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# UKRAINE

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## UKRAINIAN COMPANIES WILL HELP PROMOTE YOUTH EMPLOYMENT

The Ukrainian business community is willing to support a project of NGOs from Vinnytsia region, which is aimed at improving youth employment and raising young people's professional motivation. In particular, the Ukrainian League of Industrialists and Entrepreneurs (ULIE), being a powerful association of businessmen and the industry in the country, will act as a partner of the All-Ukrainian Forum "Modern Forms and Methods of Youth Employment. Education-Business-Authorities-Society," which was proposed by the Union of Youth Organizations of Vinnitsa region.

The project proposes that interaction be set up between representatives of educational establishments, employers and authorities through the creation of an effective communication platform.

"The subjects of the project are of great current interest, and its projected results are quite realistic and effective. Thus, such joint coordination will make it easier for graduates to look for their first job, create conditions for their internships at leading companies of Ukraine," the ULIE said.

The League, for its part, will provide information about potential employers and businesses and inform the public about progress in the implementation of the project. ■

## UKRAINIAN ECONOMY WILL BECOME ENERGY EFFICIENT IF GOVERNMENT PURSUES CONSISTENT POLICY



Ukraine, which currently has one of the most energy intensive economies, has the potential to introduce energy efficiency and can boast of certain success in this area. However, experts of the Anti-Crisis Council of NGOs say that a comprehensive national program must be adopted first so that households, small- and medium sized businesses could be able to use alternative technologies. This program should take into consideration a number of factors, including access to loans at fair rates, possibly a partial reduction in the fiscal burden or tax breaks for those companies that invest in modernization of production facilities to save resources.

"In fact, society and the corporate sector have long been ready and have been introducing energy efficient technologies by little, but definitely, effective government support is needed. At the same time, some efforts are being made with the help of the public, businesses, some local officials. Thus, in Kharkiv region, the Ukrainian League of Industrialists and Entrepreneurs together with the regional state administration has held a series of awareness-raising presentations for the public, municipal utilities companies, and businesses. Now there should be a consistent approach to the implementation of such projects, sparing no resources for them, as ROI will be high," ULIE President and Chairman of the Anti-Crisis Council of NGOs Anatoliy Kinakh has said.

Mechanisms to restore the industrial potential, facilitate the development of domestic producers, achieve energy efficiency of the economy have been proposed by hundreds of specialized business organizations, experts, and scientists, who have prepared an anti-crisis program of joint actions by the government and businesses. It is expected to be used as the basis for the development of a strategy jointly with parliamentarians, government officials, and the public to overcome the crisis and ensure sustainable economic growth. ■

## UKRAINE EXPECTS TO SIGN FTA AGREEMENT WITH CANADA IN SUMMER OF 2016

Ukraine expects to complete the necessary procedures for signing an agreement on the free trade area (FTA) with Canada in the summer of 2016, Canada's Ambassador to Ukraine Roman Waschuk said in Kyiv on Tuesday.

"We hope to do it this summer," he said.

According to Deputy Minister of Economic Development and Trade – Trade Representative of Ukraine Natalia Mykolska the agreement has been initialed and is currently undergoing legal proofreading and translation into three official languages.

As reported, Ukraine and Canada signed an agreement on the completion of negotiations on the free trade area between the two countries in July 2015. ■

## UKRAINE SIGNS ANTI-CORRUPTION DECLARATION AT GLOBAL ANTI-CORRUPTION SUMMIT IN LONDON



Ukraine has joined global declaration against corruption at the Anti-Corruption Summit in London, Ukraine's State Fiscal Service has reported.

"Along with 40 other countries and representatives of organizations we have agreed the final document of declaration against corruption and the summit communiqué. Thus, global society expressed firm intention to take all possible measures inside countries and at the international level to eradicate corruption in all possible spheres," the State Fiscal Service said, citing Head Roman Nasirov.

He said that Ukraine has taken a liability to implement the provisions of the document and take concrete steps declared at the summit to realize a new anti-corruption strategy and action plan to be approved in 2017. Public agencies of the country, first of all the State Fiscal Service, are obliged to check accuracy of information about ultimate beneficiaries of companies, introduce international standards in combating money laundering, narrow opportunities for corruption in the zones of large hazard, cooperate with other countries, international institutions and civil society in introduction of international anti-corruption standards. ■

## TIME FOR KYIV, BEIJING TO CREATE FREE TRADE AREA BETWEEN UKRAINE AND CHINA



Ukrainian - Chinese cooperation should be planned at the strategic level, and it is time for Kyiv and Beijing to start a dialog on the creation of a free trade area between the countries, Chinese Ambassador to Ukraine Zhang Xiyun has said.

“We should plan cooperation at the strategic level. This is how I see the work of the bilateral intergovernmental commission,” the Chinese diplomat said at a panel discussion devoted to Ukraine’s prospects in participating in the new strategy of the Chinese government “Silk Road economic belt” as part of Second National Export Support Forum in Kyiv on Thursday. He said that today Ukraine and China have different economies and the governments should create and change the conditions for business aimed at concrete final outcome.

“I would like to bring up good [bilateral] economic projects created not under government directives, but businessmen,” he said, adding that the facilitations of tax and customs procedures is the work of the government.

Xiyun expressed confidence that there is a large potential of Ukrainian-Chinese cooperation: according to the Chinese customs authorities, goods turnover between the countries in 2015 totaled USD 7.07 billion, and this was 17.6% down on 2014. China’s share of Ukrainian foreign trade is 8.2%, and Ukraine’s share of Chinese foreign trade is only 0.18%, he said.

The diplomat said that today China is second largest trade partner of Ukraine, and Chinese investment portfolio in Ukraine as of late 2015 reached USD 1 trillion.

“In 2015 USD 100 billion was invested in the [global economy] in the form of credits,” he said.

“Chinese investors are still confident in the Ukrainian market. No investor in the past two or three years left [Ukraine]. No agreement was terminated. They [projects] are live, but I want them to be actively performed,” he said.

“Ukraine is a favorable geographic location: in the center of Europe. The country’s special asset is intellectual resource. One should think what the situation will be in ten, twenty and thirty years,” he said. ■

## UKRAINE MOVES TO MARKET-ORIENTED METHODS OF FORMING WHOLESALE POWER RATES

Ukraine has made an important step towards the reform of the energy sector in line with European standards.

The National Commission for Energy, Housing and Utilities Services Regulation has for the first time introduced methods of forming a wholesale and retail price of electricity and the limit prices of the power grids, having thus fulfilled the requirements of the Antimonopoly Committee of Ukraine.

The market-oriented procedure for determining energy prices allows for minimizing administrative interference in the energy sector and fully meets the European principles and international commitments of Ukraine. Work on the new approach lasted for more than a year and a large circle of participants were engaged, namely these were experts, representatives of power generating companies, the regulator itself and related ministries.

Since the creation of the current model of Ukraine’s electricity market, no document has been prepared before to regulate the formation of the wholesale market price: its components, criteria and the grounds for review. It resulted in the situation when power rates were set in far from the transparent way, assets between power generation companies were distributed in a manual mode, the market remained unpredictable, and there was no correlation between the prices of energy resources in the world and Ukraine.

Head of Ukraine’s National Commission for Energy, Housing and Utilities Services Regulation Dmytro Vovk sees two steps that one may take to resolve the situation. “The first one is to develop the guidelines for the formation of the wholesale and retail price while the old model of the market is in operation. And the other step is a new law on the electricity market, which would foresee a liberal pricing model for power generating companies with a fully competitive market, and the Commission will set prices for power rates. What is more, we think that several synchronized measures need to be taken to ensure a comprehensive approach,” Vovk said.

Amid the absence of the full-fledged coal market in Ukraine, global indices: API2 (Amsterdam, Rotterdam, Antwerp), API4 (Richards Bay, South Africa), Argus / McCloskey’s Newcastle were used as the benchmark for prices. Thus, the formation of prices of energy resources on the basis of prices in the international markets is already used in the gas sector of Ukraine.

“To form the prices of coal to set tariffs, we should consider the following parameters: API2, logistics and fixed costs. API2 is a key index for Europe, used for coal shipments to Europe. 90% of coal derivatives in the world are quoted on the basis of API2. Logistics is calculated in the following way: freight – delivery to Ukraine and rail transportation inside Ukraine. The reasons for this are the following: 40% of the coal that should be shipped to the Ukrainian thermal power plants in accordance with the Energy Ministry’s balance is A grade coal, which is not produced in Ukrainian-controlled territory. And the Commission takes measures to create conditions for regular and smooth coal supplies to the thermal power plants,” Dmytro Vovk said.

Denys Sakva adds that the formation of the wholesale and retail price based on the global indices makes pricing more transparent and minimizes the subjective factor of intervention by officials. “Pegging coal prices to international indices and avoiding forcible fixing of prices by the Fuel and Energy Ministry will remove the subjective component in setting tariffs. This is a more market-oriented method, which has not been used before at all,” Denys Sakva said.

Transparent pricing in the electricity sector is one of the basic conditions for the integration of the power grids of Ukraine and the EU (ENTSO-E). In 2011, Ukraine became a member of the Energy Community. One of the main objectives of the organization is to attract investments in power generation and boost competition. The transition to the unified principles of market pricing of electricity to stimulate its economy and transparency of energy markets is part of the coalition agreement. ■



## UKRAINE, GEORGIA, KOSOVO MAY GET VISA-FREE REGIME WITH EU IN 2016



European Commissioner for Enlargement and European Neighborhood Policy Johannes Hahn has said Ukraine, Georgia and Kosovo may qualify for the visa-free regime with the EU in 2016.

There still needs to be a political decision, but Ukraine, Georgia and Kosovo have already met the necessary criteria, Hahn told Radio Liberty Europe/Radio Liberty.

The commissioner said that Ukraine has fulfilled its obligations, which gives its citizens the right to the visa-free entry into the European Union, however Ukraine still has a long way to go, not only to adopt the necessary legislation on the association with the EU, but also to implement it.

Hahn said he was well aware of the challenges which Ukraine is facing – the continued armed conflict, half a million displaced persons and serious economic problems.

On April 20, the European Commission offered the European Parliament and the Council of the European Union to cancel visas for Ukrainian citizens. The same day, Ukraine's President Petro Poroshenko said he was sure that European Union would grant free visa regime for Ukrainians already within several months. ■

## RADA PASSES AT FIRST READING BILL CANCELING OFFICIAL REGISTRATION OF FOREIGN INVESTMENT



The Verkhovna Rada has passed at first reading bill No. 2763 amending some Ukrainian laws regarding the revoking of obligation for official registration of foreign investment.

A total of 261 lawmakers backed the decision on Tuesday.

The lawmakers also voted in favor of the reduction of the term of preparing the bill for second reading (240 deputies).

According to an explanatory note to the document, the measure will cancel obligation of the previous official registration of foreign investment and the replacement of the official registration by the submission of statistics on foreign investment.

Obligation to register foreign investment creates obstacles for business, and the registration procedure has no informative sense, as this information is open to public.

The implementation of the measure would allow creating a modern and as simplified as possible procedure for raising investment in Ukraine. ■

## UKRAINE JOINS EU PROGRAM FOR COMPETITIVENESS OF SMALL, MEDIUM BUSINESS

Ukraine has officially joined the European program to strengthen the competitiveness and sustainability of small and medium businesses (COSME, 2014-2020) with a total budget of EUR2.3 billion, according to a posting on the website of the Ministry of Economic Development and Trade.

“Ukraine’s participation in COSME is the next step in the process of Ukrainian economic integration with the EU and the symbol of increasing the role of small and medium-sized enterprises (SME) as a driver of the Ukrainian economy,” Deputy Minister of Economic Development and Trade Yulia Klymenko said.

The corresponding agreement on Ukraine’s participation in the EU program was signed in Brussels by European Commission Director General for Internal Market, Industry, Entrepreneurship and SMEs Lowri Evans and Representative of Ukraine in the European Union Mykola Tochytshy. The next step is the ratification of the agreement by parliament.

The program for the current year that is available for Ukraine consists of 25 sub-programs, which are classified in three areas: simplifying SMEs’ entering foreign markets, improving competitiveness and creating a culture of doing business. The program supports projects on various subjects, including clusters, tourism, chemical industry, facilitating access to public procurement, administrative burden reduction and protection of intellectual property rights for companies operating in countries which are not EU members. ■

## IMF REPRESENTATIVE AT MEETING WITH UKRAINIAN PREMIER: IMF READY TO SUPPORT UKRAINE IN REFORMS



Ukrainian Prime Minister Volodymyr Groysman and Director of the International Monetary Fund's (IMF) European Department Poul M. Thomsen have discussed Ukraine's cooperation with the IMF.

"Support is important for Ukraine in hard times, including support of the IMF. We also consider our cooperation as an opportunity of conducting structural reforms that would allow transforming Ukraine from the post-Soviet state into a modern European country," Groysman said at a meeting with Thomsen on Tuesday, the government's press service reported.

The prime minister said that the new Ukrainian government cleaves to the line of conducting and accelerating reforms in the country, particularly in the customs, taxation areas, transparency of public administration via public appointment of heads of state-run enterprises, improvement of the public procurement system and conducting open privatization. "We believe that reforms are our homework, and the IMF is a strategic partner who helps use to take this difficult course," Groysman said.

He said that jointly with the Group of Strategic Advisors for Support of Reforms in Ukraine with co-chairs Leszek Balcerowicz and Ivan Miklos the government is working on the action plan that would be presented soon.

Thomsen, in turn, welcomed the formation of the new government and said that the IMF is ready to support Ukraine in reforms. ■

## REGIONAL DEVELOPMENT MINISTRY SELECTS 219 PROJECTS FOR STATE FINANCING IN 2016

Ukraine's Regional Development, Construction, Housing and Utilities Economy Ministry has selected 219 projects totally worth UAH 1.01 billion to be financed using funds from the State Regional Development Fund in 2016, the ministry has reported on its website.

"The proposals to distribute the State Regional Development Fund resources to be used for the implementation of regional projects and programs in 2016 have been drawn up by the ministry after regional selection panels did their work," Minister Hennadiy Zubko said.

He said that the selected projects include construction and reconstruction of schools, kindergartens, hospitals, local and main roads, energy efficiency measures and modernization of heating efficiency of socially important facilities.

Selected projects will be located in Vinnytsia, Volyn, Dnipropetrovsk, Zakarpattia, Kyiv, Poltava, Rivne, Ternopil, Kharkiv and Khmelnytsky regions, as well as in the capital Kyiv. ■

## FRENCH CABLE PRODUCER NEXANS SEEKS TO LAUNCH ONE MORE PLANT IN LVIV REGION IN 2017



The Ministry of Economic Development and Trade at a meeting about liberalizing forex regulation with the participation of representatives of the National Bank of Ukraine (NBU) and the Finance Ministry reached an agreement to develop a roadmap for minimizing bureaucratic obstacles.

According to a report on the website of the ministry, the meeting was chaired by First Vice Prime Minister, Minister Economic Development and Trade Stepan Kubiv on the initiative of the ministry, which was supported by Prime Minister Volodymyr Groysman at a cabinet meeting on April 27.

Participants at the meeting discussed the simplification of investment abroad, liberalization of currency regulations, the obligatory sale of foreign currency earnings, the return of foreign exchange earnings and simplifying banking procedures.

The ministry said the NBU had already taken some steps to mitigate requirements for the mandatory sale of foreign currency earnings and liberalization of currency regulation with the aim of returning dividends to foreign investors.

As reported, the NBU by decree No. 140 dated March 3, 2016 (valid until June 8, 2016) once again extended major foreign exchange restrictions, but increased the daily limit on the sale and withdrawal of foreign currency from ATMs. ■

## UKRPOSHTA SEEKS TO OPEN 100 NEW BRANCHES IN 2016



Ukrainian postal services state enterprise Ukrposhta seeks to open 100 new branches in 2016. The company opened 32 branches in 2015.

Ukrposhta Head Ihor Tkachuk gave the information in an interview published in the Holos Ukrainy newspaper.

He said that Ukrposhta has the most expanded network with almost 12,000 departments.

He said that Ukrposhta has been providing agent services for two years in cooperation with Universalna insurance company. The gradual increase in the number of branches selling insurance policies has expanded the insurance product range. Branches offer mandatory civil responsibility insurance, driver and passengers' additional insurance, property insurance, compulsory insurance of civil liability of motor vehicle owners (OSAGO) and responsibility to neighbors.

Tkachuk said that medical policies from Deka Insurance, M-Life and Universalna are also sold using a nickelback scheme.

He also said that Ukrposhta is cooperating with Fidobank and bank Mykhailivsky in signing deposit agreements. A total of 1,580 terminals of Raiffeisen Bank Aval and 857 terminals of PrivatBank are installed in Ukrposhta's departments. ■

## U.S. AMBASSADOR IN UKRAINE: METINVEST IS EXAMPLE OF EXTRAORDINARY RESILIENCE OF UKRAINIAN PEOPLE

United States Ambassador to Ukraine Geoffrey Pyatt has said that Metinvest in Mariupol is the example of extraordinary resilience of Ukrainian people

“Metinvest is the example of extraordinary resilience of Ukrainian people,” the press service of Metinvest Group reported, citing Pyatt during his visit to Mariupol Illich Steel Works on April 28.

According to the press release, the largest environmental project in Ukraine, Sinter Plant Modernization, was demonstrated to the U.S. diplomat. Pyatt was made aware of the role of Metinvest in the Ukrainian economy, and other investment projects of Metinvest Group, and its social partnership programs in Mariupol and other cities of the company's presence.

Metinvest Group's Chief Executive Officer Yuriy Ryzhenkov, General Director of Illich Steel Works Yuriy Zinchenko and General Director of Azovstal Iron and Steel Works Enver Tskitishvili attended the meeting with Pyatt.

Zinchenko informed that today major overhaul of two sinter machines has completed with installation of modern gas cleaning equipment. In 2017, Metinvest plans to build a desulphurization system and install bag filters on the first building of the Sinter Plant. After the reconstruction, the Sinter Plant will meet the best European and international emission standards – max 30 mg/m3. ■



## ARCELORMITTAL KRYVYI RIH COULD RESUME STEEL GOODS SUPPLY TO RUSSIA IF MARKET GROWS



ArcelorMittal Kryvyi Rih (Dnipropetrovsk region) has almost completely stopped shipments of steel products to the Russian Federation due to economic inexpediency, but could resume deliveries if market prices increase.

“We don't sell much in Russia. We can start supplies there. But our sales are very different from what there were before,” CEO of PJSC ArcelorMittal Kryvyi Rih Paramjit Kahlon said at a press conference at Interfax-Ukraine in Kyiv.

According to him, the recovery of the market started on March 15 this year and steel prices have grown slightly. However, prices in the Chinese market again decreased from May 2 to May 9.

“Time will show whether it was a local or global fall,” the top manager said.

Speaking on March 21 at the event, entitled “The domestic mining and steel market of Ukraine: problems and prospects”, Deputy director general of ArcelorMittal Kryvyi Rih for cooperation with state authorities and foreign communications Volodymyr Tkachenko said the situation in the steel market is extremely unfavorable this year and that all countries are therefore protecting their manufacturers and their domestic markets. ■

## UKRAINE SEES 2.3-FOLD RISE IN SALES OF NEW BUSES IN JAN-APRIL



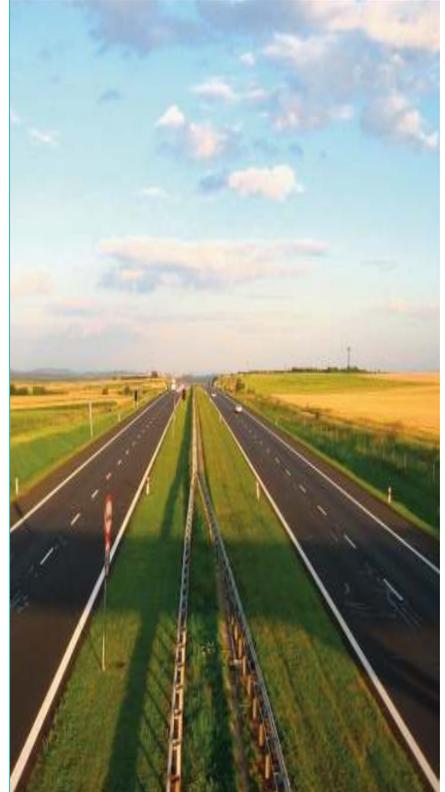
Ukraine saw a 2.3-fold rise in sales of new buses in Ukraine in January - April 2016 year-over-year, to 345 buses, the Ukrautoprom association has reported. The press service of the association said that Ataman bus was a leader in sales (made by Cherkasy Bus) with 109 buses sold – almost five times more than a year ago. Ruta buses made by Chasiv Yar Buses (Donetsk region) were second with the market share of 16%. Some 56 Ruta buses were sold (8% up). Russia's PAZ is third with 41 buses sold and 12% of the market share (4.5-fold rise). Russia's GAZ is fourth with 37 buses sold (2.5-fold rise) and 11% of the market share. Some 36 I-VAN buses were sold (made by Zaporizhia Automobile Plant). Sale of buses in April grew by 2.3 times, to 79 buses. Ruta buses sales were the largest – 21 buses were sold compared to 18 in April 2015. Ataman buses were second with 19 buses (2.1-fold rise), I-VAN buses were third with 11 buses sold. ■

## MARKET OF PASSENGER CARS IN UKRAINE 56% UP IN FOUR MONTHS



Sales of new passenger cars in Ukraine in April 2016 increased by 72% compared to the same month in 2015, to 5,630 units, which allowed this market segment in January-April to grow by 56%, to almost 18,000 cars, reports AUTO-Consulting. According to analysts, car sales in April compared to March of the current year rose by 15%. At the same time, AUTO-Consulting notes that not all the dealer networks in April recorded a surge of interest on the part of buyers – everything depended on the range and attractive pricing policy. Leadership in the market in April was kept by Toyota, which for the first time over the past few years was able to overcome the mark of 800 cars sold per month and occupied 14% of the market. Volkswagen ranked second in April, a Jetta model accounted for almost half of the sales. Volkswagen sales increased by 2.3 times from March, to 625 units, while the share in total car sales rose to 11.1% compared to 5.56% in March. Renault ranked third and increased sales by 4.5%, to 534 cars, while the share compared to March slightly fell to 9.48%. ■

## GOVERNMENT ALLOCATES UAH 134 MLN FOR ODESA-RENI ROAD CONSTRUCTION



The Cabinet of Ministers on May 11 decided to allocate UAH 134 million for building the Odesa-Reni highway, Prime Minister of Ukraine Volodymyr Groysman has said. “You can already count on this resource and use it to the full,” the prime minister told the leadership of Odesa region at a conference call.

As reported, in late April President of Ukraine Petro Poroshenko held a meeting with Prime Minister Volodymyr Groysman, Infrastructure Minister Volodymyr Omelyan and Head of Odesa Regional State Administration Mikheil Saakashvili to accelerate the construction of the Odesa-Reni road. The officials defined sources of funding from the national budget, customs revenues and those from EU states. It was also agreed the construction will begin in late May. ■

## MALYSHEV PLANT TO SUPPLY NEXT BATCH OF COMBAT EQUIPMENT PARTS FOR PAKISTANI MBT AL-KHALID

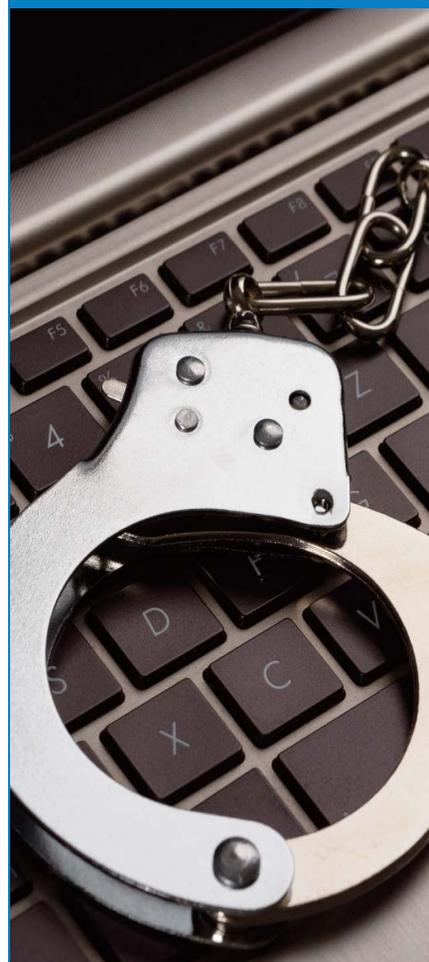


The Malyshev Plant (Kharkiv) is preparing for shipping next large batch of engine transmission compartments and other large knots and parts for combat equipment for a foreign customer, the press service of the tank plant has reported. "The products will be supplied to a long-time business partner of the enterprise. Along with engine transmission compartments, the plant will supply torsion shafts, air cleaners and boilers," the press service said. "Engine transmission compartments and other parts have been examined by the contractor and will be shipped soon," the plant said. The Malyshev plant is a world-famous Ukrainian manufacturer of armored vehicles. The plant also produces diesel engines and other products. Its biggest partners in recent years have been Pakistan, China, Iraq and Thailand. Since January 2011, the plant has been part of the Ukroboronprom Concern. Pakistan is the main customer of Malyshev Plant. Since 2001, Ukraine has been cooperating with Pakistan and China in the main battle tank (MBT) Al-Khalid project. ■

## INVESTMENT IN ELITE REAL ESTATE IN KYIV ON FIRST REALTY GROUP DEALS ALMOST DOUBLES IN APRIL

The volume of investment in elite real estate in Kyiv under the transactions of Blagovist and Park Lane real estate agencies, part of First Realty Group (all based in Kyiv) in April 2016 grew by 1.8 times from March 2016, to \$8.489 million, accounting for 25% of total investment in real estate in the past month. Park Lane said, with reference to its analytical center, that this data includes the calculation of the cost of a transaction in the national currency at the average exchange rate to U.S. dollars on the day of the transaction. Park Lane reported the share of transactions in the segment of elite real estate in the capital, including facilities with the cost starting with \$250,000, in the total volume of transactions formalized by First Realty Group amounted to 7% in April 2016. The share of transactions with apartments of the total number of deals of First Realty Group was 75%. The highest demand was seen for apartments of 100-250 square meters located both in new residential complexes and old buildings in Pechersky, Shevchenkivsky, Podilsky, Solomiansky and Dniprovsky districts. Their price ranged between \$1,700-2,800 per square meter. According to Park Lane, the share of transactions with non-residential objects in the total volume of transactions in the elite property segment by First Realty Group in Kyiv in April 2016 stood at 10%. The most popular among buyers were offices of 80-150 square meters and a value of \$2,800-3,900 square meters located in Pechersky district. ■

## JAPAN READY TO SUPPORT UKRAINE IN DEVELOPING CYBER POLICE



Japanese Ambassador to Ukraine Shigeki Sumi at a meeting with Ukrainian Interior Minister Arsen Avakov has said that his country is ready to provide support to Ukraine to develop cyber police, the communications department of the Interior Ministry has reported. "The Japanese diplomat said that one of the key directions of cooperation between Ukraine and Japan in reforming the police is cyber security. He said that Japan backs the Ukrainian Interior Ministry's steps to create and develop cyber police and is ready to provide the country with financial and expert assistance," the department said. The ambassador also said that Japan welcomes the new Ukrainian government and the country is ready to continue cooperation. Sumi invited Avakov to visit Japan in the near future to study the principles of work of the Japanese law enforcement system. ■

## USDA FORECASTS UKRAINIAN GRAIN HARVEST IN COMING FARM YEAR AT 58.9 MLN TONNES



The U.S. Department of Agriculture (USDA) forecasts that Ukraine will harvest 58.925 million tonnes of grain in the coming agricultural year (July 2016-June 2017) and export 31.83 million tonnes of grain. Ukraine's feed grain harvest will total 34.925 million tonnes, including 24 million tonnes of corn, the USDA said. Ukraine will also harvest 7.8 million tonnes of barley and 24 million tonnes of wheat.

The USDA forecasts Ukrainian wheat exports at 11.5 million tonnes in the 2016/2017 farm year. Feed grain exports will amount to 20.33 million tonnes, including 17 million tonnes of corn.

Ukraine estimates grain harvest in 2015 at 59.96 million tonnes, which is 6.1% less than a year earlier, the State Statistics Service reported.

Grain exports in the past farm year totaled 34.6 million tonnes, including 18.837 million tonnes of corn, 11.234 million tonnes of wheat, 4.46 million tonnes of barley and 280,000 tonnes of other grain crops.

The Agricultural Policy and Food Ministry forecasts grain exports in the 2015/2016 farm year will total 37 million tonnes. The Ukrainian Grain Association expects the exports to weigh in at 36 million tonnes. ■

## INKERMAN TRADE HOUSE SEEKS TO ALMOST TRIPLE SPARKLING WINE SALES IN 2016



Inkerman Trade House LLC (Kyiv), a Ukrainian division of Inkerman International, seeks to boost sparkling wine sales by 2.8 times in 2016, to 2.2 million bottles.

"We seek to boost production of sparkling wine from 800,000 bottles last year to 2.2 million bottles. We think that these ambitious goals are realizable: demand on our products is high," Director General of Inkerman Trade House Hanna Horkun said in an interview with Interfax-Ukraine.

She said that the company purchased some wine materials in Moldova for production of sparkling wine, as these materials were not present on the Ukrainian market.

"We have four types of sparkling wine and with plans to produce 2.2 million bottles it was not easy to find high-quality materials. I think that we bought all high-quality materials Ukraine had and bought additional good wine materials in Moldova, which, unfortunately, were not present on the Ukrainian market," she said.

Inkerman Trade House in 2015 sold 864,500 decaliters of still wine and 123,580 decaliters of sparkling wine. Sales of sparkling wine increased by 52% compared to 2014. The company's share of the Ukrainian wine-making market has increased from 12.7% in 2013 to 16% in 2016. This is linked to the absence of Crimean wine and the increase in the price of imported wine.

Horkun said that before 2014 all production facilities of Inkerman International were located in Crimea. After the annexation of the peninsula, Inkerman International AB (Sweden) registered subsidiary Inkerman Trade House headquartered in Kyiv and transferred bottling of still wine to Tavria Cognac House in Nova Kakhovka in Kherson region. Sparkling wine initially was bottled in Odesa at the facilities of Odesavynprom. "Under Ukrainian legislation we do not have a chance to cooperate with our own Crimean asset where shareholders invested over EUR 40 million. Over 2,000 our employees remain in Crimea. It is clear that we are responsible for our company, investment of shareholders and employees," she said.

The winery in Crimea is neither a contractor nor asset in ownership in Ukraine. It is a separate structural unit of the holding. The Crimean plant continues operation and selling its products in Crimea, Russia and China.

Shareholders in Inkerman International AB are HTT BWH Holding Ltd (Finland, 40%), Eksen Investments Limited (Cyprus, 40%) and Board Chairman Valeriy Shamotiy manages Eksen's shares and Lorimer Ventures Limited (Cyprus, 20%) and U.S. Horizon Capital manages Lorimer's shares. ■

## KHLIBODAR STARTS PRODUCTION OF MAGNESIUM-RICH FLOUR WITHIN 'HEALTHY UKRAINE' PROGRAM



**K**hlibodar (Zaporizhia) intends in the near future to start production of flour enriched with magnesium in the framework of the "Healthy Ukraine" national program initiated by a group of scientists of the NanoSapiens project.

"Enriched flour will appear in stores in the near future, and later enriched bread and confectionery goods. I'm cautiously optimistic about the rate of promotion of these products through the networks because for this they have to become popular, while now people care more about the final cost of the product rather than its quality," Khllobodar CEO Borys Shestopalov said during a press conference at Interfax-Ukraine.

However, he expressed hope that the number of producers supplying products enriched with micronutrients to the market would grow.

Shestopalov added that enriched flour would be available at warehouses in two weeks and delivery to retail networks would depend on promotion that has certain specifics.

Khllobodar group of companies has been working in the market since 1991. It is among the ten largest producers of flour and bakery goods. ■

## AGRICOM GROUP TO DEVELOP AGRICULTURAL CLUSTER IN WESTERN UKRAINE



**A**gricom Group seeks to start agricultural production in western Ukraine in autumn, Agricom Group CEO Petro Melnyk said at a press conference in Kyiv on Thursday. "We have invested some \$6 million in the past two years. Now we start developing a new cluster in western Ukraine," he said.

He said that the cluster development strategy in the first year implies purchase of 5,000-10,000 ha of land to create the production base.

"I think that in the autumn we would sow winter crops there," Melnyk said. He also said that Agricom Group is building an oat-flake plant in Chernihiv region.

"We are building oat-flake facilities near Chernihiv, absolutely new comparable to other plants in Europe," he said.

Melnyk said that shareholders finance the plant and a five-year loan from the Swiss export agency was taken to fund the project.

Agricom Group produces food from grain at own production base. It unites agricultural, processing and trade companies. ■

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.

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