



**UKRAINE**  
OPEN FOR BUSINESS

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## Ukrainian IT market could expand by 30% this year



Growth of IT industry in 2019 will be 30%, according to Vice President for Strategy and Technologies at GlobalLogic Ukraine Andriy Yarorsky.

He told reporters that by the end of 2019, only the export of computer services will bring about \$3.5 billion to the country's economy. Having maintained such high growth rates, the export software development industry can grow to \$4.5 billion by the end of 2020, Yavorsky said.

"On average, the IT industry grew by 20-25% annually. We expect more rapid growth this year thanks to favorable conditions on the international market and demand for the developments by Ukrainian specialists. According to our estimates, the market growth can reach 30%," he said.

Yavorsky said that according to the results of the first half of 2019, the export of computer services amounted to about \$1.6 billion, which is 31% more than the same period in 2018. There is also an increase in the number of IT specialists: if according to market estimates as of the middle of 2018, there were about 130,000 specialists in the industry, then according to the IT Ukraine Association, there are currently more than 160,000 specialists in the market, which is 22% more than a year earlier.

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## Ukraine should enter top-3 countries in terms of open data



Ukraine should enter the TOP-3 countries in the field of open data in three years, said Deputy Prime Minister and Minister of Digital Transformation of Ukraine Mykhailo Fedorov during the opening of the Open Data Forum in Kyiv.

"My goal is to make everything for Ukraine to enter the TOP-3 countries in the field of open data in the world in three years since we have support from the president, the prime minister and all ministers," he said.

Fedorov also said that the team of the Ministry of Digital Transformation has already been formed.

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## Ukrainian Chernobyl Exclusion Zone opens water routes for visitors

Water routes in the exclusion zone are open for the visitors and comply with all safety standards, said Head of the State Agency for Management of the Exclusion Zone of Ukraine Vitaliy Petruk following a conciliation meeting in Chernobyl and running along one of the recently approved water routes.

"Water routes in the exclusion zone are ready to host the visitors and meet all safety standards. The checkpoints are ready, dosimetric control and escort are provided," a press service quotes Petruk.

According to the information, in order to visit the exclusion zone along this route, one need to fill out an application, and the organizer of the visit must provide visitors with water transport.

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## Ukrainian President discusses prospects of boosting investment by Uber with Uber CEO

Ukrainian President Volodymyr Zelensky met Uber Technologies Inc. CEO Dara Khosrowshahi on the sidelines of the 74th session of the UN General Assembly in New York and discussed the prospects of increasing capital investment of the company in Ukraine with him.



***"During the meeting, the parties discussed a number of issues regarding Uber's activities in Ukraine, as well as the prospects of increasing the company's investments in our country," the press service of the head of state reported.***

Zelensky informed Khosrowshahi of the implementation of the reform policy aimed at improving the business climate in Ukraine and creating favorable conditions for attracting foreign investments.

In addition, the use of environment friendly vehicles in Ukraine by Uber was discussed during the meeting.

## S&P Global Ratings revises higher Ukraine's real GDP growth

S&P Global Ratings has revised higher its projections for Ukraine's real GDP growth in 2019 from 2.5% to 3.2%, and GDP will grow by an average of 3% annually over 2020-2022.

The analysts note investment is just 19% of 2018 GDP, down from the peak of 30% in 2007 prior to the global financial crisis. Another factor inhibiting economic growth is the weak banking sector lending. From 2014 to 2018, real credit growth to the private sector has contracted cumulatively by nearly 65%.



***“Ukraine would have to attract more investment flows from abroad for a more meaningful and sustained pick-up in growth. In this context, the current government's legislative efforts to effect land reform could lift growth over our current projections as could potential improvements in the business environment,” S&P said.***

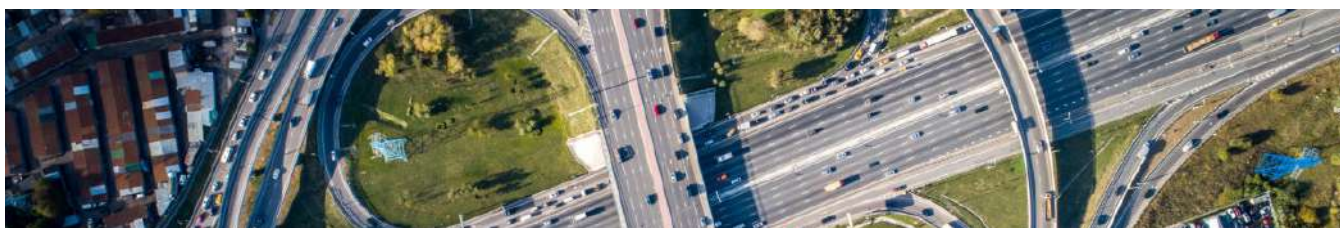
“While headline credit growth in 2017 and 2018 was positive, it was negative in real terms,” S&P said. According to S&P analysts, the hryvnia exchange rate at the end of this year will be around UAH 27/\$1, and in subsequent years it will gradually decrease and amount to UAH 27.50/\$1 at the end of 2020, UAH 28/\$1 at the end of 2021 and at the end of 2022 years – UAH 28.50 \$1.

The current account deficit of the balance of payments after expanding this year to 2.8% of GDP in the next two years will expand to 3.2% of GDP, and in 2022 to 3.5% of GDP, S&P predicted.

The agency also expects a further gradual increase in reserves: from \$20.33 billion last year to \$21.49 billion this year, \$22.18 billion next year, \$22.95 billion in 2021 and \$23.15 billion in 2022.

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## EBRD and EIB ready to provide EUR 900 mln loan to Ukraine for roads in 2020



The European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are ready to provide a targeted loan in the amount of EUR 900 million to Ukraine to develop the road sector, acting Head of the State Automobile Roads Agency of Ukraine (Ukravtodor) Slawomir Nowak has said.



***“I have already held negotiations with the EBRD and the EIB. A new credit line will be opened for Ukraine in the amount of EUR 900 million,” S.Nowak said.***

Nowak also said that he recommended that Minister of Infrastructure Vladyslav Krykliy earmarks funds from the Road Fund allocated for road safety to the installation of the Weight-in-Motion (WiM) system. As reported, Ukravtodor launched in test mode the first two WiM points on the Kyiv-Chop highway. Weight-in-Motion (WiM) systems will fulfill a function of pre-selection for inspectors of the State Service of Ukraine for Transport Safety until a law allowing automatic weight and weight control on roads is passed.

## Parliament committee head initiates return of VAT on imported equipment for solar power plants and wind farms

Chairman of the Verkhovna Rada committee for energy and utilities Andriy Herus has initiated the abolishment of the provision to exempt taxpayers from paying value added tax (VAT) on imported equipment for solar power plants and wind farms.

"This is an absolutely unacceptable situation when importers receive preferential VAT, do not pay it to the national budget, and Ukrainian producers are forced to pay VAT under the worst conditions... From Monday [September 30] I will register the corresponding bill in order to cancel this equipment import privilege as quickly as possible," he said during a meeting on legislative regulation of state support for the development of renewable energy projects in Kyiv.

As reported, at the end of 2018, the Verkhovna Rada introduced amendments to the Tax Code, which exempted taxpayers from paying VAT on imported equipment for solar power plants and wind farms.

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## Interpipe tube and wheel company plans to enter Bahrain market



Interpipe tube and wheel company has been prequalified by Tatweer Petroleum and has been included in the list of approved linear pipe suppliers for the Bahrain market.

"We have been prequalified by Tatweer Petroleum due to our experience in the region. Earlier, Interpipe completed a number of orders for the largest Middle East shipbuilding company ASRY (Arab Shipbuilding & Repair Yard). Now we plan to increase our presence in the pipe market for the oil and gas industry in Bahrain," the director of the pipe division of the group, Vera Smal, said.

At the same time, the report does not specify the volume of pipe deliveries within the framework of completed orders, as well as the expected volumes of product sales to this region.

Interpipe is a Ukrainian industrial company, a manufacturer of steel pipes and railway wheels. In 2018, Interpipe sold 857,000 tonnes of finished products, including 189,000 tonnes of railway products.

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## Retail trade in Ukraine continues growing – statistics

Retail trade in Ukraine (legal entities and individual entrepreneurs) in January-August 2019 increased by 9.9% in comparable prices compared with January-August 2018, the State Statistics Service said. In August 2019 alone, retail trade turnover grew by 3.4% compared with the previous month and by 6.7% year-over-year (August 2019 to August 2018).

The largest growth in retail turnover in January-August 2019 compared to the same period in 2018 was recorded in Vinnitsa region (by 18%), Ternopol region (by 17%), Kyiv region (by 16%) and the city of Kyiv (by 14.5%).

## Biopharma launches state-of-the-art \$75 million plasma fractionation plant in Ukraine

Biopharma, a top-ten pharmaceutical producer in Ukraine specializing in plasma-based, recombinant and other drugs, has officially opened its innovative fractionator in Bila Tserkva (Kyiv region), the only biopharmaceutical plant of its kind in Eastern Europe and the near region. There are no plasma fractionation plants in any neighboring countries – the closest are in Austria, South Africa and China. This unique plasma fractionation technology enables the plasma component of human blood to be processed to extract life-saving drugs, requires advanced research and development, GMP-certified equipment and facilities, and investments exceeding \$75 million.



***“We believe in the high potential of Ukraine and its pharmaceutical industry in particular. Together with our partners, we haven't stopped investing and, in the difficult times of the new history, continued to systematically develop the company”, – Vasyl Khmelnytsky, founder of UFuture, said.***

“September 20 will become a new page in the modern scientific and industrial history of Ukraine, as not just a new production facility was launched, – a new science-based industry was launched based on high technologies. This puts Ukraine on par with countries such as the USA, Austria, Germany and allows Ukraine to enter the world market with medicines, the production of which requires its own R&D base, high culture of production, development of donor infrastructure according with the highest standards. Today, Ukraine has proved that it is capable of that!” – Kostyantyn Efymenko, president of Biopharma group of companies emphasized.

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## Novus invests UAH 161 mln in opening of largest store of chainrecipients

Novus Ukraine LLC (Kyiv), the managing company of the Novus hypermarket and supermarket chain and Novus Express proximity stores chain in Ukraine, on September 21 officially opened the largest supermarket of the chain in the Sky Mall.

“We entered this facility at the beginning of summer, that is, construction took about three and a half months. Investments totaled UAH 161 million. This is the largest outlet in the network, which contains the largest production facilities, the widest range of shelves and the largest online shop that will service two large areas – Troyeschyna and Obolon,” Director General of Novus Ukraine LLC Mark Petkevich said at a press conference on the grand opening of the store.

The store became the 28th Novus store in Kyiv and the 36th in Kyiv region. The supermarket's range of goods includes 50,000 items of goods, including 5,000 items of own import. The total area of the facility is 12,000 square meters, of which 6,300 were used for retail space. The remaining areas are reserved for storage, production facilities, an online store, administrative premises, recreation areas for staff.

Novus Ukraine LLC was established in 2008, in the same year the first Novus supermarket in the country was opened. The development of the Novus supermarket chain is carried out by BT Invest (Lithuania).

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## Volume of construction work in Ukraine 8.9% up



The volume of construction work in Ukraine in August 2019 increased by 8.9% compared to August 2018, while in July 2019 from July 2018 this figure rose by 14.5%.



***The largest growth in the volume of construction works during the eight months of 2019 was recorded in Vinnytsia (2.1 times), Chernihiv (1.68 times) and Kherson regions (1.45 times).***

In Kyiv, the volume of construction work over the eight months of this year increased by 24.7% and amounted to UAH 23.084 billion.

According to the State Statistics Service, in August 2019 compared with August 2018, the volume of work increased in nonresidential and engineering construction. According to the unadjusted data, the growth in nonresidential construction was 21.8%, and in engineering some 10.4%. The decline in residential construction was 11.5%.

In addition, the service said that in August, the volume of work in construction of residential buildings compared with July decreased by 27.8%, engineering structures by 11.9%, and nonresidential increased by 2.4%.

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## New offer of warehouses in Kyiv region in 2020-2021 expected to reach 84,000 sq m

The volume of new supply in the warehouse and logistics real estate market in Kyiv region by the end of 2021 is expected to reach 84,000 square meters, while the initiation of new projects can be expected in case of favorable macroeconomic conditions, given the increase in rental rates. "According to developers, in 2020-2021 an additional 84,000 square meters is to be commissioned in the market, among them the second stage of the Amtel warehouse complex (52,000 square meters, Amtel-Properties developer, the location is Boyarka, T-012), Mirage-3 warehouse complex (9,000 square meters, Mirage developer, the location is Hostomel, M-07/E-373), as well as SAN Factory 2 Storage Area Network (23,000 square meters, the developer is SkyLine Development, the location is Kyiv).

At the same time, despite the short term for the implementation of warehouse construction projects, the initiation of new projects can be expected in case of favorable macroeconomic conditions vii taking into account the growth in rental rates," CBRE Ukraine forecasts in a press release.

## Construction of 70,000 sq m of new offices in UNIT.City will start next year

UFuture and UDP companies of businessman Vasyl Khmelnytsky in partnership with KAN Development (both based in Kyiv) plan to begin the construction of 70,000 square meters of new offices and the second phase of the UNIT.Home residential complex in the Kyiv innovative park UNIT.City in 2020.

“Currently, two office buildings are being built in UNIT.City, which will be brought to the market in the first quarter of 2020 ... Next year we plan to begin the construction of 70,000 square meters of business campuses and the second phase of housing,” CEO of Unit.Holdings Kostiantyn Yevtushenko said at a presentation on launching home sales in the UNIT.Home project in Kyiv.

According to Ihor Nikonov, the founder of KAN Development, the UNIT.Home project is being implemented in accordance with the requirements of the international system of the green standard BREEAM (the Building Research Establishment Environmental Assessment Method). Currently, the construction of the first stage of housing with an area of 40,300 square meters is being carried out. It includes sections of houses for 580 apartments. The number of floors ranges from six to 20. The project participants plan to complete the construction of the first stage in 2022.

UDP and KAN Development are the co-investors and developers of the UNIT.Home project. The project management company is Unit.Holdings.

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## Legalization of gambling business in Ukraine could give impetus to five-star hotels development



The draft law on legalization of gambling, which is being discussed within the framework of the working group of the Verkhovna Rada, after its adoption could give a significant impetus to the development of five-star hotels and encourage investors to open new facilities in this segment, Managing Partner of ArtBuild Hotel Group Oleksiy Yevchenko believes.

“A significant impetus to the development of hotel business will be provided by the adoption of the law on gambling, which will regulate the placement of casinos in five-star hotels for a certain number of rooms depending on the region. Hotels for casinos could appear both in large cities and in smaller towns, causing the active development and growth of a certain region,” he said at the conference “Hotel Real Estate in Ukraine: Development Prospects.”



***According to the document, casinos will be placed in five-star hotels with over 200 rooms in Kyiv, and over 120 rooms in Kharkiv, Lviv, Dnipro and Odesa, and from 100 rooms in all other cities.***

“This will only spur the development of the five-star segment. The question is whether we have the key targeted audience here and whether there are enough tourists to fill this particular segment. In Kyiv, the occupancy of five-star hotels is on average 38%” the expert said.

He said the draft law under consideration provides for a mandatory requirement for hotels: the availability of 500 square meters of free space for a casino.

“Out of about 70 five-star hotels in Ukraine, only eight to ten hotels have such a large free space. Therefore, it is very important how the bill is adopted,” the expert stated.

## Production of basic pharmaceuticals in Ukraine in Jan-Aug increases by 8.8%

The production of basic pharmaceuticals in Ukraine in January-August 2019 increased by 8.8% compared to the same period last year, the State Statistics Service has reported. According to the report, in particular, production of drugs packaged for retail sale containing mixed or unmixed products increased by 5.6% in January-August compared to the same period of the previous year.

At the same time, the production of medicines containing antibiotics decreased by 3.1% compared with January-August 2018. The production of drugs intended for therapeutic or prophylactic use and containing corticosteroid hormones, their derivatives and structural analogues that do not contain antibiotics, fell by 15%, respectively.

As reported, production of basic pharmaceutical goods and pharmaceuticals in Ukraine in January-August 2018 decreased by 2.2% compared to the same period in 2017.

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## Farmland turnover bill registered in Ukrainian parliament



Government's bill No. 2178 about the turnover of farmland has been submitted to Ukraine's Verkhovna Rada and sent to the profile committee.

According to information on the parliament's website, the bill was registered on September 25. It provides for the abolition of the ban on sale of farmland of all forms of ownership from October 1, 2020.

According to the document, citizens and legal entities of Ukraine, territorial communities, and the state can buy farmland.

At the same time, the bill proposes to deprive individuals and legal entities, foreign states that are subject to the sanctions law, of the right to purchase land.

"Foreigners and stateless persons may obtain ownership rights to farmland by succession prescribed in the law, but are required to sell them within one year from the date of obtaining ownership rights," the government said in the document.

The bill sets the minimum starting price for the sale of land plots in public and communal property at land tenders at a level not lower than the standard monetary value, ensures the right of citizens to buy back land for farming, owned by them on a permanent use right basis and inherited tenure rights in installments paid during up to five years at a price equal to the standard monetary value of such land plots.

The total area of farmland owned by a citizen or a legal entity of Ukraine, taking into account affiliated persons: within one region should not exceed 15% of farmland of such an area and 0.5% of farmland of Ukraine, according to the bill.

In addition, in order to obtain data on the total area of farmland owned by one person and affiliated persons, the software of the State Land Cadastre must provide information interaction with the public register of ownership rights to real estate and the unified public register of legal entities, individual entrepreneurs and public organizations.



## Korean Posco and Ukrainian Orexim open new grain terminal in Mykolaiv region



Posco International Corporation Korea-based Company and Ukrainian Orexim Group have officially opened a grain terminal with a total storage capacity of over 140,000 tonnes in Mykolaiv seaport.

As Orexim reported on its website, the grain terminal was built on the base of Mykolaiv Milling Works.



***“By the start of work of the new grain terminal Posco plans to increase Ukrainian grain export to 3 million per year. Also, the company has in plans to create their own park of rail wagons for grain transporting,” said the Group.***

As reported, in February 2019, Posco Corporation announced that it has signed an agreement with the Orexim Group from Ukraine on the acquisition of 75% of shares in the grain export terminal being built at the Mykolaiv maritime merchandise port.

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## USDA reviews downwards forecast for export of Ukrainian rapeseeds to 2.7 mln tonnes



The U.S. Department of Agriculture (USDA) reviewed downwards its forecast for exports of rapeseeds from Ukraine in the 2019/20 agricultural year (September-August) by 0.1 million tonnes compared with the August forecast, to 2.7 million tonnes.

According to the September report, published on the USDA website, the forecast for the export of Ukrainian soybean meal was reduced by 0.2 million tonnes to 0.7 million tonnes due to stronger domestic demand.

In general, the forecast for the export of oilseeds from Ukraine in September was reduced by 0.1 million tonnes compared to the forecast in August, to 4.75 million tonnes, meal exports – by 0.2 million tonnes, to 5.8 million tonnes, while at the same time, the forecast for the export of vegetable oil remained at 6.3 million tonnes, oilseed refining – at 17.15 million tonnes.

# Majority of Ukrainians against lifting of moratorium on agricultural land sales



More than half of Ukrainians do not approve of the lifting of the moratorium on agricultural land sales, and 64% believe that this issue should be resolved in a referendum, according to a study conducted by the Kyiv International Institute of Sociology (KIIS) on September 16-19, 2019. According to the survey, 52% of respondents do not approve of the instructions of President of Ukraine Volodymyr Zelensky to lift the moratorium (ban) on the sale of agricultural land until October this year and the introduction of land sale until December this year. Some 35% of those surveyed are positive about this order, while 13% of respondents had difficulty answering the question.

Some 64% of respondents believe that the issue of agricultural land sale should be solved only in an all-Ukrainian referendum, and 26% believe that the issue should be resolved by the president, the Verkhovna Rada and the Cabinet of Ministers, while 10% of respondents could not answer the question.

Director General of the Kyiv International Institute of Sociology (KIIS) Volodymyr Paniotto noted that the number of opponents of land sale has decreased over the year – 72% were against the land sale in November 2018.

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