UKRAINE

A. THE MARKET

Commercial staff at the Canadian Embassy in Kiev report there are opportunities for Canadian products in the country, but difficulties as well.

Shortages of many retail items, including towels, continue to haunt the economies of former Soviet republics, but at the same time, those markets are disorganized, making it hard for exporters to take advantage of opportunities presented.

Export to Ukraine is difficult, because the country is in the process of changing its import/export legislation. In addition to this, Ukraine is beset with a shortage of hard currency for payment, and devoid of reliable, well-established distributors.

A market is opening up with the privatization or corporatization of formerly state-run hotels. In addition, new hotels are being built. Under the former Soviet Union, all hotels were run by the state and centrally supplied, but now they are fighting for survival under free market conditions.

But forced to contend with the current hyperinflation, they can barely satisfy their basic needs, let alone find money to purchase towels. As well, the free-market hospitality industry is in its infancy, and the small number of hotels that exist are of a low standard.

More promising in terms of sales potential are trade associations and department stores.

B. BUSINESS ENVIRONMENT

Because the local currency is not convertible and there is little hard currency available for imports, Ukraine tends to buy from countries which have a line of credit available. Canada's line of credit to Ukraine has already been fully used.

Canadian manufacturers wishing to do business here should be prepared to visit personally, and establish good local contacts with frequent follow-ups. Otherwise, any business venture has little chance of success. Direct sales, with no joint venture agreement or local investment, are the most difficult to conclude.

C. SOURCES OF SUPPLY AND CHANNELS OF DISTRIBUTION

Trade associations and department stores:

1. Ukrimpex
22 Vorovsky Street, Kiev,
252054 Ukraine