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 Kyiv International
Economic Forum

 **УНТЕРФАКС**
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Kyiv International Economic Forum “Ukraine and the World in the New Economic Reality”



We are very honored to invite you to the Kyiv International Economic Forum, a major international conference focused on the future of economic development. It will take place on October 5-6 in Kyiv (Ukraine), under the patronage and with participation of the Prime Minister of Ukraine Volodymyr Groysman.

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.

KIEF 2017 "Ukraine and the World in the New Economic Reality" will be dedicated to the main challenges of the 21st century with focus on the 4th Industrial Revolution, digital and sharing economy, the new age in education and leadership, and sustainable and inclusive economic development.

Each year KIEF gains more and more recognition from the international community, and this year it is expected to congregate over 1,500 participants from business and politics, leading economic experts, social and opinion leaders from Europe, CIS, Asia, Middle East and North America. Over 100 outstanding speakers from more than 20 countries will gather to share their vision of substantial changes needed to enable new approaches to the global economic development.

To find out more about KIEF 2017, program and speakers and to participate in the event please visit and register at www.forumkyiv.org. Also, a short video report about KIEF 2016 is available online

If you have any questions do not hesitate to contact KIEF Organizing Committee: info@forumkyiv.org, +380 44 496 30 38

We look forward to welcoming you at the KIEF 2017!

World bank, Finance Ministry discuss review of project portfolio in Ukraine

Finance Minister of Ukraine Oleksandr Danyliuk has met with representatives of the World Bank to discuss the revision of the bank's portfolio in Ukraine.

According to a report on the ministry's website, the revision of the program portfolio allows to assess the status of the project implementation, after which further actions will be agreed upon.

Over the 25 years of Ukraine's membership in the World Bank, the organization has allocated \$11.905 billion to finance investment projects. The funds went to the institutional development of public authorities, support for certain areas and projects in priority areas, as well as to support reforms and balance the budget, the Finance Ministry said.

Constant and systematic review of the state of implementation of the projects contributes to their efficiency, the press release says.



Kyiv
International
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5-6 OCTOBER 2017
Kyiv, Ukraine. CEC Parkovy

**Ukraine and The World in
The New Economic Reality**

www.forumkyiv.org

Ukraine tops EMEA list for potential investment



Ukraine is one of the most attractive countries for potential investments among the fund managers investing in EMEA countries (the countries of Europe, the Middle East and Africa), the Institutional Investor edition has reported.

"Ukraine was number one with 32% of respondents prioritizing the country followed by Romania at 26%, Nigeria at 25%, and Kenya at 24%," reads a report on the website of the portal.

According to the survey, "investors who are most bullish on Ukraine are based in Russia and other countries in the CIS."

The report says the most attractive investment direction in Ukraine is the agricultural sector.

"Ukrainian agricultural companies have shown that they can cope with a challenging economic and political risk environment exceptionally well," lead portfolio manager of Union Investment Sergey Dergachev said.

The Institutional Investor research department surveyed 214 fund managers in 154 companies as to which country ranks first in their list for a visit in the next 12 months to study potential investments.

EU share of Ukraine's foreign trade reaches 40%

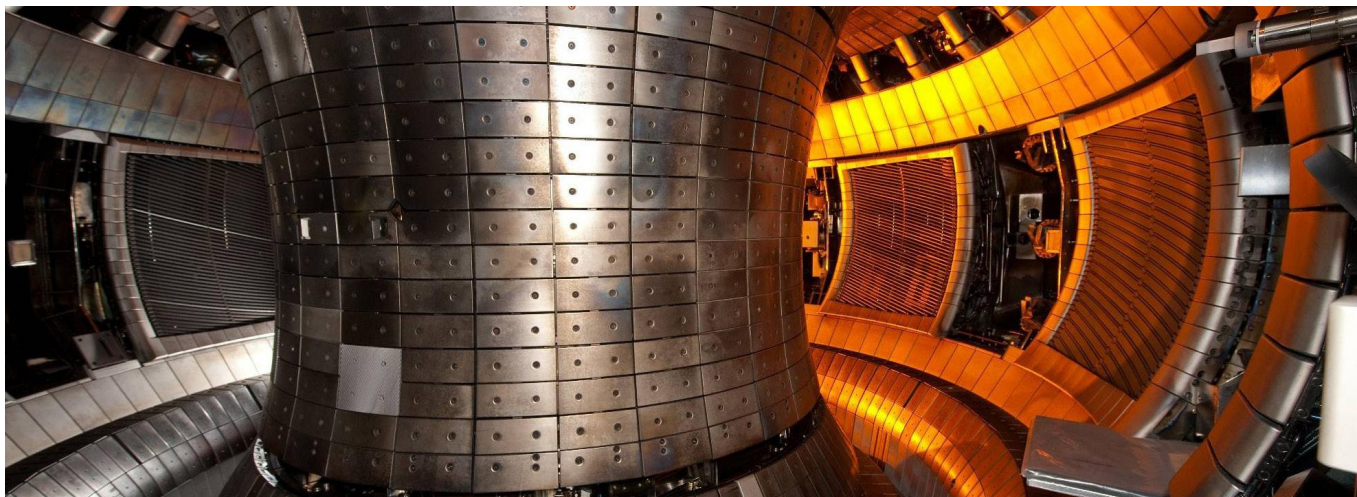
The share of the European Union (EU) of Ukraine's foreign trade has reached 40%, Ukrainian President Petro Poroshenko has said.

"Recently the [Ukraine-EU] Association Agreement took effect. Thanks to consent of the European Union the year before last to temporarily apply it we can enjoy the preliminary results as growth of our export to the European Union. In particular, in H1 2017, this export grew by 23%, and the EU's share of Ukraine's foreign trade has finally reached 40%," the president said delivering the annual message to the Verkhovna Rada on Thursday.

He also recalled that in 2012, the EU's share of Ukraine's foreign trade was 30%, and in 2009 – 25%.

"This is evidence of the start of the integration of the Ukrainian economy into the EU market," he said.

Holtec to start active phase of building small reactors SMR-160 in 2023 with possibility of localization in Ukraine



Holtec International (the United States) in 2023 will start the active phase of building small module reactors SMR-160, President of Ukrainian National Nuclear Generating Company Yuriy Nedashkovsky said at a ribbon-cutting ceremony for a new plant of the company in New Jersey (the United States).

According to a posting on the website of Energoatom, Nedashkovsky said that earlier President of Holtec International Chris Singh made a proposal to Ukrainian President Petro Poroshenko to create a hub in Ukraine to sell small module reactors to Europe, Asia and Africa with localization of production facilities and the large amount of equipment at Ukrainian enterprises.

Nedashkovsky said that Kharkiv-based Turboatom has turbines suiting SMR-160. There is a chance of attracting other Ukrainian enterprises to the project.

He said that the start of licensing of SMR-160 could start in 2018.

He said that SMR-160 reactors are rather cheap compared to more powerful reactors. They can be installed in small areas and do not require powerful lines. Nedashkovsky said that the need in SMR-160 after 2025 is estimated at \$1 trillion.

"These reactors have an increased level of safety due to the fact that they use passive safety systems: that is it has no pumping equipment, reinforcement and other things which require external power supply," the president of Energoatom said.

The plant, built by Holtec in New Jersey, is mainly focused on two spheres: production of container fleet for spent nuclear fuel, as well as vessels for small modular reactors of the SMR-160 project.

Ukrenergo starts working under FIDIC contracts to buy electric equipment, design projects



National energy company Ukrenergo starts working under the FIDIC Yellow book contracts, which take into account the specifics of national legislation and the specifics of each facility when using the multi-level financing system that will ensure high-tech level of works with observation of terms.

"Work under typical FIDIC contracts shows that our facilities will meet global quality standards from technological point of view. This is also one of the elements of the new investment policy of the company aimed at improving organization approaches to construction," the press service said, citing Director for Investment and Strategy Volodymyr Kudrytsky.

The Yellow book is contracts of the International Federation of Consulting Engineers (FIDIC) applied in international practice in supplies and assembly of electrical equipment, designing projects, construction and engineer works.

Ukrenergo operates trunk and interstate power transmission lines and provides centralized oversight of the integrated power grids. It is a state company run by the Energy and Coal Industry Ministry.

Ukrenergo signs agreement on financing consulting services on joint contracts with KfW

National energy company Ukrenergo and KfW (Germany) have signed an agreement on providing grants to finance consulting service in joint projects, the company's press service has reported.

The press service said that the grants are provided from the special fund of the Federal Ministry of Economic Cooperation and Development of Germany (BMZ) via KfW to finance advisors to be selected and contracted by Ukrenergo.

In particular, one of the agreements provides for financing of monitoring services for the implementation of the current project entitled "Reconstruction of Substations in Eastern Ukraine." The second agreement provides for the preparation and monitoring of the implementation of a new project entitled "Improving Energy Efficiency in Power Transmission (Reconstruction of Transformer Substations) II."

The agreements signed on September 6 provide for the selection one of the best European companies that will manage the implementation of projects on behalf of Ukrenergo at an open tender, in accordance with the criteria of KfW.



Westinghouse, Polenergia, EDF want to participate in Ukraine-EU energy bridge project

Westinghouse Electric Sweden AB, Polenergia International S.à.r.l. and EDF Trading Limited, a consortium of companies intends to participate in the project on establishing the Ukraine-EU Energy Bridge, the press service of Ukraine's Energy and Coal Industry Ministry has reported.



“The consortium consisting of Westinghouse, Polenergia and EDF has sent a concept note and the feasibility study for public private partnership in the project,” the ministry said.

The press service said that a working group for implementing the project, created under ministry order No. 660 dated October 17, 2016, has approved the conclusions after analyzing the efficiency of the implementation of the project and sent them to the Economic Development and Trade Ministry for approval. In addition, the profile section of the research and technical council of the Energy and Coal Industry Ministry endorsed the scheme for connecting reactor two of Khmelnytsky nuclear power plant (NPP) to the European power grid.

The Ukraine-EU Energy Bridge project envisages the organization of transmission from reactor two of Khmelnytsky NPP to the European power grid. The funds that will be received from exports of this

U.S. Greenbrier wants to order about 10,000 wagons in Ukraine with maximum localization of production



U.S.-based Greenbrier is interested in cooperation with the state-run Ukrainian railway operator, Ukrzaliznytsia, and is considering the possibility of building about 10,000 wagons in Ukraine with maximum localization of production.

This was discussed at a meeting of Ukraine's Infrastructure Ministry and Ukrzaliznytsia with representatives of Greenbrier in Kyiv on September 5.

Infrastructure Minister Volodymyr Omelyan noted that the arrival of strategic investors in Ukraine means a new quality of transport infrastructure and economic development, while his deputy Nadiya Kaznacheeva added that Greenbrier's entry into the Ukrainian market can be an important step for the development of rail transportation, and is also a powerful signal for other foreign investors.

In continuation of the negotiations, the parties agreed to move to more practical cooperation, namely, the development of a potential model of cooperation with the participation of Greenbrier, Ukrzaliznytsia and international financial institutions.

It was reported earlier that PJSC Ukrzaliznytsia intends to create a leasing company in conjunction with Amsted Rail and The Greenbrier Companies.

Greenbrier, in particular, develops, builds and sells freight cars in North America and Europe.

Energoatom to invest UAH 5.17 bln of EBRD, Euratom loan funds in improving security in 2018

State-owned enterprise Energoatom plans in 2018 to invest UAH 5.166 billion (excluding VAT) of credit funds from the European Bank for Reconstruction and Development (EBRD) and the European Atomic Energy Community (Euratom) in improving the safety of power units at nuclear power plants, which is 32.4% of the total investment program for 2018.

This is stated in the protocol of discussion of the investment program for 2018 posted on the company's website.

In general, the company plans to approve an investment program for the next year in the amount of UAH 15.952 billion, whose sources, in addition to the EBRD and Euratom, should be profit (UAH 8.915 billion) and depreciation charges (UAH 1.871 billion).

The key areas of the investment program are improving safety, reliability and efficiency, as well as extending the lifetime of power units (UAH 10.973 billion), new construction (UAH 3.364 billion), physical protection of nuclear facilities (UAH 330 million), and other capital investments (UAH 1.049 billion).

ULIE proposes creation of industry museum using loss-making coal mines as platform



The Ukrainian League of Industrialists and Entrepreneurs (ULIE) has proposed creating a museum of industry in Ukraine and to use loss-making coal mines in eastern and western Ukraine as sites for the project, including state-owned No. 1 Novovolynska mine.

ULIE's press release on Monday said the project is being lobbied actively by ULIE's Donetsk regional affiliate and has already received the support of Ukraine's Ministry of Energy and Coal Industry, as well as ULIE's board during a meeting on September 1. According to the plan, grants will be sought for the project from European donors. ULIE's press release says the museum was to be built as per a presidential decree in 2000, however the project was realized and needs to be re-launched.

"We have to show the past of industrialized Ukraine and the potential the country has. Success depends on the development of our technical, industrial and innovation capabilities. There is not one positive example of national development of a country with an economy based on raw materials," ULIE President Antaloly Kinakh said.

A roadmap for the project has been drafted, along with a plan to seek donors. ULIE proposes creating an organizing committee headed by a Ukrainian deputy prime minister, since some decisions will need to be taken by government.

A photo exhibition, dubbed "European footprint in the creation of Ukraine's industry," will be organized with the support of European Union embassies in Ukraine in order to drum up public and parliamentary support for the project. Additional funds will be sought for the project itself.

"We want to show that Donbas, despite the complicated situation in the region, has industrial potential and will develop it," ULIE Donetsk regional branch chief Viacheslav Redko said, adding that Ukraine's Energy and Coal Industry Ministry officials, regional officials, interested parties and industrialists would meet to discuss the project in the near future.

EBRD could arrange EUR 350 mln syndicated loan for ArcelorMittal Kryvyi Rih



The European Bank for Reconstruction and Development (EBRD) could arrange a long-term loan for ArcelorMittal Group in the amount of up to EUR 350 million to finance capital investments in ArcelorMittal Kryvyi Rih.

According to a bank report on its website, the EBRD board of directors plans to consider this issue on October 4 this year.



“The proposed facility will support part of a \$1.1 billion investment program by ArcelorMittal at its Ukrainian subsidiary ArcelorMittal Kryvyi Rih. The proceeds from the EBRD loan will be allocated towards capex focusing on improvement of competitiveness, energy efficiency and environmental performance,” reads a report on the EBRD website.

The EBRD specifies the borrower is ArcelorMittal S.A. holding company (Luxembourg), the world's largest integrated mining and metallurgical company with revenues of \$57 billion in 2016, which will then lend to PJSC ArcelorMittal Kryvyi Rih, in which it owns 95.13% of the shares.

According to the document, the borrower will receive a senior unsecured loan to in the amount of approximately EUR 350 million, of which EUR200 million will be provided by the EBRD and up to EUR 150 million will be syndicated to commercial lenders or risk participated through unfunded risk participations.

Govt approves bill introducing European standards for construction materials in Ukraine

The Cabinet of Ministers of Ukraine has approved a bill on the main requirements to structures and the conditions for the marketing of construction products.

The decision was made at a government meeting on Friday. Ukrainian Prime Minister Volodymyr Groysman read the document among those passed without discussion.

The bill sets the key requirements to structures and the construction materials technical approbation rules for marketing them, as well as to the entities that take part in the technical approbation and declaration in the construction sphere. The bill introduces a rule for determining the essential characteristics.

Czech company seeks to invest in Ukrainian road construction market



Arca Industry Ukraine, the subsidiary of Czech Arca Capital, has signed a trilateral memorandum with Ukrainian-Polish enterprise with foreign investment UPS (Dnipro) and Investment Service Ukraine (ISU).

According to their joint press release, the scope of the memorandum is consolidation of efforts aimed at uniting assets and facilities of 11 Ukraine construction companies on the basis of UPS and joint operations of the memo parties in construction of roads, highways and other infrastructure facilities all over Ukraine.

Czech investors have plans for next year. They want to build roads for EUR 150 million, increase the road construction machinery fleet by 100 units, employ 300 workers and modernize production facilities.

"We are interested in the start of durable and fruitful business relations with a group of Ukrainian enterprises, as we know that infrastructure development and new logistics opportunities is a top priority issue of the state. We are determined to invest into operations of the group of construction companies, Director Arca Industry Ukraine Pavol Krupa said.

He said that the audit has been started. It will last for three months with the involvement of international audit company Kreston GCG. The negotiations with the European Bank for Reconstruction and Development (EBRD) on the additional financing are being held. It is planned to have consultations and design proposals on joint implementation of cooperation.

"At the stage of cooperation with the Czech company, we plan to expand and acquire at least three mobile asphalt concrete plants. Our Czech partners are ready to share their experience and latest developments and technologies in the construction of roads, bridges and other complex engineering structures within our cooperation. We are also discussing the provision of the technological process with better environmental friendliness," a representative of UPS Taras Paliy said.

Groysman, OPIC CEO discuss investment in Ukraine

Prime Minister of Ukraine Volodymyr Groysman has met with newly appointed President and Chief Executive Officer of Overseas Private Investment Corporation (OPIC), the U.S. Government's development finance institution, Ray W. Washburne to discuss promising areas of investment cooperation between the countries.

"OPIC is interested in the implementation of several projects in Ukraine – the development of small and medium enterprises, cooperation with the state-owned energy holding Energoatom, the development of wind power in the southern regions, particularly in Zaporizhia, and the modernization of Ukrzaliznytsia's rolling stock. Now these projects are in the final stages of negotiations," Groysman wrote on Facebook on Wednesday night.

According to the premier, the volume of financing projects with Energoatom is at least \$250 million, and wind energy projects are estimated at about \$400 million.

He said that since 1995, when OPIC started its activity in Ukraine, 20 different projects have already been implemented. "I hope further cooperation will become even more productive," Groysman said.

As reported, Washburne is now in Ukraine and has already met with Finance Minister Oleksandr Danyliuk.

Economy Ministry to help pipe manufacturers to enter foreign markets



The Economic Development and Trade Ministry of Ukraine would help to receive access to foreign markets by Ukrainian pipe manufacturers, in particular, the markets of the Eurasian Economic Union (EAEU), especially Kazakhstan and Belarus.

The ministry said in a press release that the obstacles for supplies of Ukrainian pipes to foreign markets were discussed at a meeting of Deputy Minister of Economic Development and Trade, Ukraine's Trade Representative Natalia Mykolska with representatives of the pipe industry.

According to the release, the sides discussed exports of Ukrainian products, including the problems of getting access to foreign market for pipe products, in particular, the EAEU market. Ukrainian manufacturers expressed alarm with the situation around the antidumping duties for steel pipes. The antidumping duty of 18.9-37.8% does not allow Ukrainian products to compete on the EAEU market.

At present, the safeguard measures are being reviewed. This was initiated by Ukrainian manufacturers aiming to liberalize them.



"It is important for us to oppose measures that restrict access of Ukrainian pipe products to foreign markets. We will consider the possibility of protecting Ukraine's rights and interests in the trade and economic sphere within the WTO [World Trade Organization] agreements," Mykolska said.

The participants of the meeting said that the safeguard measures related to the access of Ukrainian pipes, in particular to the traditional markets of Kazakhstan and Belarus, are artificial and do not meet the requirements of the international trade law established by the WTO. The ministry will work out the issue of protecting the interests of the domestic production sector, taking into account the mechanisms permitted under the WTO rules.

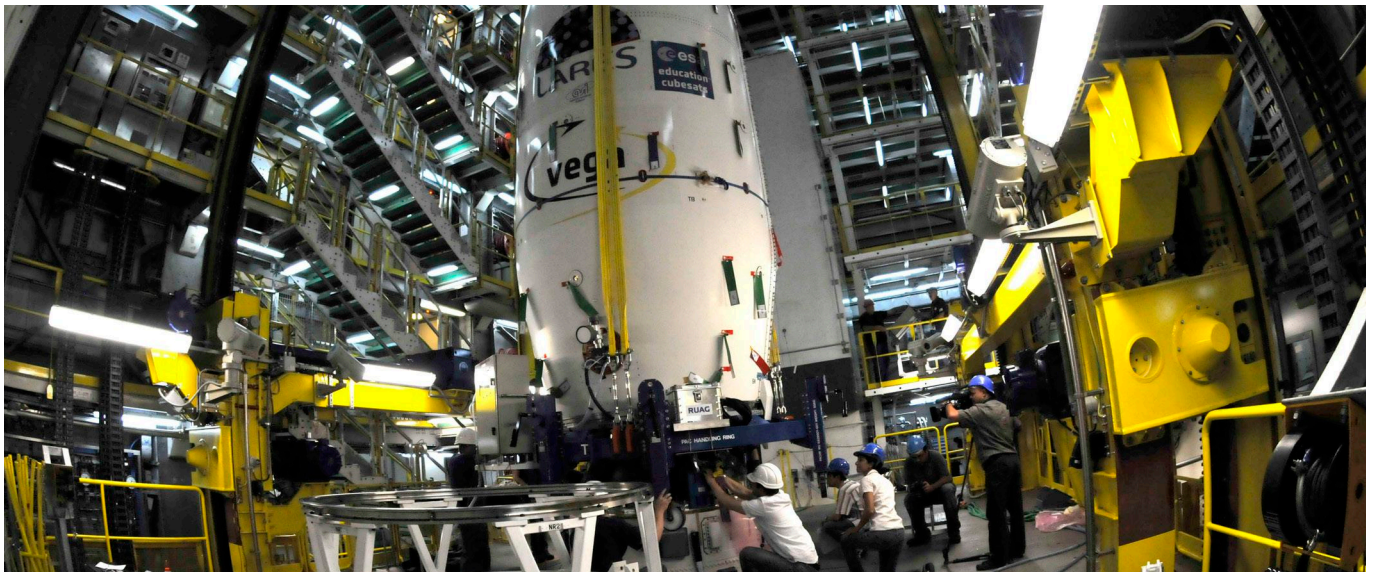
Volume of sold industrial products in Ukraine 26.6% up in JAN-JULY

Industrial products (goods, services) worth UAH 1.185 trillion were sold in Ukraine in January-July 2017, which is 26.6% more than in January-July 2016.

According to the State Statistics Service, in July 2017 in comparison with July 2016 the volume of sold products in extracting and processing industry (turnover) grew by 20.6% (including 24.9% abroad), in particular in mining and quarrying industry by 16.1% (by 11.9%), and in processing industry by 21.6% (by 26.7%).

The share of supply of electricity, gas, steam and conditioned air in the total volume of sales was 20.6%, production of food, beverages and tobacco goods stood at 21.1%, metallurgical production and production of finished metal goods at 17.8%, and mining and quarrying at 14.9%.

Pivdenmash preparing new batch of engines for european VEGA LV to ship them to partners



State-owned Ukrainian rocket maker Pivdenmash (also known as Yuzhmash) Machine Building Plant is preparing a new batch of engines for the European launch vehicle (LV) Vega to ship to the European partners, the press service of the enterprise has reported.

According to the report, in Q2 2017 Pivdenmash produced two liquid fuel rocket engines RD-843 and prepared them for shipment to the customer.

The Vega was designed by the European Space Agency (ESA) in collaboration with the Italian Space Agency (ASI) for carrying satellites with a weight up to 1,200 kilos to a 1,200-kilometer Sun-synchronous orbit and satellites with a weight of 1,500 kilograms to a 700-kilometer polar orbit.

The contract to design and supply of the cruise engine of the fourth stage of Vega LV between Pivdenne (Yuzhnoye) Design Bureau and Pivdenmash and Italy's Avio SpA was signed in February 2004.

In April 2012, the partners signed a three-year contract with Avio SpA to supply first batch production engines. The contract can be extended. In July 2017 the parties extended the contract until 2020.

The Ukrainian government and the ESA signed an agreement on cooperation in peaceful uses of outer space in 2008. The ESA unites 17 European countries.

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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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