



UKRAINE OPEN FOR BUSINESS

Biweekly news digest

4 December 2017

Consumer confidence in Ukraine improve after five months of stability



Consumer confidence of Ukrainians in October 2017 improved by 3.6 points compared with the September figure, to 62.6 after five months of stability, according to a study of GfK Ukraine.

The figure grew by 11 points year-over-year.

"Positive changes in consumer confidence of Ukrainians are the result of pension increase in October 2017, planned scholarship increase in November and planned increase of the minimum wage in the beginning of the next year," the company said.

According to a press release of GfK Ukraine, Index of the Current Situation (ICS) increased by 5 points and now equals 60, while a year ago it was 50.4. Index of Propensity to Consume increased by 6.4 points and reached the indicator of 67.6. Index of Current Personal Financial Standing equaled 52.4, which is 3.6 points higher than the indicator in September.

HEADLINES



UKRAINE UP FROM 84TH TO 43RD POSITION IN TAXATION RATING OVER YEAR



WNISEF LAUNCHES U.VENTURES TO INVEST IN IT STARTUPS FROM UKRAINE AND MOLDOVA



EIB TO ISSUE EUR130 MLN TO UKRENERGO FOR UPGRADING SUBSTATIONS



FINLAND'S FOREIGN MINISTRY, NEFCO SETTING UP FUND FOR FINANCING RENEWABLE ENERGY IN UKRAINE



WIZZ AIR TO OPEN BASE IN KHARKIV IN 2018, TO INCREASE NUMBER OF FLIGHTS FROM LVIV



INFRASTRUCTURE MINISTER ASSESSES INVESTMENT IN LAUNCH OF HIGH SPEED TRAINS AT EUR 540-840 MLN

Ukraine up from 84th to 43rd position in taxation rating over year

Ukraine has climbed to the 43rd position out of 190 countries in the Taxation 2018 rating compared to the 84th place in the Taxation 2017 rating.

"The biggest impact on improving the positions in the rating was shown by the reduction of the social security tax from 2017. This had a positive impact on the overall tax burden in Ukraine," Viacheslav Vlasov, a partner of PwC Ukraine, said when presenting the rating results in Kyiv.

According to the published study, Ukraine, compared to last year's indicators, has almost twice improved its position – by 41 percentage points.

The rating is determined on the basis of four indicators: the total tax rate, time for submission of reports and tax payment, the number of payments, the index of efficiency of the tax authorities' work after reporting (post-filing index).

According to the report, the total tax burden in Ukraine is 37.8%, in the European Union 40.5%, while the global figure is 39.6%. Ukraine shows a positive trend in terms of the number of tax payments per year: their number is five, with the average figure in the world being 24, in the EU 12.

TOP 100 Ukrainian brands worth \$5.4 Bln – media



The value of the top 100 most expensive brands of Ukraine totals \$5.4 billion, according to a study conducted by the Novoye Vremia publication jointly with MMP Consulting. According to the study, the top three most expensive brands are Morshinska estimated at \$507 million, Sandora (\$312 million) and Roshen (\$274 million).

The valuation methodology is based on the financial results of the companies owning the brands, as well as the factors that may affect the brand value: geographical coverage of sales, technological component, manufactured products and investment attractiveness of the industry.

The brand of the alcohol producer Nemiroff was estimated by experts at \$255 million, Nova Poshta at \$218 million, PrivatBank at \$211 million and Khortytsa at \$203 million.

The top ten also included Rozetka (\$179 million), Kyivstar, the largest Ukrainian mobile communications operator (\$168 million) and Obolon (\$162 million).

The largest number of brands in the rating represents food products, retail, beer and non-alcoholic and alcoholic sectors, as well as confectionery.

Wnisef launches U.Ventures to invest in it startups from Ukraine and Moldova



Western NIS Enterprise Fund (WNISEF) has announced the launch of U.Ventures, a new fund focusing on investing in early-stage technology startups from Ukraine and Moldova. U.Ventures will invest in early stage companies, from Seed to Series A, with investments ranging from \$100,000 to \$500,000. WNISEF told Interfax-Ukraine that at the first stage the fund will manage \$5 million, although it is planned to expand it to \$10 million.



“We founded U.Ventures to help ambitious startup teams navigate through the complex entrepreneurial journey from concept to significant shareholder value creation, working in a supportive and respectful manner as full lifecycle partners,” WNISEF President and CEO Jaroslawa Z. Johnson said.

According to the document, U.Ventures will back start-ups from Ukraine and Moldova that typically have a product with first traction, targeting large addressable markets, with a technology edge, driven by motivated teams with proven track record, and reputable co-investors.

Western NIS Enterprise Fund (WNISEF) is a \$150 million regional fund, a pioneer in Ukraine and Moldova. WNISEF was funded by the U.S. government via the U.S. Agency for International Development (USAID). Since its inception, WNISEF's cumulative investments total over \$168 million to 118 companies in Ukraine and Moldova.

In 2015, WNISEF has launched a \$35 million legacy program focused on export promotion, local economic development, impact investing and economic leadership.

Ukrenergo announces tender for buying transformers for three 330 KV and 750 KV substations

Ukrenergo has announced a tender for the purchase of transformer equipment for the following substations: 330 kV Zaliutyne, 750 kV Zaporizka and 750 kV Dniprovska, according to the Uriadovy Kurier newspaper.

Tender proposals are accepted until January 25, they will be disclosed on the same day. Tender participants must provide collateral for EUR400,000. The purchase of transformers is financed under the credit of Germany's KfW.

Ukrenergo operates trunk and interstate power grids, as well as the centralized dispatching of the unified energy system of the country. It is a state enterprise subordinated to the Ministry of Energy and Coal Industry.

Klitschko signs agreement on cooperation with Chinese consortium for building fourth subway line in Kyiv



Kyiv Mayor Vitali Klitschko and Vice Chairman of China Pacific Construction Group Guo Qing have signed an agreement on cooperation between Kyiv City State Administration and the Chinese consortium, which includes China Railway International Group Co., Ltd and China Pacific Construction Group, in implementing the project for the construction of the fourth metro line in Kyiv.

Klitschko wrote on his Facebook page the agreement provides for setting up a working group of Ukrainian and Chinese specialists who will develop the best technical and financial solutions for the implementation of the project.

The cost of construction is estimated at \$2 billion, while 85% of the projected cost of the project will be secured at the expense of a loan from Chinese financial institutions.

"The possibility of attracting this loan is being considered with the provision of state guarantees for repayment of the loan funds. The loan repayment period is from 15 to 20 years. At the same time, the interest rate will be the subject of negotiations," the mayor said.

The project foresees the construction of a new subway line with a length of almost 18 km with 13 stations. A transfer station will also be built between the ring train line and the new fourth subway line. The expected construction period is five years.

EIB to issue EUR130 mln to Ukrenergo for upgrading substations

The European Investment Bank (EIB) will issue a loan of EUR 130 million to Ukrenergo for modernization of substations, according to the website of the financial institution.

The corresponding project was approved by the financial institution on November 16.

The EIB said the project is aimed at improving energy efficiency, reliability of equipment, reducing operating costs. Its implementation will contribute to the integration of Ukraine's energy system with the European Network of Transmission System Operators for Electricity (ENTSO-E).

The total cost of the project is EUR280 million.

As reported, Ukrenergo operates trunk and interstate power grids, as well as carries out the centralized dispatching of the unified energy system of the country. The company is a state enterprise subordinated to the Ministry of Energy and Coal Industry.

Ukravtodor to start replacing road surfacing to cement topping at three roads



The Infrastructure Ministry of Ukraine plans to start three reconstruction projects for 232 km of roads with cement surfacing in 2018. The project would cost around UAH 8 billion.

An Interfax-Ukraine correspondent has reported that the project was discussed at a meeting of the parliamentary transport committee.

The first project is reconstruction of the northern orbital road around Zhytomyr in Kyiv-Chop M-06 highway (22.3 km). "It is planned to upgrade the road category to 1b [the extension of the road from two to four lanes, the estimated traffic intensity is 14,000 vehicles]. Land has already been allocated," Director of the department for strategic development of the road market and road transport of the Infrastructure Ministry Viktor Sasin said.

According to the representative of the State Automobile Roads Agency of Ukraine (Ukravtodor) Andriy Chabanovsky, the cost of reconstruction will be UAH 1 billion. The project is financed from the loan provided by the European Bank for Reconstruction and Development (EBRD).

In addition, the investment project for reconstruction of the Dnipro-Reshetylivka N-31 highway provides for the expansion of the road from two to four lanes, as well as the coating in cement concrete (137 km), Sasin said. The cost of the project, according to Ukravtodor, is UAH 5.4 billion.

It is planned to carry out major repairs of the Kropyvnytsky-Mykolaiv N-11 highway, within the borders of Mykolaiv region (73 km), Chabanovsky said. Road coverage, according to the prepared project, is cement concrete. The project cost is UAH 1.6 billion, the works will begin in 2018.

GESS interested in privatization of Kherson CHPP

Green Energy Sustainable Solutions (GESS) is interested in privatization of Kherson combined heat and power plant (CHPP), the press service of Ukraine's State Agency on Energy Efficiency and Energy Saving has reported after a meeting of Agency Head Serhiy Savchuk with GESS CEO Shaun Lee.



"Among the projects considered by the company is participation in privatization and, in case of victory, further reconstruction of Kherson CHPP. The new station will operate on biomass. Its capacity will be 50 MW of electricity and 50 MW of thermal energy. The estimated volume of investments is EUR 300 million," the press service said.

For today, GESS in Ukraine is engaged in projects for the production of biogas, and electricity at solar power plants.

As reported, Ukraine's State Property Fund (SPF) offers halving (up to UAH 75.74 million) the starting price of Kherson CHPP for a new privatization tender.

Earlier, the SPF tried to sell Kherson CHPP at a starting price of UAH 155 million, but there were no one willing to buy the shares.

Electric car sales in Ukraine increase 3.2-fold in JAN-OCT

Sales of electric cars in Ukraine (new and used ones) grew 3.2-fold in January-October 2017 year-over-year, to 2,225 cars, the Ukrautoprom association has reported. The association said that the share of used electric cars reached 86% of the primary registration market, while a year ago it was 42%.

Residents of Kyiv city bought the largest number of electric cars (528), Kharkiv region is second with 406 cars and Odesa region is third with 405 cars. According to the report, the most popular electric car is Nissan Leaf (1,855 cars sold), although most of these cars imported to Ukraine were used. A total of 79 BMW i3 electric cars were sold, 56 Tesla Model S, 54 Ford Focus and 30 Fiat cars were sold.

According to AUTO-Consulting, the total fleet of electric cars used in Ukraine exceeds 4,000, and only in January-August 2017 it doubled. "If the pace continues, by the end of 2018 the electric car fleet could again double, exceeding 8,000 cars," the analysts said.

U.S. successfully launches Antares rocket designed by Ukraine



Antares launch vehicle (LV) designed and created in Ukraine used in the implementation of a NASA CRS-8 Commercial Resupply Services mission to the International Space Station (ISS) was successfully launched from a launch pad in the United States.

The successful launch of the Antares LV with the Cygnus spacecraft, which was broadcasted on the NASA website, was carried out from the Mid-Atlantic Regional Spaceport on Wallops Island (Virginia, the United States) at 14:14 Kyiv time. Initially, the launch was scheduled for Saturday, but was scrubbed at the last moment due to a plane in the hazard area.

The Cygnus spacecraft, which was launched into a near-earth orbit, will deliver about 3 tonnes of payload, supplies of food, scientific equipment to the ISS, and will also recycle waste from the ISS.

The basic structure of the first phase of the Antares rocket was designed by Pivdenne Design Bureau and made by Pivdenmash (both based in Dnipro). Ukraine's Hartron-Arkos, Hartron-Ucom, Chezara (Chernihiv Plant of Radio Equipment), and Rapid are also involved in cooperation on the project.

This is the second launch of the upgraded Antares LV – Antares-230 with replaced engines of the first stage.

In October 2014, the launch to the International Space Station of a private cargo spacecraft, Cygnus, atop an Antares rocket from NASA's Wallops flight facility in the state of Virginia ended in failure: the rocket exploded just seconds after the liftoff. The failure was traced to a fault in the first stage engines. After this, Orbital ATK decided to replace the first stage engine.

Wizz Air to open base in Kharkiv in 2018, to increase number of flights from Lviv



Wizz Air, the largest low cost airline in Central and Eastern Europe, will start operating in Kharkiv, which will become the third Ukrainian airport of the airline. Wizz Air will also launch five new routes from Lviv and Kharkiv.

The press service of the airline reported that as a result of the increased demand of Wizz services by the Ukrainian passengers, the airline is delighted to offer a greater choice of flights for the Ukrainian travelers and their visitors. The new services available from Kharkiv to Dortmund and Katowice, will operate each twice per week and will start in April and June, respectively. Lviv low-fare network will be further expanded, in addition to the recently announced London-Luton connection, with three new routes to the beautiful cities of Dortmund, Katowice and Gdansk from next spring.

"Wizz's fast-growing Ukraine operations will continue to stimulate the local economy as it has done for the last years, bringing increased employment in Ukraine's aviation and tourism sectors and supporting more than 600 jobs this year in associated industries throughout the country. Expanding its operations in 2018 to three aircraft, Wizz Air will have a local staff of more than 100 direct employees in Kyiv and will offer in total 29 low-fare routes to 10 countries from three Ukrainian airports," the airline said.

The two new routes from Kyiv to Tallinn and Lisbon will be launched in 2018.

Wizz Air services more than 550 routes from 28 bases, connecting 144 destinations in 43 countries. Its fleet consists of 87 Airbus A320 and A321 aircraft.

Antonov will modernize transport AN-124-100 Ruslan for UAE-based maximus air

Antonov State Enterprise (Kyiv) will modernize a heavy An-124-100 Ruslan aircraft with a cargo carrying capacity of 150 tonnes operated by Maximus Air (the UAE). According to a report by the company press service on Facebook, the relevant contract was signed by the parties during the 15th international aerospace exhibition Dubai Airshow 2017 held in Dubai on November 12-16. The details of the upcoming modernization are not specified.

Under another contract with the UAE company, the Ukrainian developer will also carry out the maintenance of a transport aircraft, the press service said.

According to Antonov, during the negotiations within the framework of Dubai Airshow 2017 on the development of bilateral cooperation with the UAE's partner, Maximus also highly appreciated the market prospects of an An-70 Ukrainian military transport aircraft with the maximum carrying capacity of 47 tonnes presented to potential customers at the exhibition.

"When discussing further cooperation, the director of this carrier company also expressed confidence in the broad prospects of the civilian version of An-70 aircraft in the world market of cargo air transportation," reads the report.

Infrastructure Minister assesses investment in launch of high speed Kyiv-Odesa trains at EUR 540-840 mln



The project to develop high-speed transportation by rail on the Kyiv-Odesa route is economically viable and would require investment of around EUR 540-840 million, Ukrainian Infrastructure Minister Volodymyr Omelyan has said.



"I am sure by 200% that there will be passenger flow," he said during the infrastructure day in the European Business Association (EBA) on Tuesday.

He said that it would take two hours to reach Odesa from Kyiv. The price of a ticket of UAH 500-700 will be competitive.

Omelyan said that the optimal is the route along the Kyiv-Odesa highway where the state has land parcels.

The minister said that construction of one kilometer of tracks would cost some EUR 1-2 million. This allows assessing the construction of the entire railway at EUR 500-800 million. Omelyan said that one train would cost some EUR 10 million and four trains would be required for organizing normal trips. He said that it is expedient to organize transportation of freight using this route. Freight dispatchers and potential international operators of ports, with which Ukraine is holding negotiations, are interested in it.

Ukraine will supply 1 MLN smart meters to Iraq – UCCI

Ukraine is negotiating with Iraq to supply 1 million smart meters, the press service of the Ukrainian Chamber of Commerce and Industry (UCCI) has said.



"Now the approval of this contract by the ministries is being completed and soon Ukraine will start deliveries," the Iraqi head of the Iraqi-Ukrainian Business Council said.

According to the UCCI, Iraq's total need for smart meters is 2 million units.

As reported, the Ukrainian manufacturer of meters NIK signed an agreement with the British CyanConnode to supply equipment and software for smart measuring systems for \$29 million.

According to CyanConnode, within the order about 1 million sets of equipment and software will be supplied within three years. As payment for the equipment CyanConnode will receive \$13 million, another \$16 million will be received as payment for the use of software during ten years after the installation of finished products.

NIK LLC (Kyiv) is one of the largest manufacturers of measuring instruments and automated systems for integrated energy resources accounting in Eastern Europe.

Finland's foreign Ministry, NEFCO setting up fund for financing renewable energy in Ukraine by EUR 6 mln

The Finnish Ministry of Foreign Affairs and the Nordic Environment Finance Corporation NEFCO signed an agreement on November 29 to create a trust fund for financing renewable energy in Ukraine in the amount of EUR 6 million, the press service of the State Agency for Energy Efficiency of Ukraine reported.



"The Finnish-Ukrainian trust fund facilitates the provision of technical assistance and the allocation of grant funds for the implementation of clean energy projects in Ukraine," the report said.

To date, NEFCO has already funded about 150 projects in the field of renewable energy and energy efficiency in Ukraine.

Pivdenne design bureau seeks to expand cooperation with National Academy of Science in aerospace equipment creation in 2018-2022



Pivdenne Design Bureau (Yuzhnoye, Dnipro) is preparing for boosting cooperation with the National Academy of Science of Ukraine in the sphere of creation of aerospace equipment in 2018-2022, the press service of the State Space Agency of Ukraine (SSAU) has reported.

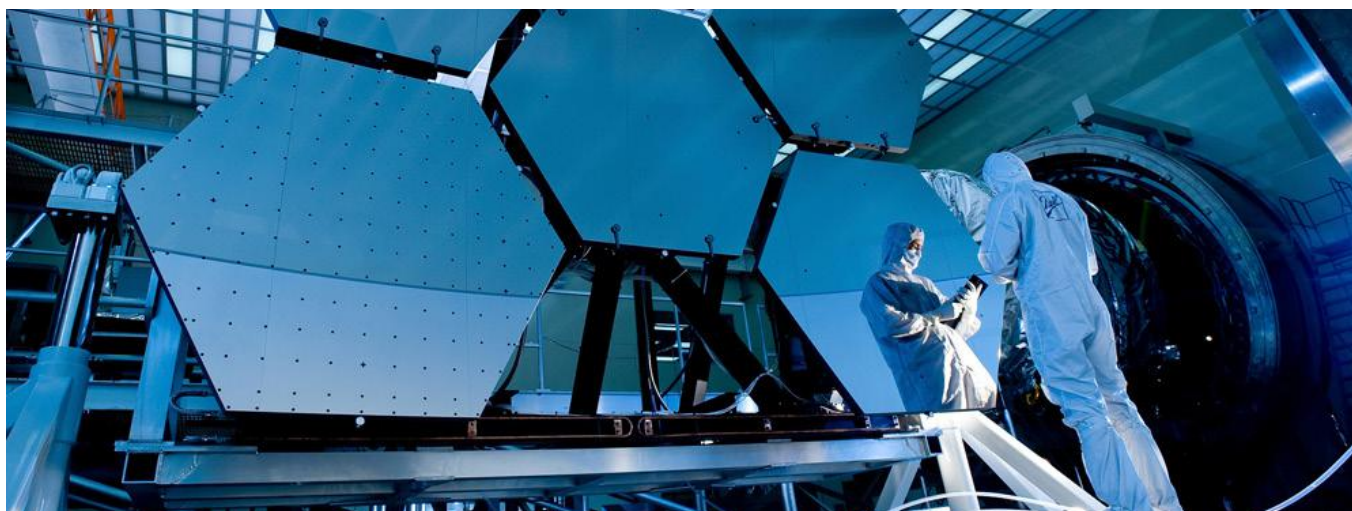
According to the report, at a meeting of the coordination council of the Bureau and the National Academy of Science the sides summarized the implementation of a cooperation plan for 2013-2017 and approved a promising plan for 2018-2022.

"The new plan provides for expanding the scope of joint research in the field of rocket and space technology and increasing the amount of funding," the press service said.

"This shows that at the current stage of space activities, the SSAU and State Enterprise Pivdenne Design Bureau look to the future through the prism of science," the press service said.

First Vice-President of the National Academy of Science of Ukraine, Director of the National Institute for Strategic Studies Volodymyr Horbulin, acting Director General of the Pivdenne Design Bureau Oleksandr Dehtiarov and SSAU Head Pavlo Dehtiarenko took part in the meeting.

Projected growth of production in aerospace industry in Ukraine estimated at 30% in 2017 – SSAU



The projected growth of production in aerospace industry of Ukraine in 2017 is estimated at 30-33% compared with 2016, the press service of the State Space Agency of Ukraine (SSAU) has reported.

The figures were presented at a meeting of SSAU devoted to the results of the industry in January-September 2017.

According to the published data, in January-September 2017, production in the sector grew by 21.3% year-over-year and sales – by 23%.

“The sector enterprises produced and sold goods for some UAH 2.9 billion. Total gross production (taking into account the uncompleted projects) reached over UAH 3.68 billion,” the press service said.

The export's share of total sales was 51.5%. Exports to the EU countries and the United States grew.

Pivdenne (Yuznoye) Design Bureau (Dnipro), Hartron (Kharkiv), Enterprise of Special Engineering Arsenal (Kyiv), Kommunar Production Association (Kharkiv), Kyivprylad Production Association (Kyiv) and Instrument-Making Research Technological Institute (Kharkiv) saw profit.

The space agency said that since early 2017 with the participation of enterprises of the Ukrainian space industry, seven launches have been carried out within international cooperation: the launch of the U.S. Antares launch vehicle, which provides commercial flights to deliver cargoes to ISS under a contract with NASA (Ukraine produced the first stage of the LV), three launches of the European Vega LV with the Ukrainian engine of the fourth stage involved in the ESA programs, as well as three launches of the Russian Soyuz-FG LV with the Ukrainians control system involved in the international programs.

Ukrzaliznytsia plans to buy 8,900 new wagons in 2018

The draft investment plan of PJSC Ukrzaliznytsia for 2018 provides for the purchase of 8,880 new wagons, of which 5,180 from third-party manufacturers, but this plan could be reduced due to a lack of funding, the deputy director of the Ukrzaliznytsia strategic management and development department, Oleksandr Malakhov, has said.

During the infrastructural day at the European Business Association he explained this plan was drawn up taking into account the investment of UAH 30.6 billion from own funds, whereas according to the current financial model there are only UAH 13.3 billion of own funds for the next year.

Malakhov said out of 5,180 cars to be bought from third-party manufacturers, 3,400 are to be purchased at the expense of a loan from the European Bank for Reconstruction and Development.

The deputy head of the Ukrzaliznytsia commercial work department, Oleksandr Karnachev, said the wagons bought for EBRD funds would be transferred to a specially created company, UZ Cargo Wagon.

Ukroliya invests about UAH 50 mln in plant for organic oil production



Ukroliya LLC (Poltava region) has invested about UAH 50 million in the new Ukroliya Organic plant for production of organic oil in the settlement of Dykanka in Poltava region, the company's press service has told Interfax-Ukraine.

"About UAH 50 million is the volume that we are claiming. Part of the funds are loans from Ukreximbank and ProCredit Bank, and part are our own funds," the company said.

According to a press release from Ukroliya, this is the first certified plant in Ukraine for production of organic oil.

"Our plant will become the first producer of oil in Ukraine certified in accordance with the European organic standards. Organic Standard carried out certification, which demonstrates the recognition of the compliance of our products with the strict standards applied to organic products in Europe," Ukroliya Organic chief technologist Serhiy Kosvintsev said.

The company plans to process 18,000 tonnes of sunflower, 50,000 tonnes of soybeans, produce 7,020 tonnes of organic sunflower oil, 6,750 tonnes of organic soybean oil, 7,100 tonnes of cake, and 3,000 tonnes of sunflower husk per year.

Ukroliya was founded in 2001. It owns a production complex for processing sunflower seeds in Poltava region.

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

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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

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