainian companies are now producing biomethane for Europe, with 4 more to start in 2025.

## Logistics and transportation

In 2024, container transportation increased 28%, cargo handling in Ukraine's ports increased 57%, and export transportation rose by 51.2%. Warehouse construction in Ukraine is set to reach record levels in 2025.

### Q1 2025 announcements:

- 250,000 m<sup>2</sup> of new warehouse space will launch in 2025, up from 79,000 m<sup>2</sup> in 2024 (source: CBRE).
- Global Ocean Link added 25,000 tons of capacity at Ukraine's deepest container terminal.
- A new multimodal terminal opened in Bukovina, near the Romanian border.

## Manufacturing and industrial parks

Ukraine's industrial park sector has doubled since 2022, with 55 industrial parks registered across 15 regions last year; 70% of these had investors at registration. Companies from Germany, Poland, Canada and others are investing in production facilities in Ukraine, notably for steel, glass, lumber, and other building materials.

### Q1 2025 announcements:

- Three new industrial parks registered so far in 2025.
- EFI Group (Ukraine) will build Ukraine's largest float glass manufacturing plant.
- Brugg (Switzerland) will partner with a Ukrainian firm to produce plastic PEX pipe, first such manufacturer in Ukraine.
- ACTU (Turkey) invested USD 15m in the production of dry building mixtures.

- Reinforced concrete plant in Shchyrets, Ukraine, will get USD 20m expansion.
- ONUR Group (Turkey) invested USD 10m in a plywood production plant.
- Kreisel (Austria) has built a EUR 14m building materials plant in the Lviv region.
- Knauf (Germany) will invest EUR 150m to construct its second plasterboard and dry building materials plant in Ukraine.
- Unilever will build a EUR 20m plant at a Kyiv industrial park
- HD Hyundai (Korea) opened an office in Ukraine for heavy equipment.

## Agriculture and agro-processing

In 2024, Ukraine's sunflower oil exports rose by 20% and record volumes of corn and wheat were shipped. Domestic agro-processing increased 12%, attracting USD 800m in private investment. Fertilizer and pesticide production is expanding, and the sector is adopting AI-driven yield monitoring.

### Q1 2025 announcements:

- Ukraine joined ePhyto, the global Electronic Phytosanitary Certificate System, enabling faster exports to 124 countries.
- Nestlé will invest USD 230m in its factories in Ukraine, expecting 10% increased production in 2025.
- VITAGRO (Ukraine) will invest USD 2m in new facilities for micro fertilisers and plant protection products.

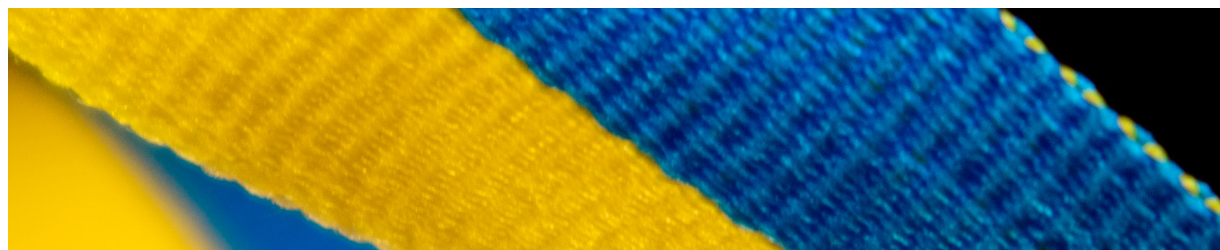
# A new European partner

### Q1 2025 announcements:

- First cluster talks on Ukraine's accession to the EU to begin this spring.
- Ukraine's legislation has passed EU compliance screening, enabling Free Movement of Goods chapter negotiation with the EU.
- Ukraine adapted its product monitoring to EU requirements for industrial visa-free travel.

Ukraine's progress towards EU integration is creating a stable and attractive destination for long-term, impactful investments.

- Ukraine is a member of the EU Single Market Programme and participates in other pan-European programmes offering business opportunities: Horizon Europe, Creative Europe, and Digital Europe among others.
- Customs and import–export harmonisation is largely complete.
- Ukraine's capital markets now integrate European law and follow the principles of the International Organization of Securities Commissions (IOSCO).
- Ukraine's energy sector is integrated with Europe. Ukraine's electricity grid and natural gas network are accredited by the European Network of Transmission System Operators (ENTSO) and are governed by the REMIT Law.



## Get involved now

**Our aim is to help companies participate meaningfully in the opportunities being created for Ukraine's reconstruction and recovery. We offer specific services that can help your company.**

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# Investment and funding landscape

## Q1 2025 announcements:

- Ukraine–Japan platform for infrastructure reconstruction, JUPITeR, launched.
- Finland–Ukraine Investment Fund launched; Finland to cover 35% of the grant portion.

## Risk insurance and investment guarantees

The Multilateral Investment Guarantee Agency (MIGA), DFC, EBRD, UK, Germany, France and Japan offer war risk insurance for investments in Ukraine, and 14 export credit agencies are guaranteeing investments in Ukraine, with the European Investment Fund expanding export guarantees for Ukraine.

## International financing

The following IFIs offer loan and investment programmes:

- The European Bank for Reconstruction and Development (EBRD)
- US International Development Finance Corporation (DFC)
- European Investment Bank (EIB)
- International Finance Corporation (IFC)
- WorldBank

Initiatives in 15 countries in Europe, North America and Asia encourage their domestic companies to participate in Ukraine's reconstruction.

## Ukrainian tax incentives

Tax and interest relief and infrastructure subsidies are available for new industrial parks. The Diiia City virtual economic free zone reduces tax and regulatory burdens for participating tech companies.

## Government of Ukraine programmes

Foreign investors can directly access debt instruments from the National Bank of Ukraine (NBU). Rules for public-private partnerships (PPPs) with both federal and regional governments offer improved guarantees for private partners. State support is available for qualifying foreign investments. A program of privatisation of state-owned assets is ongoing.

Key Ukrainian agencies and programmes include:

- Ukraine Business Development Fund
- State Agency for Reconstruction and Development of Infrastructure
- Programme of State Support for Investment Projects in Ukraine
- Decarbonization Fund and the Ukrainian National Decarbonization Platform

# CMS Can Help

We are helping companies inside and outside Ukraine, both multinational and Ukrainian, to operate and succeed in Ukraine in all sectors. With lawyers qualified in Ukrainian and UK law operating in Kyiv since 2007, CMS can advise on:



business relocation



cloud-based operations



documenting and enforcing war damage claims



war risk and investment insurance



risk assessment and contingency planning



impact of martial law and legal reforms



financing, investing, and rebuilding and recovery opportunities.



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