

Ukraine: law "On Industrial Parks" is to increase Ukraine's investment attractiveness

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On 21 June 2012, the Ukrainian Parliament adopted the Law of Ukraine "On Industrial Parks" (the "**Law**"). The Law introduces in Ukraine the concept of industrial parks and is intended to attract large investors and advanced technologies to the country. The establishment and development of the industrial parks is also expected to improve the economy by creating new jobs and promoting development of the Ukrainian infrastructure. The Law will come into force one month after its official publication.

The Law defines an industrial park as an area designed for the purposes of industrial development which members have properly executed an agreement to operate in such park may carry out their business activities in the industrial, research, information and telecommunication fields.

The Law also aims at supporting companies managing industrial parks by allowing them to obtain interest-free loans and non-refundable financing out of the Ukrainian state budget. In addition, supplies, materials and equipment which are not produced in Ukraine and are necessary for designing the industrial park can be imported in Ukraine free of import duty.

Moreover, the Law contains provisions regarding the formation, functioning and liquidation of industrial parks on state-, municipally- and privately-owned land plots and defines the requirements for the land plots to be used for industrial park purposes. In particular, such land plots must (i) be classed as industrial land (with respect to designated purpose); (ii) be suitable for industrial activities; (iii) be no less than 15 and no more than 700 hectares; and (iv) if state or municipal land plots, remain in use as an industrial park for no less than 30 years.

The Law introduces the concept of industrial parks as a form of investment in construction and land development for industrial, research, telecommunication and information activities and outlines the key principles, conditions and procedures for the creation and functioning of industrial parks in Ukraine. Such concept should serve as an effective investment attraction tool for territorial development.

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