



UKRAINE OPEN FOR BUSINESS

Biweekly news digest

2 March 2018

European commission approves new program of financial aid to Ukraine



The European Commission (EC) has approved a new program of macro-financial assistance to Ukraine, Ukrainian Finance Minister Oleksandr Danyliuk has said.

"I welcome the decision by the European Commission to approve a new program of macro-financial assistance to Ukraine. This is an important step for supporting reform in the country and ensuring financial stability," he wrote on his Facebook page.

A source familiar with Ukraine's negotiations with the EU told the Interfax-Ukraine news agency that the volume of the new program was EUR 1 billion.

As reported, Ukrainian President Petro Poroshenko said in November 2017 that agreement had been reached on a new program of macro-financial assistance from the EU to Ukraine for 2018-2019.

Earlier, the Finance Ministry estimated the volume of the new program at EUR 1.8 billion. This corresponds to the volume of macro-financial assistance of the EU approved in 2015, which expired in January 2018.

HEADLINES



UKRAINE STARTS EXPORTING 357 NEW GOODS TO EU



CAPITAL INVESTMENTS IN UKRAINE 22% UP IN 2017



HORIZON CAPITAL WANTS TO INVEST \$200 MLN IN UKRAINE IN FIVE YEARS



IRISH ALTOSTRATA PLANS TO INVEST EUR 225 MLN IN CONSTRUCTION OF SOLAR POWER PLANT



SLOVAK COMPANY NAFTA INTENDS TO INVEST UP TO \$200 MLN IN DEVELOPMENT IN UKRAINE



AVERAGE COST OF LEASING FARMLAND IN 2017 24% UP

Ukraine starts exporting 357 new goods to European Union in 2017

The Ukrainian export of goods to the European Union increased by 357 new commodity items over the past year, and the number of exporting companies to the EU increased from 13,402 in 2016 to 14,136 at the end of 2017, Deputy Minister of Economic Development and Trade, Ukraine's Trade Representative Natalia Mykolska has said.



“Some 357 new commodity items appeared in exports of goods to the EU in 2017. And this is an additional \$90 million. Many of the products that earlier entered the EU market showed growth,” she said.

The highest growth rates were demonstrated by artificial fabrics, apricots and cherry, milk and condensed cream, fructose, among machine building products – projectors and spare parts for them, electric kettles.

“At the same time, the EU is the main market for 460 commodity positions, i.e. we export 100% of these goods there,” the expert said.

Capital investments in Ukraine 22% up in 2017



Capital investments in Ukraine in 2017 grew by 22.1% against 18% in 2016, the State Statistics Service has reported. According to the service, over the past year UAH 412.8 billion of capital investments (excluding the temporarily occupied territory of Crimea, Sevastopol and part of the ATO zone) were used.

In the regional context, the largest increase in capital investments in 2017 compared to 2016 was recorded in Kherson (50.7%), Zaporizhia (47.4%), Donetsk (44.5%), Ternopil (42.3%), Vinnytsia (40%), Chernihiv (34.8%), Rivne (34.6%), Poltava (33.8%), Zakarpattia (32.4%), Ivano-Frankivsk (32.1%), Dnipropetrovsk (28.9%), Odesa (28.8%), Lviv regions (26%) and Kyiv (21.4%).

According to statistics, capital investments in 2017 decreased in Kyiv region (by 5.9%).

In the sectoral context, the largest growth of capital investments last year was recorded in health care (by 89.5%), education (by 68.4%), in the sphere of art, sports and entertainment (by 65.9%), in state administration, defense and compulsory social insurance (by 44.9%), at the enterprises of transport, storage facilities, in postal and courier activities (by 42.2%), advertising activities and market research (by 35.5%), professional, scientific and technical activities (by 32.4%), in agriculture, forestry and fishery (by 31.2%), industry (by 23.4%), in the field of administrative and supplementary services (by 18.7%), wholesale and retail trade, repair of motor vehicles and motorcycles (by 13%), and construction (by 10.5%).

Inflationary expectations of Ukrainians improve in January – GfK Ukraine



The inflationary expectations of Ukrainians in January 2018 improved by 5 points after a negative trend in December 2017 and reached 185.3 (on the scale of 0 to 200), while in general the consumer confidence index in January decreased by 0.8 points compared to the indicator a month earlier and rose by 5.8 points in annual terms, to 59.5.

“In January 2018 the consumer confidence index remained almost unchanged compared to December 2017. On the one hand, one can indicate the improvement of estimates of the current personal financial standing. From the other hand, the expectations of the country’s economic development over the next year continue to deteriorate for the second month in a row,” according to a monthly survey of GfK Ukraine.

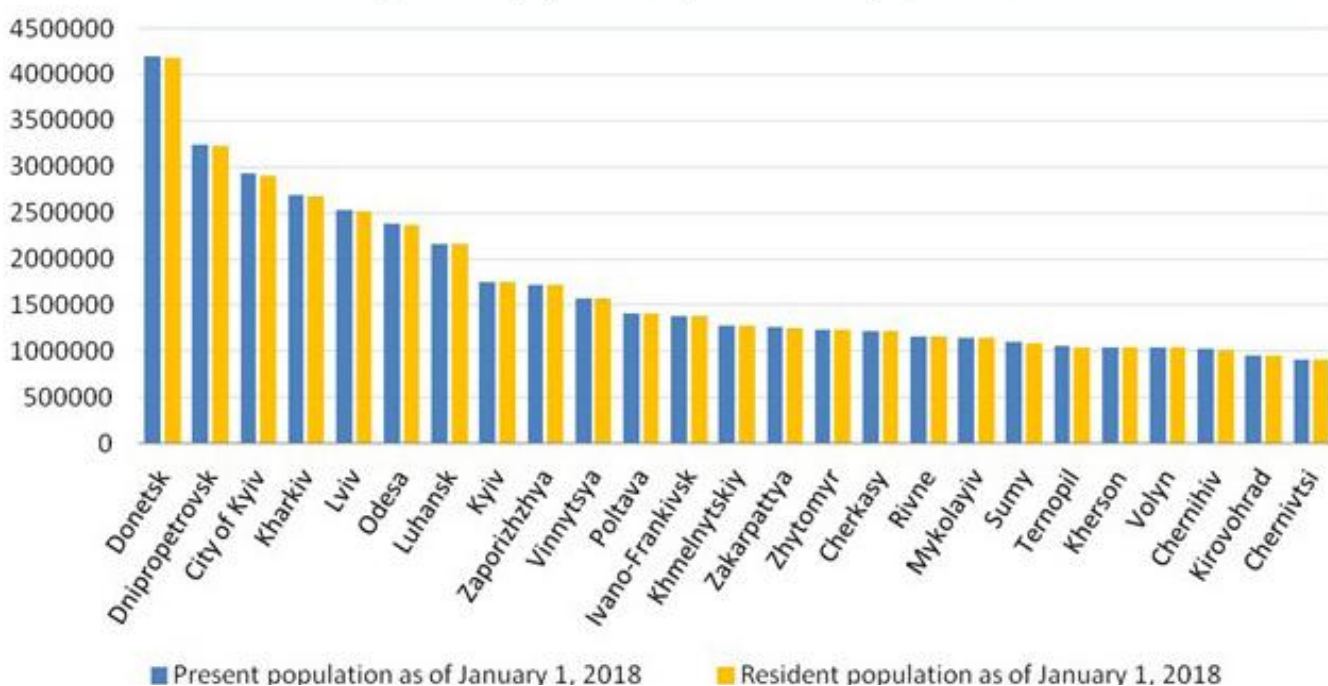
The index of expectations of the country’s economic development over the next year declined by 4.5 points, to 54.5, while that for the next five years decreased by 0.9 points, to 70.6. At the same time, Ukrainians were optimistic about the expected changes in personal financial standing: the index rose by 1.6 points, to 57.5, the research says.

Ukrainian population as of January 1, 2018 by regions

*Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, and the city of Sevastopol. The number of population (estimation) is calculated according to the available administrative data on the official birth and death registration including changes in registration of the residence. Data can be revised.

SSC of Ukraine

Population (by estimate) as of January 1, 2018.



Horizon Capital wants to invest \$200 mln in Ukraine in five years



Horizon Capital, an asset management company, that invested over \$500 million via private equity funds, plans to invest \$100-200 million more in the country in the coming five years, Horizon Capital founder and CEO Lenna Koszarny has said.

"We continue investing after this difficult 2013-2014 period – more than \$50 million over this period. Our plans for the next five years are to invest another \$100-200 million. Now we see many opportunities," she said in an interview with the Business weekly. According to her, at present the company is discussing the possibilities of entering into the charter capital with more than 30 companies, trying to find "founders-visionaries".

Koszarny said that the offer of lending to Ukrainian business has recently increased. It must be supplemented with foreign direct investment (FDI), and its volume today is only \$1-1.5 billion per year.

"For five years, I would like to see investments at \$6-7 billion annually: from America, Europe, but also from the Middle East, Asia, India and China," the Horizon Capital CEO said.

According to Koszarny, the IT industry can be the driver of export for Ukraine due to the switch from the model of export of raw materials to the model of export of goods and services with high added value.

International reserves increases up to \$18.5 bln in February

Ukraine's international reserves increased to \$18.5 billion by the end of February from \$18.443 billion at the beginning of the month, Oleh Churiy, the deputy head of the National Bank of Ukraine (NBU), has said.

"Today the reserves are approximately \$18.5 billion, taking into account those interventions to buy foreign currency, which the NBU conducts almost daily," he said during a monetary briefing.

Acting Head of the National Bank Yakiv Smolii, in turn, noted the victory of Naftogaz Ukrainy in Stockholm arbitration is although a positive factor for the dynamics of the country's forex reserves, but the main source of their replenishment is cooperation with the International Monetary Fund (IMF) and other financial organizations.

"We cannot now say how Naftogaz will use the funds it has not yet received but only won in court. Therefore the continuation of cooperation with the IMF and obtaining next tranches is a prerequisite for replenishing foreign exchange reserves," he said.

Business Partner Compliance Check

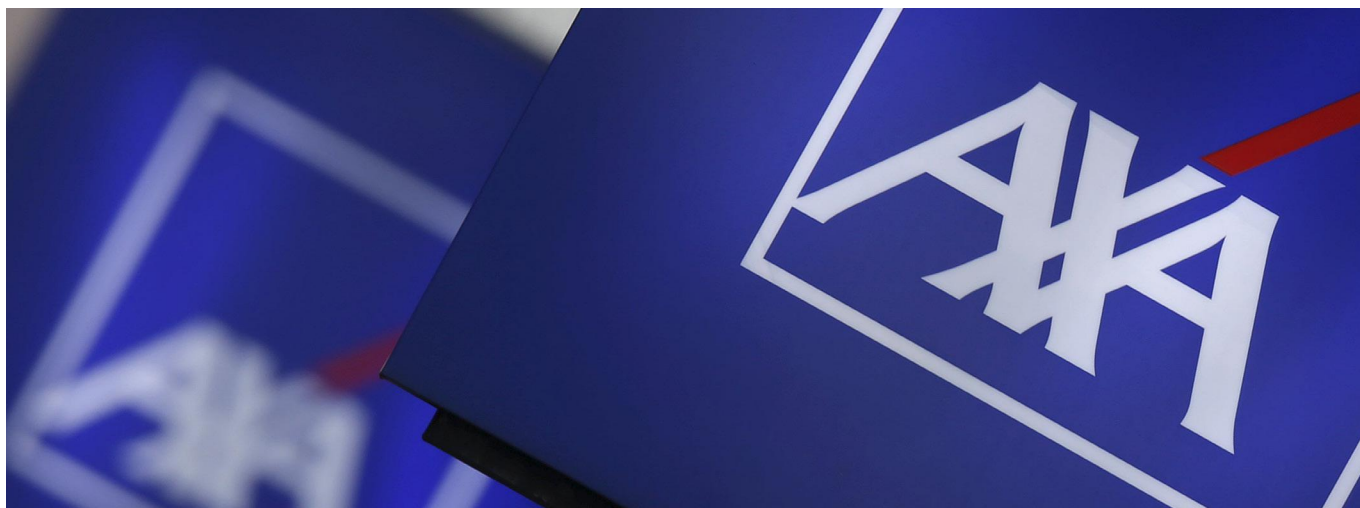
Apply to the only
authorized partner of
D&B

+38 (067) 232-00-42

urakin@interfax.kiev.ua

Make your business safe!

AXA Increases premium collection by 20% in Ukraine in 2017



AXA Insurance (Kyiv) in 2017 collected UAH 1.679 billion of insurance premiums, which is 20% more than a year earlier, while the company's net profit under international standards increased by 2.3 times, to UAH 57 million, according to a press release from the insurer.

It is also noted that the net financial result for the previous year under national standards amounted to UAH 127.6 million. This result is the reflection of a one-time effect of transition to international accounting standards by changing the reserve methodology. The net effect of this transition was UAH 198.2 million. Such a one-time change will allow from 2018 to harmonize the national financial reporting with the international accounting standards as best as possible, the press release says.

"Again our company demonstrates a significant increase in profits and insurance premiums, while maintaining a high level of Customer Satisfaction. We continue to invest in innovative products and services for our customers, as well as in personnel," AXA Insurance Board Chairman Philippe Wautelet said.

The company reports that KASKO accounts for 60% of its insurance portfolio. In 2017, a record volume of premiums for the amount of UAH 1.007 billion was raised, which is 17% more than a year ago.

Polish construction company Mirbud enters Ukrainian market

Poland's Mirbud S.A., a construction company, has officially registered Mirbud LLC with the head office in Kyiv and plans to step up engineering and road construction in Ukraine. "The big challenge for the group will be the launch of activities in Ukraine. I hope that the work of the team responsible for business development in the eastern markets in the coming years will bring an effect in the form of won tenders," Mirbud S.A. President and majority shareholder Jerzy Mirgos said on the official website of the company.

According to the ProZorro e-procurement system, Mirbud S.A. in 2017 took part in three tenders for a total amount of EUR 24.25 million for the projects of construction and reconstruction of the Ukrainian border infrastructure. "We see here a great potential for our activities in the field of engineering and road construction and construction of buildings in connection with the plans of the Ukrainian government to increase financing for reconstruction and construction of roads and receiving funds from international financial institutions for investment in the development of transport infrastructure," Mirgos said.

The head office of the company is located in Kyiv's IQ Business Center at 13-15, Bolsunovska Street. The only participant of the LLC is JSC Mirbud (Skierniewice, Poland).

Mirbud S.A. works in the Polish market, mainly as a general contractor in all construction segments.

Credit Agricole Bank posts 37% profit rise in Ukraine

Credit Agricole Bank (Kyiv) saw a 37% rise in profit in 2017, to UAH 1.11 billion, the bank has said in a press release.

“For Credit Agricole Bank, this was a successful financial year with a record net profit of UAH 1.11 billion. Along with this remarkable financial result, I would like to emphasize the increase in the bank’s contribution to the economy of Ukraine, which was made possible by increasing the bank’s loan portfolio by 25% in 2017 after growth of 12% in 2016. This positive trend creates the prerequisites for an increase in the bank’s net income in 2018,” the press service of Credit Agricole Bank said, citing CFO Regis Lefevre.

According to the report, the growth of the bank’s profit was achieved due to diversification of the main sources of the bank’s revenues and a decrease in the cost of risk.

Net income of the bank decreased by UAH 86 million or 3% in 2017 compared to 2016, to UAH 2.791 billion thanks to the reduction in currency spreads and the number of currency forward contracts with customers. The decrease in net income of the bank was compensated mainly due to an improvement in the cost of risk, which fell by 68%, or UAH 594 million compared to 2016 and amounted to minus UAH 275 million, the bank said.

Credit Agricole Bank was founded in 1993. Credit Agricole S.A. on January 1, 2017 owned a 99.9961% stake in PJSC Credit Agricole Bank.

Black Sea Trade and Development Bank issues EUR15 mln for building Radisson Blu Hotel in Odesa



Black Sea Trade and Development Bank on January 4, 2018 issued EUR15.4 million to Mega Comfort Development (Odesa) for the construction of a four-star Radisson Blu hotel in Odesa with a total value of EUR43.9 million.



“The project will contribute to the development of tourist infrastructure in one of the main Ukrainian cities. This will facilitate both domestic and international tourism, including by visitors from the Black Sea region, namely Russia, Greece, Turkey, and Moldova,” the official website of the bank reads.

It is expected that within the project implementation a high-quality business conference center, as well as more than 700 workplaces will be created.

As reported, with reference to the director general of the project developer Double W, Volodymyr Horaschenko, the construction of the Radisson Blu hotel in Odesa according to the international standards of “green” LEED certification should start in the first quarter of 2018. The hotel will be built on the site of the Seamen’s Palace in Prymorsky Boulevard in the eponymous district of Odesa, the operator will be the international network Rezidor Hotel Group.

Ukrenergo, Slovak operator SEPS agree on final request for reconstruction of power grid



Ukrenergo and SEPS, the operator of the Slovak power transportation system, have agreed on the final configuration of the request for the reconstruction of the 400 kV Mukachevo-Velke Kapusany power grid, the press service of the state enterprise has said. According to its data, during a meeting in Bratislava at the end of February the parties discussed the implementation of a common network research within the framework of this project and potential technical solutions for the reconstruction of the transmission line. The meeting was held with the participation of the Energy Community Secretariat.

"After the meeting, a protocol was signed containing a specific list of further steps and obligations of the parties with the relevant deadlines for the implementation of network settlements. The results of calculations are expected in August this year, namely the modernization of the old line or the construction of a new one," the report said.

Ukrenergo noted this project is a candidate for the "projects of mutual interest" (PMI), the list of which will be approved by the Council of Ministers of the Energy Community in autumn 2018. Following the meeting, the parties agreed on the configuration of an application for obtaining the status of PMI.

KAN Development wants to invest \$400 mln in residential area in Kyiv

KAN Development LLC (Kyiv) plans to invest some \$400 million in construction of the Respublika residential complex near the eponymous shopping and leisure center at 1, Kiltseva road in Kyiv. "Let's calculate: if you take 800,000 square meters, then the amount of investment will be about \$400 million. Of course, we will invest a part of this amount at the expense of attracted investors' funds," Honorary President of KAN Development Ihor Nikonov said during the presentation of the Respublika residential area.

According to him, first of all the project will include four houses, a public center and a kindergarten. It is planned to commission it in one and a half years. All the first floors will be given to the service sector.

In general, the Respublika multifunctional complex, including a residential part and an unfinished shopping and entertainment center, will be located on 100 hectares. According to Nikonov, the first part of the Respublika residential area project envisages the construction of 250,000 square meters of housing on 22 hectares during five or six years, then the rest of the land will be designed for new housing.

Ukrzaliznytsia together with Maersk and TIS open route for container train

The joint project of PJSC Ukrzaliznytsia represented by the branch Lisky, Maersk Line and TIS LLC (Odesa region) – a container train that runs from the Kyiv-Lisky station to the Chornomorska station (TIS) at Yuzhny port – was launched on January 31.

According to an Interfax-Ukraine correspondent, Ukrzaliznytsia Acting Chairman Yevhen Kravtsov, State Secretary of the Infrastructure Ministry of Ukraine Andriy Haluschak, TIS co-owner and Director General Andriy Stavnitser, Maersk Ukraine LTD Director General Roman Koloyanov, Director of the Lisky branch Ruslan Husak and Deputy Head of the Kyiv customs service of the State Fiscal Service Irakli Katamadze took part in the event on the occasion of the train departure.

Project of high-speed trains going Boryspil airport to be completed in 2018



The Ukrainian government seeks to finish the implementation of a project on the high-speed train communication with the Boryspil international airport (Kyiv) in December 2018, Ukrainian Prime Minister Volodymyr Groysman wrote on his Twitter page on Friday. "It will be possible to get to the airport or to the city in 35 minutes," he wrote.

The construction of a railway communication between Kyiv city and the airport should begin no later than June 1, the prime minister said. According to the project of Ukrzaliznytsia, which was supported by the Cabinet of Ministers, the train line is planned to be laid from the Kyiv-Pasazhyrsky station through the Vydubychi station to terminal D of the Boryspil airport, according to the government's website.

"In fact, only 4 km of the road is needed to be completed," the press service of the government said.

According to the report, 11 PESA 620m trains with 91 seats, two PESA 630m trains with 192 seats, which will transport at least 2.67 million passengers per year, are planned to be used on the line.

European Union will sign agreement on issue of EUR 50 mln for Ukrainain Energy Efficiency Fund

The European Union in March of this year will sign a technical agreement with Ukraine on the issue of EUR 50 million to the Energy Efficiency Fund, European Commission Deputy Director General for Neighborhood Policy and Enlargement Katarina Mathernova has said.

"Today's adoption of a number of important documents on the Energy Efficiency Fund will provide an opportunity to sign an agreement on the fund's financing for EUR 50 million, and this amount will be used for the fund itself and provision of technical assistance within five years," she said.

"The EU is ready to issue the second part of funding for the Energy Efficiency Fund in the amount of EUR 50 million. As soon as the fund starts working, the EU is ready to provide the second part of financing," the expert added.

Irish Altostrata plans to invest EUR 225 mln in construction of solar power plant in Ukraine (Dnipropetrovsk region)



Ireland's Altostrata seeks to invest EUR 225 million in construction of a solar power plant in Dnipropetrovsk region.

"To attract investments and provide comfortable conditions for business is the task set by President Petro Poroshenko. Alternative energy projects have "green light." Irish investors decided to invest in the construction of a solar power plant," Head of the Dnipropetrovsk Regional State Administration Valentyn Reznichenko said during the signing of a memorandum between the Regional Administration and Altostrata on Thursday.

The construction of a 250 MW power plant is planned for an area of 500 hectares near the village of Levadky in Pavlohrad district. The plant could be launched in two years. It is planned that the plant will transmit electricity to more than 40,000 homes and enterprises, which is comparable to electricity consumption by Pavlohrad.

"We have a great interest in cooperation with Ukraine. We are starting a partnership in Dnipropetrovsk region. We have found support in the Investment and Innovation Center at the Dnipropetrovsk Regional Administration. An effective system has been created that stimulates investment," Altostrata Director Torsten Merkel said, adding that the investor promises to create almost 450 new jobs.

Deputy Head of the Dnipropetrovsk Regional Administration Oleh Kuzhman said that recently several investment projects in the sphere of alternative energy have been implemented in the region. In particular, solar power plants are already operating in Pidhorodne and Nikopol. The Irish company Altostrata is engaged in Clean Technology.

Launch of new Beskydsky tunnel in Ukraine will remove problems of cargo transportation to Slovakia and Hungary

The commissioning of the new dual-track Beskydsky Tunnel in Lviv region will remove the existing problems and eliminate "bottlenecks of cargo traffic to Slovakia and Hungary, Acting Chairman of PJSC Ukrzaliznytsia Yevhen Kravtsov has told journalists during an inspection trip to Beskydsky Tunnel.

"If to look at history, this project or, more precisely, the need to build the second tunnel, was caused by an objective necessity, since the old tunnel was built more than 100 years ago, is at the final stage of its operation and requires conservation as soon as possible. And if we leave everything as it is, freight traffic in the direction of Hungary and Slovakia would be extremely complicated. Therefore the tunnel is an objective necessity to ensure freight traffic," he said.

In addition, according to Kravtsov, the tunnel significantly increases the throughput capacity in this area, as today 47 pairs of trains pass the tunnel, and the new one will accept 100 pairs or more.

Household appliances producer KTD Group will launch refrigerator plant in Ukraine

KTD Group, which produces household appliances in Ukraine under the trademarks of Saturn, ST and Laretti, intends in April-May 2018 to launch production of refrigerators with the plan to bring it to about 300,000 units, director of the Ukrainian Association of Electrical Goods Manufacturers Oleh Ivanenko has said.

"The timing of launch is slightly shifted (it was planned to open the plant in January-February of this year), but this is due to the need to completely resolve all emerging technical issues, especially in so complicated production. Now the equipment is being debugged, in any case everything will be brought to the end. It is planned to invite the president of Ukraine to the opening," he told Interfax-Ukraine.

As reported, it was initially planned to open the plant in the summer of 2017, but President of KTD Group Oleksandr Hromyko explained the shift in terms to the beginning of 2018 by the need to change the project taking into account energy saving technologies, since it is planned to produce energy saving refrigerators of A++ and A+++ classes.

KTD Group has been operating in the household appliances market for 20 years. It is a large supplier of household appliances of different brands in the European market. Some of the products are manufactured in factories in China, Turkey and Taiwan.

Kremenchuk Road Machinery Plant delivers asphalt mixing plant to Kazakhstan



PJSC Kremenchuk Road Machinery Plant (Kredmash, Poltava region), in February delivered a KDM 20667 asphalt mixing plant to KAZPACO (Kazakhstan), according to the company's website.



"This is the second plant from a new model range certified in accordance with EU rules delivered to Kazakhstan," the report says.

The equipment was delivered with the assistance of the official representative of the plant Kredmash Asia. The plant's capacity is 160 tonnes per hour, the volume of the mixer is 2,200 kg, the number of containers is 3×30 cubic meters.

"The plant has all the characteristics of current equipment concepts for large cities and highways," the report says.

Kredmash specializes in the development and manufacture of asphalt mixing plants, spare parts for construction and road machinery, road tankers, auto-bitumen trucks, cast iron and steel castings, consumer goods.

KAZPACO, part of BI-GROUP, a large construction holding of Kazakhstan, specializes in building highways, industrial and civil construction.

Kyivstar seeks to buy two out of three additional lots at 4G auction for 1800 MHz spectrum



The leading Ukrainian mobile communications operator Kyivstar plans to buy two out of three additional lots at the 4G auction for the 1800 MHz frequencies spectrum, Kyivstar President Peter Chernyshov has said.

"We plan to buy two out of three lots 5 MHz each. We have enough money for this," he said at a press conference in Kyiv.

Chernyshov also said that the tender for issuing 4G licenses for the 1800 MHz spectrum is expected to take place on March 6.

As reported, in December 2017, the National Commission for Communications and Informatization Regulation (NCCR) officially published an announcement about a tender to sell radio frequency licenses to introduce radio technology "International Mobile Telecommunications IMT" (4G, LTE, or Long Term Evolution) in the radio frequency bands 1710-1785 MHz, 1805-1880 MHz.

The tender is conducted consistently on six lots in the following order of radio frequency bands in all regions of Ukraine: lot No. 1 with 1710-1725/1805-1820 MHz, lot No. 2 with 1725-1750/1820-1845 MHz, lot No. 3 with 1750-1770/1845-1865 MHz, lot No. 4 with 1770-1775/1865-1870 MHz, lot No. 5 with 1780-1785/1875-1880 MHz, and lot No. 6 with 775-1780/1870-1875 MHz.

Slovak company Nafta intends to invest up to \$200 MLN in development in Ukraine

The Slovak company Nafta intends to take part in the development of Yuzivska deposit (Kharkiv and Donetsk regions), the press service of the Association of Gas Producers of Ukraine has said, with reference to the head of the Nafta exploration and production department, Jozef Levoca.

"The representatives of Nafta [at a meeting with the association] told about their plans to participate in the project on implementing the production sharing agreement and readiness to drill at least 15 new wells on Yuzivska site and invest up to \$200 million in exploration in the first five years," the association said.

As reported, the leading Slovak oil and gas company Nafta and Cub Energy (the United States) intend to drill their first well on Uzhgorod gas deposit in 2018. Nafta acquired 50% in Uzhgorod gas area from Cub Energy in summer 2016.

Business Partner Compliance Check

Apply to the only authorized partner of **D&B**

+38 (067) 232-00-42

urakin@interfax.kiev.ua

Make your business safe!

Ukraine International Airlines seeks to double fleet in four years



Ukraine International Airlines (UIA, Kyiv), a leading airline of the country, seeks to double passenger transportation in four years, reaching 13.3 million people in 2021, Head of the UIA Supervisory Board Aron Mayberg said at a press conference at the Boryspil international airport.

According to him, the share of transit passengers for this period is planned to increase by 16 percentage points, to 60.4%.

In general, if according to the airline in 2017 its passenger transportation amounted to 6.9 million people, the planned figure for 2018 is 8.2 million people, 2019 – 9.9 million, 2020 – 11.4 million.

The share of transit in 2017 was 52%, and in 2018 is planned to have it at 54.4%, 2019 – 56.9% and 2020 – 59.2%.

The increase in passenger traffic proportionally requires expansion of the fleet, which the airline intends to increase by 90% over four years – from 34 aircraft in 2017 to 74 in 2021. In 2018, the planned fleet of UIA will be 46 aircraft, in 2019 – 56 and in 2020 – 64.

Astarta will enlarge sugar storage capacity by 60,000 tonnes

Astarta plans to build and put into operation a storage facility of 60,000 tonnes at Narkevychy sugar factory in Khmelnytsky region by 2020, the company's press service has reported.

According to its information, in 2017 the holding also began the development of a water treatment plant project in the Globino industrial cluster of the company, which includes sugar and soybean processing plants, as well as a bioenergy complex.



“Globino is an industrially active region of Ukraine, where a significant number of manufacturing enterprises are located, and the amount of natural resources is limited. Therefore there appeared an idea to create a full-fledged sewage treatment plant under international standards,” the press service said.

The implementation of the project will allow to halve the use of surface water, reuse part of the purified water in a closed production cycle of these enterprises, and meet international environmental requirements.

U.S. Orbis Asset Management will issue \$30 mln for lending to farmers



The American asset management company Orbis Asset Management intends to invest more than \$30 million in Imperiya-Agro, the manufacturer and distributor of agricultural products operating in the Ukrainian market.

According to Imperiya-Agro, the funds will be used to expand lending packages for agricultural enterprises, the company's clients in Ukraine.



“We are waiting for the beginning of cooperation. In the years to come, together with Orbis Asset Management, we intend to create a national leader in lending and financial services for small and medium-sized farmers in Ukraine,” Imperiya-Agro CEO and founder Yuriy Otsabryk said.

“We believe that Ukraine today is the most attractive market for investment in the agricultural sector and will try to capitalize the expertise and experience of Imperiya-Agro as a platform with a focus on the needs of small farms in the country,” Orbis Asset Management CEO Vincent Ordonneau said.

Orbis Asset Management offers alternative solutions in asset management, deals with short-term loans in the field of real estate, real estate rights, aircraft engine leasing, carbon emission quotas, venture capital, corporate financing and crypto currencies. It is headquartered in San Francisco and has offices in New York, Paris and Hong Kong.

HarvEast Agroholding to invest \$4 mln in seed plant

HarvEast agroholding plans to invest around \$4 million in a seed plant in Donetsk region, Director General of the holding Dmytro Skorniakov has said.



“Near \$3 million will be needed for launching, another \$1 million for infrastructure,” he said during the signing of cooperation agreements with the seed company Maisadour in Kyiv.

According to HarvEast, the plant will be launched in August 2018. Its capacity will be 8 tonnes per hour. The enterprise will focus on the production of sunflower, beans (peas, lentils) and cereals (wheat, barley).

In addition, according to Skorniakov, HarvEast intends to invest almost \$6 million in irrigation in the coming years, adding that the area under irrigation for growing seeds is planned to expand to 2,500 hectares.

Shareholders in HarvEast Holding are SCM and Smart-holding Group.

Polish egg producers alarmed with Ukrainian Avangard's arrival to European market

Polish egg producers believe that the arrival of the Avangard agroholding, a large egg producer in Ukraine, to the European market would result in growth of competition and "serious consequences" for Polish egg exporters. "The decision of the European Commission will have very serious consequences for Polish egg producers. Expansion of export competition and a significant deterioration in the profitability of egg exports from Poland should be expected," the National Chamber of Poultry and Fodder Producers (KIPDiP) said.

They said that Avangard has long ago focused on the recovery of exports to the European Union, seeking a "cure" to reduce the dependence on sales in the MENA markets as its main export market.

KIPDiP said that in recent years, the company's sales to the countries of the region have deteriorated due to the unfavorable geopolitical situation there. The Polish Chamber said that that the first plant that was placed on the list of European Commission enterprises admitted to import Class A food eggs into the EU market was the Yasensvit plant from the Ovostar Union. The permit for Yasensvit is effective from September 12, 2017, and in October the Ukrainian company started selling eggs to the EU.

The Chamber said that imports of eggs and processed products from Ukraine are steadily growing : in 2014, Ukraine's share of EU imports was 4%, and in 2016 – already 50%.

As reported, Ukraine's largest producer of eggs Avangard agricultural holding, controlled by Ukrlandfarming, whose shares are traded on the London Stock Exchange, in October 2015 completed the restructuring of eurobonds for \$200 million. Previously American Cargill has withdrawn from among the shareholders of Ukrainian-based UkrLandFarming (ULF) agrarian holding, according to a ULF financial report for 2016. Cargill's subsidiary, Cargill Financial Services International Inc. by the end of 2015, had held 1,668,749 ULF shares, or 5% of the total number. By the end of 2016, the number of shares owned by Avonex Limited had not changed, whereas the package held by Cargill was transferred to Cyprus-based Quickcom Limited's ownership. The report says that the sole owner of Avonex Limited and Quickcom Limited is Oleh Bakhmatiuk. Cargill acquired a 5% stake in ULF early in 2014 for \$200 million. Based on the sum of the deal, the total value of the holding was assessed at \$4 billion.

87% of winter crops in Ukraine in good/fair condition



Almost 6.3 million hectares (87%) of areas planted with winter grain crops are in good and fair condition, First Deputy Minister of Agrarian Policy and Food of Ukraine Maksym Martyniuk has written on his Facebook page. According to the report, as of middle of February crops on 971,000 hectares (13%) out of 7.3 million hectares areas planted with winter crops and sprouted are in poor and very poor condition.

The deputy minister said that winter rapeseeds sprouts are seen on 99% out 1 million hectares planted with rapeseeds, including crops in good and fair condition on 884,600 hectares (89%) and crops in poor and very poor condition on 110,000 hectares (11%).

"The further condition of the crops will depend on the weather, but we can give a preliminary cautious forecast that the wintering was successful without significant losses," Martyniuk wrote. He said that, according to preliminary data from the regions, the crop area for the harvest of 2018 is comparable to last year and is expected to be within 27.2 million hectares.

Average cost of leasing farmland in 2017 24% up



Average cost of leasing farmland in state ownership transferred to leasing at auctions as of January 1, 2018 totaled UAH 2,793 per ha, which is 24.2% more than a year ago. According to a posting on the website of the State Service for Geodesy, Cartography and Cadastre, the cost of leasing last year UAH 2,249.80 per ha.

"The possibility of land transfer without holding auctions was blocked, and land auctions turned into a highly competitive tool that ensured the average rental rate of state-owned land for the past year at the level of 14.74%," First Deputy Minister of Agrarian Policy and Food of Ukraine Maksym Martyniuk said.

He also recalled that in 2017, the state for the first time determined the basic principles of land management by adopting the appropriate strategy and fixing the least permissible leasing parameters (up to seven years and no less than 8% of the standard pecuniary value).

The average cost of leasing farmland in private property last year was at the level of UAH 1,400 per ha, which is 25% higher than the indicator of 2016 (UAH 1,090 per ha). The highest rents for land parcels were recorded in Cherkasy (UAH 2,960 per ha), Poltava (UAH 2,500 per ha), Kharkiv (UAH 2,100 per ha) and Sumy (UAH 2,100 per ha) regions. At the same time in Zakaarpattia region the rent amounted to UAH 718.90 per ha, Zaporizhia – UAH 794.70 per ha, Mykolaiv – UAH 825.80 per ha and Kherson – UAH 842.30 per ha.

The total area of this type of farmland leased out under contracts amounted to 16.9 million hectares.

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:

info@forumkyiv.org or **+38 (044) 496 30 36**

www.forumkyiv.org

www.facebook.com/kyiveconomicforum

The **Interfax-Ukraine News Agency** has been working on the Ukrainian market for political and economic information since 1992. Currently, the agency offers over 50 economic, financial and political information products in four languages – Ukrainian, Russian, English and German.

According to the GfK-Ukraine International research company, Interfax-Ukraine is the leader in all of the key operational indicators among the news agencies in Ukraine.

Maksim Urakin is a project director of the Biweekly news digest of KIEF.

urakin@interfax.kiev.ua or **+38(044) 270 65 74**

www.interfax.com.ua

SUBSCRIBE FOR UPDATES

