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Betting on the Rubble: Western Businesses Hedge Between Ukraine's Reconstruction and Russian Onslaught



As one travels west of Kyiv, new logistics centres increasingly line the highways. Regions such as Lviv and Zakarpattia have emerged as key destinations for the relocation of domestic enterprises and the safe establishment of foreign investment.

These areas are now considered logistical and strategic hubs, attracting interest from both Ukrainian businesses and international firms.

Momentum is growing, encouraged by discussions about a potential peace settlement and war risk insurance schemes backed by the European Union and international financial institutions. A growing number of businesses are preparing to participate in Ukraine's eventual reconstruction.

Not all waited for the war to subside: in 2022 and 2023, Czech companies **completed** a wind farm in the Lviv region and continued gas extraction projects in Poltava.

Finnish investors recently opened a burger patty plant and distribution hub in the Kyiv region, not far from a nearby airport and close to Irpin, a town that was heavily damaged in the first months of the invasion.

In a notable move, the German defence contractor Rheinmetall **launched** its first factory in Ukraine, which focused on maintaining military vehicles.

These examples reflect a broader pattern. Some European firms are even assessing the feasibility of operations in regions closer to the front line, such as Sumy and Poltava.

Others remain on standby, waiting for the right conditions to enter. Several airlines are **exploring** the possibility of reopening airports in the western part of the country, signalling cautious optimism about improved stability.

A sizeable market

Before the war, Ukraine offered a **sizeable** market with around 40 million consumers, a comparatively low-cost but well-educated

workforce, widespread internet access in almost all regions, and a growing service sector.

Now U.S. officials are **suggesting** that the presence of Western businesses in Ukraine could serve as a form of deterrence against Russian attacks by framing potential strikes on foreign assets as indirect threats to NATO.

At the same time, negotiations on long-term security guarantees between Kyiv and Washington remain unresolved. The framework of such an agreement has shifted several times in recent months, generating political friction and uncertainty. Whether it will ultimately be formalised—and what form it will take—remains unclear.

Some international corporations are quietly evaluating opportunities in Russia

At the same time, some international corporations are quietly evaluating opportunities in Russia. South Korean firms such as Hyundai and Samsung are **preparing** for a potential return to the Russian market.

The Italian company Ariston was one of the first European firms to resume operations there, signalling that, for some, commercial interests may outweigh political concerns.

The war continues unabated

But despite the growing optimism in the private sector, the war continues unabated. Russian drones **target** Ukraine's civilian and energy infrastructure on a daily basis, often in waves of hundreds. The Ukrainian armed forces respond with strikes on military installations and ammunition depots.

President Volodymyr Zelenskyy and top military officials have **warned** of a potential large-scale Russian offensive, one that could extend along a front nearly 1,000 kilometres (621 miles) long — from the northern regions of

Sumy and Kharkiv to the southern areas of Zaporizhzhia, Mykolaiv, Kherson, and possibly even Odesa. Such a campaign would require a significant influx of personnel and ammunition.

Moscow has recently increased compensation for contract soldiers, and former defence minister Sergei Shoigu, a long-time confidant of Vladimir Putin, has visited China and North Korea.

Ukraine is now routinely targeted by around 200 drones per day

China remains a key source of dual-use goods for the Russian military and continues to provide political and economic support. North Korea has already sent military personnel to assist Russian forces in the Kursk region.

Drone attacks have intensified significantly in recent weeks, while missile strikes have declined. Ukraine is now routinely targeted by around 200 drones per day.

Russia is stockpiling its more advanced weapons while forcing Ukraine to use expensive air defence systems on cheaper drones and decoys. The strategy is consistent with a broader war of attrition – wearing down Ukrainian defences while preparing for larger offensives.

Two competing perspectives

Ukraine finds itself in a dilemma between two competing perspectives. On the one hand, businesses are actively searching for opportunities and betting on a post-war recovery.

On the other hand, the country is facing its most precarious security situation since 2022, with Russia in a position to expand its territorial control, critical infrastructure remains under sustained attack, and the West's military and financial assistance is increasingly uncertain.



Can Ukraine continue the fight without stable and large-scale Western support? And under what terms could a peace agreement be reached?

One telling example is the struggle over the EU military assistance package for arms and ammunition, which last year amounted to €20 billion. This year, Brussels **proposed** doubling that figure. But the plan met resistance from the bloc's largest economies, and, to date, even a €5 billion allocation has failed to secure approval.

Ukraine, meanwhile, faces mounting domestic pressures. Inflation **rose** to 12 per cent in 2024 and surpassed 13.4 per cent this February as the country burns through financial reserves. The war has triggered a wave of emigration, leaving businesses with one of their most pressing problems: a severe labour shortage.

While the Ukrainian leadership continues to convey a message of resolve and defiance, Russian officials are escalating their demands. Moscow has floated conditions for a ceasefire that include the formal surrender of the Kherson and Zaporizhzhia regions – including areas it has never occupied.

Questions are growing in Kyiv and among its allies: Can Ukraine continue the fight without stable and large-scale Western support? And under what terms could a peace agreement be reached?

Among Ukrainian policymakers, there is growing concern that the country could face deeper territorial losses or fall under increased Russian political influence. Georgia is often cited as a cautionary example, where the pro-Kremlin Georgian Dream party has rolled back

key democratic reforms won over the past two decades.

Despite these risks, many Western companies privately acknowledge a shared assumption: Ukraine must undergo reconstruction, irrespective of how or when the war ends. And if some of the boldest among them are already returning to the Russian market, a difficult question remains: will they be able to work with whatever government comes next in Kyiv?