



UKRAINE
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Zelensky's inauguration schedules for May 20



An official gathering of Members of Parliament of Ukraine for a swearing-in ceremony of newly elected President of Ukraine Volodymyr Zelensky will begin at 10:00 Kyiv time on Monday, May 20; the venue is the parliament's session hall.

Relevant draft resolution No. 10270-2 was backed by 315 MPs at a plenary session on Thursday, May 16, according to an Interfax-Ukraine correspondent.

HEADLINES



VOLUME OF VENTURE INVESTMENT IN UKRAINE 30% UP IN 2018



VOLUME OF CONSTRUCTION WORK IN UKRAINE 30% UP IN MARCH



CONCEPT OF BORYSPIL AIRPORT'S DEVELOPMENT FORESEES EUR3.4 BLN INVESTMENT IN PASSENGER FLOW



HEAD OF UKRSADVYNPROM ASKS TO EXPAND LIST OF WINE MAKING REGIONS IN UKRAINE



SWISS NESTLE BUILDS UP 100% STAKE IN UKRAINIAN VOLYNHOLDING



FAO PREDICTS GRAIN HARVEST IN UKRAINE AT 65.3 MLN TONNES

UAH 1 bln property sold within small privatization in Ukraine

State property worth UAH 1 billion was sold through the ProZorro electronic trading system in the framework of small-scale privatization in Ukraine, according to the ProZorro page on Facebook. According to the report, since the launch of small privatization, 813 successful auctions have been held through the electronic system, which brought the State Property Fund of Ukraine more than UAH 476 million, and municipalities some UAH 562 million.



“The objects of small privatization are in a high demand – an average of 2.7 participants compete for each lot. And the average increase in the starting sale price is 61.24%,” the report says.

“We beat a good figure in small privatization – UAH 1 billion for taxpayers in Ukraine. The practical result of the work of ProZorro.Sale. If after Maidan we did just that, I would have already considered that it was not for nothing that I came to work in government agencies,” First Deputy Economic Development and Trade Minister of Ukraine Maksym Nefyodov said on Facebook.

Volume of venture investment in Ukraine 30% up in 2018



The volume of venture capital attracted by Ukrainian companies and startups in 2018 amounted to \$336.9 million, which is 30.3% more than in 2017, according to a review of the Ukrainian Venture Capital and Private Equity Association (UVCA). According to the document prepared in partnership with Deloitte, the number of transactions increased by 29% and reached 115.

UVCA notes that venture capital funds focused on transactions on the seed stage, the number of which increased to 21 from 11, and the average check for such transactions with the announced investment volumes rose by almost 90%, to \$918,000.

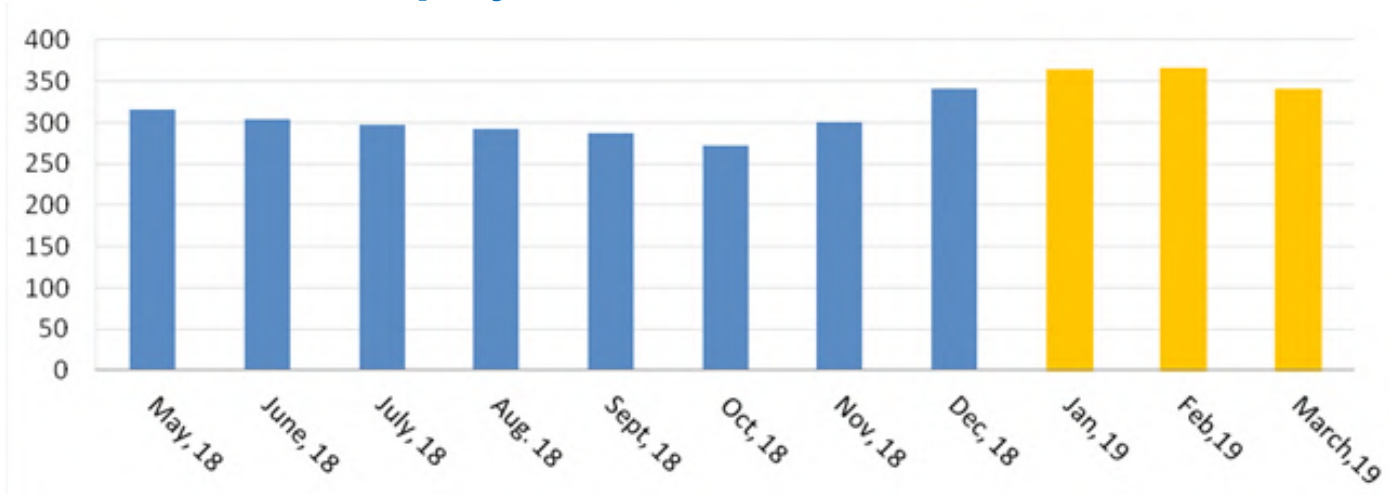


The survey also states that the number of transactions and the volume of investments in 2018 grew during the pre-seed, seed and growth development stages.

According to UVCA, the most active investments are received by companies from the sectors that are least exposed to political risks – online services, software, hardware, marketplace, and e-commerce.

According to the document, in 2018 there were seven M&A transactions for a total of more than \$25 million (this figure was first included in the report), as well as seven angel investments in startups worth \$900,000. Last year's largest transactions in the market were Gitlab with \$100 million and BitFury with \$80 million. The Ukrainian Venture Capital and Private Equity Association (UVCA) was created to disseminate information about investment opportunities in Ukraine and multi-vector support of investors.

Number of unemployed in Ukraine in 2018-2019



NBU starts stress testing of 29 banks

The National Bank of Ukraine (NBU) has started the second stage of the resilience assessment of banks – the asset quality review (AQR) confirmed by an external auditor and started stress testing of 29 banks, according to a survey of the banking sector posted on the website of the NBU.

According to preliminary estimates, the number of banks requiring capital injections in the baseline and negative stress test scenario will decrease compared to the previous year, the central bank said in the survey.

As the regulator recalled, by the end of 2019, banks need to form a capital conservation buffer in the amount of 0.625%. It will become mandatory for each bank from the beginning of 2020, when the first stage of the introduction of the capital conservation buffer will begin. In the future, the size of the buffer will increase gradually every year and will reach 2.5% from January 1, 2023. The formation of the corresponding buffer will ensure that banks create a stock of capital in excess of the minimum requirements. In the future, this will provide an opportunity of absorbing the possible losses that may arise in a general economic recession, without violating the capital adequacy ratio.

The NBU also announced that during the second quarter the method for determining systemically important banks will be changed and an updated list of such banks will be made public. In the future, the NBU will require them to form a buffer of system importance.

The following banks will be tested: state-owned PrivatBank, Oschadbank, Ukreximbank and Ukrgasbank, private Alfa-Bank, Raiffeisen Bank Aval, FUIB, UkrSibbank, OTP Bank, Credit Agricole Bank, Pivdenny Bank, TAScombank and Kredobank. The list also includes Sberbank, ProCredit Bank, UkrSotsbank (the results of stress testing for the bank will be assessed taking into account the dynamics of its joining Alfa-Bank), Megabank, Credit Dnipro Bank, Universal Bank, A-Bank, Prominvestbank, Idea Bank, Bank Vostok, MTB Bank, Bank of Investments and Savings, Industrial Bank, Bank Globus, International Investment Bank and Bank Forward.

Warana Capital from Australia becomes shareholder of Ukrainian Volia provider

Australia's Warana Capital Pty Ltd in 2018 became a minority shareholder of Volia Cable LLC (Kyiv).

According to data on the ownership structure posted on the provider's website at the end of March of this year, in 2018 Warana Capital Pty Ltd acquired 5.6% of the shares in Volia. Among the new investors of the company is also OL Group Ltd (acquired 8.4%), registered in the Cayman Islands. At the same time, Eton Park Master Fund Ltd (the Cayman Islands) sold its 5.9%, and Elq Investors II Ltd (London) sold 8.4%.

The key investor of Volia is still the U.S.-based investment company Providence Equity Partners with 34.92%. Large stakes are also held by SigmaBleyzer (the United States, 15.3%), and the European Bank for Reconstruction and Development (11.7%).

Volume of construction work in Ukraine 30% up in March



The volume of construction work performed in Ukraine in March 2019 increased by 29.7% compared with March 2018, while the indicator in February 2019 compared with February 2018 grew by 19.4%, according to statistics.

According to the agency, the volume of construction work performed in March 2019 increased by 3% compared with February 2019. According to the report, in March 2019 compared with March 2018 the volume of construction work decreased in residential construction – by 14.9%. Nonresidential construction in March 2019 rose by 47.2% and in engineering – by 54.1%. In March 2019 compared with February 2019, the volume of residential construction grew by 15%, nonresidential construction by 32.1%, and in engineering it grew by 37.7%.

Cabinet of ministers halves terms for developing national construction standards

The Cabinet of Ministers of Ukraine at a meeting approved the reduction of the total term for developing draft national construction standards from 18 months to 10 months. The respective amendments are outlined in a government resolution amending the rules of developing, approving and amending national construction standards and declaring them invalid.

The Regional Development, Construction, Housing and Utilities Economy Ministry drew up the document.

“Today, the procedure for developing national construction standards is still quite bureaucratic and delayed. Now the basic organization first forms the technical specifications for the development of the future national construction standard, and then it is published on the website and is discussed with the public, after which proposals are made and the technical specifications are reviewed. In order not to do double work and spend extra time, we suggest that together with experts, professionals and the public, we determine the essential conditions, that is, what the purpose of the future national construction standard being developed and what it is aimed at, and on the basis of this jointly and finally formulate the technical specifications,” Deputy Regional Development, Construction, Housing and Utilities Economy Minister Lev Partskhaladze said on his Facebook page.

Infrastructure Ministry plans to build new airport in Zakarpattia region

The Ministry of Infrastructure of Ukraine considers the opening of Uzhgorod airport to be only a temporary solution to the problem of air links with Zakarpattia, Minister of Infrastructure Volodymyr Omelyan has said in an interview with Interfax-Ukraine. “The opening of the airport in Uzhgorod is a temporary solution. For us the construction of a new airport, either in Mukachevo (most likely) or in another city, will be the key one. But this requires money,” he said, adding that the construction of a new airport in Zakarpattia will cost UAH 2-3 billion.

“We always emphasize that Zakarpattia cannot be the territory cut off from Ukraine. It must have a full-fledged road, rail and air communication. As a state, we have achieved this and opened the airport [in Uzhgorod]. Now the question is it should work qualitatively,” Omelyan said. According to him, for the normal work of the airport a lot of work should be done at the regional level.

“They should interest airlines, offer passengers a product so that the planes are not empty, and then plan convenient flights,” the infrastructure minister said.

Concept of Boryspil Airport's development foresees EUR 3.4 bln investment in passenger flow



The government committee has approved the concept for the development of Boryspil International Airport until 2045, providing for investments in the amount of EUR3.4 billion and the increase in passenger traffic to 54 million passengers per year (today 12 million passengers/year).



According to the concept of the airport's development, the text of which is available to Open4Business, it is planned that the airport will be able to service 14.4 million passengers in 2019, some 27.7 million passengers in 2030, some 44.3 million passengers in 2040, and about 53.9 million passengers in 2045.

To achieve the objectives of the concept until 2021, it is planned, in particular, to reconstruct the second runway, extend the tarmac and the apron of Terminal D to the south, reconstruct the cargo terminal, and build a new office center.

Punctuality of Ukrainian airlines increases to 87%

Ukrainian airlines in April 2019 serviced 86.9% of flights of the total number of flights serviced at Ukrainian airports within the 15 minute deviation from the timetable, which is 0.7 percentage points (p.p.) better than the figure for March 2019 (86.2%), according to a posting on the website of the Infrastructure Ministry of Ukraine. According to the ministry, in April, Ukrainian airlines serviced 4,099 flights.

The punctuality of foreign airlines in March compared with January increased to 85.4% from 87.1%, while the number of flights totaled 2,954.

Of the Ukrainian airlines that made more than 50 flights a month in April, Motor Sich remains the most punctual, with 98.8% and the number of flights 242.

Windrose is second with 92.6% and with the number of 363.

Punctuality of Ukraine's largest airline in the market – Ukraine International Airlines – was 88.8%, while the number of flights serviced was 2,815.

The indicators in April for Bukovyna and SkyUp were 80% and 73.4% with 100 and 305 flights respectively.

Czech Airlines, Alitalia, Air Arabia, EllinAir, Aegean Airlines, Air Malta, Aglie Azur, Bulgaria and Air Tarom were ranked the top of the April punctuality rating among foreign airlines with the 100% punctuality, the number of their flights was from one to 32 per month.

Irish Ryanair had the best performance among low cost airlines – 91.1% with 258 flights. Pegasus Airlines is second with 87.9% and 99 flights. The figure of Hungarian Wizz Air was 85.9% with 567 flights.

Adidas-Ukraine to open stores at River Mall trade center in Darnytsky district in Kyiv

Adidas-Ukraine has rented 600 square meters of space for two stores in the River Mall shopping and entertainment center being under construction in Darnytsky district in Kyiv.

The press service of the River Mall trade and entertainment center told the Interfax-Ukraine news agency the Adidas shop will be almost 412 square meters, the Reebok store will occupy 186 square meters.

Both stores will open in new concepts for Ukraine: the design of the Adidas store will be in accordance with the concept of Stadium, and Reebok in the FitHib 2.0. concept that is new for Europe.

The facilities will be located on the second floor of the River Mall shopping center in the area of sporting goods and panoramic elevators.



“The range of goods in the stores will include modern sportswear for professional sports and outdoor activities, a total of more than 300 items,” Adidas-Ukraine said.

Adidas-Ukraine was founded in 1996. It is engaged in the sale of goods for sports. The owner of the company is Adidas AG (Germany). The opening of the River Mall trade center is scheduled for May 2019. The anchor tenants will be Inditex Group stores, a Silpo supermarket chain, a Planeta Kino cinema with IMAX, and a Papashon entertainment center. The specifics of the project will be a food court and an event area with an open terrace and a view of the Dnipro River.

Vacancy of shopping centers in Kyiv falls to 2.8% in Q1



The share of vacant space on the shopping centers market in Kyiv in January-March 2019 fell by 0.2 percentage points, to 2.8%, according to a study of CBRE Ukraine (Kyiv). “Despite the commissioning of new facilities, the average vacancy rate decreased by 0.2 percentage points from the beginning of the year and amounted to 2.8% of vacant premises,” the company said in the study.



According to the company, in January-March this year, rents for the best retail premises increased 7-16% and ranged from \$80-110 per sq. m. a month. At the same time for other retail premises, the rates remained unchanged, at around \$42-60 per sq. m. a month.

The volume of retail turnover in Kyiv in January-February 2019 (the latest available data) increased 6.9%, with a slowdown in consumer price index growth from 8.8% in February to 8.6% in March.

During this period new brands entered the retail real estate market, including Decathlon in Retail Park Petrivka, Claudie Pierlot and Weill in the shopping center Gulliver and Missha in the shopping center Lavina Mall. A new supply of shopping centers was presented by the Oasis shopping center and the Smart Plaza Obolon shopping center, which led to an increase in the total supply by 2.1%, to 1.13 million sq.m.

Ukraine plans to present investment project on construction of Ice Arena in Kyiv worth UAH 1.7 bln

Ukraine at the Ukraine Reform Conference in Canada (Toronto) in July 2019 plans to present a government investment project on construction of an ice arena in Kyiv for UAH 1.68 billion, the Ministry of Economic Development and Trade of Ukraine has reported. The commission supported his initiative to provide the first budget financing of the project now, rather than in July, as planned, in order to begin developing project documentation and have time to prepare a project presentation for the conference in Toronto.

The executor of the project is the state-owned enterprise central training sport base Ice Stadium. Its implementation is scheduled for 2019-2021, and in 2019, it is planned to allocate UAH 5 million.

Ukrenergo and Slovakia to update contract on operation of power line

National energy company Ukrenergo and the electricity transmission system operator SEPS (Slovakia) will sign a new agreement of cooperation and joint operation of the 400 kV overhead power line Mukachevo-Velke Kapusany, connecting the Burshtyn thermal power plant island and the Slovakian power grid, by the end of 2019, the press service of Ukrenergo has reported.

The need to update the agreement, which sets out the rules and requirements regarding the operation of the line, the order of interaction between operators during joint operation of the interstate section is due to changes in the rules and requirements of ENTSO-E (the European Network of System Operators of Electricity System). As reported, in October 2018, the Ukrainian and Slovakian operators agreed on building a new power line as an optimal solution for boosting power transmission between Ukraine and Slovakia. According to the agreements, a new 400 kV overhead line will be built, which will connect the existing 400 kV substations Mukachevo and Velke Kapusany in the single-circuit version with the possibility of further upgrading it to double-circuit in case of an increase in the volume of interstate flows. Considering the condition of the existing 400 kV overhead line Mukachevo-Velke Kapusany, which has been operating since 1963, its modernization was recognized as inexpedient. The line will work until the launch of the new line.

EBRD intends to issue EUR 7 mln to Energopark Yavoriv for building second phase of Yavoriv solar plant

The European Bank for Reconstruction and Development (EBRD) intends to consider granting a loan in the amount of EUR7 million to Energopark Yavoriv LLC for the construction of the second stage of Yavoriv solar power plant with a capacity of 36 MW.

According to the website of the bank, a meeting of the board of directors on the issue of the loan is scheduled for June 5.



“The project is developed under the EBRD Ukraine Sustainable Energy Lending Facility III (USELF III), a EUR 250 million framework to support renewable energy in Ukraine,” the report reads.

“The project consists of the development, construction and operation of the second phase for 36MWp of a 72MWp solar PV project located near the town of Ternovytsia in Lviv region,” it says.

Eco-Optima manages a park of solar plants and wind power plants, some of which are built using EBRD loan funds. The company commissioned two phases of a wind plant of 34 MW in Stary Sambir in Lviv region. The project was implemented with the funds from the EBRD and the World Bank’s Clean Technology Fund.

Competition agency permits DTEK to buy stakes in Kyivoblenergo and Odesaoblenergo

The Antimonopoly Committee of Ukraine has permitted DTEK Oil & Gas to acquire controlling stakes in Kyivoblenergo and Odesaoblenergo belonged to VS Energy Group, the press service of the committee has reported, referring to the decision made on Thursday.



"Today the Antimonopoly Committee of Ukraine granted permission to DTEK Oil & Gas to acquire shares of Kyivoblenergo and Odesaoblenergo under the strict condition of fulfilling obligations that neutralize the possible negative impact on electricity markets," the committee said.

In the beginning of 2019, DTEK announced its intention to build up 68.2949% of the shares in Odesaoblenergo and 93.9978% in Kyivoblenergo owned by the VS Energy Group. Oil and gas companies of DTEK Oil & Gas Group (Ukraine) and NGR B.V. (the Netherlands) on January 3, 2019 entered into contracts for the sale of shares in these companies.

New Ukrainian electricity market should be launched from July 1

Energy and Coal Industry Minister of Ukraine Ihor Nasalyk is convinced that the new wholesale electricity market should be launched from July 1, 2019, according to the terms prescribed in the law.

"The Energy and Coal Industry Ministry will insist on the introduction of the market from July 1. And we have all the main things for this. If someone is not ready, let them declare it and explain for what reasons they cannot cope with it," he said in the Verkhovna Rada discussing the launch of the new market.

Nasalyk said that the ministry has developed a draft government resolution, according to which the issue of determining the supplier of electricity under the public service obligations (PSO) is settled, and expects its adoption by the Cabinet before the end of the month.

In turn, Serhiy Bedin, who is responsible for the market introduction at state-owned enterprise Energoatom, confirmed that the company is ready to "partially take this burden."

Hvzd-MP intends to build 9 MW wind farm in Ukraine



Hvzd-MP LLC (Ivano-Frankivsk region) intends to build a wind power station with a capacity of 9 MW in Nadvirna district of Ivano-Frankivsk region.

Information on the developed project was posted in the single register of environmental impact assessment.

Within the framework of the project, it is planned to install three modern wind electrical turbines with a capacity of 3 MW each. The planned height of the tower is 80-140 meters.

In addition, it is planned to build a 110 kW underground power grid with a length of about 3.5 km.

Head of Ukrsadvynprom asks to expand list of wine making regions in Ukraine

Ukrsadvynprom has asked the Ministry of Agrarian Policy and Food of Ukraine to adapt the program of state support for horticulture for berry enterprises, as well as expand the list of wine making regions, Ukrsadvynprom members have said this at a press conference at Interfax-Ukraine.

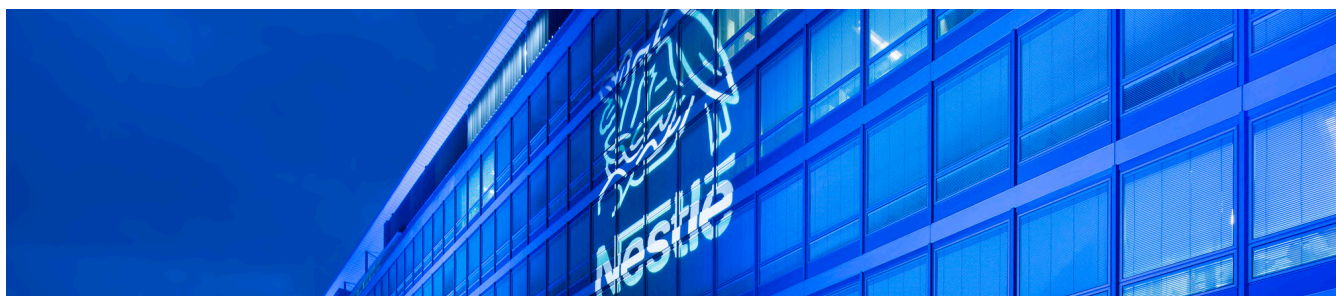


“The markets of the United Arab Emirates and Singapore accept berries only in small packaging – 125 g. It is impossible to manually prepare large volumes of berries in packaging of 125 g each. Therefore, we need optical sorting and packing lines for blueberries. And it would be good if berry enterprises could claim compensation for purchasing sorting lines [as well as apple growing enterprises],” Taras Bashtanyk, the director general of Ukrainian Berries, said.

According to him, berry enterprises also need chambers with an adjustable gas environment, which allow them to store berries without loss of quality for up to 45 days. So producers will be able to sell berries after the harvest season, when the price is more profitable. Now the volumes of refrigerators with adjustable gas environment, which are provided for by the state support program, are too large for berry enterprises.

Bashtanyk also noted that, when exporting to remote markets, berry enterprises face logistical difficulties.

Swiss Nestle builds up 100% stake in Ukrainian Volynholding



The Swiss company Nestle has bought a 9.5% stake in PrJSC Volynholding (the Torchyn brand), the largest producer of ketchup, mayonnaise, sauces and seasonings. According to a company report in the information disclosure system of the National Securities and Stock Market Commission, after the purchase, the share of Nestle in Volynholding became 100%.

According to the report dated September 13, 2018, the company decided to sell 1,900 previously purchased shares to Volynholding's shareholder. This stake, owned by the company, was 9.5%.

The net income of Volynholding in 2017 amounted to UAH 1.3 billion (7.5% more), net profit some UAH 89.1 million (0.8% more). Information for 2018 is not yet available.

PrJSC Volynholding produces ketchup, mayonnaise, sauces, pickles, mustard, dressings and spices under the Torchyn brand.

Nestle in Ukraine and Moldova has more than 5,500 employees. The company in Ukraine has three production sites (in Kharkiv, Lviv, and Torchyn, Volyn region), as well as one of the five Nestle service centers in the world – Nestle Business Service (NBS Lviv).

U.S. Department of Agriculture predicts export of vegetable oil from Ukraine at 6.12 mln tonnes



The U.S. Department of Agriculture (USDA) predicts that export of vegetable oil from Ukraine in the 2019/20 agricultural year (September-August) will be 6.12 million tonnes, which is 90,000 tonnes less than in 2018/19 agri-year (6.21 million tonnes).



USDA said that next agri-year sunflower seed production in Ukraine could decrease by 200,000 tonnes year-over-year, to 14.8 million tonnes, meal – by 123,000 tonnes, to 5.99 million tonnes and oil – by 129,000 tonnes, to 6.24 million tonnes.

According to the May report, forecast for oilseed crushing for 2019/20 agri-year were improved by 150,000 tonnes, to 16.8 million tonnes.

Olkom plans to supply first batch of goods to Poland

The Olkom Group plans in autumn 2019 to supply a first batch of goods (margarine spread) to Poland, Board Chairman of PrJSC Kyiv Margarine Plant, which is part of the group, Yuriy Yevenko has said.

“We will start trial deliveries to Europe this season – in September. Now we are negotiating with one Polish company. However, they want products under their own trademark, so we will not export under our own trademark yet. The volume of the first delivery is 40 tonnes: this is enough so that they put the products on the shelves of supermarkets. We plan to increase the share of direct exports to 10% of the total production within three to five years,” Yevenko told Interfax-Ukraine.

According to him, the company increased production by 75% in January-March 2019 (mainly thanks to b2b products), and by the end of the year it plans to double production in monetary terms.

“Last year we earned about UAH 600 million of revenue, and this year we set a goal to earn UAH 1.2 billion,” he said. He added that in 2018, the company produced about 40,000 tonnes of products, of which 23,000 tonnes were tolling services for oil refining.

Over 2018-2019, company has invested about \$1 million in boosting the production capacity, and is currently in talks with the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC) and two investment funds.

FAO predicts grain harvest in Ukraine at 65.3 mln tonnes



The Food and Agriculture Organization of the United Nations (FAO) predicts that grain harvest in Ukraine in 2019 will be 65.3 million tonnes, which is 5.6% lower than in 2018.

According to the May report, FAO forecasts an increase in wheat production in Ukraine in 2019 by 7.7%, to 26.5 million tonnes and a decrease in corn production by 19%, to 29 million tonnes.

Wheat exports in 2019/20 agricultural year (July-June) will decrease compared to the previous agri-year 0.3%, to 17 million tonnes, corn by 1.2%, to 21 million tonnes, and barley by 0.3%, 4.2 million tonnes.

According to the Ministry of Agricultural Policy and Food, Ukraine since the beginning of the 2018/2019 agri-year as of May 13, 2019 exported 43.77 million tonnes of grain and leguminous plants, which is 24.5% more than on the same date of the previous agri-year.

Grain exports in 2018/2019 agri-year, according to the estimates of the ministry, are projected to be 49 million tonnes.

The Interfax-Ukraine News Agency has been working on the Ukrainian market for political and economic information since 1992. Currently, the agency offers over 50 economic, financial and political information products in four languages – Ukrainian, Russian, English and German. According to the GfK-Ukraine International research company, Interfax-Ukraine is the leader in all of the key operational indicators among the news agencies in Ukraine.

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