



# UKRAINE

## OPEN FOR BUSINESS

3 June 2019

## Industrial production in Ukraine 5.2% up in April compared with April 2018



Industrial production in Ukraine in April 2019 increased by 5.2% compared with April 2018, after a rise of 2.1% in March and a fall of 1.8% and 3.3% in February and January respectively, the State Statistics Service has reported.

The agency said that with the adjustment to the effect of calendar days, industrial production in April 2019 compared with April 2018 also increased by 4.4%.

The service said that compared with the previous month, industrial production in April fell by 1.8%, and taking into account the seasonal factor it grew by 0.9%.

In general, in January-April 2019, the growth in industrial production compared to the same period of 2018 is 0.6%, whereas in the first three months it fell by 0.9%, according to the State Statistics Service.

The rise in processing industry in April 2019 from April 2018 was 7.4%, in extracting industry and quarrying some 2.7%. The figure in the supply of electricity, gas, steam and conditioned air grew by 0.3%.

## HEADLINES



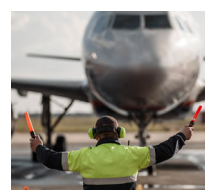
EBRD COULD PROVIDE EUR 250 MLN LOAN FOR PUBLIC TRANSPORT UPGRADING IN UKRAINE



UKRENERGO PLANS TO ATTRACT EUR 24.5 MLN FROM KFW



EBRD COULD ORGANIZE EUR 80 MLN LOAN TO SUPPORT RENEWABLE ENERGY IN UKRAINE



KYIV INTERNATIONAL AIRPORT DOUBLES CAPACITY AFTER RECONSTRUCTION



CEMENT PRODUCTION IN UKRAINE 23% UP IN Q1



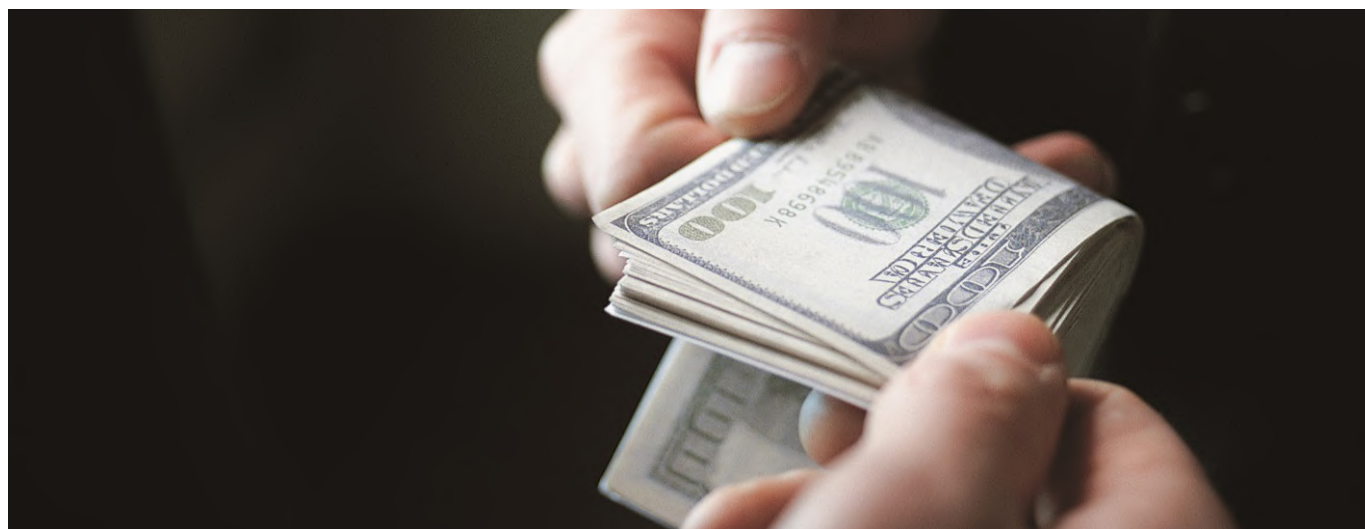
GRAIN HARVEST IN UKRAINE COULD REACH 70.8 MLN TONNES

# World Bank affirms forecast for growth of Ukraine's GDP at 2.7%

The World Bank has affirmed the forecast for growth of Ukraine's GDP at 2.7% in 2019, World Bank Country Director for Belarus, Moldova and Ukraine Satu Kahkonen has said.

In 2018, GDP growth was 3.3%, in 2019, the growth would slow down, she said at a press conference in Kyiv.

## Resumption of obligatory personal vehicle inspection in Ukraine resumes corruption schemes



The resumption of obligatory personal vehicle inspection initiated by the Infrastructure Ministry of Ukraine would not improve their safety, although it could result in the resumption of corruption schemes applied earlier, according to lawyers polled by Interfax-Ukraine.

"This bill, in our opinion, is a purely commercial project that will not affect road safety in any way. Infrastructure associated with the passage of MOT tests will appear and quickly develop, including without the inspection of a vehicle. In this area corruption and illegal turnover of cash will develop," says [Alexander Keer](#), managing partner of the [DTP Expert law firm](#).

"In Ukraine at present, according to various estimates, there are several tens of thousands of cars that drive not entirely legally. Cars with foreign number plates are only part of them, and there are still stolen, confiscated and other cars. If mandatory inspection is introduced, then when these cars pass through, they will be identified. Some of these cars were resold, then their owners, who purchased cars as a result of a legal transaction, will be in a difficult situation," he said.

The lawyer predicts that "for the inspection of illegal cars will also apply illegal schemes that will not guarantee a good technical condition of the vehicle."

At the same time, Keer predicts that "mandatory inspection will improve the detection of crimes related to cars illegally located on the territory of Ukraine."

At the same time, the lawyer said that "technical failure of cars is very rarely recognized by the court as the cause of an accident, especially when it comes to commercial vehicles, in particular, heavy trucks, special vehicles and carriers of dangerous goods." Nevertheless, the consequences of such accidents can be very serious both in material terms and in terms of the number of casualties (injured and dead citizens).

"Very few road accidents initiated after a technical malfunction of the car reached the courts. In such cases, it is much easier for the parties to place the responsibility on the driver than directly on the technical condition of the vehicle, because if the court recognizes the malfunction of the car, the head of the transporting company will be responsible. The company may lose the license for transportation, therefore, most of the responsibility is shifted to drivers," he said.



# Ukrainian experts call to reboot Minsk process

On May 28, 2019, Interfax Ukraine's press center hosted a press conference entitled: "Rebooting the Minsk Format: New Faces." During the press conference, experts noted the need to speed up staffing the Minsk Group with new capable personnel, on the one hand, who can articulate Ukraine's position in the negotiation process more clearly and, on the other hand, unfreezing the dialogue on the exchange of prisoners of war, the killed and the search for missing people.

Head of the Public Council under the Ministry for Temporarily Occupied Territories and Internally Displaced Persons (IDPs) Hennadiy Borischev said: "In the conditions of withdrawal of a number of key figures from the group, against the backdrop of intensified hostilities in Donbas and the capture of eight Ukrainian soldiers, the absence of Ukrainian representatives on the only legitimate communication platform endangers the lives and health of our citizens living in territories not controlled by Ukraine and captives."

At the same time, he expressed the readiness of the Public Council under the Ministry for Temporarily Occupied Territories and Internally Displaced Persons, which consists of 26 public organizations, and IDPs organizations whose members are former residents of Donbas to cooperate with the administration of the new president, denoting that the "Public Council under the Ministry for Temporarily Occupied Territories and Internally Displaced Persons has a sufficient personnel and project resource capable, in our opinion, of reviving the Minsk process upon condition of its depoliticization."



***"Human rights activists, unlike politicians, are not politically biased, we are guided by the interests of war-affected people. The state should delegate at least some of the areas in the Minsk process to people who are vitally interested in supporting Ukrainian citizens on both sides of the contact line," Hennadiy Borischev said.***

"In addition to work at the Public Council under the Ministry, I head the union of IDP organizations 'All-Ukrainian Platform of Donbas ('Donbas Platform').' We represent more than 1.38 million IDPs whose position has been ignored. Who, if not us and our experts, could represent Ukraine at the Minsk process? Today not a single expert representing internally displaced people and other victims of the war was involved in the work of the Minsk Trilateral Contact Group to resolve the situation in the Donbas, the appointment of Ukraine's envoys still remains non-transparent, which results in mistrust of a significant part of society in this process and reduces the effectiveness of the talks," Borischev said.

Head of NGO Rada of Peace Initiatives Ivan Gunya outlined a number of problems noted by residents of the temporarily occupied territories, which are only aggravated by certain provisions of the Minsk agreements. In particular, the requirement of "total amnesty" for participants in illegal armed formations would cause internal conflicts in the ORDLO [occupied districts in Donetsk and Luhansk regions]. First of all, between the victims of the occupying authorities and representatives of the "amnestied" occupying administrations.

Head of RAND Research Projects Dmytro Hromakov noted that despite the constant mantras of politicians about the desire of Ukrainians for peace and the importance of the end of the war in Donbas to them, which is seen in all sociological research, it should be noted that the majority do not need peace at any cost. Most Ukrainians are not ready for "peace through defeat" and any action by the authorities in this direction will only lead to another iteration, if not a forceful change of power, then precisely to the emergence of revanchist movements and, as a result, another conflict of interests between the government and society.

According to a February poll by the Razumkov Center, 59% of respondents are convinced that peace in the east of Ukraine can only be achieved under conditions acceptable to Ukrainian society. At the same time, 29% of respondents are in favor of establishing peace at any cost, 11% were undecided.

## Globallogic sees 32% rise in revenue in Ukraine

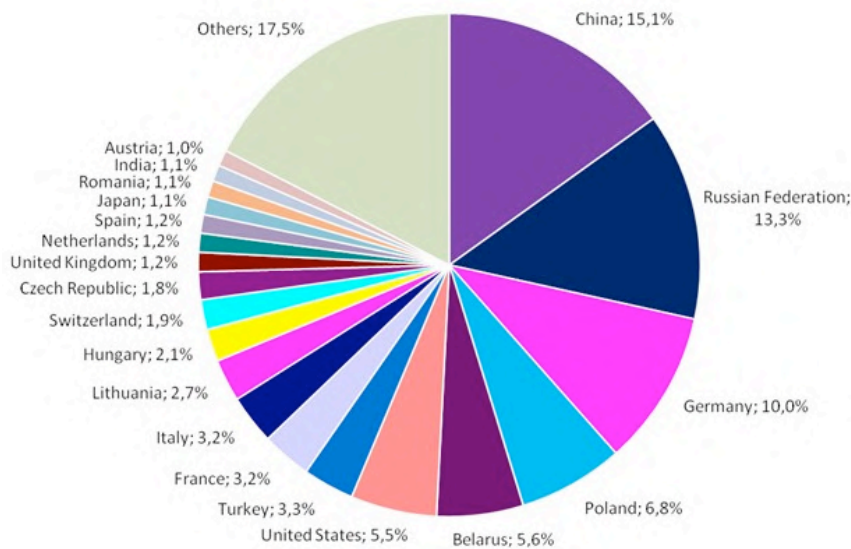
IT company GlobalLogic Ukraine in 2018 saw a 32% rise in revenue, which is higher than average growth, the company has said.

"Ukraine occupies an important place in the regional structure of companies. In the past calendar year, GlobalLogic's revenue in Ukraine grew by 32%, while the local IT market is growing by an average of 20-25% per year. Similarly, our profit increased, which we do not derive from the country, and fully use for business development in Ukraine," Managing Director of GlobalLogic in Central and Eastern Europe Ihor Beda said.

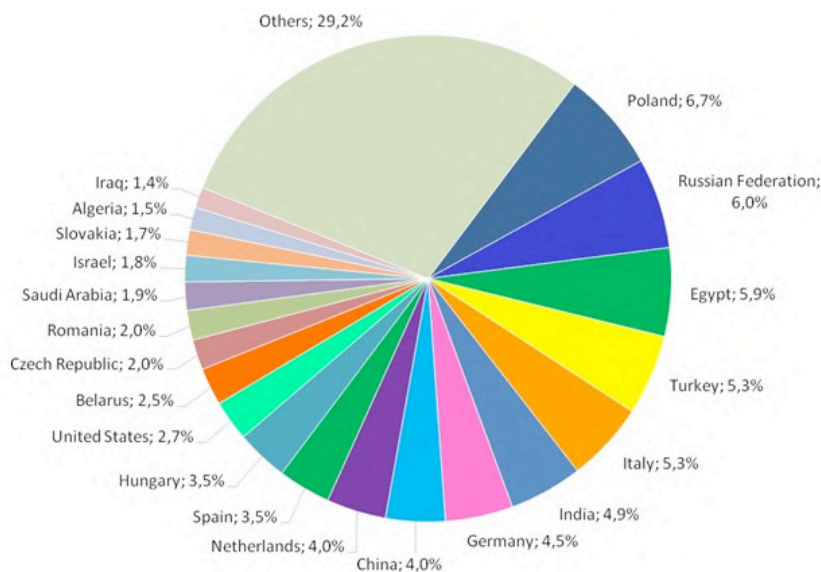
According to him, the company expects that further consolidation of efforts in Central and Eastern Europe will increase the growth of the company's performance and investment opportunities in the region.

Following the results of the past fiscal year (April 1, 2018 – March 31, 2019), the business of the GlobalLogic group of companies in Central and Eastern Europe grew by 27.6%. At the same time, the region accounts for 46.6% of the total revenue of the group of companies in the past financial year.

## Ukraine's foreign trade (import of goods) in Jan–Feb, 2019



## Ukraine's foreign trade (export of goods) in Jan–Feb, 2019



## EBRD could provide EUR 250 mln loan for public transport upgrading in Ukraine



The European Bank for Reconstruction and Development (EBRD) could provide a loan of EUR 250 million to implement Ukraine Public Transport Framework II, according to a posting on the EBRD's website. According to the report, the decision to provide financing the EBRD board is to discuss on July 24, 2019.



***"The EBRD will be signing loan agreements with respective companies and guarantee and project support agreements with respective cities. Each loan will be guaranteed by the respective municipality," the bank said.***

The investments will primarily focus on transport renewal (acquisition of new trolleybuses, buses, trams and metro cars as applicable) and the rehabilitation and/or modernisation of public transport infrastructure including automated fare collection, automatic vehicle location and traffic management systems. As reported, in October 2015, the EBRD approved the provision of EUR 100 million under Ukraine Public Transport Framework.

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## Ukrenergo plans to attract EUR 24.5 mln from KfW

National Energy Company Ukrenergo plans to attract another EUR 24.5 million from Kreditanstalt Fuer Wiederaufbau (KfW, Germany) to implement a project to increase effectiveness of electricity transmission, which is the third phase of reconstruction and automation of the company's substations.

According to a company's press release, the relevant intentions were recorded in the protocol on the results of the intergovernmental negotiations held on May 20 in Kyiv with the participation of the company.



***"This will significantly improve the reliability of power transmission and ensure the technical compliance of equipment and network operation with the standards and requirements of ENTSO-E," the press service reported, citing Ukrenergo Deputy Director for investment Volodymyr Kudritsky as saying.***

In general, KfW announced its readiness to provide more than EUR 80 million for the implementation of reforms in a number of sectors of the Ukrainian economy.

During the meeting, Ukrenergo spoke about the implementation of a roadmap for the integration of the Ukrainian power grid with ENTSO-E. In this direction, the company cooperates with the German transmission system operator 50 Hertz, which is now a key partner of Ukrenergo in the process of integrating networks.

## EBRD could organize EUR 80 mln loan to support renewable energy in Ukraine



The European Bank for Reconstruction and Development (EBRD) could organize a syndicated loan of EUR 80 million for state-owned Ukreximbank (Kyiv) to support renewable energy and energy efficiency private investments in Ukraine. According to a posting on the bank's website, EBRD will provide EUR 40 million from own account.

The provision of the loan is pending the approval of the EBRD Board on June 19, 2019.

Ukreximbank, a wholly owned state bank, was established in 1992. It ranked third among 77 banks in Ukraine in terms of total assets worth UAH 232.064 billion as of January 1, 2019, according to the National Bank of Ukraine (NBU).

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## SolarGaps from Ukraine wins tender for energy transition solutions in Germany

The Ukrainian company SolarGaps, which developed blinds with integrated solar panels, has won The Smarter E AWARD 2019 tender for energy transition solutions in Munich, the press service of the public organization Greencubator has reported.

The project won the nomination Smart Renewable Energy in the tender of the innovation hub The Smarter E, whose activities are aimed at the development of industry solutions.

Earlier, SolarGaps won the Climate Innovation Vouchers program of the European Bank for Reconstruction and Development (EBRD), and also received EUR1 million from the European Union's framework program for the development of research and technology Horizon 2020.

Energy transition is transformations in the energy sector aimed at reducing the share of consumption of fossil fuels.

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## Volume of services rendered by Ukraine's enterprises 2.7% up in Q1 2019

The volume of services rendered by enterprises in Ukraine in January-March 2019 amounted to UAH 215.2 billion, which in comparable prices is 2.7% more than the level of the same period in 2018, according to the State Statistics Service of Ukraine.

According to its data, the volume of services rendered to the population was 21.1% of the total volume of services provided.

The authority recalled that in January-March 2018, the volume of services rendered by enterprises in Ukraine grew by 3%, in April-June 2018 – by 5.8% and in July-September 2018 – by 4.8%.



# Boryspil Airport plans to repay UAH 3.6 bln of loan to Japan Bank for International Cooperation before 2032

State-owned enterprise (SOE) Boryspil International Airport (Kyiv region) plans to repay UAH 3.6 billion of debt under a state-secured loan of the Japan Bank for International Cooperation (JBIC) received 10 years ago to build Terminal D in accordance with the issue terms.



***"It remains for us to pay the Japanese bank UAH 3.6 billion at the current hryvnia exchange rate, which was attracted to build Terminal D. We paid about 20%," Deputy Director General for Economics and Finance of the Boryspil airport Kyrilo Zvonarev said at a press conference at the airport.***

According to him, the total amount of the loan at the current exchange rate is almost UAH 5 billion and approximately UAH 1.4 billion was paid. He also said that according to the payment plan, the airport will repay the loan before 2032.

"Twice a year we have to pay approximately UAH 150 million," the deputy director said.

At the same time, Zvonarev expressed concern that setting a rate of transfer to the national budget of the company's net profit at 90% could put at risk the repayment of the said loan.

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## Kyiv International Airport doubles capacity after reconstruction



Kyiv International Airport (Zhuliany) has doubled its capacity due to the expansion of main Terminal A by another 9,500 square meters, to 23,700 square meters, co-owner of the airport Denys Kostrzhevsky has said, when opening the terminal.

According to him, the reconstruction of the terminal cost UAH 630 million. He noted that the airport also doubled the number of check-in counters and passport control desks.

According to an Interfax-Ukraine correspondent, 23 registration desks and nine aviation security oversight stations are located on the ground floor of the new facility of the terminal. A new parking lot for 135 cars was built on the square near the airport.



***Terminal A will include a Duty Free shop, a WOG cafe, three restaurants and several souvenir shops.***

"The project includes the third stage of construction on the other side of the terminal, which will allow doubling the area of Terminal A," he said without specifying the start of construction.

In addition, according to him, it is planned in two or three years to begin work on the extension of the runway. "Now we are engaged in the allocation of land plots and design. In two or three years we will decide on the extension of the runway," the businessman said.

## Joining Clearstream international depository becomes main reform in Ukraine's capital market over five years

The accession of the Ukrainian market to the network of the Clearstream international depository is a very important step for the infrastructure, ensuring long-term prospects for the capital market in Ukraine, and the National Bank (NBU) intends to further actively develop the market infrastructure, as it considers it to be its area of responsibility, Deputy Governor of the NBU Oleg Churiy has stated.



***“Joining Clearstream is the most important reform in the capital market over the past five years. It will provide an opportunity to more actively attract funds from non-residents,” he told the Interfax-Ukraine news agency on the sidelines of the Sweden-Ukraine Business Forum held in Kyiv.***

Commenting on the opinion that such a simplification of entry/exit of non-residents to the Ukrainian market threatens with the outflow of their funds, Churiy noted that “only one-third of the short-term money of non-residents [are invested in government domestic loan bonds] maturing this year, while two-thirds [are invested in those maturing] next year.”

The banker added that often non-residents invest these funds in new government bonds, therefore this does not mean that they will leave immediately after the bonds are redeemed.

At the same time, Churiy stressed it is necessary to do a lot more for the development of Ukraine's capital market, and the National Bank intends to actively participate in this process.

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## Pharmacy sales in Ukraine rise by 16.1% in value terms



Pharmacy sales in Ukraine in April 2019 in monetary terms rose by 16.1% compared with April 2018, to UAH 8.073 billion, but decreased by 3.7% in natural terms, to 139.8 million packages.

According to the Apteka edition, with reference to data from the analytical system PharmXplorer/Pharmstandard, in April 2019 sales of medicines in monetary terms grew by 14.6% compared to April 2018, to UAH 6.703 billion, in natural terms by 4%, to 88.9 million packs.



***The Ukrainian pharmaceutical companies Farmak, the corporations Arterium and Darnitsa, as well as Teva (Israel) and Sanofi (France) are among the top five marketing organizations.***

As reported, in 2018 pharmacy sales in Ukraine in monetary terms increased by 23.4% compared with 2017, to UAH 84.574 billion, sales in natural terms for the period decreased by 0.84% compared with 2017, to 1.52 billion packages.



## Cement production in Ukraine 23% up in Q1



Ukraine in January-March 2019 increased cement production by 23% compared to the same period in 2018, Executive Director of the Ukrcement Association Roman Skylsky has said.



***“In the first quarter of 2019, the growth of the construction market was already 24%, and cement production rose by 23%. Exports grew by 66%, imports by 2.8 times,” Executive Director of the Ukrcement Association Roman Skylsky said during the international conference UkrCemFor 2019 in Kyiv.***

According to the expert, cement production in 2018 decreased by 0.8%, which is associated with a slight drop in demand and the limited capacity of railway logistics, which accounts for 65% of all cement transportation.

“However, the year of 2018 showed a rise in clinker production by 4.3%, which means that producers have the reserves and resources to produce goods, but they decide not to manufacture final products due to a drop in demand or logistic restrictions on the delivery of goods to end consumers,” he explained.

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## Part of Kyiv-Odesa highway to become cement concrete road

Part of M-05 Kyiv-Odesa highway in Kirovohrad, Mykolaiv and Odesa regions will be built as a road with the cement concrete surface.

“A few days ago I managed to convince our colleagues from the European Investment Bank that all subsequent loan financing that we will receive is sent to M-05 Kyiv-Odesa highway in order to have a full-fledged highway in a few years. We are planning this road within Cherkasy region with the asphalt concrete surface, and within the borders of Kirovohrad, Mykolaiv and Odesa regions with the cement concrete surface,” Head of the State Agency of Automobile Roads of Ukraine (Ukravtodor) Slawomir Nowak wrote on the Facebook social network.

According to him, this year the design documentation for the overhaul of the section of the road in Cherkasy region will be ready and the designing of the cement concrete road will begin within the boundaries of three regions.

“This year we are repairing the Kyiv-Odesa highway at the expense of the national budget. We also plan to overhaul sections of this road in Kyiv region at the expense of the ISIs [international financial institutions]. For example, in Cherkasy region we repair the section 15 km long with funds from the Road Fund. This is half the length of the most problematic section – between Zhashkiv and Uman,” Nowak said.

## Ukraine increases steel production by 12.6%, climbing to 12th position in Worldsteel rating in April

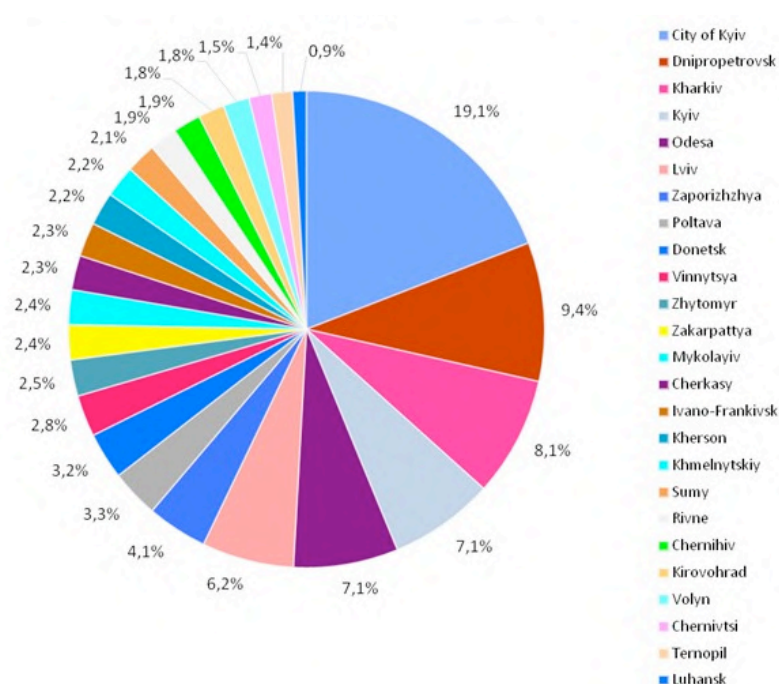
Ukrainian metallurgical enterprises in April 2019 increased steel production by 12.6% compared to the same period in 2018, to 1.938 million tonnes, climbing to 12th place from the 13th in the ranking of 64 countries, the major global manufacturers of these products, compiled by the World Steel Association (Worldsteel).

An increase in steel production in most of the top ten countries, except for Japan, Russia, Germany and Brazil was recorded in April.

The top ten producer countries in April are as follows: China (85.032 million tonnes, an increase of 12.7%), India (8.785 million tonnes, an increase of 1.5%), Japan (8.647 million tonnes, a decline of 0.8%), the United States (7.428 million tonnes, an increase of 7.3%), South Korea (5.978 million tonnes, an increase of 1.4%), the Russian Federation (5.6 million tonnes, a decrease of 8.3%), Germany (3.358 million tonnes, a drop of 8.7%), Turkey (3.044 million tonnes, an increase of 2.6%), Brazil (2.886 million tonnes, a fall of 1.9%) and Iran (2.165 million tonnes, an increase of 2.8%).

They are followed by Italy (1.950 million tonnes, a fall of 5.7%), Ukraine (1.938 million tonnes, an increase of 12.6%) and Taiwan (China, 1.930 million tonnes, a fall of 5%).

## Retail trade turnover by region in Jan–March, 2019



## Dairy producer Terra Food opens five new export markets in 2019

Terra Food, one of the largest dairy producers in Ukraine, since the beginning of 2019 first shipped dairy products to Gabon, Iran, Bulgaria, Macedonia, and Palestine.

According to a report on the company's website, the number of countries to which the company exported dairy products exceeds 60.

"Opening new markets is an important task in the company's export activities, but the most important thing is to further develop the distribution of the brand in the export market, build long-term relations with business partners, and this is the strategic task of the export department of Terra Food," the report says.

The group noted that the export development strategy envisages the opening of new markets, as well as the development of the range and increasing the volume of products in the major markets.

## T.B.Fruit begins construction of plant for processing fruits in Poland

T.B.Fruit, one of the largest processors of fruits and berries in Ukraine, has begun the construction of the eighth plant of the group for processing fruits and berries in Brzostowiec (Poland), investment in which will amount to EUR45 million, founder of T.B.Fruit Taras Barschovsky has said.



***“The capacity for apple processing will be 300,000 tonnes, strawberries 10,000 tonnes, cherries 6,000 tonnes, raspberries 12,000 tonnes, currants some 7,000 tonnes per year. Production start is scheduled for July 2020,” Taras Barschovsky told.***

According to Barschovsky, investments in the plant are estimated at EUR45 million.

T.B.Fruit is a vertically integrated international group of companies with a closed production cycle (growing raw materials, processing, transportation).

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## Grain terminal of MV Cargo launches second railway line in Pivdenny port

The grain terminal of MV Cargo, a joint project of MV Cargo with Cargill (the United States) in Pivdenny port, has launched the second railway line.

“In May, the grain terminal of MV Cargo launched the second railway line. Now we will be able to accept grain twice as fast – 24 wagons simultaneously on two tracks. At the same time, we will be able to unload four cars at the speed of one car in three minutes,” according to a report on Facebook.

MV Cargo expects that such rates will allow increasing the average daily unloading to 300 wagons, which is equivalent to 18,000 tonnes per day or up to 540,000 tonnes of grain per month.

As reported, MV Cargo postponed the official opening of the terminal until September 6, 2019.

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## Grain harvest in Ukraine could reach 70.8 mln tonnes



The Agricultural Policy and Food Ministry of Ukraine predicts that this year grain harvest in the country could reach 70.8 million tonnes compared with 70.1 million tonnes in 2018 under favorable conditions. The ministry said that corn harvest could decrease by 7.5%, to 33.1 million tonnes, wheat harvest could increase 9.3%, to 26.9 million tonnes and barley – by 12.3%, to 8.2 million tonnes.



***As reported, the U.S. Department of Agriculture (USDA) in its May report predicted grain harvest in Ukraine in 2019 at 72.1 million tonnes.***

According to the USDA, wheat production in Ukraine this year may reach 29 million tonnes, corn – 33 million tonnes, barley – 9 million tonnes.



# Brooklyn-Kyiv plans to launch grain terminal at Ukrainian Odesa port



The Odesa branch of the Ukrainian Sea Ports Authority and Brooklyn-Kyiv have signed a memorandum on the completion of construction of a grain terminal at Odesa seaport.

According to an Interfax-Ukraine correspondent, the memorandum was signed during the Ukrainian Port Forum 2019 in Odesa.

On the part of the stevedoring company, the memorandum was signed by the director general and founder of Brooklyn-Kyiv, Yuriy Hubankov.



***“I am sure that in September we will launch the project and give the port of Odesa an additional 3 million tonnes of transshipment,” Hubankov said.***

From the Ukrainian Sea Ports Authority, the memorandum was signed by the head of the Odesa branch, Ihor Tkachuk.

“This project was started in 2008, but was suspended for technical reasons. However, thanks to the new leadership of the Ukrainian Sea Ports Authority, a clear position of the Ministry of Infrastructure, we were able to move it forward and today it is already at the final stage of the completion. With this memorandum we confirm our plans to complete construction in due term. We are planning to continue dredging and improving the port infrastructure,” he said.

The Interfax-Ukraine News Agency has been working on the Ukrainian market for political and economic information since 1992. Currently, the agency offers over 50 economic, financial and political information products in four languages – Ukrainian, Russian, English and German. According to the GfK-Ukraine International research company, Interfax-Ukraine is the leader in all of the key operational indicators among the news agencies in Ukraine.

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