Reliable and stable partner

The potential of Ukraine's chemical industry was formed mostly thanks to development of centralized planning economy of the once strongest geopolitical state of the continent. The Soviet Union influence on world economic development was not bound to political course and cooperation with neighbor states, which were part of the Union of Economic Mutual Assistance. The Soviet Union used to boast enormous natural reserves, had auspicious geographic location, and there would be no excuse for ignoring economic potential of the country.

In the 15 years of independence, Ukraine not only managed to keep the production potential of chemical industry, but also multiplied it. Having been oriented at export supplies, the industry suffered less from economic crises at the post-Soviet area. Ukrainian chemical enterprises succeeded in recommending themselves as reliable and stable partners.

The main and the most developed Ukrainian chemical enterprises have already been privatized. Foremost, these are plants producing mineral fertilizers, titanium dioxide, by-product coke plants, and oil refineries.

Export orientation of Ukraine's chemical industry was launched back in the Soviet times. It gained special meaning after the decision was made to build large transshipping port Yuzhny in Andzhalykskiy estuary. Today the port handles not only ammonia and mineral fertilizers, but also methanol, as well as agricultural produce. Oil terminal is also available.

With its auspicious geographical location, Ukraine can export large lots of its products all over the world. Unfreezing deep port, excellent transportation infrastructure, warehouse infrastructure, vast areas, wonderful environmental and natural conditions, and the key issue – qualified human resources – help Ukrainian enterprises to be one of the world market leaders.

Besides to Yuzhny port, Black Sea also boasts ports like Odessa, Nikolayev, Kherson, and Ilyichevsk. Transshipping and handling facilities are also available in ports Reni, Sevastopol, Kerch, as well as in Azov Sea ports: Mariupol and Berdyansk.

Uniqueness of Ukraine's location is facilitated by powerful transit network in transporting of gas, oil, and ammonia, as well as a network of highways and railways. The system yet built by the Soviet Union is fully capable of working, has been upgraded and even expanded. Russian-Ukrainian ammonia pipeline "Togliatti – Yuzhny" is one of the two ammonia pipelines running in the world. It is successfully operating and supporting ammonia export supplies by the two Ukrainian and two Russian enterprises abroad.

Today Ukraine's chemical industry is picking up new turns. Despite increased prices for energy carriers, Ukraine is one of the leaders in export or urea, ammonia, and aluminum oxide. The volume of Ukraine's chemical output export keeps adding 10-12% annually. Meanwhile, production volumes are growing by 14-15% per annum. In 2005, exports outran USD 3.15 bn. It should be noted that Ukrainian export is not limited to ammonia and urea. Important shares in the export belong to inorganic chemicals, alumina (aluminum oxide), and titanium dioxide. Polymer industry is also developing and starting to export its output.

The main partners of Ukrainian enterprises are developing countries. Export supplies to developed states – foremost, the EU and the USA – keep expanding. Development of Ukraine's chemical export will be greatly encouraged by the country's accession into WTO. We expect appearance of new chemical products, new investors, as well as development and forming of a network of trade operators at the market.

Ukraine has recently activated the processes of import substitution. It is clearly seen in polymer production and plastic processing. Per capita consumption of plastic in Ukraine is 2.5-4 times lower than in the European Union. Because of the risen domestic and foreign demand, growth rates of plastic and polymer imports, as well as this manufacturing in Ukraine will keep moving up in the next 5-7 years and will not stop in the next couple of decades.

For now, Ukraine only has four large polymer producers running (OJSC LiNOS, CJSC Lukor (KarpatyNefteKhim), OJSC KhimProm, and OJSC Stirol Concern). The companies are manufacturing various polymers, yet occupy no more than 10% of market niche each in their segment. There was recently seen some activity of investments related to secondary processing of polymers and plastics, as well as construction of processing enterprises for finished article manufacturing.

The fundamentals of Ukraine's chemical sector are nitrogen enterprises making ammonia and mineral fertilizers. They include OJSC Odessa Port Plant, OJSC Azot (Nitrogen, Cherkassy), OJSC Stirol Concern, OJSC DneproAzot, OJSC RivneAzot, as well as CJSC Azot Severodonetsk. Only the last company is fully owned by the state, and OJSC Odessa Port Plant (OPZ) is being prepared for privatization.

By and large, chemical industry of Ukraine has a dynamic development trend. Despite hardships of the transition period, the industry preserved its positions as a producer and employer; kept its market niches, in particular, at global market. This Ukrainian industry is credit worthy and – the most important – stable. The sector is developing within the frames of environmental laws of the state. No environmental disaster or large accident has been reported in the entire period of chemical industry operating in independent Ukraine.