



# UKRAINE

## OPEN FOR BUSINESS

Biweekly news digest of the Ukrainian League of Industrialists and Entrepreneurs

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### UKRAINIAN BUSINESSES CONSIDER EUROPEAN INTEGRATION NECESSARY

April and May this year have become the period of activity related to European integration and synchronization of watches before a new step towards Ukraine's rapprochement with Europe – the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) as of January 1, 2016. During this period the Ukrainian League of Industrialists and Entrepreneurs (ULIE) – the country's most powerful organization of Ukrainian companies – opened its EU-based representative office in Brussels on April 21, its delegations participated in the European Business Summit, including a discussion panel entitled "Trade – Europe in the Global Economy" in Brussels on May 6, and in the 3rd Eastern Partnership Business Forum, which was held as part of

the Eastern Partnership summit in Riga on May 21.

We were frank with our European partners and stated that Ukraine appreciates Europe's assistance and, what is more, it is anticipating its expansion and development. However, Ukraine has to take the first decisive step on its own – introduce global reforms, improve the performance of all branches of the government, and strengthen the role of civil society. This is our own assignment whose completion will help us achieve our European integration goals.

We have to focus on the development of the industrial sphere as well as small- and medium-sized businesses, which are the backbone of the economy, create jobs, and generate tax revenues for the national budget. Financial, taxation, and export →

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## EC READY TO FACILITATE UKRAINE'S IMPLEMENTATION FOR VISA FREE REGIME TASKS – COMMISSIONER

Ukrainian Foreign Minister Pavlo Klimkin and European Commissioner for Migration, Home Affairs and Citizenship, Dimitris Avramopoulos, discussed the implementation of a visa-free regime for Ukraine and preparation for the upcoming Riga summit.



“Particular attention was paid to the issue of further movement towards the introduction of a visa-free regime for Ukrainian citizens. Avramopoulos admitted that considerable progress had been achieved by Ukraine in carrying out the criteria of the second phase of the action plan on visa liberalization, which was noted in the report of European Commission (EC) on the state of its implementation dated May 8. He confirmed that the European Commission was ready to provide as much support as possible for our country to finish the issues left [to be settled] to achieve the desired goal – cancellation of visas for Ukrainian citizens,” the Foreign Ministry’s press service reported.

Avramopoulos said that the EC was ready to prepare its next report on Ukraine’s implementation of the visa liberalization action plan. ■

→ policies also need to be improved. It is important to note that Ukrainian enterprises face changes connected to the full implementation of the DCFTA against the backdrop of the economic crisis. Europe should not be disappointed at a lack of results of Ukrainians’ fight against corruption and bureaucratic business environment, which are blocking investments and hindering the development of domestic businesses. It is our internal task to repel the invasion of monopolies and the influence of oligarchs, and make a breakthrough in the sphere of state procurements, etc.

We have also raised several important issues before our European partners regarding the improvement of financial and economic support.

### THE DIRECT ROUTE IS ALWAYS SHORTER

The EU regularly helps Ukraine to develop entrepreneurship. As part of a EUR 11 billion support package allocated by the European Commission in 2014, around EUR 370 million was designed to bail out Ukrainian small- and medium-sized businesses. Unfortunately, it is a mere 3% of the total disbursement. In 2015, the EU announced the allocation of a further EUR 110 million bailout package for small- and medium-sized businesses. Will the local companies see these funds?

Effectiveness of these programs leaves much to be desired. The first reason for this is the complicated situation in the domestic banking system (when a Ukrainian bank obtains the funds, it can lend them to businesses at local [i.e. higher] interest rates, which are seen by the borrower companies as unacceptable). Secondly, these funds are actually received by foreign financial and consulting institutions, which spend them on consulting and training programs. Without doubt, this is a very useful asset to the businesses, but the latter also need start-up capital and loan funds. We propose that the European financial aid be directly given to enterprises. We think it is not a problem to directly control the use of the funds.

### COULD A LOAN BE AFFORDABLE?

In the EU’s newest member states local companies can borrow funds at an interest rate of 3-7%. Meanwhile, interest rates in Ukraine top 30-36% in hryvnias and 13-16% in euros and U.S. dollars. Obviously, there is no ground for fair competition in Ukraine and for Ukraine on the EU market. As a result of the eco-

nomical crisis and the collapse of the hryvnia (estimated at up to 300% in 2014), many domestic businesses are in need of extra capital investment or credits in order to stay afloat, retain jobs, and ensure loan servicing and payment of taxes.

Ukraine expected that EU programs would stabilize the economic situation. Unfortunately, the allocated funds barely help to resolve its problems. So what is the way out? Credits should become more affordable. European institutions should provide them to borrowers at the rates that are used in the EU. Intermediaries that add extra percent on funds on their way to an enterprise should be eliminated. Let us consider this mechanism as temporary and extraordinary until the Ukrainian banking sector recovers.

We are also asking for help with the creation of a National Development Bank, which could become a platform to accumulate EU assistance with donor aid and credit funds, and ensure financing of capital investment, innovation projects, the creation of high-tech and industrial parks, support for small- and medium-sized businesses, etc.

### DO WE EXPECT TOO MUCH?

Look at the issue from a different angle. It was announced at the Eastern Partnership summit in Riga that Ukraine would be given EUR 1.8 billion in macro-financial assistance. It is very important how these funds will be spent. The economy, which is suffering from the crisis, badly needs support, and we hope the assistance will be timely and effective. A company is a major economic agent and it is the company that has to feel it belongs to Europe and the community it is striving to integrate with takes care of it.

### NEW CHALLENGES AHEAD

Our meetings with the European Union member states have confirmed the commitments to introduce the Deep and Comprehensive Free Trade Area with Ukraine as of January 1, 2016. Entrepreneurs and industrialists are well aware of how difficult this task could be for the real sector of economy and local industries. The considerable wear and tear of fixed assets, high energy consumption in Ukraine compared to Europe, low labor efficiency, unfavorable crediting, taxation and industrial policies – this is a short list of the challenges that need to be overcome through modernization, investment and creation of →

→ a better business environment. By realizing their responsibility for preparations for the DCFTA, the Ukrainian companies count that their peers and partners from the EU will give them support. The ULIE representative office in Brussels has suggested opening an accredited laboratory in the EU, giving Ukrainian companies more rights of access to bidding in EU state procurement tenders, increase quotas for duty-free farm produce shipments onto the European market, etc.

To sum up, both the Ukrainian participants in the abovementioned events and our European partners believe that the establishment of the free trade area

between Ukraine and the EU, coupled with reforms, will help deepen the partners' economic integration on the EU's internal market and achieve a qualitative breakthrough on the path of economic development. The fact that Eastern Partnership member states took into consideration and included the recommendations put forth at the business forum in the final declaration of the Riga summit and broadly supported EU cooperation programs for entrepreneurship development in Ukraine inspires hope. ■

*Anatoliy Kinakh,  
ULIE President*

## EU REMAINS SUPPORTIVE OF UKRAINE'S TERRITORIAL INTEGRITY, SOVEREIGNTY

The EU remains supportive of Ukraine's territorial integrity and sovereignty, reads the final statement of the Eastern Partnership summit in Riga.

"The EU reaffirms its positions taken in the Joint Statement made at the EU-Ukraine Summit on 27 April, including on the illegal annexation of Crimea and Sevastopol. The Summit participants reaffirm their positions in relation to 'UN General Assembly Resolution 68/262 on the territorial integrity of Ukraine,'" reads the statement.



The EU remains committed in its support to the territorial integrity, independence and sovereignty of all its partners," reads the declaration.

The participants of the summit said they strongly support all efforts aimed at de-escalation and a political solution based on respect for Ukraine's independence, sovereignty and territorial integrity.

"They call on all parties to swiftly and fully implement the Minsk Agreements of September 2014 and the package of measures for their implementation of February 2015," reads the statement.

Summit participants expect all parties to honor their commitments in this framework. They call for the urgent release of all hostages and unlawfully detained persons. They express their full support for the OSCE and its efforts through the Special Monitoring Mission and the Trilateral Contact Group. They will also continue to support all diplomatic efforts within the Normandy format and appreciate the contribution of Belarus in facilitating negotiations.

"The Summit participants call upon all parties to fully cooperate with the international investigations and criminal proceedings to hold to account those who are responsible for the downing of MH17," reads the statement. ■

## EU LAUNCHES GRANT FACILITY FOR SMES IN UKRAINE

The European Commission at the Eastern Partnership in Riga has launched a new 10-year grant facility worth EUR 200 million to support small and medium enterprises (SMEs) in Ukraine, Georgia and Moldova as part of the agreements on Deep and Comprehensive Free Trade Areas (DCFTA).

According to a European Commission press release issued on May 21, this contribution is expected to unlock at least EUR 2 billion of new investments by SMEs in the three countries, which are to be financed largely by new loans supported by the facility. The financial means for the investments will largely come from the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB).

"The European Commission promised concrete steps to boost trade and the exchange between the Union and our Eastern partners... They are a sign of the EU's strong commitment to further deepen our cooperation with our Eastern partners," President of the European Commission Jean-Claude Juncker said.

According to the documents, this includes projects common for all three countries and one more project for each country. For Ukraine this year, a guarantee facility worth EUR 330 million is to be launched, which includes an EU grant of EUR 40 million.

It is also planned to launch two larger facilities: DCFTA Facilitation from the two banks: EIB with EUR 180 million (EU grant is EUR 22 million) macro-finance, market access and guarantees; and EBRD with EUR 422 million (EU – EUR 19 million) – access to finance, trade finance and advise for SMEs.

EIB and EBRD will extend DCFTA Facilitation facilities for Phase II and Phase III with provision of EUR 780 million (EU – EUR 34 million) and EUR 861 million (EU – EUR 38 million) respectively. ■



## EIB TO PROVIDE EUR 400 MLN LOAN TO DEVELOP MUNICIPAL INFRASTRUCTURE IN UKRAINE

The European Investment Bank (EIB) will provide a framework loan of EUR 400 million to restore and develop municipal infrastructure in Ukraine, according to a report released by the bank.

The EIB Group's Board of Directors approved this loan on May 19, the bank said in a press release posted on its website.

The bank said that the project will extend the lifespan of critical urban infrastructure in the energy, water and sanitation sectors, will reduce losses, improve energy efficiency, reduce the intensity of greenhouse gas (GHG) emissions, and will contribute towards improving energy and water supply security.

According to the report, the total cost of the project is EUR 800 million, and the Regional Development, Construction, Housing and Utilities Economy Ministry will act as a partner in designing the project. ■

## INSTITUTE OF FINANCIAL OMBUDSMAN TO BE CREATED IN UKRAINE

Ukraine will create a financial ombudsman institute.

This is stipulated in the comprehensive program for financial sector development for 2015-2020, which was approved by the National Reforms Council.

To improve the standards of protecting the rights of consumers and financial market investors, this program will also raise the standards of the disclosure of information on financial services, establishes clear sanctions for market participants for violating the rights of financial services consumers, introduces a mechanism to protect the rights of minority shareholders, and increases the transparency of payments to the depositors of banks undergoing liquidation.

In general, the program foresees three stages of reform: cleaning the financial sector, laying the foundation for its development and the implementation of development measures. ■



## GOVERNMENT PERMITS BIOFARMA TO EXPORT BLOOD PRODUCTS

The Cabinet of Ministers has approved the proposal of the Health Ministry to permit PJSC Biofarma in 2015 to export donor blood components and products manufactured from blood and its components.

Corresponding decree No. 522-r dated May 25 has been posted on the website of the government.

According to the decree, donor blood products and its components are sold under the list and volume approved by the Cabinet.

As reported, on May 14 company with foreign investment PJSC Biofarma said that it intended to stop the production of drugs within seven days due to its inability to obtain government approval to export finished blood products under previously signed contracts. Biofarma Board Chairman Oleksandr Makovsky said that this concerns contracts for the supply of blood products worth a total of \$7 million to Mongolia, Vietnam, Azerbaijan, Kazakhstan, and Belarus. ■





## GERMANY READY TO FUNNEL EUR 200 MLN IN ENERGY EFFICIENCY FUND CREATED BY UKRAINE

The government of Germany has announced its readiness to funnel EUR 200 million into the Energy Efficiency Fund, which is being created by Ukraine to raise assets from international financial organizations for projects to boost energy efficiency in Ukraine.

The condition for disbursing the German funds is the development by the Ukrainian government of a model to return the disbursed funds, Deputy Prime Minister and Minister for Regional Development, Construction, Housing and Utilities Economy Hennadiy Zubko said during a briefing at a forum on energy efficiency partnership in Kyiv.

“There is a clear offer from the German government about EUR 200 million, which could be injected in that Fund, but they need to be clearly demonstrated how these assets will be returned by the consumers of that Fund,” he said.

According to Zubko, as part of the search for such a model, the Energy Efficiency Fund is mulling the Ukrainian side’s financial participation in filling up the Fund at the expense of money left after the payment of subsidies allocated for the compensation of households’ housing and utilities costs, due to the introduction of energy efficiency and energy saving technologies, he said.

Zubko said a commercial organization was created in Germany to support energy efficiency in Ukraine. “This is a commercial organization, which is ready to come with technologies, which is ready to bring money for these technologies and implement energy efficient projects. I simply would like to mention how huge interest in Ukraine and in opportunities to work on a huge market estimated at UAH 300 billion is,” he said.

## KYIV’S INVESTMENT POTENTIAL IN ENERGY SAVING ESTIMATED AT \$3 BLN

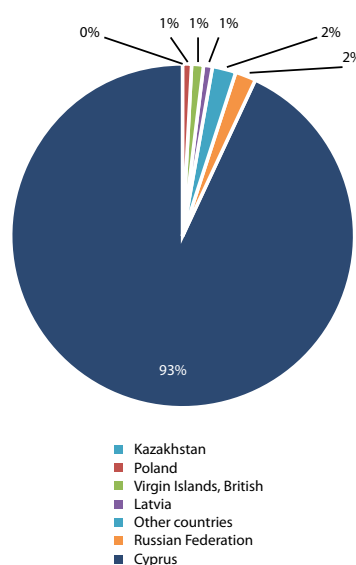
The cost on heating one square meter in buildings in Kyiv is five or six times higher than the same figure in other European cities, which indicates the significant investment potential of Kyiv regarding the possible implementation of energy saving projects worth about \$3 billion, Kyiv City State Administration has said, with reference to first deputy head Ihor Nikonov.

“In particular, investment in energy-saving projects in Kyiv could amount to about \$3 billion. We see that many international institutions are interested in such projects and are working on the development of investment programs in this direction,” Nikonov said.

As reported, on May 22 this year Minister of Regional Development, Construction, Housing and Utilities Services Hennadiy Zubko stated that the German government had declared its readiness to inject EUR 200 million into the energy efficiency fund established to raise funds from international financial organizations for measures to improve energy efficiency in Ukraine, if the Ukrainian government develops a model to return the funds.

According to Zubko, the Ukrainian energy saving projects market in late May 2015 was estimated as being worth around UAH 300 billion in general.

DIRECT INVESTMENT (EQUITY CAPITAL) FROM UKRAINE TO ECONOMIES OF THE COUNTRIES OF THE WORLD <sup>1</sup>		
	Volume of direct investment as of 01.04.2015 (mln. USD)	% of the total
<b>Total</b>	<b>6262,7</b>	<b>100,0</b>
of which		
Cyprus	5817,3	92,9
Russian Federation	151,0	2,4
Latvia	74,1	1,2
Virgin Islands, British	50,9	0,8
Poland	49,7	0,8
Kazakhstan	21,5	0,3
Other countries	98,2	1,6



## JAPAN SENDS 348 TOYOTA PRIUS CARS TO NEW UKRAINIAN PATROL POLICE SERVICE

As part of the Green Investment Scheme, Japan has transferred 348 Toyota Prius cars to the Interior Ministry of Ukraine for use by the new patrol police service in Kyiv and Odesa.

“We are now at the final stage of transferring 348 Toyota Prius cars by the Japanese government under the Green Investment Scheme to Ukraine to replace old UAZ and VAZ cars,” Interior Minister Arsen Avakov said during a ceremony to mark the transfer in Kyiv.

The transfer of the cars is part of the reform of the whole system of the Ukrainian Interior Ministry, he said. “These cars are for Kyiv and Odesa patrol police services with Lviv and Kharkiv police being next,” he added.

Avakov said that he hopes to continue cooperation with Japan in the future. The cars equipped with new customized devices will be ideal for the police patrol service, he told journalists.



## FOREIGN INVESTORS INTERESTED IN BUYING SHARES IN FOOD AND GRAIN CORPORATION

Foreign companies are interested in buying shares in PJSC State Food and Grain Corporation of Ukraine, Minister of Agricultural Policy and Food Oleksiy Pavlenko has said.

“There is the proposal to enter the corporation’s capital,” he told reporters at a panel discussion on the prospects of the privatization and development of the key state-owned enterprises from the scope of the Agricultural Ministry.

He added that the capabilities of foreigners in this process have not been discussed.

“Now there is the limit – it is the Chinese contract. But there are preliminary negotiations, there is a great interest of investors, American partners, Qatar, investors from Saudi Arabia, from China: at least two companies were ready to invest in this direction for the modernization of our silo capacity,” Pavlenko said.

According to him, the ministry will prepare a presentation which will show how it can attract investors through debts and capital for investment in this sector.

According to his estimates, the modernization of the corporation’s elevator capacities requires up to \$200 million, the funds are foreseen in the second tranche under the Chinese contract. ■



“There might be a meeting with the prime minister Yatseniuk by the end of the week to discuss the next program [on cooperation with Japan under the Kyoto Protocol,” Avakov said.

In the next 2-3 weeks, the Toyota Prius cars will be equipped with Rubizh license plate recognition and traffic monitoring devices, Typhoon digital video recorders and video surveillance systems. Also, the livery of the cars will be modified to feature luminous paint.

“I think this summer you will see these cars together with brand new police, so you will like it,” the interior minister resumed. ■

## CZECH AIRLINES KYIV-KOSICE FLIGHT

Czech Airlines on May 19 launched a regular flight between Kyiv and Kosice (Slovakia), Sales and Marketing Director at Czech Airlines Jan Toth said during the presentation of the flight in Kyiv. “We see the business potential between Ukraine and eastern Slovakia, which impelled us to launch the flight,” he said.

Toth said that the airline expects that the flight will reach 85% of its capacity. Airbus A319 aircraft will operate on the route.

Passengers will be able to fly onwards to Prague using the flight. “Passengers who will leave for Prague and back to Kyiv are not to leave the plane during the landing in Kosice. After a short 30-minute landing the plane will fly from Kosice to Prague or back to Kyiv,” reads the press release given to those attending the presentation. ■



## AMSTAR EUROPE STUDYING BUILDING MANOR SPRINGS HOUSING ESTATE IN KYIV REGION

Amstar Europe, part of Amstar investment company (Denver, U.S.) is studying the possibility of realizing a project to build a cottage estate with the working title Manor Springs with almost 200 houses on a land parcel of 80 hectares on the Obukhiv highway in Kyiv region if positive changes in the Ukrainian property market are seen, Amstar Europe Vice President Oleksandr Hryban told Interfax-Ukraine.

“Expenses on engineer preparation and the cost of entering the market were large: We would reach around \$50-60 million in general,” he said when asked about the cost of the realization of the project today.

Hryban said that if investors make a positive decision on the project, the realization of its first phase with around 40 houses could be launched in 2016.

Hryban said that further investment of Amstar in projects in Ukraine depends on the successful return of investment as part of the Skyline residential complex in Kyiv.

The decision of the possible reinvestment by Amstar in new projects in the Ukrainian real estate market could be linked to restrictions on carrying out transactions with foreign currency introduced by the state, he said. Hryban said that the project foresees the construction of houses with a gross area of 280-430 square meters on land parcels of 0.13-0.15 hectares, and the houses would have approaches to artificial water reservoirs created by reclaiming channels of the old estuary of the Dnipro River. ■

## UKRAINE EXPORTS 30.2 MLN TONNES OF GRAIN SINCE START OF 2014/2015 MY

Ukrainian grain exports since the beginning of the current marketing year (MY, July-June), and as of May 14, 2015 amounted to 30.22 million tonnes, including 10.2 million tonnes of wheat.

According to a press release issued by the Ministry of Agricultural Policy and Food, maize exports totaled 15.4 million tonnes, barley – 4.38 million tonnes, other grains – 220,000 tonnes. As reported, with reference to the State Statistics Service, in 2014 Ukraine harvested a record high of 63.8 million tonnes of grain and leguminous crops (excluding Crimea), which is 2.4% more than in 2013.

Last week, Agriculture Minister Oleksiy Pavlenko said that the agency expects grain exports to reach 32 million tonnes by the end of this season. In the middle of the marketing season the ministry and grain traders agreed to set the exports limit at 37.2 million tonnes of grain, including wheat – 12.8 million tonnes, corn – 20.2 million tonnes, and barley – 4.2 million tonnes. ■





## CABINET PROVIDES SOME UAH 550 MLN TO BUILD LVIV-IVANO-FRANKIVSK ROAD

The Cabinet of Ministers of Ukraine has provided UAH 547.5 million to build the Lviv-Ivano-Frankivsk via Bobrka (Lviv region) road.

This is stipulated in cabinet resolution No. 323 of May 25, 2015 on the approval of a procedure to use the national budget's funds to develop roads in the Ukrainian part of the Carpathian Mountains (Mukacheve-Lviv, Tatariv-Kamianets-Podilsky and Stryi-Mamalyha roads).

"In 2015, the following spending for current repair of Ukrainian roads in the Ukrainian part of Carpathian Mountains is set using budget funds: UAH 547.5 million for N-09 Mukacheve-Rakhiv-Bohorodchany-Ivano-Frankivsk-Rohatyn-Bobrka-Lviv road, including UAH 37.5 million in Zakarpattia region, UAH 310 million in Ivano-Frankivsk region and UAH 200 million in Lviv region," reads the resolution.

In addition, UAH 77.5 million has been provided for the N-10 Stryi-Ivano-Frankivsk-Chernivtsi-Mamalyha (to Chisinau) road, including UAH 40 million in Ivano-Frankivsk region, UAH 37.5 million in Chernivtsi region; and UAH 75 million has been provided for the R-24 Tatariv-Kosiv-Kolomyia-Borschiv-Kamianets-Podilsky road in Ivano-Frankivsk region. ■

## JORDAN, IRAN INTERESTED IN COOPERATION WITH UKRAINIAN CONSTRUCTION COMPANIES – OFFICIAL

Some countries in the Middle East, in particular Jordan and Iran, are interested in Ukrainian construction companies and construction materials producers and have invited them to cooperate, President of the Chamber of Commerce and Industry of Ukraine Hennadiy Chyzyhkov has said.

"The Middle East is also in the serious situation and requires recovery. Yesterday we talked to several business representatives and ambassadors of Jordan and Iran. These countries actively invite our constructors to cooperation with these new markets," he said at an open meeting of members of the Ukrainian Union of Construction Materials Producers in Kyiv.

Chyzyhkov said that the construction markets of the Middle East are promising for Ukrainian companies. ■



## ASTELIT LAUNCHED 3G NETWORK FOR COMMERCIAL EXPLOITATION IN LVIV

Astelit LLC (the LIFE brand) has launched the UMTS (3G) standard network for commercial exploitation in Lviv, the company said in a press release. "Lviv residents and guests of the cultural capital of Ukraine have received the chance of becoming the first users of 3G+ services from the LIFE brand, which can maintain Internet speed of up to 63.3 megabits per second. It means that subscribers can watch video steaming, quickly transfer large files, load video and make video calls," reads the report.

Lviv is the first city where the company launched its network for commercial exploitation. The company is the first among the three winners of the tender to launch the network (along with MTS Ukraine and Kyivstar).

As reported, on February 23, 2015, Astelit was named the winner of the first lot to obtain licenses for 3G communications. The license cost the operator UAH 3.355 billion. ■



# EBRD TO IMPLEMENT 130 PROJECTS IN 2015 TO SUPPORT UKRAINE'S SMBS

The European Bank for Reconstruction and Development (EBRD) plans to implement 130 projects in Ukraine in 2015 under a program to provide business advice to small- and medium-sized businesses (SMBs).

"For 2015 we plan that we will have 130 projects," EBRD Director for Small Business Support Charlotte Ruhe said in Kyiv on Wednesday.

Since the program was launched in Ukraine five years ago, 400 SMBs operating in the food industry, wholesale and retail trade, electronics, etc. have participated. Out of them, 360 companies have been given advice by local consultants, others were supported by international advisers. Experts' recommendations relate to the development of strategies for development, marketing policy, quality management, personnel, and streamlining business processes.

Under the program, over EUR 4.4 million was provided as grants, and donor funds were provided by the European Union, the governments of Sweden and the United States, the Central European Initiative Forum, the Early Transition Countries Fund, and the EBRD Shareholder Special Fund.



According to Ruhe, the efforts resulted in a 40% increase in sales of 71% of the EBRD's SMB clients, while more than a half expanded their personnel, and about 15% were able to raise financing worth on average EUR 500,000.

Out of the aforementioned projects, about 37% are implemented Ukraine's northern regions and around Kyiv, while the central and southern regions account for about 20% of the projects, western Ukraine accounts for 27%, and eastern Ukraine for 15%.

Ruhe said that last year the EBRD opened a regional office in Lviv to work with SMBs. In 2015, a similar office will be opened in Kharkiv.

What is more, the EBRD will launch two new initiatives for SMBs in Ukraine in 2015: support in promoting exports in the free trade area being created between the EU and Ukraine, and a Woman in Business program. ■

## ENERGOATOM INTRODUCING ELECTRONIC PROCUREMENT IN ALL ITS DIVISIONS



President of National Nuclear Generating Company Energoatom Yuriy Nedashkovsky has signed the order to introduce an electronic procurement system in all the divisions of the company, the press service of Energoatom has reported.

"The decision was made after analyzing the results of the use of the electronic procurement system in the company's division, Management of Affairs. Over the period of the realization of the pilot project using the system over 15 trading sessions were held, and over UAH 230,000 was saved compared to the use of the usual procedure around 25% of the total sum," the press service said.

By using the electronic procurement system, the divisions of Energoatom will purchase goods, labor and services for which a permanently operating market exists and their cost is equal to or more than UAH 10,000, does not exceed UAH 1 million for goods and services and UAH 5 million for labor. Energoatom will hold tenders via the Prom.ua and e-tender.biz electronic sites.

Energoatom operates all four nuclear power plants in Ukraine. It operates 15 power units of Zaporizhzhia, Yuzhnoukrainsk, Rivne and Khmelnytsky nuclear power plants, equipped with water-cooled power reactors, which have a total installed electrical capacity of 13.835 GW. ■



## PIVDENNE DESIGN BUREAU PREPARING MODERNIZATION OF ZENIT ROCKETS

**P**ivdenne Design Bureau (Dnipropetrovsk) is working on plans to modernize the Zenit launch vehicle, and the modernization will be conducted on the basis of technical solutions of Ukrainian medium launch vehicle of the Mayak family.

Director General and Chief Designer of Pivdenne Design Bureau Oleksandr Dehtiariov said in an interview with Interfax-Ukraine that the modernization of the Zenit launch vehicle is aimed at considerably cheapening the launch vehicle previously made in cooperation with Russia and increasing its market potential.

“The difficulties that we have with the exploitation of Zenit today are first linked to the fact that due to various negative factors, Zenit became expensive in production. It became more expensive than Proton [Russia’s heavy launch vehicle],” he said.

Dehtiariov said there are plans to modernize the Zenit launch vehicle on the basis of technical solutions of the new Ukrainian medium launch vehicle of the Mayak family: form-

ing and expensive waffle structures will be removed from production.

“The upgraded Zenit will have Ukrainian engines, not Russian ones: first stage – RD-815 and second stage – RD-801. We also plan to replace the engine of the third stage, Pivdenne Design Bureau has large potential in this direction,” he said.

He said that until recently Zenit was used first in international projects to launch commercial satellites from the Sea Launch and Baikonur space centers and as part of the Federal Space Program of Russia.

He said the current portfolio of orders of the bureau includes orders for launches from Baikonur: one launch for autumn 2015 and one for 2016. This year it is planned to launch a Ukrainian satellite from Baikonur.

Commenting on Sea Launch, Dehtiariov said that unfortunately, Energia rocket and space corporation which became almost a 100% owners of Sea Launch after the restructuring of the consortium, failed to cope with this. Competitiveness was lost (on the global launch service market). ■

The Ukrainian League of Industrialists and Entrepreneurs (ULIE) is the largest union of business associations and individual enterprises in Ukraine with its members ranging from vertically integrated corporations to small and medium enterprises (SMEs). For already more than 20 years the League’s key mission is to promote and protect interests of the Ukrainian business within Ukraine and beyond. With its central offices in Kyiv, ULIE manages 28 regional subsidiaries, 73 branches, 22 representative offices and 34 commissions on key sectors of the economy. The League is also a signatory to 155 international agreements on cooperation and has representative offices in 21 countries, including Representative Office in the EU in Brussels.

The Ukrainian League of Industrialists and Entrepreneurs  
Representative Office in the EU:  
168 Avenue de Cortenbergh, 3rd floor, B-1000 Brussels, Belgium  
T/F: +32 (0) 2 736 72 13

[uspp.ua/en](http://uspp.ua/en)

The Ukrainian League of Industrialists and Entrepreneurs

Head Office:

34 Khreshchtyk Street, Kyiv 01001, Ukraine

Tel: +380 (44) 278 30 69

Fax: +380 (44) 226 31 52

[uspp.ua](http://uspp.ua)

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Maksim Urakin is a project director of the Biweekly news digest of the Ukrainian League of Industrialists and Entrepreneurs.