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# UKRAINE

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### HEADLINES

ULIE CO-FOUNDS BELT&ROAD INDUSTRIAL AND COMMERCIAL ALLIANCE IN BEIJING

UKRAINIAN ENTREPRENEURS WILL CLOSELY WORK WITH CANADIAN BUSINESSES



UKRAINIAN ENTREPRENEURS IN BRUSSELS PROPOSE BETTER OPTIONS TO DEVELOP TRADE WITH UKRAINE

STATE AND STATE GUARANTEED DEBT OF UKRAINE FROM 2010 TILL 2016 (MLN UAH)



UKRAINE TALKS WITH BOEING ON SEA LAUNCH PROGRAM SET FOR JULY – SSAU CHIEF

MARIUPOL SEAPORT TO INVEST UAH 800 MLN IN BUILDING GRAIN HANDLING COMPLEX



UKRAINE IN 2015/16 AGRI-YEAR IS LARGEST EXPORTER OF WHEAT TO EU



## ULIE CO-FOUNDS BELT&ROAD INDUSTRIAL AND COMMERCIAL ALLIANCE IN BEIJING

**B**usiness associations of 21 Asian and European countries, including the Ukrainian League of Industrialists and Entrepreneurs (ULIE), have founded the Belt&Road Industrial and Commercial Alliance (BRICA).

The founding ceremony for BRICA was held in Beijing on Thursday, the ULIE said in a press release.

"We want to ensure that our partners should see our country not only as a transit zone for shipment of goods to Europe, but also as a platform for the formation of new enterprises," the ULIE quoted its first vice president Vasyl Khmelnytsky as saying.

According to him, the ULIE hopes to attract more investment and promote the interests of Ukrainian business through the establishment of this new alliance.

BRICA is an international non-governmental organization which brings together on a voluntary basis national business associations from Asia and Europe. The name 'One Belt, One Road' comes from the eponymous initiative of the Chinese government aimed at establishing a new model of international cooperation and development through the strengthening of the existing regional bilateral and multilateral mechanisms and structures of interactions, which involve China. To implement the strategy and investment projects in the countries that have joined it, China has set up a separate fund, which already has over \$40 billion in authorized capital, the ULIE reported. ■

## UKRAINE, GERMANY TO OPEN CHAMBER OF COMMERCE AND INDUSTRY IN AUTUMN 2016



**U**krainian President Petro Poroshenko has said that Ukraine and Germany would open a joint chamber of commerce and industry in autumn 2016.

According to the presidential press service, during a meeting with the state secretaries of German federal ministries, who arrived in Ukraine as part of the German government's mission to provide Ukraine with assistance in reform implementation, Poroshenko thanked Germany for its financial and technical aid to Ukraine.

"The head of state called on German businesses to use benefits from the EU-Ukraine free trade area envisaged by the Association Agreement more actively. He noted that Ukraine takes interest in the strengthening of Germany's economic and investment presence and expressed the hope that bilateral trade relations would extend," reads the statement.

The president also stressed that the chamber of commerce and industry of Ukraine and Germany, which is due to open in autumn 2016, would become an important tool for the strengthening of cooperation between the countries. ■

## UKRAINIAN ENTREPRENEURS WILL CLOSELY WORK WITH CANADIAN BUSINESSES



**U**krainian businesses have got an opportunity to find reliable partners and customers in Canada. The Ukrainian League of Industrialists and Entrepreneurs (ULIE), being a major business association of Ukrainian industrialists and entrepreneurs, will sign a cooperation agreement with the Canadian Federation of Independent Business, which will feature an agreement to boost bilateral economic contacts. This was discussed at a meeting between ULIE President Anatoliiy Kinakh and President, CEO and Chair of the Canadian Federation of Independent Business Dan Kelly at the European Business Summit in Brussels.

The Canadian Federation of Independent Business is a big association that brings together dozens of that country's influential business structures, 109,000 small- and medium-sized businesses. This type of business is the backbone of the economy of Canada and should become the same in Ukraine, the two officials said. In particular, the partners propose focusing most of attention on the development of entrepreneurship and are ready to share experience for well-considered and effective investment in the most promising sectors of the economy.

Signing an agreement on cooperation will become proof of intent to develop cooperation. As early as this summer, talks between the organizations will take place in Canada, and they will draft a joint plan of action with detailed tasks, deadlines, and commitments.

ULIE President Kinakh says these efforts will allow Ukrainian businesses to increase and diversify their exports, without limiting themselves to the European destination in order to find compensation of the loss of the eastern markets and attract foreign investors to develop production, launch new projects.

In this context, the parties spoke for the need to sign an already initialed agreement on the free trade area between Ukraine and Canada, as it will significantly improve the efficiency of economic partnership between the two countries, will become an incentive to boosting exports and imports, and investment.

It must be noted that the said agreement provides for a gradual (over a decade) mutual reduction in import duties on most of the product groups, as in the end it should lead to the cancellation of 98% of them.

Ukrainian shipments to Canada in January-February 2016 grew by 73.3% year-over-year, to \$19.4 million, while imports from that country rose by 29.3%, to \$47.9 million. ■

## UKRAINIAN ENTREPRENEURS IN BRUSSELS PROPOSE BETTER OPTIONS TO DEVELOP TRADE WITH UKRAINE

Ukrainian entrepreneurs have proposed representatives of European institutions in Brussels how to improve the policy of trade and economic relations with Ukraine. These proposals can be incorporated in the addenda to the EU trade strategy, which was published by the European Commission in late 2015. Currently, the European community is mulling possible ways to improve it, in particular, much time of the European Business Summit in the Belgian capital was devoted to the discussion of this issue. Ukraine for the first time joined the discussion of this forward-looking strategy of the EU, as a delegation of the Ukrainian League of Industrialists and Entrepreneurs (ULIE) was a partner in the summit.

It is widely known that the interests of small- and medium-sized businesses are increasingly influencing trade policy of the EU. To enjoy successful cooperation, Ukraine should rapidly develop the business environment and become a full-fledged partner of foreign investors and companies. This is beneficial to both parties, because the domestic market does not use its full potential. Therefore, the ULIE insists on joint monitoring of the use of targeted financial assistance and EU investments in making loans to domestic businesses affordable and modernizing of the economy instead of covering different types of deficit. "It's time for Ukrainian businessmen, officials and diplomats to become more active in that direction, because foreign trade does not demonstrate growth despite the launch of the free trade area. In particular, in January-March 2016, trade turnover between Ukraine and the European Union was \$7.058 billion, which was even 2% down on the same period of 2015," ULIE President Anatoliy Kinakh said.

He agreed with many members of the business summit that more efforts should be made to assist small businesses in using the benefits of free trade, influencing the EU's trade policy. Ukrainian industrialists and entrepreneurs, based on its representative office in Brussels, are willing to participate in this process.

Nowadays, European officials positively assess the efforts and initiatives of Ukrainian businesses. In their view, it considerably encourages investors and companies from the EU member states to enter the Ukrainian market and boost cooperation. They welcome the activities of the representative office of Ukrainian entrepreneurs in the EU, which was opened by the ULIE in Brussels in April last year, and praise its regular contacts with the European Parliament, the European Commission, partners from BUSINESSEUROPE, which is the largest and most powerful business association in Europe.

In turn, Ukraine has to do its own "homework" to ensure complete adaptation of domestic products in line with EU standards and regulations, greater legal protection of the rights of owners and investors and to facilitate the development of the business climate.

The Ukrainian delegation focused on negotiations not only with peers from the EU, but also reached preliminary agreements with relevant business associations from Canada and Serbia. In particular, the heads of the ULIE and the Canadian Federation of Independent Business (CFIB) initiated the signing of a cooperation agreement, which will stipulate key agreements to enhance bilateral economic contacts. CFIB President, CEO and Chair Dan Kelly proposes devoting more attention to cooperation in the field of small- and medium-sized businesses and investment. As early as this summer, Canada will host negotiations between the organizations and a joint plan of action with specific tasks, deadlines and commitments will be drawn up. The parties also expect the fastest signing of the FTA between Canada and Ukraine, which, according to some sources, is scheduled for this summer.

Serbia can also become an interesting market for Ukrainian manufacturers. Entrepreneurs from that country are willing to buy Ukrainian equipment and instruments, farm produce, and metallurgical products. This was confirmed by President of the Serbian Chamber of Commerce and Industry Mark Čadež at a meeting with Anatoliy Kinakh. He supported the idea of strengthening bilateral communication in economic issues and cooperation in boosting trade to the level that meets the capabilities and interests of both countries. The ULIE and the Serbian Chamber of Commerce and Industry agreed to prepare a memorandum of cooperation. Much effort should be put into the full use of all the possibilities of the free trade area between the EU and Ukraine. The plans include further work to inform the business community about the potential areas of cooperation that are interesting to foreign partners and Ukrainian businesses and arrange workshops, conferences, and meetings in the B2B format. ■

## EBRD TO OPEN REPRESENTATIVE OFFICE IN KHERSON – REGION GOVERNOR



The European Bank for Reconstruction and Development (EBRD) will open a representative office in KherSON that will credit companies with an annual turnover of EUR 1-3 million, Head of KherSON Regional Administration Andriy Hordeyev has told Interfax-Ukraine.

"The permanent representative office of the EBRD for micro-crediting is to open in KherSON. The agreement has been reached with the EBRD managing director for Eastern Europe and the Caucasus. The bank sees that this is business with EUR 1-3 million turnover. For example, 1,000 ha for irrigation," he said. Hordeyev said that the approximate date for opening the office is June 15. Among top priority projects for crediting are irrigation, alternative energy and infrastructure projects. ■



## KYIV INVESTMENT AGENCY LOOKING FOR INVESTORS FOR FIRST PHASE OF TROYESCHYNA INDUSTRIAL PARK PROJECT



**R**epresentatives of the pharmaceutical market, organic chemistry and small domestic appliances assemblers could place their own production facilities on a land parcel of 30-40 ha near combined heat and power plant six as part of the first phase of the industrial park project being realized in Troyeschyna district of Kyiv, Director of Kyiv Investment Agency Oleh Mistiuk has told Interfax-Ukraine. "Maybe, the project would not be realized in the scale planned earlier [the land parcel of 270 ha in Desniansky district was reported], but at least several domestic appliances assemblers, organic chemistry, pharmaceutical companies could appear. This is only the first phase. We have divided by at least two phases. The first one is around 30-40 ha... Then it will depend on producers," Mistiuk said.

Pharmaceutical companies showed the largest interest to the project, but they have some precautions regarding the placement of production facilities near residential areas.

He said that Kyiv authorities will be able to start preparing the industrial park only when the complete pool of investors for the first phase will be created. Kyiv Investment Agency will thoroughly examine investors and environment polluting production facilities cannot be placed there. ■

## POROSHENKO DECLARES MACROFINANCIAL STABILIZATION IN UKRAINE



**U**krainian President Petro Poroshenko has declared macrofinancial stabilization has been achieved in the country.

"I believe the main achievement is achievement of macrofinancial stabilization, without which progress would be impossible. This is a constant, gradual increase in foreign exchange reserves without participation of our partners, the International Monetary Fund or international financial institutions," Poroshenko said at a press conference in Kyiv. According to the head of state, just today, on June 3, "we bought \$10 million, the day before yesterday \$60 million... Over the past two months the figure significantly exceeded \$1 billion."

Poroshenko noted these figures clearly reflect guaranteed financial stabilization in the Ukrainian market. "We already have the first result of this financial stability: it's agreements with the IMF and the approval by the parliament of the law scrapping taxation of pensions [...] Few results have been achieved so far," the president said.

"I am setting the government a task: we need to transition from survival policies to a development strategy policy [...] from the macrofinancial improvements we have now achieved to economic growth," he said.

In this regard, the president recalled Ukraine is looking to ensure a 1.1% GDP growth this year, with inflation not exceeding 12%.

"We already have positive [GDP] dynamics in the first quarter [...] We are optimistic about the future as it regards targeting the annual inflation level of 12%," Poroshenko said. Poroshenko said achieving these goals will make it possible to achieve an 8% inflation level in 2017. ■

## EBRD ANNOUNCES TENDER TO SELECT CONSULTANT IN CONSOLIDATING POST-TRADE INFRASTRUCTURE IN UKRAINE

**T**he European Bank for Reconstruction and Development (EBRD) has announced that interested parties can submit their applications to participate in the technical cooperation project entitled "Ukraine: Consolidation of Post-trade Infrastructure and Legal Framework Upgrade."

The bank said in a press release that the applications can be submitted from June 8 until June 29, 2016.

"The introduction of new and the development of available financial sector instruments were amongst the measures identified by the EBRD in order to increase the investment attraction into reliable financial instruments, according to Strategy 2020 (The "Comprehensive Program of Ukraine Financial Sector Development until 2020") and in line with EU Action Plan on building a Capital Markets Union," the bank said. ■

## STATE AND STATE GUARANTEED DEBT OF UKRAINE FROM 2010 TILL 2016 (MLN UAH)

	total			external		internal	
as of 31.12.2015	1571765,6	+15682,3	+1.0%	1042305,1	+1.7%	529460,6	-0.3%
as of 29.02.2016	1740938,7	+169173,0	+10.8%	1175470,2	+12.8%	565468,4	+6.8%
as of 31.03.2016	1710381,0	-30557,6	-1.8%	1156960,3	-1.6%	553420,7	-2.1%

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Source: The Ministry of Finance



Source: The Ministry of Finance

## EIB READY TO FINANCE HRYBOVYCHI LANDFILL RECLAMATION PROJECT IN LVIV



The European Investment Bank (EIB) is ready to finance the Hrybovychi landfill reclamation project in Lviv. Fires raged at the site several days ago, and a landslide occurred on Monday burying four firemen, Lviv Mayor Andriy Sadovy has said.

“The only partner we cooperate with in the issue in the past two years is the European Investment Bank. The bank agreed to provide funds for the complete landfill reclamation and a plant with deep-earth sorting line,” he said at a briefing on Tuesday.

The mayor said that now the project is being agreed in the Regional Development, Construction, Housing and Utilities Economy Ministry. Deputy Prime Minister Hennadiy Zubko assured that the process would be finished in the shortest terms.

He said that the approximate amount of the loan could be near EUR 40 million. He said that the city is not able to solve the reclamation problem using only own forces. It requires around UAH 600 million. “We received no proposal for landfill reclamation. This is a loss, we’re not doing business,” he said. “We have not received any proposals to dispose bituminous lakes. I had many proposals for the new solid waste landfill, but no section was approved due to political pressure,” he said.

## GOVERNMENT TO RELAX ENTRANCE TO UKRAINE FOR CHINESE BUSINESSMEN, TOURISTS IN SUMMER



Ukraine’s Cabinet of Ministers would relax the procedure for entering the country for businessmen and tourists from China in summer. Deputy Foreign Minister Vadym Prystaiko has submitted to the government a draft resolution on the temporarily introduction of issuing visas at border checkpoints of the Boryspil International Airport (Kyiv) for citizens of China making a business or tourist trip.

He said that the document is intended to expand relations with China and further develop cooperation between the two countries.

“The draft says that the regime when citizens of China will be able to stay in Ukraine for the period of up to 15 days if they present the document confirming the purpose of their trips as business or tourism will be introduced until September 30,” he said. He said that from June 19 one more flight to China will be launched (Kyiv-Beijing flight serviced by Ukrainian International Airlines).



## UKRAINE INCREASES EXPORTS OF CAST IRON BY 22.4% IN JAN-MAY



Ukraine in January-May 2016 increased cast iron exports in kind by 22.4%, compared to the same period in 2015, to 842,529 tonnes. According to customs statistics, made public by the State Fiscal Service of Ukraine, exports of cast iron in monetary terms fell by 19.8% during this period, to \$152.847 million.

Exports were mainly made to Turkey (32.84% of supply in terms of money), the United States (24.06%), and Italy (23.9%). In January-May 2016 Ukraine imported 736 tonnes of cast iron worth \$247,000, whereas in January-May 2015 it imported 2,683 tonnes of similar products for \$903,000. Imports were mainly made from Russia (60.08% of deliveries in monetary terms), Germany (25.81%) and Italy (11.29%).

Ukraine in 2015 decreased cast iron exports in kind by 1.7%, to 2.172 million tonnes and by 36.4% in money terms, to \$510.644 million.

Cast iron was mainly exported to Italy (30.63%), Turkey (25.11%) and the United States (19.9%).

Ukraine last year imported 3,431 tonnes of cast iron (53.6% down year-over-year). In money terms imports decreased by 60.6%, to \$1.177 million. Cast iron was mainly imported from Russia (88.03%) and Germany (9.59%). ■

## UKRHYDROENERGO TO START BUILDING UNIT FOUR OF DNISTROVSKA POWER PLANT IN 2017



Public joint-stock company Ukrhydroenergo seeks to start building unit four of Dnistrovska hydroelectric pumped storage power plant in Novodnistrovsk (Chernivtsi region) in 2017 and finish in 2020. According to the presentation of Energy and Coal Industry Minister Ihor Nasalyk at a meeting of the National Reforms Council the project blueprints would be designed in 2016.

The building of the unit would help to reduce the number of unit launches, daily saving of 1,000-4,000 tonnes of coal, cut emission and decrease natural gas consumption. According to the ministry's calculations, the effect from the operation of one unit is \$110 million a year if it replaces the thermal power unit. Dnistrovska hydroelectric pumped storage power plant on December 21, 2015 launched the third unit, the last unit of the first construction phase that consists of three units with a capacity of 324 MW each in generating mode and 421 MW in pumping mode. ■

## UKRAINE BOOSTS FUEL WOOD EXPORTS BY 23.4% IN JAN-MAY, SAWN WOOD EXPORTS 16.9% UP, WOOD IN ROUGH EXPORTS 22.7% DOWN

Ukraine increased exports of fuel wood under 4401 foreign trade code (fuel wood, wood in chips or sawdust) in kind by 23.4% in January-May 2016 year-over-year, to 945,173 tonnes (766,206 tonnes in January-May 2015).

According to customs statistics made public by the State Fiscal Service of Ukraine, in monetary terms exports of these products grew by 28%, to \$42.528 million (\$33.221 million).

Exports were mainly made to Romania (33.79% of total supplies in money terms), Turkey (25.66%) and Poland (8.98%). Ukraine also imported 127,000 tonnes of these products worth \$23,000 in January-May 2016, while a year ago the country imported 108,500 tonnes worth \$41,300.

Fuel wood was mainly imported from Germany (66.67% of total supplies), Lithuania (12.5%) and Poland (12.5%).

Ukraine decreased exports of wood in the rough under 4403 foreign trade code in kind by 22.7% in January-May 2016 year-over-year, to 895,909 tonnes (1.159 million tonnes in January-May 2015). In monetary terms exports of these products fell by 34.6%, to \$53.808 million (\$82.317 million). Exports were mainly made to Romania (41.14% of total supplies in money terms), China (34.4%) and Turkey (15.17%). Ukraine also imported 3,767 tonnes of these products worth \$272,000 in January-May 2016, while a year ago the country imported 3,975 tonnes worth \$296,900. Wood in the rough was mainly imported from Russia (99.63% of total supplies).

Ukraine increased exports of wood sawn or chipped lengthwise of a thickness exceeding 6 mm under 4407 foreign trade code in kind by 16.9% in January-May 2016 year-over-year, to 819,203 tonnes (700,722 tonnes in January-May 2015).

In monetary terms exports of these products grew by 16%, to \$166.527 million (\$143.588 million). Exports were mainly made to Turkey (19.59% of total supplies in money terms), Poland (11.24%) and Hungary (10.75%).

Ukraine also imported 1,438 tonnes of these products worth \$771,000 in January-May 2016, while a year ago the country imported 588,800 tonnes worth \$411,400. Wood sawn or chipped lengthwise was mainly imported from Romania (51.17% of total supplies), Poland (14.9%) and Russia (6.87%). ■

## AZERBAIJAN SEEKS TO ASSEMBLY NEW TRANSPORT AIRCRAFT AN-178 JOINTLY WITH UKRAINE



Azerbaijan is interested in expanding cooperation with Ukraine in aircraft building. The country is working on the organization of assembly of new Ukrainian transport aircraft An-178 with a carrying capacity of up to 18 tonnes designed by Kyiv-based Antonov State Enterprise at own production facilities.

President of CJSC Azerbaijan Airlines (AZAL) Jahangir Askerov told reporters on Monday in Hostomel (Kyiv region) that his government is mulling the issue of organizing cooperation assembly of promising transport aircraft An-178 in Azerbaijan. "On behalf of the government I am authorized to say that Azerbaijan is interested in assembling An-178 on the territory of Azerbaijan," he said.

Askerov said that in May 2015 Antonov and Azerbaijan's Silk Way Airlines signed a contract to assemble 10 transport aircraft An-178 in Ukraine and ship them to the airlines. The first two planes are to be delivered by late 2018 under the contract and the rest of eight planes will be shipped upon a mutual agreement of the parties.

"We hope that by the middle of 2018 when we receive the first plane, production facilities [for assembling An-178 in Azerbaijan] would be ready," he added.

Antonov President Mykhailo Hvozdev said that the plans to expand cooperation under the An-178 program worked out with Azerbaijan do not foresee the sale of An-178 technologies to the foreign partner. This is cooperation production. The plane will be finally assembled in Azerbaijan, he said.

The An-178 is suggested as a replacement of medium four-engine turboprop transport aircraft An-12. The An-178 could also replace the C-160 European two-engine turboprop transport in some regions. Around 200 companies from 15 countries are involved in production cooperation under the An-178 program.

An-178 aircraft was first exhibited at Le Bourget 2015 (Paris, France) and then at Dubai Air Show 2015 (the UAE). The plane participated in the flight program of ILA Berlin Air Show 2016 (Germany). ■

## AIRBUS, STATE AVIATION SERVICE TO ORGANIZE TRAINING PLATFORM FOR AVIATION SPECIALISTS IN KYIV

Airbus (France), one of the largest aircraft manufacturers in the world, jointly with the State Aviation Service of Ukraine plan to organize a training platform for aviation specialists in Kyiv.

According to the service, the initiative was discussed on May 27 during a meeting with the regional director for flight safety at Airbus, Yuriy Chekanov. The parties discussed support for the safe operation of Airbus aircraft in Ukraine, conducting conferences, seminars, training and other events for state inspectors and operators.

Chekanov, in particular, said Airbus plans to take part in national courses for internal investigation into operational events on the basis of the ICAO European regional training center for training of state inspectors for flight safety and airworthiness. State Aviation Service representatives proposed expanding the list of trainings to further establish a regional training platform in Kyiv for aviation specialists from Ukraine, Moldova, Georgia, and the Baltic countries. ■

## UKRAINE'S NEW AN-178 MAKES DEMO FLIGHT IN BAD WEATHER AT BERLIN AIR SHOW 2016

The new Ukrainian An-178 transport aircraft with carrying capacity of 18 tons has made its debut in the summer program of ILA Berlin Air Show 2016 in Germany. The new Ukrainian aircraft performed aerobatic elements in extremely adverse weather conditions, the press service of the Antonov State Enterprise reported. "Because of the bad weather, the demonstration flights were allowed only to the European Airbus A400M and Ukrainian Antonov An-178, which made its debut in the flight program of the international exhibition," the press service said.

The new An-178 aircraft is created to replace An-12 planes and is designed for the effective fulfillment of its tasks as a transport aircraft, including logistics and transportation of equipment. Some experts say the An-178 aircraft can serve as a modern replacement of the C-160. The aircraft has a modified form of fuselage, a ramp for loading and unloading of bulky cargo and can lift up to 18 tons of cargo, including heavy maritime containers. The An-178 aircraft premiered at Le Bourget 2015 outside Paris, where it was one of the major events. It was also showcased at Dubai Air Show 2015 in the UAE. ILA Berlin Air Show, which takes place in Berlin on June 1-4 is one of Europe's largest specialized exhibitions. According to the organizers, this year the air show is attended by 1,200 companies from 40 countries.

In addition to the An-178, Ukraine presents the An-132 new multipurpose aircraft, the An-148/158 special purpose aircraft and the An-70 transport aircraft at ILA Berlin Air Show 2016. ■



## DART-450 AIRCRAFT WITH UKRAINIAN ENGINE TO BE EXHIBITED AT FARNBOROUGH AIRSHOW 2016

**D**ART-450 twin-engine aircraft made by Austria's Diamond with Ukrainian AI-450S turboprop engine has been successfully tested and will be exhibited at Farnborough Airshow 2016, the press service of public joint-stock company FED (Kharkiv), a participant of the AI-450S engine project, has reported. "DART-450 aircraft will be exhibited at the Farnborough Airshow in July 2016. The certification procedure will be finished by the end of the year," the press service said, citing FED Head Viktor Popov.

He said that this is the first case of using the gas-turbine engine in the airplanes of this class: earlier the gas-turbine engines for these aircraft were considered unviable, as they consume more fuel and diesel and petrol engines.

"Ivchenko-Progress, FED and Kharkiv Aviation Institute found proofs for applying gas-turbine engines to this kind of aircraft. FED produces the fuel control system. When the calculations were presented to top managers of Diamond they agreed to realize the project. AI-450S engine has been designed and manufactured in short terms. Last year single-engine aircraft was tested (DA20 with petrol engine) and this year twin-engine aircraft (DA42 with diesel engines). This is the first use of the gas-turbine engine in these aircraft," Popov said.

The sum of the contract is not disclosed. The prices and shares of the project participants have been preliminary agreed. The DART-450 (Diamond Aircraft Reconnaissance Trainer) is the worldwide first all-carbon fiber tandem, 2-seat civilian and military trainer with a sidestick and pneumatic ejection seats. The airplane has a maximum take-off power of 500 hp, is equipped with the Ivchenko-Progress/Motor Sich AI-450S turboprop engine, a 5-blade MT propeller, and a GARMIN. ■

## POROSHENKO INSTRUCTS TO CONSIDER VIABILITY OF COMPLETING CONSTRUCTION OF SECOND MRIYA AN-225



**U**krainian President Petro Poroshenko stands for the development of Ukrainian aviation industry as the strategic sector of the Ukrainian economy.

"Finally we have signed new contracts to supply Ukrainian aircraft to Saudi Arabia. Finally we agreed at a meeting with the president of Azerbaijan that the country buys our Antonov aircraft. Finally... Defense Ministry orders Ukrainian Antonov aircraft for the first time in many years. Believe me, this is only the beginning," he said during his visit to Antonov State Enterprise on the occasion of its 70th anniversary in Kyiv on Tuesday.

He thanked Antonov employees for their jobs and contribution into the development of Ukrainian aviation industry. "Today we saw the opportunities of building one more Mriya An-225. We have the fuselage of unique aircraft An-70," he said.

Poroshenko instructed to consider all opportunities, explore the market carefully and inform him on the possibility of completing the construction of An-70 and Mriya. The president said that there is a task to make aviation industry a strategic sector of the Ukrainian economy and make Ukraine the key player on the global aviation market.

The president had a conversation with veterans of the plant and crew of Mriya An-225 that has returned from Australia recently. The crew presented him the Ukrainian flag, which was on board of Mriya during the flight to Australia. ■

## UKRPOSHTA HOPES IN THREE OR FOUR MONTHS TO LAUNCH PILOT PROJECT TO DELIVER PARCELS BY DRONES



**S**tate enterprise Ukrposhta hopes within three or four months to launch a pilot project to deliver parcels using drones. An Interfax-Ukraine journalist has reported that acting head of Ukrposhta Ihor Tkachuk gave the information during tests of this delivery in Bucha (Kyiv region).

"Amendments to postal legislation, cooperation with the State Aviation Service are required, as well as serious work is to be done. Ukrposhta should change for the needs of clients," he said. Israeli Flytrex drones were selected for tests. They can deliver parcels weighing up to three kilograms for distances of up to 23 kilometers. Their speed is up to 70 kilometers per hour.

Tkachuk said that the cost of one drone varies depending on its capabilities from \$3,000 to \$50,000. The financing of their purchase would be discussed: leasing, borrowing and other tools.

Demand for this quick delivery would be studied, he said. "The cost of delivery by a drone cannot exceed the approved tariffs for speedy delivery. The mobile application for this delivery would be free of charge," he added. The founder and CEO of Flytrex Yariv Bash who was present during the tests said that drones are controlled using cloud solutions in the encoded format. ■



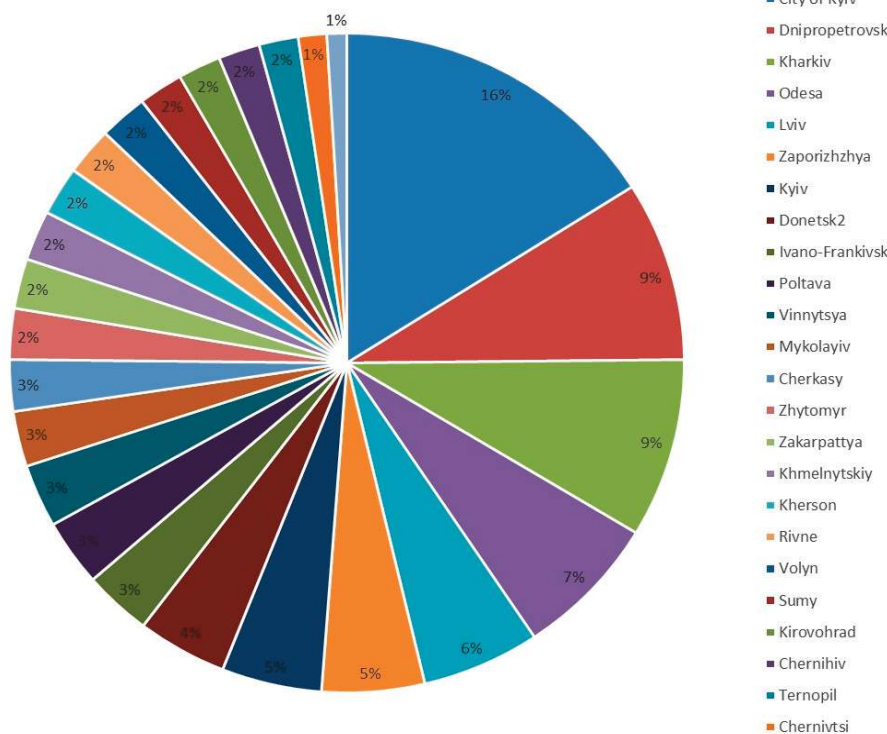
# TURNOVER OF RETAIL TRADE IN JANUARY–APRIL 2016



	Turnover of retail trade in January–April 2016, mln.UAH	Volume indices of turnover of retail trade (in comparable prices), %		
		January–April 2016 to January–April 2015	reference:	
			January–April 2015 to January–April 2014	2015 <sup>2</sup> to 2014
<b>Ukraine</b>	<b>350075,2</b>	<b>102,5</b>	<b>75,4</b>	<b>79,3</b>
Vinnitsya	10815,2	105,6	85,1	84,7
Volyn	8130,2	103,7	89,5	86,5
Dnipropetrovsk	30828,1	96,5	79,7	80,0
Donetsk <sup>2</sup>	15109,0	109,6	28,3	33,6
Zhytomyr	8734,6	97,4	86,8	86,7
Zakarpattia	8550,0	106,2	85,1	86,5
Zaporizhzhya	17227,5	104,7	81,5	79,0
Ivano-Frankivsk	11417,4	105,1	86,3	86,6
Kyiv	16812,1	105,0	83,9	87,5
Kirovohrad	7215,3	102,0	83,8	87,4
Luhansk <sup>2</sup>	3345,3	112,7	14,5	28,5
Lviv	19834,6	100,1	93,6	87,3
Mykolayiv	9479,1	105,0	78,6	83,2
Odesa	24519,9	103,8	82,5	81,9
Poltava	11415,8	106,8	79,5	79,5
Rivne	8176,7	103,2	88,2	85,1
Sumy	7528,0	100,5	82,9	82,7
Ternopil	6574,0	106,8	85,2	86,6
Kharkiv	30710,9	104,3	83,3	81,0
Kherson	8394,4	106,2	82,4	84,7
Khmelnyskiy	8549,1	102,7	81,7	82,2
Cherkasy	8832,3	100,7	84,4	85,7
Chernivtsi	4753,1	88,0	87,1	86,1
Chernihiv	6985,4	96,4	83,9	83,5
City of Kyiv	56137,2	100,1	86,2	85,4

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Turnover of retail trade in January–April 2016, mln.UAH



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Excluding the temporarily occupied territories, the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone. Data may be revised.

Source: State Statistics Services

## UKRAINE TALKS WITH BOEING ON SEA LAUNCH PROGRAM SET FOR JULY

Ukraine seeks to hold negotiations on cooperation with U.S. Boeing Corporation under the Sea Launch program in the course of the first launch of the Antares launch vehicle after its modernization scheduled for July from the Wallops Flight Facility (Virginia, the United States), Head of the State Space Agency of Ukraine (SSAU) Liubomyr Sabadosh has said. Commenting on the results of his working visit to the United States on May 23-27, he said at a press conference in Kyiv that he failed to meet with Boeing representatives, but he received a signal that the negotiations on Sea Launch would be organized in July. Sabadosh said that Boeing has not yet formed the final position for the project. "I know that the interest of investors to continue the project exists. Negotiations are underway," he said, adding that representatives of investors visited Ukraine and Pivdenmash (Dnipropetrovsk) to discuss the possibility of making Zenit launch vehicle under the Sea Launch project in Ukraine.

The U.S. District Court for the Central District of California in September 2015 satisfied a claim filed by Boeing against RSC Energia of Russia and Pivdenne Design Bureau, saying the partners breached their contract obligations by not reimbursing Boeing for Sea Launch expenses.

The shareholders of the Sea Launch consortium, which was created in 1995 to carry out commercial satellite launch from the sea launch site in the Pacific Ocean, were Boeing with 40%, RSC Energia with 25%, Ukrainian-based Pivdenne Design Bureau and state-run enterprise Pivdenmash with a combined share of 15% and the Anglo-Norwegian Engineering and Construction Kvaerner Group with 20%.

After reorganization in 2010, a total of 95% of shares are now owned by Energia Overseas Limited (EOL), a 'granddaughter' of RSC Energia, while a 3% stake belongs to U.S. Boeing, 2% to Norwegian Aker Solutions. The headquarters of Sea Launch AG are in Nyon (Switzerland).

## MARIUPOL SEAPORT TO INVEST UAH 800 MLN IN BUILDING GRAIN HANDLING COMPLEX



**M**ariupol maritime merchandise port seeks to invest UAH 800 million in building a grain handling complex with a projected annual capacity of 2.5 million tonnes. The works will start by the end of this summer.

“Now the project will be submitted for examination. After the examination we will start the works at once. We hope that by the end of summer we will start the works,” the press service of the port told Interfax-Ukraine.

The grain handling complex will be built in two stages: the first one will include 10 silos with a capacity of 5,700 tonnes each and the total storing capacity of 57,000 tonnes and a grain drier with a capacity of 3,000 tonnes a day. The second stage will have 13 silos with a capacity of 5,700 tonnes each and the total capacity of 74,000 tonnes. The terminal will have eight on-the-spot silos.

Mariupol port is one of the largest ports in Ukraine. The average depth at the port is 8.6 meters, which enables the port to accept vessels with draughts of up to eight meters and lengths of up to 250 meters. Its territory is 77.7 hectares. The length of the berth line is 4.2 kilometers (18 berths). ■

## ODESA INTERNATIONAL FINANCIAL FORUM 2016 TO TAKE PLACE ON SEPT 14-17



**T**he 16th International Financial Forum with participation of heads and chief specialists of insurance, reinsurance, brokerage, assistance, auditing, consulting, law and rating companies operating in the insurance sector, heads of the national commission for financial service markers regulation and other public agencies will take place in Odesa on September 14 through September 17, 2016, the Business Strategy Center Perspektiva has said on its website. Business Strategy Center Perspektiva and the League of Insurance Organizations of Ukraine (LIOU) organize the event.

The main objectives of the forum is to develop integration processes on the international financial market, the consolidation of the financial sector of the market, distribution excellence and achievements of modern management, exchange new ideas and experiences.

A roundtable devoted to the insurers' assets management and their protection in the conditions of the new tax policy.

Event participants would consider the strategy for developing the Ukrainian financial sector, the state and trends on international financial markets.

The organizers said that representatives of the financial sector from Austria, Belarus, Britain, Latvia, Germany, Poland and the Czech Republic are accredited for the forum: in general, around 150-180 specialists from 14-18 countries.

Organizing Committee accepts proposals for program development and partnership activities during the forum.

The 15th International Financial Forum was held in Odesa on September 16 through September 19, 2015. ■

## HORIZON CAPITAL TO LAUNCH PRIVATE EQUITY FUND WORTH \$150 MLN

**H**orizon Capital intends to launch private equity fund Emerging Europe Growth Fund III, L.P. with a capital of \$150 million, according to a newsletter from the fund. According to the document, the fund will focus on small but fast-growing export-oriented companies in Ukraine and Moldova. The fund will invest primarily through the purchase of minority stakes in such companies. At the same time, if necessary, provision of start-up capital, a full redemption of companies or participation in privatization is possible.

One of the investors in the fund may become Overseas Private Investment Corporation (OPIC, the United States). The OPIC board of directors will consider the issue of providing the fund with \$37.5 million for ten years on June 9, 2016.

Horizon Capital was established in 2006. It manages private equity funds 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 EEGF II (EEGF, established in 2008 with \$370 million capital). The money of these funds is invested in projects in Ukraine, Moldova, and Belarus. ■



## AGRICULTURE MINISTRY JOINTLY WITH FINANCE MINISTRY MULLING PROVISION OF EXTRA FUNDS FOR SMALL FARMERS



Ukraine's Agricultural Policy and Food Ministry jointly with the Finance Ministry are mulling the provision of additional funds to support small and medium farms in 2016, Agricultural Policy and Food Minister Taras Kutovy said at the Agro 2016 international exhibition in Kyiv. "We are discussing the proposal to increase [financial assistance to farmers] with the Finance Ministry. I think that soon it will be clear if these funds are provided," he said.

Kutovy said that the additional funds will be sent to small and medium agricultural market players.

"The financial assistance will be provided to producers [with a land bank of] up to 500 ha who cannot take commercial credits now," the minister said, adding that support of small farmers will be implemented in the form of cooperation. Ukrainian Prime Minister Volodymyr Groysman who also visited the exhibition said that farmers would receive additional funds from the state. Earlier Kutovy said that by autumn Ukrainian farmers will be able to receive promised UAH 450 million of assistance from the state if the Verkhovna Rada passes amendments to the national budget. ■

## UKRAINE IN 2015/16 AGRI-YEAR IS LARGEST EXPORTER OF WHEAT TO EU – OFFICIAL

Ukraine since early 2015/16 agricultural year (July 2015 – June 2016) has exported 1.637 million tonnes of wheat to the European Union (EU), Deputy Minister of Economic Development and Trade, Trade Representative of Ukraine Natalia Mykolska has wrote on her Facebook page. "According to data from our partners in the general Directorate of the European Commission, this agricultural year started on July 1, 2015 and will last until June 30, 2016. Ukraine is the largest exporter of wheat to the EU. A total of 1.637 tonnes or 49% of total imports to the EU was shipped, and we are ahead of the United States, Canada and Russia put together," she wrote.

She said that the Commission Implementing Regulation (EU) 2016/876 was published in official Journal. The coefficients will be applied to the quantities covered by the applications for Ukrainian wheat import licenses. She said that this means that Ukraine has used its quota for exports of wheat to the EU in the amount of 950,000 tonnes.

"It is very important that this does not mean that our grain exports to the EU halts. Supplies will continue as part of the global EU grain quota and beyond the quotas," she wrote. ■

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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