



# UKRAINE

## OPEN FOR BUSINESS

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## DECENTRALIZATION NEEDED FOR INDUSTRY AND COMMUNITY REVIVAL IN REGIONS

Decentralization is a component of an industrial and overall economic revival in the regions, as local governments lack powers for making important decisions and adequate financing for the development of the territories they are responsible for, according to participants of an extended meeting of the Anti-Crisis Council of Non-Governmental Organizations and the Management Board of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) entitled "Strategic Priorities for Kirovohrad Region's Investment Potential" in Kirovohrad.

"It is very important for the country amid global risks to form a strong, modern, and transparent government system. Personnel policy is of major importance and it has to be based exclusively on highly professional and moral quality of

people, officials, and executives. After a huge number of victims and losses during the Revolution of Dignity and military operations in eastern Ukraine, our citizens will not accept an imitation of reforms or a simulation of improvement in the government. We should start taking clear steps. Today, when a new patriotic society is developing and it wants to live in line with high standards in the country where laws are observed and people can realize their potential, is the best time for positive changes in the country," ULIE President and Head of the Anti-Crisis Council of Non-Governmental Organizations Anatoliy Kinakh said.

He also noted that officials' responsibility, their patriotism, and dedicated service to the state and people form the backbone for successful decentralization reform. →

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## BUSINESSMEN FEAR THEY HAVE TO STOP PAYING VAT AFTER INTRODUCTION OF ELECTRONIC VAT ADMINISTRATION SYSTEM – ULIE

Businessmen fear that after the introduction of the electronic value added tax (VAT) administration on the permanent basis they would have to stop paying the tax and stop operations in general until the electronic system is revoked or improved.

According to the Ukrainian League of Industrialists and Entrepreneurs (ULIE), the businessmen said this during a poll.

A total of 1,822 businessmen were polled. A total of 1,483 of respondents said that during the transition period the man hours for the electronic VAT administration grew, and 79% of respondents said that they saw losses due to the introduction of the system. 950 respondents expect that working capital will be washed out after the introduction of the system. ■

## EU TO RELEASE REPORT ASSESSING UKRAINE'S VISA-FREE TRAVEL PREPARATIONS BY DEC 15 – KLIMKIN

The EU will release a full report by December 15 on the preparations made by Ukraine towards obtaining a visa-free regime with the EU, Ukrainian Foreign Minister Pavlo Klimkin has said.

"We have a clear agreement on December 15 as a final date, when the European Union will present a full report on what has been done by Ukraine," the minister said during an hour of questions to the government on Friday. Klimkin said that Ukraine and the EU have an agreement on the expert missions which will assess Ukraine's progress towards obtaining the visa-free regime. ■

→ "The Ukrainian government is excessively centralized and for this reason the regions are unable to develop. If real powers and responsibility are finally given to citizens and local governments, that would be a huge achievement for Ukraine. For example, there are very capacious mining enterprises in Kirovohrad which extract up to 80% of uranium in Ukraine. However, the community gets nothing from the operation of such big enterprises as all revenue from mining and rent of land plots is sent to the center," Head of Kirovohrad Regional Council Oleksandr Chornoivanenko said.

He added that such a situation results into a gradual decay of towns and vil-

lages as a drop in economic well-being of the population is followed by a decline in its socio-cultural development.

The lack of real tools of management for the economic situation gives no chance to encourage investment in regions as even land-related issues are coordinated by the central authorities. Local officials believe that they have sufficient human resources for the implementation of the decentralization process in the regions.

Decentralization has to be substantial and provide local governments and communities with resources and powers, participants in the meeting said in a relevant address drawn up on the results of their meeting. ■

## LOCAL PRODUCERS OBTAIN SUPPORT IN KYIV



Kyiv municipal authorities and businesses signed an agreement to join hands for the development of the local market. Kyiv Mayor Vitali Klitschko, President of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) Anatoliy Kinakh, and Chairman of the Board of Directors of Enterprises, Institutions and Organizations of Kyiv Oleksandr Osadchy put their signatures under the document. Thus, the sides agreed to coordinate actions of municipal authorities and enterprises in order to introduce the key mechanisms for the support of local producers and ensure Kyiv's sustainable economic development.

"Amid the crisis, there is no alternative to stimulate economic development except synergy of efforts of the government, businesses and the public sector aimed at the modernization of economy, the fight against the crisis, support for national and local producers. Thus, today it is reasonable to ensure rapprochement and establish an effective trilateral dialogue to develop the real sector of economy, overcome the crisis and prepare for the intro-

duction of a free trade area," Kinakh said.

According to the agreement, the local authorities are obliged to draw up a list of industrial products necessary to the city and update it regularly, elaborate and introduce a mechanism for the involvement of enterprises in the implementation of municipal targeted programs, support the development of programs for restructuring, reorganization and optimization of municipal industrial enterprises, intensify the creation of industrial parks and drawing investment.

At the same time, the ULIE will have to contribute to the introduction of national protectionism policy in Kyiv, elaborate draft laws on transparent and effective mechanisms of state procurement, protection of interests of domestic producers, including the introduction of an electronic procurement system, etc.

According to the agreement, the board of directors will help to create scientific and technical councils of enterprises, institutions, and organizations to ensure an increase in procurement of Kyiv producers' commodities, discuss and elaborate recommendations on the creation of new jobs at industrial and construction facilities, etc.

Representatives of the municipal authorities and businesses took part in a panel discussion before the signature of the agreement. They raised the issues of an unfavorable business environment, contradictory tax innovations, such as land tax or electronic administration of value added tax. The participants in the discussion drew up a letter on the outcome of the meeting and sent it to the state government. ■



## YATSENIUK: UKRAINE MUST HAVE 100% OF ITS OWN GAS PRODUCTION IN TEN YEARS

Prime Minister of Ukraine Arseniy Yatseniuk has said that Ukraine should switch to exclusively domestic natural gas extraction by 2025. "We have a common task: in ten years Ukraine must completely, by 100%, to meet its own natural gas needs", he said. Yatseniuk stressed that one must increase the amount of natural gas extraction to fulfill this task, "but at the same time to reach market gas price."

According to him, Ukraine has several targets: to become energy independent country, to increase production of Ukrainian gas so that to finally get rid of the "gas needle" of the Russian Federation, to reduce energy resources consumption and to make the state's economy energy efficient and competitive. ■



## LOCAL BUDGET REVENUES GROW BY 40% DUE TO BUDGET DECENTRALIZATION – POROSHENKO

Ukrainian President Petro Poroshenko says that local budget revenues have already grown by 40% in the current year due to budget decentralization.

"We've already got the first results of budget decentralization. As of today, we've got the first statistics, which show that it's the financial base of the local budget which has for the time grown by up to 40%, the local budgets have for the first time earned real money," the president said during a meeting of the National Reforms Council in Kyiv.

According to Poroshenko, initiators of a respective bill were severely criticized back then. "Much anger was released against the initiators of the bill, which was once proposed to the public, [claiming that] it wouldn't work, calculations were wrong, and these or those interests were not taken into consideration! But it's exactly the opposite," he stressed. ■

## AMERICAN BUSINESS ASKS UKRAINIAN AUTHORITIES TO ACCELERATE REFORMS, BOOST BATTLE AGAINST CORRUPTION

Representatives of American business have said they are satisfied with the level of dialogue they have with the Ukrainian government, but asked government ministers to accelerate the pace of the reforms and resolve corruption, judicial and bureaucracy issues, Andy Hunder, President of the American Chamber of Commerce in Ukraine has said.

Hunder thanked Ukrainian Prime Minister Arseniy Yatseniuk and his team for their cooperation in the last two months. There hasn't been such a dialogue between the authorities and business for last 20 years, Hunder said at a meeting between the Prime Minister and business representatives in Kyiv on Thursday.

He said the current government includes truly competent individuals who were involved in business before joining the government.

In addition, Hunder said businesses still face problems and urged the government to pay attention to them. In particular, he said that a poll within the organization showed that businessmen thought corruption was the main problem and then – the situation with the judicial system and bureaucracy.

In addition, he asked for the announced reforms to be implemented quicker. ■



## ECONOMIC MINISTRY PLANS TO GET UAH 17 BLN FROM STATE COMPANIES PRIVATIZATION

Ukraine's Ministry of Economic Development and Trade plans to receive UAH 17 billion from the privatization of state-owned enterprises.

"There is the goal – to have UAH 17 billion in the budget from privatization. It is now not clear which companies will be privatized by the end of the year. This is a question to the State Property Fund," senior adviser to the economy minister, Adomas Audickas, said at a briefing.

According to him, the aim of state enterprises reform is to increase the efficiency of their work, as well as the privatization of non-strategic objects. "Non-strategic companies, which have no other purpose as to "make" money, should be privatized," the official said. According to the expert, Ukraine currently has 1,833 operating state companies, another 1,500 are not working or are undergoing liquidation. "This is much more than in other countries," he said.

According to the survey of the top 100 state-owned enterprises of Ukraine, which was posted on the ministry's website, the top 100 state-owned enterprises account for about 80% of total revenue and about 90% of assets of the entire state enterprises sector. ■



**PRIVATIZATION**

## EUROPEAN COMMISSION TO PROVIDE EUR 55 MLN OF TECHNICAL AID TO UKRAINE FOR SME



The European Commission will provide EUR 55 million of technical aid develop small and medium-sized enterprises (SME) in 15 regions of Ukraine.

Economic Development and Trade Minister of Ukraine Aivaras Abromavicius and European Neighbourhood Policy and Enlargement Negotiations Commissioner Johannes Hahn signed the memorandum of understanding in Kyiv on Thursday.

"I'm sure that the driver of the economy in the near term and close outlook should be small and medium-sized enterprises. This is the most mobile and active part of businessmen," Abromavicius said during the signing of the memo.

The minister said that EUR 55 million will be used to open 15 centers for support of SME in Ukrainian regions. The centers will provide consultations to businessmen and help them to find new markets.

Abromavicius said that the today's memo is a first part of the program which could open an opportunity for receiving EUR 40 million from the SME loan guarantee facility by Ukraine and in the future the sum could be extended to EUR 1 billion.

"The tool is intended to help SME to use new trade opportunities and improve access to financing," Hahn said.

He said that taking into account the today's memo the total sum of EU grants to Ukraine only this year amounts to EUR 200 million. ■

## TURKCELL BUYS SCM'S 44.96% STAKE IN ASTELIT FOR \$100 MLN



Turkish-based Turkcell telecoms operator has announced it has signed a share purchase agreement (SPA) to acquire SCM Holdings Limited's 44.96% stake in its Dutch-based subsidiary Euroasia Telecommunications Holding BV, in which Turkcell currently owns 55.04% stake and which in turn owns 100% of LLC Astelit, operating under the brand "life:)" in the Ukrainian mobile market.

As Turkcell said on the Borse Istanbul on Friday, SCM's 44.96% stake will be acquired for \$100 million. The total consideration amount will be paid on the closing date.

Conditions as per the SPA include the payment of \$100 million as the consideration amount of the acquisition of SCM shares; payment of Astelit's debts obtained through and with guarantee of SCM Group, termination of all guarantee agreements to which SCM Group is party; and release of SCM Group in this regard.

As was reported, on June 18, Turkcell announced a decision taken by its Board of Directors to start talks on the purchase of the stake in Astelit from SCM. ■



## UKRAINE SEES RECORD HIGH GRAIN EXPORTS AT 33.5 MLN TONNES IN 2014/2015 MY – AGRICULTURE MINISTER

Ukraine has exported 33.494 million tonnes of grain since the beginning of the current 2014/2015 marketing year (MY), which is higher than last MY's historic record of 32.3 million tonnes, according to Ukrainian Agrarian Policy Minister Oleksiy Pavlenko.

"Over this marketing year, grain exports have reached a record high of 33.494 million tonnes. Ending stocks were almost 3.5 million tonnes bigger than in the previous year," he said at a government meeting on Wednesday.

Concerns that the sowing campaign would fail were unfounded, he added.

"The sowing campaign is over today, the plan has been met by 100%," he said.

Pavlenko said the total area sown with crops corresponds to last year's area, which is 26.5 million hectares, including 14.8 million hectares sown with grain crops alone. Of them, 7.9 million hectares were sown with winter crops and 6.9 million hectares with spring crops. ■

## SAKASHVILI PLANS TO TURN ODESA INTO LARGE BLACK SEA HUB

Head of Odesa Regional Administration Mikheil Saakashvili has pointed at out the good potential position of Odesa City as a regional transport, logistic, tourist and IT hub in the Black Sea region, and said he plans to realize this potential.

Odesa has many advantages, in particular, well-educated and talented people, and stunning tourist potential, he said. "We would provide investors with protection from extortion and blackmail, which have been hindering economic growth so far," he said at the Ukrainian Investment Day conference organized by Concorde Capital Investment Company in New York.

The governor said he plans to create as favorable as possible conditions for business and attracting investment, irrespective of volume. Electronic registration will be introduced, easy land provision will be ensured, and the police, customs and tax services' operation will be radically changed. Saakashvili highly assessed Ukraine's investment prospects. He said that when he was president of Georgia, his country passed through war and embargo, however thanks to a policy of growth its economy exhibited two-digit figures.

He said Ukraine currently has several advantages: a new generation of people, democracy and a developed civil society, de-communization, a high level of education and a low workforce cost. "Ukraine is Europe's China," he added. ■

## UKRAINIAN WEATHER CENTER PREDICTS 2015 GROSS GRAIN HARVEST COULD BE 60 MLN TONNES

The gross grain, legume and cereal crops harvest in Ukraine in 2015 could total 59.5-60 million tonnes, head of the agrometeorological department at the center, Tetiana Adamenko, has said.

"According to the preliminary forecast of grain, legume and cereal crops harvest, taking into account official data on sowed fields, Ukraine could receive 59.5-60 million tonnes," she said at a briefing in Kyiv on June 26, adding that over half of the harvest will comprise of corn – around 26 million tonnes.

The expert said that corn fields in Ukraine are in a good state, and the average yield is predicted at the level of the previous year – 6 tonnes per hectare. The best yield – around 8 tonnes per hectare will be reaped in western regions (Vinnytsia, Volyn, Khmelnytsky and Lviv region) and in northern regions (Zhytomyr and Chernihiv regions) it will be lower – 7-7.5 tonnes per hectare.

Rains which will occur in Ukraine this week would have favorable effect on corn and other late crops – soybeans and sunflower, Adamenko said. However the rain could delay the ripening and harvesting of early grain crops.



The winter wheat harvest could total 24.5 million tonnes (with an average yield of 3.7 tonnes per hectare in 2014), winter barley – 3 million tonnes, spring barley – 4.2 million tonnes, winter rye – 300,000 tonnes, oats – 500,000 tonnes and buckwheat – 100,000 tonnes. ■

## UKRAINIAN METAL PLANTS PLAN TO BOOST CAST IRON OUTPUT BY 24% IN JULY COMPARED TO JUNE



Ukrainian metal companies in July 2015 plan to increase steel smelting by 4.5% compared to expected production in June, to 2.3 million tonnes and steel roll production will grow by 5.6%, to 1.9 million tonnes.

According to the materials of the Metallurgprom association (Dnipropetrovsk), the plan for July foresees a rise of 23.5% in cast iron production, to 2.1 million tonnes.

In January-May 2015 cast iron output fell by 30% year-over-year, to 8.363 million tonnes, steel production was down by 28%, to 9.251 million tonnes and steel roll output – by 30%, to 8.005 million tonnes.

In April, 1.927 million tonnes of cast iron was made, as well as 2.177 million tonnes of steel and 1.836 million tonnes of steel roll.

"Since August 2014 this is the largest figures," Metallurgprom Director General Oleksandr Zrazhevsky said.

Ukrainian iron ore supplies in May grew by 320,000 tonnes compared to April 2015, to 2.3 million tonnes. In January-May 2015, 9.8 million tonnes of Ukrainian-made iron ore was supplied to metal companies.

Imported iron ore suppliers (from Russia) totaled 240,000 tonnes in May, a rise by 200,000 tonnes compared to April. In January-May, imported supplies reached 530,000 tonnes.

Exported iron ore totaled around 4.1 million tonnes in May and 19 million tonnes in January-May 2015. ■

## UKRAINE, CANADA TO SPEED UP FTA TALKS

Ukraine and Canada will speed up the talks concerning the formation of a free trade area between the two countries.

Ukraine's President Petro Poroshenko and Canada's Prime Minister Stephen Harper discussed the issues of bilateral cooperation during a phone conversation, and agreed to speed up the process of negotiations on the formation of a free trade area, the Ukrainian president's press service reported.

"Petro Poroshenko and Stephen Harper emphasized that the establishment of the FTA between Ukraine and Canada would become a positive signal for investors and business in the two countries, as well as enhance bilateral relations," the statement reads.

According to the report, Harper praised the efforts of the Ukrainian authorities and Poroshenko in particular on the path to the reformation of Ukraine. "The prime minister of Canada has assured of his willingness to assist in mobilizing international political and economic support for Ukraine," the press service said.

Poroshenko thanked Harper for his visit to Ukraine ahead of the G7 Summit. "It was a successful and symbolic visit, which demonstrated solidarity of Canada and the international community with Ukraine," the head of state noted.

The Ukrainian president informed the Canadian premier about the results of the meeting with the Ukrainian support group, which was established under the G7 leaders declaration, at the level of ambassadors and diplomatic representatives. ■



## CENTRAL BANK PROJECTS ECONOMIC GROWTH AS OF JULY – GONTAREVA

The Ukrainian economy will start recovering as of the second half of the current year, according to Governor of the National Bank of Ukraine (NBU) Valeriya Gontareva.

"We believe that the growth will start in the second half of the year, perhaps as early as this quarter," she said during a video conference at the Ukrainian Investment Day event organized by Concorde Capital in New York. The situation remained stable on the financial market in the past four months, and deposits have started coming back to the banking system, including due to decent interest rates offered by the NBU on its deposit certificates, she said.

Most of Ukraine's largest banks have already fulfilled their capital increase targets set until July 1, 2015 after last year's stress tests, she added. "However, the stabilization won't be sustainable without GDP growth," she underlined. "We've agreed with the International Monetary Fund a gradual plan, a road map of how we will be lifting them," she said. ■

## NCCR ASKS INTL COMPANIES TO DRAW UP ROAD MAP FOR 4G INTRODUCTION

The National Commission for Communications Regulation (NCCR) has asked international companies to draw up a road map to introduce the LTE (4G) communications standard in Ukraine, Commission Head Oleksandr Zhyvotovsky has said. He said the working group for 4G which was created in August 2014 has defined several ranges which can be used for 4G commercial services – 800 MHz, 900 MHz, 1800 MHz, 2300 MHz and 2500 MHz.



"A stocktaking of the whole radio frequency spectrum should be made to understand where commercial operators work, where special users work and how long would they work and if the conversion is required," Zhyvotovsky said.

"Jointly with the operators we have formed the core tasks and drew up a draft work sheet for conducting studies. We've sent requests to ten leading international consulting companies specializing in telecommunications

and having experience of the realization of the re-farming projects in various countries, including Europe. We received feedbacks from six companies, and after more consultations we've formed a portfolio of three offers from famous British companies with the descriptions of work, their volume and the probable cost," he said.

"To avoid long discussions of the cost, we should prepare an offer based on forceful arguments. The analysis of the formation of prices on the telecommunications markets of various countries should be taken as a basis. It is to be conducted with the involvement of independent experts. It is clear that the cost of frequency bands in various ranges is different – high frequencies cost less than low frequencies," he said.

He said the operators are currently studying the materials to prepare offers on the selection of the key provider, cooperation with it and the financing scheme.

"We invite all market players to participate in the project. There are no barriers. However, we understand that in fact it would be four or five companies with ambitions of introducing 4G technology," he said.

By late 2015, the NCCR plans to finish preparatory consultations and formalize the plans by a cabinet resolution on a presidential decree. Then, agreements with western consultants will be signed and the study will be launched. ■

## ENERGY MINISTRY ANNOUNCES TENDER TO SEARCH FOR POTENTIAL BUYERS OF STATE COALMINES

The Energy and Coal Industry Ministry of Ukraine has announced a tender to search for potential buyers of state-run assets in the coal mining sector, the ministry's press service reported on Wednesday.

"The privatization of state coalmines, the major part of which are loss-making today, is intended to attract private investment to develop the coalmines thanks to financial resources, new technologies and management," reads the report.

The official invitation for potential investors to participate in the tender to acquire the assets has been posted on the ministry's website with reference information about 35 coalmines.

Ernst and Young and Deloitte will help looking for potential investors for coalmines. Investors are to send their requests to the ministry and advisors and can receive more details on the assets. The list of coalmines includes Krasnolymska coalmines (produced 930,000 tonnes of rough coal in 2014), Novohrodovska 1-3 (636,000 tonnes), Stakhanov coalmines (547,000 tonnes), Pivdennodonbaska 1 (890,000 tonnes), Rossiya coalmine (725,000 tonnes) and others. ■

## INFRASTRUCTURE MINISTRY TO APPLY OPEN SKIES PRINCIPLE AT ODESA AIRPORT FROM JUNE 30

The Infrastructure Ministry of Ukraine will apply the open skies principle at Odesa airport from June 30, Infrastructure Minister Andriy Pyvovarsky said at a briefing. "We decided together with the State Aviation Service and Odesa Regional State Administration to [initiate] 'open skies' at Odesa airport. The State Aviation Service will inform transporters about it soon," he said.

In turn, Odesa Governor Mikheil Saakashvili said that the price for air travel should fall as a result of the initiative, adding that the government closing its eyes to the schemes of oligarchs can never make things better.

"Many countries have experience; there must be reforms in the field. And everybody should be allowed [to provide air travel services], let the people choose," he said, going on to note the strong monopolization of the commercial flights market in Ukraine. ■



## FOREIGN RAILWAY COMPANIES COULD BE INTERESTED IN CONSORTIUM TO INVEST IN UKRAINIAN RAILWAYS – OFFICIAL



Railway companies and investors, such as Germany's Deutsche Bahn, Poland's PKP, France's SNCF and U.S. Railroad Development Corporation, could be interested in joining an international consortium to invest funds in large sections of Ukrainian railways, Deputy Prime Minister of Ukraine Valeriy Voschevsky wrote on his Facebook page after a meeting with U.S. economist and private lecturer in Kyiv School of Economics Russell Pittman, who is involved in the realization of railway reform projects.

Voschevsky said that international creditors, such as the European Bank for Reconstruction and Development (EBRD) and World Bank, could realize railway projects.

"We came to the common opinion that it is impossible to reorganize the Ukrainian economy without the proper reorganization of Ukrainian railways. Our economy depends on production and sale of coal, iron ore, steel and agricultural products, and they are to be delivered to Ukrainian and export markets by rail," he wrote.

He said that the first important step towards creating the railway system would be removing corruption.

"As soon as we manage to do this, we will have to find ways of attracting investment," he said.

He also said that the state has fallen short of its own resources in funding the organization and effective operation of Ukrzaliznytsia. ■

## BIOFARMA PLANS TO ENTER POLISH, TURKISH, CHINESE MARKETS – COMPANY OFFICIAL

Private joint-stock company BIOFARMA (Kyiv) plans to enter the Polish, Turkish and Chinese markets and continue its development in the Mongolian and Vietnamese markets, Head of the supervisory board Kostiantyn Yefymenko has told reporters.

"New markets we're developing now are Mongolia and Vietnam. The newest that we will develop are Poland, Turkey and China," he said at a ribbon-cutting ceremony devoted to the launch of the first phase of the new biopharmaceutical research and production facility in Kyiv region on Tuesday.

Yefymenko said that BIOFARMA plans to bring two medicines to the Chinese market – Albumin and 10% liquid intravenous immunoglobulinum.

"We've handed [over] our dossiers. They were translated to register [our] own products in China," he said.

Yefymenko found it difficult to say when BIOFARMA's medicines would enter the Chinese market.

"It's hard to say when this would happen in China. I can say when it will happen in the CIS states, as we understand the way of thinking there, but it's hard to say about China," he said.

He also said that by late 2015 BIOFARMA plans to export blood products worth \$7 million and he expressed his confidence that the company would not face problems in receiving permits to export anymore, happened last year.

"We started exporting blood products only in May, as they did not give us permits. After complicated negotiations we've managed to avoid paying fines of \$1.5 million for disrupted supplies. We've managed to agree with partners, but we could have lost a good contract, markets and reputation. When the issue reached the boiling point we gave a press conference. High-ranking authorities read the materials of the press conference and the issue was settled. BIOFARMA received this permit for 15 years, and only in 2015 we had problems. We hope that we would not face these problems in the future," he said.

"Ukraine has the most powerful pharmaceutical industry among the former Soviet countries. This should be developed. This cannot be lost," Yefymenko said.

As reported, on Tuesday BIOFARMA launched the first stage of the new biopharmaceutical research and production facility. Investment in the project totaled over \$40 million. BIOFARMA plans to invest \$30 million in the construction of a fractionator for blood product production. The second stage could boost blood production capacity by 90 tonnes a year today. ■

## ARCELORMITTAL INVESTS \$1.2 BLN IN KRYVORIZHSTAL, NO PLANS TO SELL PLANT – CEO

ArcelorMittal, the largest metal company in the world, has invested \$1.2 billion in ArcelorMittal Kryvyi Rih (former Kryvorizhstal, Kryvy Rih, Dnipropetrovsk region) and the company has no plans to sell the enterprise due to the difficult situation on the metal product markets, CEO Paramjit Kahlon said at a trade union conference held on June 11.

"We're doing business. Sometimes it brings profit, sometimes – not, there are only losses. If we have losses, it does not mean that everything should be left. The corporation has spent \$1.2 billion here," he said.

Kahlon said that the company still has many projects, and some of them will be realized in the near future.

"What other foreign company spends such money in Ukraine? We do this not to throw once everything. Goods times would arrive, I'm sure in this. Then we won't doubt and increase wages by 15% or 20%. Now times are hard. The enterprise will be able to survive them with your support," he said.

At the conference ArcelorMittal Kryvyi Rih proposed to representatives of the owner of the enterprise to increase salaries from October 1 by another 8%. It was also proposed that 50% of bonuses for 2015 will be paid by July 7, and the rest will be paid in February 2016. ■



## PRESENCE OF UKRAINIAN ROCKET, SPACE SECTOR ON EU MARKET WILL DEPEND ON UKRAINE'S ESA MEMBERSHIP – PIVDENNE DESIGN BUREAU

Dnipropetrovsk-based state-run Pivdenne design bureau is in talks with European companies on the development of partnerships, and has linked the scale of the presence of Ukrainian rocket and space enterprises on the EU market with Ukraine's membership of the European Space Agency.

Speaking about potential cooperation with the EU, Director General of Pivdenne design bureau Oleksandr Dehtiarov said that there are limits on the participation of the Ukrainian rocket and space sector in European space projects.

"The participation of the ESA's non-member states in European space projects is strictly limited by a number of European rules and restrictions," he said.

As Dehtiarov explained, Pivdenne design bureau has managed to establish cooperation with EU countries mainly in two areas: production and maintenance of upper-stage engine of a new European light-class Vega launch vehicle (LV), as well as joint research projects within EU framework programs. In particular, he said Pivdenne design bureau currently participates in EU research initiatives, including the creation of new types of thermal protection for reusable space vehicles; development of new methods of disposal of debris; exploration of new structural materials based on carbon fiber.

"The prospects of cooperation with European partners in the creation of the newest complex for production of elements of space vehicles and rockets from carbon-phenolic materials for Ukraine and the development of cooperation in 3D printing area should be pointed separately," he said.

Among the promising and mutually profitable directions of cooperation between Ukraine and the EU in the rocket and space sector, which Pivdenne design bureau is ready to offer, are the design and production of oxygen-kerosene engines for promising European vehicle carriers, production of their elements in Ukraine at competitive prices and the designing of platforms of small spacecraft for scientific, technological and Earth remote sensing missions, Dehtiarov said.

"However, the participation of Ukraine in European space projects mainly depends on Ukraine's joining the European Space Agency," he said. ■

## UKRENERGO PLANS CAPITAL INVESTMENT OF UAH 5 BLN FOR 2015 – COMPANY HEAD

National energy company Ukrenergo plans capital investment of UAH 5 billion for 2015, acting head of Ukrenergo Yuriy Kasich has said.

"Capital investment for this year will total UAH 5 billion [value added tax not included], including UAH 3.7 billion of borrowed funds. The borrowed funds will be sent to build the 750 kV Zaporizhia NPP-Kakhovska substation power line, the 750 kV Kakhovska substation and the 330 kV diversions of the existing circuit. This is UAH 2.2 billion. Another UAH 1.5 billion will be sent to build the 750 kV Rivne NPP-Kyivska substation power line with the expansion of the 750 kV Kyivska substation and two 750 kV and 330 kV diversions of the existing circuit," he said.

He said that the company's financial plan for 2015 approved by the Cabinet of Ministers on May 20, 2015 foresees net profit of UAH 35 million. Revenues are planned at UAH 4.245 billion and expenses – at UAH 4.21 billion. He said that Ukrenergo saw UAH 1.2 billion of net loss with the planned net profit of UAH 1.5 million. Losses attributable to the hryvnia devaluation totaled around UAH 2 billion.

Ukrenergo operates Ukraine's backbone and interstate transmission lines, as well as supervising the country's national grid. It is a state-owned company and is controlled by the Ukrainian Energy and Coal Industry Ministry. ■

## INTL CONSORTIUM TO MANAGE ENERGOATOM COULD BE CREATED IN MEDIUM TERM – ENERGY MINISTER

Energy and Coal Industry Minister of Ukraine Volodymyr Demchyshyn has said that an international consortium to manage National Nuclear Generating Company Energoatom, the operator of Ukrainian nuclear power plants, could be created.

"Even Energoatom requires private investment, although control over nuclear security issues with a lot of many specific requirements should be retained during the management. Some shares could be sold to have a new and more effective owner who will help managing the asset. In the medium term outlook an international consortium to manage Energoatom with European and/or U.S. investors could be created," he said in an interview with Forbes Ukraine.

He said that foreign investors are interested in Ukrainian energy, including electricity generation.

"There is a chance of realizing unique projects in the hydro-power sector... However, this is the prospect of not the coming year. The political situation in the country should stabilize," he said.

Energoatom is the operator of all four Ukrainian-based operating nuclear power plants, which have 15 VVER reactors with an overall generating capacity of 13.835 gigawatts. ■



## ANTONOV SHOULD FOCUS ON NEW MARKETS, NEW PARTNERS – POROSHENKO

President of Ukraine Petro Poroshenko during a visit to state enterprise Antonov drew attention to the possibility of developing cooperation between the enterprise and foreign partners, NATO member states, the presidential press service said.

"We have something to offer to the world," Poroshenko stated.

Poroshenko stressed the importance of accelerating the program of import substitution for Antonov aircraft components and the pace of mass aircraft production. The government should provide appropriate conditions for the successful operation of the enterprise and fulfill these tasks "to make the plant operate full out."

According to the president, focusing on new markets and new partners will help develop the country's leader in the aviation industry. ■



## FRANCE'S SOUFFLET GROUP PLANS TO INVEST IN DEVELOPMENT OF ILLICHIVSK PORT INFRASTRUCTURE

The Infrastructure Ministry of Ukraine is to sign a memorandum of intent with a global grain market player, France's Soufflet Group, on June 19 to invest in the development of Ukrainian port infrastructure.

The ministry's press service reported that representatives of Soufflet Group expressed their readiness to invest in the development of Illichivsk maritime merchandise port (Odesa region) and by signing the memo the investor would prove its plans to realize an investment project for port in the coming years. The

details have not yet been disclosed.

Illichivsk maritime merchant port is a universal international port, one of the biggest on the Black Sea. Its annual handling capacity is upwards of 30 million tonnes of cargo. It has specialized terminals and complexes that handle a wide range of cargo – liquid, bulk, and general. The port's 29 berths allow ships with a tonnage of up to 100,000 tonnes to be handled. The port's annual projected capacity exceeds 30 million tonnes.

Soufflet Group is one of the largest malt producers in the world. ■

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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