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 Kyiv International
Economic Forum

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HEADLINES



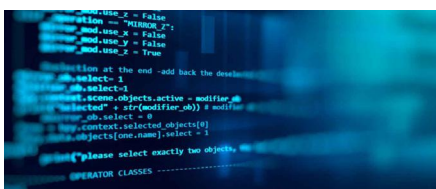
UKRAINAIN PARLIAMENT RATIFIES
AGREEMENT WITH U.S. ON RESTORATION OF
COOPERATION IN SCIENCE

2



BUSINESSMAN KHMELNYTSKY UNITES
HIS BUSINESS PROJECTS IN UFUTURE
INVESTMENT GROUP

4



UKRAINIAN EXPORTS OF COMPUTER
AND INFORMATION SERVICES 18.3% UP
IN H1, 2017

6



WINDKRAFT UKRAINE LAUNCHES 41
MW FIRST STAGE OF NOVOTROYITSKA
WIND FARM

7



ENTERPRISE OF GERMAN CONCERN
LEONI OPENS IN WESTERN UKRAINE

9



IRANIAN BUSINESS INTERESTED IN
LEASING UKRAINIAN FARMLAND FOR
PLANTING GRAIN CROPS

11



UKRAINE INCREASES EXPORTS OF
AGRICULTURAL PRODUCTS BY 24.5% IN
JAN-AUG

11

Rada ratifies agreement with U.S. on restoration of cooperation in science and technology



The Verkhovna Rada of Ukraine has ratified the agreement between the governments of Ukraine and the United States on cooperation in the field of science and technology. The law ratified the agreement in the form of exchange of notes between the governments of Ukraine and the United States on the restoration of cooperation in science and technology, which was signed in Washington on December 4, 2006.

According to an explanatory note to the bill, the goal of ratification is the need to validate the basic agreement between the governments of both countries on cooperation in science and technology dated December 4, 2006, which creates a legal basis for cooperation in science and technology for mutually beneficial cooperation and will promote the development of science and technology in the two countries.

EU ambassador to Ukraine backs improvement of business climate for attracting investment

Head of the EU Delegation to Ukraine Hugues Mingarelli believes that improvement of business climate and rule of law is obligatory for attracting investment in the country.

"I insist on the fact that for us, tariffs and quotas are not the main obstacle to trade. The main obstacle today... are norms and standards... there is a need, obviously, to improve the business climate," he said speaking at the 4th Kyiv International Economic Forum on Friday, October 6.

Mingarelli said that Ukraine has fantastic assets that are interesting for investors.

"Still any investor hesitates to invest in Ukraine. Why? Because the risks are too high. Which kind of risk? The risk which is linked to the absence of the rule of law," the diplomat said.

The ambassador said that every week European companies in Ukraine face the harassment from law enforcement agencies and raids. European companies do not trust courts because of the high level of corruption in the justice.

"If we manage to establish a decent level of the rule of law in this country, foreign companies, including EU ones, will rush to invest in Ukraine, because Ukraine has so many assets," he said.

Businessman Khmelnytsky unites his business projects in UFuture investment group



Ukrainian entrepreneur and philanthropist Vasyl Khmelnytsky has put his business projects and social initiatives under one umbrella brand, UFuture Investment Group, according to a press release from the group.

UFuture Investment Group will represent the entrepreneur's companies and projects in Ukraine and internationally. The head office of the group is in Brussels.

"The mission of the new company is to develop the most advanced and most promising sectors in Ukraine by using the best international experience, knowledge, management technologies and foreign investment in the group's projects in various sectors. Focus will be on the development of high technologies, primarily as part of innovation and industrial parks, as well as alternative energy, biopharmaceuticals and modern agricultural industry," the document reads.

The group incorporates the leading Ukrainian property development company UDP, which implements large infrastructure projects. In addition, the conglomerate has united businesses in innovative areas, such as UDP Renewables, the Bila Tserkva Industrial Park, the innovation parks UNIT.City and LvivTech.City. The group is open to creating joint ventures and working with new partners.

Mykola Tymoschuk, who has previously headed the representative office of the Ukrainian League



"We believe that Ukraine is a promising market for development, its potential can be unlocked through partnership of local and international players," Khmelnytsky stressed.

of Industrialists and Entrepreneurs in Brussels for two and a half years, has been appointed Chief Executive Officer of UFuture Investment Group. He possesses significant experience in business development, corporate relations, PR and GR in Ukraine, the CIS member states, the European Union and North America. He has held top positions in such leading international corporations as Chevron and TNK-BP. Mykola Tymoschuk will coordinate the group's international activity, will look for investors and partners for existing businesses and promising projects.

"We are ready to offer international investors the 'one-stop-shop' services for the implementation of business projects in Ukraine, primarily in those industries where we have expertise. We are talking about certain investment projects with all their infrastructure: industrial property in industrial parks, opportunities for growth in innovation parks, joint investment in alternative energy, advanced initiatives in the agricultural sector and other projects run by the group," Tymoschuk said.

Fitch affirms Ukraine's city of Kyiv at 'B-', outlook stable

Fitch Ratings has affirmed the city of Kyiv's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'B-', reads a posting on the rating agency's website.

"The agency has also upgraded the city's National Long-Term Rating to A-(ukr) from 'BBB(ukr)'. The outlooks are stable," it says.

"The upgrade of the National Rating reflects the city's consolidated fiscal performance with a continuous surplus before debt variation leading to stronger liquidity. The ratings also factor in a weak institutional framework for subnationals in Ukraine (B-/Stable), still material contingent liabilities and unsettled liabilities on the non-restructured part of Kyiv's eurobond," Fitch experts said.

"Fitch projects Kyiv's budgetary performance will stabilize over the medium term with an operating balance moderately declining to 25% of operating revenue after an exceptionally high almost 40% result in 2016. During H1, 2017, the city recorded a UAH 5.6 billion surplus driven by fast tax revenue growth and much slower expenditure dynamic due to capex concentration in H2, 2017. We expect expenditure acceleration until year-end and forecast a full year surplus of about UAH 2 billion or 5% of total revenue, down from an exceptionally high surplus of UAH 3.7 billion (11.6%) in 2015 and UAH 5.1 billion (13.2%) in 2016," they stated.

Facilitation of visa regime for health tourists could increase their flow to Ukraine by 10%

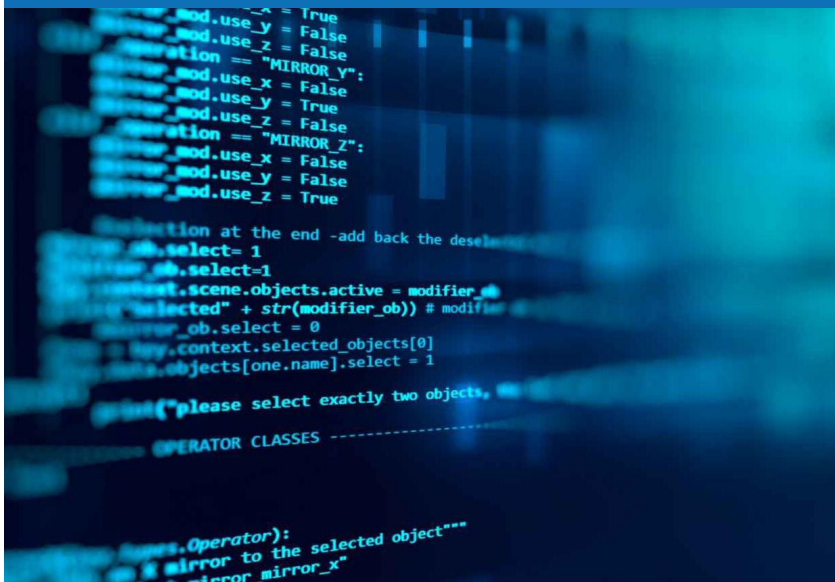


The facilitation of the visa regime, in particular the reduction of terms of considering visas for health tourists by embassies, could increase their inflow to Ukraine by 10%, President of the Ukrainian Association of Medical Tourism Violetta Yanyshyvska has said.

"The number of health tourists in Ukraine could grow by 10% if we relax the visa procedure. If we create favorable conditions in other factors, the flow could increase several-fold," she said at a press conference at Interfax-Ukraine.

She said that the number of health tourists entering Ukraine in 2016 was around 55,000 patients, including citizens of Israel, Italy, Spain, Iraq, Kazakhstan, Uzbekistan, Georgia and Azerbaijan. Mainly foreign patients travel to Ukraine to receive rehabilitation and dentists' services, plastic surgery, cell therapy, cardiovascular surgeries and treat ophthalmic diseases.

Ukrainian exports of computer and information services 18.3% up in H1, 2017 – EBA



The volume of exports of computer and information services from Ukraine in January-June 2017 increased by 18.3%, to \$1.256 billion compared with the same period in 2016.

According to the press service of the European Business Association (EBA), thus, in terms of export earnings growth in the first half of the year, the IT industry ranked third in the export structure. At the same time, the volume of tax revenues from the IT sector to the national budget grew by 32.9% against the similar figure of last year and amounted to UAH 3.69 million.

"In the first half of 2017, the industry of information and computer services in Ukraine continues to show a steady and stable growth in terms of exports of high-tech solutions and tax revenues to the budget," a statement reads.

The growth in the main indicators of the IT sector is primarily due to a 7% rise in the number of specialists in the top 50 largest players in the industry (according to the dou.ua portal) in January-June 2017, the adoption of bill No. 4496 on simplification of exports of services at the end of 2016 and a relative political and legislative stability in the country.

"At present the IT industry is a driver of the growth of the Ukrainian economy and a component of the promotion of our state as a high-tech country in the international arena. Starting from 2013, the industry demonstrates a stable growth in exports and in the first half of this year it ranked third in terms of growth in foreign currency earnings," Executive Director of the EBA IT Committee Kostiantyn Vasiuk said.

Ukravtodor intends to join Lviv and Budapest with highway

The State Automobile Roads Agency, also known as Ukravtodor, intends to implement a project of the new Lviv-Budapest highway via the Dyida checkpoint. The press service of Ukravtodor reported that the agency jointly with the World Bank have started preparing a pre-feasibility study of the project on construction (reconstruction) of Lviv-Mukachevo first category road.

Ukravtodor said that the road will be the main artery for exporting Ukrainian goods to Eastern and Southern Europe and the transit corridor for international trade across Ukraine from Belarus and Baltic states to Eastern and Southern Europe. It will also ensure the stable connection of Zakarpattia region with other Ukrainian regions.

Now M-06 road from Mukachevo to Lviv passes mountains and it takes around three hours and a half to drive it. The new highway would reduce this time to two hours.

The new highway would connect Lviv with Hungary's M-3 highway Budapest-Nyiregyhaza and it will become the main transport corridor between Ukraine and Hungary. In the future, the new Lviv-Mukachevo highway will be connected with Slovakian R-2 highway. This would allow connecting it with the high-speed highway systems of Slovakia, the Czech Republic and Germany.

Greek Tourism Ministry opens national tourist office in Kyiv



The Greek Tourism Ministry, the Greek Tourism Organization and the Boumbouras Foundation have opened a national tourist office in Kyiv.

According to the press office of the Greek tourist office, it will become a center of information about traditional and new tourist opportunities in Greece, educational and cultural programs, religious, medical, business tourism, and ecotourism.

Experts predicted an increase in the flow of tourists from Ukraine to Greece due to the introduction of a visa-free regime with the European Union. Over 11,000 tourists from Ukraine visited Greece in 2016.

Windkraft Ukraine launches 41 MW first stage of Novotroyitska wind farm

Windkraft Ukraine LLC has launched the first stage of Novotroyitska wind farm (Kherson region) with the installed capacity of 41 MW, the press service of the State Agency of Ukraine for Energy Efficiency and Energy Saving.

The farm has Vestas turbines. The farm's capacity will be increased to 70 MW in the future. Ukrgasbank is taking part in the financing of the project.

As reported, Windkraft Ukraine operated a wind power farm with a capacity of 31 MW in Kherson region.

Installed capacity of 'green' generation in Ukraine 18% up in nine months

The installed capacity of facilities producing electricity from renewable sources in Ukraine in January-September 2017 increased by 18%, to 1,320 MW, Dmytro Vovk, the head of the National Commission for Energy, Housing and Utilities Services Regulation (NCER), has said.

"At an open meeting, according to the law, we've just approved tariffs for the fourth quarter and summed up the results of the nine months of 2017: we commissioned 201 MW of new capacity, which is 3.7 times more than in the same period in 2016, solar power plants account for 83% of new facilities, the average unit capacity is 6 MW and, for the first time in many years, facilities with a capacity of more than 10 MW appeared, the total installed capacity of renewable energy sources in the nine months rose by 18% and is 1,320 MW," he wrote on his Facebook page.

According to the NCER, the share of renewable energy sources in total electricity production for the first nine months of 2017 was 1.58%.

Ukrenergo starts posting data on ENTSO-E portal

Ukrenergo has started the official publication of data on the ENTSO-E website (<http://bit.ly/2xPkFiz>), the state-owned enterprise has said. Ukrenergo, in particular, promulgates the plans and the fact of consumption and external flows.

"This is one of our main commitments in the framework of both European integration projects: getting membership in ENTSO-E and the agreement on the Energy Community," the company explained.

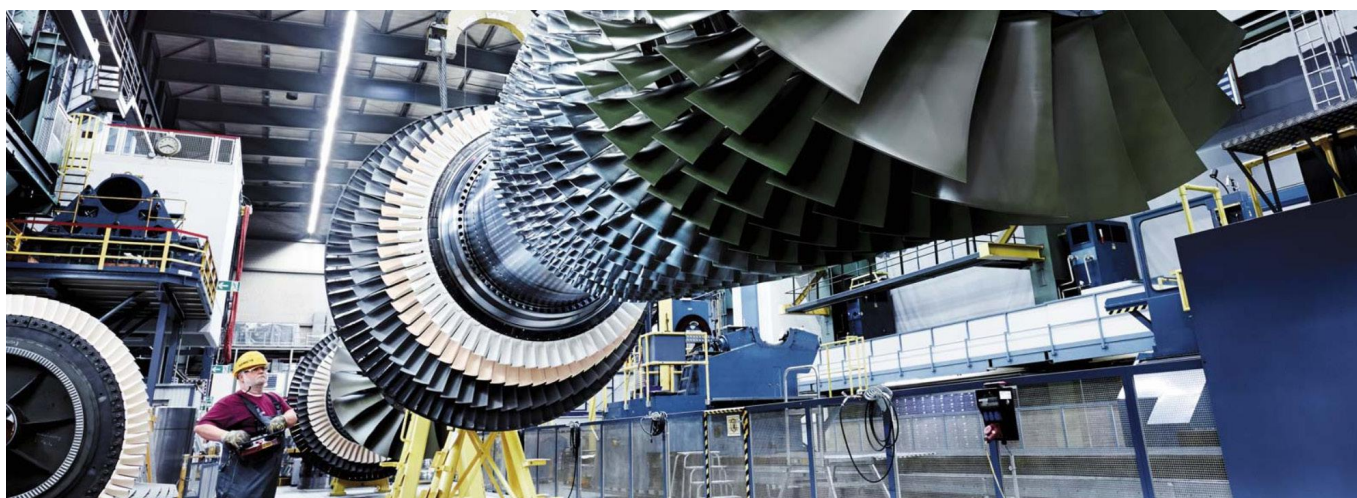
The company said the beginning of data publication required a number of approvals from the platform administrators from the neighboring countries.



"We expect an additional disclosure of public data from our auction platform by the end of the year. We also intend to download data on generation," Ukrenergo said.

As reported, in June 2017 Ukrenergo Head Vsevolod Kovalchuk signed an agreement on the conditions of the future unification of the energy systems of Ukraine and Moldova with ENTSO-E (the European Network of Transmission System Operators for Electricity). In July the agreement came into force after it had been signed by the necessary number of European system operators. The deadline for Ukraine's fulfilling the requirements for accession to the united energy system of continental Europe is July 2022.

Turboatom has four turbines for tpps ready for sale



Turboatom has four turbines ready for sale for thermal power plants (TPP), Director General of PJSC Turboatom (Kharkiv) Viktor Subotin has said.

"The company had no orders for thermal power plants during the last two years. There are four turbines for thermal power plants [two turbines of 300 MW and two turbines of 200 MW]. They were paid for several years ago," Subotin said during the national meeting "The strategic directions of machine building development in Ukraine: from regional initiatives to the national industrial policy" in Kharkiv.

According to him, the enterprise is ready to supply them to TPPs and is ready to consider flexible payment terms, "understanding that there are certain difficulties in financing."

"The supply of these units will provide another 30 years of operational capabilities and a 10% increase in capacity at thermal power plants," the company CEO said.

Enterprise of German concern Leoni opens in Kolomyia

Ukrainian President Petro Poroshenko on September 29 took part in the opening of a new plant of the German concern Leoni for production of cables for the automotive industry in Kolomyia (Ivano-Frankivsk region).



“Today's event is important, especially if to consider that Leoni concern is one of the world's largest producers of electrical cable networks. Leoni's key customers are General Motors, Volkswagen, Audi, Porsche, Lamborghini and other elite brands of cars,” the head of state said when opening the enterprise.

He noted that 5,000 jobs should be created in Kolomyia by 2021 and now their number is 800. In addition, investors will provide wages equal to UAH 8,000. “I would like to thank Leoni, which was one of the first to believe in Ukraine, the first to vote for the future of Ukraine with dollars, euros, creating future jobs, providing new taxes in the territorial communities, believing that Ukraine is competitive and efficient for investors,” Poroshenko said.

Poroshenko announces launch of football field coat production plant in Ukraine



Artificial coating for football fields will be produced in Ukraine, President of Ukraine Petro Poroshenko has stated. “In the near future we will open a plant for production of coating for football fields, since it is very important for us to have a specialized football ground at every stadium, and ideally in most schools,” Poroshenko said during a working trip to Ivano-Frankivsk region.

According to the presidential press service, Poroshenko visited the newly constructed football stadium for children and youth and amateur football and presented awards to the winners of the Hat-Trick Arena Cup tournament.

He also congratulated the Ukrainian football clubs Dynamo and Zarya with successful performances in the UEFA Europa League and the Prykarpattia local team with a successful performance in the Ukrainian Cup.

The head of state expressed confidence in the “fantastic future” of Ukrainian football.

“The future is not in the purchase of foreign stars. The future is in our children's football, our football school and the state's concern for the younger generation,” he said.

Poland's PESA could open tram production facility in Kyiv



Poland's Pesa, which won a tender to supply 40 trams to Kyiv in August 2017, plans to start production of trams in Kyiv, Kyiv Mayor Vitali Klitschko has said.

"I will reveal a small secret. When I visited the Polish plant Pesa I arranged with the company's top managers that they would open their plant in Kyiv – first semi knocked down and later the full production cycle," the press service of Kyiv City Administration reported, citing Klitschko in an interview with *Novoye Vremia* publication.

Klitschko recalled that Kyiv is buying 40 trams now and seven Lviv's trams Electron.

"This is high-tech low-deck European transport with air conditioners, video surveillance and wi-fi. We also bought 60 MAZ buses meeting modern requirements," he said.

Klitschko said that 400 trams are used in Kyiv, and 90% of them are older than 30 years. The tram fleet has not been upgraded for at least 30 years.

"We need to buy 165 more new trams, over 230 buses and 230 trolleybuses to fully upgrade the fleet. "This is three or four times more than we bought now. According to the humblest forecasts, it will take around five years to buy new transport," he said.

Smart-Holding, Rezidor Hotel Group open Park inn Radisson Kyiv Troyitska hotel

Smart-Holding and Rezidor Hotel Group have announced the opening of the first hotel of the Park Inn by Radisson brand in Ukraine near the Olympiysky National Sports Complex in Kyiv.

"Park Inn by Radisson Kyiv Troyitska is our first investment project in hospitality business. This is an attractive sphere for us. Rooms of this class hotel in the center of the city would be always of great demand. I am sure that jointly with the Rezidor Hotel Group we have offered a competitive project that fully meets international standards to city guests. The hotel would extend the ensemble of the Troyitska Square which we reconstructed before the final matches of Euro 2012," the press service of Smart-Holding said, citing CEO Oleksiy Pertin.

The press service said that Smart-Holding acts as an investor in the hotel reconstruction project. Rezidor Hotel Group is the managing company of the hotel. It is the fourth hotel for Carlson Rezidor in Ukraine and third in Kyiv.

Smart-Holding told Interfax-Ukraine that the hotel took in first guests on September 26.

The hotel has 196 rooms.

Iranian business interested in leasing Ukrainian farmland for planting grain crops



Businessmen from Iran are interested in leasing of Ukrainian farmland for planting wheat, corn, soybeans, rapeseeds and other crops, according to a posting on the website of the Chamber of Commerce and Industry of Ukraine.

"Members of the delegation are interested in involvement in extraterritorial agriculture – leasing of farmland for planting wheat, corn, soybeans, rapeseeds and other crops. The initial figure for leasing is 5,000 ha. The ambitious project is intended to provide the Persian Gulf market with agricultural products, as there is a high need in them on this market," the chamber said after a meeting of its leaders with a delegation from Iran.

The sides also discussed the possibility of buying agricultural companies and create joint ventures with Ukrainian partners. In addition, Iran is interested in purchase of finished products.

The chamber said that a total of 40 companies with Iranian capital are registered in Ukraine now. The share of Ukrainian food exported to Iran exceeds 60% of their total exports. Currently Iran is the active importer of Ukrainian grain.

Ukraine increases exports of agricultural products by 24.5% in JAN-AUG

Exports of Ukrainian agricultural products in January-August 2017 grew by 24.5% year-over-year, to \$11.475 billion, the Agricultural Policy and Food Ministry has reported.



"Over the period Ukraine mainly exported the following group of goods: sunflower oil, safflower oil and cottonseed oil with the share of 26.25% of total agricultural products export, corn – 20.34%, wheat and wheat mixture – 12.87%, poultry – 2.29% and other goods," Deputy Agricultural Policy and Food Minister for European Integration Olha Trofimtseva said.

She said that the top key buyers of Ukrainian agricultural products over the period includes India, where goods for \$1.3 billion were exported, Egypt - \$986.1 million, the Netherlands - \$762.8 million, Spain - \$731.6 million and China - \$631.8 million.

"The EU countries are second in the regional structure of our agricultural exports. Our exports to the European market expanded by 37.3% or \$988 million over the reporting period, to \$3.6 billion," she said.

Trofimtseva said that the share of EU of the total foreign trade flow of agricultural products is 35.2%.

Agrarian products for \$2.8 billion were imported to Ukraine in January-August 2017.

"The statistics allow us to predict the increase in the annual cost of Ukrainian exports of agrarian products and food by 15-20%," she said.

World Bank names key principles of farmland turnover bill



The bill on agricultural land turnover in Ukraine should be passed in 2018, the World Bank has said. According to the World Bank's Special Focus Note on reforming land markets in Ukraine, the key design principles of the bill on agricultural land turnover should be the provision of individuals, legal entities (with temporary restrictions), municipalities and the state with the right to buy land. Banks can own foreclosed land temporarily; they need to liquidate via e-auction within a certain time frame.

The World Bank said that safeguards in the bill should be the following: no foreign ownership; minimum price; temporary maximum size limit of land ownership for individuals & legal entities; limit on concentration ownership/control; and transparent land management plans for state and communal land.

"The moratorium on agriculture land sales is a major impediment to attracting investment and unlocking productivity in Ukraine's agricultural sector," the World Bank said.

According to the document, land reform is critical to improve living standards for the Ukrainian people, by driving higher economic growth and incomes for the population.

The World Bank said that the rental price of agricultural land per hectare is \$37 in Ukraine, compared to \$195 in France, \$219 in Germany, \$279 in Bulgaria, and \$672 in the Netherlands.

The bank said that the moratorium also undermines the flow of financing to small and medium producers because land cannot be used as collateral. The low registration of state agricultural land is also a major source of nontransparent practices and lost productivity.

As reported, since 2002, Ukraine has imposed a moratorium on sale and purchase of farmland.

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.

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