



UKRAINE OPEN FOR BUSINESS

Biweekly news digest

22 January 2019

Farmak seeks to enter U.S. market by late 2019



PJSC Farmak by the end of 2019 plans to pass the FDA inspection to enter the U.S. market, CEO Volodymyr Kostiuk said at a press conference on Friday.

"This year we plan to pass the U.S. inspection. The share of our exports in 2018 amounted to 25% of total sales. We exported products to different countries. This year we plan to enter the U.S. market," he said.

Kostiuk also said that Farmak plans to cooperate with the European Bank for Reconstruction and Development (EBRD) and increase investment in the development of innovative technologies of the company.

"In 2019, we plan to invest UAH 1.045 billion, including thanks to cooperation with the EBRD. The funds will be sent to complete works at pill production facilities. The liquid medicine project is entering the active phase. We start building a new office and laboratory complex and continue investing in IT," Kostiuk said. He said that the company plans to expand its product line and propose 23 new products in 2019.

HEADLINES



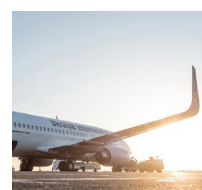
TESLA SUPERCHARGER CHAIN TO SPREAD TO EUROPE IN 2019, INCLUDING UKRAINE – MUSK



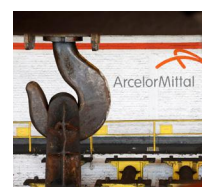
UKRAINE RAISES ELECTRICITY EXPORTS BY 20%



NEW COMMERCIAL VEHICLE MARKET IN UKRAINE EXPANDS BY 10% IN 2018



UKRAINIAN AIRLINES CARRIES 12.5 MLN PASSENGERS IN 2018



ARCELORMITTAL INCREASE INVESTMENTS IN UKRAINE BY 31% IN 2018



NIBULON TO BUILD PORT COMPLEX IN OCHAKIV

Ukrainian banks see 11-fold rise in profit in Jan-Nov

Profit of Ukrainian banks in January-November 2018 totaled UAH 20 billion, and this is an 11-fold rise year-over-year, First Deputy Governor of the National Bank of Ukraine (NBU) Kateryna Rozhkova has said.

"The sector this year will make profit, which can be a record for more than 10 years. And most importantly it is real profit!" she wrote on her Facebook page.

According to her, the year is not over yet, so various adjustments are possible, including the expenses on creating reserves, but the growth of interest income by almost 20% and commission income by 25% indicates that the banking sector is gradually but surely recovering. Rozhkova predicted that in 2019, the sector income will remain high, although high interest rates will put pressure on income of banks.

Real wages in Ukraine 11.4% up in Nov

Real wages in Ukraine in November 2018 compared with November 2017 increased by 11.4%, compared with October 2018 it increased by 2%, the State Statistics Service has reported. According to the service, the average nominal wage of full-time employees in November 2018 compared with the previous month decreased by 0.6%, in annual terms it grew by 22.5%, reaching UAH 9,161, whereas in October it was UAH 9,218, in September it amounted to UAH 9,042, in August UAH 8,977, in July some UAH 9,170, June some UAH 9,141, May some UAH 8,725, April some UAH 8,480, March some UAH 8,382, February some UAH 7,828, and in January some UAH 7,711.

According to statistics, the largest rise in the average wage of full-time employees in November 2018 compared with November 2017 was observed in Poltava (by 27%), Zaporizhia (by 26.1%), Vinnytsia (by 26%), Kyiv (by 25.1%).

The highest level of wages in the past month was recorded in Kyiv at UAH 13,897, the lowest one in Chernivtsi region with UAH 7,221.

Ukrainian currency – second most undervalued currency in the world – Economist's Big Mac Index



The enormous purchasing power of the dollar in Ukraine is confirmed by The Economist's latest Big Mac Index. In a survey of 50 major economies, plus the Euro zone, Ukraine has the second most undervalued currency, bested only by Russia.

In a gauge of purchasing power parity, the hryvnia is 65% below where the dollar exchange rate should be. Instead of 28 hryvnia to the dollar, the Index says the hryvnia exchange rate should be about 10 hryvnia to one dollar.

By comparison, the Russian ruble is 70% undervalued, the Turkish lira is 64% undervalued, and the Moldovan leu is 59% undervalued.

Ukraine gets EUR 350 mln under IBRD guarantee – Finance Ministry

Ukraine has attracted a loan of EUR 349.3 million from Deutsche Bank under the guarantee of the International Bank for Reconstruction and Development (the IBRD, the World Bank structure), according to the website of the Ministry of Finance.

According to the ministry, the funds were received in two tranches: an A tranche in the amount of EUR 53.2 million with a maturity of four years and a B tranche in the amount of EUR 296.1 million with a maturity of ten years (four years and six months after the funds are raised, the loan is subject to gradual repayment in certain amounts every six months).



Part of the guarantee of \$375 million in euro equivalent of the World Bank's total guarantee in the amount of \$750 million was used for the loan.

The Ministry of Finance also said that attracting another loan under the unused part of the World Bank guarantee is expected in the first quarter of 2019. As reported, the World Bank Board of Executive Directors on December 18, 2018 approved the provision of guarantees to Ukraine in the amount of \$750 million in support of state policy.

Kyiv city to receive \$100 mln from intl donors for modernization of heat and energy complex



Kyiv Mayor Vitali Klitschko, municipal enterprise Kyivteploenergo and international partners – the U.S. Agency for International Development (USAID), the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) – have signed a memorandum on the development of the heat and energy complex, under which Kyiv city will receive \$100 million.

The press service of the Kyiv City Administration reported on Thursday that the document envisages international cooperation in modernization and development of the Kyiv's heat and energy complex.

According to the report, under the memorandum, it is planned to build up an interim financial package of \$100 million, which will finance the priority work on modernization.



"Kyiv lays the foundation for international cooperation in the modernization and development of the heat and power complex of the city. We are designing a plan to turn Kyivteploenergo into a European-level company that will provide high-quality services," Klitschko said.

Foreign Service Officer at the USAID Farhad Ghaussy said that the United States actively supports the creation of an adequate level of Kyiv's energy security.

Tesla Supercharger chain to spread to entire Europe in 2019, including Ukraine – Musk



The Tesla Supercharger chain of Tesla Inc. would spread to the entire Europe in 2019, including Ukraine, Tesla CEO Elon Musk has said.



“Most people don’t know that the Tesla Supercharger network allows easy long distance travel throughout USA, most of Europe, Canada and China... Yes. Supercharger coverage will extend to 100% of Europe next year. From Ireland to Kyiv, from Norway to Turkey,” he wrote in his Twitter microblog.

In one of his tweets he posted a link to the tesla.com website, where in the charging locations section two of the charging locations in Ukraine are marked in grey (soon to appear). The two locations are on the E40 highway. The first one is Oparypsy (a village in Rivne region) and the second one is Zhytomyr (near the village of Hlybochysia, Zhytomyr region).

The Tesla Superchargers chain is a chain of charging locations built by Tesla Inc. for super charging batteries of Tesla electric cars (models S, 3 and X).

Ukraine raises electricity exports by 20%

Ukraine in January-November 2018 increased electricity exports by 19.8% (by 931.2 million kWh) compared to the same period in 2017, to 5.639 billion kWh, the Ministry of Energy and Coal Industry has told Interfax-Ukraine.

The supply of electricity from the Burshtyn TPP energy island towards Hungary, Slovakia and Romania increased by 21.9% (by 625.2 million kWh), to 3.474 billion kWh.

Export of electricity to Poland increased by 65.5% (by 424.6 million kWh), to 1.291 billion kWh.

Electricity supplies to Moldova amounted to 873.8 million kWh, which is 19% (204.8 million kWh) less than in January-November 2017.

New commercial vehicle market in Ukraine expands by 10% in 2018



The primary registration of commercial vehicles in Ukraine (new and used ones) in 2018 grew by 20% compared with 2017, to 51,500 vehicles, the Ukrautoprom association has reported. The association said that the share of new vehicles was only 25% of primary registrations of commercial vehicles: demand in the segment grew only by 10%, to 12,700 units, while registrations of imported used vehicles rose almost by 25%, to 38,800.



Renault became the leader in new vehicle registrations last year, with 2,429 license plates being issued – 13% more than the year before, Fiat ranked second: 1,327 registrations and an increase of 13%.

Mercedes-Benz closed the top three leaders: 1,047 new vehicles were sold (a rise of 28%).

Renault is leading in the segment of used imported cars: for the year, 9,407 vehicles received Ukrainian registration, which is 30% higher than last year.

The second most popular brand was Volkswagen, which registered 4,941 vehicles (15% more).

Mercedes-Benz is in third place, as in the market for new vehicles, with 4,911 units (a rise of 22%).

DTEK Oil & Gas extracts 1.6 bcn of gas in 2018

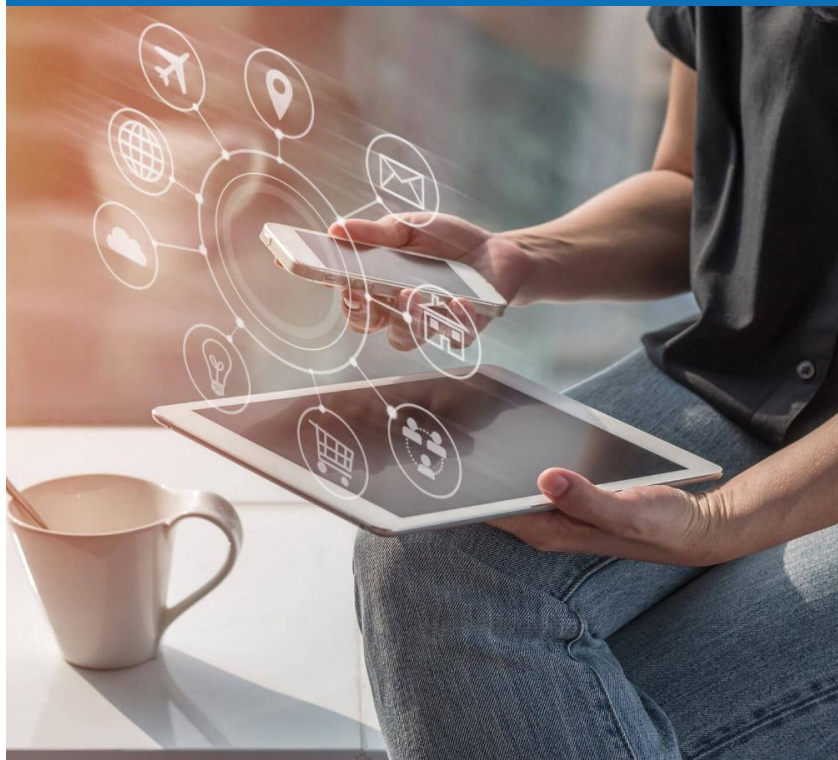
DTEK Oil & Gas extracted 1.649 billion cubic meters (bcm) of natural gas in 2018, which is almost the same as in 2017 (1.65 bcm), the company's press service has reported. The press service said that in general, the gas production target was met by 103%.

The company produced 51,500 tonnes of gas condensate, which is 4.6% less than in 2017 (54,000 tonnes).

At the end of the year, DTEK Oil & Gas drilled wells No. 25 and No. 61 at the Semyrenkivske field, finalized an investment project for the construction of a propane-refrigeration unit, which was launched at the Olefirivska gas pre-treatment unit in September 2018.

In addition, major overhauls were carried out to intensify production at the existing well stock, as well as a condensate stabilization gas utilization compressor at the Olefirivska gas pre-treatment unit and Semyrenkivske gas pre-treatment unit were equipped and launched, which make it possible to increase the environmental friendliness of the fossil fuel production process.

Eight Ukrainian startups representing Ukraine at the world's largest consumer electronics exhibition in Las Vegas



India could expand a portfolio of generics exported to Ukraine thanks to medications that lost patent protection of innovative drugs, which will become available before 2020, President of the Indian Eight Ukrainians startups are representing Ukraine at one of the world's largest consumer electronics exhibition Consumer Electronics Show (CES) in 2019, which is taking place in Las Vegas, Nevada, the press service of the Ukrainian embassy in the United States has said.

"Ukraine is represented by its own technology stage Ukraine Tech Pavilion at one of the world's largest consumer electronics exhibition Consumer Electronics Show 2019, which is taking place in Las Vegas, Nevada, from January 8 to 11," the embassy said in a statement.

The startups are presenting various ideas and developments from modular lighting of photo studios to a food 3D printer, according to the statement.

"The participation of the Ukrainian companies in such a large-scale event as CES 2019 demonstrates the importance of developing the innovative vector in Ukraine's cooperation with the United States and the interest of potential investors in Ukrainian ideas," the embassy said.

Ukrainian seaports increase cargo handling in 2018

The seaports of Ukraine in 2018 handled over 135 million tonnes of cargo, which is 2.4 million tonnes or 1.8% more than in 2017. According to live information from the Ministry of Infrastructure, posted on its website, exports in ports amounted to 98.9 million tonnes, which is 383,000 tonnes more than last year, imports to 23.78 million tonnes.

In 2018, transshipment of containers in Ukrainian seaports amounted to 10.93 million tonnes (container handling grew by 11%).

Domestic shipments between the seaports of Ukraine amounted to 2.1 million tonnes, which is 14% (260,000 tonnes) more than last year. Dredging works are continuing at nine sites in the seaports, two projects in the ports of Olvia and Kherson have been prepared for concession. The number of ship journeys along the Dnipro River was 16,390, which is 11% more compared to last year. In general, in 2018 about 10 million tonnes of cargo were transported by river.

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KPMG-Ukraine boosts revenue by 39%

KPMG in Ukraine in the 2018 fiscal year (ended on September 30, 2018) boosted revenue by 39%, to UAH 473 million and increased the number of employees, the company said in a statement on its website. The segment of advisory services showed the highest growth rates, as well as revenue from audit, tax and legal advice, the company said.



“The gradual integration of Ukraine into the EU is reflected in the improvement of business practices of Ukrainian companies, which, in turn, increases the demand for qualified advisory services,” the statement quoted Managing Partner at KPMG in Ukraine Andriy Tsymbal as saying.

In 2018 KPMG in Ukraine increased the number of its employees by 289, of which 167 are university graduates and entry-level specialists.

Ukrainian airlines carries 12.5 mln passengers in 2018



Ukrainian airlines carried around 12.5 million passengers in 2018, which is 18% more compared with 2017, according to tentative data from the Infrastructure Ministry of Ukraine posted on its website. According to the report, passenger flow via the country's airports first in the history exceeded 20 million passengers, growing by 25%, to 20.55 million people.



Transportation of cargos and mail grew by 21%, to 100,000 tonnes.

The share of low cost airlines of the total services provided increased to a record hitting 30%. Growth in passenger flow at the Lviv international airport was 48%, and 1.598 million passengers used airline's services. The passenger flow of the Boryspil international airport was 12.6 million passengers in 2018, which is almost 20% more than in 2017. As reported, in January-September 2018, Ukrainian airlines boosted passenger transportation by 18.1% year-over-year, to 9.671 million people.

Ukraine sees 15% rise in forex earnings from ferrous metal exports in 2018

Ukrainian metal companies saw a growth of 14.7% in foreign currency revenues from exports of ferrous metals in 2018 year-over-year, to \$9.937 billion. According to customs statistics published by the State Fiscal Service, the share of ferrous metals of total income from exports was 20.99% compared to 20.03% from a year ago.

In December 2018 alone, receipts from ferrous metal exports amounted to \$760.141 million.

In 2018, Ukraine increased imports of similar products by 20.4%, to \$1.367 billion including imports reaching \$101.118 million in December.

In 2018, Ukraine increased metal products exports by 32.8%, to \$1.11 billion including December deliveries being \$85.976 million. In 2018, imports of metal products grew by 19.9%, to \$967.674 million, including December imports worth \$81.192 million. As reported, in 2017, Ukraine saw its forex earnings from ferrous metal exports rise by 20%, to \$8.666 billion. Ukraine saw imports of these products increase by 42%, to \$1.135 billion.

ArcelorMittal increase investments in Ukraine by 31% in 2018

PJSC ArcelorMittal Kryvyi Rih (Dnipropetrovsk region) in 2018 increased its capital and operating expenses by 31.6% compared to 2017, to \$443.4 million from \$337 million. According to a press release of the company, \$348.8 million were capital investments, \$94.6 million were operating costs.

In 2019, the company intends to invest more than \$450 million.

At the same time, the press service clarifies that one of the key projects in 2018 is the construction of two new continuous casting machines worth about \$144 million. Hot tests of one of the continuous casting machines will begin in February of this year. It is also planned to complete the reconstruction of small section mill No. 250-4 in spring, the volume of investments in it will be about \$55 million.

State Forest Agency regenerates 44,000 ha of forests in 2018

The State Forest Resources Agency of Ukraine has regenerated 43,700 ha of forests in 2018 with 40,000 ha of clear logging in 2017, the agency has reported on its website. According to the agency, 1,900 ha of trees planted in 2018 are new forests.



"The volume of forest renewal over the past five years amounted to 251,000 hectares, which is 11% more than the area of clear logging (227,000 hectares)," the State Forest Resources Agency said.

At the same time, the agency said that there is a tendency that the area of degraded plants is expanding, therefore, in the future, an increase in the timber harvesting volume is possible. At the same time, the State Agency is initiating a transition from clear logging to gradual and selective logging systems.

"In recent years, in the Carpathian region, gradual and selective logging systems were used more widely, reaching about 60% of the area," the agency said.

It indicates that the data are given for forests at the disposal of the State Forest Resources Agency – 7.6 million hectares, or 73% of the Forest Fund of Ukraine. Data on forests in the temporarily occupied territories of the country is not available.

Expert predicts changes of focus in structure of grain

UkrAgroConsult in the current year expects a recovery in barley production, an increase in wheat production and a slight decrease in corn production. "In 2019, the focus will probably change. We expect recovery in barley production, growth in the wheat harvest and, most likely, some decline in corn production. But the overall supply of grain from Ukraine will remain in a growing trend, Ukraine will remain a strong player in the global agricultural market," founder and CEO of UkrAgroConsult Serhiy Feofilov said.

According to him, four seasons in a row Ukraine has been collecting record grain yields. After a slight decrease in harvest in 2017, the gross grain harvest showed a record high again.

"Of course, if to exclude weather disasters, there is every chance to further increase production. Technologies do not stand still and help reduce the risks of farmers," he said.

The director general said that the record high harvest revealed weak points in Ukrainian logistics, which in the conditions of the record harvest could not cope with the efficient transportation of grain to elevators and ports. The second "problem area" was insufficient storage capacity, especially in the midst of harvesting a record harvest of corn and sunflower.

Ukraine increases grapes processing by 1.2% in 2018

Grapes processing in Ukraine last year (excluding the temporarily occupied territory of Crimea and Sevastopol, part of the JFO area) increased by 1.2% compared with 2017, to 274,052 tonnes.

According to the State Statistics Service, out of the total amount of grapes processed for wine materials, 26.2% were actually harvested by enterprises, and the rest was purchased from households.



Odesa region last year processed 52.2% of grapes, Mykolaiv region some 35.8%, while Kherson 10.8% of the total volume.

Wine production in 2018 rose by 5.5% compared with 2017, to 19.75 million decaliters, of which 47% are table wine materials, 25.7% materials for champagne and sparkling wine, and 25.3% are wine materials for cognac.

Ukraine in 2018 imports 290,000 tonnes of frozen fish worth \$351 mln

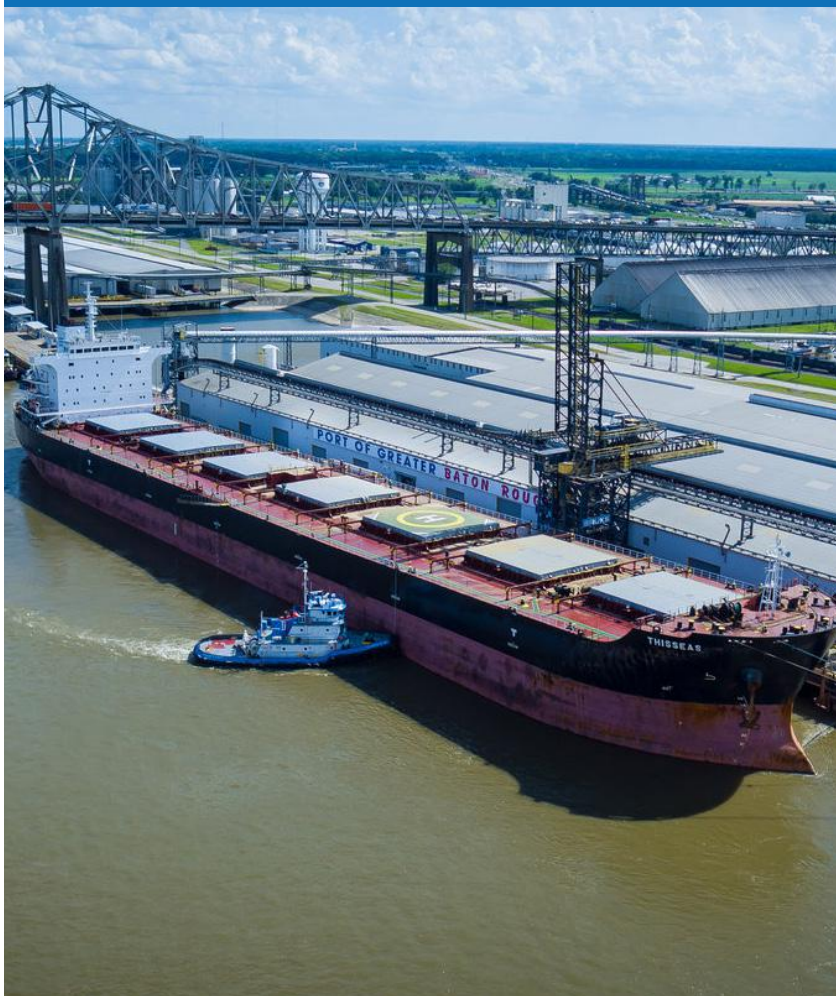


Ukraine in 2018 imported 290,600 tonnes of frozen fish, which was 14.9% more than a year earlier, the State Fiscal Service of Ukraine has said. The imports in monetary terms increased by 18.7% from 2017, to \$351.59 million.

In 2018, Ukraine increased exports of frozen fish by 2.3%, 670 tonnes, the exports were estimated at \$ 1.52 million (an increase by 41.4%).

In addition, the State Fiscal Service reported imports of fresh or chilled fish to Ukraine in 2018 totaled 15,410 tonnes, which was 24.6% up on 2017. The imports in monetary terms grew by 23.7%, to \$107.35 million.

Nibulon to build port complex in Ochakiv



Nibulon (Mykolaiv), one of the largest grain traders in Ukraine, is launching a new comprehensive project involving the construction of a port complex in Ochakiv (Mykolaiv region), which will become the base for the company's fleet.

"Our company is starting to work on the implementation of a new complex project at the mouth of the Dnipro-Buzky estuary. The base for this project will be Ochakiv fish canning plant, whose property we purchased at an auction. That is why our investment program at the mouth of the Dnipro-Buzky estuary will include two parallel directions," Nibulon CEO Oleksiy Vadatursky said on his Facebook page.

According to him, the matter concerns the construction of a port complex and the restoration of fishing industry, in particular, the processing and canning of fish, crustaceans and mollusks in the Dnipro-Buzky estuary.

"This is a complex project, therefore we are also considering the possibility of building a specialized fleet for the needs of this industry at our own shipbuilding plant," Vadatursky said.

Artyomsol increases salt production by 22%

The state salt producing enterprise Artyomsol (Artyomsalt) in 2018 produced, processed and shipped 2.1 million tonnes of salt to consumers, which is 22.4% more than in 2017. According to a press release, production of packaged salt was 197,800 tonnes, which is 1.7% more than in 2017, ground salt, shipped in bulk without additives, some 469,300 tonnes (43.9%), ground salt, shipped in bulk with an anti-caking additive, some 1.018 million tonnes (27%), and unpacked ground salt some 66,900 tonnes (35.4%).

Artyomsol also increased the production of salt, packaged in bulk bags. This type of product amounted to 82,100 tonnes, which is 17% more than in 2017. Production of iodized salt increased to 62,800 tonnes (7.7% more than in 2017).

The company exported 952,200 tonnes of salt in the 12 months of last year, which is more than 45% of the total volume of products shipped. For comparison, in 2017 the export volume amounted to 761,400 tonnes of salt.

Artyomsol in 2018 shipped salt to Hungary, Poland, Slovakia, Romania, Serbia, and other countries.

Ukraine exports 23.1 mln tonnes of grain, leguminous crops in current agricultural year



Ukraine boosted exports of grain and leguminous crops 11.5% in the 2018/2019 agricultural year (July-June) so far (by January 2, 2019) to 23.098 million tonnes, as compared with the same period last year.



According to the Ukrainian Ministry of Agricultural Policy and Food, 10.47 million tonnes of wheat, 3.15 million tonnes of barley, and 9.11 million tonnes of corn were exported.

Flour exports stood at 122,008 tonnes. It was reported, citing the Ministry of Agricultural Policy and Food, that Ukraine exported 39.4 million tonnes of grain in the 2017/2018 agricultural year. Grain exports in the 2018/2019 agricultural year are projected at 47.2 million tonnes.

Epicenter will build five new elevators worth EUR 50 mln in 2019

Epicenter K, which has been actively developing agricultural business in the last two years, in 2019 will build five new elevators with a total value of about EUR50 million.

According to the press service of Epicenter, the company signed a contract for the construction of elevators with the Polish manufacturer of complex granaries Feerum S.A, which will provide a "supplier credit" to Epicenter for the implementation of the project. According to the Feerum website, the terms of the loan provide for an advance payment of 15%, the remaining 85% are payable within five years.



The total capacity of the new elevators will be 725,000 tonnes. The complexes will be located in Vinnytsia, Kyiv and Khmelnytsky regions. Commissioning is scheduled for September 2019.

According to the company, the new elevators will allow Epicenter K to become independent of the market shortage of grain storage capacities and provide grain storage services for other agricultural producers.

Epicenter K cultivates over 111,000 hectares in Vinnytsia, Khmelnytsky, Ternopil, Cherkasy, and Kyiv regions. The group also includes 20 livestock farms.

Ukraine switches to European timber standards – State Forest Resources Agency



Wood industry of Ukraine from January 2019 switched to new national wood standards harmonized with the European ones, the State Forest Resources Agency of Ukraine has reported.

According to the report, from 2019, commercial (round) timber will be distributed into four quality classes (A-D) without mentioning the purpose of using it. A type timber is the highest class timber, B – medium class timber, C – below medium with minor defects and D – timber that does not meet the requirements of A-C types, but could be used for lumber. The rest of round timber is divided into industrial (length of 2-4 meters, could be used for production of chips or fuel) and nonindustrial (up to 2 meters of length, could be used for fuel). The agency said that earlier timber was divided into three types and types depending on the purpose of using it.

The agency said that in Ukraine there are additional technical conditions for classification of those types of timber that are not regulated in Europe due to the fact that their volume is rather small in Europe (birch, alder, hornbeam, acacia, aspen, linden, cherry and other trees.)

In addition, from January 1, 2019, internal consumption of Ukrainian round logs is restricted to 25 million cubic meters a year. The law amending some Ukrainian laws regarding preservation of Ukrainian forests and preventing illegal imports of logs contains this requirement.

Kyiv International Economic Forum – KIEF – is a new major international conference focused on the future of economic development. Held annually in Kyiv, it is not just an event about or for Ukraine, but an innovative forum that covers the global agenda. KIEF has been envisioned to become a leading discussion platform at an intersection of civilizations based in the capital of the biggest country in Europe.

This year Kyiv International Economic Forum was supported by the Prime Minister, the next KIEF will be organized on October, 2019

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