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# UKRAINE

## OPEN FOR BUSINESS

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## NATIONAL REFORMS COUNCIL BACKS IDEA OF INTRODUCING TAX ON REMOVED CAPITAL - ULIE

Ukraine's National Reforms Council has backed the initiative of some business organizations regarding the introduction of tax on removed capital from January 1, 2018.

The press service of the Ukrainian League of Industrialists and Entrepreneurs (ULIE), Head of the parliamentary committee for tax and customs policy Nina Yuzhanina said that a requirement that Ukraine's Cabinet of Ministers takes liabilities to introduce tax on removed capital instead of profit tax from 2018 is to appear in the transition clauses to the draft Tax Code.

She said that the decision was supported by the president and some lawmakers. The proposal will be handed to the government for approval and then to parliament.

ULIE said that the requirement was initiated by many business associations.

"The business society is convinced: this would help to avoid double-entry bookkeeping, discrediting in taxes, provide equal protection of businessmen by the law and a chance of investing using own capital. The main idea is that not only the funds that are removed from business are taxed: payment of dividends at 15% and others. The funds that are reinvested into business and profit that is left in companies' working capital are not taxed," ULIE said.

National Reforms Council approved draft amendments to the Tax Code drawn up by the Finance Ministry jointly with public experts. The amendments foresee the introduction of the single register on VAT refunds, revision of e-administration system and other things. The document is to be approved at a government meeting and submitted to parliament. ■

## GROYSMAN CALLS ON FRENCH BUSINESSMEN TO INVEST IN UKRAINE



**P** rime Minister of Ukraine Volodymyr Groysman during a meeting with French business representatives has urged the businessmen to invest in Ukraine.

“Invest in Ukraine, earn profit, reinvest it and be successful, while we will do our best to promote this,” Groysman said at the opening of the French-Ukrainian business forum in Paris.

The premier said the priority fields for investment are energy, machine building, agriculture, pharmaceuticals, IT, wood processing, light industry and infrastructure.

He said government has established an ongoing dialogue with businessmen to understand its daily issues and respond to emerging difficulties.

“Volodymyr Groysman said economic growth is renewing in Ukraine. According to him, international trade in the country has risen by 25%,” the report reads. ■

## LAUNCH OF LARGE NATIONAL PROJECT: SMALL BUSINESSES WILL GET HELP WITH STARTUPS AND BUSINESS DEVELOPMENT



**T** o create one million jobs as self-employment, small and medium businesses in Ukraine is a realistic task for two years. This will stimulate the domestic market, ensure a significant increase in GDP, stop the outflow of specialists and workers abroad. The main thing is to ensure that working and potential entrepreneurs could have access to financial resources, regular training and to prop up attractiveness of business initiatives in society. These issues are on the radar screens of some influential non-governmental organizations and representatives of large companies in Ukraine: Kyiv hosted the first Ukrainian business forum "Ukraine is a Country of Entrepreneurs," which is designed for young business people and those who have only started thinking about their own business. It was organized by the Ukrainian League of Industrialists and Entrepreneurs (ULIE) with the support of PrivatBank.

The event brought together a large number of participants, among them were representatives of the European Bank for Reconstruction and Development, the Ukrainian government, Parliament, international organizations, successful businessmen and founders of startups, consultants and others. Real opportunities and prospects for the implementation of new business ideas, as well as practical tools to create or develop own companies were demonstrated to the beginners.

"More and more of our fellow citizens – about 65% of young people – are interested in the opportunity to start up their own business, but a mere 4% do this. Here we are working in several directions to change the situation: to provide the most favorable conditions for business development (access to credits, tax incentives) and convince our talented compatriots not to be afraid of developing on their own by launching their own projects and setting up their own companies," ULIE President Anatoly Kinakh has said.

He stresses it is time to stop demonizing large corporations, which have just started kicking off similar socially responsible projects, as it is time to join hands with other financial institutions, the state and non-governmental organizations.

"In future, utilizing public-private partnership, the initiative should become the basis for the formation of a national strategy for strengthening of the middle class, development of small businesses. In other countries it is the main stabilization factor and source of budget payments (50-70%)," the leader of the business community said.

Representatives of the parliament, international financial institutions, who were invited to the event, positively assessed the potential of this project titled "Ukraine is a Country of Entrepreneurs." To implement the ambitious goal – create 1 million jobs, only UAH 20 billion in loans is needed along with consolidated efforts by businesses, the government, financial institutions, Ukrainians themselves. In turn, as stated by chairperson of the parliament's committee on tax and customs policy, Nina Yuzhanina, Members of Parliament will work closely with officials, experts to not only introduce effective tax changes, but also to conduct a comprehensive fiscal reform.

During the Kyiv forum, several hundred participants received individual counseling from experts on business registration, accounting, tax accounting, legal support, franchising, e-commerce, and other issues.

As this is a socially oriented project, it also covers startup and business development training for former participants in the Anti-Terrorist Operation and internally displaced persons.

Similar business forums will be held in the regions with the involvement of local authorities. The concept of the project will be updated following the analysis of proposals and comments from businessmen, professionals who participate in such forums. ■

## ULIE CALLS ON HUNGARY TO CONDUCT MORE ACTIVE INVESTMENT POLICY



Leaders of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) have taken part in an international investment conference in Budapest, Hungary, being a meeting point for business associations, companies from Moldova, Germany, Belarus, Turkey, Latvia, and others. It was organized by the International Congress of Industrialists and Entrepreneurs (ICIE) and the National Association of Entrepreneurs and Employers (VOSZ) of Hungary.

ULIE President Anatoliy Kinakh, who holds the post of First Vice-President at the ICIE, informed international partners about Ukraine's experience in raising capital for the modernization of production facilities, development of dialogue between the government, businesses and society to accelerate economic reforms and partner investors' opportunities in the domestic market.

The participants in the event discussed the development of cooperation and foreign economic relations in the fields of industry, agriculture, transport, service delivery, etc.

"As of today, Hungary with its \$610 million in capital investment accounts for 1.4% of total foreign direct investment in Ukraine. And this trend should be developed. What is more, the Ukrainian party (government, businesses, NGOs) is actively working to accelerate the reforms to improve the business climate. A new anti-corruption law has been passed recently; the situation in customs and tax administration is getting better. Hopefully, the most pressing issues that potential investors were concerned about will be quickly resolved, and we can talk about considerably boosting cooperation," Anatoliy Kinakh said.

In his view, all the states need to conduct a well-considered investment policy, especially it concerns the former Soviet Union republics whose task is to upgrade their production facilities and stake on innovation.

At the same time, the ULIE President encourages domestic producers to adapt their products to the technical regulations and standards of the EU as soon as possible, urging the state and business associations to assist in this at most. This would allow Ukrainian goods to be more competitive and attractive not only on the European market, but also on the other markets, namely in the United States, Canada, etc., as international standards are similar everywhere.

Also, during his visit to Budapest, Anatoliy Kinakh met with Ambassador of Ukraine to Hungary, Ms. Lyubov Nepop. They jointly outlined the scope of the national business and investment interests in Hungary, agreed on close cooperation in the promotion of Ukrainian producers in that country and others.

"We've got what to work on: our exports to Hungary in monetary terms are very low – \$627 million (in the first half of 2016). At the same time, the partners have interest in Ukrainian-made products, namely farm produce, commodities of machine-building and the light industry, etc.," the ULIE President said.

Reference information. The International Congress of Industrialists and Entrepreneurs (ICIE) is a union of business associations, and inter-state non-governmental organization incorporating the largest public business associations from 27 countries, including Poland, Hungary, China, Kazakhstan, Italy and so on.

The ICIE's task is to assist in the implementation of major international infrastructure projects in engineering, the transport sector, economic security, including through cooperation with the EU, international and regional organizations. ■

## EBRD ADVISES UKRAINE LAUNCH TRAINING PROGRAM TO IMPROVE INTERACTION WITH S&M BUSINESSES



Ukraine should launch a training program for civil servants to improve interaction between the state and small and medium-sized businesses, Director of the European Bank for Reconstruction and Development (EBRD) in Ukraine Sevki Acuner said at a business forum in Kyiv. It would be a good idea if the government and executive authorities created a training program for civil servants, so that they should better understand the importance of entrepreneurship for economic prosperity of the country, he said. ■

## UKRAINIAN AIRLINES SEE 26.7% RISE IN PASSENGER TRANSPORTATION IN JAN-SEPT

Ukrainian airlines saw a 26.7% rise in passenger transportation in January-September 2016 year-over-year, to 6.195 million people.

According to information from the State Aviation Service of Ukraine posted on its website, 29 Ukrainian airlines that serviced 59,000 commercial flights operated on the passenger and cargo transportation market in January-September 2016.

Some 19 Ukrainian airlines were involved in passenger transportation last year. The leaders are Ukraine International Airlines (UIA), Azur Air Ukraine, Wind Rose, Yanair and Atlasjet Ukraine (the Atlasglobal trademark). Their share of total transportation was 93% over the period under review.

The upward pace recorded in the period is linked to boosting transportation volumes by UIA by 22.6%. Yanair saw a 9.2-fold rise in passenger transportation, Wind Rose – a 44.1% rise and Azur Air Ukraine – a 13% rise.

Bravo airline and Anda Air started passenger transportation in April 2016.

Ten Ukrainian airlines serviced regular flights between Ukraine and 40 countries in January-September 2016 and 28 foreign airlines to 25 countries, including two new airlines (Sprint Air from Poland Air Serbia).

Ukrainian airlines carried 3.651 million people and this was 17.6% up year-over-year, while foreign airlines carried 2.872 million people (1.5% down).

Four Ukrainian airlines serviced domestic regular flights between eight Ukrainian cities. They carried 581,300 passengers (29.1% up).

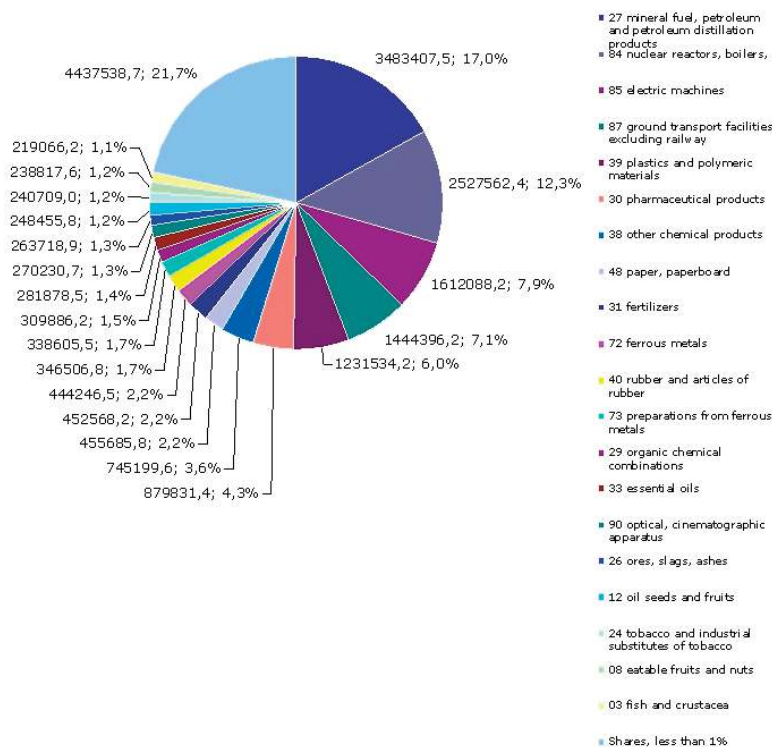
A total of 18 Ukrainian airlines transported cargo and mail over the period. Antonov State Enterprise, UIA, ZetAvia, Maximus Airlines, Europe Air and Urga carried out almost 82% of total cargo transportation. Most of cargo was transported by charter flights in other states as part of UN humanitarian and peace-making programs and under contracts with other customers.

Some 19 Ukrainian airports serviced commercial flights of Ukrainian and foreign airlines in January-September 2016. The number of aircraft serviced over the period reached 98,600.

Passenger flow through Ukrainian airports grew by 16.8%, to 9.652 million people, and cargo flow – by 22.7%, to 29,700 tonnes.

Passenger flow through the main airport of Ukraine – Boryspil – rose by 15.8% in January-September 2016. ■

## COMMODITY PATTERN OF FOREIGN TRADE OF UKRAINE, JANUARY-JULY 2016 IMPORTS THSD.USD



## KCBW, DNIPROVAHONMASH TO SUPPLY 350 WAGONS TO UKRZALIZNYTSIA

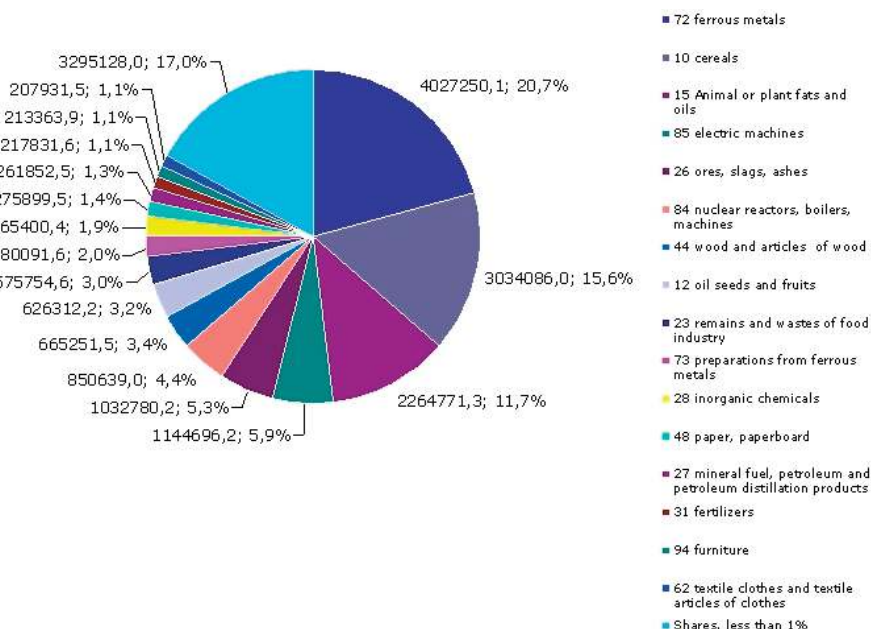


Kriukiv Car Building Works (KCBW, Poltava region) has won a tender for the supply of 200 high-sided wagons to Darnytsia wagon repair plant (Kyiv), a branch of PJSC Ukrzaliznytsia, offering cars for UAH 195.475 million with the expected amount of purchase being UAH 195.6 million. According to the ProZorro portal, the initial offer of KCBW was UAH 195.6 million.

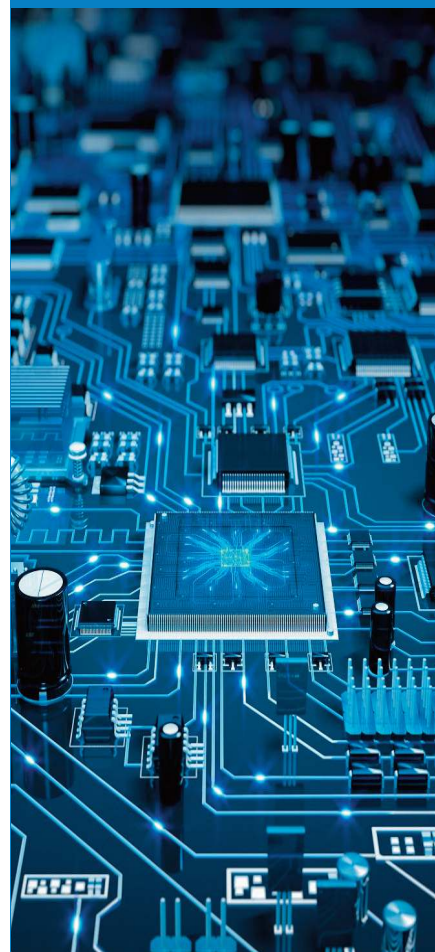
PJSC Dniprovahonmash (Dnipropetrovsk region), which originally offered wagons for UAH 195.6 million and reduced the price during the auction to UAH 195.483 million, also participated in the tender.

Dniprovahonmash, in turn, won a tender from KCBW to supply 150 high-sided wagons. Its initial offer was like that of KCBW and stood at UAH 146.7 million, while the final price was UAH 146.612 million. ■

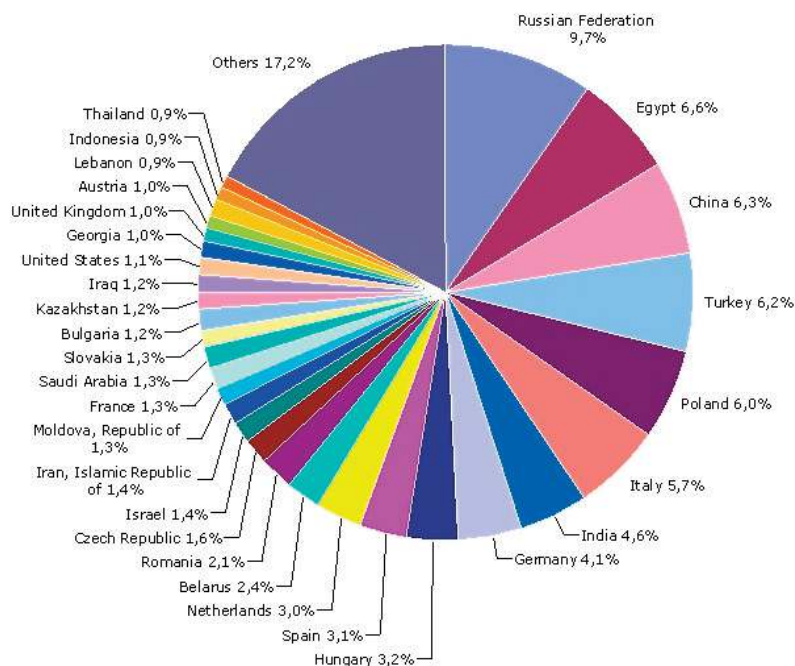
# COMMODITY PATTERN OF FOREIGN TRADE OF UKRAINE, JANUARY-JULY 2016 EXPORTS THSD.USD



## HARTRON POSTS 44.5% RISE IN CONSOLIDATED NET PROFIT IN JAN-SEPT



# UKRAINE'S FOREIGN TRADE IN GOODS, JANUARY-JULY 2016, EXPORTS THSD.USD



**P**JSC Hartron (Kharkiv) in January-September 2016 increased consolidated net profit under international financial reporting standards (IFRS) by 44.5% compared to the same period in 2015, to UAH 6.46 million.

According to a company report in the information disclosure system of the National Commission on Securities and the Stock Market, its consolidated net income for the nine months increased by 3.2%, to UAH 152.65 million.

In January-June 2016 Hartron saw consolidated net profit under IFRS rise by 41.84%, to UAH 4.53 million, consolidated net income fall by 14.384%, to UAH 65.65 million.

PJSC Hartron is the only enterprise in Ukraine, which creates space rocket management systems. The company is also involved in the creation of automated control systems and nuclear power plants safety. ■

## I WOULD LIKE TO SEE INDEPENDENT SUPERVISORY BOARD IN COMPANY UKRENERGO HEAD



**A**cting Director of national energy company Ukrenergo Vsevolod Kovalchuk has said that the state-run enterprise requires corporate management reforms. “I encourage in every way and urge everyone to accelerate the implementation of the so-called law on corporate management of state-run enterprises. Corporatization is a more complicated process. We must be corporatized, but this will happen later when the law on the electricity market takes effect and when bylaws are passed,” he said in an interview with Interfax-Ukraine.

He said that in the future the supervisory board should be created with independent directors. They will determine the long-term policy of the company. “I would like to see an independent supervisory board with representatives of our largest creditors as its members. 70% of our investment is made using funds of international financial institutions,” Kovalchuk said.

“Other oversight agencies, independent qualified energy workers and managers should be present. They would form the management policy on the basis of transparent and clear principles,” he said.

Kovalchuk reminded that Ukrenergo attracted Baker&McKenzie to design new regulations, the regulations on the supervisory board and other documents to accelerate these processes. “Ukraine took a liability to the EBRD [European Bank for Reconstruction and Development] eight years ago. We are waiting for next steps in this directions from the Energy [and Coal Industry] Ministry, Economic [Development and Trade] Ministry and the Cabinet of Ministers of Ukraine,” he said. ■

## ENERGY EFFICIENCY FUND WILL START OPERATIONS IN APRIL 2017 – OFFICIAL

**T**he State Energy Efficiency Fund will start work in April 2017, Deputy Prime Minister, Minister of Regional Development, Construction, Housing and Utilities Services Hennadiy Zubko has said. “First of all, we have the task by the end of the year [2016] to adopt legislative framework for the fund. We believe the fund can start absolutely active operations from April 1, 2017 when the heating season is over,” Zubko said at the forum “Energy Independence. Establishing Energy Efficiency Fund” in Kyiv. According to him, the draft law on the Energy Efficiency Fund has been developed and is now to be considered and approved by the Cabinet of Ministers of Ukraine. In addition, the deputy premier emphasized the importance of passing bills by the Ukrainian parliament on housing and utilities services, on the commercial accounting of housing and utility services and on the energy efficiency of buildings that are needed to run the fund. ■

## UKRENERGO SAVES UAH 5.3 BLN ON PROCUREMENT IN A YEAR

**N**ational energy company Ukrenergo since October 2015 as of today has saved UAH 5.3 billion during procurement, acting Director of Ukrenergo Vsevolod Kovalchuk said. “We have saved UAH 5.3 billion on procurement during a year of my work,” he said, adding that over UAH 3 billion was saved at tenders held at the end of September 2016. The top manager said that the key reason of saving funds is competition between bidders at tenders announced by the company. “We save not only because the prices were set too high. We save because we attract dozens of executors of these tenders to the process. The only mechanism is competition. We recorded clear statistics: when there are two bidders in the tender – 3% is saved. They made an arrangement. When we bring 20 companies from all over the world with geography of 15 countries, they do not make arrangements between each other,” Kovalchuk said. As reported, late March 2016 Ukrenergo signed a contract with ZTR to supply 22 autotransformers and shunt reactors worth UAH 828.591 million (VAT included). The price of transformer equipment turned out to be UAH 1.1 billion lower than expected due to competition between ZTR, ABB and Siemens at the auction. On September 27, September 28 and September 30 the company opened tender bids to reconstruct six high-voltage substations using funds of the World Bank. The company saved around UAH 3.3 billion (\$125 million) or 47% of the sum estimated to reconstruct these substations in 2014. Bids were filed by companies in Italy, Croatia, China, Germany, Slovenia, Sweden, Kazakhstan, Azerbaijan, Saudi Arabia, South Korea, the Czech Republic, Latvia and Ukraine. ■

## MODERNIZED MADE-IN-UKRAINE ANTARES ROCKET BOOSTER COMPLETES SUCCESSFUL U.S. LAUNCH



Ukraine and the U.S. are renewing cooperation in fulfilling the NASA contract to provide space equipment services (CRS) for the International Space Station. The modernized rocket booster of the medium class Antares launched from a U.S. flight facility. The information center of the state-run Yangel Pivdenne Design Bureau (Dnipropetrovsk) said the Antares rocket with Cygnus space transporter on Tuesday, October 18 blasted off from an island off the coast of Virginia at NASA's Wallops Flight Facility.

The Cygnus transporter will deliver around 2.4 tons of useful gear: provisions, food and scientific equipment to the International Space Station (ISS). It will also utilize waste from the orbiting laboratory. Tuesday's launch was the sixth mission to deliver cargo to the ISS by Orbital ATK, a company contracted by NASA to ferry cargo to the ISS through 2018. At least five more launches are scheduled before then, and six more from 2019 to 2024.

Ukraine and the U.S. continue negotiations on cooperation in rocket propulsion engine production. ■

## SPF TO HOLD AUCTION TO SELL SHARES IN FOUR POWER COMPANIES IN DEC



The State Property Fund of Ukraine (SPF) plans in December 2016 to hold an auction for the sale of 70% in Khmelnytskyoblenergo, 70% in Mykolaioblenergo, 65% in Kharkivoblenergo and 51% in Ternopiloblenergo, according to the fund's website.

A tender for the privatization of 60% in Zaporizhiaoblenergo is scheduled for January 2017, and 71% in Cherkasyoblenergo for February 2017.

According to the State Property Fund, the privatization of a 78% stake in Centrenergo is to be held in May-June 2017. ■

## YUZHNY PORT ATTRACTIVE FOR INVESTORS – PORT ADMINISTRATION HEAD



Potential investors are ready to work at Yuzhny maritime merchandise port (Odesa region), but there is a problem of managing port land, Head of Yuzhny Port branch of Ukrainian Sea Port Authority Maksym Shyrokov has said.

“Today the administration does not manage port-side land, and this is the main thing, the start of all investment. We do not have synergy with local authorities and understanding who needs land and for what purpose,” he said in an interview with Interfax-Ukraine. He said that today local authorities make independent decisions and allocate land parcels. The Sea Port Authority is not invited to hear what is planned to do on these parcels.

“This situation is absurd. Port managers do not manage port land and do not decide how to use it,” he said. Shyrokov said that no land parcel belongs to the port, and private companies own land.

Yuzhny port was founded in 1978. It is located on the Adzhalyk firth and is the deepest harbor in Ukraine. The length of its berths is around 2.6 kilometers. The port has six handling terminals.

Sea terminals in various forms of ownership operate at the port: Pivdenny oil terminal, Transbunker-Yug LLC's fuel handling terminal, a terminal of Transinvestservice LLC, a grain handling terminal of Borivage LLC, and a tropic oil handling and processing complex of Delta Wilmar CIS LLC. ■

## DEZEGA HOLDING TO SUPPLY SELF-RESCUERS FOR IDRIS PROJECT IN QATAR



**D**EZEGA Holding Ukraine, the designer and producer of mine rescue equipment, has signed a contract with the largest international tunneling company Bouygues Construction to supply self-contained self-rescuers for workers of the Inner Doha Resewerage Implementation Strategy (IDRIS) project in Qatar.

The company said in a press release on Monday that IDRIS will use 60 minute self-contained self-rescuers certified in Europe. The certificate is approved in Qatar. DEZEGA training self-rescuers will be used to train workers.

The \$3 billion IDRIS project envisages construction of over 45 km of ductwork, 70 km of side ducts and a pump station 70 meters deep. This is the largest sewage project in the world. The project was designed due to growth of population in Doha, the capital of Qatar and the city's preparations to host World Cup 2022.

The implementation of the project will start in November 2016. ■

## POLSKIBUS CARRIER TO LAUNCH TWO ROUTES FROM POLAND THROUGH SEVEN UKRAINIAN CITIES



**P**oland's PolskiBus.com carrier in cooperation with Ideal Travel would launch two new routes using which residents of 18 Polish towns would be able to go to Lviv and six other Ukrainian cities every day. According to a posting on the carrier's website, first trips will be made on October 21 and the tickets are available on [www.polskibus.com](http://www.polskibus.com).

At the first phase of cooperation the offers of PolskiBus.com will be expanded to two daily lines: U1 (Szczecin – Gorzow Wielkopolski – Pila – Bydgoszcz – Torun – Wloclawek – Plock – Warsaw – Radom – Lublin – Lviv – Ivano-Frankivsk – Chernivtsi) and U2 (Poznan – Leszno – Wroclaw – Opole – Katowice – Krakow – Tarnow – Rzeszow – Lviv – Ternopil – Vinnytsia – Khmelnyk – Kherson). ■

## UKRPOSHTA TO INTRODUCE PUBLIC FINANCIAL SERVICES, PAYMENT CARDS AND POSTAL ACCOUNTS



**U**krposhta intends to submit a bill permitting the company to open current and deposit postal accounts for clients and issue payment cards, using which one can buy goods and pay for utility services, Ukrposhta Director General Ihor Smeliansky has said.

“This concerns the expansion of financial services of Ukrposhta via amending the law on postal service. The amendments would permit the company to open deposit and current accounts, pay for utilities, issue payment cards and provide encashment services. Ukrposhta would not issue credits,” he told reporters.

He said that the initiative would permit Ukrposhta to provide financial services to 30-40% of Ukrainian population who does not have access to them now due to remoteness of bank departments. “If Ukrposhta is not permitted to do this, it would lose large revenue. This would finally result in large optimization of expenses or optimization of the network,” Smeliansky said.

It is proposed to create an alternative to bank accounts – postal accounts. “The bill includes a new notion “postal accounts.” It is new for Ukraine, but it is ordinary international practice,” he said. He added that Ukrposhta will use cards of the Prostrir national payment system designed by the National Bank of Ukraine (NBU). Ukrposhta wants to design mobile applications and a website for online purchases. Ukrposhta is managed by Ukraine's Infrastructure Ministry. ■



## KYIV MAYOR IN GERMANY MEETS INVESTORS INTERESTED IN COMPLETION OF PODILSKO-VOSKRESENSKY BRIDGE



**K**yiv Mayor Vitali Klitschko in Frankfurt, Germany, held a meeting with potential investors interested in the implementation of a project to complete the Podilsko-Voskresensky Bridge in Kyiv. The press service of the city mayor reported that the bridge has been built since 2003.

“With enough financing it will take around three years to launch the bridge. Then we can speak about subway. The issue of subway to Troyeschyna remains important for us. We will complete the project. We will not be able to launch subway to Troyeschyna without the bridge,” Klitschko said.

The mayor expressed hope that with the help of Germany Kyiv would find investors and “German companies will join the implementation of this important and strategic project for Kyiv.” Kyiv city has only five motor way bridges across the Dnipro River and they are the most congested sections of the city road network.

Klitschko thanked Germany for the help provided to Kyiv. He pointed out effective cooperation with State Secretary of the Ministry for Transport and Digital Infrastructure of Germany Rainer Bomba. The mayor said that Kyiv’s authorities would make everything that depends on them to finish the bridge and make Kyiv more comfortable for driving.

German businessmen said that they are ready for further talks and consultations to clarify all issues linked to the implementation of the project. ■

## FERREXPO SEEKS TO PRODUCE 11.2-11.3 MLN TONNES OF PELLETS IN 2016

**I**ron ore producer Ferrexpo with assets in Ukraine seeks to produce at least 11.2-11.3 million tonnes of iron ore pellets in 2016, which is slightly less than in 2015. This is linked to repair works. The share of high-quality 65% Fe products would grow from 87% last year to 94%, Head of Investor Relations and Corporate Communications at Ferrexpo Ingrid McMahon has said.

“We hope that it would be more [than 11.2-11.3 million tonnes]. It is important for us that 94% is high-quality 65% Fe products,” she told reporters in Kyiv last week. She said that current demand on the company’s products exceeds its possibilities.

According to the company’s presentation, demand on pellets could grow from 408 million tonnes in 2015 to 493 million tonnes in 2020, or 3.9-4% every year. McMahon said that in 2018 the situation on the market could become more volatile, as Brazil’s Samarco that produced 30 million tonnes of pellets a year and suspended operations after an incident in the tailing dump in November 2015 would return to the market. She expressed confidence that Ferrexpo would have good positions on the market thanks to high quality of its products and low cash cost.

McMahon said that thanks to it the company recently managed to increase the share of customers from Europe and Japan and started supplies to South Korea. However, the share of China of total supplies fell from 20-25% to 13%. She said that in 9M 2016 the share of customers from Central and Eastern Europe was 48%, Western Europe – 17%, Northeast Asia – 16% and Turkey where demand on 62% Fe pellets still recorded – 6%. Ferrexpo is interested in dredging works at the Yuzhny port announced by the Ukrainian Sea Port Authority as part of the implementation of the project to build new berths by TIS and Cargill. She said that in the future if the markets are liberalized, the company could consider the possibility of buying own locomotives for its fleet of 2,252 wagons and return to river transport for delivering products using the Dnipro River, not only the Danube River. ■

## BUSINESSMAN YAROSLAVSKY PLANS TO LAUNCH KHARKIV TRACTOR PLANT FROM 2017



**D**CH Group owner and president Oleksandr Yaroslavsky plans to resume the work of Kharkiv Tractor Plant from the beginning of 2017.

“I cannot now voice the exact timing of the resumption of the plant’s operations... We have all the levers for this. We have only to finish all our court cases... I hope next year we will launch the plant,” Yaroslavsky said at a briefing in Kharkiv. As reported, complex reorganization measures are being held at the plant to resume its work. A number of services have started work, economic ties with suppliers and partners are being resumed.

As reported, Yaroslavsky will become virtually the sole owner of Kharkiv Tractor Plant after he buys a stake of around 29%, which the Austrian investor refused, and concentrates 91.76% of the shares. According Yaroslavsky, the remaining 8% of the shares is owned by about 20,000 minority shareholders. ■

## USAID STARTS PROJECT TO CREDIT UKRAINIAN FARMERS VIA CREDIT UNIONS



The U.S. Agency for International Development (USAID) has launched a project to credit small and medium-sized farmers and agricultural companies in rural areas in Ukraine via credit unions. The project will be implemented from 2016 until 2020.

“We hope that in four years we will be able to attract up to 24,000 new borrowers in agriculture. We want to make it thanks to cooperation with at least 68 credit unions,” Project Manager Eva Serzhynska said at a roundtable devoted to the International Day of Credit Unions in Kyiv. She said that the project will be implemented in tight cooperation with the regulator, associations of credit unions and credit unions.

Head of projects and programs at the strategy and reform department of the National Bank of Ukraine (NBU) Olena Onyschuk said that the first step in reforming the Ukrainian credit union market must be amendments to legislation. The central bank is actively working on a new bill on credit cooperation and some other documents, in particular, resolutions of the national commission for financial service markets regulation and a bill amending taxation.

“No one can fill the niche of credit unions, as this is the space for credit cooperation for poor people and for places where there is no possibility to open a bank – rural areas and small towns,” she said.

USAID will finance the project and the World Council of Credit Unions (WOCCU) will implement it.

As reported, USAID’s Development Credit Authority (DCA) first started cooperating with Ukrainian credit unions in 2014. Then USAID jointly with five unions started implementing an eight-year program to support Ukrainian farmers in Lviv, Kherson and Kharkiv regions. ■

## NIBULON OWNER BACKS LARGE AGRICULTURAL PRODUCERS AFTER LAND REFORM

The land reform in Ukraine should take into account large commodity production and its retaining after revoking a moratorium to sell farmland, the owner of Nibulon agricultural company Oleksiy Vadatursky has said. “Without passing relevant legislative base that would provide for medium and transparent mechanism for switching to market relations, we would gain return to cultivating land in sections,” the company said in a statement citing Vadatursky.

He said that if the moratorium is annulled, large land parcels will be scattered, which would decrease efficiency of farmland use.

“Of course, each land owner has the right to freely use its ownership. When you are the co-owner of a large stock of land, you should take into account opinions and interests of all. The decision of one person automatically concerns other land owners and influences them,” he said.

Vadatursky said that today a lot of land parcels are cultivated without understanding who is the owner of them. There are many land parcels cultivated by one company, but in fact they have been resold to 10 other companies.

He said that Ukrainian legislation should foresee the right to lease land for a long period of time (20-25 years and more) with the right of getting land lease fees in advance for the whole period when the agreement is in effect. ■

## METRO CASH & CARRY UKRAINE TO INVEST IN PURCHASE OF MEAT AND DAIRY BUSINESS IN UKRAINE



Metro Cash & Carry Ukraine LLC (Metro C&C, Kyiv) is mulling investment in local production of meat and dairy food aiming to boost its market share, Metro Cash & Carry Ukraine Offer Management Director Adrian Ariciu has said.

“We are first interested in those items where we can boost the market share. Among the most interesting segments for Metro C&C are dairy and meat products. We are seriously studying this market. We plan to invest in it,” he said at the Retailers CEO Summit: “It’s Time for Local Brand Break-through” in Kyiv.

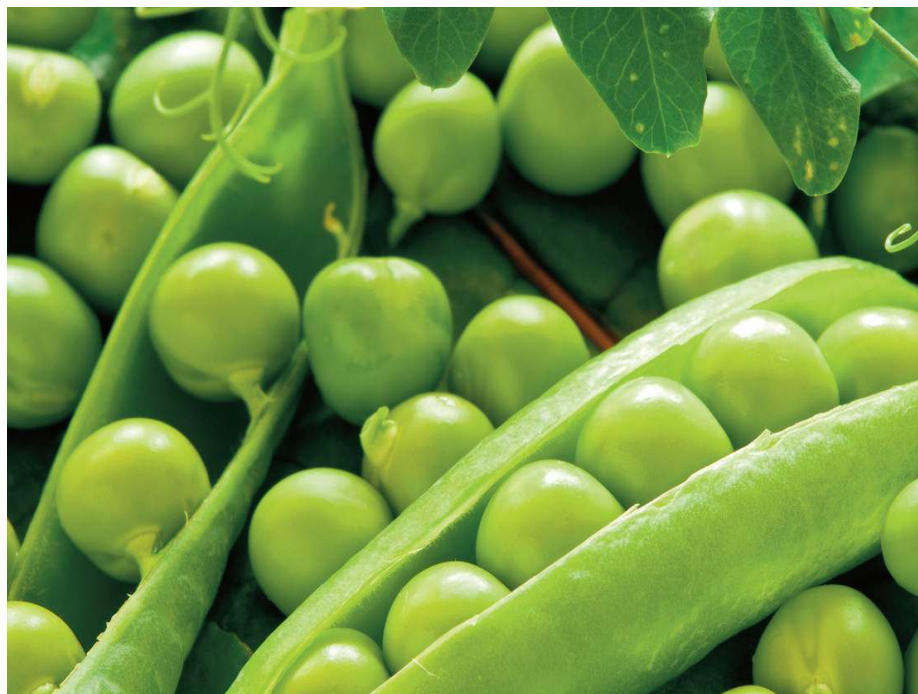
Ariciu said that this is vertical integration, purchase of local companies that would produce goods only for Metro C&C.

“For some items today it is 50% cheaper produce goods in Ukraine than in China. We are mulling the opportunities for investing into local production – both acquisition of business and long-term leasing. We are interested in fresh food and non-foods,” he said.

Ariciu said that 42% of all food on Metro C&C’s shelves is made in Ukraine. He said that this share is not enough and could be increased. He also said that the company changed the imports structure in the past several years. The company had to replace some items imposed from Italy by cheaper goods from Poland.

Metro Cash & Carry Ukraine LLC was founded in 2003. It unites 23 Metro shopping centers and three Beri-Vezi wholesale centers in Ukraine. ■

## PEA CULTIVATION IN UKRAINE COULD EXPAND BY 10-15% IN 2017 – EXPERT



UkrAgroConsult consulting agency anticipates that areas with fodder peas would expand by 10-15% in Ukraine in 2017.

“This year the areas with fodder peas broke a five-year record – 320,000 ha. I am sure that the areas next year would expand by 10-15%. The areas with niche leguminous crops are estimated at 30,000 ha. We predict that they would expand by 20-25%,” Director General of the analytical center of UkrAgroConsult Serhiy Feofilov said at a press conference at Interfax-Ukraine on Monday.

He said that despite the expansion of fields with leguminous crops their yield remains low. “One of the important factors of pea planted areas expansion was an impressive increase in profit-making from these crops,” he added.

According to UkrAgroConsult, in 2015/16 agricultural year Ukraine tripled exports of beans, to 6,120 tonnes compared to the previous year. Over 80% of beans was exported to EU, United Arab Emirates, Egypt, Moldova and Turkey. Chickpea exports totaled 6,910 tonnes and lentil – 568 tonnes.

Deputy Agricultural Policy and Food Minister of Ukraine Olha Trofimtseva said that now the ministry jointly with the Indian Embassy is designing a project to stimulate leguminous crops planting in Ukraine. She said that planting of leguminous crops is a promising direction for Ukrainian farmers. The ministry is interested in its promotion, including exports. ■

## IMC INCREASES OILSEEDS YIELD BY 18% IN 2016



Industrial Milk Company (IMC) has completed the harvesting of oilseeds, threshing 100,500 tonnes, which is 18% up from 2015. According to a company press release, the yield of soybeans and sunflower exceeded the target figure for 2016. The yield of soybeans was 3.4 tonnes per ha, which is a record high in the history of soybeans cultivation by IMC. Soybeans were harvested on 6,400 ha, the total yield (in bunker weight) amounted to 21,600 tonnes. Sunflower yield reached 3.1 tonnes per ha (11% more than in 2015). Sunflower was harvested from 25,000 ha, the total yield (in bunker weight) amounted to 78,900 tonnes. IMC focuses on cultivation of grains, oilseeds and potatoes. It is one of the largest milk producers in Ukraine. ■

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.

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