

13 JULY
2017

UKRAINE OPEN FOR BUSINESS

Biweekly news digest



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Ukraine-Canada free trade agreement enters force Aug 1



The Ukraine-Canada Free Trade Agreement enters force on August 1, 2017, according to an official note from Canada to Ukraine's embassy [in Canada], Ukraine's ambassador to Canada Andriy Shevchenko has said.

"Canada gave us this present for the Constitution Day: we received an official state note about the conclusion of all measures for the agreement on free trade to take force. We have mixed feelings: this is the end of and the start, both at the same time. This is a historical moment that exemplifies the colossal work of our diplomats and politicians. But it is the beginning of a much more important stage: it is time to make this agreement work, through contracts, new jobs and investments," Shevchenko said on his Facebook page.

The trade agreement between Canada and Ukraine was signed in Kyiv on July 11, 2016. Ukraine's Verkhovna Rada ratified the deal on March 14, 2017. Ukrainian President Petro Poroshenko signed the law on ratification on April 3, 2017. According to the statement, the agreement from August 1 will cancel 98% of tariffs for Ukrainian exports to Canada and 72% of tariffs from Canada to Ukraine. Over the next seven years the latter will increase to 98%. Markets for state purchases are also included. Parts of the agreement safeguard electronic commerce and intellectual property rights.

According to Ukraine's State Statistics Service goods from Ukraine to Canada from January to April

"Last year Canada and Ukraine signed the Free Trade Agreement and an agreement on military cooperation. Canada also extended for two years its UNIFER training mission in Ukraine," the embassy's press service said.

2017 increased by 75% to \$14.89 million, while imports rose 23.9% to \$75.31 million.

According to Canadian statistics, exports from Canada to Ukraine amounted to \$265.19 million, with \$107.44 million in imports.

EU ambassador calls on ukrainian scientists to more actively participate in Horizon 2020 EU grant programme

Head of the EU Delegation to Ukraine Hugues Mingarelli has called on Ukrainian scientists to more actively participate in the EU Framework Programme for Research and Innovation "Horizon 2020."

Ukraine should be one of the key participants of the Horizon 2020, the largest programme supporting research in the world, he said at the international conference "Ukraine – EU: Integration in a Changing World" in Kyiv.

He said that Ukraine has a scientific potential. The country should take active part in the programme.

As reported, in December 2016, Ukraine's Cabinet of Ministers created a coordination center to implement the EU Framework Programme for Research and Innovation "Horizon 2020."

In 2015, Ukraine has become an associated member of the Horizon 2020 Programme. In 2016, Ukrainian scientists are participants of 61 consortiums involved in the programme. Their share of the project budgets exceeds EUR 11.5 million. The annual fee paid by Ukraine to the programme budget is around EUR 5.8 million. The country would receive the half of it back via technical assistance tools.

USAID program helps hundreds of ukrainians start their business



The United States takes seriously its responsibility to support the Ukrainian people, who are working to develop their own democratic and prosperous society, U.S. Ambassador to Ukraine Marie Yovanovitch has said.

Speaking at the opening of the forum of small businesses on Sofiyska Square in Kyiv on Saturday, the ambassador said the joint project of USAID and the International Organization for Migration (IOM) has helped many people to find shelter and social support, as well as learn skills necessary to start work and start their own business.

The USAID program provided comprehensive support in reintegration for more than 1,300 people, they also helped hundreds to start their own businesses, Yovanovitch said.

She said the U.S. takes very seriously its duty to support the Ukrainian people who are working to develop their own democratic and prosperous society.

According to International Organization for Migration Mission in Ukraine (IOM) Chief Manfred Profazi, some 5,500 people benefited from a program to strengthen the economic potential of migrants and people who require support over ten years. These people, including internally displaced persons, established small enterprises or became self-employed in agriculture, production, construction, and services, he said.

A fair of small enterprises dubbed 'BizFair' is taking place on Sofiyska square on Saturday, an Interfax-Ukraine correspondent reported.

Over a hundred representatives of small enterprises of various business sectors presented their own goods and services – furniture, ironwork and wooden products, sportswear and casual wear, bags and accessories, jewelry, games for children, as well as beverages and other food products.

Ukrainian and Lithuanian industrialists work to prepare economic forum, both countries' presidents expected



The Ukrainian League of Industrialists and Entrepreneurs (ULIE) and the Lithuanian Confederation of Industrialists are working to prepare for the third international economic forum, which will be attended by the presidents of Ukraine and Lithuania, ministers, ambassadors and business representatives. The event is scheduled for the beginning of December, which coincides with Ukrainian President Petro Poroshenko's visit to Vilnius.

At the moment, the partners are working to deepen cooperation in separate bilateral projects. Lithuania is interested in involvement of Ukrainian specialists in the fields of telecommunications, construction, etc., and conducts workshops to train businesses as for the strategy of behavior in the EU market. This was discussed at the 17th meeting of the Lithuanian-Ukrainian Commission on Trade-Economic and Scientific-Technical Cooperation in Vilnius.

The partners agreed to continue the regular exchange of information on potential spheres for investment in both countries' economy. They showed a great interest and perspective for the development of bilateral cooperation between scientists, business councils and entrepreneurs in various fields, including new initiatives.

In order to invite investors, the Ukrainian side provided the Lithuanian colleagues with a list of state-owned assets that are to be put up for sale in 2017. A readiness was expressed to continue work both under the Viking combined transport train project and within the framework of the Trans-Caspian international transport route.

Electric cars market in ukraine expands by 2.8 times in five months

Instances of the primary registration of electric vehicles (new and used ones) in Ukraine in January-May 2017 increased by 2.8 times year-over-year, to 958 cars, which corresponds to a 2% share in the primary market of passenger cars, the Ukrautoprom Association has said.

The structure of the market in terms of the age of cars has significantly changed: if a year ago the share of new electric cars in primary registration was almost 45%, nowadays it is only 18%.

According to the report, the Nissan Leaf model with 816 cars registered in Ukraine, including 124 new ones, is an absolute leader in the Ukrainian market of electric cars.

The second most popular model was the Ford Focus Electric: 37 cars (three new and 34 used cars) were registered in Ukraine over the period under review. The Tesla Model S and the BMW i3 (24 units each) ranked third. However, the BMW i3 is in the lead among new registered cars: 16 against 7 new Tesla cars.

The dynamics of VAT overpayments have significantly decreased: from UAH 27 billion in 2014 to UAH 17 billion in 2017.

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Businesses, taxmen to jointly monitor impact of fiscal rules on entrepreneurship



The business community insists that the state fiscal service should work with the business sector more closely and more carefully, taking into account businessmen's proposals in reforming the tax system. Entrepreneurs are still concerned about tax police inspections, technical problems with the system of VAT electronic administration, etc. As was proposed by the Ukrainian League of Industrialists and Entrepreneurs (ULIE), the tax authorities will analyze the dynamics of the impact of fiscal innovations (including an increase in minimum wages, fines, etc.) on production, especially for small businesses and the self-employed. In turn, the State Fiscal Service, which does not have the right to legislate, expects that business associations will provide public support for its steps to improve the system.

"There is much work ahead: if we are talking about stimulating investment and entrepreneurship, then it is necessary to change the rules of the game with the focus on the development of the domestic market. In addition, the factor of households' solvency must be taken into account: if the state, in spite of this, is to increase excise taxes in the transparent sector of the economy, raising tariffs – this is counterproductive. We are all against the shadow economy, but we need to understand how such steps affect the business and the economy in general. Let's discuss the social and economic effect of such norms with the business associations, experts, and then introduce them," ULIE President Anatoliy Kinakh has said.

Acting head of the State Fiscal Service Myroslav Prodan said he is convinced that a number of initiatives have been implemented recently to improve the business climate in Ukraine, to make tax administration better and communication of entrepreneurship with tax authorities more effective. The main task was to launch an electronic register of VAT refunds. Some UAH 57.9 billion was refunded to the taxpayers this year alone. The dynamics of VAT overpayments have significantly decreased: from UAH 27 billion in 2014 to UAH 17 billion in 2017.

Australia begins supplying nuclear fuel to Ukraine

The agreement between Australia and Ukraine on cooperation in the use of nuclear energy for peaceful purposes took effect on June 15, the Ukrainian government press service said. "The Australian embassy to Ukraine informs Ukraine of June 15 that Australia has completed the internal procedures needed for the enactment of the agreement," the report said. The agreement was signed in Washington, D.C., on March 31, 2016. According to the estimation of the Ukrainian ambassador to Australia, the country can meet up to 30% of the Ukrainian energy sector's need for nuclear fuel.

Wnisef to commits \$30 mln to EEGF III for investing in export-oriented companies in Ukraine, Moldova



Western NIS Enterprise Fund (WNISEF) has committed \$30 million to Emerging Europe Growth Fund III, LP (EEGF III) to invest through EEGF III in fast-growing, export-oriented companies with roots in Ukraine and Moldova, WNISEF has said in a press release.

According to the report, EEGF III expects to invest, in sectors including information technology, light manufacturing and food and agriculture.

"Ukraine and Moldova have demonstrated impressive exports growth of 29% and 27%, respectively, in the first quarter of 2017, which is expected to provide attractive investment opportunities for this new fund," WNISEF President and Chief Executive Officer Jaroslawa Z. Johnson said.

A target size of the new fund is \$150 million. The fund will be investing alongside the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Dutch development bank FMO and German investment corporation DEG, a wholly-owned subsidiary of KfW and other international institutions.

Western NIS Enterprise Fund (WNISEF) is a \$150 million regional fund, a pioneer in Ukraine and Moldova with more than two decades of successful experience in investing in small and medium-sized companies. WNISEF was funded by the U.S. government via the U.S. Agency for International Development (USAID). In 2006, Horizon Capital was spun out from WNISEF, following the path forged by other Enterprise Funds, raising three funds with over \$700 million under management. In 2015, WNISEF launched a \$35 million legacy program focused on export promotion, local economic development, impact investing and economic leadership.

H&M to enter Ukraine's market in 2018

International retailer Hennes & Mauritz AB (H&M), which owns Europe's second largest clothing chain, plans to open first outlets in Ukraine in 2018. "New H&M store markets planned for 2018 are Uruguay and Ukraine," the company said in a six-month report posted on June 29.

As was reported, H&M plans to enter the markets of Columbia, Vietnam, Iceland, and Georgia in 2017. Kazakhstan's first H&M store opened in the middle of March. In the first half of 2017, the company planned to open online stores in Turkey, Taiwan, Hong Kong, Macao, Singapore, and Malaysia.

Competition agency permits China's Manwah furniture group to buy 50% of home group with assets in Ukraine

Ukraine's Antimonopoly Committee has permitted Man Wah Group Limited (British Virgin Islands) to buy shares in Home Group Ltd (Cayman Islands), the subsidiary of famous European home-ware producer, which also includes Morgan Furniture LLC furniture factory (Rivne region).

The committee said that the acquisition of the shares will grant over 50% of the votes in the management body of Home Group to Man Wah Group.

According to Man Wah Group, in November 2016 the group signed a memorandum of understanding and later the shareholder agreement with HG International and Home Group.

Under the agreement, HG International is obliged to transfer 75% of shares in most companies in Poland, Baltic countries and Ukraine to the subsidiary of Home Group before December 31, 2016.

In turn, Man Wah Group obliges to buy 50% of Home Group.

The strategic alliance of the groups would allow ManWah to receive access to industrial assets and the sales chain of Home Group in Europe.

Over 100 pharmaceutical production sites from India confirm compliance with GMP in Ukraine



As of early June a total of 104 pharmaceutical industrial sites from India confirmed their compliance with Good Manufacturing Practice (GMP).

The Indian Pharmaceutical Manufacturers' Association in Ukraine (IPMA) told Interfax-Ukraine, referring to the State Service for Medicines and Drugs Control, at present there are 72 conclusions effective in Ukraine and issued by the authority for applicants from India on the basis of certificates issued by the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S).

In addition, some 32 certificates were issued by the State Service for Medicines and Drugs Control to the applicants from India after inspections at the production sites in India.

The authority's experts are handling 18 more applications to receive the certificates. Work on nine applications to confirm compliance with GMP from Indian production sites is in progress. "The importance of Indian pharmaceutical production is admitted by the World Health Organization (WHO), as Indian generics allow considerably cut the cost of treatment," WHO representative in India Henk Bekedam said.

The IPMA (the Indian Pharmaceutical Manufacturers' Association) brings together Indian pharmaceutical manufacturing companies that meet high international standards, including US FDA (the United States), UK MHRA (Britain), MCC (South Africa), TGA (Australia), WHO GMP (WHO), GMP (Ukraine), which have representative offices in Ukraine.

The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme has 44 members, including over 30 regulatory agencies of various countries.

Swedish investors hope to build one more wood processing plant in rivne region in two years



Ukrainian Sawmills with Swedish investment (Kostopil, Rivne region) this year plans to start building one more wood processing plant in Rivne region. The plant will produce pine saw goods for production of furniture, millwork and construction materials.

The company told Interfax-Ukraine that the plant with a capacity of 250 cubic meters will be built in Sarny district. The investment could reach EUR 20 million.

"After the launch of our plant in Kostopil in the near term, the investors are ready to start implementing the investment project in Sarny. We plant that construction will start this year. It will take around two years. Local construction companies will be involved," the company said.

Pine saw logs of local forestry enterprises will be used as raw materials. Earlier before the introduction of the moratorium on exports of unprocessed round timber it was exported. "Now Ukrainian Sawmills will process our wood inside the country, creating finished goods and added value," the company.

The agreement with local authorities of Sarny to allocate a land parcel has been signed. The company said that 65 new jobs will be created, as well as 300 affiliated jobs.

The company said that the plant will be environment friendly, fully automated and producing no waste. Finnish, German and Swedish equipment will be installed. Bark left after processing will be used as fuel for boilers, chips and flakes will be supplied to pellet or wood chipboard producers located not far from the plant.

The products will be certified by FSC (Forest Stewardship Council). The first wood processing plant with a capacity of 300,000 cubic meters a year was built in Kostopil. Investment totaled EUR 25 million and 150 jobs has been created. It is planned to export over 80% of the products.

Engie, state agency for energy efficiency discuss construction of 'green' power facilities in Ukraine

France's Engie (earlier GDF Suez SA) and the State Agency for Energy Efficiency and Energy Saving of Ukraine have discussed construction of 'green' power facilities in Ukraine, the press service of the agency has reported.

"State Agency for Energy Efficiency and Energy Saving Head Serhiy Savchuk has discussed Legislative grounds and the specifics of the implementation of 'green' projects in Ukraine with representatives of France's Engie, a leading player on the global electricity market," the press service said.

As reported, Engie started supplying natural gas to Ukraine in January 2017.

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Syngenta opens research and selection center worth \$1 mln in Dnipropetrovsk region



Syngenta, one of the world's largest producers of crop protection products and seeds, has opened a research and selection center worth \$1 million in Dnipropetrovsk region.

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"The opening of the research and selection center for corn and sunflower has become a logical continuation of our work to bring to the market the best seed material with high potential, zoned accordingly to the needs of this region," the head of the breeding seeding and seed production department of the CIS countries Syngenta in Ukraine, Artem Bily, has said.

According to the company's press release, the goal of the center is to study the selection material of maize and sunflower and to obtain new early hybrids with high potential, derived for the climatic conditions of Ukraine.

with \$107.44 million in imports.

Kusto Agro to invest eur 2.5 mln in expansion of agroline Ukraine cow farm

The Kusto Agro Group will invest EUR 2.5 million in expansion of Agroline-Ukraine cow farm (Zhytomyr region), the group has said on its Facebook page.

"We are planning to expand the cow farm of our Agroline-Ukraine to 1,200 cows. Now the blueprints are being drawn up and soon construction will begin. It is planned to install equipment of leading global manufacturer DeLaval in the dairy farm," reads the report.

The company said that now the capacity of the farm is 600 cows.

According to the unified register of companies and individual businessmen, the ultimate beneficiary of Agroline-Ukraine is businessman Talhat Turumbayev.

The Kusto Agro Group unites Kusto Agro Farming (crop planting), Kusto Agro elevator company, Kusto Agro Trading and Kusto Logistics. Kusto Agro seeks to cultivate at least 100,000 ha of farmland in next five years. Kusto Agro is part of Kusto Group (Singapore) having business in the oil, energy, agricultural, construction and other areas.

Ukreximbank raising \$150 mln loan from world bank to support ukraine's export-oriented smes SMEs



State-owned Ukreximbank (Kyiv) is raising \$150 million from the World Bank to support Ukraine's export-oriented small and medium enterprises (SMEs).

The bank said on its website that on June 26, 2017 Ukreximbank Board Chairman Oleksandr Hrytsenko and World Bank Country Director for Belarus, Moldova, and Ukraine Satu Kahkonen signed contractual documents under the Access to Long Term Finance Project: the guarantee agreement between Ukraine and the World Bank, the loan agreement between Ukreximbank and the World Bank and additional letters.

According to the report, the World Bank is providing the sovereign-guaranteed loan to the Ukrainian banks for the period of up to 35 years.

Ukreximbank will provide medium and long-term loans to finance investment projects and replenish working capital aimed at development of the exports potential of Ukrainian SMEs, including via Ukrainian commercial banks. The ultimate borrowers and project participant banks will be selected under criteria approved by the World Bank.

Ukreximbank was founded in 1992. Its sole owner is the state.

The bank ranked third among 90 banks operating in the country as of April 1, 2017 in terms of assets (UAH 165.645 billion), according to the National Bank of Ukraine.

Ukragrocom to invest \$1 mln in modernization of oleksandria sugar refinery in 2017

Investment by UkrAgroCom (Kirovohrad region) in modernization of the Oleksandria sugar refinery in 2017 would total \$1 million.

"Since the acquisition of the refinery 10 years ago we have invested \$5 million in its modernization. By the end of this year \$1 million will be invested," Production Director Oleh Pokotylo told Interfax-Ukraine. He said that the funds will be sent to improve the quality of sugar and energy efficiency.

The company hopes to save \$1.5 million every year on sugar production.

UkrAgroCom is mulling to invest \$5 million in the modernization of the refinery.

Commercial Director Pavlo Fesiuk said that in 2016/17 agricultural year (August-September) the Oleksandria sugar refinery produced 30,000 tonnes of sugar. The refinery intends to retain the figure for this season.

In 2016, UkrAgroCom exported 8,000 tonnes of sugar, which is 20 times more than in the previous two or three years. Sugar was mainly supplied to Asia, North Africa and the European Union.

The company sowed sugar beets on 6,400 ha (the same as last year).

Fesiuk said that the company does not plan to expand its land bank and own elevators, but the company is working on boosting cow numbers. UkrAgroCom is part of the UkrAgroCom and Hermes-Trading group of companies.

Monsanto seeks to launch seed plant in Zhytomyr region in 2018



The corn seed processing plant of Monsanto, a large global seed producer, could be launched in August 2018, according to a posting on the website of Zhytomyr Regional Administration.

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"A new seed plant which will produce high-quality corn seeds will be opened in Zhytomyr region in 2018. The plant will be better than the similar plant in the United States – the sorting line will dividing corn into five types," the administration said.

Ukraine since the beginning of the 2016/2017 agricultural year (July-June) and as of June 14, 2017 had exported 42.3 million tonnes of grain.

According to the Ministry of Agrarian Policy and Food, the country exported about 17 million tonnes of wheat, 5.2 million tonnes of barley, and 19.7 million tonnes of corn.

In addition, 366,900 tonnes of flour had been as of the date.

As reported, with reference to the ministry, Ukraine in the 2015/2016 agri-year (July-June) exported 39.487 million tonnes of grain, which is 13.5% more than in the previous season.

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This year Kyiv International Economic Forum supported by the Prime Minister will take place on October 5 – 6.

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