



# UKRAINE

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Biweekly news digest

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## President signs Ukraine's state budget for 2018



Ukrainian President Petro Poroshenko has signed the law on Ukraine's state budget for 2018 (No. 2246-VIII), according to a statement posted on the official website. The law comes into force on January 1, 2018.

According to the press service of the Ukrainian president, state budget revenues are estimated at UAH 917.9 billion and expenditures at UAH 991.7 billion.

The deficit of the state budget for 2018 is proposed to be set at UAH 80.6 billion, or 2.4% of GDP, which corresponds to the program of cooperation with the International Monetary Fund (IMF).

The limit of the public debt was set at UAH 1.999 trillion, or 60% of GDP.

The size of the living wage will grow by 9% and the minimum wage by 16.3%. Spending on assistance to families with children, low-income families, persons disabled since childhood and disabled children, temporary assistance to children and allowances on looking after people of the first and second disability group are estimated at UAH 59.9 billion.

## HEADLINES



PRESIDENT SIGNS UKRAINE'S STATE BUDGET FOR 2018



CABINET APPROVES CONCEPT OF FIVE-YEAR STATE PROGRAM FOR ROAD DEVELOPMENT WORTH UAH 322 BLN



KYIV AIRPORT BOOSTS TRAFFIC BY 64.2% IN 2017



UKRAINE IN 2017 BOOSTS OUTPUT OF CARS BY 68%, BUSES BY 2.5 TIMES



GOVT PERMITS BIOFARMA PLASMA TO EXPORT BLOOD PREPARATIONS



UKRAINE BOOSTS FARM PRODUCE EXPORTS TO EU BY 38.2%

## Japan simplifies visa requirements for Ukrainians



The decision of the Japanese authorities to simplify visa requirements for Ukrainian citizens (holders of ordinary passports) for short-term visits to this country has come into effect.

So, on January 1, 2018, the Japanese authorities expanded the circle of applicants entitled to multiple-entry visas for short-term stay with business purposes and cultural and scientific figures, and the validity of visas was increased from three to five years maximum.

In addition to the existing single-entry visas, multiple-entry visas (with a validity of three years and a maximum stay of 30 days) for a short stay with various purposes, including for tourism, have been introduced.

In addition, in the case of an independent travel payment, the applicant is no longer required to provide documents from the guarantor.

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## German companies create 2,000 jobs in Ukraine in 2017 – Ukrainian FM

Ukrainian Foreign Minister Pavlo Klimkin has said that in 2017 German companies created 2,000 new jobs in Ukraine.



***"In 2017, according to our approximate calculations, German companies created at least 2,000 jobs in Ukraine," Klimkin said at a joint press conference with German Foreign Minister Sigmar Gabriel in Kyiv.***

The Ukrainian foreign minister noted that the German automobile industry alone has created more than 30,000 jobs in Ukraine.

## Cabinet approves concept of five-year state program for road development worth UAH 322 BLN

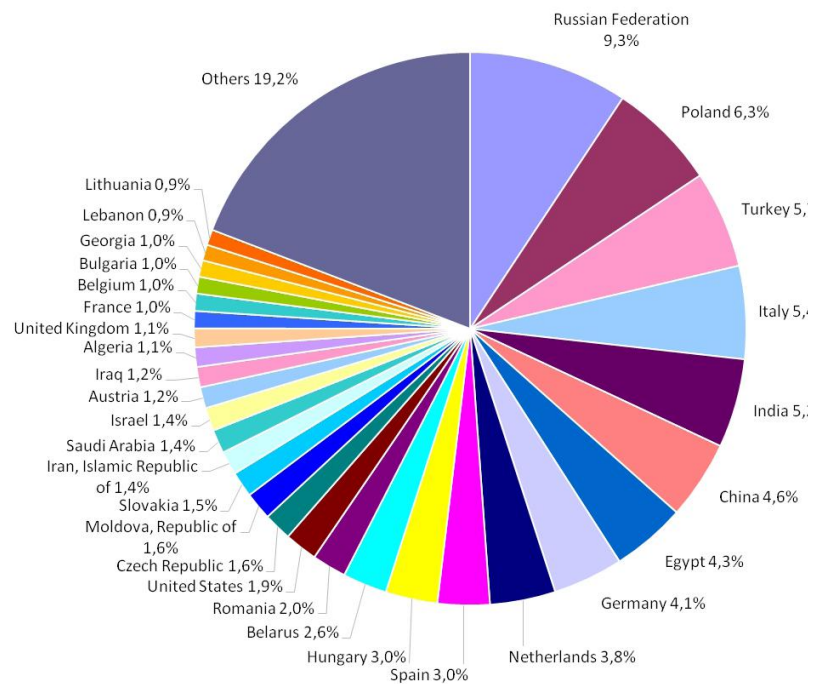
The Cabinet of Ministers of Ukraine on Thursday, January 11, approved the concept of the state targeted economic program for the development of public roads for 2018-2022.

According to the concept, the program aims at creating a modern network of highways that will allow increasing traffic, improving the investment climate and ensuring the efficiency of transport services.

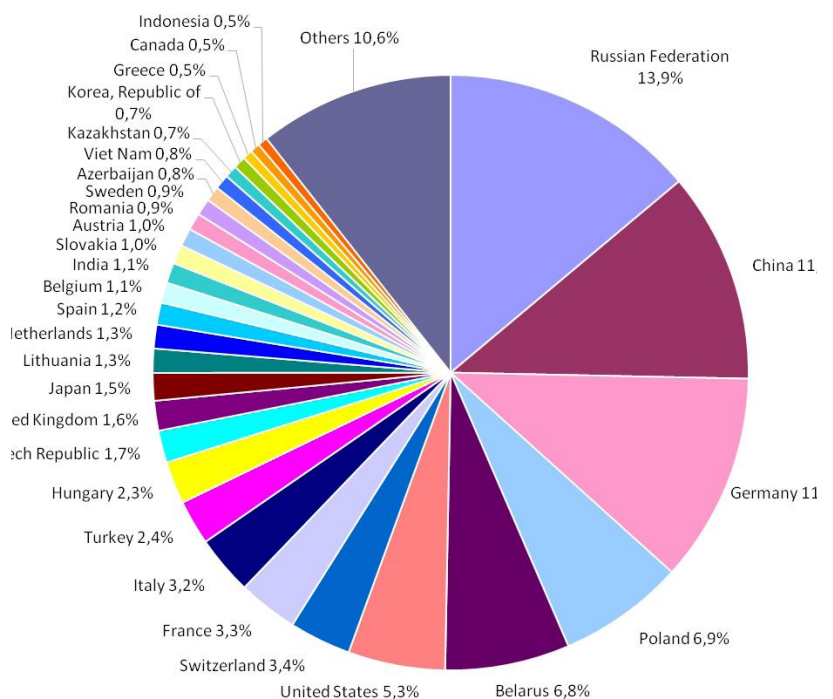
The program, in particular, provides for the rehabilitation and development of the road network on a route basis, for example, from the West to the East, the completion of construction of almost completed facilities, the phased introduction of long-term contracts, the intensification of cooperation with international financial organizations to raise funds, creating conditions for attracting investors, the introduction of a geo-information system for road management, etc.

Among the expected results of the program implementation are the improved state of 9,100 km of roads, the construction and reconstruction of 1,000 km of roads, obtaining additional funds from transit road transport, a wide use of export and logistics potential, the reduction of transportation costs. It says that the estimated need for labor resources for the program implementation is about 55,000 jobs.

## Main trade partners of Ukraine (export from Ukraine to other countries in 2017)



## Main trade partners of Ukraine (import from other countries to Ukraine in 2017)



## Kyiv Airport boosts passenger traffic by 64.2% in 2017



Kyiv International Airport (Zhuliany) handled 1.852 million passengers in 2017, which was 64.2% up on 2016.

The airport serviced 1.768 million passengers who used international routes and 83,300 passengers who took domestic flights, the airport's press service said.

The number of flights in 2017 included 23,257 both arrivals and departures, which was 27.3% more than in 2016. Of them, there were 19,115 international flights and 4,142 domestic ones.

The most popular international destinations in 2017 were Minsk, Dubai, Budapest, Ankara, Antalya, Sharm El Sheikh, Warsaw, and Rome, while popular domestic routes included Odesa, Zaporizhia, and Lviv.

The most popular international destinations in December 2017 were Dubai, Minsk, Ankara, Budapest, Warsaw, Memmingen, Sharm El Sheikh, Rome; while Odesa, Zaporizhia, Lviv topped the popular domestic routes.

Kyiv International Airport (Zhuliany) is located in the business center of the capital, seven km from the city center. It is the second largest airport in Ukraine in terms of the number of flights and passenger traffic.

The airport has three terminals with a total area is 21,000 square meters. Terminal B is separate facility for business-class service, it is part of the Fixed Base Operator (FBO) system. The airport's runway is able to handle B-737 and A-320 aircraft.

## Road industry will obtain about UAH 47 BLN funding in 2018 – Omelyan

The Ukrainian road industry in 2018 will receive about UAH 47 billion of financing due to the launch of the State Road Fund and additional sources, Ukrainian Minister of Infrastructure Volodymyr Omelyan has said.

“The Road Fund starts its work on January 1. For the first time the road industry will receive government-guaranteed financing. This year this is almost UAH 33 billion plus separate additional funding for a number of key highways for more than UAH 14 billion,” he said.

In addition, the minister noted that from January 1 Ukravtodor will be responsible only for 50,000 km of roads, the remaining 120,000 km are transferred to the balance of regions with guaranteed financing from the road fund in the amount of 35% of its revenues.

“Now everyone has the right and should demand quality roads from the local authorities, rather than nodding disappointedly at Kyiv,” Omelyan said, noting that from January 1, 2018 the speed in settlements is limited to 50 km/h.

# Antonov Airlines will provide transportation of missile components to Cape Canaveral for U.S. SpaceX



Antonov Airlines, one of the world's leading operators of heavy-duty An-124-100 Ruslan aircraft with a cargo capacity of 150 tonnes, will provide transportation of missile components from Los Angeles to the spaceport at Cape Canaveral (the United States) in the interests of the U.S. SpaceX.

According to the application of the Ukrainian operator, posted on the website of Daily Airlines Filings of the U.S. Department of Transportation (DOT), a cargo flight, within which part of the nose fairing of the carrier rocket with a total bulk of 28.1 tonnes will be delivered to the launch site, is scheduled for January 11-13.

According to the application, the provision of cargo transportation is "critically important" for SpaceX and its customers, taking into account the company's starting mission plans.

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## Ukraine in 2017 boosts output of cars by 68.1%, buses by 2.5 times – Ukrautoprom

Ukrainian vehicle manufacturers produced 8,586 vehicles in 2017, which was 63% more than in 2016; the output of passenger cars alone increased by 68.1%, to 7,296 units, the Ukrautoprom Association has reported.

According to the association's rough estimates, the production of buses during the year grew by 2.5 times, to 804 units; however, the data does not include reports from AutoKrAZ, which has not provided such information since last August. The output of commercial vehicles (excluding trucks KrAZ) totaled 486 units.

Eurocar remained the leader in terms of production, as it produced 6,145 Skoda passenger cars, which was 56.1% up on 2016.

It is followed by ZAZ with 1,674 vehicles (1,151 passenger cars, 479 commercial vehicles and 44 buses), whereas its output in 2016 included 526 vehicles, namely 403 passenger cars, 118 commercial vehicles and five buses.

NJSC Cherkasy Autobus (Cherkasy Bus) boosted production of buses by 93%, to 382 vehicles. It also manufactured seven commercial vehicles against five in 2016.

Chasiv Yar bus plant produced 90 buses last year (37 in 2016), Etalon Corporation's Chernihiv automobile plant manufactured 178 buses (3), while Bogdan Corporation 110 (78).

Ukrautoprom reported that in December 2017 alone, Ukrainian vehicles manufacturers produced 932 vehicles, which was 37.5% up on December 2016, but 8.1% down on November 2017.

Passenger cars accounted for the lion's share of the country's total vehicle output in December 2017: 752 units, which was 16% down on November 2017, but 39.3% up on December 2016.

The output of buses last month was 117 units, which was 30% up on November 2017 and 42.7% up year-on-year.

## Leader of Ukrainian auto market Toyota raises sales by 26% in 2017



The sales of new Toyota cars, which in 2017, as well as a year earlier, became the leader of the Ukrainian car market, grew by 26% compared to 2016, to 9,696 units with the growth of the car market as a whole by 25%, to 82,300 cars, according to the Ukrautoprom association.

According to the report, during the year Toyota was in the lead in the nine out of twelve months, and three months this position had been held by Renault, which over the year ranked second with 8,671 registered cars and an increase of 36%.

Volkswagen, as in the previous year, ranked third. It sold 6,525 cars, and the sales growth was 30%.

The fourth and fifth positions were held by Skoda with 5,675 cars sold (37% up) and KIA (5,320 cars, 34% more).

Thus, the five leaders of the market did not change compared to last year.

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## Govt permits Biofarma Plasma to export blood preparations in 2018

The Cabinet of Ministers of Ukraine has approved the permit to sell donor blood preparations outside the country in 2018 for Biofarma Plasma LLC. Biofarma Plasma was permitted to export 32 medicines and medical devices.

As reported, Biofarma built a pharmaceutical plant in Bila Tserkva (Kyiv region) in 2014, investing \$42 million in it.

Biofarma is among the ten largest Ukrainian drug manufactures. Biofarma produces more than 20 immunobiological preparations of blood, as well as drugs obtained by recombinant DNA technology and probiotics.

# Ukrenergo, Moldelectrica agree on synchronizing power systems with ENTSO-E

Ukrenergo and Moldelectrica state enterprise have agreed on their plan to synchronize the power systems with the European Network of Transmission System Operators for Electricity (ENTSO-E), the press service of Ukrenergo has said, with reference to a meeting held in Chisinau.

In particular, the parties discussed the draft operational agreement on the establishment of a regulatory unit within Ukraine and Moldova, which is one of the key tasks of the plan of synchronization with ENTSO-E, as well as the roadmap and its annexes. The implementation of the roadmap activities is planned for 2018.

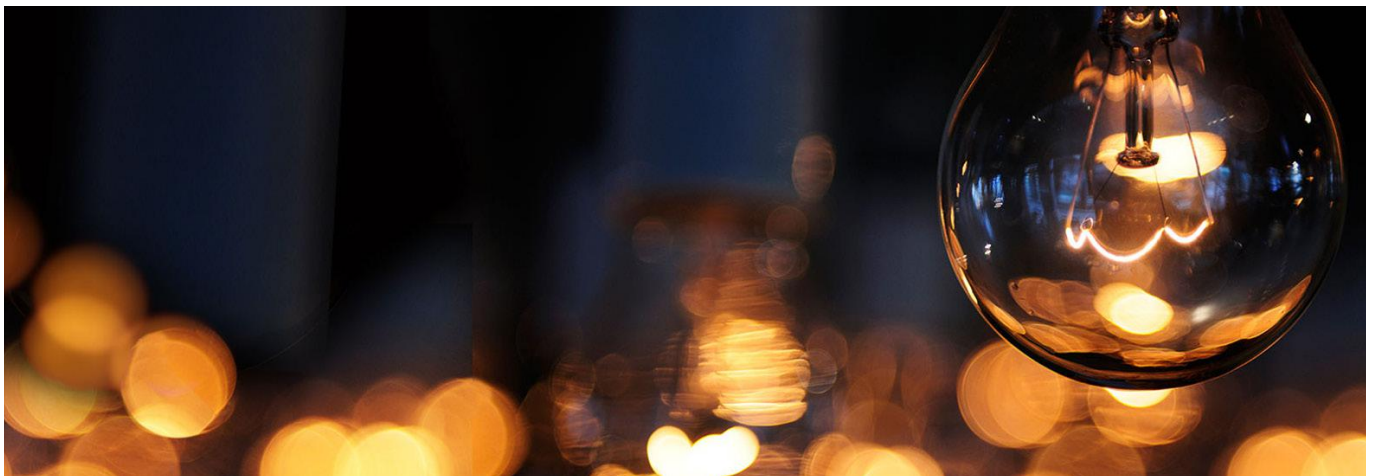


***“This agreement will resume all organizational and technological documents and regulations, which today ensure the parallel operation of the energy systems of Ukraine and the Republic of Moldova,” Ukrenergo noted.***

As reported, in June 2017 Ukrenergo Head Vsevolod Kovalchuk signed an agreement on the conditions for the future integration of the energy systems of Ukraine and Moldova with ENTSO-E. In July the agreement came into force after it had been signed by the necessary number of European system operators.

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## Energy Ministry announces tender to select independent members of Ukrenergo's supervisory board



Ukraine's Energy and Coal Industry Ministry has announced a tender to select independent members of Ukrenergo's supervisory board.

The ministry seeks to create the supervisory board consisting of seven members with the following qualification: business strategy and development, regulatory policy on the competitive power market, operations effectiveness, finances and audit, power lines management, risk management, compliance and corporate governance.

It is planned to form the supervisory board from persons with different competence to ensure the widest possible variety of experience and professional skills. If there are two candidates with the same competence and skills, the candidate with experience in companies – system operators of electric power transmission from ENTSO-E will be given preference.

Ukrenergo operates trunk and interstate power grids, as well as performs the centralized dispatching of the united energy system in the country. The company is a state-owned enterprise, it is subordinate to the Ministry of Energy and Coal Industry.

## EBRD to issue EUR9 MLN to Kremenchuk for energy efficiency



The European Bank for Reconstruction and Development (EBRD) will issue a EUR9 million loan as part of the Public Sector Energy Efficiency Financing Framework (PSEEF) program to Kremenchuk (Poltava region) with the population of approximately 220,000 people. The funds will be provided to the city's municipal enterprise Kremenchuk Municipal Energy Service Company and will help achieve annual energy savings of 19.5 GWh (or EUR1.3 million in monetary terms) in 66 buildings across the city.

"The EBRD is providing a financing package of EUR9 million, which will consist of the bank's long-term loan of up to EUR6 million, a EUR1.5 million concessional loan from the Clean Technology Fund (CTF) and a EUR1.5 million grant from the EBRD Shareholder Special Fund (SSF)," the document reads.

The report says the city has over 120 public buildings, which consume twice as much energy compared to similar buildings in central Europe. The majority of them require thermal insulations, modernization of the energy distribution system, installation of individual heating substations, windows replacement and many other similar measures.

## Canadian TIU builds 10.5 MW solar power plant in Dnipropetrovsk region

TIU has built a solar power plant with an installed capacity of 10.5 MW in the town of Nikopol, Dnipropetrovsk region, the company's press service said.

"The total investment amounted to EUR 10.5 million," it said.

The National Commission for State Regulation of Energy, Housing and Utilities Services (NCER) has already established a feed-in for TIU's solar power plant.

TIU is owned by the Canadian investment company Refraction Asset Management (RAM).

## Ukraine sees 54.9% rise in revenue from exports of electricity in 2017

Ukraine exported electricity (foreign activity code 2716) for \$235.541 million in 2017, including for \$13.58 million in December.

According to the State Fiscal Service, the country exported electricity to Hungary for \$136.271 million, to Moldova for \$54.173 million, to Poland for \$34.17 million and other countries for \$10.928 million.

Thus, in money terms exports of Ukrainian electricity grew by 54.9% in 2017 compared with 2016 (\$152.063 million).

In addition, Ukraine imported electricity for \$2.116 million in 2017, including for \$2.037 million from Russia, for \$0.064 million from Belarus and for \$0.015 million from Moldova.

As reported, Ukraine plans in 2018 to increase exports of electricity to the EU and Moldova by 15-20%, to 5.855 billion kWh compared to about 5 billion kWh in 2017.

According to the forecast for 2018, deliveries from the Burshtyn TPP energy island to Hungary, Slovakia, Romania are estimated at 3.6 billion kWh, to Poland at 1.2 billion kWh, and to Moldova at 1.055 billion kWh.



## Pokrovsky GOK to invest more than UAH 247 MLN in company development in 2018



PJSC Pokrovsky ore mining and processing enterprise (Pokrovsky GOK, Dnipropetrovsk region) intends in 2018 to invest more than UAH 247 million in the program of production and technical development, while the plan for 2017 was UAH 350 million.

Board chairman of the company Serhiy Shuvayev said the strategic goal for 2018 is to maintain the plant's capacity for extraction and production of concentrate.

"Shevchenkivsky quarry has almost finished its work, therefore we need to compensate for this by increasing ore extraction at other divisions, and the year of 2018 will be preparatory to increasing the productivity plan at Pivnichny and Chkalovsky No. 2 quarries," he said.

According to him, it is planned to overhaul mining equipment.

According to him, the specialists of the plant came to the conclusion that independent charge would allow to not only compensate for the lost volumes of ore, but also increase the productivity of the factory, increase manganese content in concentrate. Due to the increased competitiveness of the plant's products, Pokrovsky GOK hopes to obtain additional income.

"The opening of this enterprise proves that Rivne region is interesting for investors and it is comfortable for them to work here. We will be able to abandon the primitive export of wood, but we will process it ourselves, creating new jobs, filling local budgets and developing the woodworking industry in the region," Muliarenko said.

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## Dragon Capital buying Victoria Gardens mall in Lviv, ECO Tower business center in Zaporizhia

The Antimonopoly Committee of Ukraine has permitted Dragon Capital Investments Limited (Nicosia, Cyprus) to acquire stakes in Ukrainian Commercial Property LLC (Zaporizhia) and Phoenix Capital LLC (Lviv), which own ECO Tower class A business center (earlier Baida Business Hall) and Victoria Gardens shopping and leisure center respectively.

The committee said on Tuesday that it permitted Dragon Capital to acquire stakes in the charter capital of the two companies exceeding 50% of the votes in the management bodies of the companies.

As of July 2015, JLL said that total investment in the center reached \$110 million.

## Agriculture Ministry mulling creation of guarantee agency for lending to agrarians



A guarantee agency can be created for lending to agricultural producers, First Deputy Minister of Agrarian Policy and Food Maksym Martyniuk told Interfax-Ukraine.



***“We did not ask for this postponement [of the moratorium on the sale of agricultural land], but since lawmakers decided so, then in the next 12 months we will concentrate on the establishment of the State Agricultural Guarantee Agency – this is a working name,” he said.***

According to him, the said structure can be a state financial institution that would act as a guarantor for loans that agrarians want to borrow.

“The agency's charter capital can be formed at the expense of 1% of GDP allocated for the support of the agro-industrial complex. If we allow [farmers] to get loans and they will be cheap, I think this will remove the populist question: “Where does the farmer take money to buy land?” he added.

Ukraine's parliament extended the moratorium on the sale of farmland until January 1, 2019.

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## Ukraine boosts farm produce exports to EU by 38.2% in 11 months of 2017

Exports of Ukrainian farm produce to European countries for January-November 2017 amounted to \$5.2 billion, which was 38.2% up on the same period in 2016, the Ukrainian Agrarian Policy and Food Ministry has said.

In particular, Ukraine exported grain worth \$1.4 billion to the EU for this period, shipments of vegetable oil amounted to \$1.3 billion and those of oilseed to \$0.9 billion.

“Along with these traditional export-oriented products, we significantly increased exports of such products as malt extracts, flour products, cereals (by \$31.7 million), bakery products and confectionery (by \$15.4 million), creamery butter (by \$12.4 million), casein (by \$11.9 million), chocolate and other products containing cocoa (by \$7.9 million), etc.,” Deputy Minister of Agrarian Policy and Food for European Integration Olha Trofimtseva was quoted as saying.

The top five countries that bought Ukrainian agricultural products in the EU for the period under review were the Netherlands (18.4%), Spain (14.4%), Poland (13.3%), Italy (11.8%), and Germany (10.3%), she said.

Ukrainian agrarian exports to the EU countries for the entire 2016 amounted to \$4.2 billion, she added.

As reported with reference to the Ministry of Agrarian Policy, shipments of Ukrainian agrarian products abroad in January-November 2017 grew by 19% compared to the same period in 2016, to \$16.4 billion.

## Milk Alliance enters UAE, US markets



Milk Alliance in the end of 2017 carried out the first deliveries of cheese to the United Arab Emirates and the United States of America, according to the group's website.

"Processed cheese were shipped under the Family Harvest trademark to the UAE in November 2017. And on the eve of the new year we exported Provvollone and Provvollone Smoked soft cheese. Negotiations on the supply of our products to the Arab countries had lasted about nine months. And we have already signed a long-term contract. In future we plan to expand the range of products for exports and look forward to continued and fruitful cooperation," Milk Alliance Commercial Director Viktoriya Predborska said.

**Kyiv International Economic Forum – KIEF** – is a new major international conference focused on the future of economic development. Held annually in Kyiv, it is not just an event about or for Ukraine, but an innovative forum that covers the global agenda. KIEF has been envisioned to become a leading discussion platform at an intersection of civilizations based in the capital of the biggest country in Europe.

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

**Forum Organizing Committee:**

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