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GROYSMAN: UKRAINE IN SEPT TO LAUNCH INVESTMENT SUPPORT OFFICE UNDER COORDINATION OF MARKAROVA

Ukraine's Cabinet of Ministers in September 2016 intends to launch the investment support office with financial backing by equity funds managed by Western NIS Enterprise Fund (WNISEF, created in 1994 with seed capital of \$150 million paid by the U.S. government), Ukrainian Prime Minister Volodymyr Groysman has said.

"The goal is to create the entry point for attracting investment," he said opening a government meeting in Kyiv on Monday.

Groysman said that the governmental envoy will be appointed to coordinate the operations of the office with the government, ministries and other authorities. The Cabinet approved First Deputy Finance Minister Oksana Markarova for the post. She worked for 17 years in investment business, in particular in WNISEF, before coming to the Finance Ministry early 2015.

The prime minister said that foreign investors show their interest to Ukraine, but they demand some conditions.

He said that the task of the office is to bring an investor by hand to successfully implement a turnkey project if the investor shows interest.

Groysman said that the attraction of investment is crucially important to bring Ukraine from the state of the country with the raw material type of economy.

The prime minister said that experience of similar offices in the United States, Lithuania, Poland, Georgia, the Czech Republic and Germany was taken into account when the office in Ukraine was created. He said that the office will be located in the building of the government. Groysman said that on September 1, 2016, Markarova will present proposals on the director of the office and his or her team. ■



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INDONESIA INTERESTED IN UKRAINIAN TURBINES FOR GENERATING ELECTRICITY – INDONESIAN PRESIDENT

Indonesian President Joko Widodo says his country is interested in cooperation with Ukraine, namely in the manufacture of turbines that generate electricity. "We have considered the issue of cooperation of Indonesia with Ukraine in the areas of the manufacture of turbines for power generation," he told reporters after talks with Ukrainian President Petro Poroshenko. The Ukrainian president said, in turn, that the question of cooperation in the supply of power generating equipment had been discussed at the meeting. "Ukraine is a strong producer and reliable supplier of energy equipment to over 40 countries. We see active participation of Ukraine in the implementation of '35 Thousand Megawatts' project initiated by Mr. President [Joko Widodo]," Poroshenko said, saying that it was discussed in detail at meetings with his Indonesian counterpart. ■

UKRAINE, MALAYSIA INTENSIFYING TRADE AND ECONOMIC RELATIONS – POROSHENKO



Ukraine and Malaysia intend to intensify trade and economic cooperation between the two countries, Ukrainian President Petro Poroshenko has said.

"I am honored to be the first head of the Ukrainian state who visited Malaysia. I am very impressed with the high rate of economic growth in your country," he told reporters after talks with Prime Minister of Malaysia Najib Tun Razak. According to him, the talks were constructive and touched on a wide range of issues on the bilateral agenda, as well as regional and international security.

"I am pleased to inform you that we have fully agreed on the need to maintain an active dialogue at the highest level," Poroshenko said. According to him, the sides confirmed mutual interest in expanding the entire range of bilateral relations.

"Invigoration of trade and economic relations between the two countries is one of the key points in our agenda," the president said. According to him, Ukraine has much to offer Malaysia, ranging from joint participation in space programs, the supply of Antonov aircraft and other areas.

"During the negotiations we agreed on the need to speed up the launch of a joint Ukrainian-Malaysian trade committee. We expect its first meeting to be held next year," Poroshenko added. ■

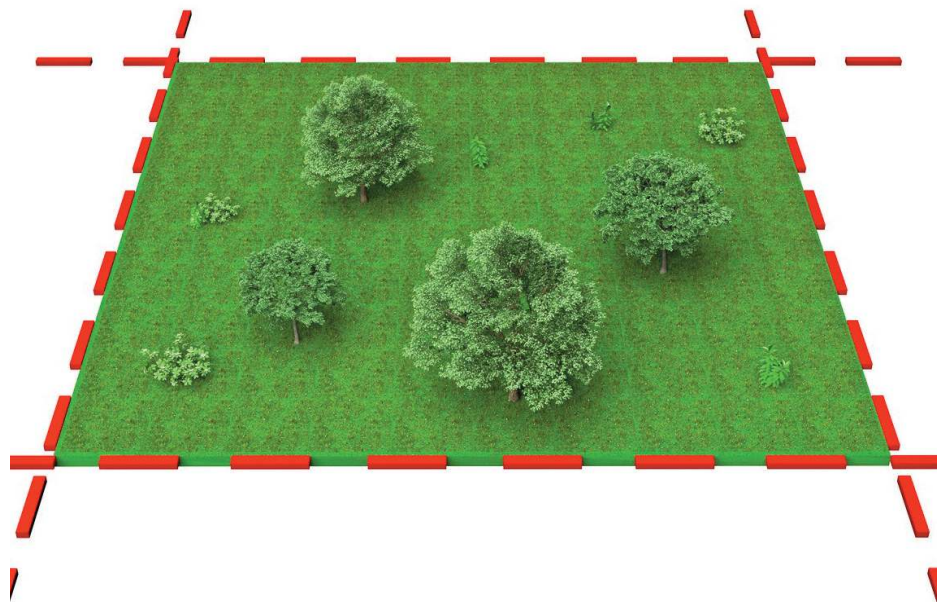
COMMERCIAL INDUSTRIAL BANK ATTRACTS FOREIGN INVESTOR

Commercial Industrial Bank (CIB, the ComInBank trademark, Kyiv) has attracted a foreign investor, the bank's press service has reported.

"On July 26, an agreement to acquire 100% of shares in CIB by a foreign investor was signed. Information will be submitted to the National Bank of Ukraine (NBU) on July 27. The name of the investor will not be disclosed until the deal is finalized," the bank said.

The press service said, referring to Board Chairman Hanna Venhlynska, that the foreign investor noted the transparency of procedures and observation of international doing business standards by the bank. The share capital registration procedure will meet Ukrainian legislation and NBU's requirements. The registration will be carried out after filing the relevant documents. CIB said that its net profit in H1 2016 totaled UAH 1.212 million. Commercial Industrial Bank was registered in 1993. ■

KYIV BUSINESS COMMUNITY, LOCAL COUNCIL MEMBERS ACHIEVE REDUCTION IN LAND TAX RATES



After consultations with the Ukrainian League of Industrialists and Entrepreneurs (ULIE) and Kyiv City Association of Industry, Construction, Transport and Communications "Kyiv," Kyiv City Council has ultimately voted for reduced tax rates for land plots from 3% to 1%. However, the decision will be applicable to certain sectors of economy, namely to the manufacture of computers, electronic and optical goods, electrical equipment. This is stated in a legal act on amendments to Kyiv City Council decision No. 242/5629 dated June 23, 2011, on local taxes and fees in the city of Kyiv.

The companies that work in the abovementioned sectors are most affected by the excessive tax burden because of their high-tech production and the need for large plots of land for full-scale operation.

President of the Association "Kyiv," ULIE Vice President Vitaly Mayko, stated that in recent years the cost of land for entrepreneurs has increased by 3-3.5 times. This made some companies work at a loss. At the same time, many companies need large plots of land and they cannot give up redundant areas as this is not stipulated in legislation (a law is needed for change of every single plot of land) and infrastructure should be maintained in good condition.

"The vast majority of businesses are competitive and can reach a new level of technology, innovation if normal conditions for development are created. We'll continue work in that direction," ULIE President Anatoliy Kinakh assured.

"To support industry in Kyiv is a right decision. Some of these companies are part of the Defense Ministry's complex, which is strategically important. Together with the ULIE, we've analyzed the condition of 12 such enterprises, held a round table meeting, visited the production sites, and explored the capabilities of their future development," Kyiv Council member Volodymyr Levin said.

According to the analysis, the capabilities exist and the potential is great. Thus, the reduction of tax on land for these industries will lower budget losses by UAH 57,355,320. However, if the fiscal pressure remains at the same level, there is a risk of the collapse of 80-85% of industrial facilities in the city, which will entail the loss of jobs and municipal earnings.

The decision will be in effect until January 1, 2017. However, its extension is not ruled out. Meanwhile, industrialists together with Kyiv Council members are working to introduce new initiatives aimed at supporting Kyiv's industrialists and entrepreneurs. ■

AIR BERLIN COULD START FLYING TO ODESA IN 2017 – SAAKASHVILI



Direct flights will be launched between Odesa and Germany's Paderborn in 2017. The Odesa airport and Paderborn city signed relevant memorandum, Odesa regional governor Mikheil Saakashvili has said. "The final phase of negotiations with Air Berlin is underway," he wrote on his Facebook page. Saakashvili said that Paderborn is located in the center of Germany and it is easy to get to Berlin, Dusseldorf, Dortmund and Amsterdam from it.

He added that he promised to attract 1 million of tourists to Odesa in 2016. He completed the task in advance. As reported, Bravo Airways (Kyiv) started flying on the Kyiv-Odesa route from July 15 and Belarus' Belavia increased the number of flights on the Minsk-Odesa route from 12 to 14 a week from August 1, 2016. Today the Odesa airport is building a new terminal that would be finished by late 2016. It is planned to reconstruct the runway.

The airport services flights of aircraft of around 20 Ukrainian and foreign airlines flying to 60 countries. Air Berlin is the second largest airline in Germany. It carries over 30 million passengers every year and services flights to 147 destinations. ■

EXPORTERS AWAITING FURTHER FOREX LIBERALISATION



Demands by Ukraine's business community that currency regulations should be improved for exporters have finally been heard. The national regulator on July 28 adopted new rules: the deadlines for payments under export and import contracts were extended from 90 to 120 days. Further, the limit on the sum of payments under import contracts that can be handled without the use of letters of credit was doubled to \$1 million. Yet, entrepreneurs claim, comprehensive and consistent solutions must be introduced to facilitate foreign trade.

This was emphasized by the Ukrainian League of Industrialists and Entrepreneurs and the Anti-Crisis Council of NGOs.

Entrepreneurs, business associations earlier demanded gradual and targeted liberalization of foreign currency regulations. They include a reduction in the share of earnings in foreign currency that has to be mandatorily sold, to 50%, and in some sectors further to 25%. They also insisted on the cancellation of the 90-day deadline for payments and the extension of terms for the return of forex earnings from export-import operations for companies with the long-term production cycle (the defense industry, machine engineering, etc.).

The demands were stipulated in an anti-crisis program of joint actions, which was drawn up and handed over to government officials; they were also mentioned in relevant letters, appealing to the National Bank of Ukraine (NBU) and the Cabinet of Ministers for joining the development and introduction of forex liberalization policy.

Indeed, stringent regulations by the NBU, which were in effect for a long period of time, were among the major causes behind a decline in exports in 2015 and the first half of 2016, according to producers. The rules were especially difficult to be fulfilled by companies with long-term production cycle, which have already seen a decrease in production and a reduction in orders in the past two years. Most buyers use the following principle in work with Ukrainian suppliers: commodities should be sold first, then payment is transferred, therefore it is often a complicated task to meet the 90-day deadline.

"Certainly, the liberalization is a positive step. But results will be tangible only if a free foreign exchange market is introduced in future. We hope relevant decisions will be taken soon, and the NBU remains committed to its pledges to follow that course," ULIE President and Chairman of the Anti-Crisis Council Anatoliy Kinakh said.

It must be noted that in addition to the extension of the terms of payments, the liberalization also introduced better conditions for payments under clients' import contracts, including advance payments. So far, banks have used only letters of credit if the sum of a payment exceeded \$500,000. Now, this rule is applicable only to the sum exceeding \$1 million. ■

KYIVSTAR SEES 34% RISE IN EBITDA IN Q2 2016



Kyivstar mobile operator saw a 34% rise in earnings before interest, tax, depreciation and amortization (EBITDA) in April-June 2016 year-over-year, to UAH 2.03 billion, the company said in a report. Revenue grew by 11%, to UAH 3.69 billion thanks to a rise of 14-15% in average revenue per user (ARPU), while the number of subscribers shrank by 2% year-over-year, to 25.4 million.

In H1 2016, Kyivstar increased EBITDA by 38%, to UAH 3.85 billion with growth of revenue by 12%, to UAH 7.16 billion. Capital investment almost halved (by 49%), to UAH 975 million, including a fall of 38% in Q2 2016, to UAH 727 million. Kyivstar said that increase of EBITDA margin to 54.9% is linked to a rise in revenue, reduction of expenses on interconnection and a fall in structural operating expenses.

"A rise in payments for frequency bands related to the 3G license, growth of utilities tariffs and rent rates and devaluation of the national currency affected operating expenses," the company said.

Revenue from mobile data transfer grew by 79% compared to Q2 2015, to UAH 262 million with retaining the number of subscribers at 800,000. The growth is linked to the development of 3G network, the launch of attractive tariffs and active promotion of offers for smartphones.

The company said that it expanded 3G network coverage in Q2 2016 with 48% of Ukrainian residents now having access to it.

The number of mobile Internet users decreased by 5% in a year, to 10.3 million, while data traffic grew by 83%, to 283 megabytes. Kyivstar said that competition on the Ukrainian telecommunications market is toughening, and the trend would grow. ■

4G TECHNOLOGY FIRST TESTED IN UKRAINE



Intelltelecom (the Giraffe trademark) jointly with Ericsson and Huawei on July 29 first tested LTE TDD 4G technology in the 2,300 MHz range in Ukraine. The company said in a press release that the highest speed of radio interface, voice and video calls and online high resolution video were tested at several terminals at once. “During the test the peak speed was 220 megabit per second. The highest possible speed with combination of 20 MHz + 20 MHz in the 2,300 MHz range could be 224 megabit per second,” the company said. Voice calls from LTE smartphone to another LTE smartphone, a GSM smartphone serviced by one of the Ukrainian mobile communications operators and a fixed communications phone were made.

The company said that 77 commercial networks in 43 countries are using LTE TDD standard now.

As reported, in February 2016 Ukrainian communications operators, including Intelltelecom, the National Commission for Communications Regulation (NCCR), Ukrainian State Center of Radio Frequencies (UCRF) and the research institute at the Defense Ministry signed an agreement with Britain’s Analysys Mason to conduct a study for the radio frequency spectrum for the implementation of the LTE communications standard (4G).

According to the public register, the founder and former president of Kyivstar Ihor Lytovchenko recently became the owner of Intellectual Communications LLC via Cypriot Magnilda Holdings Limited. ■

UKRAINE AGREES CONSTRUCTION OF NUCLEAR FUEL PLANT IN UKRAINE WITH WESTINGHOUSE



Ukraine has agreed an increase in supplies of nuclear fuel with Westinghouse and building a nuclear fuel plant in Ukraine in the future to avoid dependence on Russia, Ukrainian Energy and Coal Industry Minister Ihor Nasalyk has said. “We agreed to diversify supplies for almost half of nuclear reactors and to build a nuclear fuel plant on the territory of Ukraine,” he said at a press conference in Kyiv.

The minister said that the agreements were reached during his recent trip to the United States.

Nasalyk recalled that at present Russia supplies almost 95% of nuclear fuel to Ukrainian nuclear power plants (NPPs). The minister specified that Westinghouse is ready to discuss building of the nuclear plant in Ukraine.

“On August 18 I will fly to Kazakhstan where I will discuss, among other issues, the completion of the nuclear fuel plant in Ukraine. We have two sources. When we have two, it is better to work,” he said. As reported, in order to diversify sources of nuclear fuel supply for the country’s NPPs, Energoatom jointly with Westinghouse in 2000 launched the project for the qualification of this company’s fuel. In March 2008 Energoatom and Westinghouse Electric Sweden AB (Sweden) signed a commercial contract to ship fresh fuel to three or six reactors of Ukrainian NPPs in 2011-2015. In April 2014, the sides prolonged the contract until 2020.

At present, the Yuzhnoukrainsk NPP’s reactor three and Zaporizhia NPP’s reactor five are the only reactors that run on Westinghouse fuel. A plan to broaden the use of upgraded Westinghouse nuclear fuel assemblies (WR fuel assemblies) involves their use at reactor two of Yuzhnoukrainsk NPP in December 2016.

Energoatom operates all four active NPPs in Ukraine. It runs 15 power units equipped with pressurized water reactors with a total installed capacity of 13.835 gigawatts. ■

SALES OF BUSES IN UKRAINE GROW IN JULY

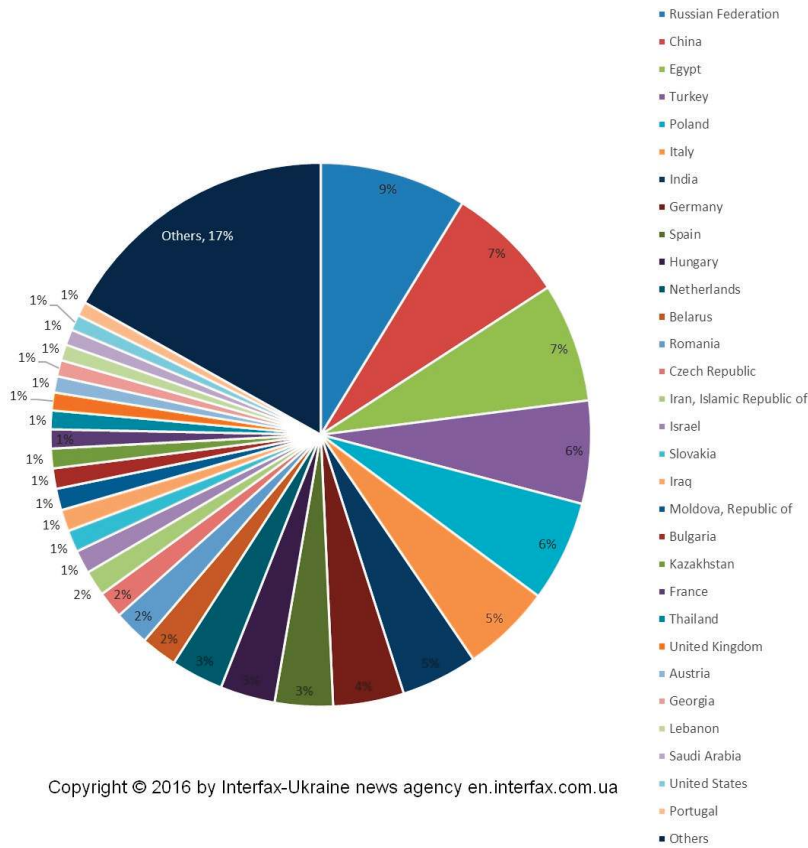
The new bus market in Ukraine in July 2016 totaled 98 buses, which is almost twice up year-over-year and 66% up on June 2016, according to the Ukrauto-prom association. The leader is Ataman bus made by Cherkasy Bus: 27 buses were sold compared to 10 in July 2015 (no bus was sold in June).

PAZ buses are second (25 buses sold compared to one bus sold in July 2015 and 14 in June 2016).

Ruta buses sales (on the basis of Russia’s GAZel) made by Chasiv Yar Bus Plant (Donetsk region) decreased by three compared to July 2015, to 13. Sales of Etalon fell by three to seven and sales of IVAN (made by ZAZ) buses to six. Electron Corporation appeared on the bus market in Ukraine in July (Lviv). The corporation made 11 Electron buses for Lviv. The association said that four Ford and two MAZ buses were sold in July, as well as three buses of other manufacturers.

According to Auto-Consulting Group, in July 2016 bus sales in Ukraine more than doubled, and in January-July 2016 some 405 buses were sold, which is 2.2 times up year-over-year. ■

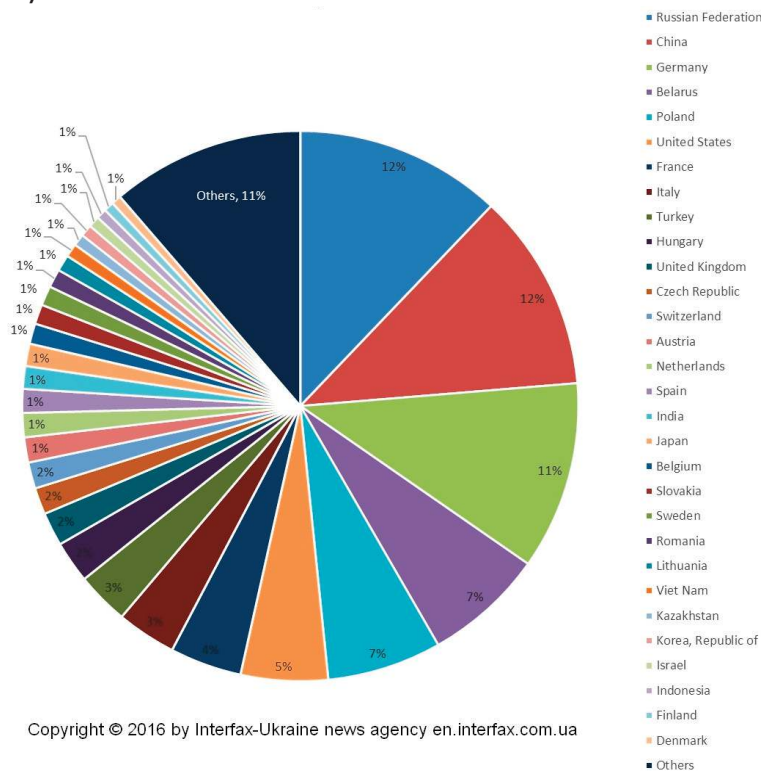
TOP-30 COUNTRIES BY SHARE OF UKRAINIAN EXPORTS, JANUARY-MAY 2016



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Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.
Source: State Statistics Services

TOP-30 COUNTRIES BY SHARE OF UKRAINIAN IMPORTS, JANUARY-MAY 2016



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Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.
Source: State Statistics Services

SWISS GERALD METALS, AUSTRALIA'S COMMODITY MINERALS TO OPEN OFFICES IN UKRAINE



International geological companies Gerald Metals from Switzerland and Commodity Minerals from Australia intend to open offices in Ukraine, Ukraine's State Service for Geology and Deposits has reported.

"The top priority direction for the State Service for Geology and Deposits for 2016 is the creation of a common geological catalog. The service attracts international geological companies. Two foreign companies have given their consent to open offices in Ukraine," the authority said in a press release.

Gerald Metals is a large global company producing non-ferrous and precious metals operating on five continents in 40 countries. The company has offices in 18 countries.

The authority added that negotiations with other geological companies are underway.

Head of the State Service for Geology and Deposits Mykola Boyarkin said at a meeting with representatives of the U.S. Embassy this week devoted to the problems of unlawful production of amber that there is a proposal to increase the issue of permits to use deposits by the State Service for Geology and Deposits. Geological information for the investor should be prepared.

"The service is working on the creation a common 'geological library' – digitizing the geological data catalog and involving large geological companies. These companies would prove that it is worth to invest in our country by their presence on the Ukrainian market," he said. ■

NIKOPOL FERROALLOY PLANT LOOKING FOR NEW MARKETS – DIRECTOR GENERAL



UKRAINIAN MINING-METAL COMPANY: UKRAINIAN ROLLED METAL PRODUCTS MARKET SEES 35% RISE IN H1 2016



Nikopol Ferroalloy Plant (Dnipropetrovsk region) is looking for new markets due to a fall in sales in Ukraine related to instable operation of metal companies caused by hostilities in the Anti-Terrorist Operation (ATO) zone. Board Chairman and Director General of Nikopol Ferroalloy Plant Volodymyr Kutsyn said in an interview with the *Elektrometallurh* newspaper published by the Ukrainian Association of Ferroalloy and Other Electrometallurgical Products Manufacturers on Thursday that the Ukrainian market depends on hostilities.

“In June due to difficulties in the operations of railways almost all metal companies were idle. This resulted in steel production decline by 15% that month. The restricted Ukrainian market forces use to look for new foreign markets. There are these markets: we work with the Far East, continue cooperating with South Korea, Taiwan, Malaysia and Philippines. These are new markets. We develop relations with traditional partners – Turkey, the United States, Egypt, Arab Emirates and the whole of Europe,” Kutsyn said.

He said that the exports share today is around 70%. Earlier the share of silicon manganese made by the enterprise reached 20% of the global market, while today is less than 18%. The plant supplies its products to more than 60 countries, almost all the state that smelt steel (around 70 countries on the list of the World Steel Association).

“As for prospects, we have many ideas, but they require large investment. We sought to install ferrofluid cogeneration station. We had to burn it, but this is wrong from the point of energy saving and environment friendliness. This project could cost \$70-80 million. It is still an idea,” he said.

He said that the electricity tariff increase decreases the opportunities for modernization and stable operation, as ferroalloy production is energy intensive: the share of electricity of the cost production is around 30%. Kutsyn said that the plant sent UAH 1.126 billion of taxes and duties in 2015, including UAH 92.51 million to the local budget. ■

FMU LAUDS ECONOMY MINISTRY’S ACTIVE STEPS IN STIMULATING EXPORTS OF UKRAINIAN METAL PRODUCTS

The Federation of Metal Companies of Ukraine has pointed out the success of the policy conducted by Ukraine’s Economic Development and Trade Ministry to protect the interests of Ukrainian metal companies on foreign markets. FMU Head Serhiy Bilenky wrote his Facebook page the success provided an opportunity to praise the ministry. .

“Deputy Minister Natalia Mykolska can take credit for her work to stimulate exports of Ukrainian metal products. Mining and metal enterprises and companies from other industrial sectors are thankful for her work to promote protection from antidumping investigations in India, Pakistan, the EAEU (the Eurasian Economic Union), on free trade zones with Turkey and Israel and the expansion of trade with Canada, as well as the regional convention on origin of goods,” Bilenky said. He said he hoped the ministry will help with the antidumping investigation into hot-rolled flat iron started by the EU. ■

The Ukrainian rolled metal products market grew by 34.8% in January-June 2016 year-over-year, to 1.93 million tonnes, not taking into account pipes or to 2.15 million tonnes with pipe production, private joint-stock company Ukrainian Mining-Metal Company (Kyiv) has said in a press release. Over the period growth in imported goods supplies was 58%, to 31,000 tonnes.

“In H1 2016, the imports goods share was 16.3% compared to 13.9% in H1 2015. The upward trend was seen in supplies of beam channels (a rise of 90.8%), angles (a rise of 21.4%), channel bars (a rise of 36%), hot-rolled steel (a rise of 52.6%), galvanized steel (a rise of 56.5%), cold-rolled steel (a rise of 42.5%), rods (a rise of 18.2% and grids (a rise of 32.1%),” the press service said.

According to data from state-run enterprise *Ukrpromzovnisheksperytyza*, 2.37 million tonnes of Ukrainian rolled steel in 2015, 740,000 tonnes of imported rolled steel, and in 2014 – 3.22 million tonnes and 1.13 million tonnes respectively.

Ukrainian Mining-Metal Company was founded in 1998. It is a leader among Ukrainian metal traders in rolled steel and pipe sales.

CABINET APPROVES STATE ORDER FOR 64 RESEARCH AND TECHNOLOGY INVENTIONS AND PRODUCTION FOR 2016



The Cabinet of Ministers of Ukraine has approved the state order for 64 scientific and technical (experimental) inventions as well as scientific and technical production in 2016. The corresponding decision was taken at a government meeting. Minister of Education and Science of Ukraine Liliia Grynevych said the inventions would be launched in 2016 and completed by 2018. State order is provided, among other things, for eight innovations in the field of information and communication technologies, 10 – in the power industry and energy efficiency, 5 – in the rational use of natural resources, 10 – in the life science and diseases prevention and 13 – in new substances and materials. According to the minister, the implementation of the state order does not provide for additional state budget expenditures. ■

GOVERNMENT TO BUILD UNIT FOUR OF DNISTROVSKA HYDROELECTRIC PUMPED STORAGE POWER PLANT BEFORE 2020



The government intends to build unit four of Dnistrovaska hydroelectric pumped storage power plant before 2020. This is outlined in the hydroelectric generation development program until 2026 approved by government resolution No. 552-r dated July 13.

According to preliminary calculations it will cost UAH 2.796 billion. The capacity of the unit will be 324 MW in generating mode and 421 MW in pumping mode. In 2016-2023, the government seeks to build Kaniv hydroelectric pumped storage power plant with a capacity of 1 GW. Its cost is UAH 11.98 billion (\$1.5 billion in the prices of 2013).

The government will approve the revised project on the completion of hydroelectric unit three of Tashlyk hydroelectric pumped storage power plant at the end of this year. According to the program, a feasibility study for construction of Kakhovka hydroelectric pumped storage power plant two is being drafted. The approximate cost of the project is EUR 420 million. The projected capacity is 250 MW. The project will be implemented in 2019-2014. The government also plans to build six channeling hydroelectric power plants with a total projected capacity of 390 MW on the upper reaches of Dnipro River (the preliminary cost is EUR 1.1 billion).

The program also envisages the second phase of reconstruction of hydroelectric power plants of Ukrhydroenergo (76 units). ■

DUTCH YUZGAS WINS TENDER TO DEVELOP YUZIVSKA FIELD

Yuzgas B. V. (the Netherlands) has won a tender to select an investor to implement the product sharing agreeing (PSA) and extract hydrocarbons on the Yuzivska field (Donetsk and Kharkiv regions). “After receiving the approval from Ukraine’s Cabinet of Ministers the winner of the tender, Yuzgas B. V., will become the full participant of the PSA,” Nadra Ukrainy said on its website.

Nadra Ukrainy said that the selection panel consisted of heads of profile ministries, Nadra Ukrainy, Nadra Yuzivska LLC and lawmakers.

The company said that after the official withdrawal of Shell in September 2015, Nadra Yuzivska had 100% of rights and liabilities under the PSA. 90% of Nadra Yuzivska belonged to Nadra Ukraine and 10% to SPK-Geoservice.

On October 23, 2015, SPK-Geoservice decided to leave Nadra Yuzivska as a shareholder and today the sole owner of the company is Nadra Ukrainy.

The founder of Yuzgas B.V. is Emerstone Energy, part of Emerstone Capital Partners of businessman Jaroslav Kinach. Kinach is also president of Iskander Energy that sought to restore methane wells in coal beds of Donetsk region. In 1990s he was Ukraine Country Head of the European Bank for Reconstruction and Development (EBRD) in Ukraine. The area of the Yuzivska field is 7,886 square kilometers. ■

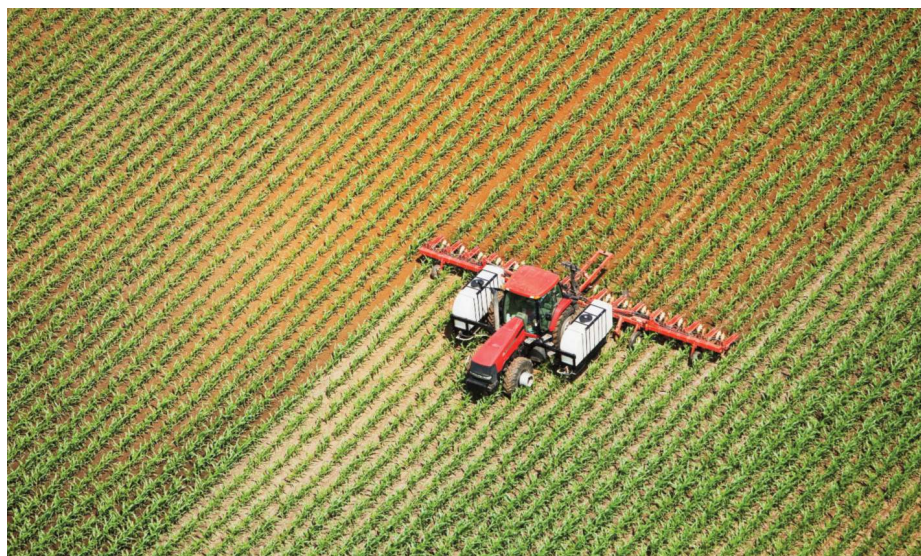
UKRAINIAN AEROSPACE SECTOR SEES 47% RISE IN PRODUCTION IN H1 2016

Enterprises forming Ukraine's aerospace sector saw a combined 47% rise in production in January-June 2016 year-over-year, to UAH 1.35 billion, the press service of the State Space Agency of Ukraine (SSAU) has reported. Sales in H1 2016 grew by 39.6%. The exports share was around 60% of total sales, and this was 1.5 times up year-over-year. The key exporters were State Scientific Production Enterprise Kommunar Corporation, Pivdenne Design Bureau, Hartron and Special Device Production State Enterprise Arsenal.

Enterprises engaged in the provision of communications and engineering services, researches added to production growth: Arsenal, Dniprovsky Design Institute, Instrumental Building Technology Scientific and Research Institute, Pivdenne Design Bureau and Ukrkosmos.

The agency said that today it manages 26 aerospace enterprises and institutions, including 17 state-run enterprises, four joint-stock companies and five budget-funded institutions. In 2015, production by aerospace enterprises in Ukraine grew by 1.8%, to UAH 2.9 billion, and sales rose by 5.7%, to UAH 3.05 billion. ■

OSTCHEM: DEMAND ON FERTILIZERS ON UKRAINIAN MARKET 20% UP IN H1 2016



Demand on fertilizers on the domestic market grew by 20% in January-June 2016, the press service of Group DF has reported, referring to Marketing, Strategic Analysis and Planning Director at Ostchem Maria Bezzubova. "According to our assessments, in the first six months of 2016 demand on the domestic market grew by 20% on average, and even more for some products. For example, consumption of urea by the domestic market was over 550,000 tonnes compared to 450,000 tonnes year-over-year, consumption of ammonia nitrate was around 790,000 tonnes compared to 642,000 tonnes in H1 2015," the press service said, citing Bezzubova.

She said that demand on multiple-nutrient fertilizers is also growing. The Ukrainian market consumed over 320,000 tonnes of urea-ammonium nitrate (UAN) compared to 275,000 tonnes in H1 2015, 75,000 tonnes of limestone ammonium nitrate (LAN) compared to 87,000 tonnes and around 650,000 tonnes of NPK fertilizers compared to 420,000 tonnes.

Bezzubova said that competition on the Ukrainian market in 2015-2016 has toughened: the capacities of Ukrainian plants cover domestic demand, but imports, mainly from Russia, is swelling.

"There is no secret that we see lobbying. Russian rival importers protect their interest and actively import fertilizers. The Ukrainian market is the largest nearest market for Russian producers. The incomparably low price of raw material – natural gas – allows them to compete here with any prices," she said. Ostchem is a managing company that coordinates operation of nitric chemical enterprises belonged to Dmytro Firtash's Group DF. ■

ARTYOMSOL EXPORTS 16,100 TONNES OF EDIBLE SALT SINCE EARLY 2016



Shipments of edible salt to Russia by Ukraine's state-run enterprise Artyomsol totaled 16,100 tonnes in January through July 2016. "Artyomsol exports its products to 18 countries. These are CIS countries and EU countries. 329,200 tonnes of salt was shipped to Russia in the first seven months of 2016, including 16,100 tonnes of edible salt," the company's press service told Interfax-Ukraine. In June and July 2016 Artyomsol salt production exceeded the target. Some 30% of salt was shipped to the domestic market and 70% were exported.

The company said that the top-priority task for this year is the reconstruction and modernization of all mines. This year the company seeks to start producing a new type of products – purified ground salt that will be delivered to the domestic market and for exports. On January 26, 2015, Russia's Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) imposed a ban on imports of edible salt made by Artyomsol and in summer 2016 the company resumed supplies to Russia. Artyomsol is the largest enterprise engaged in the production and sale of salt (NaCl) in Central and Eastern Europe. ■

UKRAINE'S AGRICULTURE MINISTRY INCREASES GRAIN HARVEST FORECAST FOR 2016 BY 1 MLN TONNES



Grain harvest in Ukraine could be 61 million tonnes, according to assessments of Ukraine's Agricultural Policy and Food Ministry. This is 1 million tonnes more than the forecast presented earlier.

"According to tentative data from the regions, gross grain harvest in Ukraine in 2016 would be within 61 million tonnes. This would completely satisfy the needs and state food security. A good potential for supplies to foreign markets retains," the press service of the ministry reported last week. The ministry said that as of July 29, 2016, Ukraine threshed 29 million tonnes of early grain and leguminous crops on 7.6 million hectares. Average yield is 37.9 centners per ha (34 centners per ha in 2015). Some 19.9 million tonnes of wheat were threshed on 4.9 million ha with the yield of 40.8 centners per ha. Some 8.2 million tonnes of barley were threshed on 2.5 million ha with the yield of 33.1 centners per ha (29.2 centners per ha in 2015). Around 705,000 tonnes of peas were harvested from 223,000 ha (93% of the target) with the yield of 31.7 centners per ha (22.3 centners per ha).

Some 153,000 tonnes of rye were threshed on 60,000 ha with the yield of 25.7 centners per ha, and some 78,000 tonnes of oats were threshed on 31,000 ha with the yield of 25.2 centners per ha. Some 1 million tonnes of winter rapeseeds were threshed on 395,000 ha (87%) with the yield of 26.2 centners per ha. ■

IDS BORJOMI UKRAINE TO INVEST OVER UAH 138 MLN IN PURCHASE OF MINERAL WATER BOTTLING LINES

Pivate joint-stock company Industrial and Distribution Systems (IDS), part of IDS Borjomi Ukraine, will supply equipment worth over UAH 138 million to Myrhorod mineral water plant and Morshyn mineral water plant Oscar. According to a report of Oscar plant, a 1.5-liter PET mineral water bottling line with a capacity of 44,000 bottles per hour will be bought. The cost of the line is UAH 70.94 million.

Industrial and Distribution Systems will supply a 1.5-liter PET mineral water bottling line with a capacity of 34,000 bottles per hour to Myrhorod mineral water plant. The cost of the line is UAH 67.54 million.

IDS Borjomi Ukraine was founded late 2004 after uniting Myrhorod mineral water plant, Morshyn mineral water plant Oscar, Industrial and Distribution Systems and ISD Aqua-Service. In 2008, IDS Borjomi Ukraine finished consolidation of Truskavets water bottling plants and created Truskavets mineral water plant. IDS Group, which is part of IDS Borjomi International, produces mineral water carrying the labels Morshinska, Mirgorodska, Truskavetska, Stary Myrhorod, Alaska, Sorochynska. It is an exclusive importer of Borjomi mineral water to Ukraine. ■

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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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