



Major risks of doing business in Ukraine (with tips on management)

Any new business endeavour is not without risk. This goes for stable, well-developed markets in times of peace as well as for markets like Ukraine, affected by war and the resulting socioeconomic and humanitarian risks. Ultimately, success in both these cases will be determined by the ability to map out the risks and take appropriate action. We list key points to consider below.

Military risk. With the exception of frontline areas, the war-related security risks in Ukraine are limited to aerial attacks from Russian long-range missiles or kamikaze drones. The Foreign Ministry of Sweden, nevertheless, [advises against all travel to Ukraine](#). In the future, these guidelines may be revised, as already done by the UK/FCDO, which now allows for essential travel to some Ukrainian regions. Military risk manifests itself in other ways, too, such as disruptions to operation and supply chains.

Management. If you need to travel to Ukraine, come prepared. Assess the situation in the regions you intend to visit both beforehand and on the eve of your travel. Make sure you contact your insurance provider and pinpoint any potential limitations. Use a certified transport provider only. Familiarize yourself with any curfews in place. Install an air raid app and choose accommodation with bomb shelters.

Whilst this may cover a short-term visit, long-term stay in Ukraine requires consideration of interruptions in water and electricity supply, caused by managed load shedding in the aftermath of Russia's attacks on the energy infrastructure. Should this be difficult to manage, consider limiting yourself to very short visits, and establishing a presence via a local company, local office or distributor / agent relationship which can be managed by Ukrainian citizens already in the country and employed or contracted by you.

Human resources risk. Military mobilization of the male population is ongoing, and over 6 million people (mostly women, children and the elderly) have sought refuge abroad. This causes an acute shortage of qualified labour across industries.

Management. Consider a blended format where you build a cross-borders team that cooperates online, allowing you to capture Ukrainian talent abroad. Many emigrants find it difficult to be accepted into top roles they are qualified for, so this is an opportunity area. Working with a distributor, assess staff turnover for risks of understaffing, bearing in mind that the female workforce is more stable at this time.

Risk of non-payment. When interacting with businesses directly, factor for the impact of events – possible, though rare – such as disruption of supply chains or damage to facilities, affecting the ability of an entity to pay on time. The general prohibition of cross-border monetary transfers – a massive setback before – [has been eased significantly](#). However, Swedish banks still review and accept payments from Ukraine on a case-by-base basis.

Management. State authorities have budgets buoyed up by international support, significantly reducing or even nullifying the risk of non-payment. Since April 2024 EKN has a credit guarantee facility for businesses operating in Ukraine, total volume 30 mil EUR and maximum quota per company as of May 2024 at 100 mil sek, helping you hedge risks further.

Monetary transfers out of Ukraine can be facilitated if your goods meet one of the requirements on the list of exceptions. Acceptance of payment via your Swedish bank should be researched beforehand; restrictions may be bypassed by having an affiliate in another state, such as in the Baltics, act as an intermediary. It is easier to get banking approval for payment for goods, as opposed to services; consider that when making an offer.

Certain international donors, notably EBRD, carry the risk of non-payment on their own balance, making for a less vulnerable transaction from you.

Corruption. In recent years, Ukraine has [climbed 10 positions](#) in the Corruption Perception Index, landing a score of 36/100. Nevertheless, according to a recent survey 23% of Ukrainians [have had to bribe](#)



[healthcare workers](#) in the past 2 years, making health the most corrupt area of public service. For a foreign business, the risk may manifest itself in several ways, for example, as preferential treatment to competition expressed in the formulation of tender documentation, or in interaction with healthcare professionals expecting remuneration in return for research or recommendation.

Management. Consider a two-pronged approach to managing this risk: firstly, ensure you do not unwittingly take part in non-transparent transactions; and, secondly, reduce your risk of being disadvantaged due to others' corrupt practices.

The first part may be addressed by properly assessing the local partner. Enlist qualified support to perform a due diligence and ethics check – industry organisations such as Business Sweden provide support.

Generally, according to multiple assessments, corruption is at an all-time low in Ukraine. In the public space it has seen a significant reduction due to the introduction of the procurement platform [Prozorro](#) and, for example, the platform for infrastructure projects [DREAM](#).

Should you, nevertheless, feel your business is at a disadvantage due to corrupt practices, there are industry supporting organisations you can turn to. [Business Ombudsman Council](#) is an independent and equidistant institution the mission of which is to protect legal business rights before the state. There is also state support for investment projects with significant investment, all the way up to Verkhovna Rada Parliamentary Commission on Investment Protection. In some cases, the Embassy of Sweden in Ukraine may be involved to protect legitimate business interest.