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# UKRAINE

## OPEN FOR BUSINESS

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## GIZ WITH LOCAL AUTHORITIES TO CRAFT DEVELOPMENT CONCEPTS FOR FOUR UKRAINIAN CITIES BEFORE 2019

Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) before 2019 will design concepts for integrated development of Poltava, Zhytomyr, Vinnytsia and Chernivtsi cities with participation of local authorities, the company said in a press release.

Germany's Federal Ministry for Economic Cooperation and Development jointly with Swiss State Secretariat for Economic Affairs (SECO) will provide some EUR 6 million for these purposes.

The integrated development concepts will renew and unite all best practices in planning activities of cities in the economic, energy, transport, recreation, environment protection and other areas. The use of taxpayers' funds will be optimized to develop the city environment.

Head of Integrated Urban Development Project in Ukraine Mathias Brandt said that Ukrainian, German and Swiss experts and all interested public representatives will be involved in designing the concept. Local authorities will be able to get broader access to the sources of financing national and international programs.

The concepts for Vinnytsia and Poltava could be approved in October-December 2017. A team of experts are synchronously working to improve qualification of employees in city councils. ■

## BUSINESS SECTOR CREATES PUBLIC TECHNOCRATIC GOVERNMENT TO HELP CABINET BUILD NEW ECONOMIC POLICY



**B**usiness organizations, companies and experts have actively been involving the newly formed Ukrainian government in dialogue with the public on problems of overcoming the crisis and creating conditions for sustainable economic development. Representatives of the real sector of the economy insist on a high-level dialogue with the government and constant, effective communication with the business community. A public technocratic government – a non-governmental intellectual platform – is proposed to be formed to systematically analyze the current state of the economy, suggest a bailout plan and facilitate further sustainable development. This decision was supported at an enlarged meeting of the Anti-Crisis Council of NGOs and the Ukrainian League of Industrialists and Entrepreneurs (ULIE).

"The public technocratic government is not an opposition-minded structure, it is an intellectual alternative to the Cabinet of Ministers of Ukraine. Its activity will be split according to the areas of work, professionals and experts will be engaged. It is expected to be constantly monitoring the situation and generate as many as possible projects for management solutions and proposals. It will also work to establish channels of communication between the government, businesses and the public," Chairman of the Anti-Crisis Council of NGOs and UILE President Anatoliy Kinakh said.

This platform designed for expert and public control of the executive branch (primarily in the economic sphere) will be formed as early as in May.

The business community suggests focusing on halting processes of de-industrialization, increasing the production of knowledge-intensive, technically complex products, boosting investment in the science and innovation sector, and on developing the domestic market. Participants in the Anti-Crisis Council meeting emphasize that the business sector in Ukraine is still able to develop despite the crisis.

Business associations and companies have articulated their vision of solving the most pressing economic problems in their new version of the anti-crisis program of joint actions by the government and businesses. The fight against corruption, stabilization of Ukraine's financial system, the implementation of modern industrial policy, effective support for self-employment, small- and medium-sized businesses remain priority steps in the economic sphere.

The current wording of the anti-crisis program is based on the proposals and recommendations by national professional associations, NGOs, businesses, expert institutions, representatives of different industries, who insist on the urgent need to jointly find effective ways to improve the economic situation in the country. ■

## GROYSMAN GOVERNMENT PROGRAM INCLUDES FOREX LIBERALIZATION, COMMODITY EXCHANGE MARKET



**T**he action program of the new Ukrainian government led by Prime Minister Volodymyr Groysman provides for the gradual liberalization of foreign exchange regulation as part of the financial sector reform.

Under the program, this reform also envisages the formation of modern stock exchange infrastructure and conditions for the functioning of commodity exchange market.

In addition, Groysman intends to continue the harmonization of Ukrainian legislation with that of the European Union. The program provides for the adoption of new legislation based on EU standards, in particular that on limited liability companies, and the introduction of a mechanism of corporate agreements. The program also provides for the simplification and adoption of international accounting standards, transparent privatization of state-owned enterprises, and the introduction of international accounting standards and independent management at state-owned enterprises.

In addition, the new cabinet will take care of improving the efficiency of public investment management and the reform of the State Audit Service. ■

## K.FUND, FRENCH SCHOOL 42 LAUNCH UNIT FACTORY IN KYIV TO TRAIN IT SPECIALISTS



Ukrainian businessman Vasyly Khmelnytsky's K.Fund in partnership with French School 42 and support of NGO Osvitoria has launched Ukrainian National IT Factory (UNIT Factory) in Ukraine to train IT specialists.

The participants of the project said in a press release last week that education in UNIT Factory will be free of charge for students if after graduation they work in Ukraine for three years. Young people aged from 18 to 30 can enter this education institution. They are to pass tests. Academic criteria (diplomas, Exam Focus Complex Tests and grades are not taken into account).

The training program lasts three years. After first 12 months students can choose if they continue training or go to work in a company. According to the press release, the program is based on gamification: approaches typical for computer role games. Acquisition of knowledge and project defending are accompanied by "pumping" of skills and getting new experience, while there are no usual teachers, timetables and grades.

The online registration of candidates will be opened in April 2016. Up to 900 students will be selected for one-month probation and finally around 300 persons will start training in November 2016.

"UNIT Factory challenges the conventional education system. Companies do not need papers about graduation from a prestigious college, but they need professionals who successfully realize projects," Khmelnytsky said.

K.Fund was established in 2015 to support educational and economic projects.

School 42 is a software design school founded in 2013 in France.

NGO Osvitoria was founded in 2013 to develop and reform education in Ukraine. ■

## UKRAINIAN, DANISH BUSINESSES DEEPEN COOPERATION



Denmark is interested in investment in the Ukrainian agricultural sector and energy saving technology. Currently more than 300 companies from that partner country work on the Ukrainian market, and dozens of new companies are willing to enter this market with investment and cooperation proposals. The bilateral economic relations suggest a huge reserve of untapped potential, this is what partners will be working on. These issues were on the agenda of the Danish-Ukrainian Business Forum in Kyiv, which was attended by Prime Minister of Denmark Lars Lokke Rasmussen.

"Ukraine has great potential, and now it's time for a strong partnership between the two countries. We are ready to assist in developing economy, innovation. Thus, Danish companies have ready-made solutions used in the food industry, renewable energy, energy saving technologies. Ukraine must be a strong partner," Rasmussen said.

President of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) Anatoliy Kinakh shares this opinion. During his speech addressing participants in the event, he said trade turnover estimated at \$400 million did not correspond to the scale of the cooperation partners were engaged in. He also urged his colleagues from Denmark not to focus on two areas alone – agriculture and energy saving – despite their high priority and active implementation of related projects.

"Our country has great intellectual potential – this is the same IT sector where we are in the lead in Europe in terms of provided services, as well as engineering industry and the aerospace sector. I am confident this is a very interesting and promising area of cooperation for the countries that choose to develop in the innovative way," the ULIE leader said.

Kinakh thus told the heads of the Confederation of Danish Industry, who were also present at the Forum, that he proposes facilitating bilateral communication and increasing the number of joint projects in the framework of a document on cooperation signed in 2007. He also expressed hope that business-related issues would be included in the agenda of the European Business Summit in Brussels, scheduled for June 1.

Deputy Director General of the Confederation of Danish Industry Thomas Busstrup thanked the ULIE for assistance in arranging the Business Forum in the Ukrainian capital and noted that Denmark is interested not only in the agricultural sector but also in information technology and innovation.

"We see the reserve for greater cooperation. We will be developing our relations, as even the offices of the Confederation and the ULIE are in the same building," he said.

Danish national leading companies together with financial institutions came to Kyiv to attend the Forum. In particular, representatives of the Confederation of Danish Industry, Denmark's Heat Supply Council, the Agricultural Council of Denmark and others took part in the event.

Ukrainian businessmen who attended the Forum were able to learn about technologies that help Denmark to achieve the highest productivity in animal and crop production, occupy a leading position in quality and safety of food, and optimization of production facilities.

The sides also signed a number of business deals in the presence of the Prime Ministers of Denmark and Ukraine. ■

## EXPORT-INSURANCE AGENCY COULD BE CREATED NEXT YEAR – OFFICIAL



An export - insurance agency could be created in 2017 if the financing of the project were included in the draft national budget, Deputy Minister of Economic Development and Trade and Trade Representative of Ukraine Natalia Mykolska has said. "If the funds are foreseen in the next year's budget, the export-insurance agency could be created next year," she told reporters after a roundtable devoted to development of the exports strategy.

She said that from the moment of creation of the export-insurance agency until the provision of first service from six to nine months will pass.

Mykolska said that the state does not have funds to create the full-featured export-credit agency. Additionally, Ukraine is to observe the requirement of the International Monetary Fund (IMF) to cut public expenses. She assumed that initially the agency would provide insurance, underwriting and reinsurance services.

She said that if there were funds the export-insurance agency could be turned into an export-credit agency. She said that UAH 250-300 million is required for this and the sum could be injected in two tranches during two years.

She said that the full-featured export-credit agency could be created when the macroeconomic situation is stabilized in Ukraine and the country ends cooperation with the IMF. ■

## POROSHENKO MEETS UKRAINIAN, INTL BUSINESS LEADERS OPERATING IN UKRAINE



Ukrainian President Petro Poroshenko has assessed the situation in the Ukrainian economy and international markets and shared his views on the country's development with businessmen.

"Our first priority is restoration of economic growth and we have an opportunity to radically change the country for business to feel more comfortable," the press service of the president reported, citing Poroshenko.

"We will not resort to populism at the cost of the Ukrainian economy. Instead, we will make reforms that will ensure creation of an efficient, attractive and comfortable investment climate," Poroshenko noted.

The head of state called the decision of the government on the establishment of a new fair market price for gas a "powerful anti-corruption step."

"Everyone knows what was done with the difference in prices – fraud aimed at increasing the volume of consumption. This is for the population and this is for the district heating provider. Dealers were earning money on that and politicians covered them," Poroshenko said.

According to the president, adoption of a fair decision on tariffs as regards both people and business is crucial, because it forms a "right approach to energy saving and energy diversification, energy security and struggle against corruption in oil and gas sector."

At the same time, the head of state pointed out the necessity of supporting vulnerable groups of people.

The president reminded that Ukraine had restored the parliamentary coalition and formed a new Ukrainian government. In this context, he urged the parliament to speed up the adoption of necessary legislative changes aimed at simplification of privatization process, deregulation and acceleration of other economic reforms, in particular holding transparent contest for election of state enterprises management.

He also pointed out an important role of the group of strategic advisors that works with the Ukrainian government under the chairmanship of Leszek Balcerowicz and Ivan Miklos, "famous world reformers who ensure both content and communication strategy of our cooperation."

The head of state noted the importance of continuing cooperation with the International Monetary Fund (IMF) and outlined the efforts of the government that will be made in that direction, including currency liberalization and European-type de-offshoring.

In the course of the discussion, the parties expressed support for the decisions of the government on the establishment of a market gas price, as well as the policy of National Bank of Ukraine, "which is one of the most successful reformers of the country according to foreign and domestic investors." ■

## FORECAST: EXPRESS DELIVERY MARKET IN UKRAINE WILL ANNUALLY GROW BY 20%



**T**he Ukrainian market of express delivery will annually grow by 20%, probably more, Nova Poshta co-founder Viacheslav Klimov forecasts. He said at a meeting with journalists in Kyiv that in future the positions of local players in this market will strengthen and international companies will gradually enter the market. “The computerization of deliveries will also continue, all goes to the Internet. It is necessary to make every effort to facilitate these services, ensure one-click delivery, make it as easy as possible,” Klimov said. In addition, the expert expects the increase in the demands of customers. Nova Poshta is a private operator of express delivery of parcels, documents and freight in Ukraine. The network consists of more than 3,000 branches located in more than 900 locations across the country. ■

## KROMBERG & SCHUBERT TO INCREASE NUMBER OF WORKERS AT ZHYTOMYR PLANT TO 5,000 IN THREE YEARS



**T**he Kromberg&Schubert manufacturer of cable systems for cars, intends in three years to increase the number of employees at the second production site in Ukraine in Zhytomyr to 5,000 people (today the plant employs 900 workers). According to the press service of Zhytomyr City Council, the leadership of the Ukrainian company reported this during the Doors Open Day on April 16. The plant started operations in September 2015 in a test mode, which will last until June this year. Currently the plant is actively recruiting employees. As reported, the overall investment in the new enterprise is estimated at EUR30 million. As of today, according to the press service, more than EUR10 million has been used. Currently Kromberg&Schubert Ukraine LLC (Volyn region), established in 2005, operates in the country. Investment in the company amounted to EUR11.5 million. The company employs about 5,500 people. The plant produces onboard cable systems for passenger cars. The plant’s capacity is about 1,000 sets of electric cables per day. The main consumers of its products are Daimler AG, BMW, and Volkswagen. ■

## FRENCH CABLE PRODUCER NEXANS SEEKS TO LAUNCH ONE MORE PLANT IN LVIV REGION IN 2017



**A** new Ukrainian plant of France’s Nexans, a cable manufacturer, will start operating in Brody (Lviv region) in 2017, Governor of Lviv Regional Administration Oleh Syniutka has said. “The investment project of Nexans that has decided on building a plant in Brody from the ground up has been approved. The plant will start operating in 2017. The company will invest over UAH 120 million and 2,000 people will work there,” he said in an interview with Uriadovy Kurier newspaper published on Wednesday. Nexans has cable production site in Ukraine at Elektrokontakt Ukraine LLC in Peremyshliany (Lviv region), where the production facilities will be expanded. “Along with 300 people working in Peremyshliany (one of the poorer districts), over 500 local residents would soon get well-paid jobs,” Syniutka said. Nexans is the second largest global cable manufacturer. Syniutka reminded that Fujikura’s investment in Ukraine were the largest. The company selected Yavoriv district of Lviv region. Commenting on the possibility of resuming production at one of the largest enterprises of the region – Zhydachiv pulp and paper mill (it has been idle since September 2014), Syniutka said that this problem was not solved in 2015. “Despite everything, we will induce the inefficient owner to launch the plant or transfer property assets to those who are interested in running the enterprise,” he said. ■

## UKRAINE, ROMANIA DISCUSS BUILDING BRIDGE ACROSS TISA RIVER



Ukrainian President Petro Poroshenko and Romanian President Klaus Iohannis during talks in Bucharest have discussed a number of issues of bilateral cooperation, including the possibility of building the Sighet-Solotvynе bridge across Tisa River.

“We’ve discussed projects of cooperation in different spheres – economic, tourism, infrastructure development. In this context we discussed the possibility of building a bridge across the Tisa River,” Iohannis said at a joint press conference with Poroshenko. The heads of state also discussed the agreement on small border traffic and the possibility of opening new border checkpoints at the joint border section. ■

## OWNERS OF MORGAN FURNITURE LLC TO INVEST UAH 280 MLN, BOOST SALES BY 3.4 TIMES IN THREE YEARS



The McMahon spouses who are owners and investors in Ukraine’s leading manufacturer of upholstered furniture, Morgan Furniture LLC (Kvasyliv, Rivne region), plan to invest UAH 280 million (EUR 9.3 million) in the expansion of production facilities and additional equipment within three years.

The implementation of the project will let the company boost output and exports by 3.4 times from the target indicators of 2016 to UAH 3 billion.

The number of jobs available at the enterprise is also expected to increase to 2,100 from 750 as of today, and the company will ensure a large number of jobs with Ukrainian suppliers.

In addition, the furniture manufacturer plans to expand its premises by 18,000 square meters.

Director of Morgan Furniture LLC Roman Basarab announced at the press conference that as of the end of 2015, the company’s revenue was UAH 485 million (all output was exported), which was 39% up on 2014.

The investors plan to transform the company into a world-class production facility, as the Rivne complex has all the preconditions for this, Lorraine McMahon said.

In particular, it has entered a large European market and established relationships with most of retail chains. What is more, Rivne has a strategically convenient location for easy access to EU markets.

“Morgan Furniture’s success story is a positive message for the business community that one can do business in Ukraine successfully. The investors of the company are interested in spreading this positive message, as they have serious plans for further expansion of business in Ukraine,” she said.

At present, the factory’s products are exported to Germany, France, Great Britain, Poland, Austria, and other Paneuropean Union member states.

According to her, the fact that Ukraine signed the Association Agreement with the EU plays a positive role in business development, in particular due to the abolition of taxes during the procurement of components abroad as of January 1, 2016.

Franklin McMahon in turn said that the planned increase in turnover to up to UAH 3 billion is an achievable target, because the capacity of the European furniture market is great and is estimated at EUR 1.6 billion nowadays.

Assessing the risks of work in Ukraine, she emphasized positive trends seen in the last two years, in particular the simplification of VAT collection.

The company is part of Home Group SA, a large European manufacturer of household goods, which is registered in Luxembourg.

The holding has production facilities in Poland, Estonia and Ukraine, with several thousand employees. It handles export and import operations with 22 countries in Europe and the rest of the world.

The McMahon spouses have been investing in Ukraine for more than a decade. ■

## ZAPORIZHIA TITANIUM AND MAGNESIUM COMBINE NOW CAN SUPPLY TITANIUM SPONGE TO ITALY'S TIFAST



Zaporizhia Titanium and Magnesium Combine LLC has become a supplier of titanium sponge to Italy's TiFast S.r.l., a titanium products manufacturer. The Ukrainian enterprise said in a press release on Thursday that TiFast specialists performed an audit of the combine and the enterprise also obtained the EN 9100 aerospace industry standard certificate.

TiFast has been operating on the market for over 10 years and it is a large player on the European titanium market. The company's core business is production of ingots, slabs and bars made of titanium and its alloys. TiFast is a member of the International Titanium Association. The Italian manufacture has the UNI EN ISO 9001 certificate permitting supply of products for bio-medical and aerospace industries.

"TiFast for Zaporizhia Titanium and Magnesium Combine is a second global company after China's BaoTi that confirmed that the quality of titanium sponge of the enterprise fully meets international requirements. This means that the Zaporizhia enterprise's products could be used without restrictions in production of any goods, including bio-medical and aerospace products," Zaporizhia Titanium and Magnesium Combine Director Volodymyr Sivak said.

Zaporizhia Titanium and Magnesium Combine in August 2015 received an EN 9100:2009 standard certificate from Bureau Veritas. This helped the enterprise to register its products in the Online Aerospace Supplier Information System (OASIS). The enterprise started performing audits by global titanium goods manufacturers. ■

## DCH OWNER YAROSLAVSKY ACQUIRES CONTROLLING STAKE IN KHARKIV TRACTOR PLANT

President and owner of DCH Group Oleksandr Yaroslavsky on Wednesday acquired a controlling stake in public joint-stock company Kharkiv Tractor Plant. The press service of DCH reported that the proposal to sign the deal was from a shareholder in the plant and Austrian businessman Siegfried Wolf.

"In the situation with the plant it should be urgently saved. We can't be having that the enterprise with a large potential dies. Wellbeing of almost 10,000 Kharkiv residents [workers with their families] and around 100,000 workers of adjacent enterprises all over Ukraine depends on its stability. An international consortium that we have created will work to achieve two key goals: restoration of production and return of Kharkiv Tractor Plant to the international level," the press service said, citing Yaroslavsky. The deal is being finalized.

Kharkiv Tractor Plant produces wheeled and tracked tractors, as well as road-building machinery based on tractors. ■

## OTP BANK SEES UAH 327 MLN IN PROFIT IN 2015



OTP Bank (Kyiv) saw UAH 327.3 million of profit in January through March 2016 compared to loss of UAH 1.1 billion year-over-year, the bank has said in a press release.

Net interest income increased by 5.2%, to UAH 779.1 million.

Net fee income totaled UAH 174.2 million and this was 32.3% up year-over-year.

Assets in Q1 2016 increased by 7%, to UAH 22.7 billion.

A slight expansion of the entire deposit portfolio over the period by UAH 463 million was seen, to UAH 18.8 billion. Deposits of individuals grew by UAH 571 million, to UAH 9.3 billion and companies' funds amounted to UAH 9.5 billion.

The entire credit portfolio in Q1 2016 increased by UAH 1.5 billion, to UAH 27.2 billion mainly thanks to growth of credits and debts of companies by UAH 1.3 billion.

Regulatory capital as of April 1, 2016 totaled UAH 1.75 billion.

Current liquidity – 64.43% (NBU's requirement is no less than 40%).

OTP Bank was founded in 1998. Its sole shareholder is Hungary's OTP Bank Plc. OTP Bank is part of OPT banking group, which also includes OTP Factoring Ukraine LLC, AMC OTP Capital, OTP Leasing LLC, and OTP Credit LLC.

OTP Bank ranked 13th among 123 banks operating in the country on October 1, 2015 by total assets (UAH 23.055 billion), according to the National Bank of Ukraine. ■

## OTIS ELEVATOR PRODUCER SEES 23.5% RISE IN SALES IN 2015



Private joint-stock company Otis lift producer (Kyiv) made 849 lifts in 2015, and this was 16.6% up on 2014. The company sold 830 elevators (23.5% up year-over-year). The company said that the share of lifts of total production in money terms was 47.2% or UAH 322.94 million and of total sales – 41.7% or UAH 305.44 million.

The share of lift doors production decreased to 43.6% (from 48.6% in 2014) and lift door sales – to 39.9% (from 48.3%).

Otis in 2015 made 60,885 lift doors worth UAH 298.22 million and sold 60,000 doors worth UAH 291.89 million.

Earlier the company said that lift doors are supplied to Russia.

Otis last year provided UAH 63.08 million worth of lift services (UAH 64.9 million a year ago).

Otis' net income under Ukrainian accounting standards grew by 21.5% in 2015, to UAH 731.66 million and net profit decreased to UAH 1.93 million compared to UAH 37.23 million in 2014.

Gross profit slid by 29.6%, to UAH 55.91 million and operating loss was UAH 1.55 million compared UAH 28.76 million of profit a year ago.

Otis has been operating on the Ukrainian market since 1992. It is part of U.S. Otis Elevator, the world's leading manufacturer of elevators, escalators, and moving walkways. Otis Elevator is a subsidiary of United Technologies Corporation (UTC). ■

## UKRAINE INCREASES STEEL OUTPUT BY 28% IN MARCH, BEING TENTH IN WORLDSTEEL RANKING



Ukrainian metallurgical enterprises in March 2016 increased steel production by 28.1% compared to March 2015, to 2.173 million tonnes, remaining tenth in the ranking of the 66 world's major manufacturers of these products, compiled by the World Steel Association (Worldsteel).

A rise in steel production in March was recorded in the half of top ten countries: China, India, the United States, Turkey and Ukraine.

The top ten steel makers in March are as follows: China (70.65 million tonnes, a rise of 2.9%), Japan (8.648 million tonnes, a drop of 6.8%), India (8.059 million tonnes, a rise of 3.4%), the United States (6.748 million tonnes, a rise of 4.9%), Russia (6.012 million tonnes, a drop of 2%), South Korea (5.43 million tonnes, a drop of 8.4%), Germany (3.811 million tonnes, a drop of 1.6%), Turkey (2.173 million tonnes, a rise of 1.3%), Brazil (2.506 million tonnes, a drop of 9.5%), and Ukraine (2.173 million tonnes, a rise of 28.1%).

In general, in March 2016, the 66 countries produced 137.322 million tonnes of steel, which is 0.5% lower than in March 2015.

The top ten steel makers in January-March 2016 includes: China (192.01 million tonnes, a drop of 3.2%), Japan (25.77 million tonnes, a drop of 3.6%), India (22.913 million tonnes, a rise of 1.8%), the United States (19.628 million tonnes, a drop of 1.3%), Russia (17.224 million tonnes, a drop of 5.2%), South Korea (16.176 million tonnes, a drop of 4.3%), Germany (10.782 million tonnes, a drop of 2.5%), Turkey (7.697 million tonnes, a rise of 1.9%), Brazil (7.392 million tonnes, a drop of 12.3%), and Ukraine (6.082 million tonnes, a rise of 18%).

In general, in January-March 2016, the 66 countries produced 385.671 million tonnes of steel, which is 3.6% lower year-over-year.

As reported, in 2015, the top ten steel makers included China (803.83 million tonnes, a drop of 2.3%), Japan (105.152 million tonnes, a drop of 5%), India (89.582 million tonnes, an increase of 2.6%), the United States (78.916 million tonnes, a drop of 10.5%), Russia (71.114 million tonnes, a drop of 0.5%), South Korea (69.673 million tonnes, a drop of 2.6%), Germany (42.678 million tonnes, a drop of 0.6%), Brazil (33.245 million tonnes, a drop of 1.9%), Turkey (31.517 million tonnes, a drop of 7.4%), and Ukraine (22.933 million tonnes, a drop of 15.6%).

In 2015, the 66 countries produced 1.599 billion tonnes of steel, which is 2.9% lower than in 2014. ■



## AV-PHARMA DISTRIBUTOR SEES NET PROFIT RISE BY 9 TIMES IN 2015



**P**JSC AV-Pharma distributor (Kyiv) in 2015 saw net profit rise by 8.8 times compared to 2014, to UAH 2.01 million.

According to a company report in the information disclosure system of the National Commission on Securities and the Stock Market, its net income compared to last year rose by 2.8 times, to UAH 21.298 million.

PJSC AV-Pharma was established in 1997. The company is the official distributor of Maxpharma Baltija pharmaceutical company (Lithuania), as well as represents the production of INTAS Pharmaceuticals Ltd. (India), Aegis Ltd (Cyprus), Aurobindo Pharma Limited (India). In addition, the company sells pharmaceutical kits for various applications (military, multi-purpose, for office, home, children, cars, etc.). ■

## CHEESE CLUB, VINNYTSIA ROSHEN DAIRY PLANT ALLOWED TO EXPORT GOODS TO EU

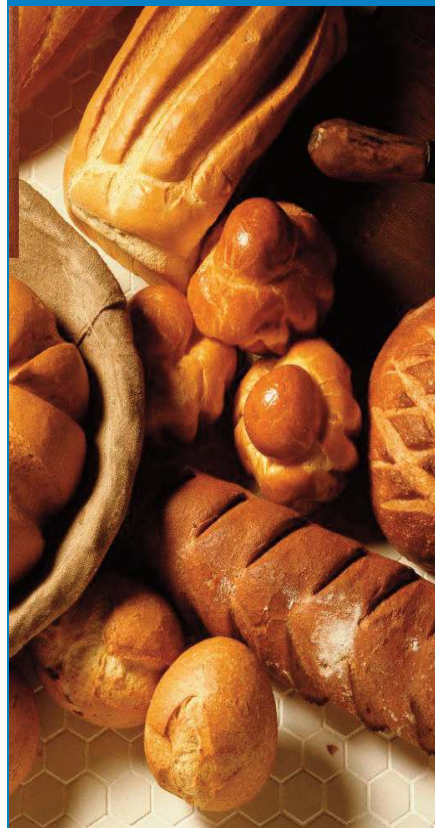


**T**wo more Ukrainian companies, Cheese Club (Kaniv, Cherkasy region) and PJSC Vinnytsia Roshen Dairy Factory, have been allowed to export dairy products to the European Union.

"Ukrainian companies are increasingly gaining the markets of the EU member states. Two more companies, Cheese Club and Vinnytsia Roshen dairy plant, have got the right to export dairy products to the EU market," Deputy Minister of Economic Development and Trade Natalia Mykolska wrote on her Facebook page.

According to her, after the introduction of free trade with the EU more and more companies and manufacturers are entering the EU market. In particular, Milk Alliance group of companies was first among dairy companies in Ukraine to start exports to the EU. Ukrainian manufacturers in 2015 also increased exports of berries to the EU. The leaders in exports growth were raspberry (up by 90%), strawberry (65%), and blueberry (64%). ■

## KYIVKHLIB SEEKS TO START EXPORTS TO U.S., CANADA IN 2016



**P**ublic joint - stock company Kyivkhlіb, a large bread producer in Kyiv, seeks to export its cakes to the United States and Canada.

According to a company report, the company in 2015 exported crackers, round cracknels and confectionary products to Germany, Lithuania, Kazakhstan, Azerbaijan, Georgia, Bulgaria and the Netherlands.

Kyivkhlіb last year designed 29 new products: 20 bread products and nine confectionary products.

Bread and bread products output last year totaled 168,373 tonnes, confectionary products – 7,227 tonnes, semi-finished products – 5,400 tonnes, macaroni – 34,300 tonnes and bread crumbs – 2,233 tonnes.

The share of crackers and round cracknels of total sales in 2015 increased by 0.7% and cake and pastry sales – by 1.7%. The share of rich fermented goods decreased by 0.1%, popular bread – 1.2% and good-quality bread – 1.1%.

The company in 2016 seeks to retain its positions on the bread market in Kyiv, launch production of new types of goods and settle the issue of producing ordered cakes. ■

## AGROFUSION GROUP TO INVEST UAH 1.5 BLN IN BUILDING PLANT IN MYKOLAIV REGION



**A**grofusion Group, the largest Ukrainian vertically integrated producer of tomato paste, plans to implement an investment project worth a total of UAH 1.5 billion to build a plant for tomato processing.

According to a report on the website of Snihurivka District Administration (Mykolaiv region), with reference to holding representative Ivan Shulha, the project will be implemented in this district. The plant will employ more than 300 people, while 700 people will work in a greenhouse and in the field.

Agrofusion Group did not specify the details of building the new enterprise.

As reported, the International Finance Corporation (IFC) of the World Bank Group could issue \$10 million to Agrofusion Group to finance working capital. These funds will enable Agrofusion to refinance the existing short-term credit lines issued from local banks for a total of \$4.3 million, finance working capital for \$5.7 million, which is due to increased production. In addition, the holding will be able to strengthen its position in the Ukrainian market, expand exports to the countries of Central Europe and the CIS (except for the Russian Federation).

Agrofusion Group in 2014 reached its maximum production of 52,778 tonnes of tomato paste, in 2015 it expanded its capabilities through investment, reaching a figure of 61,500 tonnes.

Agrofusion Group, founded by Serhiy Sypko in 2007, has been an IFC client since 2012. ■

## NIBULON TO LAUNCH SECOND HANDLING TERMINAL IN MYKOLAIV REGION IN JUNE

**N**ibulon (Mykolaiv), one of the largest Ukrainian producers and exporters of grains and oilseeds, intends to commission the second transshipment terminal in Mykolaiv region (a branch of Voznesenska) in about 50 days.

According to a report on Nibulon's website, after commissioning the terminal the company will be able to accept up to 10,000 tonnes of agricultural products per day, shipping them (including for exports) on board own self-propelled vessels built in Mykolaiv.

According to Nibulon Director General Oleksiy Vadatursky, the terminal is a high-tech automated complex, which consists of about 45 public facilities, including administrative and laboratory facilities, granaries for 5,500 tonnes each, lines for grain shipment on board self-propelled vessels and others.

As reported, Nibulon's investment in the construction of the second handling terminal will amount to UAH 450 million.

Nibulon was created in 1991. It is one of the largest operators in the grain market of the country. The company has elevators with a total capacity of more than 1.7 million tonnes, as well as own transshipment terminal in Mykolaiv. ■

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