

# Ukraine and Lviv will cut your costs

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**The financial crisis surely comes as bad news for the Ukrainian suppliers of raw materials and some employees. But on the other hand it brings new opportunities for Western European companies, who have to cut their costs.**

As the financial crisis kicks in, cutting cost will be the most important objective for many companies. This increases the interest in low cost production, and hence the interest in Ukraine.

Cut costs and reap the profits  
In Ukraine efficiency and quality equals the efficiency and quality in Western Europe, but as a general rule of thumb total production costs are only 1/3 of production costs in Western Europe. As illustrated on the

right hand side, this is only because of the much lower labour costs.

Thus, while many companies with a Western-based production will struggle to make a profit in coming years, Ukraine-based companies producing the same quantity and selling its products at the same price will be very competitive. Surely, the company in Ukraine will incur additional logistic/transport costs, and perhaps some extra management costs, but all these are by far offset by the much lower salaries paid.

## Brain sourcing

Not only the blue-collar salaries are lower in Ukraine - so are the salaries of well-educated workers, such as IT-programmers. These people are at least as skilled as their Western European or Asian colleagues. Furthermore, some oblasts emphasize close ties with col-

leges and universities in order to attract businesses. Lviv in Western Ukraine is one such oblast.

## Lviv is a target

Lviv hosts two universities, from which more than 1,000 students graduated in 2007, and at least another 15 scientific institutions. A long term presence of Western companies in the region has resulted in a substantial transfer of know-how to local companies, and Lviv is eager to learn more. But barriers exist. In the business community, the Ukrainians will worry about the increasing competition; the scientific institutions will be concerned about reimbursement for their services; and the universities will have to redefine their future role.

## Promising partnerships

To overcome these barriers, the Lviv Oblast and the private business consultancy of

Mafcon - a "one stop shop" for establishment and investment in Ukraine - are considering to join forces. Together, and in corporation with the scientific institutions, they will coordinate the region's know-how and make things simpler for potential investors by extending the "one stop shop" principle. Potential investors will be offered a free consultation in order to determine their requirements, and based upon Mafcon creating an individual guide, including sector specific data, information on relevant institutions and universities etc. Furthermore, the investors can ask a qualified advisor to assist them in the process on a paid-for basis.

The tide is changing and Lviv is well prepared for the next wave. And you better believe that it will come - right now!

**Calculate your cost saving potential by clicking [here](#).**

