

The Odesa Region

Economic Hub on the Black Sea



Why the Ukrainian port region offers new opportunities for foreign companies

The Ukrainian region of Odesa on the Black Sea is not only a cultural center but is increasingly becoming a relevant economic location for European companies. Despite the Russian aggression, the region continues to develop dynamically and offers potential investment opportunities for foreign companies, particularly in **logistics, renewable energy, agriculture, and manufacturing**.

„Investing in Ukraine is not charity – it is a profitable decision.“

Yulia Svyrydenko
Prime Minister of Ukraine

Several German companies are already active in the region. In addition to Hamburger Hafen und Logistik AG (HHLA), energy service provider NOTUS Energy is implementing a large-scale wind power project.

Logistics and Industry as Growth Drivers

Prior to the Russian aggression, the Odesa region generated a GDP of approximately 8.4 billion euros in 2021, representing around 5 percent of Ukraine's economic output. Due to the impacts of the war, these figures have been subject to significant fluctuations, and reliable current data are not yet available.

In 2024, exports amounted to around 1.7 billion euros, primarily driven by grain, oilseeds, and sunflower oil. Foreign direct investment totaled approximately 1.3 billion euros in the first quarter of 2025, coming from Cyprus, the Netherlands, Singapore, and Germany.

The region's economy is broadly diversified. Key:

- Agriculture
- Logistics and trade
- Manufacturing
- Real estate

Seven seaports, including Odesa, Chornomorsk, and Pivdennyi, as well as five international transport corridors, make the region a central trade hub between Europe, Asia, and the Middle East. In 2024, around 80 million tons of cargo were handled in the ports of the so-called Greater Odesa area—the network of the three main Black Sea ports Odesa, Chornomorsk, and Pivdennyi—representing a 57 percent increase compared to the previous year.

With 29 universities, the region has a workforce potential of around one million well-educated professionals. An average monthly salary of 438 euros provides significant cost advantages compared to Western European locations.

Strategic Relevance for German Companies

Against the backdrop of disrupted supply chains and geopolitical tensions, Odesa can offer attractive conditions for German companies pursuing nearshoring strategies. Relocating production to Ukraine can, according to estimates, yield cost savings of up to 70 percent compared to other Eastern European locations.

Ukraine's EU candidate status supports this development. Since 2022, autonomous trade measures have suspended tariffs on Ukrainian imports into the EU. The planned DCFTA 2.0 agreement is expected to further deepen trade integration, complemented by quotas and protective measures.

Examples of Current German Activities in the Region

- Hamburger Hafen und Logistik AG (HHLA) utilizes the ports of the region to diversify supply chains through container handling and intermodal transport.
- Energy service provider NOTUS Energy is constructing a 300 megawatt wind farm, supporting the local energy transition and opening new cooperation and import opportunities for German companies.

With a solar energy potential of 4.6 gigawatts and a wind power potential of 34.7 gigawatts, Odesa provides very favorable conditions for renewable energy projects.

Beyond the energy and logistics sectors, Odesa also offers promising development opportunities in agriculture and industrial manufacturing. Around 60 percent of Ukraine's vineyards are located here. Competitive conditions also exist for the production of plastics, chemicals, and machinery—sectors where German companies can reduce dependencies and establish new supply chains.

Investment Incentives and Risk Management

The Ukrainian government offers targeted incentives to attract international investors, including:

- Tax and customs benefits starting from investment amounts of 12 million euros
- Reimbursement of up to 30 percent of investment costs
- Tax exemptions in industrial parks for up to ten years

Financial instruments include:

- The EU Ukraine Facility with 50 billion euros
- EBRD programs for infrastructure development and SME support totaling three billion euros

Risk mitigation is provided through:

- Investment guarantees from the German government, including coverage for war-related damages, currently around 340 million euros
- Guarantees from the World Bank (MIGA) and the Ukrainian Export Credit Agency

Practical examples, such as the Fixit Group (investment of 12 million euros) or the M10 Industrial Park in Lviv (8.4 million euro guarantee), demonstrate that investments can be realized and secured even during the war under appropriate conditions.

Outlook

The Odesa region combines Europe's industrial and technological strengths with the high resilience and resources of Ukraine. Considering a potential EU accession, a strategic window may arise for German companies to position themselves early and expand partnerships.



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