

State University of Trade and Economics
Department of International Management

GRADUATION QUALIFICATION WORK

on the topic:

**ORGANIZATION OF IMPORT OF BUILDING MATERIALS FROM
EUROPEAN COUNTRIES**

(according to the materials of LLC “Itera Group”, Kyiv)

Student of 4th course, 7ab group,
specialty 073 "Management"
educational program "Management
of foreign economic activity"

Korolkova
Yelyzaveta
Oleksiivna

Scientific advisor
PhD in Economics,
Associate Professor of the Department
of International Management

Demkiv
Yuliya
Mykhailivna

Guarantor of the educational program,
PhD in Economics,
Associate Professor of the Department
of International Management

Pyankova
Oksana
Vasylivna

Kyiv 2023

State University of Trade and Economics

Faculty of International Trade and Law

Department of International management

Specialty 073 «Management», educational program «Management of foreign economic activity»

Approved by
Head of the department

« » _____ **2023**

Task for the final qualifying paper of the student

Korolkova Yelyzaveta

1. Theme of the final qualifying paper
«Organization of import of building materials from European countries»
(according to the materials of LLC “Itera Group”, Kyiv)

Approved by order of STEU from «12» January 2023 № 38

2. Deadline for the submission of completed final qualifying paper by the student:

22.05.2023

3. Target installation and initial data to final qualifying paper

The purpose of the final qualifying paper is to study of the process of organizing the import of construction materials from European countries.

The object of the final qualifying paper is analysis of the import process of building materials from EU to Ukraine.

The subject of the final qualifying paper is methodological and practical components of the organization of the organization of import deliveries of building materials from European countries to LLC “Itera Group”.

4. Contents of the final qualifying paper (list of questions for each chapter):

Introduction

Chapter 1. Research of the activity of the LLC “Itera Group”.

Characteristics of the enterprise.

Analysis of production and economic (trade) activities. Study of the financial condition and total income of the entity for 3 years. The purpose of the import operation. Research of foreign economic activity of the enterprise with definition of geographical structure of import operations, commodity structure of imported goods. Identification of current problems of the enterprise-subject of foreign economic activity.

Chapter 2. Justification of the choice of countries for organizing the import of building materials.

Study of the main stages of development and the current state of the world market of building materials. Identifying the leading countries in the export and import of

construction materials in the world. Price level research. Identification of local importers (competitors). Study of demand for the researched product in the domestic market, analysis of consumer behavior, determination of the target audience of the consumer.

Chapter 3. Implementation of administrative decision regarding LLC "Itera Group" imports of building materials from European countries.

Compliance with regulatory requirements of Ukraine. Availability of logistics. Search for potential partners. Detailing the content of the Contract. Definition of exogenous, endogenous risks, contractual risks.

Conclusion

References

5. Calendar plan of the final qualifying paper

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		plan	fact
1	Approval of the content of the final paper	11/02/2023	11/02/2023
2	Collection of information	27/02/2023	27/02/2023
3	Writing and submitting for review the first chapter of the final paper	15/04/2023	14/04/2023
4	Writing and submitting for review the second chapter of the final paper	1/05/2023	1/05/2023
5	Writing and submitting for review the third chapter of the final paper	13/05/2023	13/05/2023
6	Check of the final paper	25/05/2023	25/05/2023
7	Completion of the final paper	3/06/2023	3/06/2023

6. Date of issuance of the task «__»_____2023

7. Scientific adviser of the final qualifying paper Demkiv Y.M.

8. Guarantor of the educational program Pyankova O.V.

9. The task was accepted by the student Korolkova Yelyzaveta.

10. Resume of scientific adviser about the final qualifying paper

The author chose a topical topic and in-depth researched the issue of organizing the import of building materials from European countries. The analysis of the stages and general development of the international and regional market shows a deep interest in the work, which would be more comprehensive if the price and regulatory policy of the developed product segment were studied. A direct assessment of the company's readiness to effectively support import activities is quite objective from the point of view of characterization and analytics, in accordance with the main complex of research and in accordance with the requirements of scaling, targeted implementation of the project. For clarity, it would be expedient to form a

more in-depth logical and objective format for assessing the conditions (including on the basis of greater detail of the Contract), the implementation scheme of the import project.

Research on the topic: "Organization of the import of construction materials from European countries" (based on the materials of "Itera Group" LLC, Kyiv) in general realizes the set goal and can be recommended for protection.

Scientific adviser of a final qualifying paper

Demkiv Y.M.

Note about preliminary paper defense

(last name, initials, signature)

11. Conclusion on the final qualifying paper

The final qualifying paper of student Korolkova Y.O. may be admitted to the defense in the Examination Board.

Guarantor of the educational program

Ryankova O.V.

Head of the Department

Melnyk T.M.

« » _____ 2023

CONTENTS

INTRODUCTION	5
CHAPTER 1. RESEARCH OF THE ACTIVITY OF THE SUBJECT OF FEA LLC "ITERA GROUP"	
1.1 Assessment of production and economic activity and financial condition of LLC "Itera Group"	10
1.2 Analysis of the import activity of LLC "Itera Group"	18
CHAPTER 2. JUSTIFICATION OF THE CHOICE OF THE COUNTRIES FOR ORGANIZING THE IMPORT OF BUILDING MATERIALS	
2.1 Determination of the main development trends of the world market of building materials.....	24
2.2 Research of the Ukrainian market of building materials.....	31
CHAPTER 3. IMPLEMENTATION OF ADMINISTRATIVE DECISION REGARDING "ITERA GROUP" LLC IMPORTS OF BUILDING MATERIALS FROM EUROPEAN COUNTRIES	
3.1 Organizational structure for the import of building materials.....	48
3.2 Predictive evaluation of the effectiveness of the import of building materials by LLC "Itera Group" to Ukrainian market from the EU countries.....	55
CONCLUSIONS AND PROPOSALS	63
REFERENCES	64
APPENDIXES	68

INTRODUCTION

The relevance of the chosen topic: The topic of this work is highly relevant in the current situation in Ukraine. Foreign economic activity is crucial for economic growth, job creation, resource access, market expansion, and cultural exchange. It stimulates global interconnection, cooperation, and the development of low and resilient economies. The import of building materials is vital for the construction industry, infrastructure development, sustainability, and the well-being of individuals and communities. Furthermore, an increased trade between countries helps to support economic stability during the current time of uncertainty and conflict.

Purpose of the research: To study of the process of organizing the import of construction materials from European countries.

Among the tasks of this work are:

1. To evaluate the production and economic activity, financial condition, and total income of the LLC “Itera Group”.
2. To analyse the import activity of LLC “Itera Group”.
3. To collect and analyse data on the goods to be imported, including origin, quantity, quality, cost and related information.
4. To obtain all necessary licenses and permits for importation from relevant government agencies.
5. To identify the problems of the functioning of “Itera Group”.
6. To propose the solutions for improving the import process.
7. To reveal the need for the international cooperation.
8. To develop an effective mechanism of interaction between countries.
9. To outline the prospects of the “Itera Group” and its role in the Ukrainian market.

The object of research: the process of import from EU to Ukraine.

The subject of research: methodological and practical aspects of the organization of import deliveries of construction materials from European countries to LLC “Itera Group”.

Methods of the research: analysis (using of multiple sources, including literature (textbooks, articles), online-resources (web sites, social media, public forums) and data bases with public access), induction, description, classification etc

List of research methods: system approach (for studying the problems of increasing the efficiency of import activities of the enterprise); financial and economic analysis (for studying the state of import activity of the enterprise); graphical (to give a research results), expert estimation method (to predict the values of indicators in the future period), comparative (to identify the best ways to increase the efficiency of the enterprise's import activities).

Information support: online Ukrainian and English resources (websites, presentations, videos, social media) and data bases with public access, as well as company's documentation.

Practical significance: this work provides information that is useful in understanding the importance of imports to the Ukrainian economy. It can provide insight into how different countries rely on foreign goods and services to meet their needs, as well as how international trade affects economic growth. Additionally, this paper could be used to examine the impact of tariffs and other trade barriers on global markets.

SUMMARY

Korolkova Y.O. «Organization of import of building materials from European countries» (based on the materials of LLC “Itera Group”, Kyiv)

Final qualifying paper in the specialty «Management» educational program «Management of foreign economic activity». State University of Trade and Economics. Kyiv, 2022.

The final qualifying paper is devoted to the import of building materials from Europe to Ukraine, focusing on the trends, challenges, and implications of this trade relationship. The research analyzes the current state of the construction industry in Ukraine and explores the factors driving the import of building materials from European countries. The study also investigates the economic, environmental, and regulatory aspects associated with this import, considering its impact on the Ukrainian construction sector, sustainability goals, and local market dynamics. Through a comprehensive analysis of available data this work provides insights into the significance of European building material imports and examines the effectiveness of a specific import contract.

Key words: subject of foreign economic activity, imports, exports, building materials, construction market, Europe.

АНОТАЦІЯ

Королькова Є.О. «Організація імпорту будівельних матеріалів з країн Європи» (за матеріалами ТОВ «Ітера Груп», м. Київ)

Випускна кваліфікаційна робота за спеціальністю «Менеджмент» освітньої програми «Менеджмент зовнішньоекономічної діяльності». Державний торговельно-економічний університет, Київ, 2023.

Випускна кваліфікаційна робота присвячена імпорту будівельних матеріалів з Європи в Україну, зосереджуючись на тенденціях, проблемах і наслідках цих торгових відносин. У дослідженні аналізується поточний стан будівельної галузі в Україні та досліджуються чинники імпорту будівельних матеріалів з європейських країн. Дослідження також досліджує економічні, екологічні та регуляторні аспекти, пов'язані з цим імпортом, враховуючи його вплив на український будівельний сектор, цілі сталого розвитку та динаміку місцевого ринку. Завдяки всебічному аналізу наявних даних ця робота дає уявлення про важливість європейського імпорту будівельних матеріалів і досліджує ефективність на прикладі конкретного імпортного контракту.

Ключові слова: суб'єкт зовнішньоекономічної діяльності, імпорт, експорт, будівельні матеріали, будівельний ринок, Європа.

CHAPTER 1. RESEARCH OF THE ACTIVITY OF THE SUBJECT OF FEA LLC “ITERA GROUP”

1.1 Assessment of production and economic activity, financial condition and total income of LLC “Itera Group”

LLC “Itera Group” is a Ukrainian company that specializes in the import of building materials from the European Union. The company was founded in 2016 and has since become a major player in Ukraine's construction industry, developing strong partnerships with many European suppliers. The countries include Poland, Germany, Sweden and many other. So, it has grown to become one of the leading importers of construction materials in Ukraine.

Table 1.1

General characteristics of the company

Content	Information
1. Full and abbreviated name of the enterprise	Limited liability company Itera Group (LLC Itera Group)
2. Date of the enterprise registration.	15.09.2016
3. Postal and legal address enterprises	03150, Kyiv, Yamska str., 72
4. EDRPOU code	40835871
5. Type of activity, (industry code)	46.73 Wholesale trade of wood, building materials and sanitary-technical equipment
6. Form of ownership, state share in capital, %	Non-state ownership, 0%

Source: structured by the author based on the company's website [1]

LLC “Itera Group” provides customers with a wide range of products such as insulation materials, steel structures, roofing systems, waterproofing membranes and more. Additionally, they offer customized solutions to meet customer needs and

ensure projects are completed on time and within budget. Their main office is in Kyiv, with additional offices located throughout Ukraine.

LLC “Itera Group” does not only import various building materials from EU to Ukraine, but it also acts as an official distributor of other Ukrainian building materials producers.

One of the main principles of their work is the availability of quality materials. This is where the pricing policy comes along. Thanks to constant analysis of the building materials market, optimization of costs and direct deliveries from manufacturers, “Itera Group” makes prices as affordable as possible for the customers.

According to Ukrainian classifier of types of economic activity (укр. КВЕД) “Itera Group’s” main type of activity is 46.73: Wholesale of wood, building materials, and sanitary-technical equipment [2].

All the activities of the company include:

1. Wholesale trade of wood, building materials and sanitary-technical equipment.
2. Plastering works.
3. Floor covering and wall cladding.
4. Painting and glazing.
5. Roofing works.
6. Other specialized construction works.
7. Provision of landscape services.
8. Non-specialized wholesale trade.
9. Consulting on informatization issues.
10. Leasing and exploitation of own or leased real estate.
11. Research of the market situation and identification of public opinion.
12. Leasing of trucks.
13. Freight road transport.

The constant availability of a large volume of products in a warehouse in Kyiv allows the customers not to wait for deliveries from the regions - it is possible to order the necessary amount of goods at any time. Their own warehouse within the

city allows for prompt delivery of orders to any address. Long-term cooperation with proven partners helps to respond in a timely manner to market conditions and supply high-quality products at the most favourable prices. Of course, during the war time, these processes have changed slightly. Nevertheless, the company strives to provide the best service.

Over the years of its work, the company "Itera Group" has acquired a stable image of a reliable partner among consumers of construction industry products throughout Ukraine. It has rich experience and the ability to supply construction materials at the best prices. The company has proven itself as a reliable partner, so they are trusted by many well-known organizations and private buyers. And this fact gives the company a huge advantage comparing to their rivals on the market.

Speaking of finances, the size of the authorized capital in the year 2022 of LLC "Itera Group" equals to 13,397,500.00 UAH. All the financial resources for the past three years can be seen in a table below (see Table 1.2). A company with a statutory fund divided into shares, the size of which is determined by the founding documents, is recognized as a limited liability company. In the cases stipulated by the founding documents, participants who have not fully contributed are responsible for the company's obligations also within the limits of the unpaid part of the contribution.

Table 1.2

The main economic indicators of LLC "Itera Group" in 2020-2022, UAH

Indicators	2020	2021	2022
Income	30,597,500 UAH	49,402,300 UAH	10,894,300 UAH
Net profit	468,200 UAH	1,178,800 UAH	211,100 UAH
Total assets	18,430,800 UAH	18,740,100 UAH	15,875,900 UAH
Total liabilities (including):	1,115,200 UAH	4,205,400 UAH	1,124,600 UAH
<i>long-term liabilities (%)</i>	<i>0,76%</i>	<i>0,50%</i>	<i>2,47%</i>
<i>current liabilities (%)</i>	<i>99,24%</i>	<i>99,50%</i>	<i>97,53%</i>

Continuation of table 1.2

Net assets	17,456,000	18,210,500	15,320,000
Personnel	20	22	25

Source: structured by the author based on the company's financial reports [3]

As the results of the analysis show, the profitability of sales in 2021 increased, compared to 2020. The profitability of working capital also increased due to the increase in the net profit of the enterprise. This is due to the new signed contract with a company called "Ceresit". LLC "Itera Group" became an official distributor of their products in 2021. This has led to an increase in sales as new goods, more variety and a famous name appeared as an option for Itera Group's customers.

From the given data, we can see that in 2021 income from the sale of products amounted to 49.402.300 UAH, so there was an increase of 1.61% compared to 2020. The highest net profit from product sales in recent years was also in 2021 and it amounted to 1,178,800 UAH, which is 2.5% more than the previous year. In 2021, there was also an increase in the amount of assets and liabilities compared to 2020 – 1.02% and 3.8% accordingly. The changes are shown below in the table 1.3.

Table 1.3

Dynamics of changes in the main economic indicators of LLC "Itera Group" for the period 2020-2022 year, UAH

Indicators	Difference in numbers, UAH		Rate of increase (decrease) indicator, %	
	2020/2021	2021/2022	2020/2021	2021/2022
Income	18,804,800 UAH	-38,508,000 UAH	1.61%	0.22%
Net profit	710,600 UAH	-967,700 UAH	1.02%	0.18%
Assets	309,300 UAH	-2,864,200 UAH	1.02%	0.84%
Liabilities	3,090,200 UAH	-3,080,800 UAH	3.8%	0.27%

Source: structured by the author based on the company's financial reports [3]

So far, the year 2021 has been the most profitable among all the financial indicators. This fact must deal with the lockdown situation. In 2021 there was a trend

on building houses. The borders were partially closed, and therefore it has become more difficult to spend a lot of money on travel. So, in 2020-2021, quite many people spend their funds to improve their housing conditions. Whether it was insulating an apartment or building a house from scratch. This tendency brought a lot of demand and therefore profit to “Itera Group”.

During the analysed period, LLC "Itera Group" has had a positive result of activity, however, a downward trend is observed: in 2022 the income decreased by 38,508,000 UAH, in other words by 0.22% compared to 2021. A further decrease of 0.18% compared to 2021 is observed in the net profit which resulted in 211,100 UAH. This has happened due to the war conflict that begun in 2022. And one of the challenges were power outages. The company had to purchase and install generators to keep the work running smoothly. Moreover, the shortage of energy resources, personnel and working capital of enterprise excluded the possibility of long-term planning as well as of the transportation capacities.

Table 1.4

Financial results of LLC Itera Group in 2020-2022, thousand UAH

Indicator	2020	2021	2022
Net sales (goods, works, services)	60 000	100 000	85 000
Cost of goods sold	55 000	90 000	80 000
Gross profit (loss)	5 000	10 000	5 000
Other operating income	554	1 340	865
Other operating expenses	-4 000	-8 000	-5 000
Operating profit (loss)	1 554	2 340	865
Other income	400	860	530
Other expenses	-30	-200	-70
Pre-tax profit	2 924	3 000	1 325
Tax	-526,32	-540	-238,5
Profit after tax	2 397,68	2 460	1 086,5

Source: conducted by the author based on financial reports [3]

The analysis of financial results of the company show that the company has had profit during the past three years. However, the last year (2022) was the least profitable out of all. The expenses correlate with the production activity. In 2021 more goods were sold therefore there were more operating expenses.

Table 1.5

Balance sheet of LLC “Itera Group”, in 2020-2022, UAH

Indicator	2020	2021	2022
Assets			
Total assets	18 430 800	18 740 100	15 875 900
Total fixed assets:	189 900	221 600	332 400
<i>Initial book value</i>	<i>309 132</i>	<i>490 860</i>	<i>997 200</i>
<i>depreciation (%)</i>	<i>61,43%</i>	<i>45,14%</i>	<i>33,3%</i>
Long-term financial investments	2 000	3 400	1 800
Other non-current assets	3 450	4 300	2 670
Total current assets:	8 310 000	11 080 000	6 648 000
Inventories (including):	5 432 000	8 310 000	4 949 900
<i>goods & finished products (%)</i>	<i>99,99%</i>	<i>99,78%</i>	<i>99,75%</i>
Receivables from budget	3 000	2 000	5 500
Other current receivables	1 385 000	1 662 000	1 108 000
Current financial investments	5 540	5 230	5 000
Cash and cash equivalents	5 000	14 000	15 000
Prepaid expenses	12 000	10 000	20 000
Other current assets	4 000	2 000	2 000
Liabilities			
Total liability	1 115 200	4 205 400	1 124 600
Registered capital	6 000	15 000	12 000
Other capital (reserves)	7	6	4
Retained earnings	2 000	6 000	5 000

Continuation of table 1.5

Long-term liabilities	40	60	50
Total current liabilities:	5 000	15 000	2 000
Short-term bank loans	6	10	7
Other current liabilities	2 000	10 000	1 000

Source: made by the author based on company's financial reports [3]

The table demonstrates the changes of assets and liabilities of the company in the period 2020-2022 years. Depreciation of assets decreased from 61,43% in 2020 to 33,3% in 2022. Which shows that the assets are more stable now.

Table 1.6

Analysis of liquidity and solvency of LLC Itera Group for 2020-2022

Indicator	As of year's end, points			Absolute deviation, points	
	2020	2021	2022	2020-2021	2021-2022
Liquidity indicators					
Current liquidity ratio	2,5	2	5,9	-0,5	3,9
Quick liquidity ratio	1,2	1	2,5	-0,2	1,5
Absolute liquidity ratio	0,1	0,3	0,3	0,2	0
Solvency indicators					
Current solvency ratio	1	0,8	1	-0,2	0,2
Quick solvency ratio	0,46	0,33	0,25	-0,13	-0,8
Absolute solvency ratio	0,1	0,9	0,26	0,8	0,54

Source: made by the author based on the company's data [3]

After calculation of the liquidity and solvency of the enterprise, the results are the following. Current liquidity ratio shows the ineffective management of current assets throughout all the last three years. In 2021 quick liquidity ratio equals to 1 which is considered to be favourable. But the result from 2020 and 2022 are higher than the norm which again indicates at the ineffective management of the current assets. And finally, the absolute liquidity ratio in 2022 and in 2021 equalled to 0,3 which is between favourable range of values. As for 2020, the result shows the ineffective management of receivables, or the insufficient current assets.

So, it can be concluded that the main indicators of the financial and economic activity of LLC "Itera Group" underwent positive changes in 2021 compared to 2020. However, the income of the company has drastically decreased because of the war conflict that has started in Ukraine in the beginning of 2022. This has led to less demand for the company's products and services. Hence the numbers are down (see fig.1.1).

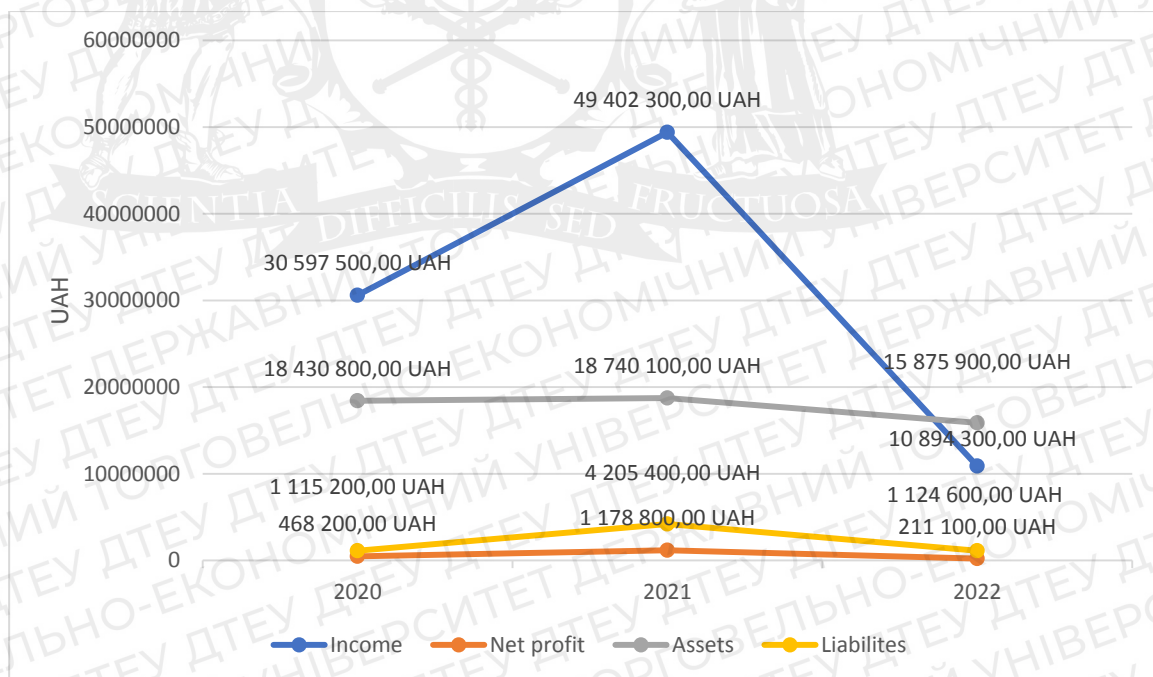


Figure 1.1 Dynamics of changes in the main economic indicators of LLC "Itera Group" for the period 2020-2022 years, mln UAH

Source: structured by the author based on the company's financial reports [2]

In this regard, the company's activities are now aimed at finding the most effective forms and methods of cooperation with business partners to ensure its profitability. As well as choosing the transportation.

Overall, the current financial situation of “Itera Group” is quite stable. It has drastically declined in 2022, however, the company was able to rehabilitate itself and show somewhat positive economic results.

1.2 Analysis of import activity of LLC "Itera Group"

In today's economic conditions, and regarding the current situation in Ukraine, it seems obvious to not only continue but also to strengthen these international cooperations. The need for import in Ukraine during war is an important factor in the country's economic stability.

The purpose of import operations for “Itera Group” is to source products from international suppliers and bring them into the domestic market. This allows “Itera Group” to provide their customers with a wide range of products at competitive prices. Also, during times of conflict, the company relies on imports from other countries which helps to fulfil the basic to those affected by the conflict. Additionally, importing goods enables to reduce costs by taking advantage of economies of scale and improved access to resources that are not available domestically.

Therefore, LLC “Itera Group” carries out independent import of goods. The prerequisite for carrying out import operations is to conduct negotiations with a foreign counterparty and conclude an import contract. LLC “Itera Group” carries out wholesale and retail sales of imported goods. Determining the effectiveness of imports is of great importance in the activities of LLC “Itera Group”.

Cooperation plays an essential role in this enterprise. Maintaining strong relationships with partners has always been an important part in the development of the business. Thanks to this kind of cooperation, “Itera Group” can provide its customers with a wide range of materials at attractive prices.

Today, the "Itera Group" company is an official dealer of such manufacturers as: ROCKWOOL, BAUMIT, RUUKKI, Ceresit, RANNILA, KATEPAL, IKO, BRYZA, GERARD, FAKRO, VELUX, DELTA DORKEN, GALECO, VILPE and many others. The company does not stop at what is already achieved – it tries to develop cooperations with new suppliers, introduce new services for the customers and accelerate delivery times. Especially in the new reality of the war conflict.

Having these bonds with some of the international leaders of the construction market gives so many opportunities to Itera Group. The main advantage is accessing goods that are not produced in domestically. Of the main types of mineral wool, basalt wool and glass wool, only basalt wool is produced in Ukraine. This allows the company to expand on the domestic market as it provides and offers wider range of products and services. Another great benefit is exchanging knowledge with international partners which improves productivity and enhances company's competitiveness. And lastly, by conducting foreign economic activity "Itera Group" contributes to the trade relations that Ukraine has.

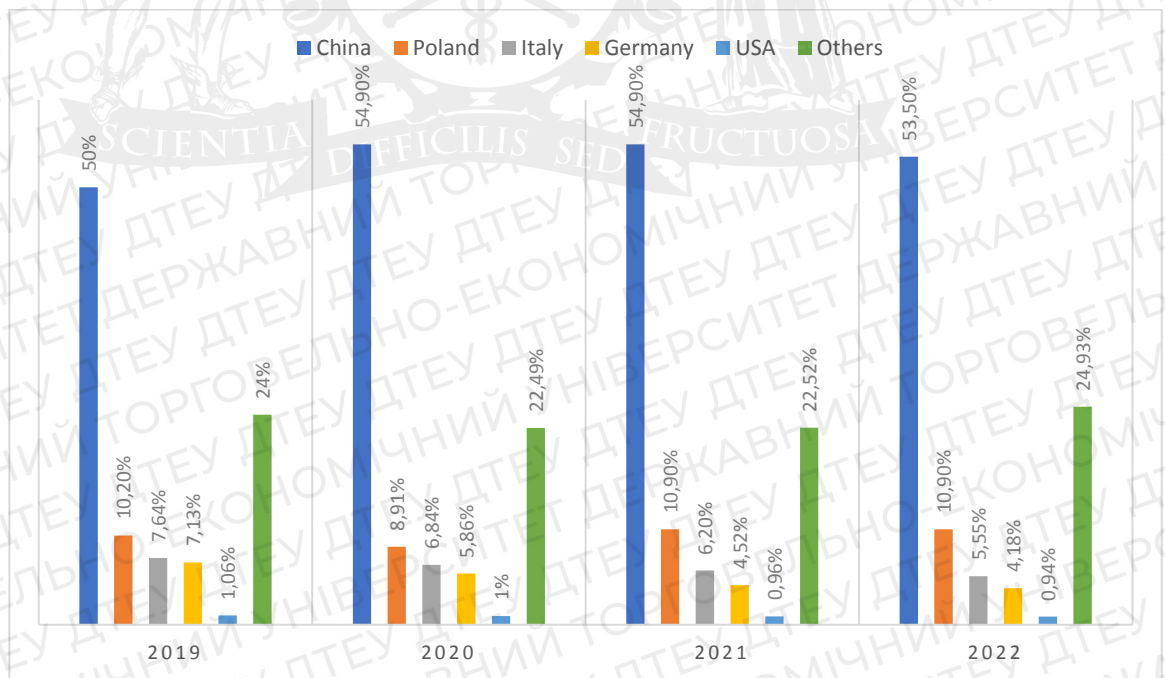


Figure 1.2. Geographical structure of imports of "LLC Itera Group" in 2019-2022 years, %

Source: built by the author based on data [4]

The figure above (fig. 1.2) shows us the share of countries which export products to the company “Itera Group”. The main one is China with 53,5% (as of 2022) then Poland with 10,9%. Both countries have remained stable partners throughout the last four years, not marking lower than 50% and 8% accordingly on the ratio of imports. Italy and Germany have both been great exporters of buildings materials, with 5,55% and 4,18% accordingly in 2022. USA had only 0,94% of exports to the company because the price for shipping is much higher. Other almost one fourth of the ratio every year include mostly countries from the European Union.

The company “Itera Group” always considers currency fluctuations in different countries when determining prices for imported products, since many building materials are traded in US dollars or euros. Moreover, it works in such a way as to swiftly respond to changes in demand from clients both domestically and internationally by adjusting its product mix accordingly.

Table 1.7

**Analysis of the commodity structure of import activities of LLC “Itera Group”
for 2020-2022, %**

Indicators	Years, %			Absolute deviation, %	
	2020	2021	2022	2020–2021	2021–2022
1	2	3	4	5	6
Total sales of import products, including:					
3921 Foam plastic	32,0	35,0	30,0	3,0	-5,0
6806 Basalt wool	25,0	25,0	20,0	0,0	-5,0
7019 Fiberglass	18,0	16,0	20,0	-2,0	4,0
3915 Styrofoam	5,0	8,0	12,0	3,0	4,0
7308 Metal tile	5,0	4,0	5,0	-1,0	1,0
6807 Bituminous tiles	2,0	3,0	2,0	1,0	-1,0
3917 Drainage	5,0	6,0	6,0	1,0	0,0

systems					
Others	8,0	3,0	5,0	-5,0	2,0
Together:	100,0	100,0	100,0	0,0	0,0

Source: developed by the author based on company's documentation [1]

Company's main focus is on foam plastic and basalt wool – both important insulation products. Throughout the last years these two items were the most in demand resulting in 50% (combined) between all the goods in 2022. In 2021, as it was post-Covid time, a lot of consumers (both private people and businesses) decided to invest into the construction or building. There was a tendency to insulate homes. Therefore, the four main products of “Itera Group” were in demand. The table above (see table 1.7) demonstrates what part of import of foam plastic, basalt wool, fiberglass and styrofoam has been carried out. Fiberglass and styrofoam are another significant material which amounted to 20% and 12% accordingly in 2022. As well as drainage systems (6%).

LLC “Itera Group” has been able to capitalize on its strong presence in both Europe and Asia by creating strategic partnerships with local companies and leveraging its experience in different markets. These partnerships have allowed “Itera Group” to expand into new regional markets while also offering them access to new technologies, resources, and materials that are not available locally.

In addition, “Itera Group” has taken steps to improve its competitive advantage within the global market by investing heavily in research & development (R&D) and increasing its production capacity. The company has also taken steps to reduce their costs by improving their supply chain management and optimizing their production processes.

All in all, the foreign economic activity of LLC “Itera Group” is expected to continue growing in upcoming years as the company continues to expand into new markets, increase its R&D investments, and build stronger partnerships with local companies. This will enable them to remain competitive within the global market while continuing to offer quality products that meet customer needs at a reasonable price.

One of the main partners is a Danish company “ROCKWOOL”. Ukraine and Moldova are part of the ROCKWOOL Central and Eastern Europe division - the world leader in the production of stone wool-based solutions. Their products are diverse, and all this contributes to the formation of a circular economy, increasing the efficiency of the use of resources, as well as increasing the level of safety, health, and well-being of those who produce and use our products. This stable cooperation gives “Itera Group” a valuable lesson about developing the professional skills and having more knowledge as well as providing the Ukrainian market with high quality materials (see fig. 1.3.).

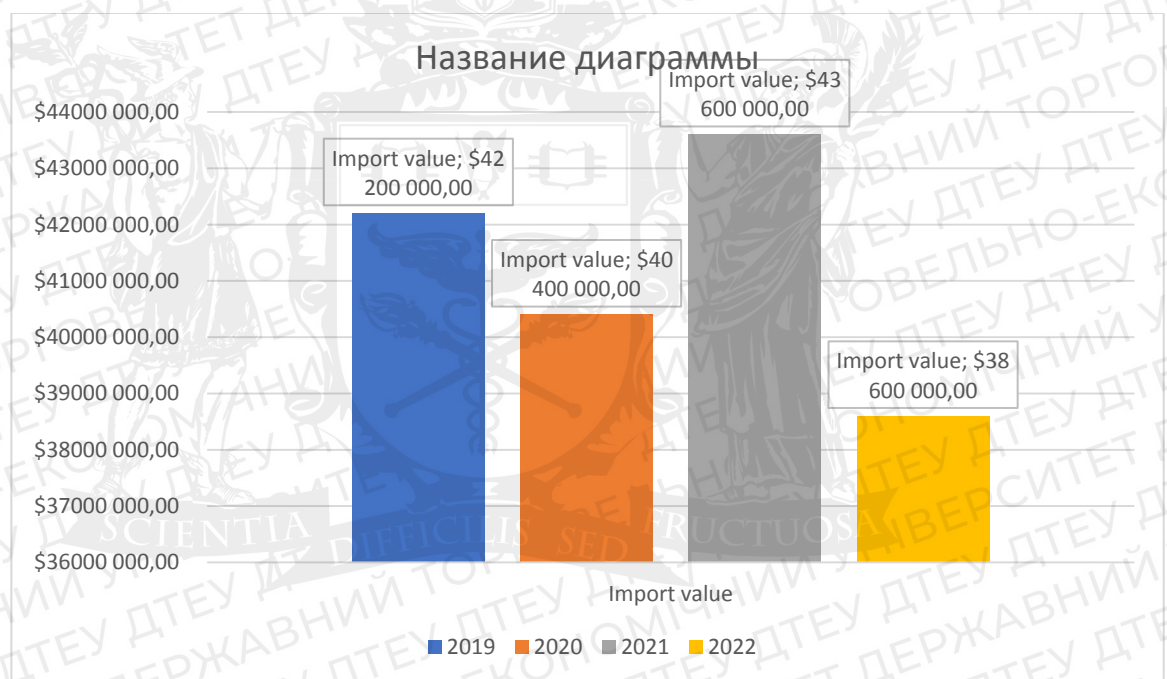


Figure 1.3. Value of imported products by “Itera Group” from ROCKWOOL in the period 2019-2022 years, in million US dollars

Source: structured by the author based on the information online [5]

Looking at the figure above we can see that Ukraine has had a stable cooperation with this Danish company throughout the last four years. The import value of construction materials has been between \$38 million to \$44 million. With the highest value of \$43.600.000 in the year 2021. This happened due to the higher demand for insulation products. In 2022 the need for building materials remained but the war conditions influenced on the price and the logistics of the goods so overall the import value was lower - \$38.600.000.

The foreign economic activity of “Itera Group” is driven by the need to provide its customers with access to high-quality and affordable products. As such, it has established relationships with suppliers from abroad in order to secure these materials at competitive prices. In addition, “Itera Group” also takes advantage of market opportunities presented by international trade agreements or preferential tariffs offered by certain countries.

To facilitate the import process, “Itera Group” ensures compliance with all applicable laws and regulations in both Ukraine and the countries from which it sources its materials. This includes obtaining necessary licenses or permits for importing goods as well as ensuring proper documentation for customs clearance purposes. As was already stated before, the company is aware of any changes in exchange rates that may affect the cost of its imports.

Another purpose of import operations for “Itera Group” is to secure access to products that are not available in their own country. By importing, the company can provide customers with high-quality and cost-effective materials from around the world. This helps them stay competitive in the market while providing quality products. Importing also allows them to diversify their product offerings and increase profits by taking advantage of lower prices overseas. “Itera Group” must consider any potential risks associated with foreign trade, such as political instability or changes in tariffs and regulations.

CHAPTER 2. JUSTIFICATION OF THE CHOICE OF THE COUNTRIES FOR ORGANIZING THE IMPORT OF BUILDING MATERIALS

2.1 Determination of the main development trends of the world market of building materials

The global construction and building materials market is a vast industry that encompasses a wide range of products and services related to the construction sector. It includes everything from raw materials such as cement, concrete, and steel, to finished products such as roofing materials, flooring, and insulation [6].

The construction and building materials market is driven by a variety of factors, including population growth, urbanization, and economic development. As populations grow and urban areas become more densely populated, the demand for new construction projects increases. This, in turn, drives demand for building materials. The global construction and building materials market was estimated to be valued at \$1060.38 Billion in 2022. The growth rate of it is 5.5%, with an estimated value of \$1632.28 Billion by 2030 [7].

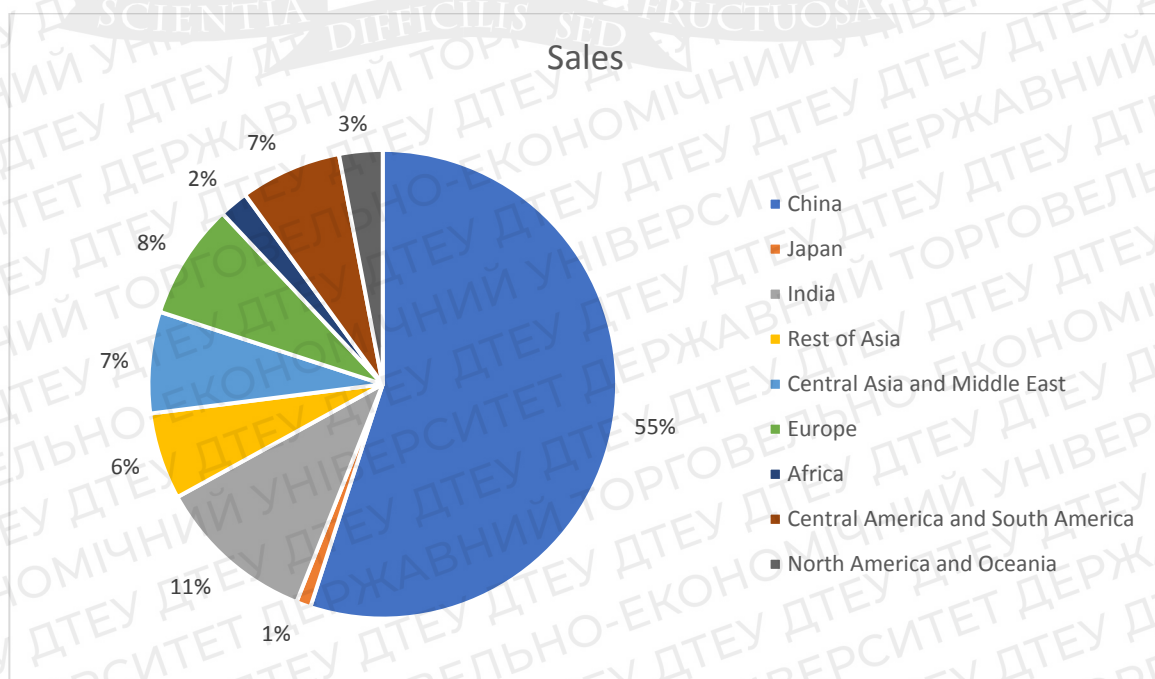


Figure 2.1. Global building material use by regions, in year 2022, %

Source: made by the author based on [7]

The market is highly competitive, with many manufacturers and suppliers operating globally. The industry is also subject to government regulations and standards, which can vary widely between countries and regions. The figure above (fig. 2.1) demonstrates how much China dominates this market with 55% of usage (in 2022). Not only it has a great demand for building materials, but also a great market share. Whereas Japan is only 1% from the global overview.

Speaking of cooperations, China has retained its status as Ukraine's top foreign trade partner in January-February, with combined bilateral trade of US\$2.3 billion, or averaging just over US\$1 billion a month. China is followed by Poland at 1.95 billion and the remaining significant players are Italy, Germany, Turkey, and Romania. However, Ukraine is a declining market – the trade levels for the period are 30% down from the same period in 2022, according to the Ukraine State Customs Service [8].

The global construction building materials market involves the participation of countries from all regions of the world, including developed and developing countries (see figure 2.2).

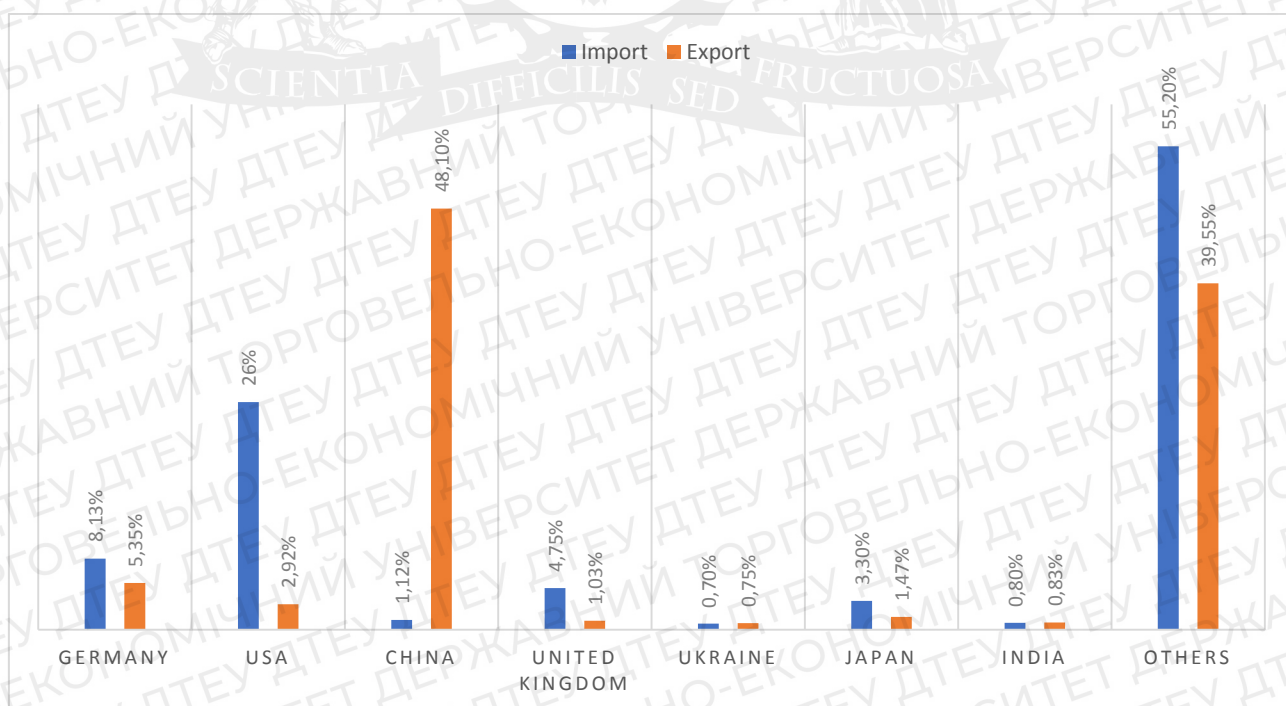


Figure 2.2. The ratio of trade value of countries by import and export of building materials (globally) in 2022, %

Source: structured by the author based on the data [9]

The figure above (fig. 2.2) allows us to see how the world construction market was conducted last year. China has been the country with the highest export rate for years with 48,10% of export in Asia and in the world in 2022. Its import rate amounted to 1,12%. In Europe Germany is the leader of exports as well as of imports of building materials with 8,13% and 5,35% accordingly in 2022. Ukraine has a significant impact on a European market. However, looking on a global scale, our country plays a rather small role compared to other developed countries with only 0,70% of import and 0,75% of export in 2022.

Table 2.1

Dynamics of changes of trade value of countries by export of building materials (globally) in 2018-2022, \$

Exporters	Exported value (in US dollars)				
	2018	2019	2020	2021	2022
1	2	3	4	5	6
Germany	23.5B	26.2B	25.3B	23B	27.6B
USA	17.2B	17.3B	16.5B	13.8B	15.1B
China	171B	179B	184B	189B	248B
United Kingdom	6.38B	6.72B	6.71B	5.77B	5.32B
Ukraine	732M	825M	847M	914M	1.17B
Japan	5.88B	6.86B	6.69B	6.54B	7.59B
India	2.57B	2.98B	3.16B	2.88B	4.29B
Others	159.74B	172.1B	171.8B	170B	206.9B
World	387B	412B	415B	412B	516B

Source: made by the author based on [4]

China remains the leading exporter of construction materials with the trade value constantly growing every year. In 2022 it reached the highest number ever – \$248B. In Europe Germany holds the leading position with the trade value being

quite stable and staying between \$23B and \$28B for the last five years. Globally USA has a great impact in a construction market with trade value amounted to \$15.1B in 2022. The changes in values are seen due to new technologies and goods that are introduced every year. Moreover, after the global lockdown because of Covid the demand for building materials increased, so the countries were able to export more than in previous years.

Table 2.2

List of exporters for the material: styrofoam, 2017-2021, in \$

Exporters	Exported value (in US dollar)				
	2017	2018	2019	2020	2021
1	2	3	4	5	6
Germany	3.62B	3.84B	3.62B	3.46B	4.29B
China	2.68B	2.85B	3.24B	3.33B	4.2B
USA	2.78B	2.96B	2,96B	2.65B	3.01B
Italy	1.6B	1.87B	1.87B	1.85B	2.22B
Japan	1.6B	1.73B	1.5B	1.47B	1.96B
Canada	519M	526M	568M	549M	694M
Poland	575M	683M	741M	817M	1.07B
South Korea	1.46B	1.27B	1.51B	1.6B	1.78B
Turkey	405M	425M	451M	482M	653M
Denmark	177M	194M	173M	174M	183M
Others	11.08B	11.65B	11.26B	10.71B	13.84B
World	26.5B	28B	27.9B	27.1B	33.9B

Source: conducted by the author based on [3]

Looking at the table above (see table 2.2) we can clearly see the dynamics of export activity on styrofoam among countries. Germany has been the leader in the

market for the last several years, resulting in 4.29B dollars' worth of value in the year 2021. The next goes China with \$4.2B which is very close to Germany. The further three countries are USA, Italy, and Japan with \$3.01B, \$2.22B and \$1.96B accordingly. Poland and South Korea also contributed with \$1.07B and \$1.78B. Canada and Turkey have remained significant players on the market, as well as Denmark [10].

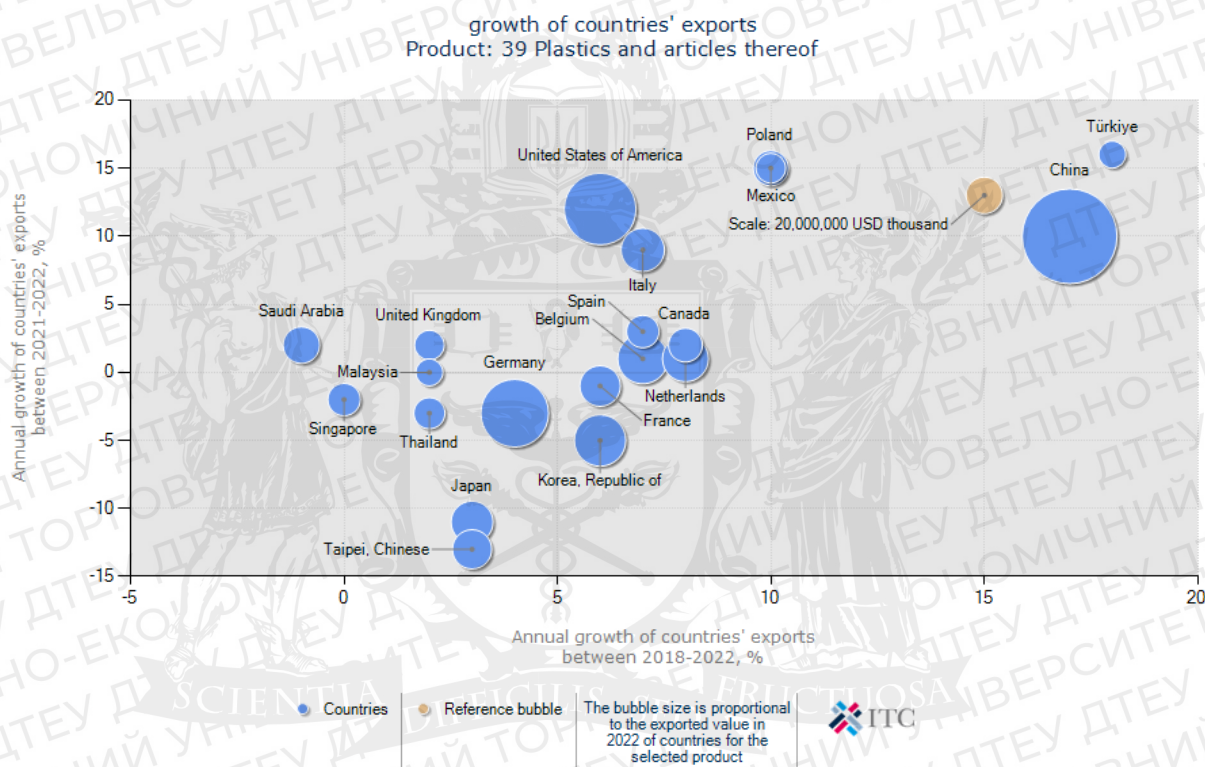


Fig. 2.3. The annual growth of export of plastic construction materials, globally, between 2021-2022

Source: International Trade Centre [11]

The above figure (see fig. 2.3) demonstrates the state of annual growth of countries' exports. Japan has seen -11% in 2021-2022 of decline in its exporting activities. Whereas China showed an increase of 10% in 2021-2022. USA, Poland, and Italy have realised their exports successfully, so the growth was 12%, 15% and 9% accordingly. Korea and Germany have shown a decline too by -5% and -3%.

Some of the countries that I would like to pay attention to, which are significant participants in the market, are: China, United States of America, Germany, Japan, Poland. They are one of the most influential countries, and the further

description shows what are the reasons for countries to have such a strong market share of exporting building materials.

1. China: it is the largest producer and consumer of construction and building materials in the world, accounting for a significant share of the global market. China's construction industry is one of the largest in the world, and the country is a major exporter of construction materials such as steel, cement, and ceramic tiles.
2. United States: The US is the second-largest market for construction and building materials in the world, driven by factors such as population growth, urbanization, and economic development. The country's construction industry is one of the largest in the world, and it is a significant consumer of products such as cement, concrete, and asphalt.
3. Germany: Germany is a major producer and exporter of construction and building materials, including products such as insulation, flooring, and roofing materials. The country's construction industry is focused on sustainable building practices and the use of eco-friendly materials.
4. Japan: Japan is a mature market for construction and building materials, with a well-established construction industry that is focused on high-quality and sustainable building practices. The country is a significant producer and consumer of products such as steel, cement, and roofing materials.
5. Poland: Poland is a rapidly growing market for construction and building materials, driven by factors such as population growth, urbanization, and economic development. The country is a significant consumer of products such as cement, steel, and roofing materials.

Overall, the global construction market is driven by a variety of factors and characterized by fierce competition and rapid technological innovation. Constant improvements keep those countries efficient on the market.

In recent years, there has been a growing emphasis on sustainable and eco-friendly construction practices. This has led to a shift towards the use of

environmentally friendly building materials such as recycled materials, energy-efficient insulation, and sustainable timber ^[12].

The construction market has been important throughout the whole time of human existence. Of course, it was not the same centuries ago. However, some main building materials remain in great demand. These include steel, concrete, insulation wool, wood, stone.

Throughout the last five years, several trends have been permanently seen in the construction market. Some of them include:

1. **Sustainable Materials:** The demand for sustainable and environmentally friendly building materials has been increasing. Materials like bamboo, reclaimed wood, recycled metal, and engineered wood products have gained popularity due to their renewable or recycled nature.
2. **High-Performance Insulation:** Improved insulation materials have become more prevalent. These materials help enhance energy efficiency by reducing heat transfer, thereby decreasing the need for heating and cooling. Examples include expanded polystyrene (EPS) foam, spray foam insulation, and mineral wool.
3. **Advanced Concrete:** Concrete, a widely used building material, has seen advancements. Innovations include self-healing concrete that can repair cracks autonomously, ultra-high-performance concrete (UHPC) with exceptional strength and durability, and geopolymer concrete that reduces carbon emissions compared to traditional Portland cement.
4. **Green Roofing:** Green roofing systems have gained popularity due to their benefits in terms of energy efficiency, stormwater management, and aesthetics. These systems involve growing plants on rooftops, providing insulation and reducing the heat island effect.

It's worth noting that the building materials industry is continuously evolving, and new advancements and trends always emerge. However, the above-mentioned trends remain relevant (see fig.2.3).

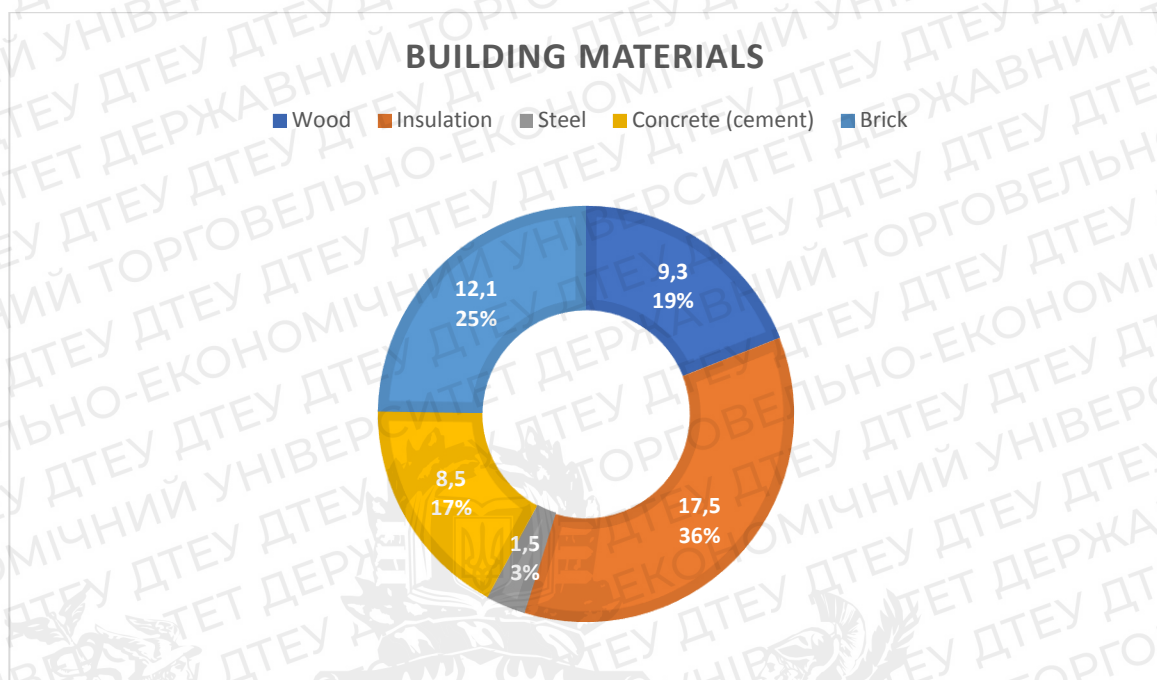


Figure 2.3. Global use of the most in-demand building materials in 2022, billion t

Source: structured by the author based on the information online [13]

Looking at the pie chart above, we can notice that insulation products take 36% among other construction materials. The demand for them is driven by the need for energy efficiency, cost savings, environmental sustainability, comfort, and compliance with building codes and green building standards. As individuals and organizations increasingly prioritize these factors, the demand for effective insulation solutions continues to grow.

2.2 Research of the Ukrainian market of building materials

The Ukrainian building materials market is a significant sector of the country's economy, contributing to the development of the construction industry. It includes various types of materials such as cement, concrete, bricks, ceramics, glass, insulation materials, and roofing materials.

In terms of market size, the Ukrainian building materials market is estimated to be worth approximately USD 10 billion ^[18], with the majority of the market

dominated by domestic manufacturers. However, there are also significant exports from other countries, including Poland, Germany, Turkey and, previously, Russia.

The situation was completely predictable for Ukraine because the wave of price increases occurred as early as 2020 and swept through all countries. In the first half of 2021, the coronavirus caused a real fever in the commodity markets, as well as a significant skew between the demand for metal and wood ^[20].

Among the main reasons is the lockdown, which forced production to stop and hit logistics chains all over the world. The production of building materials has declined significantly. Only from January 2020, steel production decreased by almost 15%, which affected prices in 2021 ^[21]. As soon as construction resumed with the relaxation of quarantine restrictions, a strong demand for materials was formed.

Overall, the prices for the main building materials increased. These are: fittings — by 56% during 2021, in total since June 2020 the price increase for fittings amounted to 115%. For the concrete — by 42–46%, depending on the brand. The ceramic block – by 52-96%, depending on the characteristics. And the prices for mineral wool were up by 56-80%, depending on the properties.

China was ahead of Europe in coming out of quarantine, and domestic product prices began to rise. The excitement not only heated up prices on Ukrainian market, but also caused delays in deliveries to Ukraine. Due to the interruptions in supply related to the lockdowns, the cost of delivery has also increased manifold: both raw materials for production and the products themselves.

Today, the market is experiencing a shortage of fittings, heat-insulating materials, dry building mixes, aerated concrete blocks, etc. There is also a shortage of materials imported from Russia - window glass and chemical products used in construction. The cooperation with this country is now completely stopped.

Ukrainian manufacturers have mostly raised prices in view of inflation in the range of 10-15%. Currently, they try not to scare away customers with a sharp increase, so they keep competitive prices. An average growth for the first quarter of 2023 was 6.8% (see fig. 2.4).



Figure 2.4. The changes in prices of basic construction materials from January to April 2023

Source: The Page [22]

Concrete and cement rose in prices the most by +30.3% and +22.6% accordingly. The next high increase of +13% were for plaster and crack filler. The prices for bricks rose by +6,5% while the prices for tile glue rose by 7%. Other significant building materials include roofing (+5,6%), primer (+2,8%), foam glue (+7,8%), ceramic blocks (+3,7%), lumber (+3%) and drywall (-5,4%). Overall, the average increase in prices for building materials increased by +6,8% since 2022.

I would like to pay attention to mineral and basalt wool and styrofoam. These thermal insulation materials are an important element of construction, as it is an energy-efficient material and provides a high level of protection against the influence of external factors.

The main sphere of consumption of these goods (glass, basalt wool) is the sphere of construction. In building, these materials can be used in residential buildings, shopping centres, hospitals, and industrial buildings. Depending on the type of building, materials with predominant characteristics of sound and vibration insulation may be used, however, the main function of thermal insulation is still the basis of most products. Also, some types of basalt and glass wool can be used for thermal insulation of some industrial facilities, ventilation, blast furnaces, pipes, as

well as for the insulation of other types of equipment operated at extremely high operating temperatures, where it is important to maintain the operating temperature or insulation from external temperatures.

Two-thirds of Ukrainian market consists of domestic products ^[22]. Of the two main types of mineral wool, basalt wool and glass wool, only basalt wool is produced in Ukraine. It is also important to note that today the share of non-residential construction is gradually increasing.

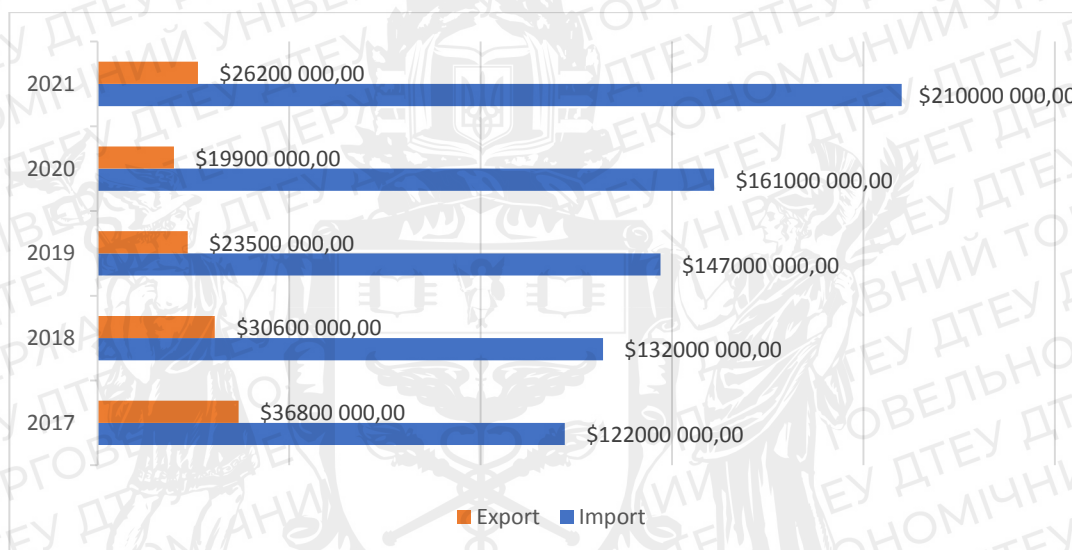


Figure 2.5 Values of Ukrainian imports and exports of styrofoam in 2017-2021, in \$

Source: made by the author based on [4]

Throughout the last five years Ukraine has imported more styrofoam than exported. In 2021 the value of exported styrofoam reached \$26.2M while the import amounted to \$210M. In 2020 Ukraine imported by 809% more than exported – \$161M and \$19.9M accordingly. This is because styrofoam is not largely produced domestically so the country relies on foreign suppliers.

The volume of the stone wool market in 2021 amounted to UAH 3.83 million. At the same time, the share of Ukrainian products was 82%, or UAH 3.14 million. The share of imported products was 18%, or UAH 687 million ^[28].

The volume of the glass wool market in 2021 amounted to UAH 533 million. At the same time, the share of imported products was 100% ^[28].

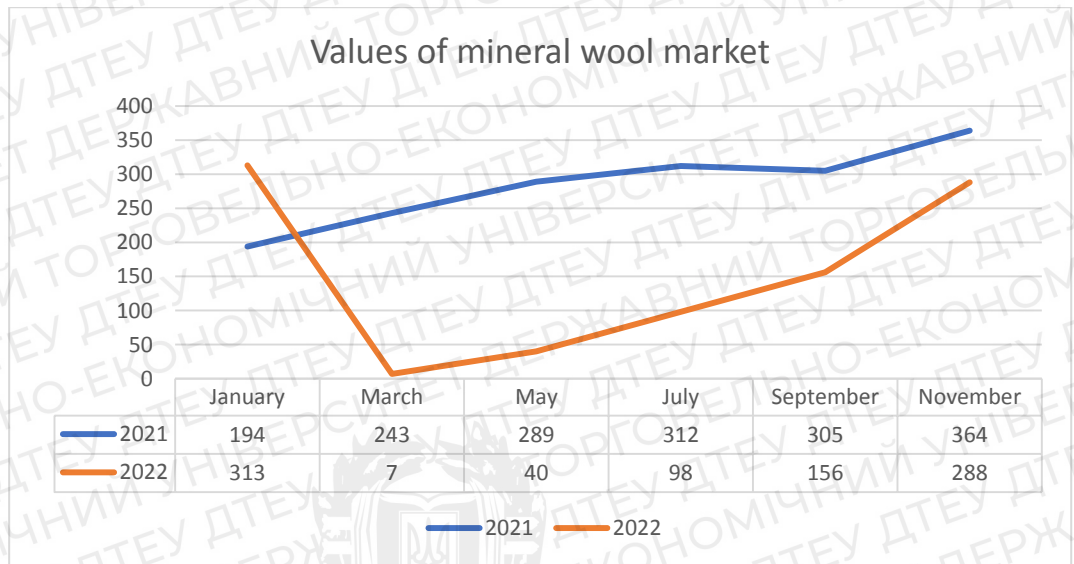


Figure 2.6. Dynamics of the mineral wool market in 2021-2022, millions of UAH

Source: made by the author based on the information online [23]

The volume of the mineral wool market in 2022 amounted to UAH 903 million. The market fell by -47% compared to 2021 which was 1,719 million UAH in total. The drop in volumes happened due to the start of war in Ukraine in the end of February. The import and export activities were shot down in the first months. But starting from April they renewed and by the end of 2022 the volumes increased to UAH 288M in November.

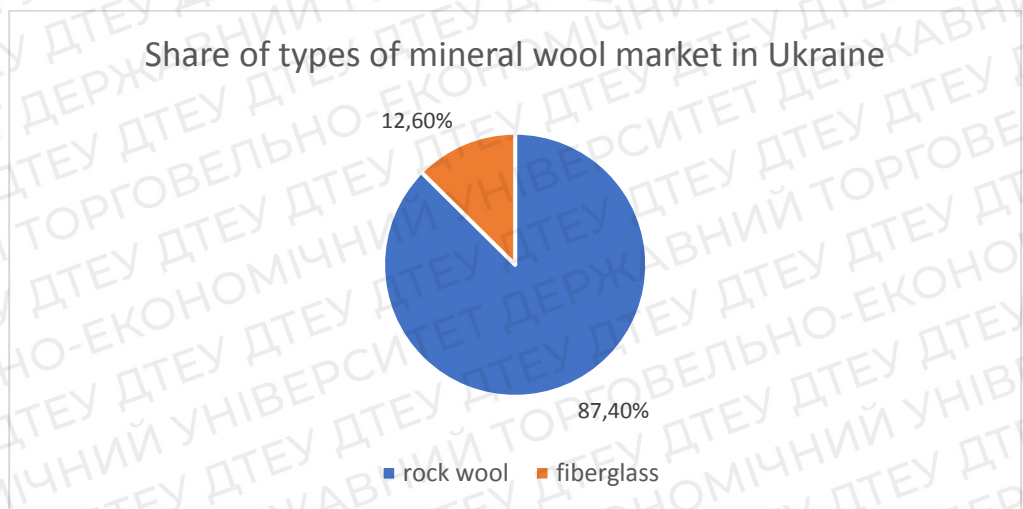


Figure 2.7. The structure of the mineral wool market in 2021, %

Source: made by the author based on the information online [23]

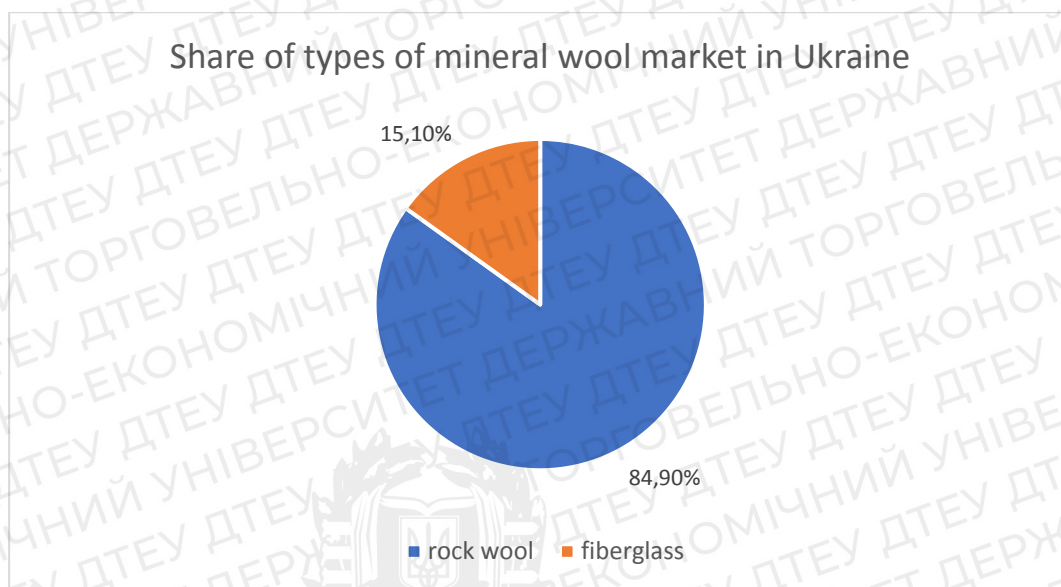


Figure 2.8. The structure of the mineral wool market in 2022, %

Source: made by the author based on the information online [23]

The two figures above (fig. 2.7 and fig. 2.8) show the structure of the mineral wool market in Ukraine which mainly consists of rock wool and fiberglass – both insulation products. In 2021 the ratio of rock wool was higher than of the fiberglass, 87,40% to be precise. In money equivalent that was UAH 1.503M. The latter amounted to UAH 216 000. A year later though, in 2022, both volumes decreased. However, fiberglass then had a 15,10% share of the mineral wool market and equalled to UAH 136 000. While rock wool took 84,90% of the market and was amounted to UAH 767 000.

Table 2.3

Justification of the choice of countries for implementation of the import of building materials to Ukraine

Factors	Germany	France	Denmark	Poland	UK	China
1	2	3	4	5	6	7
Good trade relations	++	+	++	+++	++	++
Low production costs	+	+	+	+	+	+++
High sales potential	+++	++	+++	+	+	+++

Continuation of table 2.3

Liberal import policy	++	++	++	++	+	+
Competitive pricing	+	+	++	++	+	++
Geographical proximity	++	++	++	+++	+	+
Low political risk	+++	++	+++	++	++	+
Innovative products	++	+	++	+	+	++

Source: developed by the author based on [24]

The table above (table 2.3) shows the advantages and disadvantages of choosing a certain country to partner with for importing building materials to Ukraine. I chose the ones that are strong players on the construction market. In my opinion, the main factors are low production costs, high sales potential, competitive pricing, and good trade relations. Other reasons are important to pay attention to as well. As we can see, Denmark would be the first country to consider cooperating with, followed closely by Germany and Poland.

One of the challenges facing the Ukrainian building materials market is the high level of fragmentation, with a large number of small and medium-sized companies operating in the sector. This can make it difficult for companies to compete effectively, particularly in terms of pricing.

Another challenge is the lack of standardization in the market, with varying quality and technical standards for different products. This can make it difficult for buyers to compare and evaluate products, which can lead to issues with quality control and safety.

Moreover, the market is facing a shortage of construction materials. In 2021, positive dynamics in the main segments of the construction materials market signalled that the market had adapted to the pandemic. Given the active construction of transport infrastructure, and the demand for new residential space and commercial real estate, the industry was growing.

With the outbreak of a full-scale war, construction stopped, and the market for construction materials shrank. Thus, according to the State Statistics Service, construction volumes decreased by 65% in 2022 ^[24]. Today, companies in the construction market continue to operate on a limited basis.

In addition to reduced demand, the main reasons limiting the sector include the impossibility of access to raw materials needed to manufacture construction materials and the destruction of production facilities, both in the war zones and in the de-occupied areas. Companies located in the occupied territories have also stopped working.

Today, the market is primarily experiencing a shortage of rebars, thermal insulation materials, dry mixes, aerated concrete blocks, etc. There is also a shortage of materials imported from Russia, such as window glass, fiberglass and chemicals used in construction. However, cooperation with this country is no longer an option. So, the need for a new supplier remains.

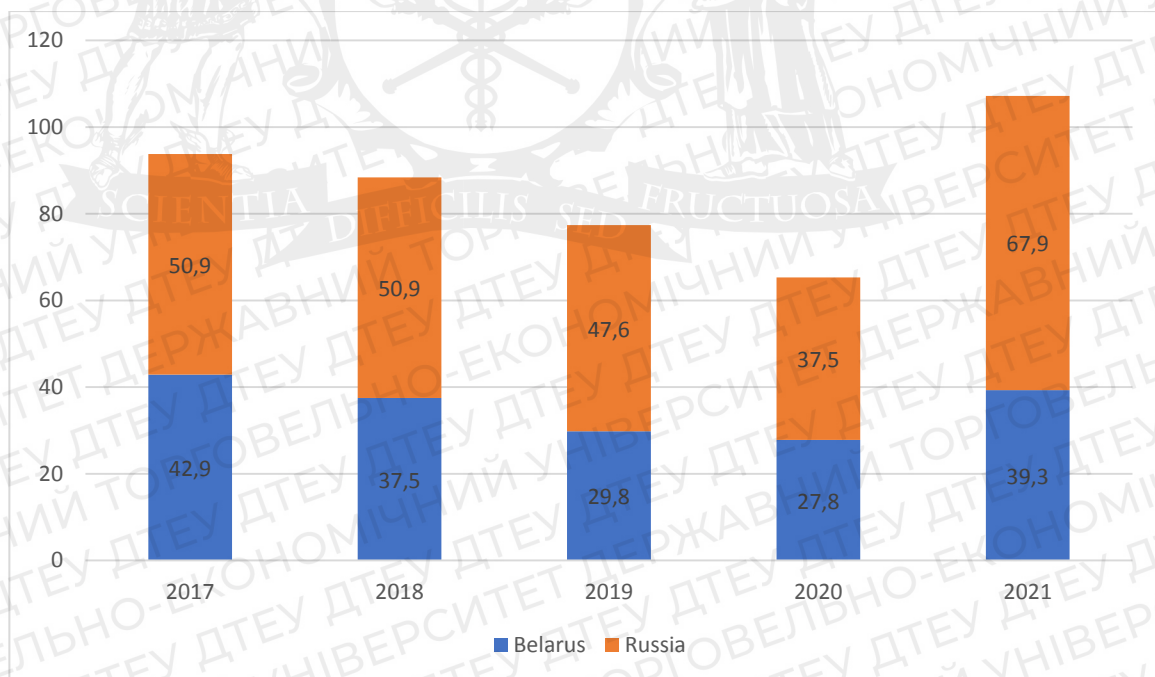


Figure 2.9. Import of glass from Russia and Belarus between 2017-2021, million \$

Source: made by the author based on [25]

The glass market has lost 75-90%. Glass wool market — 90% losses due to military operations. Previously, all the imports were from Russia and Belarus.

The shortage and devaluation of the national currency led to an average price increase of 60% in 2022. In addition, the cost was affected by the reconfiguration of production processes and supply chains due to the inability to use optimised transport routes. In turn, active price growth will be typical for the market throughout the entire period of hostilities.

The issue of economic and political instability also created obstacles to attracting foreign investment in the industry. Producers need investors, and investors need guarantees. Before the war, positive trends dominated the construction sector. In recent years, the share of imported materials in the market has been declining. The process began in the crisis year of 2008 with the rise of the dollar ^[25]. Since then, several companies have modernised their construction materials production, which has reduced costs and improved product quality.

Table 2.4

**List of importing markets for a product exported by Ukraine. Product:
styrofoam in 2017-2021, millions of \$**

Importers	Imported value (in US dollar)				
	2017	2018	2019	2020	2021
Russia	11.6M	11.9M	8.62M	8.65M	13M
Poland	9.38M	8.92M	4.55M	1.59M	1.92M
Moldova	3.45M	3.7M	2.88M	2.92M	4.19M
Germany	171k	101k	326k	729k	1.02M
Denmark	34.1k	45.8k	36.9k	12.4k	15.4k
Ethiopia	-	-	-	700k	350k
Georgia	63.5k	81.2k	136k	96.5k	155k
Austria	31.7k	24.7k	154k	15.4k	509k
Lithuania	66.1k	57.3k	167k	286k	633k

Continuation of table 2.4

Italy	115k	168k	123k	265k	384k
Slovakia	11.4k	58.5k	61.9k	26.1k	358k
Others	10M	3.13M	5.55M	3.26M	3.52M
Total	36.8M	30.6M	23.5M	19.9M	26.2M

Source: conducted by the author based on [4]

The table 2.4 demonstrates how the value of exported styrofoam changed throughout the last 5 years. The value of exporting styrofoam from Ukraine is less than the import value. And we can see that in the past there were strong connections with Russia as the biggest importer with over 10M dollars' worth of imported goods. However, the cooperation with this country is no longer continued. Other important participants are Poland, Germany, and Moldova.

At the same time, the market did not use its full potential, particularly in terms of construction products. It is due to unfavourable policies and a lack of incentives to open production facilities, as the country has the necessary raw materials to produce bricks, glass, ceramic tiles, etc.

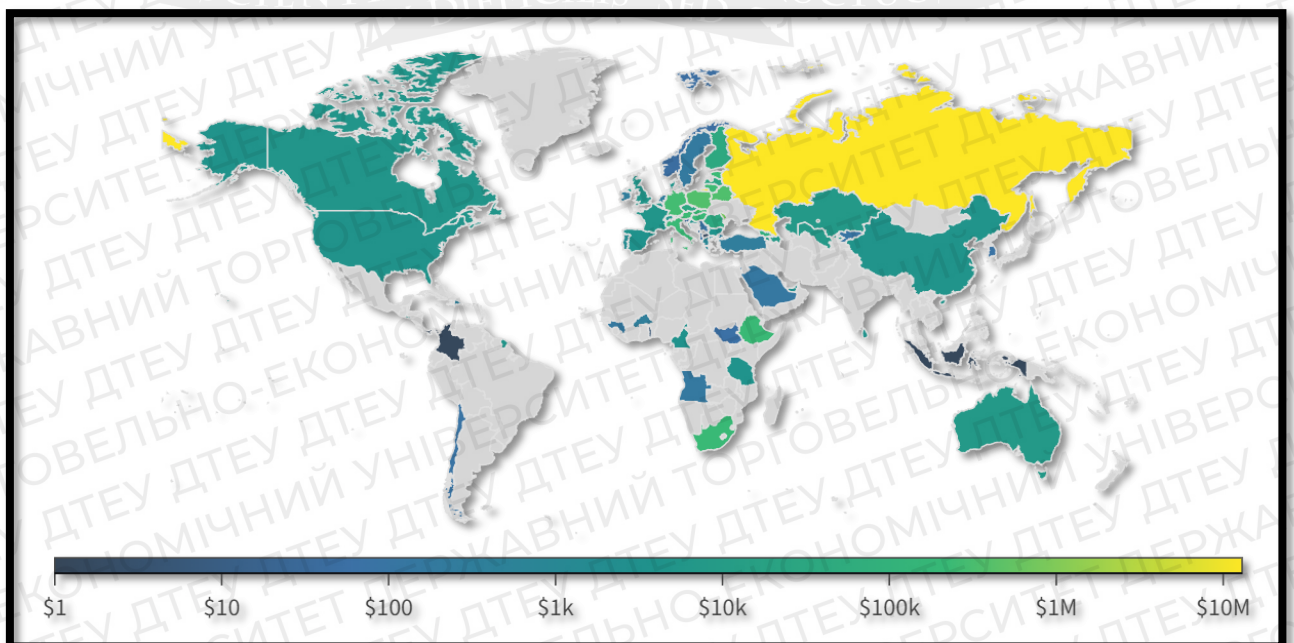


Figure 2.10. Where Ukraine exported Styrofoam to in 2021

Source: OEC [4]

The above figure shows us the countries that imported styrofoam from Ukraine in 2021. As was stated in the previous table (see table 2.3), Russia has been the biggest importer of styrofoam materials (\$13M in 2021). Eastern European countries and a few African countries have been significant players too.

The lack of transparent business rules and corruption are among the issues. Only recently, a law was passed that promised investors to ease the tax burden on projects. With the start of the full-scale invasion, the problem has worsened, and businesses now need other guarantees.

The Ukrainian construction materials market needs new incentives for the development. The development of domestic production of construction products is an important task in the context of reconstruction. Despite these challenges, the Ukrainian building materials market is expected to continue growing in the coming years, driven by increasing demand for affordable housing and modern infrastructure.

The volume of construction materials produced before the full-scale invasion, and even more so today, is not enough to overcome the consequences of the destruction of buildings and infrastructure. While existing (domestic or imported) construction materials are currently helping to meet spot demand, the active reconstruction process requires a range of measures to support the sector.

The option of importing products from abroad will fill the market in the short term and solve the problem of shortages in certain categories. In the long term, it will lead to a situation where it will become unprofitable to develop certain construction materials production. As a result, there is a risk of losing certain market segments.

In its turn, new domestic enterprises can supply the Ukrainian and foreign markets, including through the production of construction materials, in the niches that have been vacated by the restriction of imports of Russian and Belarusian products.

To ensure that the reconstruction is based mainly on domestic materials and that funds remain in the economy, the government must manage the process properly. Foremost, it needs to understand what construction materials are needed and in what quantity, and then work to resolve the situation.

A separate incentive programme can also help support the construction industry, which will, among other things, increase its competitiveness in the international market. Among the tools that have proven to be effective are loans for equipment upgrades and companies' expansion on favourable terms. As well as tax cuts, which can reduce business costs and help support the industry in general.

During the recovery period, Ukraine will be a promising investment destination. Today, investors continue to work on projects that have been agreed until 2022. The main problem for attracting new investments is the lack of a guarantee of compensation in case of destruction. A law defining a mechanism for insuring investments against war risks is currently under development.

The importance of the construction industry cannot be overestimated. The war in Ukraine has had a significant impact on the sector, leading to a decline in construction and a corresponding decrease in all segments of the construction materials market. To ensure that the industry is ready for the challenges that will come with the reconstruction, a range of measures should already be working on, from auditing the current situation to insuring investments in production.

Exporters have favourable prospects in the Ukrainian building materials market. The growing construction industry in Ukraine seeks new suppliers and business connections. The local production of building materials is struggling due to expensive energy, outdated technology, and aging facilities. Consequently, this has led to higher prices for domestically produced goods, creating opportunities for Western products.

The Ukrainian building materials market is highly competitive, with German, Italian, Scandinavian, French, and Spanish exporters actively promoting their offerings. Prominent European brands are showcased at construction exhibitions in Kyiv. However, the distribution systems are still being developed, and even major distributors cannot provide a comprehensive shopping experience. As a result, consumers must invest time in searching for products that meet their criteria of quality and price.

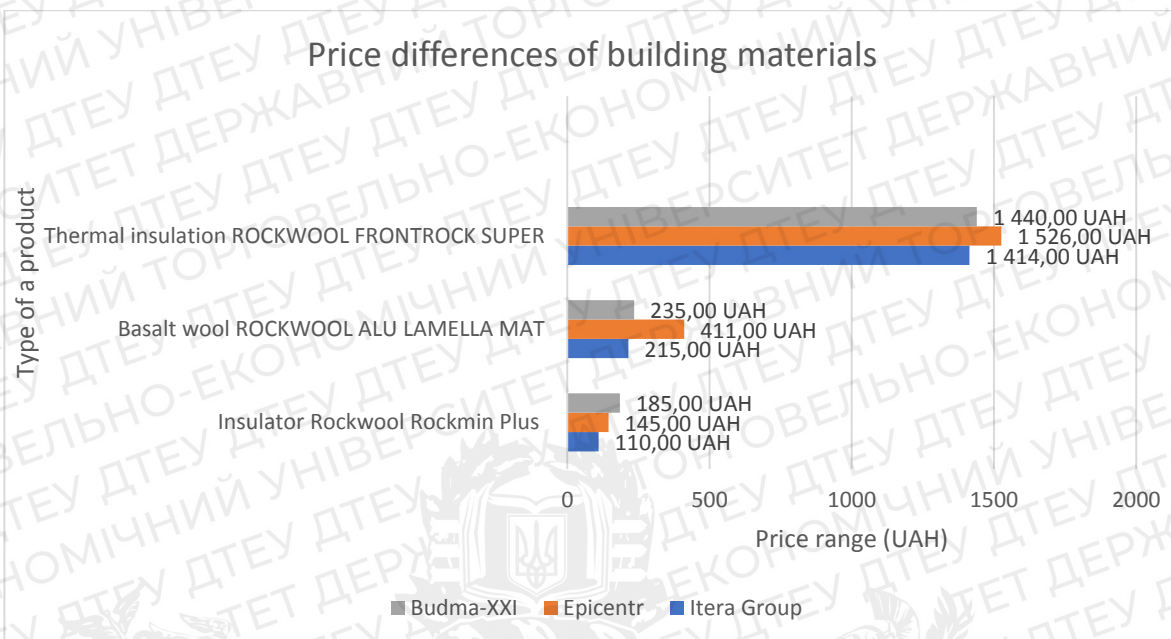


Figure 2.11. The difference in prices on insulation products between domestic supplier as of May 2023, in UAH

Source: structured by the author based on companies' websites [1][26][27]

Looking at the graph above (see fig. 2.10) we can see that “Itera Group” provides the most affordable price of ROCKWOOL products to its customers compared to other distributors. Epicentr mostly offers a higher price due to the brand name. Budma-XXI presents similar prices as Itera Group although it is slightly higher.

Consumer preference in Ukraine is determined by the crucial factors of price and quality. The emphasis of Ukrainian distributors on maximizing profitability negatively affects the marketability of products from the United States. To enhance their competitive edge and reduce prices, numerous European companies have formed partnerships for manufacturing building materials within Ukraine. As a result, local building contractors are utilizing foreign-sourced materials and adopting innovative technologies.

Italian, Austrian, Spanish, French, and Scandinavian building materials have established a strong presence in the Ukrainian market. While U.S. building products have made some progress in increasing their market share, they still constitute a relatively small portion of the overall building materials market. The city of Kyiv enjoys a well-supplied stock of imported building materials. However, pricing for

such materials in remote areas tends to be higher compared to central and western Ukraine, although the gap is narrowing. Collaborating with importers situated in or focused on industrial regions of Ukraine can prove advantageous for U.S. exporters. The building materials sector encompasses a wide range of products. This report specifically concentrates on the promising market for interior applications, including rock wool insulation, paints, as well as wall and floor coverings such as linoleum, carpeting, ceramic tiles, and wallpaper.

Monitoring of the building materials market in Ukraine shows that it was in a state of crisis even before the start of Russia's large-scale aggression. Quarantine restrictions, introduced to combat the spread of COVID-19, contributed to the increase in destructive phenomena on the construction materials market in Ukraine. In 2020, retail sales of construction goods decreased significantly, and many investment projects were frozen or cancelled. Only until the end of 2020, an increase in demand on the building materials market in Ukraine was recorded, which is considered a sign of the beginning of the exit from the crisis.

The year 2021 was marked by an increase in the volume of construction and demand for the products of the building materials market in Ukraine. One of the catalysts for increasing the market capacity was the government program "Big Construction". At the same time, during this period, a significant increase in prices was recorded on the building materials market in Ukraine - up to 40-60% for certain groups of goods.

The year 2022 began to the accompaniment of cautiously optimistic forecasts of experts and subjects of the building materials market in Ukraine. However, with the start of a full-scale war, destructive factors of influence came into play, such as:

1. loss of control over significant territories of our country;
2. destruction of the material base of enterprises producing products for the building materials market of Ukraine;
3. violation of the logistics of the supply of raw materials and resources, sales channels.

An analysis of the construction materials market in Ukraine after the start of active hostilities shows that the war and the complex crisis most affected production, especially that which was located in the east of the country. For instance, heat-insulating materials - about a quarter of production capacity was lost.

In addition, the supply of goods previously imported from Russia and Belarus to the construction materials market in Ukraine has stopped - glass, construction chemicals, finishing materials, and others. Reorientation to other countries takes time and is complicated by the increase in the cost of fuel for transport and the blocking of seaports.

According to the results of the analysis of the impact of the war on the construction materials market in Ukraine, it is predicted ^[28]:

1. significant increase in prices for metal structures and fittings, glass and windows, dry mixtures, insulating materials;
2. shortage of blast furnace slag, which is used to manufacture some brands of cement;
3. increase in consumer demand due to the need to restore the destroyed.

The further development of the situation on the building materials market in Ukraine will depend on the duration and nature of the hostilities. Given the end of the war, experts' forecasts for the medium-term perspective are modestly optimistic.

There are certain challenges of the construction and building materials industry. Energy carriers are one of the challenges faced by manufacturers. If before full-scale military operations, the problem was a large increase in their prices, now the issue of their availability has been added. Many manufacturers of building materials use gas or coal. Currently, coal is either in the war zone or in uncontrolled territories. Its supply can only be by sea, but that too is currently blocked. Therefore, it is time to use alternative sources. And our enterprises were looking for ways to replace coal with alternative types of fuel. However, this process is held back by unsettled legislation.

Another problematic issue is logistics and its cost, which is increasing due to the increase in the price of fuel, which is also currently in short supply. All this puts

pressure on any business and manufacturers. Currently, with the current volumes of their download, this problem may not be so significant, but in the future, with an increase in volumes, it will significantly increase.

Also, among the main problems are personnel - namely, migration and mobilization of people. Although some companies are now forced to reduce staff, in the future it will be impossible to restore production volumes without personnel. In addition, there are specialists who cannot be replaced, or it takes time and money. In addition, the issue of personnel is also related to security. This is especially relevant for manufacturers near the contact line. Nowadays, many companies are afraid to invite workers to production because a rocket may fly right into the workshop. And tragedy can happen. No one wants to risk someone else's life. Relocation can partly solve the security issue. However, not all enterprises can be moved to a new place, because they are "hostages of the territory" in the sense that they are tied to the place of raw materials, energy capacities, transport routes, for example, railway approaches. In this matter, it is easier for small productions.

Another problem that may arise is the expansion of deposits. Rebuilding the country will require a lot of raw materials. And there are raw materials in Ukraine. However, the procedure for expanding even those fields that we have is very bureaucratic and long-term. This problem is faced not only by manufacturers of cement, but also of other building materials. It is also worth paying attention to its solution in the context of the future reconstruction of the country and increasing the volume of materials production.

The situation is a little better for those enterprises located in the western part of Ukraine, which have consumers from the EU. These are primarily producers of mineral wool and bricks. Enterprises in other parts of Ukraine: central, eastern, southern are suffering significantly.

However, with the beginning of a full-scale war, destructive factors of influence came into play, such as:

- loss of control over significant territories of Ukraine.

- destruction of factories or bases producing products for the building materials market of Ukraine.
- destruction of the logistics of the supply of raw materials and resources, sales channels.

An examination of the construction materials market in Ukraine after the start of the full-scale war and the complex crisis have had a significant impact on production, particularly in the eastern part of the country.

The production of metal has been severely affected, with the loss of two out of the five largest metallurgical enterprises, namely Mariupol Metallurgical Combine and Azovstal. The remaining enterprises in Zaporizhzhia, Kamiansk, and Kryvyi Rih are unable to operate at full capacity. Consequently, the smelting of ferrous metal decreased by 70% in 2022, and the output of steel and rolled products plummeted by 77% compared to the previous year ^[28].

The production of dry construction mixtures, which accounted for approximately 57% of the building materials market in Ukraine, faced disruptions due to the cessation of production capacities located in occupied territories, combat zones, or those destroyed by shelling. If desired, we can provide an updated study on the market of dry construction mixes in Ukraine in 2022.

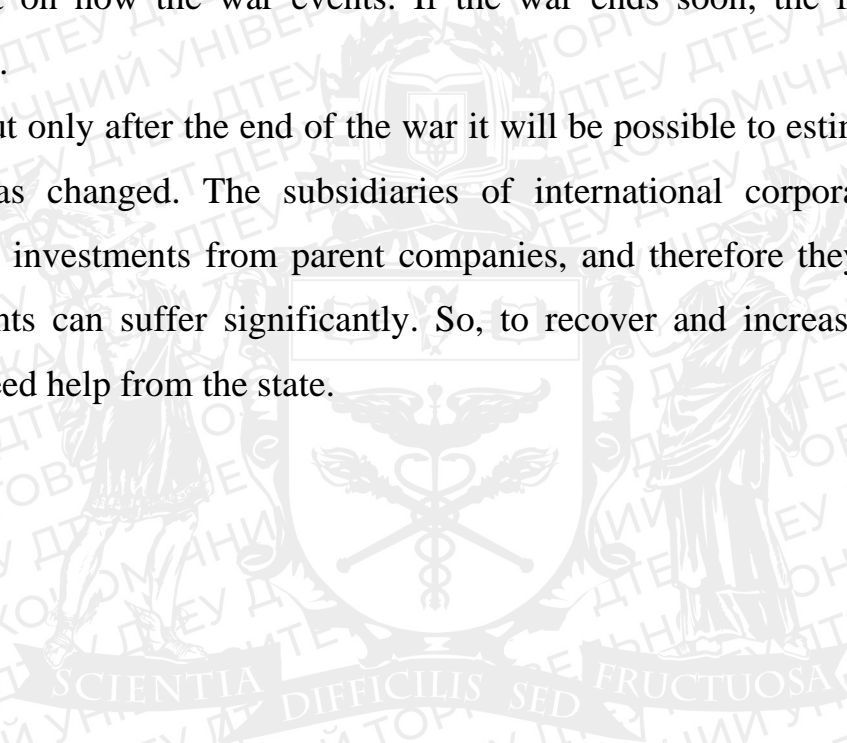
Furthermore, the supply of goods previously imported from Russia and Belarus to the construction materials market in Ukraine, including glass, construction chemicals, finishing materials, and others, has ceased. The process of redirecting to alternative countries takes time and is complicated by increased fuel costs for transportation and the blockade of seaports.

There is a risk that some companies will leave the market. Firstly, it exists in those territories that are currently occupied. In addition, there are shelling every day, some of the manufacturers are out of the game. For example, this was the case with the IZOVAT plant in the Zhytomyr region: in March, warehouses were destroyed, and its production buildings were partially damaged. So already in April, they resumed work. In mid-May, the Knauf Ukraine enterprise in the Donetsk region was hit by an airstrike.

Some predictions can already be made. For example, there will be a significant increase in prices for metal structures and fittings, glass and windows, dry mixtures, and insulating materials, as the demand for them rises. As the consumer demand rises due to the necessity of rebuilding and restoring the destroyed infrastructure.

The future development of the building materials market in Ukraine is dependent on how the war events. If the war ends soon, the forecasts are rather optimistic.

But only after the end of the war it will be possible to estimate how much the market has changed. The subsidiaries of international corporations can receive additional investments from parent companies, and therefore they will survive. But small plants can suffer significantly. So, to recover and increase capacity, market players need help from the state.



CHAPTER 3. IMPLEMENTATION OF ADMINISTRATIVE DECISION REGARDING "ITERA GROUP" LLC IMPORTS OF BUILDING MATERIALS FROM EUROPEAN COUNTRIES

3.1 Organizational structure for the import of building materials

Before importing goods, it is crucial to gather the necessary information and understand the key aspects involved. These are import regulations and customs requirements, product classification and harmonized system (HS) codes, supplier evaluation, cost analysis and pricing, logistics and shipping considerations, currency exchange and payment methods, risk assessment and insurance.

Denmark and Ukraine have a bilateral trade relationship. Trade between the two countries is guided by the EU-Ukraine Association Agreement, which promotes economic cooperation and trade liberalization. The Association Agreement provides for the elimination or reduction of tariffs and other trade barriers, facilitating the export of goods between Denmark and Ukraine.

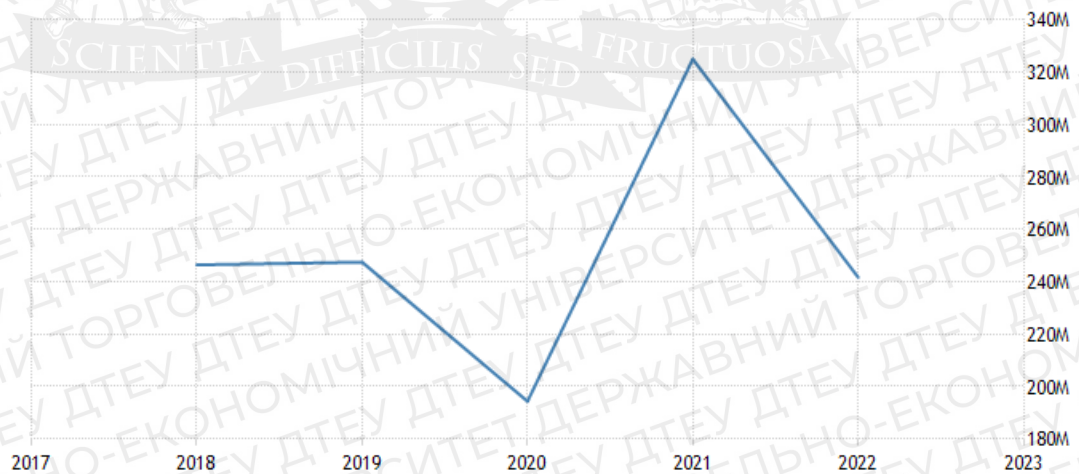


Fig. 3.1. Value of imports to Ukraine from Denmark, 2018-2022

Source: United Nations COMTRADE database [19]

Denmark's imports to Ukraine amounted to \$241.62 Million in 2022. In the year 2021 it was the highest among the recent years - \$322 Million. This was the year after the global lockdown when the cooperation continued. But as for the 2020 the value of import was much lower, and it was \$198 Million.



Fig. 3.2 Value of imported construction materials from Denmark to Ukraine, 2018-2022

Source: United Nations COMTRADE database [19]

Denmark imports from Ukraine of manufactured articles were US\$780.46 thousand during 2022.

Organising any foreign economic activities includes considering the laws and regulations of all parties. Thus said, I will start with Danish regulations.

Denmark's international trade policy fundamentally aims at promoting free trade on a global basis. Denmark fundamentally believes the global economy including the developing countries stand to benefit from an increase in international trade. Denmark's international trade policy is conducted in close co-operation with the other EU Member States.

As for the export controls, Denmark, as an EU member state, follows the EU's export control regulations when exporting goods to Ukraine ^[29]. This includes restrictions on the export of dual-use goods and technologies that have both civilian and military applications. Exporters in Denmark must comply with the EU Dual-Use Regulation and ensure that they obtain the necessary export licenses when exporting restricted items.

Danish customs procedures and documentation are somewhat easy to handle. Exporters in Denmark must comply with customs requirements and provide the necessary documentation for exports to Ukraine. This includes commercial invoices,

packing lists, certificates of origin, and any applicable export licenses. The Danish Customs and Tax Administration (SKAT) can provide guidance on customs procedures and documentation requirements for exporting goods to Ukraine.

LLC “Itera Group” has been following the global construction market trends. Therefore, choosing to import goods that are highly relevant is a great option. The company is able to provide its loyal customers with the best prices on the Ukrainian market.

The next figure (see fig. 3.3) is an analysis of the company's supply of labour resources by means of an assessment of the workforce structure.

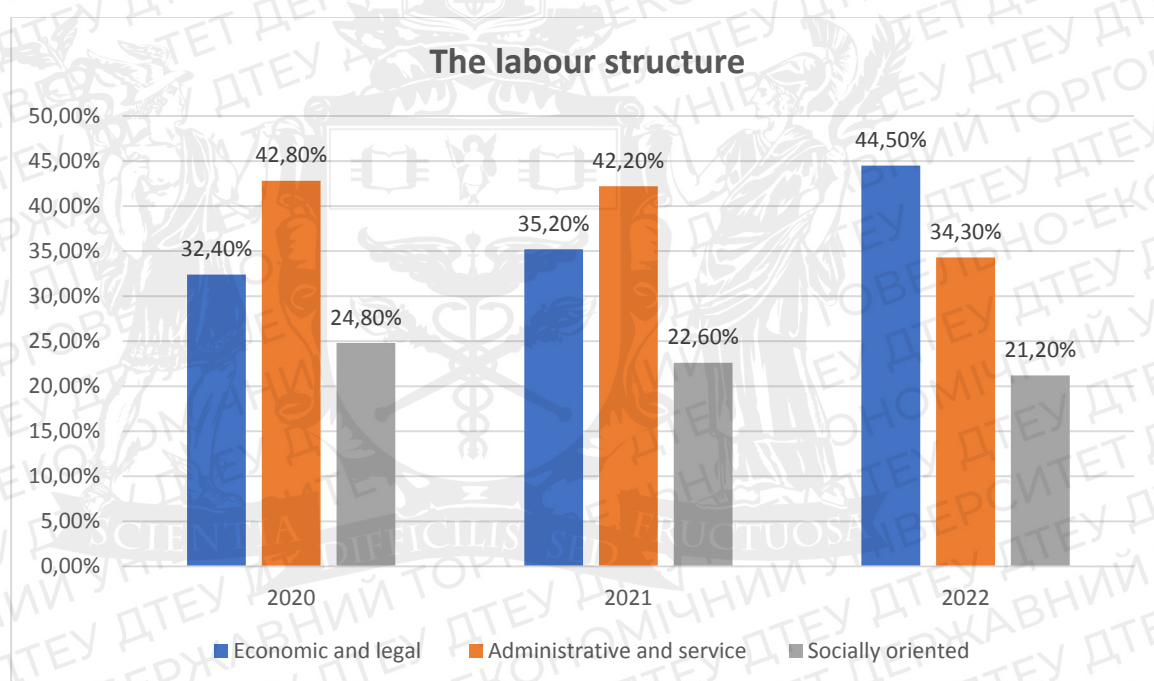


Figure 3.3. The labour structure of LLC “Itera Group”, 2020-2022

Source: created by the author on the company’s data

As we can see, the ratio between different departments of the labour structure of the company has changed over the last three years. In 2022 the economic and legal department has been the most in-demand. As the war started and all connections and cooperations with Russia or Belarus had to be stopped. Which led to a decrease of income and to the termination of contracts.

This, on the other hand, opened a lot of new opportunities for the company to find other suppliers. So, the administrative department played a crucial role too.

All in all, it can be concluded, that “Itera Group” has enough labour resources to continue conducting foreign economic activity.

As for sanctions and embargoes, Denmark, as an EU member state, enforces EU sanctions and embargoes on countries, organizations, or individuals subject to restrictive measures. Exporters must ensure compliance with these measures and screen their transactions against the EU's consolidated list of sanctioned entities. It is important for exporters to stay informed about any specific sanctions or embargoes that may be in place for Ukraine, as these can change over time. Especially during the current war situation.

There is also an Authorized Economic Operator (AEO) ^[30]. The AEO program, implemented in Denmark, provides certain benefits and simplifications in customs procedures for trusted traders. Danish exporters can explore obtaining AEO status to enjoy faster clearance and reduced inspections when exporting to Ukraine.

Now speaking about Ukrainian regulations, for conducting efficient import process, some stages must be implemented properly. This includes:

Certification: The UkrSEPRO state certification system mandates the certification process for building materials in Ukraine. Around 50 different types of building materials are required to undergo certification, including those that may have potential harmful effects on human health or impact the durability of structures. Certification for other building materials may be voluntary or required based on partnership, supply, or purchase contracts.

Taxation: Import-export operations in Ukraine are subject to various taxes, including customs duties, import duty, and value-added tax (VAT). Building materials are not subject to excise duty or import licensing. All imported goods, regardless of type or quantity, are assigned a 0.015% customs duty. A 20% VAT is imposed based on the customs value of the invoice. The import duty varies, primarily depending on whether a similar item is produced domestically. Customs duty, import duty, and VAT must be paid during customs clearance.

Apart from customs controls, goods and items crossing Ukrainian customs borders are subject to sanitary, veterinary, radiological, and ecological controls

outlined in Ukrainian customs regulations. Customs clearance is granted only after satisfying these requirements. The respective entities responsible for each control, such as ecological control, are located near customs points. Once customs control is successfully completed, the inspecting entity stamps the customs declaration.

The next important point is about the transportation of building materials. Logistics to Ukraine involves the management and coordination of various processes and activities to ensure the efficient movement of goods to and within the country. The transportation infrastructure in Ukraine was heavily affected by the full-scale war. In addition to physical damage, the sector suffers less visible, but no less painful, financial, and economic losses.

As a result of Russian aggression, about 33% of infrastructure across the country was damaged: 305 bridges, 19 airports, 110 railway stations and 24 thousand km of roads. The impacts of these damages are still hard to count. But, according to preliminary estimates, the total volume of infrastructure losses in Ukraine amounted to \$35.3 billion, and this figure is increasing every day ^[22]. This creates challenges for transporting any goods in the current situation. Below is an overview of the Ukrainian transportation infrastructure:

1. **Road Networks:** Ukraine has an extensive road network connecting major cities and regions. Road transport is commonly used for smaller shipments or when the distance between the EU country and Ukraine is relatively short. It offers flexibility in terms of pickup and delivery locations and can be cost-effective for smaller quantities. However, road transport may have limitations in terms of capacity and can be subject to delays at border crossings.
2. **Rail Networks:** Ukraine has a well-developed rail network, offering an efficient and cost-effective mode of transportation for bulk goods and long-distance shipments. Rail transport is suitable for larger shipments of building materials. It provides a cost-effective option for bulk materials and has the advantage of being able to handle heavy loads.
3. **Ports:** Ukraine has 13 seaports (including the ones that are occupied).

4. Airports: Air transport is the fastest mode of transportation but is generally reserved for urgent or high-value shipments due to its higher costs. It is suitable for small or lightweight building materials that require immediate delivery. Air transportation is commonly used for specialized or time-sensitive materials.

Rail transport is generally more time-efficient than road transport over longer distances, but it may require additional trucking for the last-mile delivery from the rail terminal to the destination.

Table 3.1

Selection of transport for the implementation of the import operation

Type of transport	Speed	Reliability	Transportation capacity	Availability	Cost
Railway	3	3	4	4	4
Road	4	4	3	5	3
Water	2	2	5	2	5
Air	5	1	2	3	1

Source: created by the author

Considering the information above, a table was created (see table 3.1). The data in the table indicates that railway and road transportation are the most optimal ways of transportation. Therefore, considering all the facts above, the most efficient way of transporting building materials (and this is the approach that “Itera Group” uses) is road transportation.

It is important for importers to work with experienced logistics partners who have knowledge of the Ukrainian market, understand local regulations, and can provide end-to-end logistics solutions tailored to specific needs. Staying informed about the latest developments in logistics and regulations in Ukraine is also crucial for successful and efficient logistics operations.

IMPORT PROJECT EXECUTION SCHEDULE

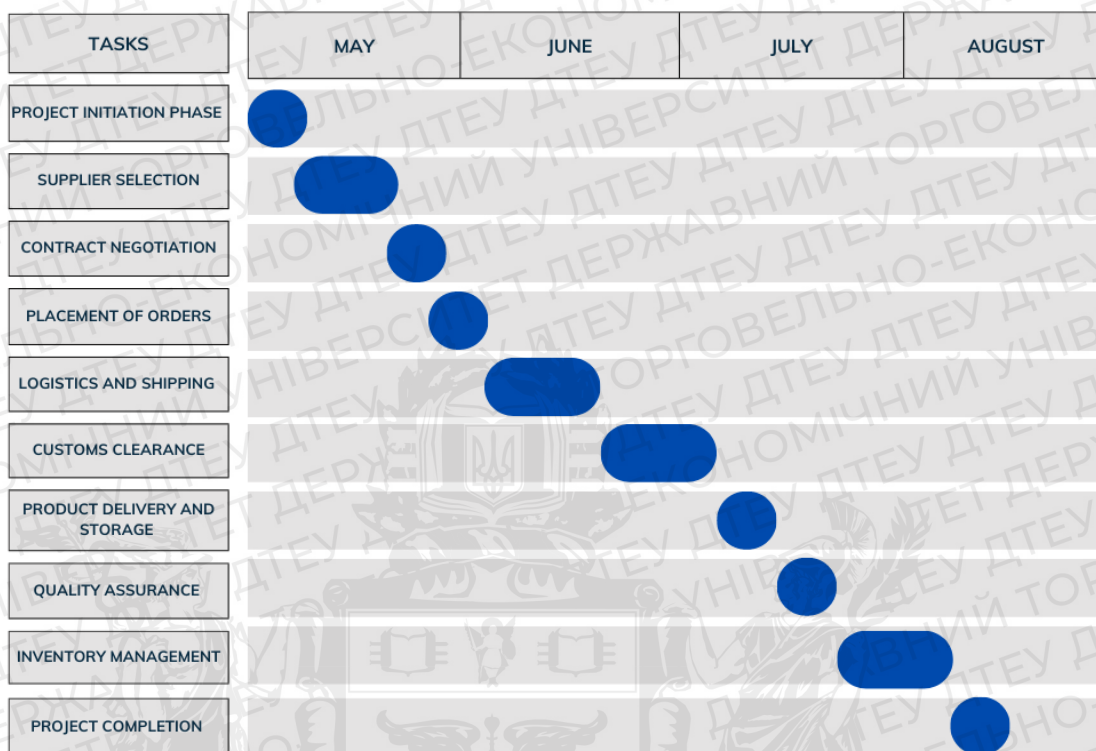


Fig. 3.1. Gantt chart of import process in “Itera Group”

Source: structured by the author

The import process of “Itera Group” is shown in the chart above (fig. 3.1). It starts with the initiation phase which lasts approximately one week. Then the task is to select the suppliers - this process will take roughly two weeks of time. Negotiating a contract and placing the orders can be completed in two weeks. Then goes the decision about logistics, shipping of products and customs clearance. For these tasks one month is needed. When the products are delivered, they need to be stored as well as their quality to be checked. Both processes will take up a week each. Lastly, the inventory management is conducted which lasts for about two weeks. And finally, the import process can be completed.

Documents needed for the Ukrainian customs authorities:

1. The signed contract.
2. A cargo customs declaration with the description and value of the goods, terms of payment (i.e., cash, bank transfer, barter, etc.), and the terms of the

shipment. If payment is made by bank transfer, the name of the bank, address, and account number should be included.

3. A certificate of quality.
4. A certificate of origin with production and expiration dates.
5. A certificate issued by a foreign inspector stating that relevant quality controls have been completed in the country of origin.

The next aspect of importing activities is customs and regulatory considerations.

- **Import Documentation:** Importers must comply with customs requirements and provide necessary documentation, including commercial invoices, packing lists, certificates of origin, and any required permits or licenses.

- **Tariffs and Duties:** Importers may be subject to customs duties, VAT, and other taxes based on the value and classification of the imported goods. It is important to understand the applicable tariffs and duties for building materials.

- **Customs Clearance:** Goods entering Ukraine must go through customs clearance procedures, including declaration submission, inspection, and payment of any applicable fees.

As for the warehousing and distribution, LLC “Itera Group” has its own warehouses in Kyiv where it is convenient to store goods and then distribute them around Ukraine. And generally, Ukraine has a range of warehouses and distribution centres available for storage and consolidation of goods. Warehousing options vary in terms of size, location, and services offered.

The efficient distribution within Ukraine requires understanding the local market and establishing partnerships with reliable logistics providers for last-mile delivery to customers or construction sites.

Another task to ensure is the logistics partners. Working with experienced freight forwarders can simplify the logistics process by managing transportation, customs clearance, and documentation requirements. Customs brokers can assist with navigating the customs clearance process, ensuring compliance with regulations, and facilitating smooth entry of goods into Ukraine. **Transport Companies:** Collaborating

with reliable transport companies specializing in international shipments can ensure timely and secure transportation of building materials.

Moreover, it is necessary to consider cargo security during transportation and consider appropriate insurance coverage to protect against potential loss, damage, or theft of goods. As well as regulatory compliance because Ukrainian regulations and standards for imported goods must be adhered to, including product certifications, labelling requirements, and compliance with technical regulations, as much as the foreign ones.

3.2 Predictive evaluation of the effectiveness of the import of building materials by LLC "Itera Group" to Ukrainian market from the EU countries

Importing building materials to Ukraine contributes to the development and growth of the Ukrainian construction industry by expanding options, improving quality, and fostering innovation. It helps meet market demand, supports infrastructure development, and improves country's overall competitiveness.

Table 3.2

Initial conditions for calculation

1	Name of goods	Fiberglass
2	Custom Code	7019 80 90 00
3	Exporting country	Denmark
4	Price per unit	10€
5	Units	1000
6	Delivery terms	CFR Kyiv
7	Exchange rate	EUR: UAH = 39.41
8	VAT	20%
9	Duty rate	0%, EU country

Source: developed by the author

Table 3.3

1	Expenses for unloading at the importer's warehouse	UAH 1 500
2	Costs of transportation from the border	UAH 40 000

Source: developed by the author

Based on the company's documentation, a calculation of efficiency of import is conducted below.

Efficiency = income / expenses

Cost = $10 * 1000 = 10\ 000\text{€}$ (UAH 400 506,55)

VAT cost = $400\ 000 * 0,2 = 80\ 000$

Total sum = 80 000

Total costs on the importer territory = 41 500

ІЦК = $400\ 506,55 + 80\ 000 + 41\ 500 = 522\ 006,55$

Efficiency = $2\ 178\ 860 / 522\ 006,55 = 4,2$

Therefore, after analysing and calculating, it can be concluded that the import activity of "Itera Group" is efficient.

The import of building materials from EU countries to the Ukrainian market can be considered effective for several reasons:

1. Quality and Standards: EU countries have stringent quality standards and regulations for building materials. Importing from the EU ensures access to high-quality products that meet international standards and specifications, providing assurance to customers in terms of reliability and performance.

2. Technological Advancements: EU countries are often at the forefront of technological advancements in the construction industry. Importing building materials from the EU allows Ukrainian market participants to benefit from innovative and advanced products that may not be readily available domestically.

3. Product Diversity: EU countries offer a wide range of building materials, catering to various construction needs and preferences. Importing from the EU expands the options available in the Ukrainian market, enabling builders, contractors, and consumers to access a diverse range of materials to meet their specific requirements.

4. **Competitive Pricing:** While prices can vary, importing building materials from EU countries can often be cost-effective due to factors such as economies of scale, production efficiency, and competition in the EU market. This can provide cost-saving opportunities for Ukrainian importers and end-users.

5. **Market Efficiency:** The EU has a well-established and efficient logistics network, making the import process smoother and more streamlined. This ensures timely delivery of materials to the Ukrainian market, minimizing delays and disruptions.

6. **Compliance with Standards and Regulations:** EU building materials generally adhere to strict environmental, health, and safety regulations. Importing from EU countries can help Ukrainian market participants align with these standards, promoting sustainable and responsible construction practices.

7. **Access to Specialized Products:** EU countries often have a broader range of specialized building materials for niche applications. Importing such products from the EU can enhance the capabilities and offerings of Ukrainian companies, allowing them to undertake complex projects and meet specific customer demands.

However, it's important to consider potential challenges, such as transportation costs, customs procedures, and fluctuating exchange rates, which can impact the overall effectiveness of importing building materials. Additionally, local market conditions, pricing dynamics, and regulatory requirements should be considered when evaluating the effectiveness of imports.

The above-mentioned risks with importing include:

1. Limited access to foreign markets due to restrictive trade policies and sanctions.
2. Currency fluctuations that can cause problems with pricing and payments when dealing internationally, leading to financial losses or delayed payments for goods received on time but not paid on time due to currency devaluation or appreciation against the Ukrainian hryvnia (UAH).
3. High tariffs and taxes imposed by foreign countries on Ukrainian imports.

4. Limited access to financing - “Itera Group” has limited access to financing and relies on its own resources to fund operations. This restricts their ability to purchase materials in bulk, which can lead to higher costs.
5. Difficulty finding reliable suppliers abroad who can provide competitive prices while ensuring product quality standards are met.
6. Long delays in customs clearance procedures caused by outdated infrastructure at border crossing points.
7. High transportation costs - Due to the distance between Ukraine and other countries where material is sourced from, “Itera Group” incurs high transportation costs when importing building materials into the country.
8. High competition from domestic suppliers: Domestic suppliers can undercut prices significantly, making it hard for Itera Group to compete effectively in some segments of the building materials market.

Overall, importing building materials from EU countries to the Ukrainian market can be an effective strategy to access high-quality products, technological advancements, and a diverse range of options, provided that careful consideration is given to the specific requirements and dynamics of the market.

Below is the list of the documents necessary for customs control and customs clearance of goods and vehicles, moving through the customs border of Ukraine. Documents that need to be submitted are determined regulations of the State Customs Service considering purpose of movement, type of transport, nature of goods, methods calculation and other factors affecting customs procedures:

1. Customs declaration.
2. Goods and transport document for transportation (rail waybill (UMVS (SMGS), CIM (SIM)), air waybill (Air Waybill), bill of lading (Bill of Lading), etc.
3. Foreign economic agreement.
4. Invoice or other document that determines the cost of the product.
5. Declaration of customs value (submitted in cases determined by the Cabinet of Ministers of Ukraine).

6. Declaration on the maximum retail prices for excise goods set by the manufacturer or importer.
7. Account card of the subject of foreign economic activity or its copy certified by this subject.
8. Letter of approval (submitted by an enterprise located outside the area of activity of the customs body).
9. Document of control over the delivery of goods.
10. Documents on the provision of financial guarantees.
11. Customs carrier's license.
12. TIR book, ATA book, SPD book.
13. Certificate of acceptance of the vehicle for the transportation of goods under customs seals and seals.
14. Acts of acceptance and transfer (electricity, gas, oil, ammonia, etc.).
15. Mediation agreement.
16. Document for the right to carry out customs brokerage activities.
17. Documents used to determine the customs value of goods.
18. Documents determining the country of origin of goods.
19. Documents containing information necessary to determine the product code according to UKTZED.
20. Payment orders, cash orders confirming the payment of taxes and fees (mandatory payments).
21. Bills of exchange (according to the law).
22. Documents confirming the right to apply a preferential tax regime to goods.
23. Documents confirming the right to dispose, own or use goods and/or vehicles.
24. Application of the enterprise for carrying out customs clearance of goods (in a simplified procedure, for placing them in customs regimes, for submitting a temporary, incomplete, periodic customs declaration).
25. Documents that, in accordance with legislative acts, are issued by state bodies for customs control and customs clearance of goods and vehicles moving across the customs border of Ukraine.

Table 3.4

Initial conditions for calculating the efficiency of the operation "Import of insulation products to Ukraine from Denmark"

№	Indicator	Plan
1	Sale price in Ukraine, UAH/per unit	200
2	Cost of delivery to the border, Euro	3500
3	The cost of delivery in Ukraine, UAH	12350
4	Expenses of LLC "Itera Group" related to the sale of imported products (based on the contract price under CIF conditions), %	0
Calculation of the import price of the contract		
5	Invoice value, Euro	10000
6	Customs value, UAH	394135,85
Customs payments		
7	Duty, UAH	47296,3
8	VAT, UAH	88286,43
9	The total amount of customs payments, UAH	135582,73
Calculation of the effectiveness of the implementation of the import contract		
10	Income from the sale of imported products, UAH	2000000,00
11	Net profit from imports, UAH	227346,28
12	Efficiency of the import operation	4,2
13	Efficiency, %	1,4

Source: developed by the author based

In summary, Itera Group LLC has significant opportunities to succeed in importing building materials from Denmark, particularly in the high-demand category of fiberglass. The result of the analyzed operation demonstrates the efficiency of imports and provides arguments for planning the optimization of foreign economic activity in the future. By implementing the provided recommendations, the

company can further optimize import processes and position itself as a leading distributor of building materials in the local market.



CONCLUSIONS

Significant issues were analysed in this thesis based on the LLC “Itera Group’s” import activity. This scientific study provides a comprehensive analysis and predictive evaluation of the effectiveness of importing building materials to Ukraine. By researching the global construction market and the domestic market for these goods, valuable proposals have been made.

The demand for foreign suppliers has increased which make this paperwork relevant. Moreover, increasing the efficiency of export-import operations is one of the priorities directions of development of the studied company.

The financial results of the activity were analysed during the research LLC “Itera Group”, a comparative analysis of its competitors and identification was carried out. The foreign construction market was also studied. The main task of its imports is to reduce production costs at the expense of purchase and use of cheaper imported raw materials and, as a result, increasing profit and improving production efficiency.

The logistical approach to the implementation of import activities was considered and thanks to the analysis of the effectiveness of the import. Increasing the productivity of international operations logistics chains leads to a decrease in specific costs, contributing development of foreign economic relations.

The object of research of this thesis is a limited liability company “Itera Group”. It is a distributor of construction materials both from domestic and foreign manufacturers.

The chosen partner country is Denmark. This cooperation allows Ukraine to get modern technologies. Moreover, its geographical proximity to Ukraine facilitates transportation and logistics, which results in cost savings.

To sum up, LLC “Itera Group” has great potential to provide efficient import of building materials from Denmark, specifically fiberglass which is in great demand now. By considering all the given recommendations, the company can create a more efficient way of importing as well as establish itself as a leader distributor of building materials on a domestic market.

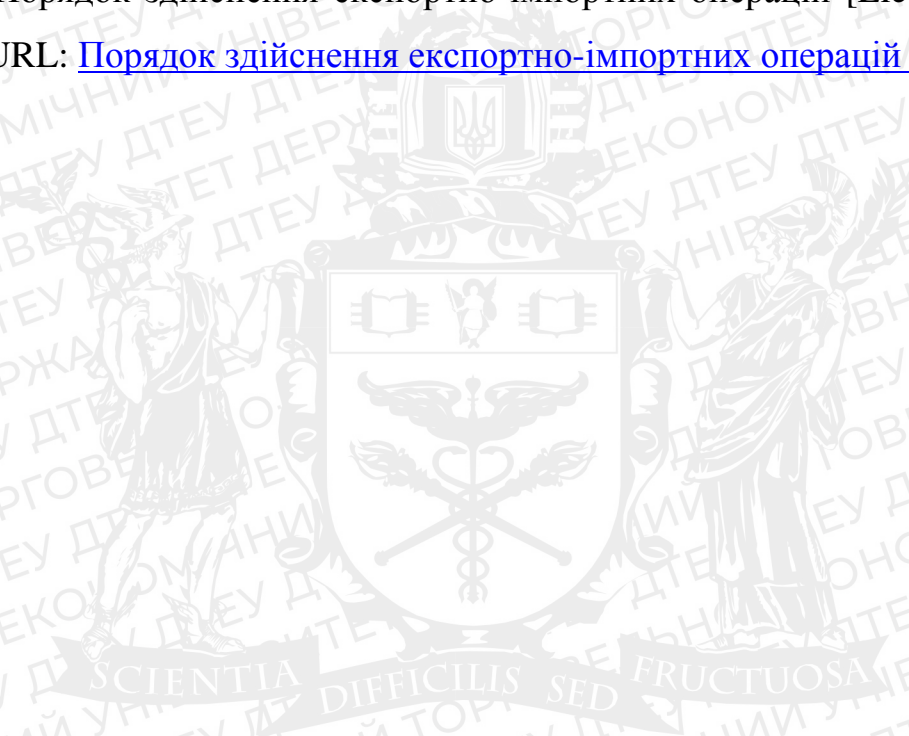
Sources

1. Itera Group official website [Electronic resource]. URL: <https://iteragroup.com.ua/ua/>.
2. You Control [Electronic resource]. URL: [ИТЕРА ТРЕЙД — Код ЄДРПОУ 40835871 \(youcontrol.com.ua\)](https://youcontrol.com.ua/ua/40835871).
3. Nomis [Electronic resource]. URL: <https://nomis.com.ua/40835871-tovarystvo-z-obmezhenoiu-vidpovidalnistiu-itera-treid?lang=en#finance>.
4. The Observatory of Economic Complexity (OEC) [Electronic resource]. URL: [The Observatory of Economic Complexity | OEC - The Observatory of Economic Complexity](https://www.oec.world/en/).
5. ROCKWOOL official Ukrainian website [Electronic resource]. URL: [ROCKWOOL Ukraine](https://rockwool.com.ua/).
6. Research Gate [Electronic resource]. URL: [Global demand for the five key materials, historic from 1960 and... | Download Scientific Diagram \(researchgate.net\)](https://www.researchgate.net/publication/358123456)
7. Research and markets. 2023: Global Construction & Building Materials Market by Material (Aggregates, Bricks, Cement), Building Type (Commercial Building Construction, Industrial Construction, Infrastructure & Heavy Civil Construction) - Cumulative Impact of High Inflation - Forecast 2023-2030. P. 102.
8. Ministry of Finance of Ukraine [Electronic resource]. URL: <https://mof.gov.ua/en/state-customs-service>.
9. Yahoo Finance [Electronic resource]. URL: [Construction Materials Market 2023 \(New Report\) is Expected to Increase with Growth Rate, Revenue, Industry Demand, On-Going Trends and Latest Innovation with Recent Industry Developments by Top Leading Players and Forecast 2028 Research \(yahoo.com\)](https://finance.yahoo.com/news/construction-materials-market-2023-12-15).
10. Cement Lime Gypsum [Electronic resource]. URL: [Increasing demand for new construction materials - Cement Lime Gypsum \(zkg.de\)](https://www.zkg.de/en/news/increasing-demand-for-new-construction-materials-cement-lime-gypsum).

11. International Trade Centre [Electronic resource]. URL: [ITC - Trade Impact for Good \(intracen.org\)](https://www.itc-tradecentre.org/).
12. Business Wire [Electronic resource]. URL: [Worldwide Construction & Building Materials Industry to 2025 - Increased Demand of Resilient & Sustainable Materials Presents Opportunities - ResearchAndMarkets.com | Business Wire](https://www.businesswire.com/news/2023/02/28/worldwide-construction-building-materials-2025-increased-demand-resilient-sustainable-materials-opportunities-researchandmarkets.com/).
13. Built: The Bluebeam Blog [Electronic resource]. URL: [The Most In-Demand Construction Materials Right Now | Built \(bluebeam.com\)](https://www.bluebeam.com/blog/the-most-in-demand-construction-materials-right-now/).
14. World Trade Organisation [Electronic resource]. URL: [World Trade Organization - Home page - Global trade \(wto.org\)](https://www.wto.org/).
15. ProEst [Electronic resource]. URL: [The 5 Most Common Construction Materials | ProEst](https://www.proest.com/en/the-5-most-common-construction-materials/).
16. Construction Dive [Electronic resource]. URL: [5 charts that hint at what's in store for construction in 2023 | Construction Dive](https://www.constructiondive.com/news/5-charts-that-hint-at-whats-in-store-for-construction-in-2023/).
17. Level Set [Electronic resource]. URL: [Construction Materials Price Tracker | Levelset](https://www.levelset.com/).
18. Trading Economics [Electronic resource]. URL: [Denmark Imports from Ukraine - 2023 Data 2024 Forecast 1993-2022 Historical \(tradingeconomics.com\)](https://tradingeconomics.com/ukraine/imports/2023-2024-forecast-1993-2022-historical/).
19. UN Comtrade Database [Electronic resource]. URL: <https://comtradeplus.un.org/>.
20. GlobeNewswire [Electronic resource]. URL: [Global Building Materials Market Research Report \(2021 to \(globenewswire.com\)](https://www.globenewswire.com/newsroom/2023/02/28/global-building-materials-market-research-report-2021-to-2028/).
21. Korfor [Electronic resource]. URL: <https://construction-market.korfor.com.ua/ryнок-teploizoliatsiinykh-materialiv/>.
22. The page [Electronic resource]. URL: <https://thepage.ua/ua/news/popit-i-cini-na-budivelni-materiali-v-ukrayini-u-travni-2023-roku>.
23. Prof Build [Electronic resource]. URL: <https://profbuild.in.ua/uk/stati-2/4828-budivelnij-rinok-ukrajini-v-umovakh-vijni-analitika-otsinki-ta-perspektivi>.

24. European Business Association [Electronic resource]. URL: <https://eba.com.ua/novi-ta-stari-vyklyky-yak-trymayetsya-ukrayinska-infrastruktura-pid-chas-vijny/>.
25. Державна служба статистики України [Electronic resource]. URL: [s_eit_u22.xlsx \(live.com\)](s_eit_u22.xlsx).
26. Букліб [Electronic resource]. URL: <6.3. Зовнішня і міжнародна торгівля - Бібліотека BukLib.net>.
27. Epicentr [Electronic resource]. URL: <https://epicentrk.ua/>.
28. Budma XXI [Electronic resource]. URL: <https://budma21.kiev.ua/ua/>.
29. Property Times [Electronic resource]. URL: https://propertytimes.com.ua/stroymateriali/rinok_budivelnih_materialiv_yaki_pozitsiyi_prodemonstruvali_rekordni_tsinovi_stribki_minulorich_ta_chi_cheka_ti_spoivnennya_u_2022.
30. European Commission [Electronic resource]. URL: [Customs Valuation \(europa.eu\)](Customs Valuation (europa.eu)).
31. Embassy of Ukraine in the Kingdom of Denmark [Electronic resource]. URL: [Trade and Investment | Embassy of Ukraine in the Kingdom of Denmark \(mfa.gov.ua\)](Trade and Investment | Embassy of Ukraine in the Kingdom of Denmark (mfa.gov.ua)).
32. Освіта UA [Electronic resource]. URL: [Основні принципи тарифного та нетарифного регулювання ЗЕД. Реферат – Освіта.UA \(osvita.ua\)](Основні принципи тарифного та нетарифного регулювання ЗЕД. Реферат – Освіта.UA (osvita.ua)).
33. Ліга:Закон [Electronic resource]. URL: [Митне оформлення товарів на період воєнного стану: ключові новації для бізнесу | Think brave \(ligazakon.net\)](Митне оформлення товарів на період воєнного стану: ключові новації для бізнесу | Think brave (ligazakon.net)).
34. Finance: [Electronic resource]. URL: <Імпорт — Finance.ua>.
35. Урядовий портал [Electronic resource]. URL: <https://www.kmu.gov.ua/npas/28438605>.
36. Дія Бізнес [Electronic resource]. URL: [Правила розподілу безмитних тарифних квот \(export.gov.ua\)](Правила розподілу безмитних тарифних квот (export.gov.ua)).
37. Ліга:Закон [Electronic resource]. URL: [Імпорт товарів: облікові особливості | LIGA:ZAKON \(ligazakon.net\)](Імпорт товарів: облікові особливості | LIGA:ZAKON (ligazakon.net)).

38. International Trade Administration [Electronic resource]. URL: [Ukraine - Import Requirements and Documentation \(trade.gov\)](#).
39. Митний кодекс України: [Митний кодекс України | від 13.03.2012 № 4495-VI \(rada.gov.ua\)](#).
40. ДПС у Черкаській області [Electronic resource]. URL: [Ввезення \(імпорт\) товарів на митну територію України \(tax.gov.ua\)](#).
41. Порядок здійснення експортно-імпортних операцій [Electronic resource]. URL: [Порядок здійснення експортно-імпортних операцій \(studopedia.su\)](#).



APPENDIXES

Appendix A

The financial statement of the company

Станом на: 01 січ 2022			
Одиниця виміру: тис. UAH, без десятичного знака			
Виручка	90 000	20 000	2 000
▼ 10.9%	▼ 25.9%	▼ 83.23%	▲ 16.39%
Одиниця виміру: тис. UAH, без десятичного знака			
Показник	на 31.12.2020 р.	на 31.12.2021 р.	на 31.12.2022 р.
Виручка	55 000...60 000	95 000...100 000	85 000...90 000
Розмір активів	10 000...15 000	25 000...30 000	15 000...20 000
Всього зобов'язань (у тому числі):	5 000...6 000	15 000	2 000
довгострокові зобов'язання (%)	0,76%	0,50%	2,47%
поточні зобов'язання (%)	99,24%	99,50%	97,53%
Чисті активи	7 000...8 000	10 000...15 000	15 000...20 000
Персонал	19	22	22
Одиниця виміру: тис. UAH, без десятичного знака			
Актив	на 31.12.2020 р.	на 31.12.2021 р.	на 31.12.2022 р.
Всього активи	15 000	30 000	20 000
Всього необоротні активи:	20...30	300...400	600...700
Незавершені капітальні інвестиції	0...10	0...10	0...10
Основні засоби:	20...30	300...400	600...700
первісна вартість	80...90	500...600	1 000...2 000
знос (%)	68,97%	30,71%	32,16%
Довгострокові біологічні активи	0...10	0...10	0...10
Довгострокові фінансові інвестиції	10	10	10
Інші необоротні активи	0...10	0...10	0...10
0,25			
Всього оборотні активи:	15 000	25 000	20 000
Зпаси (у тому числі):	8 000	15 000	15 000
товари та готова продукція (%)	99,99%	99,78%	99,75%
Поточні біологічні активи	0...10	0...10	0...10
Дебіторська торгова заборгованість	3 000...4 000	1 000...2 000	90...100
Дебіторська заборгованість перед бюджетом	400...500	200...300	40...50
Інша поточна дебіторська заборгованість	1 000...2 000	7 000...8 000	1 000...2 000
Поточні фінансові інвестиції	0...10	0...10	0...10
Гроші та їх еквіваленти	50	4 000	5 000
Витрати майбутніх періодів	10...20	0...10	10...20
Інші оборотні активи	300...400	1 000...2 000	100...200
Пасив	на 31.12.2020 р.	на 31.12.2021 р.	на 31.12.2022 р.
Всього пасиви	15 000	30 000	20 000
Зареєстрований (пайовий) капітал	5 000...6 000	10 000...15 000	10 000...15 000
Додатковий капітал	0...10	0...10	0...10
Резервний капітал	0...10	0...10	0...10
Інший капітал (резерви)	0...10	0...10	0...10
Неоплачений капітал	(0...10)	(700...800)	(0...10)
Нерозподілений прибуток (непокритий збиток)	2 000...3 000	5 000...6 000	5 000...6 000
Всього довгострокові зобов'язання	40...50	50...60	40...50
Всього поточні зобов'язання:	6 000	10 000...15 000	2 000
Короткострокові кредити банків	0...10	0...10	0...10
Доходи майбутніх періодів	0...10	0...10	0...10
Інші поточні зобов'язання	2 000...3 000	9 000...10 000	1 000...2 000
Торгова та інша кредиторська заборгованість (у тому	3 000...4 000	1 000...2 000	100...200
з товари, роботи, послуги (%)	46,61%	9,06%	0,78%
з бюджетом та страхування (%)	8,97%	1,77%	8,53%
з оплати праці (%)	n/a	n/a	n/a
Одиниця виміру: тис. UAH, без десятичного знака			
Виручка (товари, роботи, послуги)	на 31.12.2020 р.	на 31.12.2021 р.	на 31.12.2022 р.
Собівартість реалізованої продукції	55 000...60 000	95 000...100 000	85 000...90 000
Валовий прибуток (збиток)	(50 000...55 000)	(85 000...90 000)	(80 000...85 000)
Інші операційні доходи	5 000...6 000	10 000...15 000	8 000...9 000
Інші операційні витрати	0...10	100...200	100...200
Інші операційні витрати	(2 000...3 000)	(7 000...8 000)	(7 000...8 000)
Операційний прибуток (збиток)	2 000...3 000	3 000...4 000	700...800
Інші доходи	0...10	0...10	0...10
Інші витрати	(30...40)	(100...200)	(60...70)
Прибуток до оподаткування	2 000...3 000	3 000...4 000	700...800
Податок на прибуток	(500...600)	(500...600)	(300...400)
Прибуток після оподаткування	2 000...3 000	2 000...3 000	300...400

Contract

CONTRACT № 236

Kyiv, Ukraine

«01» May 2023

Limited liability company «ROCKWOOL», Copenhagen, Denmark, represented by the director Jens Birgersson, who acts on the basis of a CEO (hereinafter referred to as the Supplier), on the one hand, and **Limited liability company "Itera Group" (abbreviated name - LLC "Itera Group")**, Kyiv, Ukraine, in the person of the director Mykhailo Chufarin, acting on the basis of the Charter (hereinafter - the Buyer), on the other hand, and jointly - the Parties, and separately - the Party, concluded this Supply Agreement No. 236 of 01 May 2023 (hereinafter referred to as the Agreement) is about the following:

1. Subject of the Agreement

1.1. The Supplier undertakes to deliver and transfer to the ownership of the Buyer LLC "Itera Group" (hereinafter referred to as the Goods), and the Buyer undertakes to accept and pay for the Goods, in the manner and under the conditions specified in this Agreement.

1.2. The Supplier guarantees to the Buyer that the Goods belong to him by right of ownership, are not subject to the prohibition of alienation in Denmark, arrest in EU countries, are not the subject of a pledge or other means of ensuring the fulfillment of obligations to any natural or legal persons in EU countries, state bodies and EU countries, and is also not subject to any other encumbrance or restriction in Denmark provided by the legislation in force in Denmark.

1.3. The assortment of the Goods, the nomenclature of the Goods, the code of the Goods according to the UCT of the ZED, the unit of the Goods, the quantity of the Goods, the price of the Goods, and other data necessary for the organization of the supply of the Goods are defined in the specifications, which are signed by the Parties for each supply of the Goods and are integral parts of this Agreement.

2. Terms and conditions of delivery of the Goods

2.1. The term of delivery of the Goods by the Supplier is within 90 (ninety) calendar days from the moment the Parties sign the specification for this Agreement.

2.2. The Supplier supplies the Goods under CFR (Incoterms 2010) conditions – from Denmark to Ukraine.

2.3. The goods are delivered by the Supplier in an export container (packaging), which must meet the standards or technical conditions and ensure its preservation in proper condition during transportation and storage. The product must be accompanied by a packing list.

2.4. The Supplier shall be liable to the Buyer, in US dollars, for any damage to the Product caused by improper packaging, corrosion, additional shipping and storage costs caused by shipping the Product to the wrong address due to improper labeling.

Continuation of appendix B

2.5. Marking is clearly applied in English on each cargo space.

2.6. For each delivery of the Goods, the Supplier provides the Buyer with the following documents: invoice; CMR (waybill); packing list; certificate of origin; quality certificate.

3. The price of the Goods, the price of the Agreement, the order and term of payments

3.1. The price of the Goods is determined in the specifications, which are signed by the Parties for each delivery of the Goods and are integral parts of this Agreement.

3.2. The price of the Goods includes the cost of export containers (packaging), marking and customs duties in the Supplier's country.

3.3. The price of the Contract is 10 000 (ten thousand) Euro.

3.4. The price of the Contract is determined by the total amount of the delivered and paid Goods in accordance with the specifications signed by the Parties and invoices issued by the Supplier for this Contract during the term of this Contract.

3.5. Payment by the Buyer for the Goods is carried out in US dollars, in a non-cash manner, by transferring funds from the Buyer to the Supplier's account, on the basis of the invoice issued by the Supplier to this Agreement.

3.6. All bank charges related to the Supplier's bank shall be borne by the Supplier. All bank charges related to the Buyer's bank are borne by the Buyer. All expenses for the commission of correspondent transit banks are borne by the Buyer.

3.7. Payment by the Buyer for the Goods is carried out as follows - 100 (one hundred) % of the amount of the Goods - within 31 (thirty-one) banking days from the moment of actual receipt of the Goods by the Buyer.

4. Product quality, Product completeness and Product warranty

4.1. The quality of the delivered goods must meet the quality standards adopted by the manufacturer and be confirmed by the quality certificate of the manufacturer.

4.2. The supplier is responsible for the quality of the goods delivered by him and guarantees its quality as a whole, including components and accessories.

4.3. The Supplier guarantees the quality of the Goods within 12 (twelve) calendar months from the start of operation of the Goods, but no more than 12 (twelve) calendar months from the moment the Buyer actually receives the Goods.

4.4. In case of replacement of goods of inadequate quality with goods that meet the terms of this Agreement, the warranty period for it begins to expire from the moment of replacement.

4.5. The Buyer has the right to submit a written claim to the Supplier in connection with the identified defects of the Goods during the warranty period for the Goods.

5. Liability of the Parties

5.1. In the event of a breach by the Parties of their obligations under this Agreement, the Parties bear the responsibility determined by this Agreement and the current legislation of Ukraine.

5.2. In case of delay by the Supplier in terms of delivery or non-delivery of the Goods, the Supplier shall pay to the Buyer a fine in Euros in the amount of 30 (thirty) % of the amount of undelivered or under-delivered Goods for each day of delay in delivery or under-delivery of the Goods, including the day of payment, based on the written claim of the Buyer, as well as compensates the Buyer for documented losses incurred by the Buyer in accordance with the requirements of clause 5.6. of this Agreement, based on the written claim of the Buyer.

5.3. If the Buyer is late in paying for the Goods, the Buyer shall pay the Supplier a penalty in Euros in the amount of 55 (fifty five) % of the debt amount for each day of delay in payment of the Goods, including the day of payment, based on the written claim of the Supplier.

5.4. The supplier is responsible for the quality of the goods delivered by him. If the quality of the Product does not meet the established quality standards or defects or hidden defects are discovered during its warranty period, the Supplier is obliged to replace the low-quality Product.

The Supplier must replace the poor-quality Goods with Goods of proper quality within 10 (ten) days from the moment of receiving the relevant written notification from the Buyer. All costs caused by the replacement of poor-quality Goods with Goods of proper quality, or the delivery of undelivered Goods, including transport and customs costs, shall be borne by the Supplier. If it is not possible to carry out such a replacement of the Goods, the Supplier shall return the money to the Buyer in the amount of the defective Goods and pay the Buyer a fine in US dollars in the amount of 20 (twenty)% of the amount of the defective Goods, based on the written claim of the Buyer.

5.5. The Buyer has the right to unilaterally refuse to perform this Agreement in case of delivery of Goods of inadequate quality, with written notification of the Supplier. In this case, the Supplier is obliged to compensate the Buyer for the documented losses incurred by the Buyer, related to the early termination of this Agreement, based on the written claim of the Buyer.

5.6. Regardless of the payment of a fine in US dollars, the Party that violated the terms of this Agreement shall compensate the other Party for the actually caused (that is, actually accounted for) as a result of this, documented damages in the part not covered by the fine in US dollars, based on the written claim of the corresponding Party.

5.7. Payment by the Party of a fine in US dollars and/or compensation for documented damages caused by violation of the terms of this Agreement to the other Party does not release it from the obligation to perform this Agreement in kind, unless otherwise expressly provided by the legislation in force in Ukraine.

6. Dispute resolution procedure

6.2. Confidentiality obligations remain valid during the term of this Agreement and 10 (ten) years after the expiration of this Agreement or early termination of this Agreement.

9. Term of validity of the Agreement and other conditions

9.1. This Agreement enters into force from the moment of its signing by the Parties and is valid until 01 May 2023, but in any case, until the Parties fulfill their obligations under this Agreement.

9.2. This Agreement may be prematurely terminated by any of the Parties prior to the expiration of this Agreement, provided that the Party notifies the other Party in writing 1 (one) calendar month in advance and the Parties duly fulfill all the terms of this Agreement, and is executed by the Parties signing an additional agreement to of this Agreement.

9.3. Expiry of this Agreement or early termination of this Agreement does not release the Parties from its full implementation and responsibility for its violation that occurred during the validity period of this Agreement, as well as from warranty obligations under this Agreement.

9.4. Changes and/or additions to this Agreement can be made only by agreement of the Parties and are made by the Parties signing an additional agreement to this Agreement.

9.5. Annexes and/or additional agreements to this Agreement are an integral part of this Agreement and have legal force if they are set out in writing and signed by the Parties.

9.6. This Agreement is concluded in Ukrainian and English languages, in 2 (two) original copies, which have the same legal force, 1 (one) original copy for the Supplier and the Buyer. In the event of a discrepancy in the texts of this Agreement, the text in the Ukrainian language shall prevail.

9.7. This Agreement, annexes to this Agreement, additional agreements to this Agreement, as well as other documents drawn up for the implementation of this Agreement, signed and sent by means of e-mail or facsimile communication, have the same legal force as the original, provided that the originals are subsequently exchanged

9.8. The parties, in compliance with the Law of Ukraine "On the Protection of Personal Data", give each other permission to receive, process and use personal data for the purpose of properly fulfilling the terms of this Agreement.

9.9. By signing this Agreement, the Buyer guarantees to the Supplier that it has a sufficient level of legal capacity to sign it, within the meaning of Article 44 of the Law of Ukraine "On Limited and Additional Liability Companies".

In the event that the price of the Agreement, which is equivalent to the national currency of Ukraine - hryvnia, according to the official exchange rate of the national

6.1. In the event of disputes and/or disagreements under this Agreement or in connection with it, the Parties will take all necessary measures to reach an agreement through negotiations and/or through written correspondence (sending written claims), with appropriate written responses to the written letter (written claim) no later than 14 (fourteen) calendar days from the moment of receipt, and in case of non-receipt (for any reason) 14 (fourteen) calendar days from the moment of sending such a written letter (written claim) by the interested Party.

6.2. If the Parties have not reached an agreement through negotiations and/or through written correspondence (sending written claims), disputes and/or disagreements under this Agreement or in connection with it shall be resolved in the Commercial Court of Kyiv, Kyiv, Ukraine, in accordance with current legislation of Ukraine. The language of commercial proceedings is Ukrainian.

7. Force majeure circumstances

7.1. In the event of force majeure (threat of war, armed conflict or serious threat of such conflict, including but not limited to enemy attacks, blockades, military embargoes, acts of a foreign enemy, general military mobilization, hostilities, declared and undeclared war, acts of a public enemy, disturbance, acts of terrorism, sabotage, piracy, disorder, invasion, blockade, revolution, mutiny, insurrection, riot, curfew, expropriation, expropriation, seizure of enterprises, requisition, public demonstration, blockade, strike, accident, illegal action of third parties, fire, explosion, long interruptions in the operation of transport, regulated by the terms of relevant decisions and acts of state authorities, closure of sea straits, embargoes, prohibition (restriction) of export/import, etc., as well as caused by exceptional weather conditions and natural disasters, namely: epidemic, severe storm, cyclone, hurricane, tornado, storm, flood, accumulation of snow, ice, hail, frost, freezing of the sea, straits, ports, passes, earthquake, lightning, fire, drought, subsidence and landslide, other natural disasters etc.), provided that the affected Party notifies the other Party in writing within 10 (ten) working days of the occurrence of such force majeure circumstances (while providing evidence of their existence, confirmed by the Chamber of Commerce and Industry of the country of the Supplier or the Buyer or regional authorities authorized by it chambers of commerce and industry of the country of the Supplier or the Buyer), and provided that such force majeure circumstances continue for no more than 14 (fourteen) calendar days, the other Party agrees that the term of performance of obligations by the affected Party will be extended for the period that is equal to the term of this delay. In the event that the force majeure circumstances last longer than the specified period, this Agreement becomes invalid (which is executed by the Parties signing an additional agreement to this Agreement), unless the other Party agrees in writing to extend it. At the same time, fines imposed by any of the Parties on the other Party shall not be applied.

8. Confidentiality

8.1. The Parties have agreed that the text of this Agreement, any materials, information and information related to this Agreement are confidential and may not be transferred to third parties without the prior written consent of the other Party, except when such transfer is related to obtaining official permits, documents for the execution of this Agreement or the payment of taxes, other mandatory payments, as well as in cases provided for by the current legislation of the Supplier's or Buyer's country.

currency of Ukraine - hryvnia to the US dollar established by the National Bank of Ukraine, will be more than 50 (fifty) % of the Buyer's net assets as of the end of the previous quarter (significant transaction), then the Buyer, who has such an excess, is obliged to obtain consent to commit a significant transaction from the members of the limited liability company and provide the Supplier with a certified copy with a translation into English language (paragraph 9.6 of this Agreement) of such consent on committing a significant deed. The decision to grant consent to the execution of a significant transaction is made exclusively by the general meeting of the members of the limited liability company.

9.10. The relations of the Parties, which are not regulated by this Agreement, are regulated by the current legislation of Ukraine.

10. DETAILS AND SIGNATURES OF THE PARTIES

PROVIDER

Limited Liability Company "ROCKWOOL"

CEO Jens Birgersson

Tel.: +45 46 56 03 00

Fax: +45 46 56 33 11

E-mail: info@rockfon.dk

Director

Jens Birgersson 01. 05. 2023

Signature

BUYER

LLC "Itera Group"

CEO Mykhailo Chufarin

EDRPOU code: 40835871

Tel.: +380684166046, +380445031140

E-mail: 5781222@ukr.net

Director

Mykhailo Chufarin 01. 05. 2023

Signature

SCIENTIA DIFFICILIS SED FRUCTUOSA

СПЕЦИФІКАЦІЯ № 321

м. Київ

«03» травня 2022 року

Товариство з обмеженою відповідальністю «ROCKWOOL», надалі іменоване «Постачальник», що діє на підставі Статуту, з одного боку,

Товариство з обмеженою відповідальністю «Itera Group», іменоване надалі «Покупець», що діє на підставі Статуту, з іншого боку, уклали дану Специфікацію до договору поставки про нижченаведене:

1. Затвердити характеристики, кількість, номенклатуру й загальну вартість партії Товару, що поставляється, відповідно до Таблиці:

№ п/п	Характеристика та номенклатура Товару	Кіл-сть Товару	Ціна за одиницю без ПДВ (грн.)	Ціна за одиницю з ПДВ (грн.)	Загальна вартість без ПДВ (грн.)
1	7019 скловата	1000	400	480	400 000
РАЗОМ без ПДВ:					400 000
ПДВ (20%)					80 000
Разом із ПДВ:					480 000

Загальна вартість Товару складає чотириста вісімдесят тисяч гривень.

2. Всі інші умови залишаються незмінними і відповідають договору поставки

ПОСТАЧАЛЬНИК:

Товариство з обмеженою відповідальністю
«ROCKWOOL»

ПОКУПЕЦЬ:

Товариство з обмеженою відповідальністю
«Itera Group»