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COMPONENTS OF THE INVESTMENT ATTRACTIVENESS OF THE HOP INDUSTRY IN UKRAINE

The hop industry in Ukraine has significant potential for investment. Thanks to favorable climatic conditions, fertile land, and cheap labor, Ukrainian producers can provide high-quality and competitive raw materials for the brewing industry in both domestic and foreign markets.

Potential of the hop industry:

1. *Natural and climatic conditions* – Ukraine has favorable climatic conditions for growing hops, especially in western regions such as Zhytomyr, Khmelnytsky, and Lviv Oblasts. Soil resources, a temperate continental climate, and a long growing season create the conditions for high-quality hop production, which is one of the key factors in investment attractiveness.

2. *Growing traditions* – Historically, Ukraine has many years of experience in growing hops. Since the 19th century, Ukrainian lands have been one of the leading centers of hop growing in Europe. This ensures the availability of experienced specialists and technological knowledge that can be used to restore and expand production.

3. *Product demand* – Global growth in the brewing industry, including the craft beer boom, is creating stable demand for high-quality raw materials, particularly hops. The Ukrainian beer market is also showing positive dynamics, which is increasing the need for local hop production. In addition, demand for organic hops is growing, opening up opportunities for the development of environmentally friendly production (Table 1).

Advantages of investing in hop growing in Ukraine:

1. *Competitive production costs* – compared to European countries, the cost of raw materials, labor, and land resources in Ukraine is significantly

lower. This allows hops to be produced at competitive prices, which can attract both domestic and foreign investors.

Table 1

Demand for hop products

Consumer demand for hops and hop products	
Market growth The growing popularity of craft brewing and organic food products is driving consumer demand for high-quality hops in Ukraine	Development of new varieties Ukrainian hop producers are actively working on developing new varieties that meet the current requirements of brewers and consumers
Product diversification In addition to fresh hops, there has been growth in the production and consumption of hop processing products – extracts and oils	Export potential Unique varieties of Ukrainian hops are attracting increasing interest in foreign markets, especially among European brewers.

2. *Expansion of export potential* – given the free trade agreements signed between Ukraine and the European Union, as well as the prospects for other trade partnerships, Ukrainian hop producers can expand exports to European and global markets. This makes it possible not only to meet domestic demand, but also to compete internationally.

3. *State support* – The Ukrainian government is gradually implementing agricultural sector support programs, which may include subsidies, preferential loans, and other forms of incentives for hop producers. The government's agricultural development strategy envisages the intensification of production of competitive products, particularly for export (Table 2).

Table 2

State support and regulatory instruments for the industry

Support programs	State support for the industry includes partial reimbursement of the cost of planting hop fields, compensation for the purchase of certified planting material and equipment
Tax benefits	Agricultural producers who grow hops are eligible for a simplified taxation system and other tax benefits
Market regulation	State support for the industry includes partial reimbursement of the cost of planting hop fields, compensation for the cost of purchasing certified planting material and equipment

Challenges for the industry:

1. *Infrastructure problems* – for the effective development of the hop industry, it is necessary to invest in infrastructure. Many production facilities require modernization, and transport and logistics chains do not always provide adequate access to markets. Investing in infrastructure upgrades can significantly improve the efficiency and profitability of the industry.

2. *Competition on the global market* – the main global leaders in hop production are the United States, Germany, and the Czech Republic. These countries have developed infrastructure, stable markets, and many years of experience in growing high-quality hop varieties. Ukrainian producers may face fierce competition in international markets, especially given the high quality standards set by leading countries.

3. *Financing issues – limited access to financing is one of the main barriers to the development of Ukrainian hop growing. Small and medium-sized businesses, which dominate this sector, are often unable to obtain the necessary loans due to high interest rates or insufficient support from financial institutions. Attracting investment and ensuring stable financing could be a decisive factor for the development of the industry.*

Recommendations for improving investment attractiveness:

1. *Innovation and technology* – the use of modern hop growing and processing technologies is key to improving productivity and product quality. The use of automated production management systems, innovative plant protection methods, and irrigation can increase yields and reduce losses.

2. *Creation of cooperatives and other integrated entities* – cooperation between producers can help to combine efforts and resources to solve common problems in the industry, such as modernizing equipment, expanding sales markets, and jointly promoting products on international markets.

3. *Marketing and branding – strategic promotion of Ukrainian hops on international markets could be an important factor in increasing their competitiveness. Creating a brand for Ukrainian hops that is associated with high quality and organic production could help increase demand and expand sales markets.*

In the context of the increasing global impact of climate change on the entire planet and individual hop-growing regions, the development of a competitive market environment for the production and sale of hop products, hop growing, as part of Ukraine's agro-industrial complex during martial law and post-war reconstruction, requires systemic transformations. The ultimate goal should be a transition to high-tech, resource-efficient hop production with corresponding productivity, quality, and competitiveness of products.

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