



# UKRAINE

## OPEN FOR BUSINESS

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## AAS with EU not final goal for Ukraine, Moldova, Georgia



The Euronest Parliamentary Assembly (PA) has called for recognizing the EU membership aspirations of Ukraine, Moldova and Georgia and the fact that the Association Agreements with these countries are not the final goal in their relations with the European Union.

According to the text of the resolution entitled "On the future of the Eastern Partnership – combating hybrid challenges and security threats together," which was published on the website of the Verkhovna Rada, the Euronest PA "calls for close political association and economic integration, including the participation in the EU programs, as well as recognizes that AAs with Georgia, Moldova and Ukraine do not constitute the final goal in their relations with the EU and acknowledges their European aspirations."

## HEADLINES



SIEMENS EXPECTS AT LEAST 10% GROWTH OF BUSINESS IN UKRAINE IN 2018



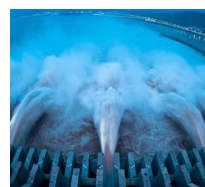
GOVERNMENT READY TO RESUME PRIVATIZATION



UKRAINE CLIMBS 105 POINTS IN DOING BUSINESS IN DEALING WITH CONSTRUCTION PERMITS



UKRAINE SHOWS NEW TRANSPORT AN-178 IN KUWAIT



UKRHYDROENERGO INTENDS TO START BUILDING KAKHOVSKA HPP-2 LATE 2019



KHARKIV FRUNZE PLANT ENTERS BRITISH MARKET

## Siemens expects at least 10% growth of business in Ukraine in 2018



The business of Siemens in Ukraine in the 2018 financial year (October 2017-September 2018) is expected to grow by at least 10%, Siemens Ukraine CEO Maciej Tomasz Zielinski has said.

“Last fiscal year we grew more than expected: revenues increased by 11%, new orders by 28%, profit margins were higher than those stipulated in the budget. And next year we plan to work with clients even more actively. I expect the growth will be 10% and even more. The plans are very ambitious, I see significant prospects and many opportunities in all sectors,” the expert said in an interview with Interfax-Ukraine.

According to him, new orders grew in all divisions: digital production, industrial automation, continuous processes and drives, electric power (production, transmission and distribution of energy), building automation and infrastructure. Among the most intensified areas, Zielinski singled out mining and metallurgical and agro-industrial complexes.

He said one of the priorities of development in Ukraine is digitalization of industry – not only software, but the whole cycle from the creation of a digital product double, including digital production and service provision.

The central office is in Kyiv, while regional branches are located in Lviv, Dnipro, Kryvy Rih, Odesa, and Kharkiv.

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## Government ready to resume privatization – Poroshenko

President of Ukraine Petro Poroshenko has said that the Ukrainian government is ready to resume privatization, and judicial reform should complete the system of fighting corruption.

While congratulating McKinsey & Company on the 15th anniversary of its activity in Ukraine, the president outlined the nearest priorities for continuing reforms in Ukraine, the presidential press-service reported.

“He said the judicial reform should complete the entire system of struggle against corruption. According to him, the pension reform has introduced a completely new system that will allow people to receive a fair pension at all times,” the message reads. The president also stressed the importance of the medical reform that will, inter alia, improve the quality of medical services in rural areas. “He also said that the government was ready to resume privatization,” the press service reported.

# Ukraine climbs 105 points in doing business in dealing with construction permits



Ukraine enters the top 40 of the World Bank's Doing Business 2018 in dealing with construction permits, improving its positions among 190 countries from 140th to 35th. "Deregulation in construction was one of the key reforms that did not allow Ukraine to decline in the general rating and helped to improve the country's position in general by 4 points," Deputy Regional Development, Construction, Housing and Utilities Economy Minister Lev Partskhaladze said.

He said that growth in dealing with construction permits significantly influenced the general Doing Business rating.

According to World Bank's experts, one point in the rating allows seeing an additional foreign direct investment inflow of around \$600 million. As reported, the World Bank published the Doing Business 2018 ranking, with Ukraine ranking 76th among the 190 economies studied. According to the Doing Business 2017 rating, Ukraine ranked 80th among 190 countries, in the Doing Business 2016 rating (updated in accordance with the methodology used this year) it ranked 81st among 189 countries.

## Customs revenues reach record high of UAH 30 bln in oct

Customs revenues in Ukraine in October 2017 reached a record high of UAH 30 billion, which is UAH 5.3 billion higher than the target figure and 37.3% higher than in October 2016, the State Fiscal Service has said.

According to the Fiscal Service, the customs service transferred UAH 253.62 billion to the national budget, which exceeds the planned figures by 12%.



***"This allows the Fiscal Service to fulfill its obligations to finance the repairs and reconstruction of the road infrastructure of Ukraine. As part of the experiment, since the beginning of the year customs services have already transferred UAH 10.2 billion. Only in October UAH 1.86 billion should be used for road repairs in the regions, which is another record figure for the ten months," the agency said.***

Prior to this, the largest amount for road repairs in the framework of the experiment was used in May this year - UAH 1.83 billion.

## Fitch affirms Ukraine at 'B-'; outlook stable



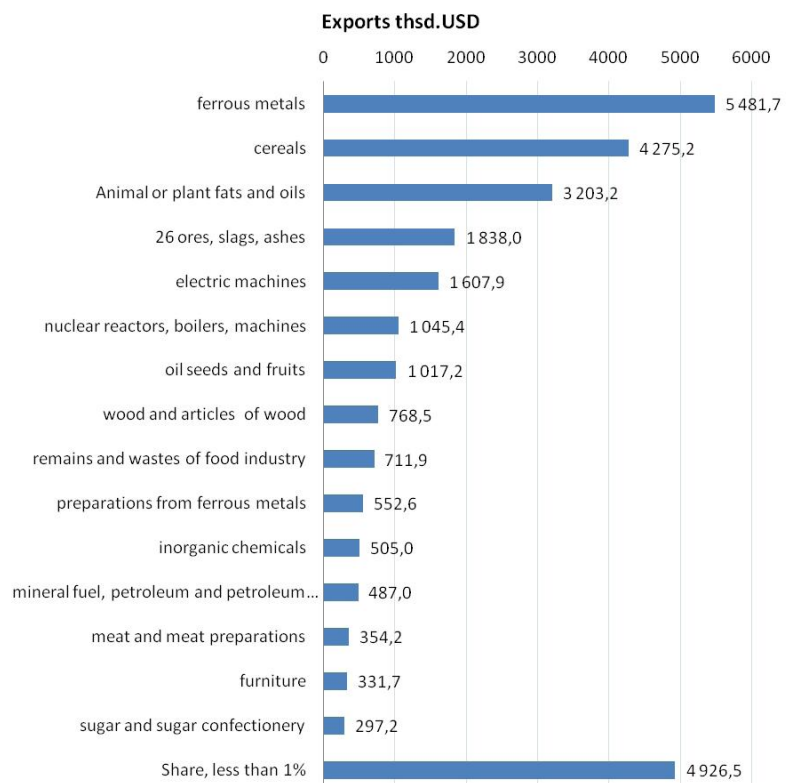
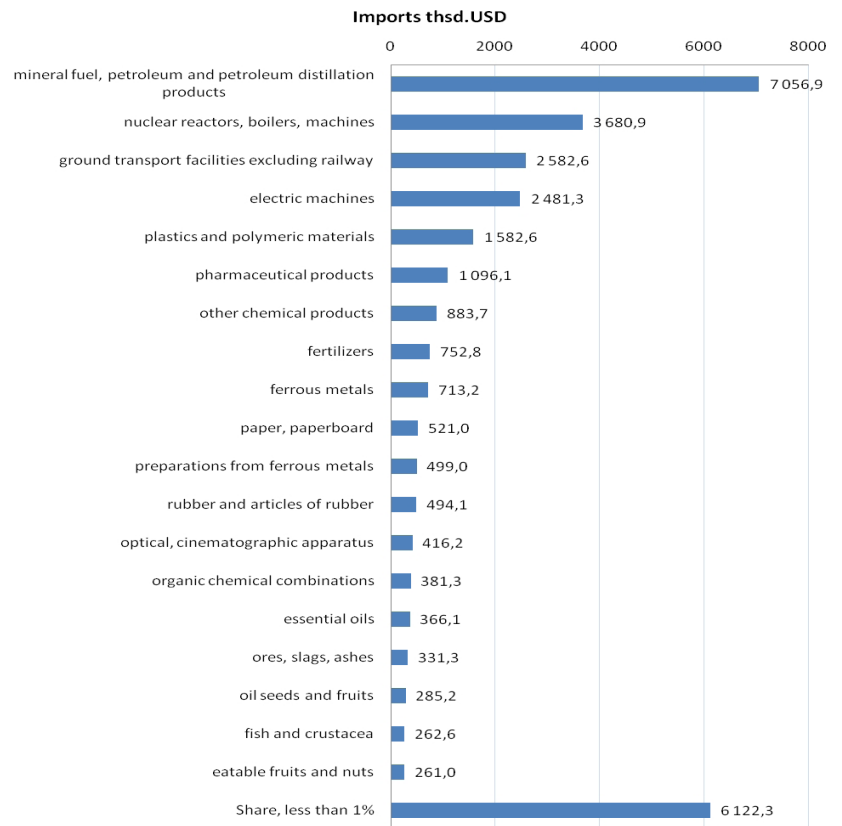
Fitch Ratings has affirmed Ukraine's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B-' with a Stable Outlook, Fitch said in a press release published on October 27.

In addition, issue ratings on long-term senior-unsecured foreign-currency bonds affirmed at 'B-'; issue ratings on long-term senior-unsecured local-currency bonds affirmed at 'B-' and issue ratings on short-term senior-unsecured local-currency bonds affirmed at 'B'. Country Ceiling affirmed at 'B-'; Short-Term Foreign-Currency IDR and Short-Term Local-Currency IDR affirmed at 'B'.

As in the previous rating report published in May 2017, Ukraine's ratings reflect weak external liquidity, a high public debt burden and structural weaknesses, in terms of a weak banking sector, institutional constraints and geopolitical and political risks.

Fitch's proprietary SRM assigns Ukraine a score equivalent to a rating of 'CCC' on the Long-Term FC IDR scale.

## Commodity pattern of foreign trade of Ukraine, January–August 2017



## Economy Ministry registers kyivschyna industrial park in Vyshgorod district

Ukraine's Economic Development and Trade Ministry has placed the Kyivschyna industrial park (Novi Petrivtsi, Vyshgorod district of Kyiv region) to the list of industrial parks being the 28th park in the list. The ministry said that the park was registered on October 25.

Private joint-stock company Kyivschyna industrial and technological park initiated the creation of the park. The park has been created for the period of 30 years. The area of its land parcel is 118.36 ha.

PrJSC Kyivschyna industrial and technological park was registered in Novi Petrivtsi in 2002. It was planned to create an industrial park on its basis. The ministry said that since 2013, in line with the law on industrial parks, the creation of 30 industrial parks has been initiated in Ukraine, and 28 of them were placed to the register. As of October 25, 2017, seven private parks that were not placed to the register have been functioning in Ukraine.

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## Odesa Port-Side Plant resumes carbamide production, ammonia transshipment



PJSC Odesa Port-Side Chemical Plant has resumed production of carbamide and the work of the terminal on ammonia transshipment, acting head of the State Property Fund (SPF) Vitaliy Trubarov has said. "The plant has started production of carbamide and launched the terminal for ammonia transshipment. The plant has been repaired for six months, at the end of October the plant was launched," he wrote on his Facebook page.

He added in November the assessment of the plant would be completed and its results would be promulgated.



***"Then, together with the Cabinet of Ministers, we will form the conditions of privatization and the starting price for bidding. Afterwards we will proceed to receiving applications from investors and in spring 2018 we will complete the sale," he summed up.***

## Black Iron to provide updated development plan for Shymanivske iron ore project in mid-q4 2017

Canada's Black Iron with assets in Ukraine seeks to draw up and present a new development plan for the Shymanivske iron ore project in the middle of the fourth quarter of 2017, the company said in a press release.

According to the press release, When Black Iron completed its feasibility study in 2014, Ukraine's exchange rate was fixed at UAH 8/\$1. As part of Ukraine's International Monetary Fund bailout provisions, the exchange rate was unpegged to the U.S. dollar and is currently sitting at around UAH 27/\$1. Using this lower exchange rate is expected to significantly reduce Black Iron's construction cost and operating costs for the project.

In addition, Black Iron plans to make an ultra-high grade 68% iron content product that, using today's prices, would sell for \$42 to \$48 per tonne more than the benchmark 62% iron content product often quoted in news articles resulting in a current selling price of near \$105 per tonne. Black Iron benefits from not needing to build any major infrastructure such as railways, power lines or a port as these are all in existence within very close proximity to the ore body.

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## Thailand prepares decision on purchase of Ukrainian BTR-4ES – Defense Minister's adviser



Ukraine and Thailand are continuing talks on expanding military and technical cooperation in the construction of armored vehicles as part of the Defense & Security 2017 exhibition in Bangkok, and the Thai military are finalizing the decision on the purchase of Ukrainian BTR-4E APCs for the Thai Army, an adviser to the Ukrainian defense minister, Yuriy Biriukov, has said.

While describing on his page on Facebook the increased interest of the leadership of the Thai Defense Ministry in the full-scale model of BTR-4 demonstrated by Ukraine at Defense & Security 2017, he wrote: "Our BTR-4 underwent certification and was admitted for purchase. The decision on the volume and financing is now being made."

In this regard, he said that the Ukrainian side had brought for the Thai to Bangkok the armored vehicles from a military unit, with real experience of combat use.

## China proposes completing reactor four of Khmelnytsky NPP using own HPR-1000 technology – Energoatom head



China National Nuclear Corporation (CNNC) in cooperation with Industrial & Commercial Bank of China (ICBC) has proposed to Ukraine to consider a possibility of completing reactor four of Khmelnytsky nuclear power plant (NPP) using their Hualong One (HPR-1000) technology, President of National Nuclear Generating Company Energoatom Yuriy Nedashkovsky has told reporters.

“They have arrived to propose their participation in the completion of reactors three and four [of Khmelnytsky NPP] under the so-called 1+1 formula. Reactor three is built using the VVER technology and reactor four – using their Chinese technology – Hualong reactor,” he said.

Nedashkovsky said that China said that Ukrainian localization during the completion of the reactors could be large. The country is ready to provide financing of 85% of the total cost of the project.

“They speak about almost 80% of localization and 85% of financing of the project thanks to ICBC. Of course, with government guarantees, which slightly reduces the attractiveness of the offer,” he said.

## Ukraine shows new transport AN-178 IN Kuwait

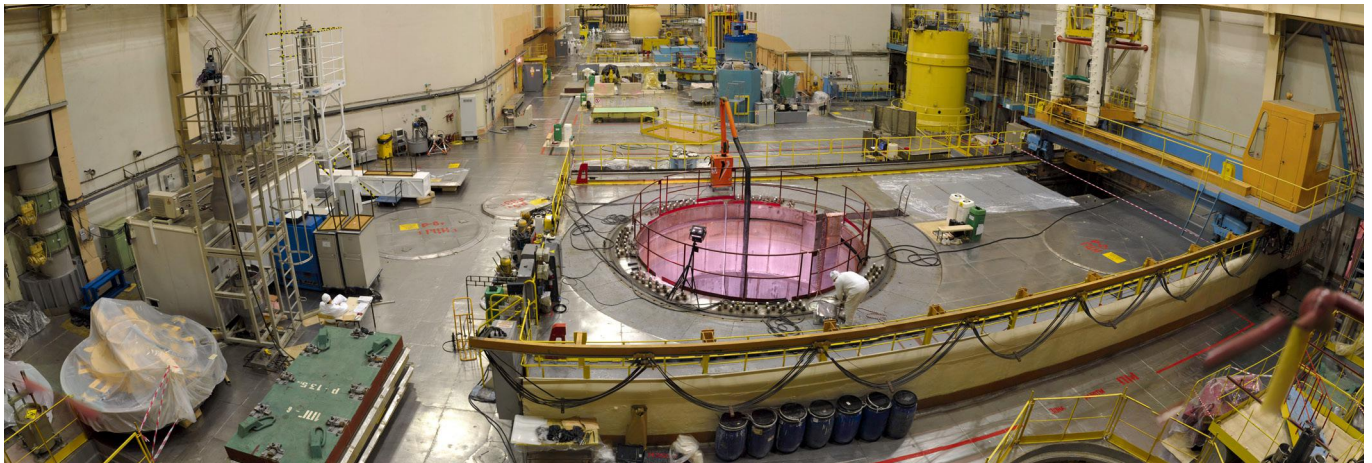
A new Ukrainian transport An-178 aircraft with a carrying capacity of 18 tonnes developed and produced by Antonov state enterprise (Kyiv) has been recently introduced to potential military customers in Kuwait, the specialized resource Defence Blog has reported.

It is planned in future to organize the participation of An-178 aircraft in demonstration flights at the Dubai Airshow 2017 international aerospace exhibition, which will be held in the UAE in November.

The Antonov press service told Interfax-Ukraine the An-178 airplane flew from Ukraine to Kuwait. However, it avoided specifying any details at this stage, as well as plans for the Middle East “tour” of the new Ukrainian transport aircraft.

About 200 companies from 15 countries are involved in production cooperation under the An-178 program. Today Antonov is promoting the An-178 program in the Middle East and Central Asia: the UAE, China and Azerbaijan have already shown interest in the new Ukrainian transport air carrier.

# Nuclear inspectorate extends operating life of reactor three of Zaporizhia NPP for 10 years



The State Nuclear Inspectorate of Ukraine has extended the operating life of reactor three of Zaporizhia nuclear power plant (NPP) for 10 years – until March 5, 2017, an Interfax-Ukraine correspondent has reported.



***“The department of nuclear units is to issue the license to National Nuclear Generating Company Energoatom to permit the company to operate reactor three of Zaporizhia NPP,” Inspectorate Head Hryhoriy Plachkov said.***

On November 6, Zaporizhia NPP connected reactor three to the Ukrainian power grid, the press service of Energoatom reported.

Thus, this is the seventh reactor of Ukrainian NPPs, which operating life was extended. In December 2010, the inspectorate expanded the operating life of reactors one and two of Rivne NPP for 20 years, in November 2013 – reactor one of Yuzhnoukrainsk NPP for 10 years, in December 2015 – reactor two of Yuzhnoukrainsk NPP for 10 years, in September 2016 – reactor one of Zaporizhia NPP for 10 years and in October 2016 – reactor two of Zaporizhia NPP for 10 years.

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## Ukrhydroenergo intends to start building Kakhovska HPP-2 late 2019

Public joint-stock company Ukrhydroenergo intends to start building Kakhovska hydroelectric power plant (HPP) two at the end of 2019, Ukrhydroenergo Head Ihor Syrota told reporters at the Power Engineering for Industry 2017 trade fair in Kyiv on November 7.



***“Now we are signing a contract with Ukrhydroproject to design the plant. We expect that next year the design will be finished, and early 2019 we will pass examinations and be approved by the Cabinet of Ministers. I think that at the end of 2019 we will be able to start building,” he said.***

Syrota said that the capacity of Kakhovska HPP-2 will be 255-270 MW. The cost of construction is around EUR 420 million.

“The European Bank for Reconstruction and Development and the European Investment Bank are ready to finance the project,” he said.



## Building of first solar plant near Chernobyl NPP as per schedule, to be completed by year end

Solar Chernobyl LLC continues construction and installation work on the construction of the first solar power plant with a capacity of 1 MW on the industrial site of Chernobyl nuclear power plant (NPP), the press service of state-owned special enterprise Chernobyl NPP has said.



***"At the moment, technological equipment is being brought to the construction site, installation of ballast blocks for metal structures is being carried out, slabs for fence poles are being installed, preparatory work for erection of metal structures is underway," the report states.***

The press service noted 3,762 solar modules will be installed during construction. To place the technological equipment of the power plant, anchorage systems and foundations, which were specially designed taking into account site requirements and radiological safety, are used.

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## Synevo seeks to develop franchise chain in towns with population up of 50,000 people



The European network of medical laboratories Synevo seeks to develop the franchising chain of biomaterial reception centers in towns with population of up to 50,000 people, Synevo Ukraine Commercial Director Mykola Skavronsky has said.

"Since last year, we have been actively developing a franchising program. The Synevo centers open even in small towns with a population of 20,000-30,000 people," he told Interfax-Ukraine, adding that, according to the strategy, Synevo is present in all regions in cities with a population of more than 100,000 people, and the network is present in the form of franchising in towns with a smaller population. According to Skavronsky, at present the chain has opened about 40 franchising centers and plans to open another 20-30 centers in 2018.

"Our principle is the following: we do not allow franchising in those cities that are the points of interest for Synevo. We do not go to towns with a population of less than 50,000 for economic reasons, but if some franchisee chose this town, we will not open any other franchisee Synevo there. We allow only one franchisee to work in the town, but he or she may have several centers in this town," he said.

## Kharkiv Frunze Plant enters British market

PJSC Frunze Plant (Kharkiv) has shipped the first batch of products to a British woodworking company.



***“A company from Wales, engaged in woodworking and promotion of environmental boilers, has been shipped 175 sieves,” the press service said.***

According to the report, the products of the Ukrainian enterprise will be used by the British firm to dry wood.

“The first delivery to the British market is the result of our active participation in major international exhibitions due to which we are now actively expanding the geography of sales,” Oleksandr Vasylenko, the chairman of Frunze plant, said.

Frunze Plant was founded in 1885. It produces sieves for agricultural machinery, gratings, grids and fencing systems for construction industry, elements of urban environment (trash cans, benches), warehouse racks and protective systems of engine crankcases for cars.

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## PET Technologies finishes construction of PET bottle making machines plant



PET Technologies Ukraine LLC (Chernihiv) recently launched a new administrative building in the regional center and finished construction of a new complex producing PET bottle making machines.

“The enterprise has a full production cycle – from processing of metal to assembly of finished machines,” the press service of Chernihiv City Council reported after a ribbon-cutting ceremony with the participation of City Mayor Vladyslav Atroshenko.

According to postings on the websites of the city council and PET Technologies Ukraine, small enterprise Polimash LLC was created in 1999. Austria’s PET Technologies Europe GmbH decided to outsource production in 2009 and selected Polimash as a partner.

# Harveast Holding creates new division harveast irrigation seeds



HarvEast Holding on November 8, 2017 decided to create new division HarvEast Irrigation Seeds for operational reasons. "The need to create a new separate structural unit is connected with focusing HarvEast Holding's efforts on development of the irrigation system, as well as large-scale plans for seed production," Director General of HarvEast Holding Dmytro Skorniakov told Interfax-Ukraine. The main tasks of the new division are to expand the areas under irrigation, efficient management of irrigated areas, launch of a new seed plant, development of seed production in irrigated land areas and cooperation in hybridization with foreign companies.

Vadym Mischuk, who previously held a different operational position in the company, has been appointed Head of HarvEast Irrigation Seeds.

As reported, HarvEast Holding is building a seed plant with a capacity of 10 tonnes per hour. The plant will post-processing of seeds of leguminous and grain crops. Earlier the company had a seed plant, but it lost control over the enterprise due to hostilities in eastern Ukraine.

In 2017, HarvEast signed a cooperation agreement with Maisadour, the seed company.

In 2017, the agroholding installed irrigation systems on 400 ha and in 2018 plans to install them on 700 more ha.

**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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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.

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