

# Industrial parks in Ukraine

2019



# Industrial parks in Ukraine

*main concepts*

According to the Law of Ukraine “On Industrial Parks”

**Industrial Park (IP)** is a land plot that is equipped with proper infrastructure where participants of IP can engage in such economic activities as

- ▶ **Process Industry**
- ▶ **Research and Development (R&D)**
- ▶ **Information and Telecommunication**



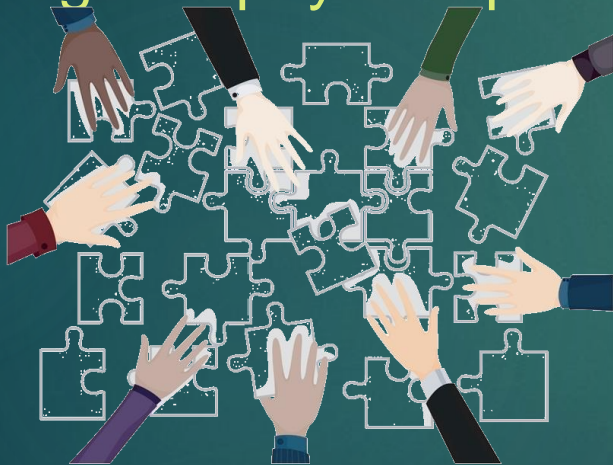
- IP land should belong to the **Industrial Lands**
- IP may be located on **one or several adjacent land parcels**
- IP square could be **from 15 to 700 ha**
- IP is created for a period of **at least 30 years**
- IP land parcels of state and local public property **may be sold to IP management company and IP participants**
- at the time of IP inclusion into the Register should be **no integral property complex that allows to producing goods**

# Industrial parks in Ukraine

*IP subjects*

## Initiator of IP creation:

- ▶ the state *p IP subjects* over bodies on state lands
- ▶ the local authorities on communal lands
- ▶ legal or physical persons – owners of private lands
- ▶ legal or physical persons – lessees of state, communal and private lands



**IP Management Company should be a legal person** irrespective of its organizational form created according to Ukraine Legislation

**IP participants should be** economic entities of any form of ownership, registered at the administrative territory of Ukraine where the IP is created

# Industrial parks in Ukraine

*benefits to the parties concerned*

**Benefits for IP Participants** – minimizing material, financial, human and time resources costs required for initiating economic activities, access to services related to the provision of economic activities by the management company

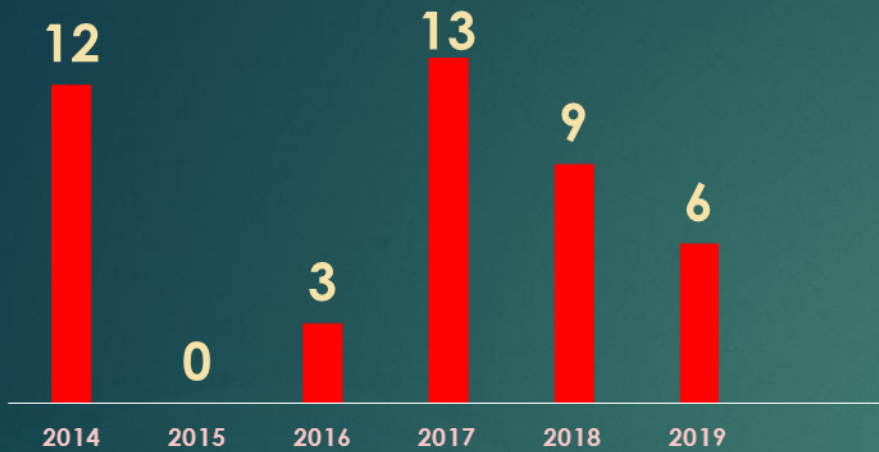


**Benefits for IP Management Company** – income due to the leasing of the land and production areas, equipment and services related with providing economic activities to IP participants

**Benefits for the State and Local Communities** – job creation, activation of economic activity and socio-economic development of the territories

# Industrial parks in Ukraine

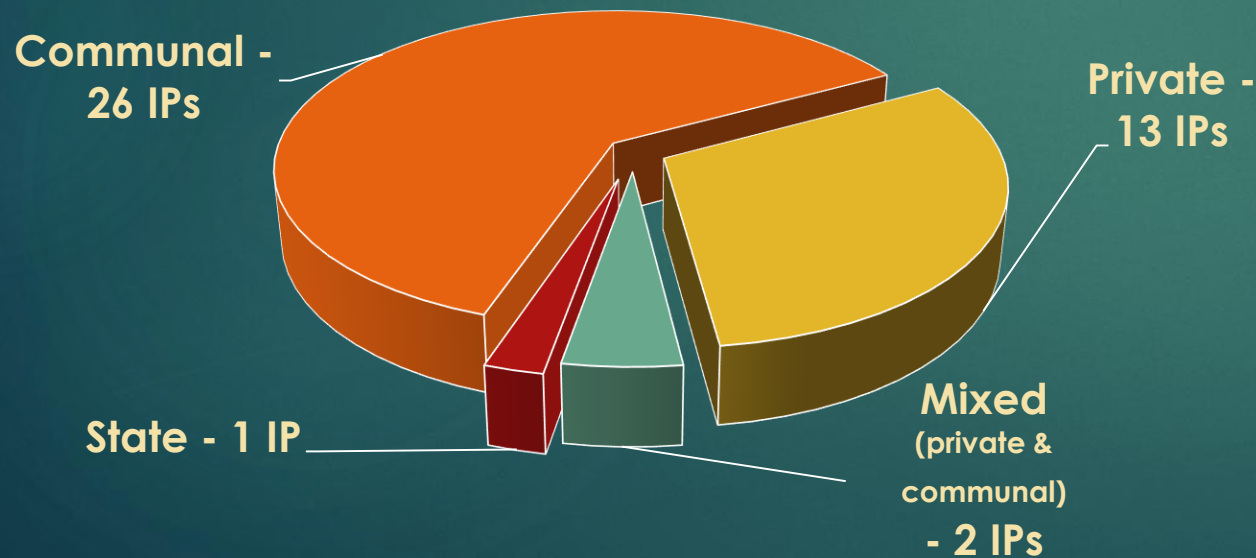
*facts*



**42 IP** were included in the Register of IP under the Law since 2013

(Tsentralnyy Industrial park was excluded from the Register in 2018)

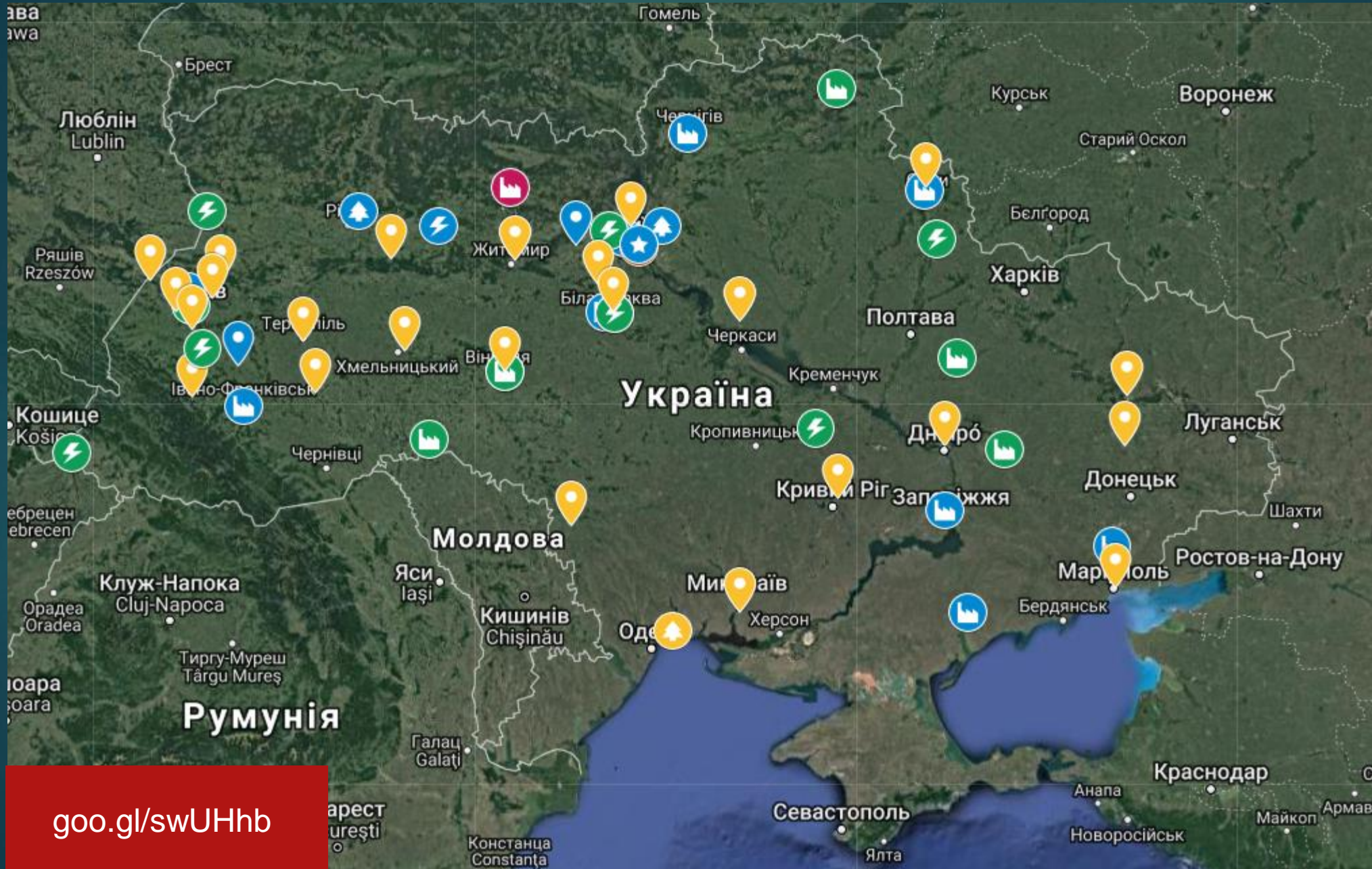
Property kind of land-plots where industrial parks are created



Quantity of industrial parks, included in the Register by regions



# Map of industrial parks in Ukraine



# Industrial parks in Ukraine

*state support*

**State Regional Development Strategy 2020** defined a regional network of IP and providing state support to entities that create such parks as one of the priorities of regional development



**State support shall be provided to the Initiators, Management companies and Participants of IP included into the Register of Industrial Parks**

**State support for creation and function of IP includes:**

- ❖ financing from *State Regional Development Fund* of projects of building of IP infrastructure on condition of at least 10% co-financing from local budgets
  - ❖ exceptions for initiators (business entities) of the IP creation and/or its management companies to pay for development of the settlement infrastructure when they construct objects within IP
    - ❖ exemption from import duties when importing equipment and materials *that are not produced in Ukraine* and imported with the purpose of IP creation and function within IP

# Industrial parks in Ukraine

*other state support*

## IP subjects also may use the following incentives:

- ▶ exemption from import duty for goods **with the purpose to invest** on the basis of registered agreements (contracts) or as contribution of foreign investors in the authorized capital of the enterprise with foreign investments
- ▶ import at preferential tariff rates (0%) **for goods from countries which are members of the World Trade Organization or from countries with which Ukraine has concluded bilateral or regional agreements on the most favored, including EU**
- ▶ **import** without payment of import duty **for equipment that runs on renewable energy, energy saving equipment and materials, means of measuring, control and management of energy resources, equipment and materials for the production of alternative fuels or to produce energy from renewable energy sources**



# Industrial parks in Ukraine

*local support*

- ▶ providing tax exemptions from land tax and property tax for IP subjects by the decision of the local authorities if entities of IP take into account public interest that is declared in the program documents of economic and social development
- ▶ establishment by state and local authorities minimum rents for leasing of state and municipal land plots
- ▶ assistance at the local level of all permits registration and other documents required for projects
- ▶ allocation of funds from local budgets to finance providing of engineering infrastructure of certain land plots or the creation of conditions for access to these plots
- ▶ organizational and financial participation in the recruitment and the organization of the training prospective and current employees of companies of industrial parks



# Ministry of Economic Development and Trade of Ukraine

is responsible for development and implementation of public policy  
for the establishment and operation of industrial parks in Ukraine  
in accordance with the Law of Ukraine “On Industrial parks”

## Contacts:

*Attracting Investment Department*

+38 044 596-67-71

[a\\_melnyk@me.gov.ua](mailto:a_melnyk@me.gov.ua)