



interfax-UKRAINE  
UKRAINE NEWS AGENCY

# UKRAINE

## OPEN FOR BUSINESS

Biweekly news digest of the Ukrainian League of Industrialists and Entrepreneurs

ISSUE 36 | 19 SEPTEMBER 2016



### HEADLINES

UKRAINE ON THE EVE OF THE FOURTH INDUSTRIAL REVOLUTION: HOW NOT TO LOSE THE CHANCE

UKRAINE MAY JOIN EUROPEAN UNION'S INVESTMENT PLAN



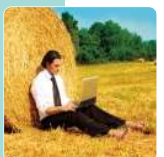
BIOFARMA COULD START MAKING ANTITETANUS IMMUNOGLOBULIN BY 2019

ANTONOV, CHINA'S AICC AGREE ON LONG-TERM COOPERATION ON AN-225 MRIYA AIRCRAFT



DELOITTE INCLUDES 29 UKRAINIAN COMPANIES IN CENTRAL EUROPE TOP 500 COMPANIES

BASF TO LAUNCH AGRARIAN IT PLATFORM MAGLIS IN UKRAINES



UKRAINE TO EXPORT 39.8 MLN TONNES OF GRAIN IN 2016/17 AGRI-YEAR

## UKRAINIAN-GERMAN BUSINESS FORUM WILL BE HELD IN KYIV IN OCT

The Ukrainian-German business forum will be held in Kyiv in October, according to the website of the Ministry of Economic Development and Trade. "The ministry together with the German economy delegation to Ukraine had been working on preparing the business forum for 2.5 months, the forum will take place on October 11, 2016. The program will consist of five panel discussions and B2B meetings of Ukrainian and German companies," the report says.

Panel discussions on five themes are planned: industry, infrastructure and logistics, innovation and digital world, renewable energy and energy efficiency, agro-industry and food. The report notes in June this year Prime Minister of Ukraine Volodymyr Groysman and German Chancellor Angela Merkel agreed to hold the Ukrainian-German business forum in Kyiv. As reported, in October last year the Ukrainian-German business forum was held in Berlin. About 600 participants, mostly German companies, should have attended the event. ■



Kyiv  
International  
Economic  
Forum

6-7 October 2016  
Ukraine, Kyiv, Hilton Hotel

[www.forumkyiv.org](http://www.forumkyiv.org)

- Investments
- Cooperation
- Strategies

UKRAINE LITHUANIA NETHERLANDS UAE  
LATVIA CHILE UK JAPAN MALAYSIA  
ISRAEL BELARUS USA MONGOLIA GERMANY  
SPAIN CHINA FRANCE AUSTRIA ROMANIA  
SWITZERLAND MOLDOVA GEORGIA POLAND  
BRAZIL TURKEY SWEDEN DENMARK  
BELGIUM ESTONIA SLOVENIA ITALY KAZAKHSTAN  
CROATIA INDIA BULGARIA NORWAY CANADA

ORGANIZERS:



## UKRAINE INVITES SINGAPORE TO PARTICIPATE IN JOINT INFRASTRUCTURE PROJECTS

Ukraine invites investors from Singapore to participate in joint infrastructure projects, Infrastructure Minister Volodymyr Omelian has said.

“Ukraine is open to strategic investors from Singapore. We would be happy to welcome large Singaporean companies operating in the field of sea ports and port infrastructure, traffic management, aviation, railway and bridges,” he said during a meeting with an adviser of at the Transport Ministry of Singapore Yap Ong Heng at the International Transport Conference “Integrated Transport Corridors Europe – Asia” in Odesa on Thursday, the ministry’s press service reported.

Omelian expressed his hope that a law on concessions will be passed by the end of the year, which will allow foreign companies to plan their work in infrastructure in Ukraine for up to 49 years. According to him, sea-ports may become most attractive area for foreign business. “We are open for investors into port infrastructure and companies operating ports,” the minister added. ■

## UKRAINE ON THE EVE OF THE FOURTH INDUSTRIAL REVOLUTION: HOW NOT TO LOSE THE CHANCE

**H**ow it is possible for Ukraine to participate in the global Fourth Industrial Revolution? How to attract investment to the country? The answers to these strategic questions will be given by world-renowned economists and reformers during the 3rd Kyiv International Economic Forum.

The 3rd Kyiv International Economic Forum (KIEF) under the slogan “Ukraine on the eve of the Fourth Industrial Revolution” will take place in Kyiv on October 6-7, 2016. As compared to the first two Forums, both the subject and scale of the event have been changed. The subject of KIEF 2016 will be maximally close to the practice of attracting investment to Ukraine and its participation in the Fourth Industrial Revolution, which has become the keynote of this year’s World Economic Forum in Davos. At the next turn of the global development associated with the manifestation of the Fourth Industrial Revolution, countries of the world compete for a place among those who possess new technologies. Ukraine can't ignore this process, although a lot of opportunities missed over the past 25 years push our country to the periphery of the world processes. So, how can we take another chance given by history on the eve of the new industrial revolution?

“We want a lively and fruitful discussion at KIEF 2016 to help improve national economic policy and propose effective strategies for businesses. It is extremely important for Ukraine to participate in the Fourth Industrial Revolution. Due to this, we have also changed the Forum's slogan “Ukraine: from the Third World to the First” for the new one, which underlines the fact that our country has got the potential to be among the players of the Industrial Revolution 4.0,” says Yurii Pivovarov, the Executive Director of the Kyiv International Economic Forum.

The keynote of KIEF 2016 will be the issue of attracting investment. Crisis traits of the Ukrainian economy can be considered positive when it comes to the opportunity of getting lower asset prices. The production infrastructure is largely outdated, but investments can bring high capitalization, considering the educated and inexpensive labor force, and developed transport channels of our country, which borders with four EU members and has easy access by sea to Turkey and the Middle East. During the second day of the Forum, the experts will discuss the opportunities that are opened to foreign investors in Ukraine, the investment attractiveness of various economic sectors and investment programs of Ukrainian regions.

KIEF-2016 will bring together several dozen leading foreign and Ukrainian economists, reformers, businessmen and government officials. Including experts from countries, whose experience of economic transformation can be useful for Ukraine.

The first KIEF that was held in 2014 presented the overall vision for the modernization of Ukraine's economy. The tools to help Ukraine make an economic breakthrough were identified at the second KIEF, which brought together 67 experts from 20 countries, 150 media and more than 800 guests. World-renowned economists recommended Ukraine to purposefully manage the economy through the Business–Government–Society triangle, and not leave it to the mercy of the free market. To convey the ideas of the Forum to the politicians, business community and civil society, a communication platform was set up under the auspices of KIEF, with the series of thematic round tables. Follow the news on the Forum's website (<http://forumkyiv.org/en/>) and on the official Facebook page (<https://www.facebook.com/kyiveconomicforum>). ■

## UKRAINE MAY JOIN EUROPEAN UNION'S INVESTMENT PLAN

Partners from the European Union do not rule out that Ukraine may join the EU's Investment Plan, however, the main condition is the successful adaptation of Ukraine's economy to regulations and standards adopted in the EU and the accelerated modernization of the economy.

Boosting Ukraine's participation in EU projects was discussed by Ukrainian delegates, who attended the 26th Economic Forum of Central and Eastern Europe in the Polish city of Krynica Zdroj, along with representatives of European institutions, politicians and diplomats. The Ukrainian delegation included industrialists and entrepreneurs, as well as activists of the National Forum "Transformation of Ukraine."

Joining the so-called "Juncker plan" is in Ukraine's interest. This is a five-year European Union Investment Plan worth EUR 315 billion. It was proposed by President of the European Commission Jean-Claude Juncker.

The project is based on injection of EUR 21 billion in seed money in the economy in order attract private investment, which should make up most of the target sum.

"Our goal is to join the project. EU partners do not rule out this, but we need to do our homework in the end: adapt the economy, create incentives for growth of business and investment activity, fully switch to international safety, quality and production standards," President of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) Anatoliy Kinakh said. He sees that this "slightly open" window of opportunity is an excellent incentive for quicker and more efficient reforms in the country. What is more, there are achievements in that direction – a bailout program developed by the Anti-Crisis Council of NGOs to overcome negative economic consequences and a concept paper for transformation of the state, which was prepared by the National Forum "Transformation of Ukraine." The Transformation of Ukraine Forum includes representatives of the Ukrainian state institutions, politicians, the clergy, businessmen, public figures, EU representatives, foreign experts and diplomats. One of the members of the Supervisory Board is an active lobbyist of Ukraine – Jerzy Kwiecinski, who is Secretary of State in Poland's Ministry of Economic Development and a member of the Cabinet of Ministers of the Republic of Poland. He helps facilitate not only relations with the government but also with the parliaments of neighboring states.

Polish experts are ready to share their experience, participate in the elaboration of the concept of a program for the development of Ukraine. They also expressed their intention to continue support of Ukraine's position regarding the deepening of cooperation with the EU, greater integration under joint projects.

"But we do not focus only on friendly partners from Poland. We use the ULIE's representative office in Brussels to be in constant dialogue directly with the leadership of the EU, the European Parliament, the European Commission, and others. Partners from BusinessEurope, the largest business association in Europe, have also been engaged in lobbying Ukrainian business' interests and strengthening their contacts with European colleagues," the ULIE president said.

The ULIE signed a memorandum of cooperation with BusinessEurope, which involves, among other things, joint monitoring of EU programs and the participation of Ukrainian businesses and NGOs in them. "These are great and yet unrealized opportunities. We should do our best and avail ourselves of these opportunities," Anatoliy Kinakh said. European officials, heads of national government, businesspeople gathered for one of the most important economic and political events in Central and Eastern Europe, the 26th Economic Forum, held in the Polish city of Krynica Zdroj on September 6-8. The event focused on the EU's unity. They discussed macroeconomics, management, international politics and security. This is a unique opportunity to reach preliminary agreements on major subjects of economic life, energy and others. ■

## GOVERNMENT SEEKS TO SELL ARTYOMSOL, UKRSPYRT, BILSHOVYK R&D COMPANIES IN 2017



Ukraine's Cabinet of Ministers has expanded the list of facilities to be put up for sale in 2016-2017 after they were removed by the Verkhovna Rada from the list of companies ineligible for privatization. The list includes Artyomsol, Ukrspyrt state-run enterprises, Bilshovyk research and development (R&D) enterprise and Lviv state-run jewelry factory.

According to the document, the list also includes PJSC Electroprylad R&D complex, Powder Metallurgy Plant, Cherkasy Instrument-Making Plant, the property of Azov Shipyard and Ukrinterautoservice.

The updated list also has eight regional peat state-run enterprises, Kharkiv Electromechanical Plant, Melitopol Plant Hydromash, Kyiv Automatics Institute, Chimtexitmash, 60.888% of shares in PJSC Bereznyy Ukrainian Refractory R&D Center, 72.692% in PJSC Conveyor Building R&D Institute and Ukrzinc.

In addition, the list includes several state-run R&D institutes in aviation industry, titanium, ferroalloys, nitrogen and nitrogen compound making industry, organic synthesis, wagon building, coal chemistry, coke chemistry, mining and textile industry and other sectors. ■

## FOREIGN ECONOMIC RELATIONS WITH TURKEY NEED ACCELERATION



Although Ukraine is trying hard to solve the problem of diversification of exports due to the loss of eastern markets and the Republic of Turkey may become the best partner in many respects, trade between Ukraine and Turkey is on the decline. The industrial community together with government agencies should strive to change the situation. This was discussed at a meeting of President of the Ukrainian League of Industrialists and Entrepreneurs, head of the Anti-Crisis Council of NGOs Anatoliy Kinakh and Commercial Counselor of the Embassy of Turkey in Ukraine Haidar Kocak.

Trade between Ukraine and Turkey in 2015 fell by a quarter and the first half of 2016 it slid by another 17%. This does not fit into the foreign strategy of both countries and needs to be fixed. What is more, the Turkish industry needs such commodities as steel and fertilizers, which are produced by Ukraine in sufficient quantities.

The Turkish side insists that the introduction of free trade regime between the countries can significantly improve the situation. Progress was achieved in that issue, but Ukraine has decided to review certain positions. "In the end, it has turned out that Ukraine would like to leave 80% of traditional Turkish exports outside the free trade agreement, but precisely these positions are of paramount importance to us," the commercial counselor stressed.

Anatoliy Kinakh in turn said that the process of negotiations on free trade is always difficult because every country seeks to increase exports of value-added commodities and limit the supply of raw materials. All of them are trying to protect the domestic markets and support domestic producers.

"However, in view of the fact that Turkey is our very important trade partner, I believe that the approval of free trade is timely, and agreement of the positions must accelerate. That is why we are ready to arrange a joint roundtable meeting in October this year with Turkish producers, members of the Union of Industrialists and Entrepreneurs of Turkey and Ukraine that are ULIE members, representatives of ministries and departments to discuss all disputable issues," Anatoliy Kinakh said.

Haidar Kocak informed the ULIE president that two Turkish companies in Ukraine were being inspected by Ukrainian law-enforcement agencies, which slowed their work and reduced efficiency.

The leader of the Ukrainian League of Industrialists and Entrepreneurs said that companies from neighboring states would have support from the ULIE and its employees in protecting the rights and interests of businesses.

The sides expressed confidence that the Ukrainian-Turkish economic and investment relations have every reason to continue sustainable development based on trust, mutual benefit and understanding. ■

## POROSHENKO URGES RADA TO OPEN LAND MARKET



The absence of the farmland market in Ukraine hinders investment in agriculture, Ukrainian President Petro Poroshenko has said. "The absence of the right to freely sell and buy farmland hinders investment into agriculture, narrows and violates rights of farmers and sets artificially low rent rates, drawing the last kopecks out their pockets. This is axiomatic. I know the public opinion in Ukraine on the issue and the position of the majority of parliamentary factions. I appreciate and respect them. This is your competence, dear lawmakers, how to resolve the problem: to hide head in the sand and change nothing or to work on the creation of the land market in Ukraine, but with all possible safeguards from any negative consequences," he said in his annual address to the Verkhovna Rada in Kyiv.

The president said that the agro-industrial complex remains a key source of currency income to the country. He said that now the agriculture's share of total exports reached the highest indicator in the past 25 years. "The leading role of agriculture in the context of building the innovative economy looks slightly contradictory. It is important until the process of boosting high-tech 'muscles' by the economic complex continues," Poroshenko said. ■

## TARUTA: \$250 BLN OF FDI REQUIRED FOR SAVING UKRAINE'S ECONOMY



The existing model of economic development of Ukraine has run out of steam and requires urgent replacement, one of the founders of the Ukrainian Business Initiative Serhiy Taruta said at the 26th Economic Forum in Krynica (Poland).

“The main mistake during defining the economic strategy for further Ukraine’s development is an attempt to conduct reforms without radical changing the existing economic development model. The course of stabilizing the economy is pointless without changing the system. Only a splash economic growth can save Ukraine. There are opportunities for this growth,” he said.

The European Union (EU) could help Ukraine to implement a plan to restore the economy in 2017-2030 on the basis of re-industrialization and a broad application of innovations. The implementation of the plan would allow Ukraine to reach GDP of around \$500 billion by 2030. According to some economists, the successful realization of the new economic growth model would require only around \$250 billion of foreign direct investment (FDI) or some \$16.5 billion a year.

“This figure for investment looks realistic. Ukraine must draft a strategy for which Europe would be ready to provide an investment resource. This must be an action plan acceptable for European administrations and business structures. We want Europeans to participate first in the examination of the strategy and then supervise its implementation,” Taruta said. ■

## BIOFARMA COULD START MAKING ANTITETANUS IMMUNOGLOBULININ BY 2019



Biofarma LLC (Kyiv) in two or three years would be able to start producing antitetanus immunoglobulinin, the company has told Interfax-Ukraine. “We are ready to start designing antitetanus immunoglobulinin if the country needs it. We have production technologies. We understand how to do this. We would be able to produce in two or three years,” Deputy Director for Science and Technologies at Biofarma Vitaliy Karbovsky said.

The Health Ministry told Interfax-Ukraine that Biofarma and blood donor centers are able to produce these immunoglobulinins. “Negations are underway. There is certain progress. Immunoglobulinins can be made in Ukraine,” the ministry said.

Biofarma is in the top ten largest Ukrainian drug manufactures. Biofarma produces more than 20 immunobiological preparations of blood, as well as drugs obtained by recombinant DNA technology and probiotics. ■

## UKRAINE TO ATTRACT FOREIGN FERRY OPERATORS TO SOLVE TRANSIT PROBLEMS



Ukraine plans to attract ferry operators from Georgia, Azerbaijan and Turkey to solve the problems of downtime of transit goods, in particular at Illichivsk port (Odesa region, Infrastructure Minister Volodymyr Omelyan told reporters at a briefing in Odesa.

“We have held talks with a number of operators from Georgia, Azerbaijan, Turkey who are willing to come to Ukraine and provide such [ferry] services,” he said. In addition, Omelyan highlighted the importance of development of the south transit direction (to China and the Persian Gulf) by ferry and rail.

He added he plans in the near future to set up a clear timetable for the passage of such trains in an amount of not less than one or two pairs per week. The official noted his ministry continues to negotiate with colleagues from Georgia, Azerbaijan and other countries to achieve agreement on a through rate in the direction of China and the Persian Gulf. ■

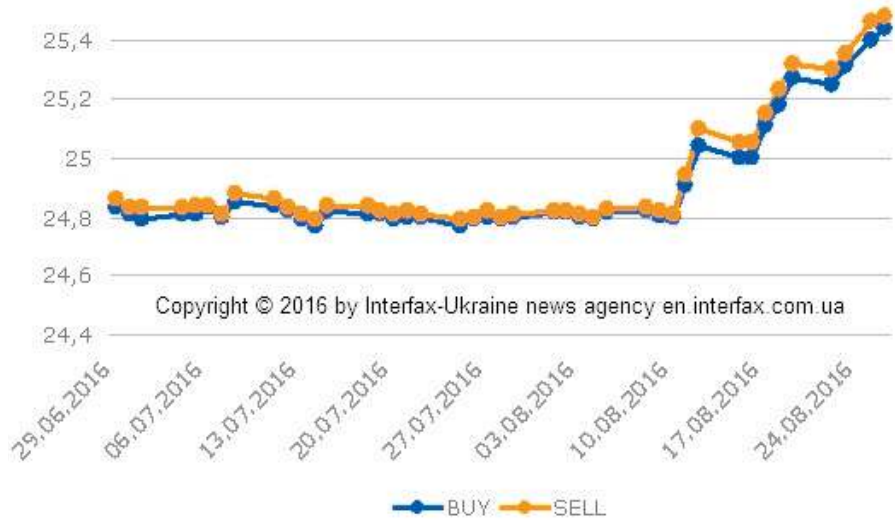
## ANTONOV HOPES TO ATTRACT FOREIGN INVESTMENT INTO NEW AVIATION INDUSTRY PROJECTS



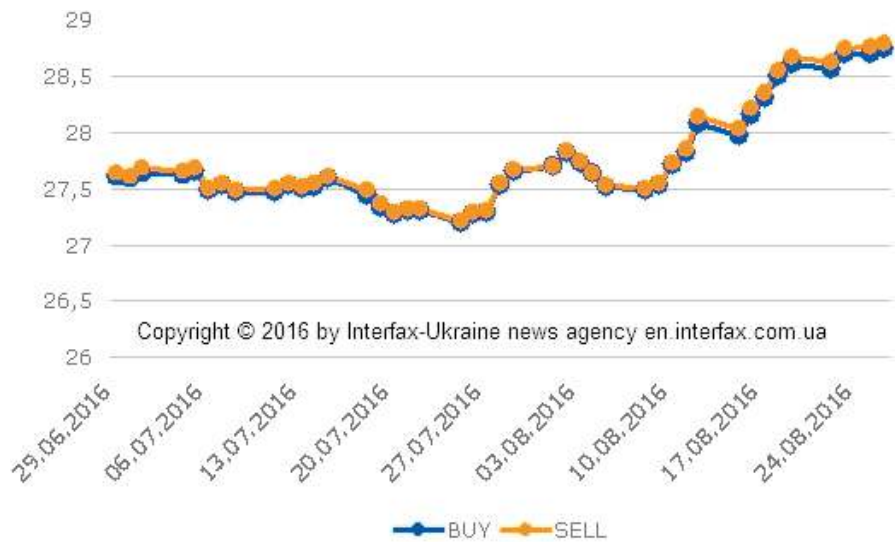
Antonov State Enterprise (Kyiv) hopes that programs to create Ukrainian next generation aircraft would be implemented with attraction of foreign investment. Assessing the potential of international cooperation under a request of Interfax-Ukraine, taking into account the right of the Ukrainian aviation industry to create joint ventures abroad introduced in June, Antonov President Oleksandr Kotsiuba said that the law has opened new opportunities for attracting foreign investment in the implementation of projects to promote promising Ukrainian aircraft to the global market. He pointed out new transport An-132, An-178 and An-188 aircraft.

"According to our opinion, these are most popular and promising planes. We could attract investment under these programs," he said. Kotsiuba declined to specify the position of the company's top managers regarding prospects of privatization of the enterprise. "The issue should be settled at a high national level," he said. Antonov State Enterprise is a leading Ukrainian aircraft designer and manufacturer and an acclaimed world leader in the area of various types of transport aircraft. The company cooperates with 76 countries. It was included in Ukroboronprom State Concern in April 2015 on the government's orders.

## CURRENCY EXCHANGE



Currency exchange, UAH/USD



Currency exchange, UAH/EUR

## SOUTH KOREA'S POSCO INTERESTED IN COOPERATION WITH CHORNOMORSK PORT

The attraction of new cargo flows and opportunities of investing into port infrastructure have been discussed by representatives of large South Korean companies POSCO and POSCO Daewoo and top managers of Chornomorsk port (earlier Illichivsk seaport, Odesa region).

The port's press service reported that at a meeting on September 8 Port Director Serhiy Kryzhanovsky pointed out a unique geographic location of the port, its developed infrastructure and transport hubs, availability of 28 berths and skilled specialists and experience in handling large-capacity fleet.

"Chornomorsk port is one of the largest stevedoring companies in Ukraine. We are ready to expand our cooperation," he said.

The press service said that representatives of South Korean companies visited the port's terminals and studied the production facilities. The visitors showed large interest in the port's experience in handling large-tonnage vessels of capsized type.

POSCO (Pohang Iron and Steel Company) is a multinational steel-making company headquartered in Pohang, South Korea. It is a large global steel producer. Its subsidiary POSCO Daewoo is a leader in trading with grain, coal, materials, steel products, chemical materials and fertilizers.

## UKRAINE PREPARING TRANSFER OF CYCLONE 4 LAUNCH OPERATIONS TO NORTH AMERICA



Ukraine is working out plans to establish the Cyclone 4 launch vehicle complex being built jointly with Brazil at Alcantara space center in North America.

SpaceRef portal has reported that Ukraine's Pivdenne Design Bureau (Dnipro) has been authorized by the State Space Agency of Ukraine to proceed with a new international launch complex and operations in North America based on the existing Cyclone 4 rocket.

The search has begun for business and investment partners to develop the launch infrastructure and conduct sales, marketing, and mission management. On site assessments have already been conducted in Canada and the United States for possible launch complex locations.

According to the bureau's assessments, the all Ukrainian vehicle will offer highly competitive pricing in this launch class along with reliable launch services, and eliminate the need for US customers to seek waivers for the use of other launch service providers. Operating from North America will provide operational convenience with negligible export control issues for customers, SpaceRef reported.

The Cyclone family of vehicles have launched successfully 221 times. Cyclone 4 launch service target pricing will be \$45 million (all inclusive) for 3,700 kg payloads to sun synchronous orbit.

"The Cyclone 4 launch vehicle design is complete and the first flight vehicle manufacturing is nearly complete and will be ready for launch shortly. It's estimated that with sufficient and timely funding the launch site construction will take 2.5 years since the ground systems are also designed and partially manufactured," SpaceRef reported.

In 2003, Ukraine and Brazil signed a long-term cooperation agreement to build the Cyclone-4 launch vehicle to deliver spacecraft to geostationary transfer and low and medium Earth orbit from the Alcantara Launch Center. In summer 2015, the agreement was denounced by Brazil. The decision took effect in summer 2016. ■

## INFRASTRUCTURE MINISTRY HOPES TO START BUILDING LVIV-KHERSON ROAD IN 2017

Ukraine's Infrastructure Ministry intends to start building the Lviv-Kherson highway in 2017 if the required funds are available, Infrastructure Minister Volodymyr Omelyan has said, adding that this would solve transit issues.

"If we manage to obtain the doubled sum – the prime minister promises it – we would be able to start systemic construction of roads. In particular, this year we are to hold tenders and next year to start building a large European highway that would joint Lviv and Kherson," he said.

He said that these plans suit the situation with transit in Ukraine, in particular, this concerns a ban to transit across Russia. The minister said that construction of the highway would solve the transportation of cargo between southern ports in Ukraine and the European Union. "This road is built with this purpose. I think that the project would be a success. We would find good contractors," he said. ■

## ANTONOV, CHINA'S AICC AGREE ON LONG-TERM COOPERATION ON AN-225 MRIYA AIRCRAFT

Kyiv - based state - run Antonov enterprise and Aerospace Industry Corporation of China (AICC) have signed an agreement on cooperation under the An-225 Mriya aircraft program, the Ukrainian company's press service has said.

"The parties have expressed their intention to cooperate in the long-term outlook, which foresees the construction of the second example of the modernized An-225 Mriya aircraft at the Antonov enterprise and its delivery to AICC at the first stage and the establishment of the joint batch manufacture of An-225 in China under Antonov's license at the second stage," the company said in a statement. "Both stages will be implemented on conditions of separate contracts," the press service said.

The Antonov An-225 Mriya is the longest and heaviest aircraft ever built. It is 84 meters long and weighs 175 tonnes without fuel. It has a maximum takeoff weight of 640 tonnes, including crew, and its wingspan is an astonishing 88.4 meters.

The An-225 was built in the 1980s to transport the Soviet space shuttle, the Buran, and it made its maiden test flight in 1988. The single example built has the Ukrainian civil registration UR-82060. In spring 2001, it was retrofitted and its commercial operation was launched by Antonov Airlines. At different stages, Ukraine's foreign partners showed interest in the completion of the second plane, but the plans did not get practical implementation. ■

## UKRAINIAN CAR MARKET GROWTH ACCELERATES TO 44% IN JAN-AUG



Sales of new passenger cars in Ukraine in January through August 2016 grew by 44% year-over-year, to 37,988 cars, AUTO-Consulting has reported. "Taking into account active August that was not to show large sales in the previous years, the result of the car market in the first eight months looks good. The growth pace accelerates. This is a good sign before the start of the active autumn season," the company's experts said.

They said that despite a decline in business activity, 5,624 cars were sold in August. This was 58% up year-over-year.

Toyota returned its leading position in August (Volkswagen was first in July). Its market share was 12%. Renault was second with 9.9% market share and Ford was third thanks to a large batch of cars supplied for medical institutions in Kyiv (100 cars). A decline in sales of Volkswagen car was recorded. It was fourth in August. Kia, Hyundai and ZAZ saw a rise in sales.

"Mazda dealers made a breakthrough. The Japanese brand managed to climb by four positions and enter top ten most popular brands," AUTO-Consulting said. Mercedes-Benz first this year was first, forcing BMW to the second position.

The Ukrautoprom association published sales statistics on its website. According to the association, the market grew by 63% in August on August 2015 and by 1.5% on July 2016, to 5,630 cars.

Some 15,959 new passenger cars were registered last summer (12,180 cars in summer 2015), the association said. According to the Ukrautoprom, Toyota sold 678 cars (31% up year-over-year). Renault saw a 75% rise in sales, to 552. Ford posted a 2.5-fold rise in sales, to 423.

KIA Sportage was the most popular car (271). ■

## GEOLOGY SERVICE: U.S. AVELLANA GOLD WILL MINE POLYMETALS IN ZAKARPATTIA



U.S. Avellana Gold has acquired a number of companies holding licenses for production and exploration of polymetallic ores in western Ukraine and is negotiating the practical implementation of a project for extraction of metals, the State Service of Geology and Natural Resources has said.

"Today we are fully aware of the geological and operational risks of the project, the high demands of local communities as for environmental friendliness, as well as the actual inability to attract long-term debt capital to the country with a pre-default rating," Avellana Gold head and shareholder Brian C Savage said. According to a press release, the service management has recently held a formal meeting with the company representatives in order to discuss the basic conditions of cooperation and obtaining guarantees of its long-term period.

Savage said Avellana Gold would like to receive a signal from the government that the country really needs a big project for extraction and enrichment of polymetallic ores and guarantees of stability of license conditions and regulatory rules in the sphere of subsoil use. ■

## CHINESE FABRIC PRODUCER TO INVEST \$20 MLN IN FLAX PROCESSING PLANT IN RIVNE REGION



Yuyue Home Textiles Co., Ltd. is to build a flax processing plant in Rivne region, Rivne Regional State Administration has reported. The construction of the plant will start as early as in 2016, the project is designed for five years and the total amount of investment is \$20 million.

The company has already selected a plot of land, which is in territory of Kostiantynivsky village council in Sarny district, the Chinese company's CEO said at a meeting with local authorities.

The local government offered a site for the construction of the plant and a plot of land for growing and processing flax. About 30,000 ha of land will be allocated under the project. ■



## DELOITTE INCLUDES 29 UKRAINIAN COMPANIES IN CENTRAL EUROPE TOP 500 LARGEST COMPANIES

International audit company Deloitte has published Central Europe Top 500 ranking of largest companies, including 29 Ukrainian companies. According to a presentation posted on Deloitte's website, the companies were ranked based on their FY2015 consolidated revenues.

Metinvest entered Top 100 with annual revenues of EUR 6.926 being 13th (a year ago it was sixth). Naftogaz Ukrainy with revenue of EUR 5.376 billion is 15th (17th), Energomarket with EUR 4.481 billion – 23rd (14th), DTEK with EUR 3.907 billion – 29th (13th), Ukrzaliznytsia with EUR 2.463 billion – 54th (was not in ranking in 2015), Kernel with EUR 1.949 billion climbed from 89th to 78th, ArcelorMittal Kryvyi Rih with EUR 1.895 billion descended from 59th to 82nd and Fozzy Group with EUR 1.662 billion from 73rd to 95th.

ATB-market with EUR 1.581 billion and Tedis Ukraine with EUR 1.545 billion were 101st and 102nd.

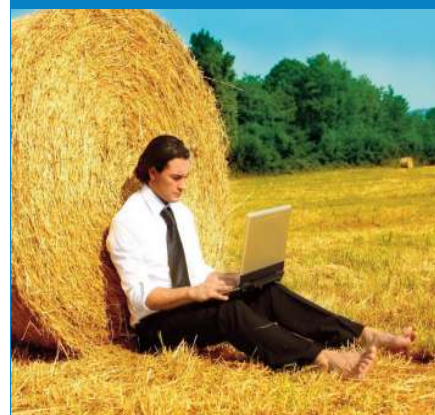
WOG with EUR 1.4 billion is 124th, Energoatom with EUR 1.348 billion is 130th, Zaporizhstal with EUR 1.293 billion is 138th, Ukrnafta with EUR 1.178 billion is 159th, MHP with EUR 1.058 billion is 189th, Ukratnafta with EUR 1.05 billion is 190th, Galnaftogaz with EUR 927 million is 225th, Bunge Ukraine with EUR 882.3 million is 241st, Ferrexpo with EUR 859 million is 247th, Ukrlandfarming with EUR 838 million is 257th and Epicenter K with EUR 775 million is 280th.

Nibulon with EUR 733 million is 301st, BaDM with EUR 729 million is 305th, Motor Sich with EUR 566.5 million is 403rd, Interpipe with EUR 560 million is 409th, Kyivstar with EUR 552 million is 415th, UIA with EUR 538 million is 427th, Optima Pharm with EUR 533 million is 434th and State Food-Grain Corporation with EUR 508 million is 461st.

Deloitte said that the results of the 2015 ranking of the 500 largest companies demonstrate that the majority of countries in CE saw an increase in the rate of their economic growth. The only country whose economy declined in 2015 was Ukraine. ■



## BASF TO LAUNCH AGRARIAN IT PLATFORM MAGLIS IN UKRAINE, CZECH REPUBLIC, BRAZIL IN 2017



The Maglis IT platform for agriculture could be launched by Germany's BASF chemical concern in Ukraine, the Czech Republic and Brazil in 2017.

"In Europe, we are preparing to launch the platform only in Ukraine and in the Czech Republic. In addition, it will also be launched in Brazil," Jeff Spencer, an expert on strategic IT solutions for marketing from the BASF plant protection division in the global market said at a BASF global conference in Ludwigshafen (Germany).

According to him, the platform will be free for all market participants. The Maglis platform will provide analytical information to farmers and could be used as support in decision-making to improve the management of crop production, using data for a particular farm and cultivated crop.

The platform has already been in operation in the United States and Canada, it can be utilized both by large and small farms.

"Why have we chosen the Czech Republic and Ukraine in Europe? We are looking at two or three factors. The first one is the structure of the market, the second is the readiness of market participants to adopt new technologies, and the third is the size of farms," Spencer said.

At the beginning, the Maglis platform will be represented by three products: the Maglis Customer Navigator, Maglis Crop Plan, and Maglis Sustainability. ■

## UKRAINE TO EXPORT 39.8 MLN TONNES OF GRAIN IN 2016/17 AGRI-YEAR

Ukraine's Agricultural Policy and Food Ministry predicts that grain exports from Ukraine in 2016/17 agricultural year (July-June) will be 39.8 million tonnes.

"Grain supply for the year, taking into consideration carryover stocks, will be 70 million tonnes. Domestic consumption is 23.5 million tonnes. According to our assessments, the export potential is 39.8 million tonnes," Agricultural Policy and Food Minister Taras Kutoviy said at a government meeting. He said that today 38 million tonnes of grain has been harvested. 55% of 25.5 million tonnes of wheat is bread wheat. Average yield is 49 centners per ha. The minister sees a possibility of increasing it by 20% thanks to the increase of yield at small and medium-sized farms.

Kutoviy added that if the yield is increased by 20%, the grain harvest in the country could grow by 8-9 million tonnes.

The minister also said that buckwheat harvest in 2016 would be 174,000 tonnes with domestic demand of 160,000 tonnes. He said that there would not be a shortage of buckwheat in Ukraine and growth of prices should be monitored at retail chains. He added that Ukraine sowed 83% of targeted area with rapeseeds or 600,000 ha. ■



## UKRAINE INCREASES SUNFLOWER OIL PRODUCTION, EXPORTS BY 10% IN 2015/2016 MY



**P**roduction and exports of sunflower oil from Ukraine in the 2015/2016 marketing year (MY, September-August) increased by 10%, to 4.85 million tonnes and 4.4 million tonnes respectively. "Sunflower oil production, according to preliminary data, is estimated at 4.85 million tonnes, while exports at 4.4 million tonnes. This is 10% more compared with the previous year," the Ukroliyprom association told Interfax-Ukraine.

The association explained the growth in production and export rates with the increase in the sunflower harvest in Ukraine.

According to Ukroliyprom, Ukraine in the 2014/2015 MY produced 4.4 million tonnes of sunflower oil, exported 4 million tonnes. During the 2015/2016 MY sunflower oil exports from Ukraine to the EU almost doubled, to 1.36 million tonnes. "At present the industry shows a stable growth, the increase in processing rapeseeds, soybeans and flax is strategic for us," the association said.

According to its data, in the 2015/2016 MY Ukrainian enterprises doubled flax processing to 30,000 tonnes. ■

## AGROLIGA STARTS BUILDING OILSEED CRUSHING PLANT IN KHARKIV REGION



**A**groliga Group (Kharkiv region) starts building a sunflower seeds crushing plant with a capacity of 170,000 tonnes in Kharkiv region.

According to a posting on the company's website, the first phase of the plant that would crush 100,000 seeds a year will be launched in September and October 2017.

"The structure of the project financing comprises of the company's funds and long term loans," the company said. Raiffeisen Bank Aval will finance the project. As of today, general construction plan is fixed, tenders for the supply of equipment, construction and installation works have been carried out.

One of the strategic tasks of the group is development of oilseeds crushing. It is planned to increase the capacities from 55,000 tonnes to 70,000 tonnes in 2015 and to 100,000 tonnes until 2017, accordingly. ■

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

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

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 our country (quotations in the mass media, size of readership, evaluations in such categories as neutrality of coverage, swiftness in the provision of information, etc. Information newswires from Interfax-Ukraine are integrated into news streams of Bloomberg and Reuters. Interfax-Ukraine is an active member of the American Chamber of Commerce in Ukraine and the European Business Association, the agency plays an active role in coverage of all activities of these organizations and in lobbying of the interests of their members.

News from Ukraine wired through the Interfax Agency's network reaches clients around the world.

What is more, you can gain free-of-charge 10-day trial access to any chosen service by applying to Maksim Urakin at [urakin@interfax.kiev.ua](mailto:urakin@interfax.kiev.ua), or through <http://en.interfax.com.ua/products.html>, or by just telephoning (+38 044) 270 6574/75.

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