



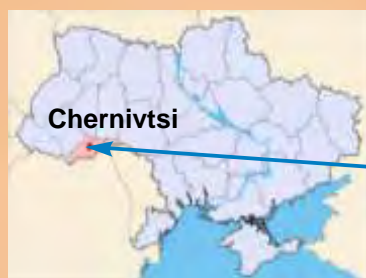
# CHERNIVTSI



## HISTORIC REVIEW

The city of Chernivtsi is the centre of Chernivetska oblast, the smallest oblast in Ukraine. The oblast consists of two historic regions - North Bukovyna and Besarabia. Chernivtsi was first mentioned on October 8, 1408 in the decree of Moldavian Master Olexander Dobryi (The Good) when a customs point was founded here.

The territory of the district has been a part of different lands (Bukovyna, Besarabia, Pokuttia, Halychyna and Hutsulshchyna) and different countries (Kyivan Rus, Halytsko-Volynske and Moldova principalities, Turkish Empire, Austria and Austria-Hungary, Romania, Russian empire and the USSR). Currently Chernivtsi is an important economic, scientific and cultural centre, the heart of Bukovyna district. The city is working, studying, creating, building and carrying on its business life.



Web-site: [chernivtsy.eu](http://chernivtsy.eu)



## PRIORITY SECTORS FOR INVESTMENT IN CHERNIVTSI

In Chernivtsi the following priority sectors for investment are determined:

Industrial development

Land-lots market development

Investment in small and medium entrepreneurship

Tourism and recreational infrastructure development

Electronics and equipment industry revival

Assistance for investors in privatization of public property

Innovative investment development

## GEOGRAPHIC LOCATION

Chernivtsi is situated in south west of Ukraine on the Prut river. The area of the city is 153 km<sup>2</sup> and its elevation is 248 metres above sea level. The city is divided into three districts: Shevchenkivskyi, Pershotravnevyi and Sadhirskyi. A geographic advantage for Chernivtsi is its close location to the borders and important transport intersections.

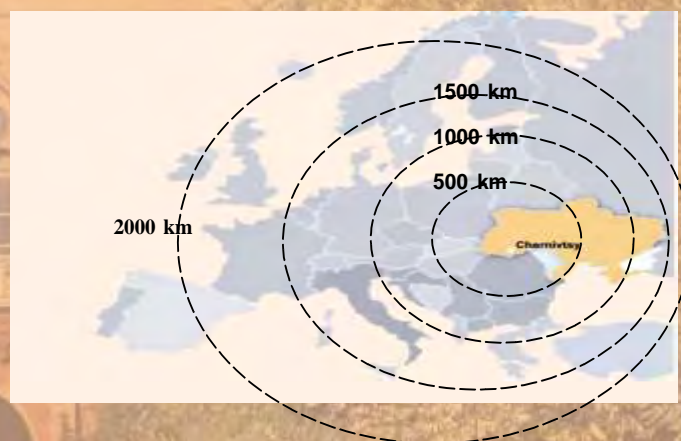
### The distance to Chernivtsi from major Ukrainian and European cities:

Kyiv	538 k	Prague	700 k
Ivano-Frankivsk	140 k	Bucharest	574 k
Ternopil	140 k	Moscow	1380 k
Khmelnitskyi	190 k	Kishinev	330 k
Dnipropetrovsk	891 k	Warsaw	640 k
Donetsk	1140 k	Vienna	980 k
Lviv	270 k	Budapest	780 k

### Distance to closest borders:

Country	Border crossing	Distance
Romania	Porubne	40 km
Poland	Mostyska	340 km
Hungary	Chop	464 km
Slovakia	Uzhhorod	444 km
Moldova	Mamalyha	58 km

On January 1, 2007, Chernivetska oblast became a neighbour of the European Union (distance from Chernivtsi to the border with Romania is only 40 km).



**Visas.** To enter Ukraine a visa and passport are needed (citizens of Russia, European Union, Switzerland and USA need no visa). One can get a Ukrainian visa at the embassy or consulate. When entering a customs declaration should be filed.

**Local time.** Two hours ahead of Greenwich Mean Time. Transfer to the summer time occurs in the first week of April (ahead 1 hour) and to the winter time in the last week of October (back 1 hour).

## CLIMATE

**Favourable climate.** The climate is moderately continental, moist, warm in summer and mild in winter. The average length of the frost free period is 260-265 days and the vegetation period is 215-220 days. The yearly rainfall amount is 650-750 ml.

### Average seasonal temperature:

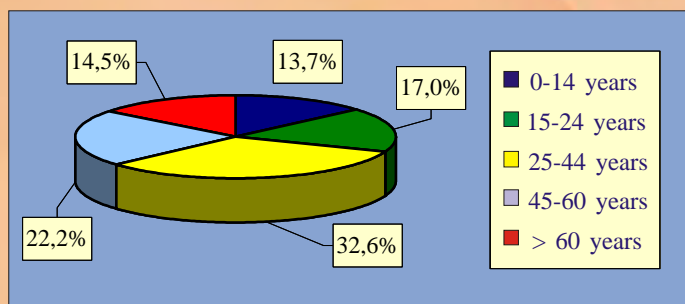
January -5°	July +19°
April +9°	October +9°

## POPULATION

The population of Chernivtsi is 251,8 thousand people. Chernivtsi is a multinational city represented by 65 nationalities. Spoken languages are Ukrainian, Russian and Romanian.

Chernivtsi is a city inhabited by young, educated and dynamic people. In 2009 inhabitants between the ages of 14-60 represented 71,8% of the total population.

### Age structure of population in Chernivtsi in 2009

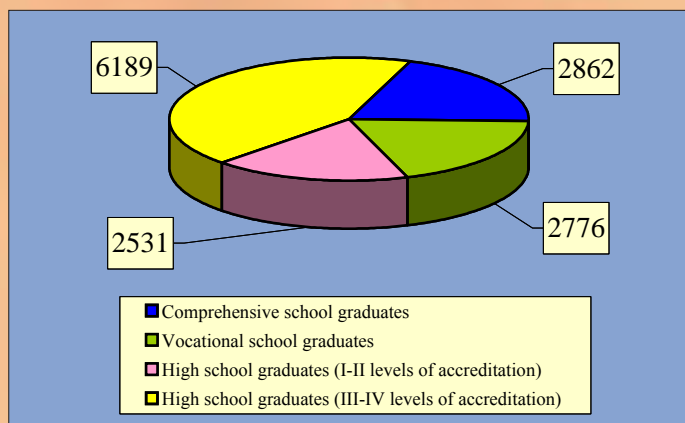


## EDUCATION

Labour resources can be described as highly educated. Chernivtsi has the tradition of being a well-educated city. Total amount of higher educational institutions in Chernivtsi is 25 (12 of -IV accreditation level and 13 of - accreditation level). Chernivtsi National University is one of the oldest universities in Ukraine and since 1875 has been Chernivtsi's leading higher educational institution.



### Number of who graduates from educational institutions of Chernivtsi in 2009



## BUILDING AND HOUSING

94 houses were built in 2009 with the total area of 89.8 thousand square meters.

### Finished Housing buildings accepted in exploitation in 2006-2009

	Description	Years			
		2006	2007	2008	2009
1. Apartment buildings accepted in exploitation, including apartments in department submission	Quantity	13	15	51	16
	Total square, 1000 m <sup>2</sup>	33.4	43.4	71.9	68.8
2. Individual buildings accepted in exploitation, housing estates, separated apartments (flats)	Quantity	297	366	236	78
	Total square, 1000 m <sup>2</sup>	65.1	79.1	55.8	21.0
3. Housing buildings accepted in exploitation of all kinds of property (total square, 1000 m <sup>2</sup> )		98.5	122.5	127.7	89.8

## INFRASTRUCTURE

**Transport.** Chernivtsi has a favourable geographic location and has a developed transport system. Chernivetska oblast is connected with Ivano-Frankivska, Ternopil'ska, Khmelnytska and Vinnytska oblasts, borders on Romania, the Republic of Moldova, other European and CIS countries by air, railway and motor transport.

**Municipal Transport.** Public transportation in the city consists of 46 bus and 10 trolleybus routes. Average price for petroleum A-95 is UAH 6.95 per litre (USD 0.87) and for diesel fuel UAH 5.62 per litre (USD 0.70).

**Bus Station.** Holovna Str., 219, Chernivtsi, 58018  
Info bureau: 38 (03722) 4 16 35  
Phone: 38 (03722) 4 16 30

**Railway transport.** There is direct railway service to Kyiv, Moscow, Minsk, St.-Petersburg, Bucharest, Sofia and Wana, and service through Lviv to Berlin, Budapest, Prague, Bratislava, Warsaw, Krakow and Wroclaw.

**Railway station:** Haharina Str. 38, Chernivtsi, 58000  
Info bureau: 38 (0372) 59 21 90  
Booking office: 38 (0372) 59 28 28  
Phone: 38 (03722) 055

**Air Transport.** Chernivtsi International Airport accepts passenger aircraft with capacity less than 120 passengers and cargo aircraft with tonnage less than 20 tons. Main flight destinations are: Turkey, Italy and Greece. There are flights through Lviv connecting to Wana, Warsaw, Vienna, Moscow, Naples, Rome, Frankfurt, Munich and other European cities. Currently an airport reconstruction and infrastructure improvement project is being developed (with plans for the flight-line prolongation). The airport is situated near the city limits at distance of 5 kilometres from the city centre. The airport is a municipal property.

**International Airport:** Chkalova Str., 30, Chernivtsi, 58009  
Info bureau: 38 (03722) 4 32 21  
E-mail: [chernovtsiairport@email.ua](mailto:chernovtsiairport@email.ua)

**Water supply.** The system of water-supply includes 8 pumping facilities and water filtration systems. The length of water-supply networks is 390 km, of sewage systems is 266 km.



**Electricity.** The length of external illumination networks in Chernivtsi is about 597 km and the number of light-points is 17 thousand units. The municipal enterprise „Misksvitlo” maintains the illumination network of the city.

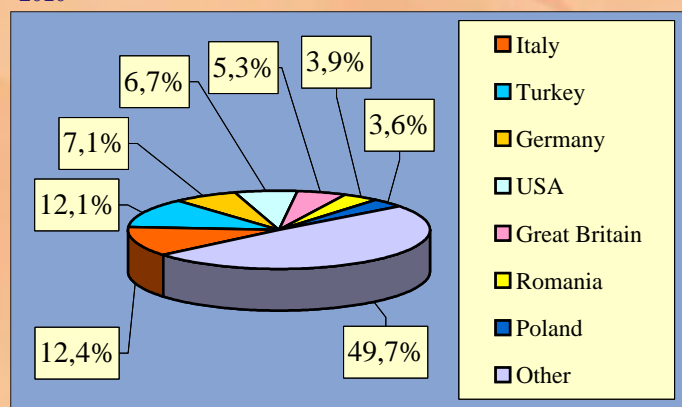
**Heating.** The municipal enterprise „Chernivtsiteplo-komunenergo” provides heating and operates 43 boiler rooms, 45 thermal points and 102 km of thermal networks.

**Recycling.** Waste is collected, taken out and recycled by the municipal enterprise “Chernivtsispetskomuntrans” as well as by the “Altwater-Chernivtsi” company. A waste disposal factory is planned to be built.

**Telecommunications.** Chernivtsi has the ramified telephone network; mobile communication systems are actively being developed.

USD 839.4 thousand was invested in Chernivtsi by foreign investors in 2009. Total foreign investment in Chernivtsi economy is USD 32.4 million.

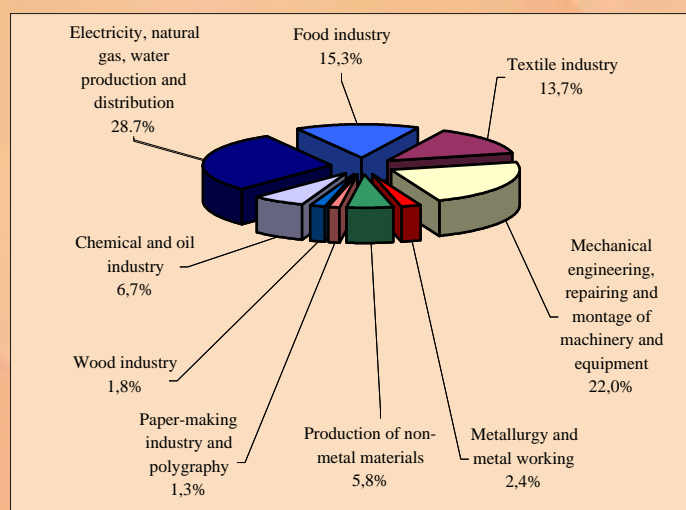
**Geographic structure of foreign direct investments for January 1, 2010**



## ECONOMY

Chernivtsi has 90 industrial enterprises that represent 10 branches. The amount of goods sold and services rendered in 2009 was UAH 1683.6 million. The main industries are food industry, textile industry, mechanical engineering, electricity, natural gas and water production and distribution.

### Industry structure in 2009



**Currency.** The national currency of Ukraine is the Hryvnia. Developed finance and credit system is established in the city. Exchange rates are available at: [www.bank.gov.ua](http://www.bank.gov.ua)

### International Trade (External Trade)

The amount of goods and services exported in 2009 is USD 81.3 million (an increase of 27.0% compared with 2008); the amount of goods and services imported for this period totaled USD 71.2 million (an decrease of 45.2% compared with 2008).

### Geographic destination of goods exported in 2009

Geographic destination of exports	Exports in 2009 (millions USD)	Exports in 2008 (millions USD)	Percentage growth in 2009 in comparison to 2008, %
CIS countries	32.0	48.2	- 66.4
Europe	37.6	53.0	- 70.9
Asia	9.3	8.6	+ 108.7
America	2.0	1.1	+ 184.3
TOTAL	81.3	111.3	- 73.1

## UNEMPLOYMENT

The highest level of unemployment is among people with technical education.

### Unemployment rate in Chernivtsi, Chernivetska oblast and Ukraine in 2005-2009

	2005	2006	2007	2008	2009
Chernivtsi	1.1%	1.0%	0.8%	0.9%	0.7%
Oblast	6.0%	4.9%	3.7%	3.4%	1.9%
Ukraine	3.2%	2.8%	2.4%	2.1%	2.5%

## WAGES

Average monthly wages in Chernivtsi in 2009 is UAH 1643 (approximately USD 206).

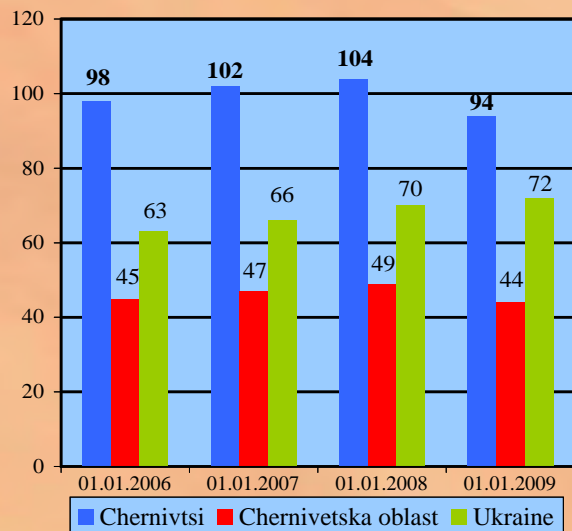
### Average monthly wages comparison for Chernivtsi, Chernivetska oblast and Ukraine in 2003-2009 (UAH)

Year	City	Oblast	Ukraine
2003	435.00	344.05	462.27
2004	536.00	441.45	589.62
2005	711.00	621.00	806.00
2006	952.24	819.00	1041.44
2007	1482.00	1051.00	1351.00
2008	1520.00	1402.00	1806.00
2009	1643.00	1523.00	1906.00

## BUSINESS

The number of entrepreneurs in Chernivtsi is about 30,000 natural persons or 94 small enterprises per 10,000 residents. The total amount of goods sold and services rendered by these enterprises was UAH 2517.1 million in 2009.

## Number of small enterprises in Chernivtsi per 10,000 people in 2006-2009



## TRADITIONS

The name of the city is said to come from the city-castle at the border of the Halytska State named Chern or Chorne City, which was built on the left side of the Prut river. Probably this name comes from the castle's black oak walls made with black soil. In 1259 it was completely destroyed by the Mongolian conqueror Burundai and inhabitants moved to the right bank of the Prut river. In 1359 the city became a part of the Moldavian state.

City Day is celebrated every year on the first weekend of October. In 2008 Chernivtsi celebrated its 600<sup>th</sup> anniversary.

Fairs and exhibitions have been traditionally held in the city. One of them is Petrivskyi Fair (held annually in July on Petro and Pavlo holiday) it attracts lots of tourists. A great many architectural monuments, which made Chernivtsi famous, were built between the middle of the 19<sup>th</sup> century and the early 20<sup>th</sup> century: City Hall (1848), Post Office (1855), Armenian Cathedral (1875), Complex of former Bukovynian Metropolitans, the University (1875), Jewish Synagogue (1877), the Drama Theatre (1905), Palace of Justice (1906) and Railway Station (1908). The city became self-governing in March 1864, when City Hall deputies were first elected.



## CULTURE

The literature and art chronicle of Chernivtsi is filled with names of artists who lived and worked here or came here to get inspiration in the wonderful world of Bukovyna.

Yuriy Fedkovych, one of Ukraine's most outstanding writers and poets initiated development of Ukrainian literature. Writers and poets such as Olha Kobylanska, Sydir Vorobkevych, Iryna Vilde, Dmytro Zahul, Mihai Eminescu, Paul Celan, Eliezer Steinbarg and others worked here.

Wonderful tenor Joseph Schmidt, honoured singer of Ukraine Sidi Tal, national singer Nazariy Yaremchuk and composer Volodymyr Ivasyuk also lived and worked here. Dmytro Hnatyuk, Sophia Rotaru, Vasyl Zinkevych, Yan Tabachnyk, Ivan Mykolaychuk started their creative careers in Chernivtsi.

The most beautiful pearl of architectural jewels of Chernivtsi is the architectural complex of former Bukovynian metropolitans. Visitors to Chernivtsi are also impressed by the Drama Theatre, Post Office, building of the former Chamber of Industry and Commerce, Palace of Justice, Railway Station and Ship-House, as well as by streets and parks of the city.

## SPORTS

A network of sports institutions operates in the city:

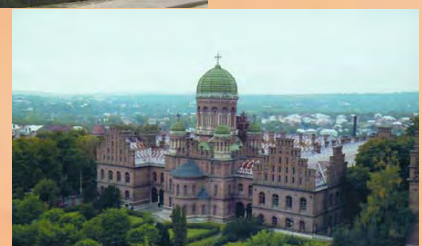
- 8 stadiums;
- 64 sports gyms;
- 3 swimming pools;
- 18 football fields;
- 187 outdoor sports gyms;
- 2 equipped ice rinks;
- 1 motorcycle route;
- 1 archery range.

## TOURISM

Chernivtsi – one of several cities of Ukraine with city building such quality and value. First of all tourist potential of the city caused by presence of considerable quantity of monuments of architecture from different epoch and the ethnic cultures, by a rich palette of local customs and the ceremonies, traditional national crafts.

In 2009 more than 60,000 tourists visited Chernivtsi. Tourism services were provided in an amount of UAH 33.9 million. 97 tourist companies work in Chernivtsi (including 29 touroperators and 68 tourist agencies).

There is a developed network of hotels in Chernivtsi. Hotel capacity is 1,500 beds. One can enjoy Ukrainian, Romanian, Italian, German, Turkish, Georgian, Chinese and Korean cuisine in Chernivtsi.



The state register of monuments of architecture totals **689** monuments and objects of the cultural heritage, **24** of national significance.



## Partner Cities

Chernivtsi has partnership relations with Salt Lake City (USA), Saskatoon (Canada), Klagenfurt (Austria), Konin (Poland), Nazareth Illit (Israel), Suceava (Romania) and Podolsk (Russia).

## CHERNIVTSI COMPETITIVENESS DEVELOPMENT STRATEGY

### What are the conditions for developing business and attracting foreign investments?

#### Strengths:

- Favourable geographical and geopolitical location (closeness to borders, transit territory)
- Old traditions of industry: production of exclusive types of products
- Diversified industrial complex
- Advanced scientific, education and research sector
- Availability of skilled labour resources
- Low average monthly wages, in 2009 UAH 1643 (equivalent USD 206)
- Land lots available for industrial needs
- Presence of establishments for investors: notary, Land Department, Investment Department, Chamber of Commerce, licence and registration chamber, permission centres.

#### Opportunities:

- Export oriented governmental policy
- European Union (EU) border country
- Integration of Ukraine into the EU, World Trade Organization and NATO, new markets for Ukrainian goods and services
- Improved taxation system for small and medium enterprises
- Holding a final part of the European championship on football "EURO-2012" in Ukraine

## UKRAINIAN LEGISLATION REGARDING FOREIGN INVESTMENTS

### Foreign investment protection.

According to the Ukrainian legislation in force investors get state guarantees of investment protection and income receipt transfer.

The Law of Ukraine "On the Regime of Foreign Investments" from 1996 specifies the basic features concerning foreign investments:

- Foreign businesses can invest any activity unless prohibited by Ukrainian legislation.
- Foreign investments in Ukraine can not be nationalized and the bodies of the state power have no legal right to foreign investment requisition.
- In the case of leaving the market a foreign investor is guaranteed an investment restitution as well as profit without duties.
- The state guarantees transfer of profits and other costs which were received legally as a result of the investments.

According to the Law of Ukraine "On property" foreign investors have the right to own houses, buildings and other property for a social, cultural or industrial purpose.

The sale of non-agricultural land-lots for enterprises with foreign investments is stipulated by Presidential decree.

The Parliament of Ukraine has ratified the agreements regarding mutual investment protection and avoidance of double taxation with the majority of the European countries, and many countries of Asia and America.

**Customs policy and licensing.** Customs regulations in Ukraine are based on the Customs Code of Ukraine, other laws and international agreements. Customs payments are due at the time of export, import and transit of goods.

Taxes payable at customs border			
Duty	Customs registration payments	Value added tax (equals 20% of the import cost)	Excise duties (rates on excisable commodities)

Foreign investors who invest assets into enterprise are released from paying customs duties (if assets are not subject to excise tax). Customs duty is calculated according to the following rates: preferential, privileged or full. Customs duty is calculated as an established monetary amount per kg, litre and item or as a percentage of the customs value. The rates of duty are defined in the Customs Tariffs of Ukraine.

A proper license is needed for certain kinds of economic activity. **A license** is a document which certifies the right of the licensee to work in the area of economic activity indicated in the license for a certain period of time upon implementation of the license terms.

Licenses are granted by the proper authority in regional centres or Kyiv. Payment, necessary documents and term of license are different depending on the type of activity. The Law of Ukraine "On Licensing of Certain Types of Economic Activity" defines

61 types of economic activities which are subject to licensing and describes the specific procedures for obtaining a license.

**Taxation in Ukraine.** Two systems of taxation operate in Ukraine: general and reductive. The reductive system is created for small businesses. It could be applied to:

• **Legal Entity** with less than 50 employees and with volume of profit yields less than UAH 1 million per year.

• **Natural person** with less than 10 employees and the volume of profit yield less than UAH 500,000 per year.

#### Reductive taxation system:

	Unitary tax	Value added tax
Legal Entity	6 % earnings (VAT registered entity)	20%
	12 % earnings	Not applicable
Natural person	From UAH 20 to UAH 200 monthly	Not applicable
	50% united tax per each employee	Not applicable

An alternative to use the unified taxation and accounting system can be accepted no more than once a calendar year. The taxpayer is obligated to maintain accounting records for income and expenses.

**General taxation system:**

Tax type	Rate	Object of taxation	Tax payer
Value added tax	20%	Sales of commodities (services)	Seller, importer
Excise tax	Different rates for different goods	Sales of exisable goods	Producer, seller, importer
Profits tax	25%	Enterprise net profit	Enterprise that earned profit
Land tax	Land tax - 1 % of allotment monetary assessment;	Allotment monetary assessment	Land owner, tenant
	Rent - not more than 12% of allotment monetary assessment		
Pension fund contribution	33.2 % - of employer; 2 % - of employee	Employee remuneration	Employer, employee
Temporary disability contribution	1.5% - of employer, 0.5% or 1% - of employee	Employee remuneration	Employer, employee
Unemployment insurance contribution	1.3% - of employer, 0.5% - of employee	Employee remuneration	Employer, employee
Accident (at work) insurance	Different rates for different professional risks	Employee remuneration	Employer, employee

**Local taxes and payments:**

Tax type	Rate	Object of taxation	Tax payer
Communal tax	10%	United profit minimum * list of employees	Enterprise, legal entity
Ads tax	0.1% cost of single advertising allocation services;	Cost of advertising allocation services	Advertising agencies
	0.5% cost of advertising allocation services for period from 2 days to one month		
Market fee	0.260-0.472 part of the exemption limit of profit for legal entity; 0.069-0.150 part for natural person	Cost of market place	Salesperson in the market
Local symbols usage fee	0.1% of cost of goods and services produced for legal entity; 5 exemption limits for natural person	Cost of goods and services with local symbols	Producer of goods and services
Permit fee for trade objects allocation	From 3 up to 20 untaxed profits of citizens	Trade and service object	At opening object of trade and services
Permit fee on local auctions and lotteries	0.1%	Cost of goods offered on auction, cost of lottery tickets	Legal entity, natural person

**CONTACTS****Chernivtsi City Council**

Central Square, 1, Chernivtsi, 58002,  
Tel.: 38 (0372) 52 22 15  
Tel.\Fax: 38 (0372) 55 35 39  
[www.city.cv.ua](http://www.city.cv.ua), [www.chernivtsy.eu](http://www.chernivtsy.eu)

**Investments Department of the City Council**

Tel.: 38 (0372) 57 59 13  
Tel.\Fax: 38 (0372) 52 08 86  
e-mail: [invest@rada.cv.ua](mailto:invest@rada.cv.ua)

**International and Public Relations Office**

Tel.: 38 (0372) 55 36 47, 52 56 92  
e-mail: [mel@rada.cv.ua](mailto:mel@rada.cv.ua)

**Department of Economics of the City Council**

Tel.: 38 (0372) 52 48 70  
Tel.\Fax: 38 (0372) 52 66 50  
e-mail: [economic@rada.cv.ua](mailto:economic@rada.cv.ua)

**Information Department of the City Council**

Tel.: 38 (0372) 52 25 79  
e-mail: [press@rada.cv.ua](mailto:press@rada.cv.ua)

**Chernivtsi Business-Centre**

Tel.: 38 (0372) 58 55 73  
Tel.\Fax: 38 (0372) 58 55 72  
[www.bizcenter.cv.ua](http://www.bizcenter.cv.ua)  
e-mail: [bizcentr@utel.net.ua](mailto:bizcentr@utel.net.ua)

**Chernivtsi Chamber of Industry and Commerce**

Tel.\Fax: 38 (03722) 3 53 97  
[www.chcci.org.ua](http://www.chcci.org.ua)  
e-mail: [chcci@chcci.org.ua](mailto:chcci@chcci.org.ua)

**Tourism Information Centre**

Tel: 38 (0372) 55 36 84  
[www.city-tour.cv.ua](http://www.city-tour.cv.ua)  
e-mail: [zerm@ukr.net](mailto:zerm@ukr.net)

**Telephone information bureaus:**

City phone info bureaus	09
City business info bureaus	068
City info bureaus	+38 0372 52 55 31
Address bureaus	+38 03722 3 62 98
Taxi	050, 051, 052, 056, 065, 069, 083, 084, 088, 58 51 11, 58 50 69, 58 59 99, 57 77 77
VIP-taxi	54 54 54, 51 51 51