

A STRATEGIC ECONOMIC DIALOGUE: LUXEMBOURG–UKRAINE FACT SHEET

Contrary to the usual Ukraine-EU trade pattern, Ukraine is a net exporter of goods to Luxembourg, with ferroalloys as its main industrial supply. However, Luxembourg maintains a positive trade balance in services, including royalties and other services related to the use of intellectual property. Additionally, Luxembourg, as a country hosting the headquarters of many international companies, is represented in the Ukrainian industry. But FDI in Ukraine's financial sector decreased due to the nationalisation of Sense Bank. The NBU–Clearstream link enhances Ukraine's integration into international capital markets and promotes foreign investment in Ukrainian treasury bills and bonds.

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EXECUTIVE SUMMARY

Luxembourg–Ukraine economic ties are mainly driven by capital integration rather than trade in goods, with the goods basket being heavily focused on a few industrial inputs. Bilateral trade remains modest but structurally stable: Luxembourg continues to be a net importer from Ukraine. Trade is strongly dominated by metallurgical inputs, with ferroalloys as a key product. In 2024, Luxembourg imported around €30 million worth of Ukrainian ferroalloys (~40% of Ukrainian ferroalloy exports). This concentration poses policy risks, as EU CBAM procedures could impact the competitiveness of Ukrainian producers. Additionally, the supply is concentrated at the Nikopol and Zaporizhzhia plants, close to the warzone, making exports dependent on electricity costs and capacity utilisation amid war-related risks.

Trade in services between Ukraine and Luxembourg grew considerably as Ukraine advanced its European integration, which supported trade liberalisation. Luxembourg's service exports mainly concentrate on IT and intellectual property-related sectors, while imports are mostly in telecommunications and IT services. From 2010 to 2024, Luxembourg consistently maintained a services trade surplus, reaching €77 million in 2024.

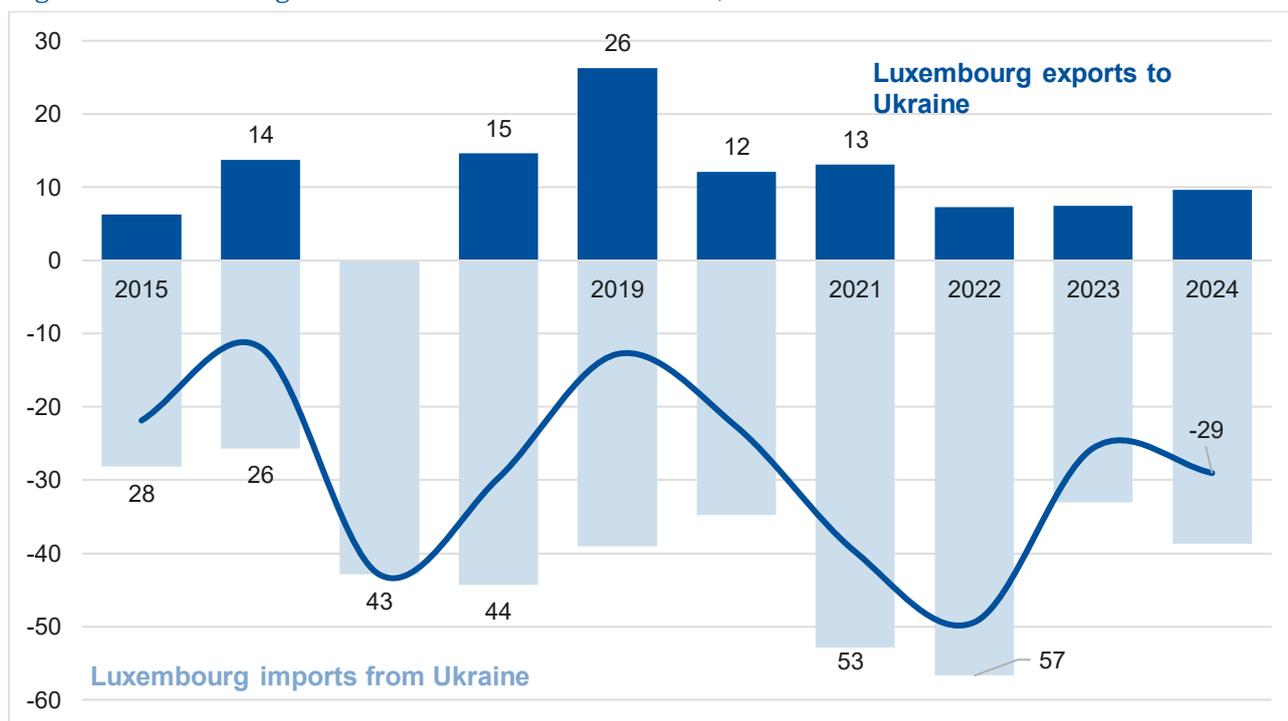
The NBU–Clearstream link (Clearstream – an international clearing system and central securities depository headquartered in Luxembourg – Clearstream Banking S.A.), launched in 2019 and expanded in 2024, enables Ukrainian banks to utilise the Clearstream connection more effectively for cross-border collateral transactions and the settlement of government securities. This enhances Ukraine's integration into international capital markets and promotes foreign investment in Ukrainian treasury bills and bonds.

Luxembourg's FDI in Ukraine remains minor, representing less than 1% of Ukraine's total FDI in 2024. Nonetheless, Luxembourg primarily functions as a financial and ownership hub, including for round-tripping investments. For instance, at the corporate level, Ukrainian Kernel-Trade operates through Luxembourg-registered Kernel Holding S.A., demonstrating Luxembourg's role as a holding jurisdiction for Ukrainian capital. Additionally, ArcelorMittal Kryvyi Rih exemplifies genuine foreign industrial ownership structured through Luxembourg.

The Ukrainian community in Luxembourg is among the largest refugee groups in the country; however, it remains relatively small compared to the number of Ukrainians in other European nations (nearly 4,000 people living under a temporary protection regime). Most refugees are women of working age; however, the employment rate is significantly lower than the EU average (only 31%), with a third employed in healthcare.

MOVEMENT OF GOODS

Figure 1. Luxembourg - Ukraine Trade Balance of Goods, € mln



Source: [UN Comtrade Database](#), [ITC Calculations](#), CES calculations

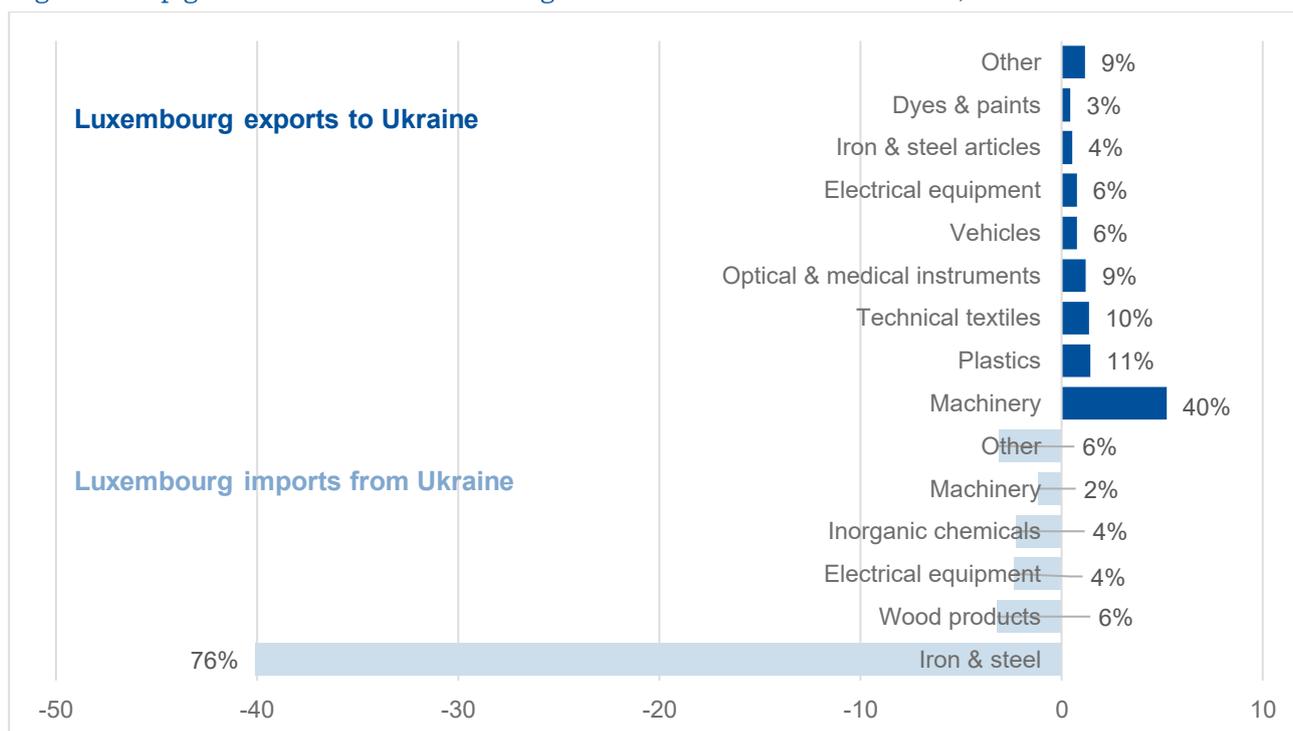
The bilateral trade in goods remains modest in absolute terms, but Luxembourg has been a net importer from Ukraine throughout the past decade, consistently maintaining a negative balance. This differs from the typical Ukraine-EU trade pattern, where Ukraine is usually a net importer from most EU countries. Luxembourg's imports have stayed steady at around €30–40 mln since 2017, reaching a peak in 2021-2022. The pre-war increase in Ukraine's exports to Luxembourg was mainly driven by inorganic chemicals and rare-earth compounds, but during the war, Ukraine's exports shifted focus to iron and steel-related goods.

However, both before the war and at present, Ukraine primarily supplies Luxembourg with iron and steel products (76%), which account for about 3% of Ukraine's exports in this sector. Smaller contributions come from wood and inorganic chemicals (each just over 1% of Ukraine's exports in these sectors). In 2024, electrical equipment was replaced by railway equipment.

Luxembourg's exports to Ukraine in 2021 mainly included machinery, plastics, technical textiles, optical and medical instruments, and vehicles. In 2024, vehicle exports to Ukraine saw a slight increase, making them the third-largest category. However, no bilateral trade sector accounts for 1% of Luxembourg's exports or Ukraine's imports.

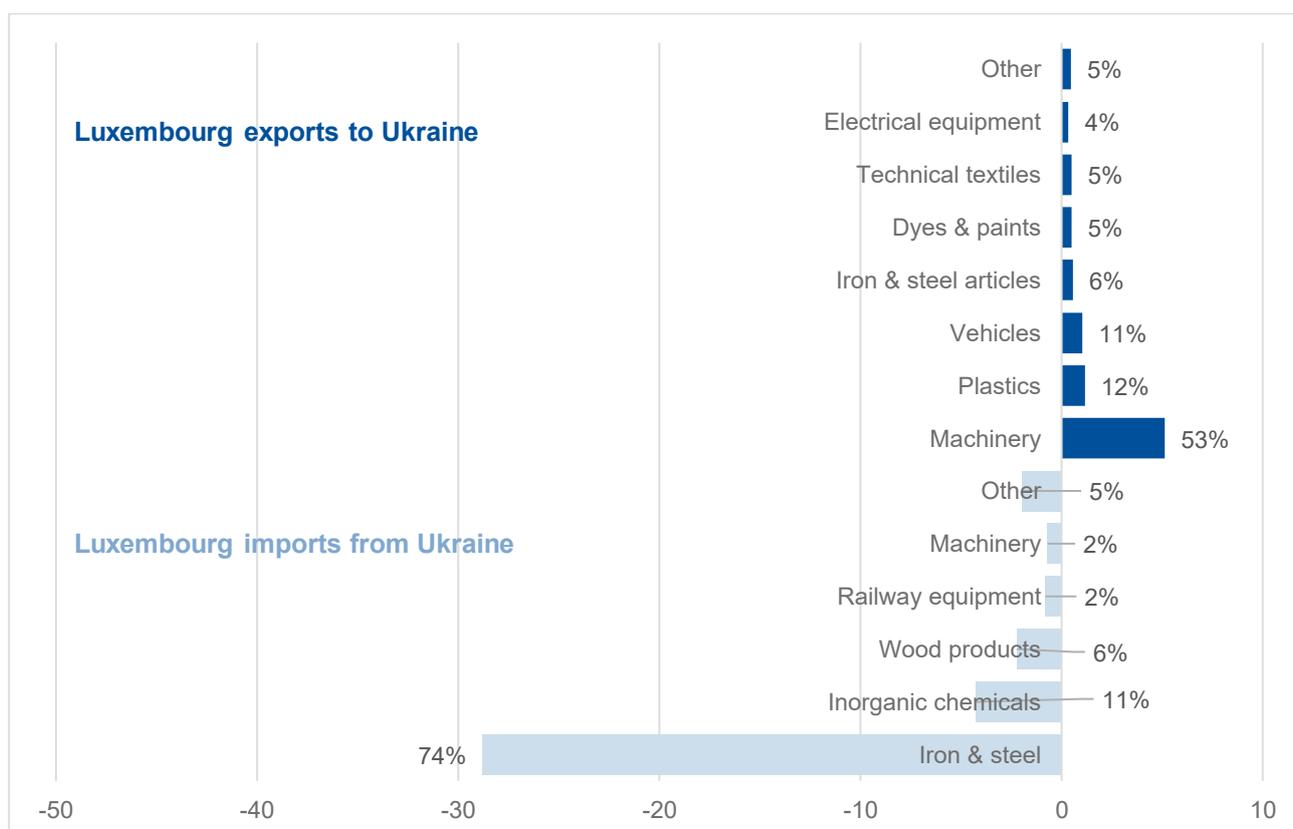
It is important to note that the DCFTA established a broader EU-Ukraine integration framework, but it alone does not reflect Luxembourg-specific trade. The bilateral basket is too limited and is mainly driven by a few industrial demand channels.

Figure 2. Top goods sectors in Luxembourg–Ukraine bilateral trade in 2021, € mln



Source: [UN Comtrade Database](#), [ITC Calculations](#), CES calculations

Figure 3. Top goods sectors in Luxembourg–Ukraine bilateral trade in 2024, € mln



Source: [UN Comtrade Database](#), [ITC Calculations](#), CES calculations

The main product in Ukraine's iron and steel exports is ferroalloy. Luxembourg imports Ukrainian ferrosilicomanganese, valued at approximately €30 mln in 2024, which accounts for nearly 40% of Ukraine's ferroalloy exports that year. Luxembourg-based company Traxys Europe S.A., an intermediary that sells silicomanganese and other ferroalloys to steel mills and foundries, was recorded

in Ukrainian customs trade, including links to the Kramatorsk Ferroalloy Plant, before 2022. On the Ukrainian supply side, the primary producers since 2022 are Nikopol Ferroalloy Plant and Zaporizhzhia Ferroalloy Plant.

Carbon black, classified as an inorganic chemical, is the second-largest imported product from Ukraine into Luxembourg, accounting for about 11% of Luxembourg's total imports from Ukraine. Ukraine's main producer of carbon black is the Kremenchuk Plant of Technical Carbon, which exports to EU markets and likely contributes to some of Luxembourg's carbon-black imports. Furthermore, CFL Multimodal serves as a crucial logistics hub for this trade: its Bettembourg–Dudelange platform is situated on important European freight routes, has an annual capacity of 0.6 million loading units, and provides warehousing, road transport, forwarding, and customs services.

Luxembourg's exports to Ukraine primarily consist of industrial machinery used for manufacturing plastic products, specific vehicles, and technical materials. Customs records indicate that Husky Injection Molding Systems S.A. supplies machinery parts to INPLAST Ukraine, a Luxembourg-owned company. This suggests that Luxembourg's involvement in this sector includes both direct investment and the supply of equipment: the parent-linked structure facilitates financing or control of the Ukrainian producer, while specialised machinery and components support local manufacturing. ArcelorMittal Kryvyi Rih – a Ukrainian steel producer owned by Luxembourg-based ArcelorMittal – may manage product transfers within its corporate network through its steelmaking and rolling facilities, including its long-product plants in Differdange and Belval, which operate electric steelworks and rolling mills.

Railway components exported by Ukraine are part of Interpipe's railway product range: the company specifically manufactures wheels, axles, and wheelsets in the Dnipro region, exporting them to customers across Europe and beyond, demonstrating the presence of railway axles and wheels in the industrial sector. Another significant import category is Ukrainian plywood, while open data do not specify the Luxembourg-bound supplier; however, ODEK is a highly likely benchmark producer, as it accounts for over 50% of Ukraine's plywood output and exports to EU countries.

MOVEMENT OF SERVICES

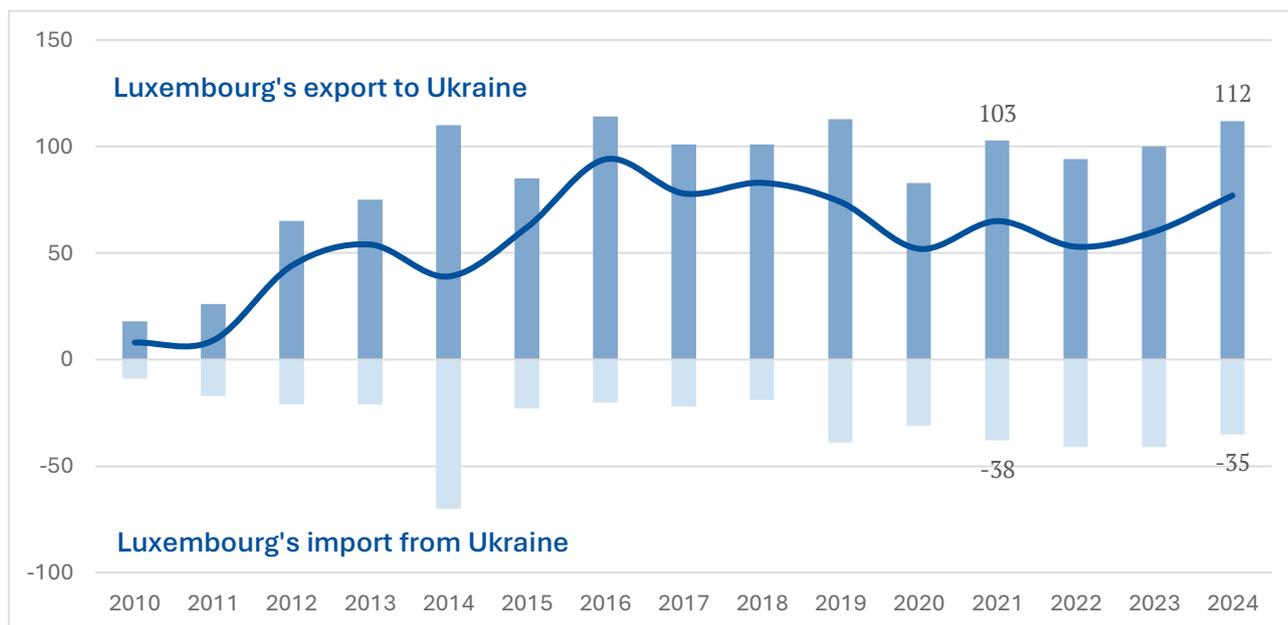
The services trade volume between Luxembourg and Ukraine has grown significantly since 2010, mainly driven by increased exports to Ukraine. Luxembourg's exports of services to Ukraine in 2024 exceeded five times the value recorded in 2010.

Luxembourg's main exports include royalties and other services related to the use of intellectual property, IT services, and activities connected to intellectual pursuits. [In 2023, services linked to intellectual property use accounted for 57% of all services Ukraine imported from Luxembourg.](#)

More than half (52%) of Ukraine's service exports to Luxembourg in 2023 consisted of telecommunications and IT. Other major categories included transport and business services.

The services trade balance between Luxembourg and Ukraine in 2024 was €77 mln, roughly the same as in 2019 – €74 mln. Despite Russia’s invasion of Ukraine, trade in services with Luxembourg remained largely unchanged.

Figure 4. International trade in services between Luxembourg and Ukraine, € mln.



Source: CES calculations and visualisation based on Eurostat, [International trade in services \(since 2010\)](#)

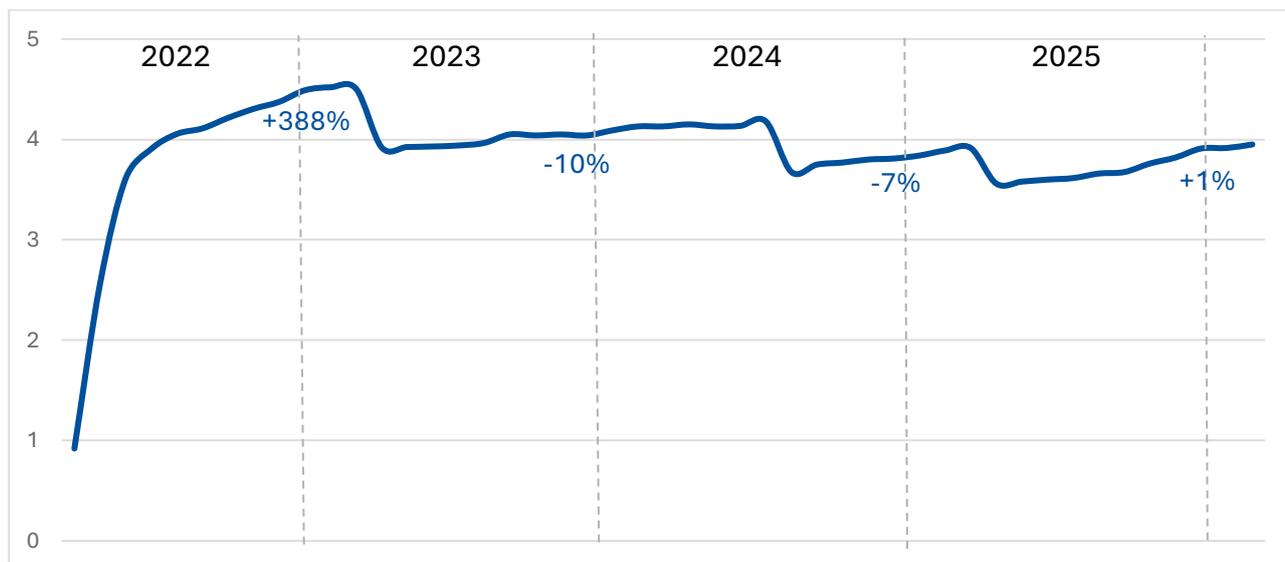
The [NBU–Clearstream link](#) (Clearstream – an international clearing system and central securities depository headquartered in Luxembourg – Clearstream Banking S.A.), launched in 2019 and expanded in 2024, allows Ukrainian banks to make greater use of the Clearstream connection for cross-border collateral transactions and the settlement of government securities. This strengthens Ukraine’s integration into international capital markets and encourages foreign investment in Ukrainian treasury bills and bonds.

MOVEMENT OF PEOPLE

Luxembourg has one of the highest proportions of foreign residents, with about half [of its residents being foreigners, mainly from other EU countries](#). Most refugees in Luxembourg originate from Ukraine, Eritrea, and Syria. As of January 2026, nearly 4 thousand Ukrainians reside in Luxembourg under a temporary protection regime. According to Eurostat, 66% of them obtained their status in 2022.

Since Ukrainian refugees first arrived in Luxembourg, their numbers have gradually declined by 16% from January 2023 to January 2026. This can partly be attributed to the country's relatively small size, which makes integration more difficult: Luxembourg's population represents only 0.1% of the total EU population, according to the [World Bank](#). Additionally, Luxembourg has some of [the highest living costs in the EU](#), well above the bloc's average, which may lead Ukrainians to consider relocating elsewhere.

Figure 5. Number of Ukrainian citizens who are beneficiaries of temporary protection in Luxembourg, thousands.

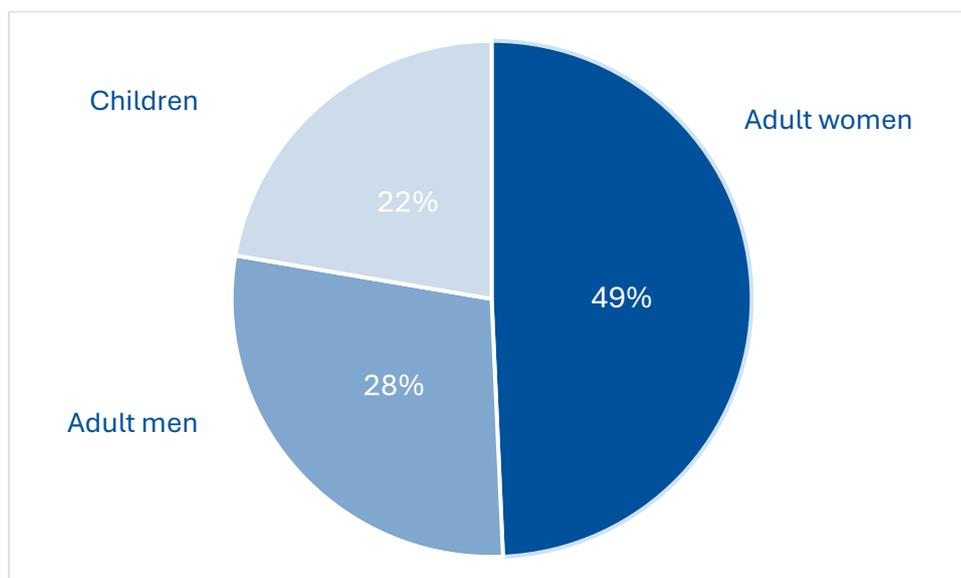


Source: CES visualisation based on Eurostat, [Beneficiaries of temporary protection at the end of the month by citizenship, age and sex - monthly data](#)

Most Ukrainian refugees in Luxembourg are of working age, with nearly half being adult women (Figure 6). Thirteen per cent are pensioners (aged 65 and over), and 22 per cent are children.

As of March 2024, the employment rate of Ukrainian beneficiaries of temporary protection in Luxembourg was 31%, which was [26 percentage points below the EU average in 2025](#). Almost a third of them worked in healthcare, according to [UNHCR](#). The integration of children has been a particular focus of government support: [education was provided by six English-language international public schools and, when these were inaccessible, by regular Luxembourgish schools](#).

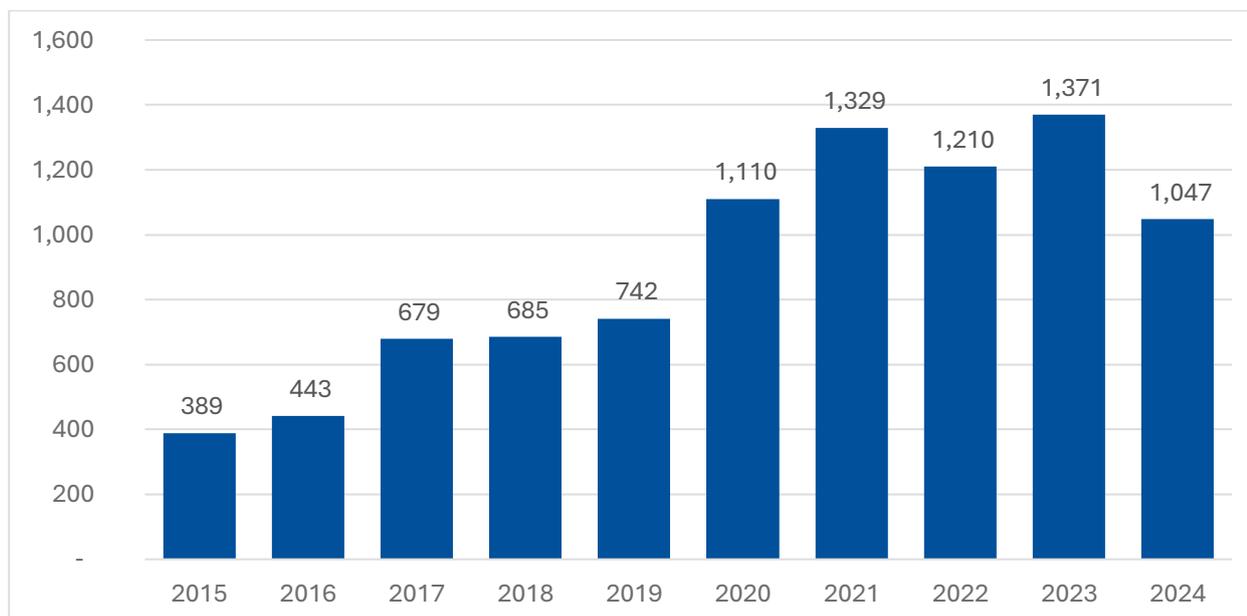
Figure 6. Proportion of men, women, and children among Ukrainians receiving temporary protection in Luxembourg.



Source: CES calculations and visualisation based on Eurostat, [Beneficiaries of temporary protection at the end of the month by citizenship, age and sex - monthly data](#)

MOVEMENT OF CAPITAL

Figure 7. Luxembourg's FDI stock in Ukraine, € mln



Source: [National Bank of Ukraine](#), CES calculations

Luxembourg mainly serves as a holding jurisdiction for Ukrainian enterprises rather than functioning as a large, traditional operating investor. Although it makes up just about 0.1% of the EU's population, Luxembourg's outward FDI stock reached €3.7 trillion in 2022, and representing 22% of the EU's total outward FDI stock.

However, Luxembourg's direct investment in Ukraine remains small (less than 1% of all FDI in Ukraine). The FDI increased from €389 mln in 2015 to about €1.3 bn in 2021, then declined to €1.0 bn in 2024. Since May 2024, the NBU has gradually eased capital restrictions, including allowing partial dividend repatriation, so the subsequent decreases in Luxembourg-related holdings may reflect outward income transfers rather than a withdrawal of operations.

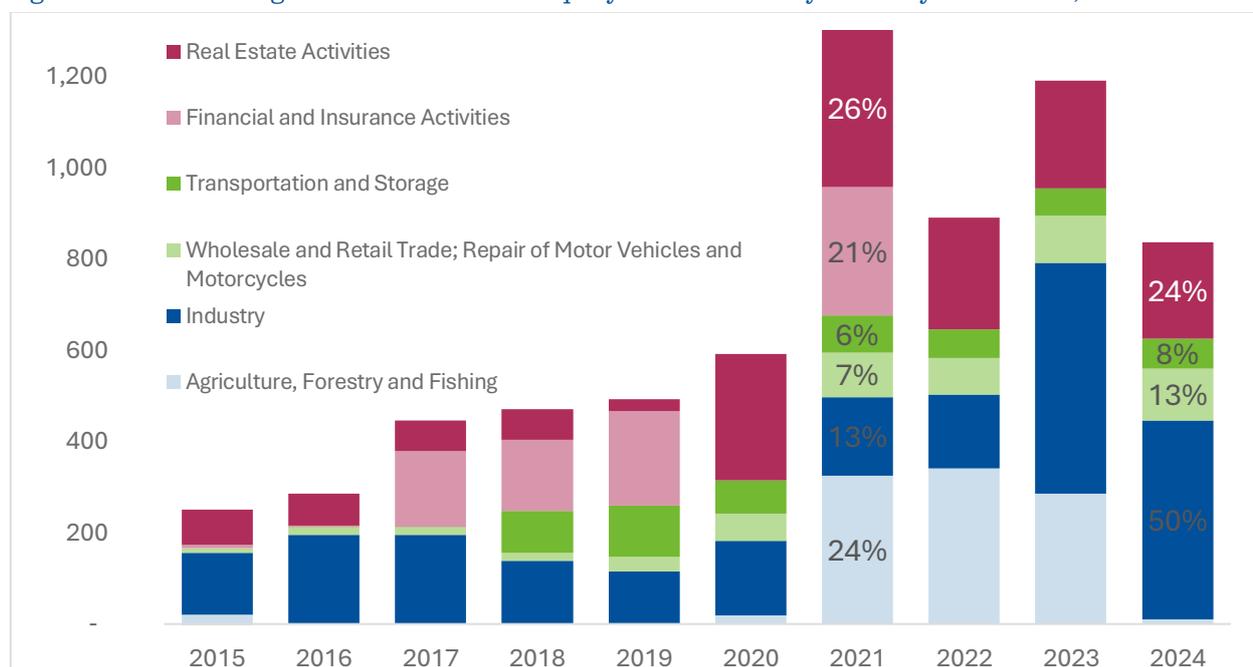
Luxembourg-linked FDI in Ukraine before 2022 primarily concentrated on the real estate and industrial sectors. During the war years, the proportion of investment in transport, storage, and wholesale and retail trade increased, while agriculture declined, and financial activities disappeared from reports. Other sectors remained mostly stable.

Luxembourg served mainly as a holding company jurisdiction, with the ultimate beneficial owners located elsewhere. Much of the recorded Luxembourg-linked investment in Ukraine comes from Ukrainian business groups incorporated in Luxembourg, such as [Kernel Holding S.A.](#), MHP-related Luxembourg entities, [and IMC S.A.](#), which use the country as a holding and financing base. A separate layer is formed by genuine Luxembourg-based investors, above all ArcelorMittal, which links Luxembourg capital to operating assets in Ukraine.

Consequently, Luxembourg-related financial FDI in Ukraine declined after 2022 largely due to sanctions-driven ownership changes and restructuring within the banking sector. This is particularly

evident in ABH Holdings S.A. (Luxembourg) losing control of Sense Bank (formerly Alfa-Bank Ukraine), which was nationalised by the Ukrainian government in July 2023, thereby removing a significant Luxembourg-linked financial asset from private FDI statistics.

Figure 8. Luxembourg’s direct investment equity instruments by industry in Ukraine, € mln



Source: [National Bank of Ukraine](#), CES calculations

At the same time, ownership chains within the financial sector were only partially reorganised rather than fully exiting the market; for example, Colonnade Insurance S.A. (Luxembourg) continued its operations in Ukraine and restructured its ownership of Colonnade Ukraine, which remained active in the market. This all reflects sanctions, nationalisation, and ownership restructuring rather than a typical market withdrawal.

While agricultural firms in Ukraine still generated about €312 mln in revenue, the sharp decline of Luxembourg-linked agricultural FDI in 2024 is best explained by restructuring at the holding level rather than a collapse of agribusiness operations. Ukrainian-origin groups that use Luxembourg as a parent or holding jurisdiction for ownership, financing, and investor relations include Kernel Holding S.A., IMC S.A., and KSG Agro S.A.

The clearest example is Kernel Holding S.A., which announced in March 2024 plans to liquidate a subsidiary as part of an effort to “streamline the group ownership structure” of Kernel subsidiaries for regulatory compliance and operational efficiency – exactly the kind of corporate reorganisation that can reallocate recorded FDI across jurisdictions even while production and exports continue.\

Similar ownership-chain restructuring mechanisms are evident across Ukrainian agribusiness groups: MHP reported in its 2024 financial statements that it transferred 100% of MHP East Europe to MHP Europe Limited during a group reorganisation, while still maintaining MHP Lux S.A. in Luxembourg within its financing structure. Comparable corporate events, such as AgroGeneration’s 2024 legal-structure optimisation and change of controlling shareholder, further demonstrate how shifts in the holding chain can suddenly alter the jurisdiction through which investment is recorded, making the

break in Luxembourg’s agricultural FDI series consistent with restructuring or jurisdictional reallocation rather than a genuine decline in Ukrainian agribusiness operations.

As of late 2025, 168 Luxembourg-related companies with almost 15 thousand employees operate in Ukraine, generating €4.8 bn in revenue in 2024.

Table 1. Top sectors by revenue of companies connected to Luxembourg in Ukraine, 2024

Industries of Luxembourg-linked companies in Ukraine, 2024	Number of companies 2024	% total	Number of employees 2024	% total	Total Income 2024, € million	% total
Food Industry	12	7%	3 063	21%	3 093	65%
Transport and Logistics	17	10%	2 716	19%	333	7%
Agriculture	27	16%	1 725	12%	312	7%
Chemical Industry	4	2%	3 586	25%	276	6%
Wholesale Trade	14	8%	665	5%	260	5%
Real Estate Activities	33	20%	147	1%	230	5%
Pharmaceutical Industry	5	3%	520	4%	120	3%
Information Technology	10	6%	170	1%	40	1%
Furniture Industry	1	1%	846	6%	27	1%
Other Services	6	4%	524	4%	25	1%
Insurance	1	1%	45	0%	17	0%
Wood Processing Industry	1	1%	112	1%	13	0%
Retail Trade	4	2%	112	1%	13	0%
Other	33	20%	366	3%	20	0%

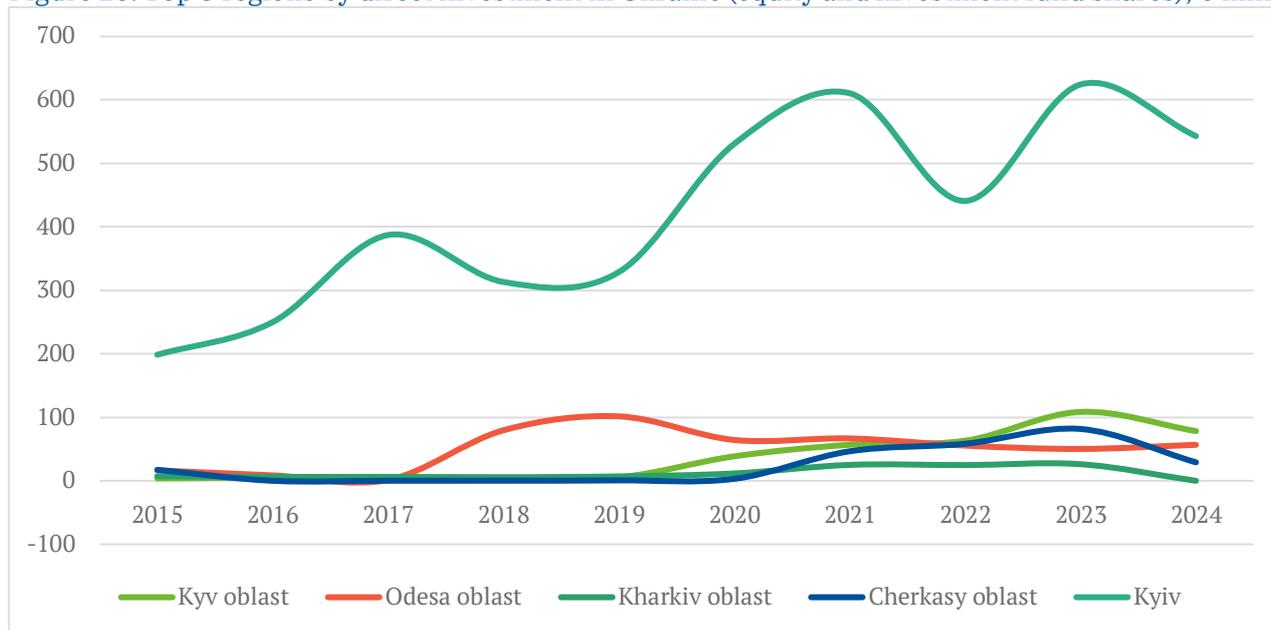
Source: [Youcontrol](#), CES calculations

Direct investment is focused in Kyiv, reflecting the character of investments – the corporate structuring rather than actual assets location, with smaller shares in Kyiv oblast, Odesa, Cherkasy, and Kharkiv. Investments decreased across all regions in 2024 compared to 2021. Kyiv accounts for €3.4bn of 2024 revenue (out of €4.8bn total), followed by Kyiv Region (€419m), Dnipropetrovsk (€298m) and Cherkasy (€259m).

Industrial FDI is represented by [INPLAST Ukraine \(Dnipro\)](#), a plastics producer fully owned by a Luxembourg-based company, which reported revenue of about €140 mln in 2024. Its production exemplifies the broader industrial connection between the two economies: Ukraine supplies plastics and related intermediate goods, while Luxembourg-based firms participate through investment structures and specialised equipment supply, including companies such as [Husky Injection Molding Systems S.A.](#) (Luxembourg, Dudelange).

However, Luxembourg–Ukraine ties are not purely corporate or financial, also including real-sector business in Ukraine, such as [MAN Truck and Bus Ukraine](#) (€168 mln) and [Titan Machinery Ukraine](#) (€57 mln), alongside industrial and distribution cases like INPLAST, [Delta Medical \(€108 mln\)](#), [Ventilation Systems](#) (€113 mln) and ArcelorMittal Kryvyi Rih. On the trade side, Luxembourg imports around €30 mln of Ukrainian ferroalloys and also carbon black, so the relationship is best described as holding-led, but partly operational and trade-based.

Figure 10. Top 5 regions by direct investment in Ukraine (equity and investment fund shares), € mln



Source: [National Bank of Ukraine](#), CES calculations

IMPLICATIONS FOR INTEGRATION POLICY AND STRATEGIC BILATERAL DIALOGUE

Luxembourg–Ukraine integration policy should shift from a trade-centric narrative to a capital- and industry-driven strategy, where Luxembourg serves as a financial gateway and investment platform rather than a conventional trade partner. However, the bilateral agenda is highly sensitive to EU

regulatory changes. Safeguards can limit imports of specific metallurgical products, while [the payable phase of CBAM](#) from 2026 will increase the effective cost of exporting carbon-intensive goods to the EU market. Strengthening the relationship is about building compliance capacity: reliable emissions reporting, certification of embedded carbon, and predictable access to EU markets for a small number of key industrial product lines. At the same time, targeted cooperation in energy resilience and industrial modernisation can help Ukrainian producers maintain competitiveness in the EU regulatory environment.

On the capital side, the key opportunity lies in financial infrastructure and investment channels. The expansion of the NBU–Clearstream link is designed to connect Ukraine’s capital market with international investors and simplify cross-border investment operations. Luxembourg’s financial ecosystem is well-positioned to scale such mechanisms by structuring investment vehicles, facilitating cross-border capital flows, and supporting the development of Ukraine’s domestic capital market as it integrates into European financial systems.

Policy should prioritise industrial cooperation over pure trade expansion by targeting joint production, value-chain integration, and sector-specific investment as these generate more reliable and scalable flows. In these sectors, policy cooperation can focus on investment readiness, transparent procurement systems, and regulatory predictability for cross-border capital flows.

This division of priorities reflects the actual structure of the relationship: industrial inputs dominate trade, while diversified corporate structures dominate capital integration.

The Centre for Economic Strategy (CES) is an independent centre for state policy research. CES is tasked with supporting reforms in Ukraine to achieve sustainable economic growth. The Centre contributes to the development of Ukraine’s economic growth strategy, analyses the most critical aspects of public policies, and works to strengthen public support for reforms. It was founded in May 2015.

For more information about CES, please contact our Director of Communications, Viacheslav Nozdrin - viacheslav.nozdrin@ces.org.ua. We also invite you to visit our website.
