

American University Kyiv

A Capstone Project

GLOBAL MANAGEMENT STRATEGIES IN THE UKRAINIAN ART
MARKET BASED ON GLOBAL INSIGHTS

ГЛОБАЛЬНІ СТРАТЕГІЇ УПРАВЛІННЯ НА РИНКУ МИСТЕЦТВА
УКРАЇНИ НА ОСНОВІ МІЖНАРОДНОГО ДОСВІДУ

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ABSTRACT

The Ukrainian art market is a unique example of how markets can develop. It has much potential but is also tricky because the rules and insufficient information are unclear. This research examines how the art market management rules can be changed to address these problems. Various methods are used to determine what stops the market from growing. The study interviews and examines important people in the art world and uses additional markets to determine what can be done.

The research concludes with a comprehensive framework for market development, proposing specific regulatory reforms, financial innovations, and educational initiatives. These recommendations emphasize the importance of aligning with international standards while preserving Ukraine's unique cultural heritage. Key proposed interventions include the modernization of cultural legislation, the establishment of professional certification systems, the introduction of tax incentives for art purchases, and the development of specialized art financing instruments. This study contributes to academic discourse on emerging art markets and provides practical guidance for stakeholders seeking to enhance the global competitiveness of the Ukrainian art market.

Keywords: Ukrainian art market, market development, cultural policy, art market transparency, emerging markets.

INTRODUCTION

Valued at \$65 billion in 2023 (The Art Basel and UBS Global Art Market Report 2024), the global art market is a dynamic and evolving sector that has undergone significant transformation in recent decades. This transformation is no longer limited to traditional art capitals but now includes emerging markets that reflect new cultural and economic opportunities. In this global context, the Ukrainian art market provides a critical case study of market opacity and data deficiency. Despite Ukraine's rich cultural heritage and artistic potential, there is an urgent need for systematic market analysis, professional valuation tools, and transparent, open-source transaction data. This fundamental lack of market intelligence hinders market development and investment. It makes it impossible to accurately assess the current size of the market or its share of global art sales. This systemic challenge of market non-transparency and lack of professional analytical frameworks makes the Ukrainian art market a very relevant subject for our research, as addressing these fundamental issues is crucial for its future development and integration into the global art market.

The Ukrainian art market has a unique structure that shapes its development. Approximately 150 active galleries anchor the primary market, while 3-4 major auction houses support the secondary market. Complementing this infrastructure is a robust network of over 500 museums and cultural institutions, offering a strong foundation for the market's future growth and potential prosperity.

Like other emerging art markets in Eastern Europe, Ukraine faces similar developmental hurdles but distinct challenges. Neighboring countries like Poland, Romania, and the Czech Republic have made significant strides in building organized market structures, from regular auction reporting to established gallery networks. Ukraine, in contrast, lacks these essential market monitoring tools. There needs to be comprehensive market reports, little publicly available auction data, and sparse documentation of gallery sales. This gulf in market transparency isn't just an obstacle - it's a telling indicator of where development efforts must focus. This research employs a multi-method approach combining an extensive literature review, an online survey, and in-depth expert interviews to address these critical gaps. Through structured conversations with gallery owners, collectors, and market analysts, alongside systematic analysis of available market documentation, this study aims to map the current state of Ukraine's art market and identify concrete steps toward market development. This research seeks to identify the challenges and opportunities in transforming this cultural advantage into increased market growth.

Research Gap and Significance

While there is a growing interest in emerging art markets globally, the Ukrainian art market still needs to be explored in academic and professional literature. Existing studies need to address the distinctive characteristics of its development or its potential for growth within the global art ecosystem. This research seeks to fill this critical gap by comprehensively analyzing the Ukrainian art market and its evolution.

This research addresses this gap by thoroughly examining the Ukrainian art market's development potential, analyzing domestic market dynamics, and the applicability of international management strategies.

This research is grounded in a robust theoretical framework, supported by an extensive review of 38 key academic and industry works on art market dynamics. These include foundational studies on historical development, contemporary challenges, and market strategies, ensuring a well-rounded and informed perspective.

By addressing this research gap, the study highlights Ukraine's potential as a dynamic emerging art market and provides insights into its development. The findings are further enriched through a literature review, expert interviews, and targeted surveys, making this work significantly contribute to academic discourse and practical market strategies.

This study aims to achieve the following:

- Conduct a comprehensive assessment of the market's structure, key players, and operational dynamics, focusing on primary and secondary sectors.
- Evaluate the critical challenges—such as data deficiency, market opacity, and lack of professional valuation tools—and explore untapped opportunities for sustainable market expansion.
- Examine how successful strategies from other emerging art markets can be adapted and applied to the Ukrainian context, considering its unique cultural and economic environment.
- Propose actionable strategies to address systemic challenges, enhance market transparency, and foster growth, supported by expert interviews, surveys, and literature insights.
- Contribute to the academic and professional discourse on art market dynamics by positioning Ukraine as a case study for addressing global challenges common to emerging markets.

Research Questions

Primary Research Question

How can international best practices in art market management be effectively adapted to address the unique challenges and opportunities of the Ukrainian art market, considering its lack of transparent market data and distinct developmental characteristics?

Secondary Research Questions

Market Structure and Dynamics

- What are the key barriers preventing the growth of the Ukrainian art market, particularly in comparison to similar emerging markets like Poland and Romania?
- How does the Ukrainian art market's unique position between Eastern and Western art traditions influence its development potential?
- Considering the current concentration of galleries and the limited auction market, what structural changes are needed to enhance market efficiency?

Policy and Regulatory Framework

- What role can government policies and initiatives play in fostering sustainable market development?
- How can regulatory frameworks be designed or reformed to support a more transparent and efficient art market?
- Which institutional support mechanisms most effectively overcome the Ukrainian art market's systemic challenges?

Stakeholder Engagement and Development

- How do various stakeholders—including galleries, collectors, auction houses, and museums—impact the development of the Ukrainian art market?
- How can stakeholder collaboration be strengthened to support the growth and formalization of the Ukrainian art market?

CHAPTER 1. LITERATURE REVIEW

Art markets develop differently worldwide, and local culture, economics, and institutions shape their development. This review examines research from various regions and periods to understand how art markets grow and change.

Recent studies show that each region's art market follows its path. Whether the established markets of London and New York or the emerging markets of Asia, each has its own development story. While all these markets faced different challenges in their growth, they also shared common patterns of growth and self-organization.

The review's main tasks are twin-fold: On one hand, it analyzes how regions created their art markets and what obstacles they faced during this process. On the other hand, it identifies successful worldwide strategies that could allow the development of the Ukrainian art market while recognizing that each market needs tailor-made solutions.

We will analyze a few key aspects of the art market: how it has developed, how it functions economically, which rules it follows, and how the various players within it interact. This approach helps us understand the theory underlying art markets and the practical steps to ensure their development. It also shows us where more research is needed, particularly in understanding the development of art markets in Europe.

Historical Developments

The theme examines how different regions developed their respective art markets from the beginning of the centuries, a factor that has dramatically changed how artworks are produced, traded, and valued.

The European Foundations and Development Beginning with the Antwerp Golden Age, the modern foundations of art markets emerged in complex interactions between artists, dealers, and collectors. Vermeulen (2003) shows that these early markets set patterns that influenced centuries of art market development.

That was going on from England in the eighteenth century through most of the nineteenth. That is where its institutionalization took place for the first time. The English market from 1730 until 1900, according to Bayer and Page (2016), produced not just a mature financial system to facilitate transactions but also well-accepted market leaders, which became a context for the demarcation of professional business in works of art. During that period, large intermediaries would emerge, well-placed dealers, auction proceedings adequately regulated, and new financial products backing the art business.

The transformation of the French art market in the nineteenth century holds many valuable lessons for today's emerging markets. By closely analyzing avant-garde landscape painting, Kelly demonstrates how artistic innovation and market development are intertwined. This interaction between creative progress and commercial growth was decisive in positioning Paris as an international art hub. Building on this foundation, Force shows how dealer-driven networks emanating from Paris from 1850 to 1950 created international exchange patterns that would frame and even rule the contemporary global art market.

The Rise of the American Market

The story of market evolution takes an interesting turn with the growing emergence of the contemporary art market in America, especially in New York.

An interesting example given by Zalewski's examination (2022) of the development of French art within a New York market [in the period from 1867 to 1893] underlines the emergent process of a new art market center through international connections transformation offers an appropriate experience for contemporary emerging markets, as cultural transfer and economic developments can go hand in hand while marking new artistic centers. According to Adam, this dramatic growth of the American market documents how new centers can reach global prominence quickly. The coming of major auction houses and the impact of wealthy collectors made New York dominant in the international art trade, thus making it a valuable case study of market development processes.

Asian Market Emergence. Wu (2023) and Ma (2023) document the rapid growth of the Chinese art market. This shows how economic development can spur market development but also create peculiar problems regarding authenticity and regulation. The Asian experience instructs emergent markets on balancing cultural heritage with market modernization.

Economic Mechanisms

The economic forces that drive art markets are complex, shaping how value is created, prices are determined, and artwork is traded globally. Recent studies provide valuable insights into these processes, especially for emerging markets looking to navigate this terrain.

One key challenge in art markets is understanding how prices are formed. Velthuis (2007) highlights that art pricing isn't just about supply and demand. Instead, it's influenced by cultural significance, an artist's reputation, and market positioning. This unique blend of economic and symbolic values makes art pricing more intricate.

The 21st-century art market has seen enormous changes, bringing opportunities and risks. Adam (2014) explores this growth, showing how rapid expansion opened doors to new economic possibilities. In her later work, Adam (2017) warns about market excesses and structural issues that could threaten sustainability, particularly for developing markets.

The contemporary art market is particularly dynamic. Horowitz (2014) explains how modern art intersects with global finance. His work shows how contemporary art is a cultural asset and key to investment strategies, highlighting its role in the broader financial system.

Ekelund et al. (2017) analyze the American art market, focusing on how institutions shape value creation. Their research illustrates how different market structures can impact price trends and investment decisions, providing valuable lessons for emerging markets looking to strengthen their institutions.

Market research is another essential tool for understanding these economic dynamics. McNulty (2013) outlines practical methods for analyzing art markets, giving emerging players tools to understand better and evaluate market trends.

Woodham (2017) examines contemporary art collecting from a collector's perspective, examining how different participants influence prices and market development.

The *Art Basel and UBS Report (2024)* highlights how art market economics continually evolve. Global challenges and technological advancements are reshaping these mechanisms, demonstrating the art market's ability to adapt and change.

Regulatory Frameworks

This section covers the rules, policies, and regulations that control the art market. The art market regulatory environment is a complex network of legal systems, authentication systems, and institutional power that significantly affects market growth.

The key to any regulatory regime for the art market lies in questions of authenticity — and who has the expertise to make that determination? Indeed, as Bolz (2023) points out in his expert review of regulatory frameworks, art experts play a crucial role in maintaining market integrity. This study clearly shows the connection between the standards used in the authentication process, expert opinion, the level of trust market participants have in the market, and transaction security.

Not all of the legal-artistic market relationships stem from authenticity issues. The tension between the generation of market dynamics and the protection of cultural heritage has been studied by Vadi and Schneider (2014), who stress that commercial behavior must promote

cultural value and that legislation must be developed to avoid conflict between legal frameworks and cultural product markets. In doing so, they create a framework for how different jurisdictions manage this sensitive balance, providing real guidance for developing market policymakers who must decide how to protect their cultural environment while stimulating market development.

On the regulatory side, the other significant challenge is criminal activity. Oosterman and Yates (2022) offer a thorough sociological and criminological discussion of crimes in the art market, and Pryor (2016) investigates how these crimes intersect with market operations. Such research underscores the necessity of robust security measures and regulatory frameworks to safeguard market participants.

The posthumous art market is complex, raising distinct regulatory issues. Hecker and Karol (2022) analyze posthumous art's legal and market complexities, underscoring the necessity for specialized regulatory frameworks that address authentication, rights management, and market transactions of works produced after an artist's death.

The Italian experience is valuable for understanding how forgeries can be managed and the market enforced. In the same volume, Helstosky (2024) considers the lessons of Italy's art market in terms of how the sector has confronted forgeries, compliance, and the burden of historical legacy, proposing regulatory frameworks on how best to maneuver authentication challenges to underwrite the market's sustainability still.

These regulatory considerations must be understood within the context of broader market values. Klamer (2020) explores how value-based economic approaches can inform market regulation, suggesting that effective regulatory frameworks must align with cultural and social values while supporting market efficiency.

Thematic groupings provide a structured approach to understanding the different elements that contribute to the functioning of art markets globally. By categorizing the literature in this way, we can gain more nuanced insights into how these facets interact and what lessons can be learned for developing the Ukrainian art market. In addition, the literature is categorized by geography to show regional differences in how art markets operate and grow.

CHAPTER 2. METHODOLOGY

This study's nature rests on a comprehensive mixed-methods research design to present some instances of how the Ukrainian Art Market may be developed globally. Methodology The approach here embeds systematic literature analysis and primary market research, thus turning theoretical and practical analytical about how such insights would apply to ensure their finding their way into actual world market development.

The core of our research is an artfully developed dual-pillar approach: the first is based on a solid literature review, and the second covers primary market research, representing the real, living, and breathing state of Ukraine's art ecosystem. This approach was based on realizing that understanding an art market should combine academic depth with practical insights from active participants in everyday life.

To understand the problems of the Ukrainian art market, we first studied international literature regarding the challenges other countries are facing in this sphere. This helped us refine and narrow down the scope of issues relevant to the situation in Ukraine. Each level of this research creates a synergy with the next, building upon what comes before. The results inform the survey design of the literature review and find its analysis and validation by expert interviews.

These observations on survey data form the empirical set underlying the very core of this research through an online survey. Preparation from findings in specialized literature, both professionals – gallery owners or art dealers, cultural institutes - and non-professional groups, including art enthusiasts up to potentially interested buyers, participate in wide coverage. Hence, these methods ensure valuable insights into expert opinions and more significant market perceptions while preparing. This tool measures market participation, economic performance, infrastructure, barriers, and growth opportunities. The data extracted from this survey will be analyzed using trend analysis techniques to present actionable findings. The research was completed via an online survey on the Google Forms platform. The survey was conducted from November 29, 2024, to December 5, 2024. The survey was spread through social media platforms, professional art networks, cultural institutions, galleries, and educational establishments to ensure a wide-ranging representation of the art market ecosystem. It was this multi-channel strategy that worked to reach a diversity of respondents, from casual enthusiasts to serious collectors and industry professionals. The structure of the questionnaire followed a logical flow from four interlinked sections, starting with demographic and background information that established profiles of respondents and their relation to the art market. This

survey is designed to meet several key research objectives related to understanding the current state and future potential of the Ukrainian art market. The study ascertained current market participation levels through carefully structured questions, identified barriers to entry, elicited information on preferences for specific art forms, evaluated the needs for market development, and determined priorities related to infrastructure improvements.

Thirdly, we carry out in-depth interviews with professionals in the art market. These interviews also confirm the results of the survey and give a relatively objective view of the status quo of the current market, its possible problems, and prospects for further development. The experts selected, such as gallery owners, cultural policymakers, and international specialists, bring decades of combined experience into the study. Interviews

The survey was followed by in-depth interviews with key experts in the Ukrainian art market to gain a deeper understanding of certain aspects of the challenges and opportunities identified. The many-sided experiences and positions held by these experts, such as gallery owners, art dealers, collectors, and cultural policymakers, extended these interviews, offering additional nuanced perspectives and making the research findings genuinely captivating.

Selection of Participants

The in-depth interview participants were selected based on purposeful sampling to capture a holistic and multi-faceted view of the Ukrainian art market. The experts were purposively chosen from different roles within the market ecosystem in such a way that all areas of key influence and activities were represented:

Gallery Owner in Kyiv – With over 20 years of experience, the respondent provided insight into the dynamics of the primary market, from challenges in running galleries and engaging collectors to nurturing emerging artists. This respondent is crucial in understanding the market's foundational infrastructure.

Art Dealer and Collector – Operating at the forefront of contemporary Ukrainian art, this professional stands between the creators and collectors, offering specific opinions concerning the secondary market's tendencies, valuation practices, and investment behavior. Their contribution makes the level of market liquidity and the change in the taste of art buyers transparent.

Cultural Policy Maker – A government official in the past charged with the legislation and development of policies about culture brings a macro understanding of the regulatory environment. The contribution of this participant, in terms of understanding legislative

challenges and opportunities, will be significant in aligning market strategies with national cultural policies.

Art Market Consultant—An international consultant with experience in emerging art markets, she offers a comparative and global perspective. Her in-depth study of similar markets provided necessary benchmarks and strategies for the Ukrainian context, which proved extremely useful.

These roles were selected to ensure a comprehensive analysis of the identified key dimensions of the art market: operational, through gallery owners; transactional, through art dealers and collectors; regulatory, through cultural policymakers; and strategic, through market analysts. By integrating these perspectives, the study hopes to find how grassroots challenges interrelate with systemic issues to provide a sound basis for actionable recommendations. These experts collectively give a well-rounded view of the market's current and future potential, ensuring findings are grounded and forward-looking. Each interview took approximately an hour. All interviews were recorded with participants' permission, after which transcription was done for further analysis. The thematic analysis identifies themes, patterns, and unique insights that recur.

This methodological approach is intended to provide theoretical insights and practical recommendations for developing the Ukrainian art market. Multiplying data sources and various analysis methods provides subtle knowledge of market dynamics while indicating concrete opportunities for growth and development. It should give stakeholders active guidelines while contributing to the general academic discourse on emerging art markets.

CHAPTER 3. RESEARCH FINDINGS AND ANALYSIS

This chapter analyzes the research findings derived from a survey of 44 participants and in-depth interviews with key market stakeholders. The findings provide significant insight into the current state of the Ukrainian art market, its challenges, and its development opportunities.

Demographic Profile and Market Engagement

The survey results revealed a young participant base, with approximately 84% of respondents falling between 25-44 years old (52% in the 25-34 age range and 32% in the 35-44 age range), while 16% were 45-54 years old. This age distribution suggests strong potential for long-term market growth. Cultural interest emerged as the predominant motivation for market participation, with 64% of respondents citing it as their primary driver, while 28% identified as art enthusiasts. The remaining 8% was split between potential investors and art industry professionals.

Patterns of market engagement revealed a wide range of levels of participation. A significant proportion, 41% of respondents, said they had never bought art, suggesting considerable potential for market expansion. Of those who had made purchases, 38% had acquired between two and five works of art, suggesting a developing interest in collecting. A smaller segment, 12%, had made a single purchase, representing an entry point into the market. And 9% of respondents were more active collectors, having made more than five art purchases.

Preferences for different art forms showed clear trends. Traditional paintings were the most popular, attracting the interest of 82% of respondents. Contemporary art also attracted considerable interest, attracting 34% of respondents. Photography attracted 28% of respondents, followed by installation art at 22%. Sculpture was of interest to 18% of respondents, while digital art and NFTs represented the smallest segment of interest at 9%.

Market Barriers and Development Challenges

The research identified several significant barriers to market participation through both survey responses and expert interviews:

Primary Barriers

Analysis of the survey responses identified several key barriers to market participation. Limited knowledge of the market was the most significant barrier, cited by 68% of respondents. Uncertainty about the valuation of artworks was also a considerable concern, cited by 62% of respondents. Budget constraints were a barrier for 48% of respondents, while 42% said they had other priorities for their discretionary spending. Limited access to galleries and artworks

was a challenge for 28% of respondents, and 22% of respondents cited space constraints as a barrier.

Expert interviews particularly emphasized the impact of the underdeveloped secondary market. An art dealer noted, "Without a robust secondary market, it's challenging to establish clear valuation standards. Collectors are hesitant to invest without assurance of future resale opportunities."

Trust Building and Market Infrastructure

Both survey respondents and expert interviewees highlighted trust as a fundamental issue requiring attention in the Ukrainian art market. Key confidence-building requirements identified included stronger market regulation and standardized practices, establishing networks of certified art experts, developing international partnerships, and greater transparency in pricing and valuation.

The gallery owner interviewed emphasized: "Workshops, lectures, and community events can build a culture of art appreciation, fostering a supportive environment for artists and galleries."

The research revealed strong support for international integration, with specific emphasis on:

1. Collaborations between local galleries and global institutions
2. Development of online trading platforms
3. Implementation of professional education programs
4. Cultural exchange initiatives

The cultural policy maker interviewed noted: "Government initiatives should focus on supporting international exhibitions and cultural exchanges to elevate our artists on the global stage."

Both survey participants and experts identified several key areas for government involvement:

Priority Areas for Policy Development

1. Tax incentives for art purchases
2. Cultural exchange program funding
3. Market research support
4. Regulatory frameworks for market transparency

Expert interviews revealed the need for legislative modernization. As the cultural policymaker stated: "Modernizing cultural laws to align with international standards is critical.

Simplifying procedures and strengthening IP laws will encourage domestic and foreign investment."

The research highlighted the need for financial infrastructure development:

1. Specialized art financing instruments
2. Art-backed lending programs
3. Insurance products
4. Investment vehicles aligned with international standards.

Based on the interviews, we could outline the following insight:

1. To overcome the issue of the underdeveloped secondary market, it is necessary to extend more auction houses and limit secondary market activities that hinder the mechanisms of market liquidity and price discovery. Thus, the respondents outlined:

***Art Dealer:** "Where you have a weaker secondary market, indicating valuation standards more precisely will be challenging. Collectors have reservations about investing and must be convinced of where their works will be positioned to be resold."*

***Market Analyst:** "A functioning secondary market guarantees price transparency and develops credibility among local and international buyers."*

To address the challenges posed by the underdeveloped secondary art market in Ukraine, it is essential to expand the network of auction houses and foster an environment conducive to more robust secondary market activities. Auction houses play a pivotal role in establishing market liquidity and facilitating price discovery, which is essential for building trust and transparency within the art ecosystem. By providing a platform for reselling art, auction houses help establish fair market value and enable collectors to manage their art portfolios dynamically.

In Ukraine, this can be achieved through both physical and online auction platforms. Establishing new regional auction houses, especially in cultural hubs, would decentralize art sales and engage a broader audience. At the same time, leveraging digital technologies to create online auctions can attract a younger, tech-savvy demographic and international participants, broadening market reach.

To ensure success, these auction houses must adopt international best practices, including rigorous provenance verification, expert appraisal services, and the use of technology such as blockchain for transparent transactions. Partnerships with global auction networks could also bring visibility to Ukrainian artists on the world stage, stimulating demand for their work.

2. To boost the promotion of Ukrainian Art at the international level. However, one point at which consensus truly existed was the need for proactive international promotion to help raise the profile of Ukrainian artists. Thus, the respondents outlined:

Cultural Policy Maker: *"There is a need for government initiatives to promote international exhibitions and exchange programs to make the artist compete globally."*

Art Collector: *"Every time Ukrainian art receives exposure abroad, it instantly translates into more cultural prestige and rises in market value."*

To promote Ukrainian art internationally, strategic efforts are needed to elevate the profile of local artists and integrate them into the global art scene. Participating in prestigious events like Art Basel or the Venice Biennale can showcase Ukrainian creativity. Cultural diplomacy programs, including collaborations with international museums and galleries, can foster long-term partnerships and exchange opportunities. Expanding grants, residencies, and scholarships for artists to work or exhibit abroad will enhance visibility and professional growth. Digital platforms like online galleries and virtual exhibitions can amplify global reach and attract diverse audiences. Partnerships with renowned institutions and curators can lend credibility and boost international demand. Organizing Ukrainian art festivals or exhibitions in major cultural capitals can create immersive experiences and highlight unique narratives. Supporting the export of Ukrainian art through reputable dealers and auction houses can open new market opportunities. Government and private sector collaboration, including subsidies and national branding campaigns, is essential to sustain these initiatives. By adopting these measures, Ukraine can position its art and culture as vital contributors to the global creative landscape.

3. To strengthen the regulatory environment, policy support, to provide program on introducing financial incentives at the national level. Economic incentives can encourage broader participation in the art market. Tax reforms and financial benefits could attract new collectors and stimulate investment. Thus, the respondents outlined:

Cultural Policy Maker: *"The need of the hour is to renew cultural laws to international standards. Simplifying procedures and strengthening of IP laws attracts domestic and foreign investment."*

Art Market Specialist: *"Legislative clarity is important to attract serious investors who need to be sure that their purchases are legally protected."*

Gallery Owner: *"Tax deductions for art purchases and reduced VAT on art sales would make collecting more attractive to potential buyers."*

Art Dealer: "Economic motives, perhaps, may stimulate the involvement of the middle class in the art market and broaden the circle of collectors."

Priorities include introducing tax incentives to stimulate market activity, such as reduced VAT on art sales and deductions for art donations. Enhancing copyright protections will ensure fair royalties and safeguard artists' intellectual property, especially in the digital sphere. Establishing standardized art valuation practices will build trust and transparency among stakeholders. Anti-money laundering measures, including provenance verification and blockchain tracking, can curb illicit trade and align with global standards. Legislation should also protect cultural heritage, ensuring significant works are not exported without oversight. Legal frameworks for art financing, such as art-backed loans and investment funds, can increase market liquidity. Streamlining bureaucratic processes for art import and export will facilitate international trade. Collaboration between the government, industry stakeholders, and legal experts is crucial to creating practical, effective laws. These reforms can foster a transparent, competitive, and thriving art market while preserving Ukraine's cultural identity.

4. a robust authentication and expert verification system is crucial to fostering trust and transparency in the art market. Certified networks of appraisers, historians, and conservators should adhere to strict evaluation standards, ensuring confidence in the legitimacy of transactions. Creating a centralized database of verified artworks would provide stakeholders with a reliable tool to mitigate risks, reducing concerns about counterfeit or misrepresented pieces.

Art Dealer: "The prevalence of forgeries and lack of trusted authentication deter serious collectors. A standardized system must be developed."

Gallery Owner: "A single database of authenticated works could reduce the risks for collectors and galleries."

5. Public education initiatives are necessary for cultivating an appreciation for art, fostering market sustainability, and supporting both artists and galleries.

Gallery Owner: "Workshops, lectures, and community events provide the culture of art appreciation that will help artists and galleries support each other."

Cultural Policy Maker: "Providing art education in schools lays down the seeds for collectors and advocates of Ukrainian art for the future."

Public education initiatives are essential for cultivating an appreciation for art, fostering market sustainability, and supporting both artists and galleries. For example, introducing art appreciation programs in schools can expose students to different art forms, encourage early

engagement, and inspire future collectors or practitioners. Community workshops and open studios hosted by local artists can provide hands-on experiences, allowing participants to connect with art personally.

Museums and galleries can play a critical role by organizing guided tours, artist talks, and panel discussions that demystify the art world and make it more accessible. For instance, hosting exhibitions accompanied by expert-led sessions on art history and market trends can help audiences understand art's cultural and financial value. Public campaigns such as "Art Weekends" or "Gallery Walks," where multiple galleries in a city coordinate special events, can attract broader audiences and create opportunities for direct interaction between artists and potential buyers.

Digital platforms can also enhance education by offering virtual tours, webinars, and online courses on topics like art investment, authentication, and collecting. For example, a dedicated Ukrainian Art Portal could feature artist profiles, market insights, and resources for beginners exploring the art world.

Collaborating with media outlets to produce documentaries, podcasts, or articles about Ukrainian art and its impact on culture can further broaden public understanding and appreciation. These initiatives build a knowledgeable audience and strengthen the relationship between artists, galleries, and the broader community, ensuring a vibrant and sustainable art market.

6. The development of specialized financial instruments is crucial for market growth. Art-backed lending, insurance products, and investment vehicles tailored to local market needs can broaden participation.

Gallery Owner: "The lack of specialized art financing instruments limits market growth. We must create art-backed lending, insurance products, and investment vehicles that meet international standards while responding to local market specificities."

Financial Analyst: "Innovative financial tools can make art an accessible and secure investment option for a wider audience."

Developing specialized financial instruments is crucial for the growth of Ukraine's art market, catalyzing increased participation and sustainability. Art-backed lending, for instance, can provide collectors, galleries, and artists with the liquidity needed to expand their operations, acquire new works, or fund exhibitions. Insurance products tailored to the specific needs of the art ecosystem, such as protection against theft, damage, or devaluation, can foster

confidence among buyers and sellers, mitigating risks associated with art transactions. Investment vehicles like art funds or fractional ownership platforms could democratize access to the art market, allowing a broader range of investors to participate, including those without significant upfront capital.

In the Ukrainian context, these instruments must align with local legal, cultural, and economic conditions. This includes addressing market transparency, valuation practices, and stakeholder trust-building challenges. Collaborations with international institutions could also help introduce best practices and ensure alignment with global standards, making the Ukrainian art market more attractive to foreign investors.

7. Developing mechanisms to improve liquidity in the art market is essential. Increasing the number of auction houses and trading platforms would provide collectors with more apparent exit strategies and foster higher transaction volumes.

***Gallery Owner:** "Developing mechanisms in the secondary market is essential. It needs more auction houses and trading platforms for an exit to collectors."*

***Art Dealer:** "Establishing regional auction hubs would facilitate overcoming such gaps and increase volumes in market transactions."*

The research findings suggest a strong alignment between public perception and expert assessment while introducing nuances in understanding market dynamics. Education emerged as a leading developmental aspect, with respondents highlighting immediate knowledge gaps regarding art valuation and market access. Expert interviews complemented this view by emphasizing the necessity of professional development programs and a professional certification system. Issues of market trust were also prominent, with respondents reporting concerns about the valuation and authenticity of artworks. Experts underscored the importance of standardized systems for professional authentication and certification, indicating that trust-building mechanisms are integral to market development strategies.

Survey respondents predominantly focused on immediate access barriers and personal challenges in engaging with the art market, while experts advocated for long-term structural reforms and systemic improvements. This contrast underscores a dual focus in development strategies: addressing immediate accessibility issues and implementing comprehensive structural reforms. By comparing survey responses with expert interviews, the analysis provides a clearer understanding of Ukraine's art market's current state, challenges, and opportunities. Public participants and experts agree on key themes such as trust, transparency, accessibility, and government support, though their perspectives diverge on strategic priorities.

Participants emphasize overcoming immediate barriers, whereas experts prioritize systemic reforms and long-term growth. To foster a vibrant and sustainable art market in Ukraine, it is essential to address both dimensions in a balanced and integrated manner.

CHAPTER 4. ACTIONABLE STRATEGIES

Our research, which included a literature analysis, questionnaires, and in-depth interviews, demonstrates the importance of completely changing the Ukrainian art market's legislative structure if the sector is to grow.

The study definitively outlines how to improve the situation. It does this by studying what has worked in similar art markets worldwide, talking to experts, and considering what is unique about Ukraine's culture and economy.

The following section outlines a proposed legal, financial, and regulatory reform path. These will bring Ukraine's art market up to international standards and promote a long-term and competitive presence in the global arena. The most important thing is to ensure that Ukraine's cultural laws comply with international rules. This is about more than just following rules; it is about making art easier to trade, attracting outside money, collaborating, and facilitating cultural activities. Following international rules has been a big part of American and European art market growth.

Simplifying the often-complicated administrative processes for buying and selling art is essential. Bureaucracy can prevent people from being creative and doing business. We can learn from the 20th-century English market, which developed efficient, well-supported systems for art transactions (Bayer & Page, 2016). If we could do the same thing in Ukraine, it would be better for artists, collectors, and others involved. With a clear legal framework, they could work more freely and efficiently.

Strong intellectual property laws are the foundation of a thriving art market. We need to update and strengthen our laws to protect artists from their work being used or copied without permission. As Velthuis (2007) says, strong IP protection is suitable for artists and helps encourage new ideas and creativity. This, in turn, makes art more financially and culturally valuable.

We need effective ways to fight art crime and protect the market. As Oosterman and Yates (2022) have shown, if we deal with criminals, people will trust the market more and be more likely to invest. This will make the Ukrainian market more successful in the long term. Forgery is a significant problem in the art world. To combat this, we suggest standard ways to check if a painting is authentic, using experts' opinions and scientific tests. As Bolz (2023) says, it is essential to have experts who know what they are talking about and have processes that can be checked to ensure that the market is fair for buyers and sellers. In addition, we suggest creating official certification processes for artworks that have been verified. This would

give documents that can be used to prove where the artwork came from and that it is accurate, like the systems that have been successful in Italy (Helstosky, 2024). This would help control the sale of fakes and keep the market in order. Standard valuation methods, checked by professionals, ensure things are the same each time and that people can trust the market. As Velthuis (2007) says, it is crucial to have transparent prices so that the market can be confident and easy to use.

It is also essential to make it easier to import and export art. Complicated rules can make trade with other countries difficult, so making these processes easier is crucial. As Wu (2023) and Ma (2023) have documented, more straightforward customs procedures have played a significant role in the rapid growth of the Chinese art market, balancing modernization with the preservation of cultural heritage.

Financial rewards are a powerful way to boost the art market. Take the UK's Cultural Gifts Scheme, for example. This scheme offers tax breaks for buying art, encouraging people to invest in art and donate to public institutions. This can positively affect the economy and culture for a long time. Another effective way to get more people involved in the market and make art more accessible to a broader audience is to reduce the Value Added Tax (VAT) on art sales. Several EU countries have successfully used this policy to boost their art markets. What is more, if we offered tax incentives for donations to public organizations, like the ones in the UK and France, people might be more likely to give, and museums would be able to build better collections.

Unlocking art's financial potential requires creating a robust legal framework for collateral use. As Ekelund (2017) argues, this requires transparent valuation systems and recognition of art as a legitimate financial asset.

Encouraging banks and other financial organizations to work with the art world is important. We should encourage banks to create loan products that use art as collateral, as has been successful in more developed markets (Horowitz, 2014). This can provide much-needed money to collectors and artists.

The success of the Ukrainian art market depends on the people who drive it. Therefore, it is vital to invest in people. This means setting up professional training programs for curators, managers, dealers, and other art market professionals and raising standards across the board (McNulty, 2013).

Including art history and appreciation in school lessons to encourage the next generation to love and collect art, as has been successfully done in countries like France and England.

Encouraging artists from other countries to live and work in Ukraine will help them learn from the experts there and make it easier for Ukrainian art to be part of the world's art scene. This would be similar to how cultural exchange helped New York become a significant art center (Zalewski, 2022).

CONCLUSION

This study explored the Ukrainian art market in detail. Its goal was to reveal its hidden potential and find ways to develop it in the future. The research used various methods to understand the market now, identify its problems, and suggest ways to improve it.

The journey began with a close examination of the existing literature. Thirty-eight academic and industry publications were used as a base, giving a deep understanding of how the global art market has developed. These resources examined historical trends, economic mechanisms, and regulatory frameworks, demonstrating the best practices worldwide.

A special questionnaire was used to gather important information from people interested in the market to support the ideas. The survey was conducted online, and 44 people completed it. The answers provided reveal important insights about how deeply the research combines the information from the literature review with the participants' responses. Combining the information from the literature review with the participants' responses meant that the research had a strong basis for further analysis.

The research examined more than just theory and surveys to understand the market better. In-depth interviews were conducted with key stakeholders, each possessing specialized knowledge of the Ukrainian art market. These experts included a gallery owner, an art dealer/collector, a cultural policymaker, and an international art market consultant. Their firsthand experiences revealed the market's strengths and weaknesses, highlighting important topics such as the underdeveloped second market, the need to promote Ukrainian art internationally, and the importance of changing the rules.

This research results in a complete set of recommendations to improve the Ukrainian art market. These recommendations cover a variety of important areas.

This study closely examines the Ukrainian art market and suggests ways to improve it. It is a helpful resource for everyone involved in the Ukrainian art market, assisting galleries, artists, collectors, policymakers, and investors to create a new era of growth and success. If they follow the suggestions and facilitate trust and collaboration among people worldwide, the Ukrainian art market can become successful and well-known globally.

This research has created a solid foundation. Future studies can provide more details on specific aspects of the Ukrainian art market. It would be interesting to see how digital technologies and online platforms affect the market. Research into cultural diplomacy and international collaborations could reveal more ways to promote Ukrainian art worldwide.

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