

Ukraine

October 2022

Executive Summary

This snapshot provides key trade, investment, and tourism related statistics for the Ukraine. Specifically, it shows global trade flows including an analysis of top markets and products for Ukraine in relation to the South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. The key highlights in the fact sheet are provided below:

Economy

- Ukraine was ranked as the world's 40th largest economy by GDP (PPP terms) and 95th largest economy based on GDP per capita.
- Ukraine is a services-led economy, with the sector accounting for 87% of GDP in 2021. Wholesale and retail trade dominating output at 29.2% of GDP in 2021.
- Post Covid-19 recovery issues as well as the war with Russia are impeding economic growth in Ukraine, with the economy expected to contract by 35% in 2022.

Trade

- In 2021, Ukraine was the Western Cape's 75th largest export market, with exports surpassing pre-pandemic levels, and more than doubling from ZAR69.76m in 2019 to ZAR158.76m in 2021. In turn, Ukraine was the Western Cape's 86th largest import market in 2021.
- Eight out of the Western Cape's top 10 exports to Ukraine were agricultural products, with citrus fruit dominating the export basket and accounting for 55.48% of total exports to Ukraine in 2021

Investment

- Over the last two decades, there was only one FDI project from Ukraine to South Africa, undertaken by Antonov ASTC in 2010 in the Aerospace sector. This project brought about a total capex of USD260m and created 142 jobs.
- South Africa invested in two projects in Ukraine over last two decades, which reached a cumulative capex of USD709m and created 91 jobs.
- There were no FDI flows between the Western Cape and Ukraine between 2003 and 2021.

Tourism

- Pre-Covid (that is, in 2019), around 3000 Ukrainian passengers were recorded at the Cape Town International Airport. Passenger movement from this market decreased by 52% in 2020 due to the direct impact of Covid-19 on global international travel. However, passenger numbers have rebounded well and increased by 96% in 2021 and already recovered to 95% of what it was in 2019.

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1. Economic overview

In 2021, Ukraine was ranked as the world's 40th largest economy in terms of gross domestic product (GDP¹) and 95th largest economy in GDP per capita terms. Real GDP growth lagged behind Eastern Europe and the rest of the world but is expected to be on par with the European region by 2040. The services sector accounted for the largest share of GDP (87%), with wholesale and retail trade dominating output at 29.2% of GDP in 2021. With Ukraine battling to overcome the economic effects of Covid-19, coupled with the impact of the war with Russia eluding, its economy is projected to contract by 35% in 2022.



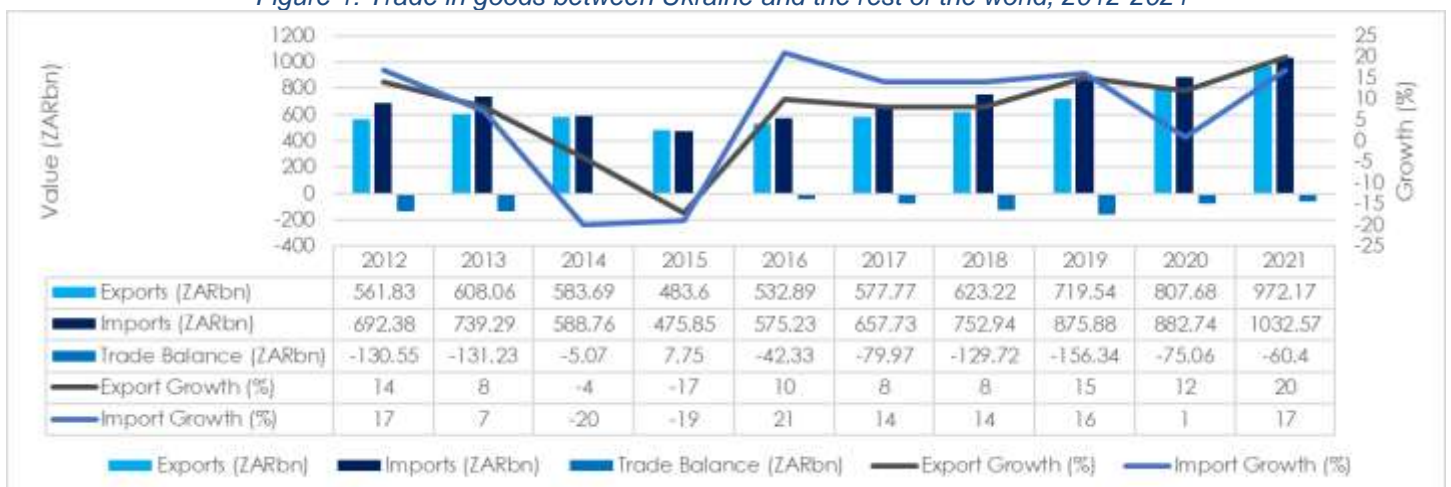
2. Trade

Ukraine has trade agreements with Armenia, Azerbaijan, Belarus, Canada, Georgia, Iceland, Kazakhstan, Kyrgyzstan, Liechtenstein, Macedonia, Moldova, Montenegro, Norway, Russia, Switzerland, Turkmenistan, Tajikistan, and Uzbekistan. These agreements grant, on a reciprocal basis, most favoured nation (MFN) status on trade with signatory countries. Ukraine benefits via these agreements from the tariff concessions made by its partner countries who are members of the World Trade Organisation (WTO) without binding its own tariffs. The Free Trade Area (FTA) with Israel, ratified by Ukrainian Parliament in July 2019, entered into force on January 1, 2021. In 2020, Ukraine also signed an FTA with Great Britain, which entered into force on January 1, 2021. Ukraine is currently negotiating an FTA with Turkey. The following section analyses Ukraine's trade with the rest of the world, South Africa and the Western Cape.

2.1 Ukraine's trade with the rest of the world

Despite maintaining a trade deficit over the last 10 years, Ukraine's total trade increased steadily overall. Export receipts rose at an average annual rate of 7.4%, from ZAR561.83bn in 2012 to ZAR972.17bn in 2021, while imports grew at an average of 6.8% per annum, resulting in an increase from ZAR692.38bn in 2012 to ZAR1.03tr in 2021. More recently, following the robust recovery in global demand from the Covid-19 pandemic, Ukraine's exports increased by 20% in 2021, while imports rose by 17%, narrowing the trade deficit from ZAR75.06bn in 2020 to ZAR60.40bn in 2021.

Figure 1: Trade in goods between Ukraine and the rest of the world, 2012-2021



Source: Trade Map (2022)

¹ Based on Purchasing Power Parity (PPP)

The robust 20% growth in exports reported in 2021 was largely due to the strong demand for Ukraine's iron ores and non-alloy steel products, which contributed around 19% and 15% to the growth in exports during this period. It is therefore unsurprising that iron ores were Ukraine's top exported product in this year, reaching a value of ZAR100.52bn while holding a 10.3% share of total exports. Sunflower seed (ZAR93.14bn); maize (ZAR86.41bn); wheat (ZAR69.7bn) and semi-finished non-alloy steel products (ZAR57.39bn) completed the top five exports from Ukraine and collectively held a 31.6% share of exports in 2021. Furthermore, seven out of the top 10 exports from Ukraine recorded double-digit growth, with semi-finished non-alloy steel products growing at the highest annual average rate of 29.7% from 2012 to 2021.

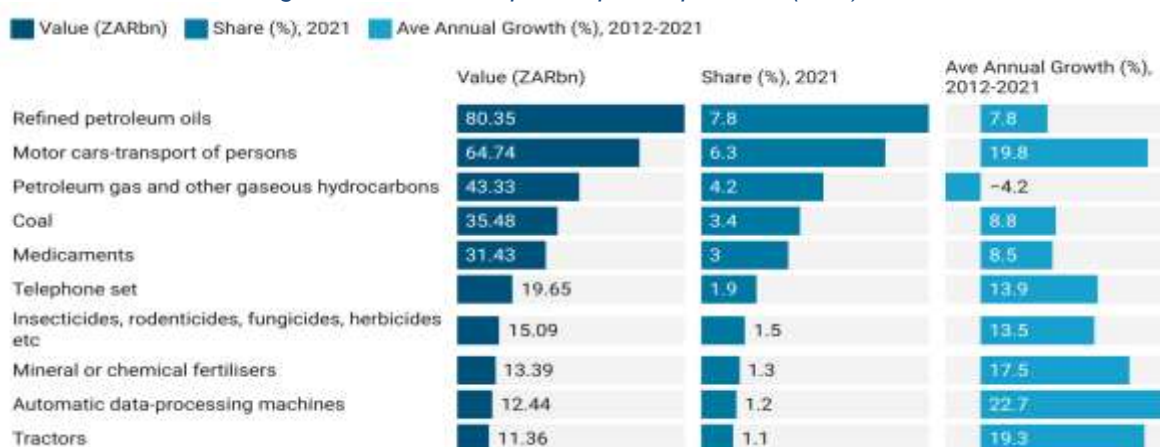
Figure 2: Ukraine's top 10 exported products (HS4), 2021



Source: Trade Map (2022)

The top five imports into Ukraine held nearly a quarter share of total imported goods into the country in 2021, with the most significant of these being refined petroleum oils valued at ZAR80.35bn. Motor cars for the transport of persons (ZAR64.74bn) and petroleum gases (ZAR43.33bn) completed the top three list with a combined share of 10.5%. Of interest is the growth in automatic data-processing machines, which grew at an average annual rate of 22.7% from 2012 to 2021.

Figure 3: Ukraine's top 10 imported products (HS4), 2021



Source: Trade Map (2022)

Ukraine and China have built strong trade ties since 2008, with China rising as Ukraine's most important trading partner since 2019. In 2021, China became Ukraine's largest import and export market, with exports to the Asian powerhouse reaching a total value of ZAR118bn (12% share), while import from China reached ZAR157bn or 15% of Ukrainian imports. Exports to China grew at an average annual rate of 29% from 2012 to 2021, reflecting its increasing significance for Ukrainian exports over the last 10 years. Poland and Turkey were, likewise, formidable trading partners of Ukraine, with Poland (ZAR73bn) being Ukraine's second largest export market, while exports to Turkey reached a total value of ZAR59bn in 2021. On the import front, Germany and Russia emerged as Ukraine's second and third largest import market, with imports valued at ZAR90bn and ZAR86bn, respectively in 2021.

Table 1: Ukraine's top 10 export and import markets, 2021

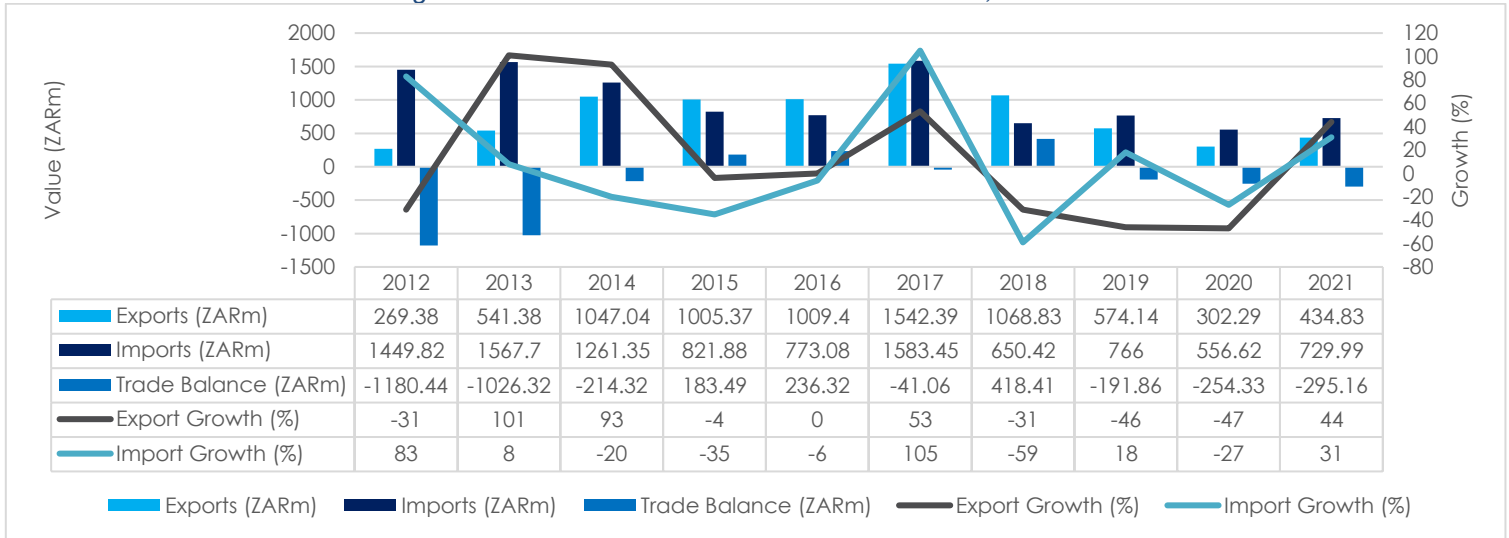
Top Export Markets	Value (ZARbn), 2021	Share (%), 2021	Ave Annual Growth (%), 2012-2021	Top Import Markets	Value ZARbn (2021)	Share %, (2021)	Ave Annual Growth %, (2012-2021)
China	118	12	29	China	157	15	16
Poland	73	8	15	Germany	90	9	7
Türkiye	59	6	10	Russian Federation	86	8	-6
Russian Federation	49	5	-9	Poland	72	7	13
Italy	48	5	9	Belarus	69	7	11
Germany	41	4	13	United States of America	50	5	12
India	37	4	10	Türkiye	47	5	19
Netherlands	31	3	20	Italy	39	4	13
Egypt	28	3	19	France	26	3	13
Spain	24	3	16	Switzerland	24	2	23
Total exports	972	100	8	Total imports	1,033	100	7

Source: Trade Map (2022)

2.2 Bilateral trade: South Africa's trade with Ukraine

Although Ukraine emerged as South Africa's 99th largest export market (accounting for 0.02% of total South Africa exports to the world) in 2021, it was South Africa's 26th largest European export market in the same year. In contrast, Ukraine was South Africa's 76th largest import partner and held a 0.05% share of global imports into South Africa in 2021. From Figure 4 below, it is evident that South Africa maintained a trade deficit with Ukraine over the last three years, which was exacerbated in 2021. Although exports outgrew imports by 13 percentage points, this was of a far lower base and therefore resulted in 16% widening of the trade deficit from ZAR254.33m in 2020 to ZAR295.16m in 2021. Nonetheless, exports recovered strongly at a rate of 44% in 2021, up from -47% growth in 2020, resulting in an increase in export receipts from ZAR302.29m in 2020 to ZAR434.83m in 2021. Imports, likewise, experienced robust recovery, obtaining exceptional growth of 31% in 2021 from a -27% growth rate in 2020, resulting in an increase in imports from ZAR556.62m in 2020 to ZAR729.99m in 2021.

Figure 4: Trade between South Africa and Ukraine, 2012-2021



Source: Quantec (2022)

South Africa's top three exports to Ukraine accounted for close to 62% of its total exports to the European country in 2021, indicating that exports to Ukraine is highly concentrated. Europe is a leading export region of South Africa's citrus fruit, therefore it is unsurprising that this product ranked as the largest export to Ukraine in 2021, reaching a value of ZAR118.93m. Nickel (ZAR100.61m) and sorting machinery exports (ZAR51.11m) ranked in second and third place respectively, collectively accounting for 35% of South Africa exports to Ukraine.

Figure 5: South Africa's top 10 exports (HS4) to Ukraine, 2021

	EXPORT VALUE 2019 (ZARm)	EXPORT VALUE 2020 (ZARm)	EXPORT VALUE 2021 (ZARm)	% of SA's Total Exports to Ukraine, 2021
Citrus fruit, fresh or dried	61.72	132.16	118.93	27.2
Unwrought nickel	48.72	46.95	100.61	23.01
Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances	21.57	5.75	51.11	11.69
Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	0	0	21.48	4.91
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products,	2.17	10.22	20.88	4.78
Wine	14.1	13.98	14.09	3.22
Unclassified	0.19	5.5	13.87	3.17
Agricultural, horticultural or forestry machinery	1.94	2.05	13.73	3.14
Nickel plates, sheets, strip and foil	0	0	11.71	2.68
Chromium ores and concentrates	17.77	33.29	10.25	2.35

Source: Quantec (2022)

South Africa's imports of telephone sets from Ukraine grew by more than 50%, from ZAR3.58m in 2020 to ZAR184.21m in 2021 and thereby became the leading imported product in 2021 (accounting for 25.26% of total imports). Other top imported products were dried leguminous vegetables (ZAR52.16m) and electric visual apparatus (ZAR49.86m), which collectively reaching a total import cost of ZAR102.02m and accounted for 14% of total imports from Ukraine in 2021.

Figure 6: South Africa's top 10 imports (HS4) from Ukraine, 2021

	IMPORT VALUE 2019 (ZARm)	IMPORT VALUE 2020 (ZARm)	IMPORT VALUE 2021 (ZARm)	% of SA's Total Imports from Ukraine, 2021
Telephone sets	3.69	3.58	184.21	25.26
Dried leguminous vegetables, shelled, whether or not skinned or split	14.3	36.26	52.16	7.15
Electric sound or visual signalling apparatus	8.51	1.05	49.86	6.84
Printing machinery	68.57	36.65	40.43	5.54
Buckwheat, millet and canary seeds; other cereals	20.67	23.46	33.93	4.65
Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	0	0	33.64	4.61
Mineral or chemical fertilisers, nitrogenous	0	0	31.7	4.35
Flat-rolled products of other alloy steel, of a width of 600 mm or more	0	0	30.72	4.21
Electric instantaneous or storage water heaters and immersion heaters	28.88	21.61	26.63	3.65
Original equipment components	12.43	14.59	18.98	2.6

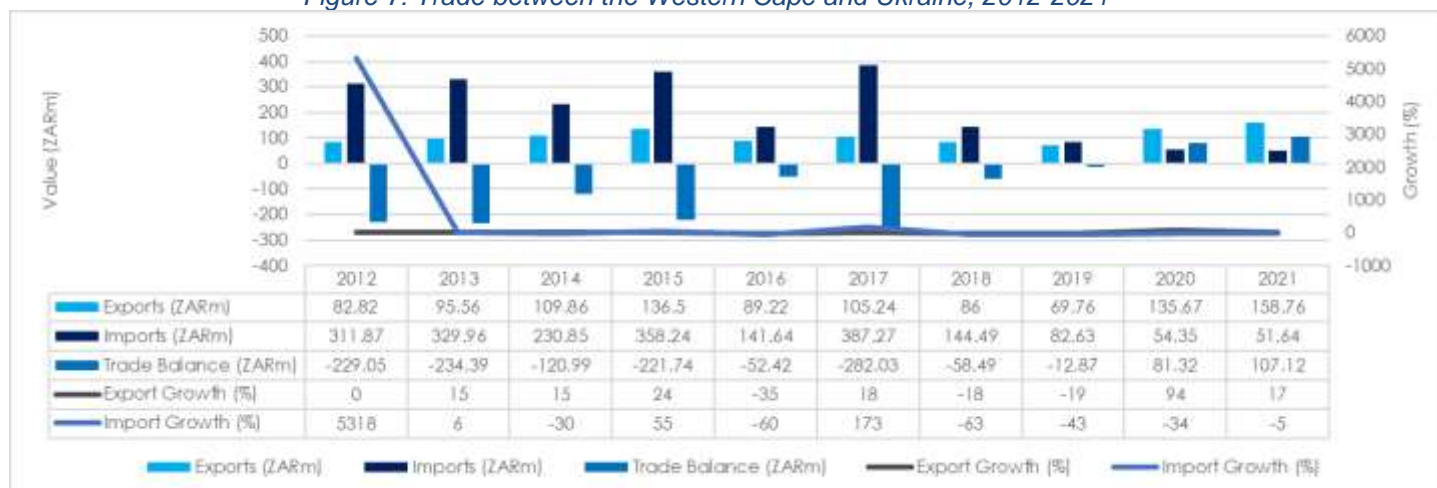
Source: Quantec (2022)

2.3 Bilateral trade: trade flows between the Western Cape and Ukraine

Ukraine was the Western Cape's 75th largest export partner in 2021, with exports to the European country growing at a robust average annual rate of 12% per annum from 2012 to 2021. As the global economy recovered from the Covid-19 pandemic and global demand surged, the province's exports to Ukraine surpassed pre-pandemic levels, more than doubling from ZAR69.76m in 2019 to ZAR158.76m in 2021. On the other hand, Ukraine was the Western Cape's 86th largest import market in 2021, averaging at 531% growth per annum between 2012 and 2021. This robust growth was largely driven by a spike in imports in 2012, which in turn was driven by a spike in cereal imports from a negligible cereal imports value in 2011 to an import cost of ZAR311m in 2012.

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Figure 7: Trade between the Western Cape and Ukraine, 2012-2021



Source: Quantec (2022)

Eight out of the top 10 Western Cape exports to Ukraine were agricultural products, with citrus fruit dominating the export basket and accounting for 55.48% of total exports to Ukraine in 2021. This was followed by crustacean exports valued at at ZAR21.48m (13.39%), while wine exports valued at ZAR14.09m (8.79%) were ranked in third.

Figure 8: Top 10 products exported from the Western Cape to Ukraine, 2021

	EXPORT VALUE 2019 (ZARm)	EXPORT VALUE 2020 (ZARm)	EXPORT VALUE 2021 (ZARm)	% of WCs Total Exports to the Ukraine, 2021
Citrus fruit, fresh or dried	39.67	92.38	88.97	55.48
Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	0	0	21.48	13.39
Wine	11.61	13.98	14.09	8.79
Agricultural, horticultural or forestry machinery	1.94	2.05	13.73	8.56
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants	0	3.58	7.65	4.77
Apples, pears and quinces, fresh	0.59	0.52	2.55	1.59
Other nuts, fresh or dried, whether or not shelled or peeled	0	1.73	1.97	1.23
Fish, frozen, excluding fish fillets and other fish meat	0.34	0.77	1.4	0.88
Structures and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frame-works, doors and windows and their frames and thresholds for doors)	0	0	1.17	0.73
Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves	0	0	0.72	0.45

Source: Quantec (2022)

The Western Cape's imports from Ukraine in 2021 were relatively more diverse, with the top five imports accounting for less than 50% of total imports. About 15% of products imported from Ukraine to the Western Cape in 2021 were binoculars and other telescopes, while the second and third most imported products were malt extracts (9.3%) and other plates (9.1%) as shown in Figure 9 below.

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Figure 9: Top 10 products imported from Ukraine into the Western Cape, 2021

	IMPORT VALUE 2019 (ZARm)	IMPORT VALUE 2020 (ZARm)	IMPORT VALUE 2021 (ZARm)	% of WC's Total Imports from the Ukraine, 2021
Binoculars, monoculars, other optical telescopes, and mountings therefor	0	0	7.75	15
Malt extract; food preparations of flour, groats, meal, starch or malt extract	5.81	5.66	4.8	9.3
Other plates, sheets, film, foil and strip, of plastics	0	0	4.72	9.14
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases	1.81	5.13	3.93	7.61
Buckwheat, millet and canary seeds; other cereals	1.11	2.53	3.83	7.43
Dried leguminous vegetables, shelled, whether or not skinned or split	2.17	5.85	3.06	5.92
Electric accumulators	0	0	2.34	4.53
Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions)	0	0	2.31	4.48
Automatic regulating or controlling instruments and apparatus	0	0	2.21	4.29
Measuring or checking instruments	0.01	0	2.07	4.01

Source: Quantec (2022)

3. Foreign Direct Investment

This section analyses Ukraine’s foreign direct investment (FDI) flows with South Africa and the Western Cape between January 2003 and December 2021.

3.1 FDI from Ukraine into South Africa

Figure 10 below shows FDI flows from Ukraine into South Africa over the period, 2003 to 2021. Over the last two decades, there was only one FDI project recorded from Ukraine to South Africa. This project, which was undertaken by Antonov ASTC in 2010 in the Aerospace sector, injected a total capex of USD260m and created 142 jobs.

Table 2: FDI from Ukraine into South Africa, 2003-2021

DATE	INVESTING COMPANY	DESTINATION PROVINCE	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
2010 Jul	Antonov ASTC	Not specified	Aerospace	Maintenance & Servicing	260	142
TOTAL					260	143

Source: FDI Intelligence (2022)

3.2 FDI from South Africa to Ukraine

In contrast, two FDI projects were recorded from South to Ukraine over last two decades, with the most recent project occurring in April 2021 by Rapt Creative Agency in the business services sector. This project resulted in a capital expenditure of USD36m and created 15 jobs. In 2019, Basalt, a Gauteng-based company invested in a project in Ukraine’s software and IT services sector. The project resulted in a capital outlay of USD673m and created 76 jobs.

Table 3: FDI from South Africa into Ukraine, 2003- 2021

DATE	INVESTING COMPANY	SOURCE PROVINCE	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
2021 Apr	Rapt Creative Agency	Gauteng	Business services	Business Services (Start-up)	36	15
2019 Aug	Basalt (Black Beard)	Gauteng	Software & IT services	Business Services	673	76
TOTAL					709	91

Source: FDI Intelligence (2022)

3.3 FDI from Ukraine to the Western Cape

There were no FDI flows recorded between the Western Cape and Ukraine between 2003 and 2021.

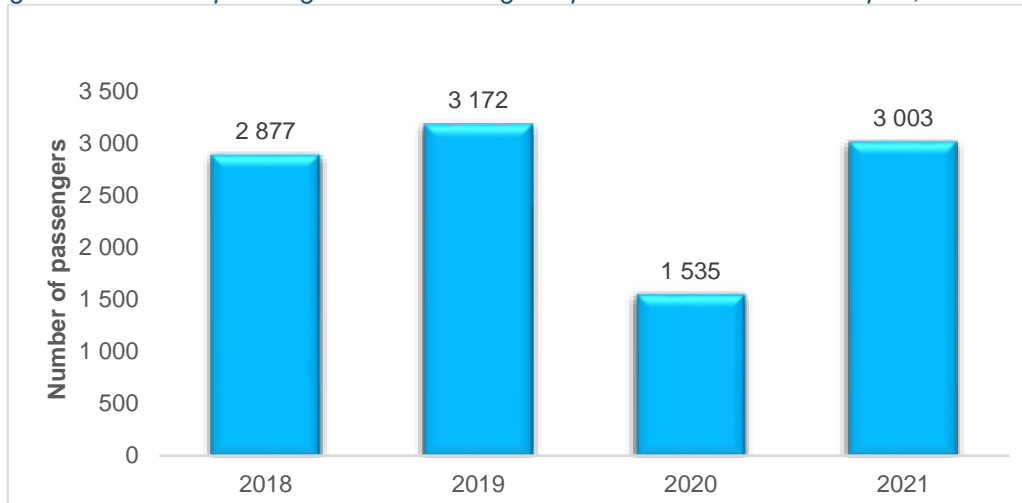
4. Tourism

4.1 Ukrainian passenger arrivals through Cape Town International Airport

Pre-Covid (that is, in 2019), around 3000 Ukrainian passengers arrived at the Cape Town International Airport. Passenger movement from this market decreased by 52% in 2020 due to the direct impact of

Covid-19 on global international travel. However, passenger numbers have rebounded well and increased by 96% in 2021 and already recovered to 95% of what it was in 2019.

Figure 10: Ukraine passenger arrivals through Cape Town International Airport, 2018-2021



Source: OAG Air Traffic Analyser, 2022

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