

Germany and Ukraine – A Partnership with Perspective for Businesses

Strategies for Market Entry into an Emerging Future Market



Despite the ongoing strains of war, Ukraine continues to show strong potential for economic recovery and transformation. For German companies, this creates scope to support reconstruction efforts in infrastructure, energy, digitalization and agriculture, while contributing to sustainable growth. Potential reforms in the context of closer EU integration could further enhance legal certainty and predictability. An early market presence allows companies to engage in a market that is steadily aligning with European value chains.

Securing Access to Strategic Raw Materials

A key factor lies in Ukraine's wealth of natural resources. Lithium, graphite, and rare earth elements are indispensable for the energy transition, aerospace, high-tech industries, and defense. According to the International Energy Agency, global demand for lithium could increase fortyfold by 2040.

For companies investing or cooperating in Ukraine, this means access to strategic resources, new partnerships along the value chain, and the opportunity to establish an early presence in a potential growth market.

Investing on a Stable Foundation

Since the beginning of the war, European nations have pledged over €156 billion in aid to Ukraine, with Germany among the largest contributors. While these funds ensure short-term operational capacity, they also lay the foundation for long-term investments, particularly in education, employment, integration, and military support.

Leveraging Funding Programs

The German Federal Government supports Ukraine's reconstruction through both national and international platforms. This creates tangible entry points for German companies from simplified export procedures and low-interest loans for Ukrainian partner firms to initiatives such as "Partnering in Business with Germany". Small and medium-sized enterprises, in particular, can capitalize on their

strengths here: niche solutions in renewable energy, construction, IT, and medical technology are in demand and find high market receptivity.

EU Perspective Strengthens Legal Certainty

Equally important for long-term engagement is the political outlook. The EU accession perspective could drive reforms strengthening the rule of law, public administration, and anti-corruption measures, all of which enhance predictability for investors.

Events such as the "Pathways to Progress" conference also illustrate that, beyond governments, the private sector is actively involved in transformation processes. This presents companies with the opportunity to help shape future standards in areas such as compliance, ESG, and administrative modernization.

Expanding Trade and Investment

Trade data shows growing economic interconnection: bilateral trade between Germany and Ukraine increased from €7.7 billion in 2019 to €11.7 billion in 2024. With a 4% share of total foreign direct investment, Germany ranks among Ukraine's leading investors.

This dynamic offers twofold advantages: on one hand, Ukraine strengthens its role in European supply chains; on the other, German companies can participate directly in reconstruction efforts, particularly in the energy sector, defense, and transport and logistics solutions.

Energy Partnership as a Growth Driver

The energy sector is developing particularly dynamically. By the end of 2024, Germany had supported projects worth €390 million, focusing on smart grids, storage technologies, and renewable energy.

This creates entry opportunities for businesses in a market that is increasingly aligned with European standards. Providers of decentralized energy solutions, from heat pumps and battery storage systems to microgrids, can benefit from rising demand and expanding market potential.

Strategic Options for Companies

These developments translate into clear strategic directions for action:

- **Early Market Assessment:** German companies should assess at an early stage in which sectors such as energy, infrastructure, IT, agriculture or defense market entry is most viable. Cooperation with local partners or joint ventures can help mitigate risks.
- **Utilizing Funding Instruments:** EU guarantees and national grant programs can secure investments and facilitate access to capital.
- **Risk and Security Management:** On-site investments should be supported by professional risk and security management, particularly regarding business travel and asset protection.
- **Driving Transformation:** Digital infrastructure, ESG compliance, and production technologies offer areas where German providers can shape Ukraine's transformation and secure competitive advantages.
- **Developing Talent Pipelines:** Collaboration with universities and training programs can support the recruitment and development of skilled professionals, which is a decisive factor for sustainable success.

Ukraine's reconstruction is a long-term project and a humanitarian commitment. Business strategies should therefore not only target short-term opportunities but also focus on sustainable value creation and integration into European supply chains.

Social and Cultural Convergence

The partnership between Germany and Ukraine extends beyond politics and economics, encompassing deep social and cultural ties that create further potential for businesses.

Integration into the Labor Market

Forecasts suggest that a significant share of Ukrainian refugees will establish long term livelihoods in Germany. After five years, roughly 45% may be in regular employment, increasing to around 55% after ten years. Key factors include qualifications, language proficiency and reliable childcare. Rapid recognition of Ukrainian professional qualifications is also essential, as it not only facilitates integration but broadens the talent pool for German employers.

Education as a Bridge

Education is another key area of cooperation. Ukrainian children attend German kindergartens and schools, growing up alongside their German peers. At the same time, scientific and technical collaboration between both countries has intensified in recent years. The German Federal Ministry of Education and Research (BMBF) plays a central role in this regard.

A 2024 joint declaration of intent to cooperate in energy, health, and climate aims to facilitate knowledge exchange and strengthen Ukraine's academic system. Today, more than 9,000 Ukrainian students are enrolled at German universities, benefiting from joint research projects and digital admissions processes. This collaboration creates new opportunities for both German universities and companies in education, research, and workforce development.

Contact

KPMG AG
Wirtschaftsprüfungsgesellschaft



Mathias Oberndörfer

Partner, Bereichsvorstand Öffentlicher Sektor
T +49 911 80092-9932
moberndoerfer@kpmg-law.com

www.kpmg.de

www.kpmg.de/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.