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# UKRAINE OPEN FOR BUSINESS

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## TEN STATE INVESTMENT PROGRAMS IN 2016 TO BE FINANCED BY UAH 1 BLN – ECONOMY MINISTRY

The planned volume of capital investment to design and realize 10 state investment projects selected by the commission for public investment will be UAH 1 billion in 2016, according to the list of the investment projects selected for financing from the national budget posted by the Economic Development and Trade Ministry of Ukraine. According to the document, in 2017 and 2018 the annual financing for the selected investment projects will be UAH 1 billion. In 2016, UAH 395 million will be provided to build the diagnostic and therapeutic complex of the Okhmatdyt national children's hospital. Another UAH 232.078 million will be sent to reconstruct roads in Lviv region in 2016.

UAH 115 million will be provided to complete construction of a hospital as a part of the project on reconstruction and expansion of the National Cancer Institute in 2016.

Some UAH 95 million is foreseen for restoration of Mariinsky Palace in 2016. UAH 162.9 million will be provided to reconstruct hydrotechnical facilities on the Dnipro River, radioactive waste storage facilities and to create the Mystetsky Arsenal museum, reconstruct Kolomyichenko Institute of Otolaryngology and Romodanov Institute of Neurosurgery. ■

# BUSINESS FINANCIAL INTL SUPPORT MODEL IN UKRAINE REQUIRES REVISION – BUSINESSMAN KHMELNYTSKY



actually cannot receive this money due to high credit rates and the absence of viable projects.

“Banks issue credits at 15% in foreign currency at 26% in hryvnias. I have large experience in business, but I would not risk taking the money at this rate,” he said.

Khmelnytsky urged to draw up mechanisms that will unblock the funds of European financial institutions to credit Ukrainian business projects.

The businessman said that in the current conditions exports from Ukraine to the EU fell by 35.6% in H1 2015.

“The reason is not in the quality of our products, but the reason is that many companies do not understand who to receive European certificates and how to find sales channels,” he said.

European Parliament Vice President Ryszard Czarnecki, representatives of the parliamentary delegation for Ukraine and the Committee on International Trade of the European Parliament spoke to the conference participants in Brussels.

Europeans calls on their Ukrainian counterparts and the Ukrainian government to accelerate the adoption of amendments to legislation required for successful introduction of DCFTA, developing business and attracting foreign direct investment. They agreed that the European Commission should pay more attention to the planning and implementation of the programs financed by the EU and aimed at supporting the development of business, small and medium enterprise and Ukraine’s exports potential.

A joint communiqué was issued after the meeting. The sides confirm desire to cooperate, particularly, to have more structural and regular cooperation between Ukrainian NGOs and the EU authorities. The meeting participants also approved the creation of the National Forum for Transformation of Ukraine (NFTU) aimed at building the constructive dialog between all population groups and governmental structures of Ukraine and the EU. Khmelnytsky is a Ukrainian businessman, First Vice President of the ULIE and the founder of K.Fund. ■



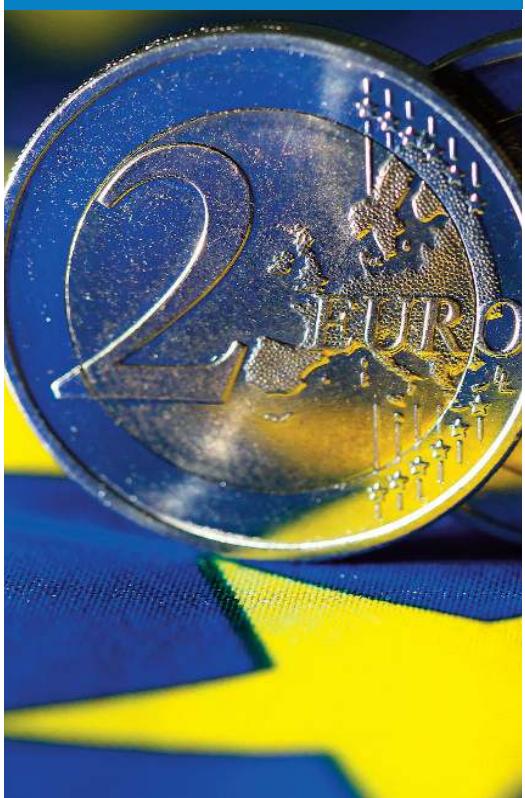
## INVESTMENT CLIMATE IN UKRAINE IMPROVING, STATE SHOULD FOCUS MORE ON REFORMS – EUROPEAN COMMISSIONER



The European Commission points at the improvement of the investment policy in Ukraine, although the commission calls to focus more on the reforms in the next four years without election, Commissioner for the European Neighbourhood Policy and Enlargement Negotiations Johannes Hahn has said.

“We witness certain improvement of the economic environment in Ukraine, which will be even more attractive for investors. Of course, combating corruption is another important vector in this area,” he said at a joint press conference with EU High Representative on Foreign Affairs and Security Policy Federica Mogherini and Ukrainian Prime Minister Arseniy Yatseniuk in Brussels on Monday. Hahn said that now Ukraine received a chance to live four years without election if there were no early election. ■

## EU OFFERS UKRAINIAN BUSINESSES, INVESTMENT PROJECTS FUNDING UNDER HORIZON 2020 PROGRAM WORTH EUR80 BLN – LAWYER



The European Union has offered Ukrainian businesses and investment projects funding worth EUR80 billion under the Horizon 2020 program. Managing Partner of the Poberezhnyuk and Partners law group Larysa Poberezhnyuk told Interfax-Ukraine the country signed an agreement with the EU in March on Ukraine's participation in the Horizon 2020 program, which was ratified last August. Horizon 2020 is the largest EU program for research and innovation with a budget of approximately EUR80 billion. The period of the program's implementation is seven years, from 2014 to 2020.

"This cooperation has opened up new prospects for the development of national business. Intelligent, sustainable and inclusive growth are the goals that Europe proclaimed in its strategy until 2020 that could be implemented in Ukraine thanks to this program, which allows us to get funding for innovative projects and new directions," she said.

According to the lawyer, Ukrainian enterprises and companies have the opportunity to fully participate in these processes to develop their own business and implement new technologies. ■

## THE EUROPEAN PARLIAMENT SUPPORTED UKRAINE ON THE EVE OF LAUNCHING A FREE TRADE AREA



A joint conference of representatives of the Ukrainian civil society and members of the European Parliament entitled "The prospects and challenges of the deep and comprehensive free trade area between Ukraine and the EU, which comes into effect on January 1, 2016" has been held in Brussels. The Ukrainian delegation headed by President of the Ukrainian League of Industrialists and Entrepreneurs Anatoliy Kinakh included members of the parliament, leaders of the national business associations, industry unions, industrialists and businessmen.

Vice President of the European Parliament Ryszard Czarnecki, representatives of the interparliamentary delegation for Ukraine and the European Parliament Committee on International Trade expressed support for the European intentions of Ukrainians and stressed the need for the entry into force of the agreement on a free trade area (FTA) on January 1, 2016 without further delays and making changes.

"Together with our European colleagues, we support the need for the full opening of the FTA in certain terms as it's a unique opportunity for domestic producers to become competitive in the European, global sense. We also offer a more efficient cooperation within the Eastern Partnership, strengthening work in preparation for a visa-free regime with the EU. However, we ourselves should understand that where there are benefits there are risks as well. It is necessary to work more effectively to adapt the domestic economy to the European standards, hold its modernization as soon as possible. Therefore attention to this issue on part of the Ukrainian government, in particular in the framework of comprehensive state programs, understanding, support and the willingness to share the experience on part of the European side are very important now," Kinakh said.

The Europeans urged their Ukrainian colleagues - people's deputies and the government of Ukraine - to accelerate the adoption of all legislative changes necessary for a successful implementation of the FTA, the development of entrepreneurship and attracting foreign direct investment. They agreed that the European Commission on its part should also pay more attention to the planning and implementation of programs funded by the EU and aimed at supporting the development of industry, small and medium business, the export potential of Ukraine.

It was noted at the conference that the high level of trust and partnership does not remove from the agenda the implementation by Ukrainians of their own "home" task: overcoming corruption, creating an attractive business and investment climate, strengthening the internal market.

The European Parliament members approved the active work of the civil society in Ukraine aimed at expanding a dialogue with the authorities, highly appreciated the anti-crisis program of joint actions between businesses and the government, presented by the delegation the Ukrainian League of Industrialists and Entrepreneurs, which was prepared by hundreds of industrialists, entrepreneurs and scientists who are members of the Anti-Crisis Council of Non-Governmental Organizations.

The issue of joint work on the successful launch of a free trade area with the European Union is now at the top of priorities in the country's only comprehensive plan of overcoming the socio-economic crisis. The document proposes a number of practical solutions, such as the implementation of the state program on adapting the Ukrainian economy to the conditions of free trade with the EU, the immediate setting up of a certification center in Ukraine, using the experience of the Baltic States and Eastern Europe, the implementation of government programs to support small and medium businesses, industry and so on. ■

## EBRD, UKSATSE RESUME COOPERATION UNDER EUR 41.2 MLN LOAN



The European Bank for Reconstruction and Development (EBRD) and the Ukrainian State Air Traffic Services Enterprise (UkSATSE) on November 30 resumed cooperation under an air navigation system modernisation project originally negotiated in 2012 and UkSATSE will utilise a long-term loan from the EBRD of up to EUR 41.2 million.

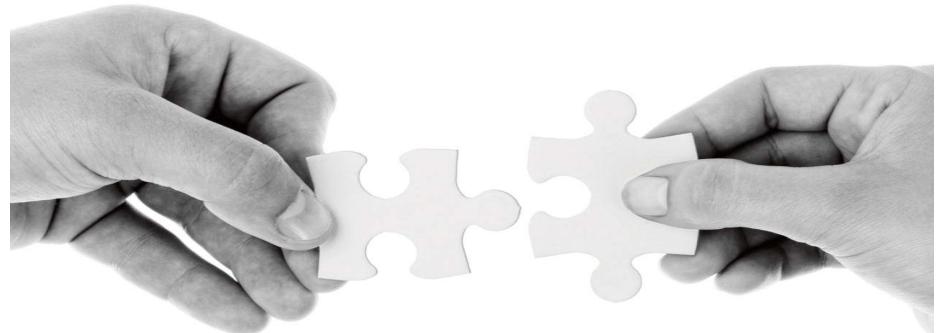
An Interfax-Ukraine correspondent has reported that the updated document was signed by EBRD Director for Ukraine Sevki Acuner and UkSATSE Head Dmytro Babychuk. Under the new agreement, the loan will help UkSATSE implement the investment programme approved by the European Organisation for the Safety of Air Navigation (EUROCONTROL).

The investment programme comprises the replacement and modernisation of UkSATSE's communication, navigation, surveillance and data processing equipment.

EBRD said that it is of particular importance to both UkSATSE and Ukraine, as it enhances the safety and security of the air navigation service provision over the Ukrainian territory and helps increase flight efficiency for airspace users. The project is expected to be supported by a parallel loan of a similar size and nature from the European Investment Bank (EIB).

UkSATSE said that it plans to send EUR 20 million to increase the quality of navigation in the country and international airspace over the Black Sea in 2016. The financing facility is opened for 10 years. ■

## THE UKRAINIAN LEAGUE OF INDUSTRIALISTS AND ENTREPRENEURS AND BUSINESSEUROPE AGREED ON COOPERATION



The active work of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) and Businesseurope, the most influential business lobbyist in the EU, which brings together business associations in almost 40 European countries, has entailed the signing of a memorandum of cooperation between the organizations in Brussels on December 9. This was preceded by the numerous preliminary contacts, a number of meetings between ULIE President Anatoliy Kinakh and Businesseurope CEO Markus Beyer in Kyiv and the Belgian capital.

It should be mentioned that in spring this year, to maintain a continuous dialogue, Businesseurope contributed to the opening and the successful start of work in Brussels of the mission of the ULIE and all Ukrainian businesses in the EU.

The partners agreed to exchange information, hold bilateral and multilateral meetings both in Ukraine and in the EU. The agreement also foresees the possibility of joint participation in international projects that promote partnership relations between entrepreneurs, developing the potential of organizations with the assistance of businesses.

"Today's meeting was very fruitful and rich, we worked on all the aspects of interaction between the ULIE and Businesseurope within the main tasks of the Ukrainian business to enhance cooperation with European entrepreneurs, access to EU markets, the possibility of seeking mechanisms for participation in tenders of the union structures. I want to note that Businesseurope provides tremendous support for the ULIE in implementing the European integration aspirations of our country and the domestic business," Anatoliy Kinakh said.

Deepening communications in various sectors of the economy, including banking, the IT sector, energy efficiency and energy saving, entrepreneurship were noted among the priority areas of cooperation between the two business organizations. Another important issue is the joint monitoring of the mutual obligations of Ukraine and the EU within the framework of the Association Agreement, the evaluation of effectiveness of the EU programs aimed at supporting Ukrainian businesses, including small and medium. Separate working groups of Businesseurope and the ULIE, the profile associations of Ukrainian businesses that are members of the Anti-Crisis Council of Non-Governmental Organizations will work on these and other issues.

Reference. Businesseurope is the largest business association of the European Union, representing 20 million small, medium and large companies united into 40 national associations of industrialists and entrepreneurs from 34 European countries. Among the core businesses of this structure are the organization of interaction between business circles in Europe in the development of economic and foreign policy of European countries and primarily the EU member states. ■

## FINANCE MINISTRY PROPOSES LEGALIZING GAMBLING IN UKRAINE



The Finance Ministry of Ukraine has proposed that the economic operations of casinos, bookmakers' offices and online gambling are legalized. The bill on gambling in Ukraine was posted on the ministry's website.

The ministry proposes that the regulator is created – the national service for gambling – that will realize the state policy in the area of organization of gambling and issue licenses to gambling establishments. The operation of the service will be coordinated by the Cabinet of Ministers via the Finance Ministry.

According to the bill, legal entities created in the form of the economic entity on the territory of Ukraine with charter capital of over EUR 2 million can organize gambling. The charter capital is to be formed only in monetary funds, without borrowing. The single operator on the lottery market will be created, and the regulating agency will license it via holding a tender.

The bills envisages requirements to the buildings of casinos, the minimum number of equipment (tables, gambling slot machines and other equipment) and the number of employees depending on the city or district. The cost of the one-year license for casinos varies within EUR 300,000-1 million and for online casinos – EUR 1.5 million.

Restrictions are introduced for bookmakers' offices regarding their location and the area of buildings where they are placed. The bookmakers' offices will be able to operate online. Two licenses will be issued – for bookmakers' transactions worth EUR 1.5 million and for opening the bookmakers' office worth EUR 1,500-3,000 depending on the city or town. ■

## SWEDEN'S JALS ENERGY AB INTERESTED IN CREATING PELLET PRODUCTION, PELLET BURNERS ASSEMBLY IN VINNYTSIA REGION

Sweden's Jals Energy AB, a pellet burners producer, has showed its interest in a land parcel in Sokolets (Vinnytsia region) to build a workshop producing straw pellets and create the energy equipment and servicing center, the press service of Vinnytsia Regional Administration has reported.

The press service said that the Swedish company is also ready to restore the hydroelectric power plant on the Southern Bug River, although the facility is in state ownership, it is a cultural heritage and it was leased for the period of 25 years.

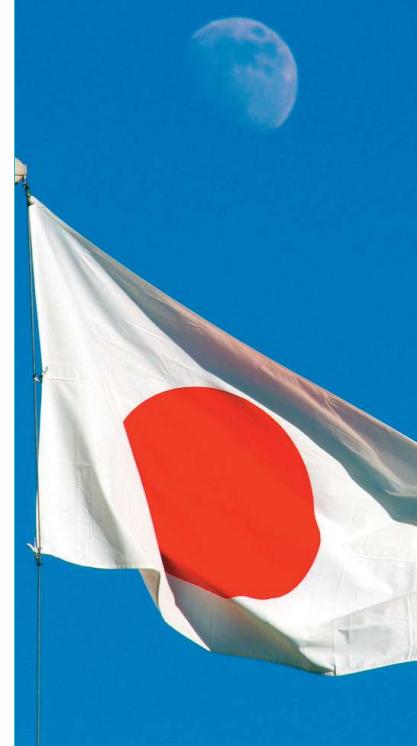
"Any other steps with the facility would require business negotiations and the search for optimal solutions directly with the lessor," the press service said.

Vinnytsia Regional Administration Head Valeriy Koroviy said at a meeting with President of Jals Energy AB Jorgen Andersson that the region is interested in developing renewable energy, although the logistics system that would allow providing straw to pellet producers has not been developed today. The raw material market is only being formed.

Koroviy said that the industry in the region cut gas consumption by 30% in the past two years, while budget-funded institutions cut it by 50%. A total of 445 boilers have been re-equipped for alternative energy consumption (wood, straw, cakes, pellets), and 120 boilers are being re-equipped.

Deputy Head of the regional administration Vasyl Pyvovar said that the largest demand on the pellets could be in Vinnytsia where 55 powerful boilers consume gas and require modernization. ■

## UKRAINE SIGNS AGREEMENT ON \$300 MLN MACROFINANCIAL LOAN WITH JAPAN



The Ukrainian government and Japan International Cooperation Agency (JICA) on December 4 signed an agreement on the second development policy loan worth JPY 36.969 billion or around \$300 million, an Interfax-Ukraine correspondent has reported. "The loan aims at increasing efficiency and transparency of the public sector, deregulation and improvement of conditions for doing business," Finance Minister Natalie Jaresko said after signing the agreement.

Japan representatives said that one of the elements of the loan is the reform of inefficient utilities subsidies. They said that technical assistance to new agencies to fight corruption will be additionally provided.

Ukrainian Prime Minister Arseniy Yatseniuk said that the loan is issued for 20 years with the grace period of six years and JPY LIBOR + 0.5%, and today it is less than 1% per annum. Japan in August 2014 provided the first development policy loan of \$100 million. ■

## TURKEY'S EREN HOLDING TO OPEN EIGHT NEW SUPERSTEP STORES IN UKRAINE IN 2016



Eren Holding, a Turkish group of companies, developing a network of SuperStep multi-brand shoe shops in Ukraine, plans by the end of 2016 to open eight new stores, the company CEO for the Lacoste, SuperStep and Nautica brands in Ukraine has said.

"Even in such not so good times in the Ukrainian market we continue to grow... We plan by the end of next year to have nine SuperStep stores in the Ukrainian market," he said during the third Retail & Development Business Summit in Kyiv.

At the same time, the company expert noted that if the demand for products from the SuperStep stores in Ukraine grows, their number could double in the coming years.

"Now we have no plan to expand the network to, let's say, 20 stores. However, if we see an increase in the demand for SuperStep, then I am sure in the coming years we might double the number of stores," he said.

In addition, he said that the activities of Eren Holding in Ukraine will not be limited with the shops of Lacoste, Nautica and SuperStep: the holding intends to bring new brands to the market in Ukraine in the near future. In Ukraine Eren Holding operates ten stores of clothing and footwear under the brand of Lacoste, two Nautica brand shops and one SuperStep store. The shops are mainly located in shopping centers in Kyiv and Kyiv region, Dniproptrovsk, Kharkiv, Donetsk, and Lviv. ■

## REPRESENTATIVE OFFICE OF BRUNO SFORNI S.P.A TO START OPERATING IN UKRAINE EARLY 2016

A representative office of Italy's Bruno Sforni S.p.A, the insurance and reinsurance broker, plans to finish its registration in Ukraine by the end of this year and it plans to start operating on the market late January or early February 2016, CEO Bruno Sforni told Interfax-Ukraine on Monday.

He said that Bruno Sforni S.p.A has been present on the Ukrainian market for five years. At present, it is actively operating with the Agrarian Insurance Pool and pool-member companies. The obligatory reinsurance agreement for the Agrarian Pool is being agreed now with PartnerRe.

"When the subsidiary is registered, the list of clients will be expanded. This will be not only pool-members, but other insurers," he said.

He said that Bruno Sforni S.p.A is one of the oldest brokers in Europe (over 100 years). In Italy, this is the largest broker working with all types of insurance, and it is planned to provide these services to Ukrainian companies in the future. The company also has an underwriting agency in Italy working with surveyors. It is planned to provide these services in Ukraine not only to insurance companies, but farmers.

"Five years ago, when we started, it was stability: there were subsidies, and it was easier to work. The situation has got complicated by hostilities and violation of economic stability. Recently, especially when the pool started actively operating and initiated the legislative changes, it has become easier to work. There is a desire to stay on the market, which has a large potential of growth," he said.

The Agrarian Insurance Pool said in a press release that early December 2015 Bruno Sforni S.p.A declared the start of the cooperation program with the pool. ■



## BANKS WILL ISSUE UAH 8 BLN LOANS UNDER STATE ENERGY SAVING PROGRAM IN 2016 – ENERGY SAVING AGENCY



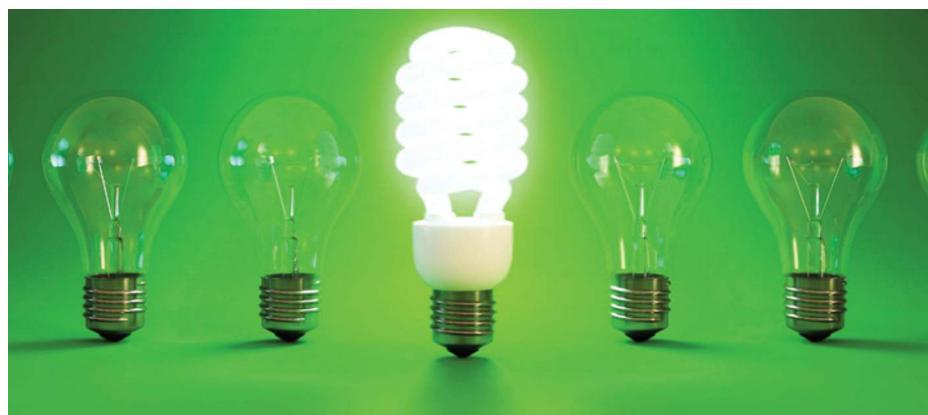
Banks participating in the state program to partially compensate the cost of credits taken for the modernization of heating and energy efficiency measures in the housing sector of Ukraine will be able to issue UAH 8 billion in such loans in 2016, Head of the State Agency on Energy Efficiency and Energy Saving of Ukraine Serhiy Savchuk has said.

"I think that given the pace we are moving with, considering the market potential that exists today, next year we will be able to issue UAH 8 billion in loans for energy efficiency," he said at a press conference on the results of the government's work and the prospects of development in the field of energy efficiency and renewable energy in Kyiv.

Savchuk also noted that most loans for thermal modernization and housing energy efficiency to the population under the relevant state program since the beginning of 2014 have been issued in Lviv region.

"Lviv region is in the first place because it at once joined our program. Out of more than UAH 1 billion of loans granted throughout the country some UAH 120 million was issued in loans in small Lviv region," he said. ■

## UKRAINE PLANS TO REVOKE CUSTOMS, TAX BENEFITS FOR IMPORTS OF ENERGY EFFICIENT GOODS



The Ukrainian government plans to draw up a bill on revoking customs and tax preferences for imports of energy efficient equipment, appliances and spare parts to Ukraine in 2016.

This is outlined in the national action plan for energy efficiency until 2020 drawn up by the Regional Development, Construction, Housing and Utilities Economy Ministry of Ukraine and approved by cabinet resolution No. 1228-r of November 25 posted on the government's website.

The government said that the revoking of the preferences would result in the legal groundwork for the development of production of energy efficient equipment in Ukraine via granting equal economic conditions during the realization of energy efficient projects in Ukraine.

The national energy efficiency plan until 2020 states that by late 2015 and in 2016 the draft cabinet resolution on the approval of the technical regulations for energy labeling of air conditioners and TV panels will be drawn up. According to the document, the Economic Development and Trade Ministry, Regional Development, Construction, Housing and Utilities Economy Ministry and the State Agency for Energy Efficiency and Energy Saving are executors of the plan.

As reported, referring to the State Agency for Energy Efficiency, on September 28, the governmental committee for economic development and European integration chaired by Ukrainian Prime Minister Arseniy Yatseniuk approved the draft cabinet resolution on the national action plan for energy efficiency until 2020.

The approval of the document is one of the key liabilities of the country as part of the implementation of 2006/32/EU directive on energy end-use efficiency and energy services.

The interim goal of the national plan in 2017 is the reduction of domestic energy consumption at the level of 5% of the average indicator for energy consumption in 2005-2009, the agency said. ■

## USDA IMPROVES FORECAST FOR WHEAT EXPORTS FROM UKRAINE IN 2015/2016 MY BY 500,000 TONNES

The U.S. Department of Agriculture (USDA) in December improved the forecast for wheat exports from Ukraine in the 2015/2016 marketing year (MY, July-June) by 500,000 tonnes, to 15.5 million tonnes.

According to a report on the website of the U.S. agency, as a result the forecast for total grain exports was increased by 1.5%, to 34.18 million tonnes.

The forecast for grain harvest in Ukraine was retained at the level of 59.825 million tonnes, of which 27 million tonnes is wheat and 32.825 million tonnes is feed grain, including 23 million tonnes of corn.

As reported, with reference to data from the State Statistics Service, the harvest of grain and leguminous crops in the country in 2014 amounted to a record high figure of 63.8 million tonnes, including 24.1 million tonnes of wheat, 9.04 million tonnes of barley, and 28.45 million tonnes of maize. ■

## PORK PRODUCTION IN UKRAINE WILL REMAIN AT LEVEL OF 740,000 TONNES IN 2016 – EXPERT



The Pig Breeders of Ukraine association predicts that pork production in 2016 will remain at a level of 740,000 tonnes amidst the falling demand for this product in the domestic market.

"Production next year will be approximately such as in the current year. According to our estimates, it is 740,000 tonnes," president of the association Artur Loza said at a press conference in Kyiv.

He noted a very low demand for these products. The drop in demand over 2015 is expected to reach 13% in comparison with 2014.

"Now we see the minimum demand. The price continues falling," the expert added.

According to him, purchase prices for pork (live weight) are UAH 26.5-27.5 per kg, while the cost of production is estimated at UAH 25-27 per kg.

Loza added that this year Ukraine has exported the record high volume of pork, of which 33,000 were supplied abroad and 18,000 tonnes to Crimea. According to the expert, if Russian food sanctions against Ukraine enter into force, pork exports in 2016 will be minimal at around 10,000 tonnes, which will be delivered to Georgia, Kazakhstan, possibly to China. ■

## SOME 20 INVESTORS SHOW INTEREST TO PRIVATIZATION OF ODESA PORT-SIDE PLANT – SPF HEAD



Around 20 investors have shown their interest in the possible purchase of Odesa Port-Side Plant at the privatization tender, including four U.S. companies, Norway's Yara and some European companies, Head of the State Property Fund of Ukraine (SPF) Ihor Bilous said. He said that companies from developing countries, in particular, Turkey, Morocco, Indonesia, China and Arab countries are also among potential buyers. Traders and financial investors form a separate group.

He said that the plant is finishing designing the management presentation and it is almost ready to the visits of the potential buyers. Bilous said that the largest risk for the tender scheduled for spring 2016 is the political risk, as the sale of Odesa Port-Side Plant was twice stopped manually.

A delay with the adoption of amendments to laws on privatization by the parliament that revokes the obligatory sale of 5% of shares on stock exchanges is among other risks. However, the preliminary compromise on the issue has been reached in the parliament.

Bilous also remained about litigation with Nortima affiliated with businessman Ihor Kolomoisky. Nortima won a tender to sell Odesa Port-Side Plant in 2009, although the tender results were overturned. He said that the next hearing is scheduled for December 9, and until now the State Property Fund won the dispute in all courts.

He said that the slammed tolling scheme will not be used at the plant. "Only open purchases of gas at the lowest price will be used," he said. The plant's supervisory board will approve a special procedure for buying gas and selling finished products. ■

## VEGA LAUNCHER WITH UKRAINIAN ENGINE SENDS SATELLITE INTO ORBIT TO PREPARE FOR 2034 ELISA MISSION



Vega light rocket with the Ukrainian engine carrying the European Space Agency's Lisa Pathfinder was successfully placed into orbit LISA Pathfinder satellite of the European Space Agency (ESA). The press service of the State Space Agency of Ukraine reported that the Vega rocket lifted away from the Kourou spaceport in French Guiana (South America) at 06:04 Kyiv time.

"The launch was the sixth under the Vega program and the third in 2015," the press service said.

Vega rocket was designed by the ESA jointly with the Italian Space Agency (ASI). Vega was designed to carry up to 1,500 kilograms of payloads to a 700-kilometer circular polar orbit or up to 1,200 kilograms of payloads to a 1,200-kilometer heliosynchronous orbit. The cruise engine for the fourth stage of the rocket RD-868P was designed by Pivdenne Design Bureau and it was made by Pivdenmash state enterprise (both based in Dnipropetrovsk). The test launch of the Vega carrier was success in February 2012, and since May 2013 the ESA started commercial exploitation of the new rocket.

The Ukrainian government and the ESA signed an agreement of cooperation in the peaceful development of outer space in 2008. The ESA unites 17 European countries.

LISA Pathfinder satellite is to test technologies required for the launch of the evolved Laser Interferometer Space Antenna (eLISA) in 2034 that will detect gravitational waves. ■

## KHARKIV AVIATION PLANT SOON TO BE TIGHTLY INTEGRATED INTO ANTONOV'S PRODUCTION CYCLE – OFFICIAL

Kharkiv State Aircraft Manufacturing Company (KSAMC) soon will be tightly integrated in the production and technical cycle of Antonov State Enterprise, Deputy Director General of Ukrboronprom State Concern Yuriy Paschenko has said. "We could say that this will be specialized enterprise which will be soon tightly integrated in the production and technical cycle of Antonov State Enterprise. It would not be its workshop or a part of it. I mean cooperation," Paschenko told reporters in Kharkiv. He said that the plant will be involved in production of composite knots. The plant also should finish and implement the An-140 and An-74 projects, which are in the different stages of readiness.

As reported, on June 16, 2015, the Ukrainian government transferred KSAMC and 410 Civil Aviation Plant (Kyiv) to the management of Ukrboronprom from Antonov. Kharkiv State Aircraft Manufacturing Company is one of the leading enterprises in Ukraine's aviation industry, and is the manufacturer of the multipurpose An-74 and short-haul An-140 aircraft. ■

## KERNEL WANTS TO EXPORT 4.5 MLN TONNES OF GRAIN IN FY2016



**G**rain exports in FY 2016 (July-June) will total 4.5 million tonnes, the founder and board chairman of Kernel Andriy Verevsky said at a phone conference with investors. "This financial year we plan to realize our ambitious plan: to export 4.5 million tonnes of grain," he said.

Verevsky said that the company completed the winter crop sowing campaign, although due to bad weather, wheat sprouts are growing slowly.

"Today the situation is better than a month ago, but it is early to make the final decisions on further actions. Maybe, 10-15% of fields will be re-sown with spring crops. It is not a problem for us. We have resources. We could re-sow with corn and soybeans, which would balance additional expenses," he said.

Verevsky said that in September 2010 Kernel signed a contract with Creative on crushing 200,000 tonnes of sunflower seeds on a tolling basis. The contract would expire soon. There are no new contracts, although Kernel is working on this direction.

Kernel is a vertically integrated company which has been operating in the Ukrainian agribusiness sector since 1994. The group produces sugar and sunflower oil, distributes bottled oil under the brand names Schedry Dar, Stozhar and Chumak Zolota, exports oil and grain, and provides elevator storage services for grain and oilseeds. ■

## VEHICLE PRODUCTION 84% UP IN NOV ON OCT

**V**ehicle production in Ukraine grew by 95.5% in November 2015 year-over-year and 84.4% compared to October 2015, to 1,167 units, according to tentative data from the Ukrautoprom association.

The association said that 838 passenger cars were made, and it was 90.5% up on October 2015 and 2.1 times up on November 2014. Zaporizhia Automobile Plant (ZAZ) made 677 passenger cars, and this is five times more than in October 2015 and 3.2 times more year-over-year.

ZAZ in November produced 63 commercial vehicles, while in October 2015 and November 2014 no commercial vehicle was made. Commercial vehicle output in November grew by almost 60% on October 2015 and by 21% on November 2014, to 185.

Bus production last month rose by 87% on October 2015 and more than doubled on November 2014, to 144 buses. Bogdan Corporation produced 20 buses in Lutsk compared to one bus in October 2015 and six buses in November 2014.

In January-November 2015, 6,434 vehicles were made in Ukraine, and the decline in production was 77.2% year-over-year. Passenger car output fell by 83%, to 4,362, and commercial vehicle production was down by 18.8%, to 1,395, and bus production fell by 20%, to 677. ■

## HORIZON CAPITAL INTERESTED TO INVEST \$5-20 MLN IN SPECIALIZED NON-FOOD RETAIL IN UKRAINE



**H**orizon Capital, managing three private equity funds, is interested in investing in relatively small promising specialized network projects in the field of trade in consumer goods, as well as projects in the format of "fixed price" in Ukraine. Partner of Horizon Capital Alexei Dmitriev unveiled such plans at the third Retail & Development Business Summit in Kyiv.

"We as a fund are interested in specialized networks, such as pharmacies, networks that sell clothes, shoes. These are even smaller players, while in almost all the segments the market is not very consolidated," he said. According to Dmitriev, Horizon Capital is also interested in investing in the actively developing Ukrainian retail chain in the "drogerie" format. "The targeted volume of investment ranges from \$5 million to \$20 million," he said.

"There is another very interesting format, which is represented in the world market and which is not available in Ukraine. This is the so called format of "fixed price," when everything in the store is sold at the same price," he added.

Horizon Capital was established in 2006. It manages Western NIS Enterprise Fund (WNISEF, established in 1994 with a capital of \$150 million), Emerging Europe Growth Fund, L.P. (EEGF, established in 2006 with a capital of \$132 million) and EEEG II (EEGF, established in 2008 with a capital of \$370 million). ■

## CABINET SCHEDULES 4G TENDER FOR DECEMBER 2017



The Cabinet of Ministers has approved an action plan to deploy LTE (4G), a standard for wireless communications of high-speed data for mobile phones and data terminals, in Ukraine, under which a 4G tender is to be called in December 2017. Under the resolution, technical specifications for a feasibility study for the introduction of 4G in Ukraine should be approved by the end of the current year. What is more, a foreign consulting agency is to be hired to conduct that study. The consulting agency will be selected by local telecoms market operators. An agreement with the agency is to be concluded this December.

The feasibility study is scheduled to last December 2015 through November 2016. Then the Cabinet will work to prepare respective legislation to introduce such 4G-related notions as "refarming" and "technology neutrality." Transparent and fair allocation and use of Ukraine's radio frequency resource should be also ensured legislatively (in February 2017, according to the approved schedule). After that, the National Table of Radio Frequencies and the Plan of Radio Frequencies Use should be amended correspondingly.

From November 2015 to June 2017, a plan of measures should be approved and implemented to make frequencies in the 790-862 MHz bandwidth, now used by radio broadcasting (television) services, available for the deployment of LTE technology. In June 2017, frequencies in the 694-790 MHz bandwidth shall be made available and measures shall be taken to ensure electromagnetic compatibility and joint operation of radio electronic means of special users and general users of LTE.

In December 2017, the government plans to conduct refarming (to reallocate the frequencies) and the introduce technology neutrality on the basis of 3GPP specifications. The final plan will be considered completed when a 4G tender is to be called in December 2017, which will provide "telecoms market subjects with a competitive right to use radio frequency for LTE technology, including packages within different bands, and determine the winners that have met all the conditions and offered the highest bid for a corresponding band."

## KLIMKIN, HAHN DISCUSS INTRODUCTION OF FTA BETWEEN UKRAINE AND EU



Ukraine's Foreign Minister Pavlo Klimkin and EU Commissioner for European Neighborhood Policy and Enlargement Johannes Hahn have discussed the readiness to the introduction of a free trade area between Ukraine and the European Union.

"The meeting of Klimkin and Hahn has confirmed their readiness to work together to maximize the efficiency of a free trade area for Ukrainian and European businesses," the Foreign Ministry's press service wrote on Twitter. Earlier on Tuesday, Klimkin had a meeting with EU High Commissioner for Foreign Affairs and Security Policy Federica Mogherini, during which he stressed that sanctions against Russia should be extended until the full implementation of the Minsk agreements. ■

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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