



# UKRAINE

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## UKRAINE EXPECTS EU TO INCREASE QUOTAS FOR UKRAINIAN GOODS UNDER FTA – YATSENIUK

Ukraine expects the European Union to increase quotas for Ukrainian goods under the Free Trade Area (FTA) agreement, Prime Minister of Ukraine Arseniy Yatseniuk said during a joint briefing with Lithuanian Prime Minister Algirdas Butkevicius in Kyiv. "You, as an EU member state, perfectly understand that we need to find new markets, and the European market is a key one for us. That's why we'll appreciate support of your [Lithuanian] government when considering increasing quotas of Ukrainian products, which could be supplied to the European market as a FTA Agreement with EU," Yatseniuk said. ■

## UKRAINIAN PRESIDENT AND EUROPEAN COMMISSION HEAD CONFIRM READINESS TO ENACT FREE TRADE AREA FROM JAN 1, 2016

Ukrainian President Petro Poroshenko and European Commission President Jean-Claude Juncker have announced their readiness to begin implementing the Deep and Comprehensive Free Trade Area treaty between Ukraine and the European Union starting from January 1, 2016.

"The parties welcomed the positive dynamics of the process of ratifying the Association Agreement between Ukraine and the European Union and confirmed their readiness to start to implement the Deep and Comprehensive Free Trade Area starting from January 1, 2016," the Ukrainian presidential press service reported following Poroshenko's telephone conversation with Juncker. ■



## UKRAINE, WORLD BANK SIGN AGREEMENT ON \$500 MLN LOAN FOR REFORMS

Ukraine's Minister of Economic Development and Trade Aivaras Abromavicius and World Bank Director for Ukraine, Belarus and Moldova Qimiao Fan have signed a loan agreement on the World Bank issuing a loan to Ukraine in the amount of \$500 million to accelerate the pace of reforms. "This \$500 million of financial aid is intended for strategic and institutional reforms," the Ukrainian minister said.

He said the money has been granted to improve public administration and the business climate, reform the energy sector, and provide assistance to the needy. The loan has been granted for 16 years, with a seven-year grace period at a variable interest rate, which now stands at 1.25%.

"The package of reforms supported by this operation will help address the deep-rooted structural problems that have contributed to Ukraine's current economic crisis. We are helping Ukraine to implement an urgent set of measures, which will be essential to stabilize the economy, provide quality services to all Ukrainians, and return the country to a sustainable growth path," Qimiao Fan said. ■



## UKRAINE TO OPEN 14 TRADE REPRESENTATIVE OFFICES ABROAD IN 2016 – TRADE MINISTER

Ukraine intends in 2016 to open 14 trade representative offices in a new format in other countries in addition to the six that will be opened this year, Minister of Economic Development and Trade Aivaras Abromavicius has said. "We will set up six trade representative offices in a new format this year and from the new year they will begin to work. Next year we will open 14 more [missions], i.e. 20 trade missions abroad in a new format will work by the end of 2016," the minister said at a Cabinet meeting on August 20. ■

# UKRAINE SHOULD USE LITHUANIA'S EXPERIENCE TO GET ADAPTED TO EU STANDARDS

Ukraine appreciates Lithuania's experience in effective adaptation of the economy to the standards and practices of the European Union (EU) and intends to use it as much as possible while doing its own 'home task' to implement the EU-Ukraine Association Agreement and prepare for the introduction of free trade with Europe from January 1, 2016. This issue was on the agenda of an enlarged meeting of the Ukrainian-Lithuanian and Lithuanian-Ukrainian business councils which was held as part of an official visit of Lithuanian Prime Minister Algirdas Butkevicius to Ukraine.

"Lithuania strongly supports Ukrainians' efforts to implement fundamental reforms and move towards European integration, which is a difficult and irreversible



way. Today relations between Ukraine and Lithuania are closer than ever in the history of independence. Effective business cooperation demonstrates deep trust between the entrepreneurs and people of our countries. I believe that there is no alternative to the implementation of the EU-Ukraine Association

Agreement and introduction of free trade from the beginning of next year," Butkevicius said.

The business councils of both countries have been cooperating successfully from 2013. They helped to implement dozens of commercial, cooperation, scientific and technical, investment, and regional business projects. More than 80 businessmen from both countries, including top managers of leading companies, took part in the latest meeting of the councils.

"And we appreciate cooperation with Lithuania not only in terms of boosting foreign trade – Ukraine also needs new technologies and investment in the modernization of domestic economy. In addition, we can use experience of a friendly country in effective adaptation of economy to the norms and standards of the European Union, and the business councils apply these achievements in practice in order to strengthen Ukraine's status of a modern democratic European state. There is one more priceless factor – mutual trust between the business communities and people of both countries, which is a ticket to success," Serhiy Prokhorov, the head of the Ukrainian-Lithuanian Business Council, said.

The participants in the enlarged meeting signed a declaration on the improvement of cooperation between the Ukrainian League of Industrialists and Entrepreneurs (ULIE), the Engineering Industries Association of Lithuania, and the Council of Directors of Enterprises, Establishments and Organizations of Kyiv, an amendment agreement between the ULIE and the Lithuanian Confederation of Industrialists, and a memorandum between the Ukrainian-Lithuanian and Lithuanian-Ukrainian business councils. The documents contain new tasks for the extension of business cooperation between Ukraine and Lithuania, deepening of European integration processes in Ukraine, and the country's approaching to Europe.

The sides shared their opinions regarding further cooperation in the spheres of joint railway and multimodal transportations (including development of the Viking Project), machine building, energy, alternative energy generation and energy saving systems, water supply and water treatment systems. The sides also discussed the development of dialogues between businesses and governments of Ukraine and Lithuania. The councils decided to hold a large Ukrainian-Lithuanian economic forum late this year during the Lithuanian president's official visit to Ukraine. ■

## UKRAINE BOOSTS SHARE OF PROCESSED FOOD OF TOTAL AGRICULTURAL EXPORTS TO EU IN H1 2015 – MINISTRY

The Agricultural Policy and Food Ministry of Ukraine has reported that the share of processed food of the total agricultural exports to the European Union countries has grown.

"Gradually, Ukrainian agricultural producers started to use more new opportunities of exports of products after processing to the high-margin EU market," Minister Oleksiy Pavlenko said.

He said that exports of poultry grew by three times, to \$27.3 million, tomato paste – by 9.5 times, to \$6.9 million, processed grain by almost two times, to \$5.6 million, sugar and confectionary with sugar – by 1.8 times, to \$17.8 million, and finished products made of grain – by 1.3 times, to \$18 million.



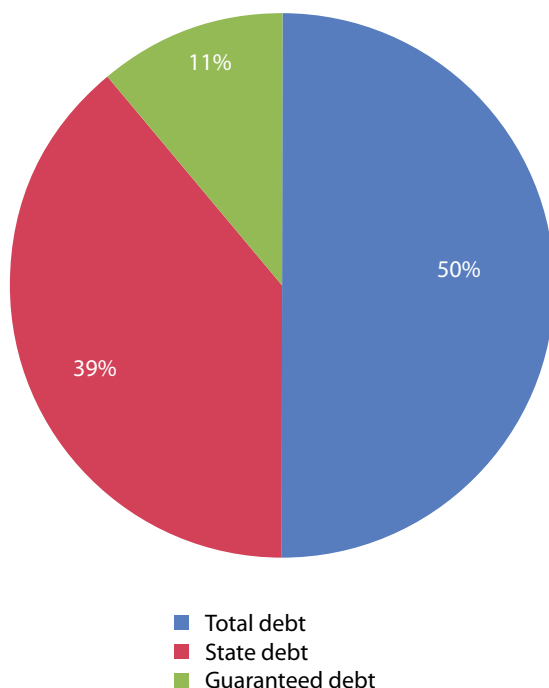
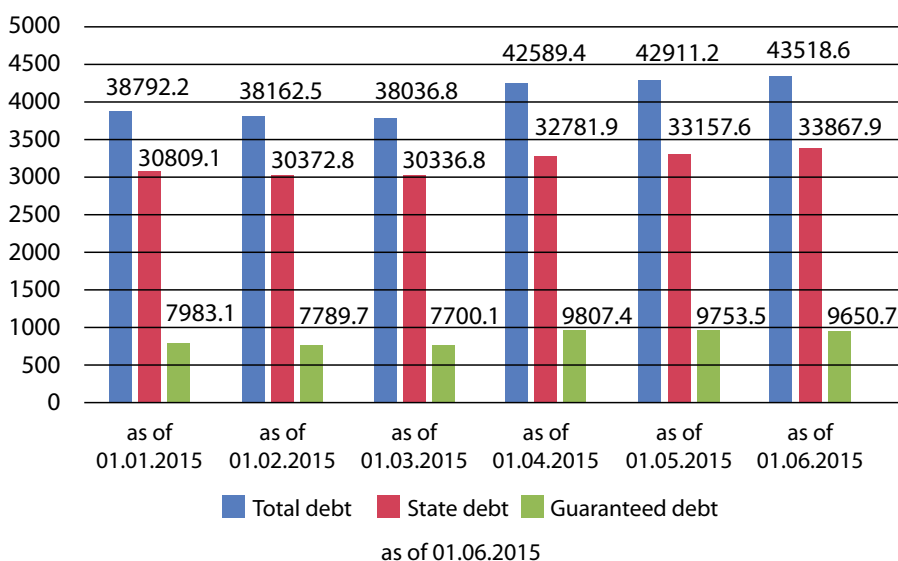
In January-June 2015, egg products worth \$4.5 million were exported to the EU, while a year ago Ukraine did not export eggs to the EU.

"Top-priority directions of development of the Ukrainian agricultural sector are the orientation to the increase of the share of processed food and products with high added value of total agricultural exports of Ukraine. This would allow us to increase currency proceeds of the national budget. The current results of exports to the EU show that Ukrainian products have large potential and good prospects on the global market," Pavlenko said. ■



## EXTERNAL AND GUARANTEED DEBTS OF UKRAINE IN 2015 (MLN USD)

	Total debt			State debt			Guaranteed debt		
as of 01.01.2015	38792,2			30809,1			7983,1		
as of 01.02.2015	38162,5	-629,7	-1.6%	30372,8	-1.4%		7789,7	-2.4%	
as of 01.03.2015	38036,8	-125,7	-0.3%	30336,8	-0.1%		7700,1	-1.2%	
as of 01.04.2015	42589,4	+4552,5	+12.0%	32781,9	+8.1%		9807,4	+27.4%	
as of 01.05.2015	42911,2	+321,8	+0.8%	33157,6	+1.1%		9753,5	-0.5%	
as of 01.06.2015	43518,6	+607,4	+1.4%	33867,9	+2.1%		9650,7	-1.1%	



### NBU TO INCREASE INTERNATIONAL RESERVES TO \$15 BLN BY YEAR END

The National Bank of Ukraine intends by the end of the year to increase international reserves to at least \$15 billion to implement the world's recognized indicator of reserves adequacy to cover three months of imports, NBU Head Valeriya Gontareva has said in an interview with the Focus magazine.

"We plan by the end of the year to increase forex reserves to \$18 billion. This is certainly ambitious plans, while the minimum objective for us is \$15 billion, which cover three months of imports," she said.

Speaking about cleaning the banking system, the NBU head noted it has been completed. Now the National Bank moves to the second stage: to restart it, while seeking a full disclosure of the structure of their ultimate owners.

"We consider 44 banks as non-transparent. In the course of analysis this figure could increase. Of these 44 banks two have been recognized problem, 14 banks got a notification from us that their ownership structures are officially recognized as non-transparent," Gontareva said.

As reported, the NBU international reserves in July increased by \$112 million, or by 1.1%, to \$10.375 billion. In early August the National Bank received the \$1.7 billion second tranche of the EFF program from the International Monetary Fund. ■

<sup>1</sup> Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.  
Note. A list of countries is defined on the basis of the largest investment made into Ukraine economy.  
Source: State Statistics Services

## NCCR APPROVES MEASURES TO INTRODUCE 4G IN UKRAINE, TENDER CAN BE HELD IN H2, 2017

The National Commission for Communications Regulation (NCCR) at a meeting on August 18 approved an action plan for the implementation of the LTE communications standard (4G), according to which a tender for licenses is scheduled for the second half of 2017, an Interfax-Ukraine correspondent has

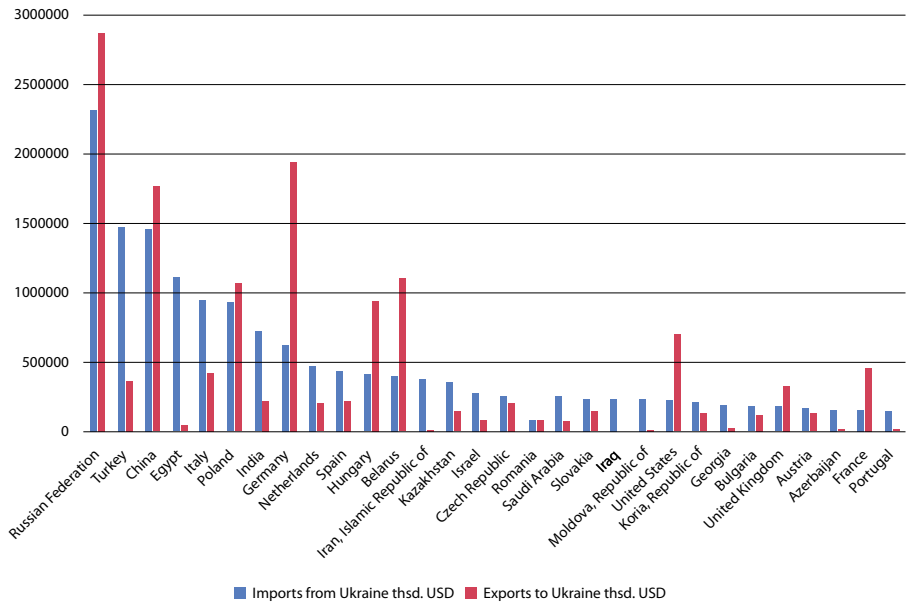
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reported. A commission representative said the plan envisages measures for the release of the first and second “digital dividends,” reforming the frequency spectrum and technology neutrality, as well as holding a relevant tender.

According to commission head Oleksandr Zhyvotovskyy, the plan has been agreed with telecommunications operators, professional associations and will be posted on the official website of the commission this week. Under the plan, it is necessary in September-October this year to approve a technical specification for the execution of research work on activities for the implementation of 4G, in the development of which, in addition to the authorities, market participants, who agreed to finance this study, will take part. Then a foreign consulting company, which will conduct the study, should be selected in October-November. A relevant contract should be signed with the company in November. ■

## TOP-30 COUNTRIES EXPORTERS TO UKRAINE



<sup>1</sup> Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.  
Note. A list of countries is defined on the basis of the largest investment made into Ukraine economy.  
Source: State Statistics Services



## ACCOR GROUP OPENS SECOND HOTEL OF IBIS CHAIN IN UKRAINE IN LVIV

Accor Group, Europe’s largest hotel group and one of the top hotel groups in the world, has opened its second Ibis chain hotel in Ukraine: Ibis Styles Lviv Center.

A representative of the hotel told Interfax-Ukraine that the hotel opened on August 22 in the historic center of Lviv.

According to a post on the website of the hotel, the new three-star plus hotel is for both tourists and business travelers. The prices per room start from EUR 42 (UAH 990). The hotel has 77 rooms, including seven suites and two rooms for guests with disabilities.

The first hotel of the international brand in Ukraine – Ibis Kiev Shevchenko Boulevard – was opened on August 15, 2011.

The Ibis international hotel brand belongs to France’s Accor Group, which unites travel agencies, restaurants, casinos and over 4,000 hotels, including 831 under the Ibis brand, in 90 countries. ■



## UKRAINE FINISHES HARVESTING EARLY GRAIN CROPS, THRESHING 36.7 MLN TONNES

The Agricultural Policy and Food Ministry of Ukraine has said that the harvesting of early grain crops from 10.1 million hectares has been finished and 36.7 million tonnes of grain has been threshed with an average yield of 36.2 centners per hectare.

“This year farmers threshed more than last year – 2 million tonnes more [of early grain crops]. This year 36.7 million tonnes of grain was threshed from 10.1 million hectares with a yield of 36.2 centners per hectare,” Minister Oleksiy Pavlenko said at a briefing in Kyiv on Wednesday.



He said that farmers from Odesa (3 million tonnes), Dnipropetrovsk and Kharkiv (2.8 million tonnes each) and Zaporizhia (2.6 million tonnes) regions saw the best results. Pavlenko said that 26.8 million tonnes of wheat was harvested from 6.8 million hectares with a yield of 39.4 centners per hectare, 8.5 million tonnes of barley was harvested from 2.8 million hectares with a yield of 30.5 centners per hectare, 365,000 tonnes of rye was harvested from 144,000 hectares and 248,000 tonnes of oats was harvested from 203,000 hectares.

A total of 392,000 tonnes of peas were harvested from 169,000 hectares with a yield of 23.2 centners per hectare, 1.7 million tonnes of rapeseeds was harvested from 674,000 hectares with yield of 25.7 centners per hectare.

Harvesting of buckwheat, millet and soybeans is underway, the ministry said. ■

## EBRD ORGANIZING SYNDICATED LOAN OF UP TO \$130 MLN FOR NIBULON

The European Bank for Reconstruction and Development (EBRD) is organizing a syndicated financing facility of \$130 million to Nibulon (Mykolaiv), one of the largest Ukrainian producers and exporters of grains and oilseeds. “The new facility will consist of an A loan of up to \$45 million for the EBRD’s own account and a B loan of up to \$90 million, which will be syndicated to commercial banks,” the bank said.

EBRD Principal Adviser for External Affairs Anton Usov told Interfax-Ukraine that the bank has signed all the documents required, although the syndicate is being organized by other institutions.

The EBRD said that the facility would help secure the company’s seasonal needs for working capital to carry out trade transactions. The bank said that it has been successfully working with Nibulon since 2010. It has organized the financing of almost \$200 million under various projects for the company. The EBRD is the largest international financial investor in Ukraine. As of July 1, 2015, the bank had a total cumulative commitment of EUR 11 billion in 345 projects in the country. ■



## UKRAINE TO INITIATE COOPERATION WITH IRAN IN LIGHT OF EXPECTED LIFTING OF U.S. SANCTIONS – ABROMAVICIUS

Ukraine is to initiate cooperation with Iran, including in production, due to the expected decision of the U.S. to lift sanctions from the country, Ukraine’s Economic Development and Trade Minister Aivaras Abromavicius has said.

“On September 14-16, I’m likely to go [to Iran] with the Agricultural Minister and a large group of entrepreneurs and industrialists to establish cooperation with the country. After the U.S. sanctions are lifted, huge opportunities [will] open up there. Last week we discussed the cooperation directions with the ambassador. Mainly it concerns companies on metro engineering and other types. ■

## METINVEST SUPPLIES RAILS FOR NEW RAILWAY TRACK IN CUBA IN H1 2015

Metinvest, the largest Ukrainian mining and metal holding, supplied over 4,000 tonnes of P50 rails made by Azovstal steel works (Mariupol, Donetsk region) to the Cuban market for the construction of a new railway track in January-June 2015, the company said in a press release.

The company said that the Cuban customer conducted a technical audit that confirmed the quality of Metinvest Group's products. This type of rails is widely used for general and special-purpose railway track. Azovstal shipped the rails to the Cuban Ministry of Transportation to be used in the construction of a railway track to the port of Mariel. The development of infrastructure for the port, which is 50 kilometers from Havana, was driven by its establishment as Cuba's first free economic zone in 2014. More than 200 kilometers of track have been constructed from Metinvest rails in the last three years. Broad-gauge P50 rails and P65 rails are Metinvest's most in demand products. Overall, the company manufactures more than 10 typical sizes of standard-gauge and narrow-gauge rails.

"Taking into consideration the high sales efficiency of rolled steel for railway tracks, Metinvest Group is developing its product range and focusing on demand in both domestic and external markets. For example, Azovstal has begun to produce rails with tempered side edges," the company said. ■



## UKRGZVYDOBUVANNA HEAD: INTL INVESTORS SHOULD ENTER UKRAINIAN MARKET NOW



International investors should enter the Ukrainian oil and gas market now as the market will become occupied, Ukrgezvydobuvannia Board Chairman Oleh Prokhorenko has said.

"Everyone understands that the present situation would be resolved, it would stabilize and those who enters as early as possible would win most of all. We would establish relations with those players who will enter [the market] now, and later it would be harder to enter it, as the places will be occupied. We will study now with whom we can work in this direction," he said in an exclusive interview with Interfax-Ukraine.

Prokhorenko said that each company has its own concept of investment risk, but Ukraine is looking for partners to start working with now.

"The objective situation is the following: large players see Ukraine as a risky place for investment, but there are other companies, which have a more opportunistic approach to this. For example, Frontera worked in Georgia when the country faced Russia's aggression. They have shown their interest to Ukraine, and they are not embarrassed with Russia's aggression and they are ready to work in the present situation," he said.

As reported, national joint-stock company Naftogaz Ukrainy and U.S. Frontera Resources Corporation signed a memorandum of understanding during the Ukrainian-U.S. business forum in Washington on July 13. ■



## SURPLUS OF UKRAINE'S FOREIGN TRADE IN GOODS IN JUNE 2015 GROWS TO ALMOST \$0.4 BLN – STATISTICS

The surplus of Ukraine's foreign trade in goods in June 2015 demonstrated a positive trend for a fifth month in a row and amounted to \$388.6 million against \$296.1 million in May 2015 and \$229.3 million in April 2015, the State Statistics Service reported.

The surplus of Ukraine's foreign trade in goods in June 2015 from June 2014 soared by 6.4 times. Goods exports in June 2015 declined by 29.3%, to \$3.13 billion, while imports fell by 37.2%, to \$2.74 billion. Exports in June 2015 from May 2015 grew by 7.7%, while imports rose by 5%.

In the first half of 2015, goods exports declined by 35% year-over-year, to \$18.53 billion, while imports fell by 38.5%, to \$17.28 billion, while the surplus more than tripled to \$1.25 billion. ■



## KYIV'S 2025 GENERAL PLAN FORESEES CITY DEVELOPMENT THANKS SUBURBS IF LOCAL COMMUNITIES AGREE



The new draft general plan of Kyiv until 2025 retains the possibility of developing the city thanks to its suburban zone, although this is only possible if local territorial communities give their consent, Head of the Town-planning and Architecture Department of Kyiv City Administration Serhiy Tselovalnyk has said.

"Kyiv city agglomeration would be created for sure, but not thanks to a change to Kyiv's borders or territorial expansion, it would be done on the basis of the law on voluntary cooperation of territorial communities when, as is done in France, for example, Lyon, Paris, agreements between Kyiv's communities or its districts and local authorities of the territory to which the function is transferred will be signed," he said during lawmaker hearings on the Kyiv's general plan on Thursday.

According to the new draft general plan of Kyiv until 2025, in the next 20 years if the planning decisions for the further development of Kyiv, the territory of which as of January 1, 2015 was 83,558 hectares, are agreed, a total of 1,416 hectares of new territories are additionally required.

Tselovalnyk said that the new general plan has been drawn up taking into account the forecast for the development of the demographic situation and transport infrastructure on the basis of updated data, while in the current general plan until 2020 the forecast indicators were set too low, and have now been exceeded.

According to the new plan, it is planned that the population of Kyiv would increase to 3.147 million within the next 20 years from 2.847 million as of January 1, 2015.

The draft document plans the construction of 22 million square meters or 314,300 new apartments, the increase of the average number of square meters per person to 27 from 22.3 as of January 1, 2015, and the removal of 912,500 square meters of housing area.

In the next 20 years it is planned to increase the housing fund of Kyiv to 84.707 million square meters or 1.386 apartments from 63.619 million square meters or 1.088 million apartments as of January 1, 2015.

The draft document states that during this period the Kyiv's landscape, recreation and green space would be reduced to 27,981 hectares from 32,997 hectares as of January 1, 2015, and the city nature reserve fund would be expanded from 12,452 to 18,899 hectares.

In the next 20 years it is planned to reduce industrial and scientific space to 2,954 hectares from 3,739 hectares as of January 1, 2015.

Tselovalnyk said that the new draft general plan includes construction of new roads and redirection of transport flow to bypass the central part of Kyiv.

It is planned to increase the general length of streets and roads to 1,869 kilometers from 1,663 kilometers as of January 1, 2015.

In addition, it is planned to build four waste recycling complexes with a total annual capacity of 800,000 tonnes.

It is planned to increase the number of solid waste landfills to four with a total area of 115.9 hectares and the number of construction waste landfills to two with a total area of 74.2 hectares, while as of January 1, 2015, one of each kind of landfill was operating with a gross area of 63.4 hectares and 32.5 hectares respectively.

It is also planned to increase the number of preschool educational centers and schools to 107,000 from 87,900, and to 358,800 from 308,300 as of January 1, 2015 respectively. ■

## EU ALLOTS EUR 8.55 MLN TO SUPPORT UKRAINE'S BORDER MANAGEMENT

The European Commission has issued a fourth tranche of EUR 8.55 million under the program of support to the sectoral border management policy in Ukraine, the EU Delegation to Ukraine has reported. Via the sectoral support program, the European Union is contributing to the modernization of the State Border Service and the Fiscal Service of Ukraine through the improvement of laws, norms and regulations and the introduction of better mechanisms for control and the modernization of border crossing infrastructure consistent with EU standards, it said.

Deputy Head of the EU Delegation to Ukraine Thomas Frellesen said he was confident that the financial support by the EU would strengthen cooperation between agencies involved in integrated border management; that would result in a more effective oversight over border control and the migration of citizens from other countries in accordance with Ukraine's obligations under the action plan on visa liberalization.

He also said that funds would further facilitate cross border trade and speed up the demarcation of the border and the introduction of an e-customs system. ■



## EXPORTS OF GRAIN FROM UKRAINE TOTALS SOME 4 MLN TONNES SINCE EARLY 2015/16 AGRI-YEAR – MINISTRY

The Agricultural Policy and Food Ministry of Ukraine has said that Ukrainian grain exports have totaled 4 million tonnes since the early 2015/16 agricultural year (July-June), Minister Oleksiy Pavlenko has said.

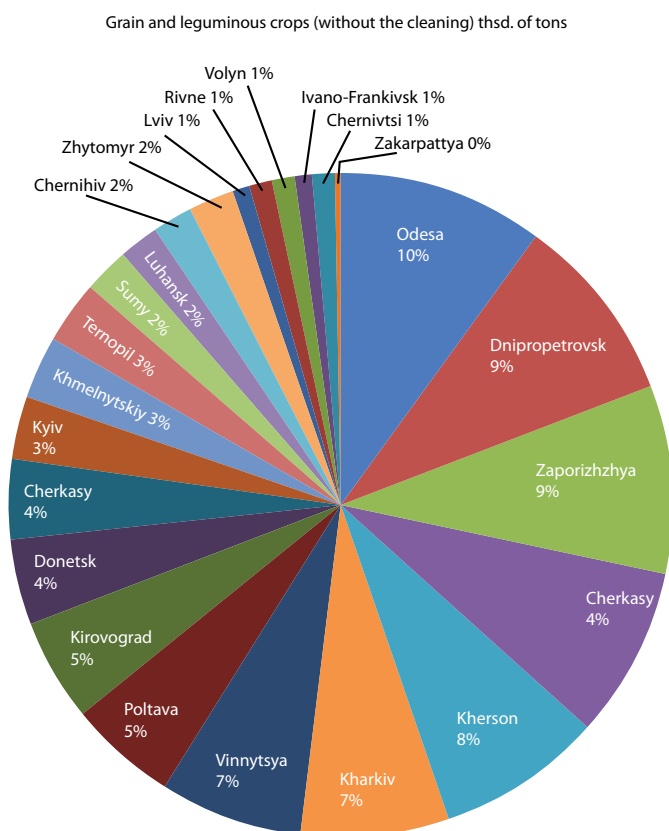
“Since July, grain exports totaled around 4 million tonnes,” Pavlenko said at a meeting with grain traders with the participation of Ukrainian Prime Minister Arseniy Yatseniuk in Pereyaslav-Khmelnysky on Friday.

Pavlenko said that Ukraine has finished harvesting early grain crops.

The minister said that despite the decline in grain prices, Ukraine could export 36 million tonnes of grain this season.

“At present, exports of agricultural products to the Customs Union countries is less than to African countries. We export products worth \$2.6 billion to Africa and \$2 billion to the Customs Union countries. Now \$5 billion is total earnings from exports [of agricultural products] to the EU,” Pavlenko said.

As reported, in the 2014/15 agri-year Ukraine exported 34.8 million tonnes of grain crops. ■



<sup>1</sup> Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.  
<sup>2</sup> Data can be corrected.

## EBRD MULLING EUR 10 MLN LOAN TO UPGRADE HEATING UTILITY IN CHERNIVTSI

The European Bank for Reconstruction and Development is mulling a EUR 10 million loan to the district heating utility municipally owned enterprise Chernivtsiteplokomunenergo, operating in the city of Chernivtsi, the EBRD said in a statement.

The funds will be used to finance the installation of individual heating sub-stations, biofuel boilers, network replacement with pre-insulated pipes, modernization of boilers and control systems, and the installation of monitoring and dispatching system in the city, the EBRD said.

The EBRD finance includes EUR 7 million in an EBRD loan to the company, and EUR 3 million from the Clean Technology Fund (CTF), both secured by a municipal guarantee of the city.

The project is expected to be co-financed by a grant of up to EUR 4 million from the Eastern Europe Energy Efficiency and Environment Partnership (E5P).

The project is to be co-financed by a local contribution of up to EUR 2 million.

The estimated total cost for project implementation support covering procurement advisory services, implementation support and contract supervision is EUR 450,000, proposed to be financed by a bilateral or multilateral donor or the SSF. ■

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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