



**UKRAINE**  
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## Founder of Alibaba Jack Ma sees large potential in Ukraine



The founder of Alibaba Group Jack Ma has said at the Kyiv International Economic Forum that he fell for Ukraine a long time ago and sees a large potential for development. "Such a wonderful combination like this cannot fail," he said at the forum, noting the fertile land, open and ready for change people, beautiful women and rich history among Ukraine's advantages.

The founder of Alibaba said that there are few countries in the world where the president is a trifle over forty, the prime minister is thirtysomething, and some ministers are 28, and this is positive.

Ma said that he would invite his business partners to visit Ukraine.

During his visit to Ukraine, Ma met with the president, visited a number of universities and will also be on a visit to the UNIT.City innovation park.

## HEADLINES



UKRAINIAN PRESIDENT PROPOSES TO FOUNDER OF ALIBABA GROUP JACK MA TO OPEN R&D CENTER



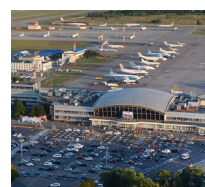
JACK MA – UKRAINE SHOULD IMPROVE INTERNET COVERAGE, LOGISTIC, E-COMMERCE



UKRAINIAN PARLIAMENT ADOPTS NATIONAL BUDGET FOR 2020



UKRAINIAN PRESIDENT: UKRAINE IS MOST ATTRACTIVE STARTUP ON EARTH



BORYSPIL INTERNATIONAL AIRPORT INCREASES PASSENGER TRAFFIC BY 22%



UKRAINIAN WINEMAKERS JOIN HANDS TO PRESENT JOINT BRAND, WINE OF UKRAINE, TO CONQUER FOREIGN MARKETS

# Ukrainian President proposes to founder of Alibaba Group Jack Ma to open R&D center

Ukrainian President Volodymyr Zelensky has proposed to the founder of Alibaba Group Jack Ma to open an R&D center in Ukraine for expanding operations in Europe. Zelensky expressed interest in cooperation during a meeting with Ma in Kyiv, the president's press service reported last week.



***"We have very ambitious goals. We want to completely reboot Ukraine so that people like you appear in the country," Zelensky said during the meeting.***

He told Ma about the State in a Smartphone project and stressed the importance of digital technology in transforming the country. He said that he was interested in joint educational projects in the field of information technology. Zelensky also said that Ukraine has one of the best data analytics specialists in the world and can offer a really strong expertise to create a data analytics and artificial intelligence center.

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## Jack Ma – Ukraine should improve internet coverage, logistic, e-commerce

Ukraine should improve logistic infrastructure, coverage with Internet and electronic payments for developing e-commerce, the founder of Alibaba Group Jack Ma has said.



***"Three things that Ukraine should develop: Internet infrastructure, logistics and electronic payments. And also entrepreneurship. If these four components are ready, Ukraine will have huge potential on the Internet," Ma said during the Kyiv International Economic Forum.***

Ma said that he was disappointed to learn that it takes from four to seven days for the delivery of goods from China to Ukraine. "These are indicators of the last century. They need to be improved," he said.

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## Ukrainian Parliament adopts national budget for 2020



Ukraine's Verkhovna Rada has passed a bill on the national budget for 2020 with 280 supporting votes, while at least 226 votes was required. "This budget includes much more funds for infrastructure, medicine, education, and not reduced, but increased expenses for local self-government. Moreover, all transfers and subventions to local budgets, including the State Regional Development Fund, the subvention for social economic development and the subvention for amalgamated territorial communities, are more than last year. And today, with your vote you added UAH 7 billion from the Road Fund," Finance Minister Oksana Markarova said from the rostrum of the parliament.

As reported, the draft national budget of Ukraine for 2020, prepared by the government for second reading, envisages the allocation of UAH 1.2 billion on the creation of the Bureau of Financial Investigations. Some UAH 1.84 billion will be spent on development and implementation of state investment projects, of which UAH 772.5 million will be allocated for healthcare, UAH 390 million – for transport infrastructure, UAH 190 million – for environmental protection, and UAH 180 million – for education.



# Ukrainian President: Ukraine is most attractive startup on Earth

Ukrainian President Volodymyr Zelensky has called on investors to invest in Ukrainian people, who are the main capital of the country, and reiterated that he personally guarantees protection to each investor. "You are in a phenomenal country. Without modesty, I'll say that this is one of the most interesting and attractive startups on planet Earth. Yes, for 28 years important reforms were imitated, built a shadowy opaque system. As a result, Ukraine has become a kind of economic underdog. But the new Ukrainian government is too ambitious to put up with such a very unattractive status, and when they say that our chances are low, when they underestimate us, all this adds us adrenaline, determination, strength for a powerful economic leap," he said, speaking at the Kyiv International Economic Forum.



***"And remember. today, Ukraine is a rough diamond that needs to be cut with internal reforms and external investments to become a real diamond not only in the center of Europe, but throughout the world. And I, as president, guarantee that I am ready to personally protect your every investment, every penny that you invest in each of our Ukrainians," he said.***

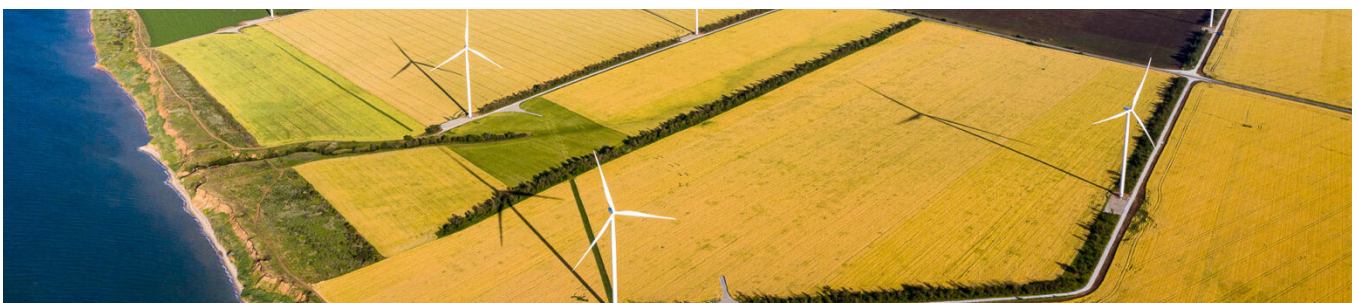
Zelensky said that people are the main capital of Ukraine.

"This is the very one Made in Ukraine that we are proud of and which gives us a competitive advantage. After all, the modern global economy is actually an economy of talents. Economic growth in the world is mainly thanks to innovation, while Ukrainians are ready to become pioneers, Ukrainians are able to look to the future and understand the needs of tomorrow. Ukrainians are very talented, hardworking, courageous, ambitious, creative, and this is exactly what your investment needs," he said, addressing investors.

The president said that Ukraine is well aware that the country needs equal rules of the game for everyone, cleansing the judiciary, overcoming corruption, digitalizing processes, reforming education in accordance with the challenges of the 21st century, laws that are vital for the economy, even when they are unpopular.

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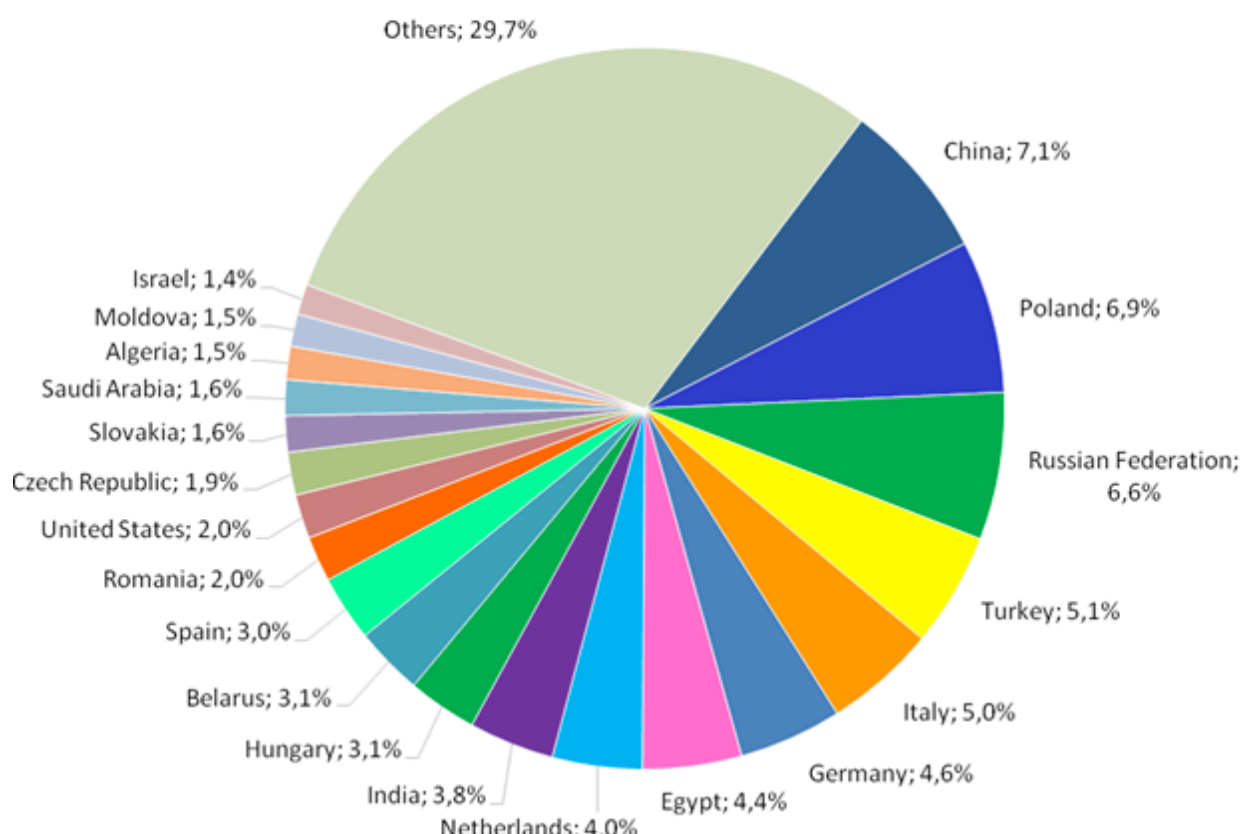
## DTEK finishes construction of Prymorska wind farm



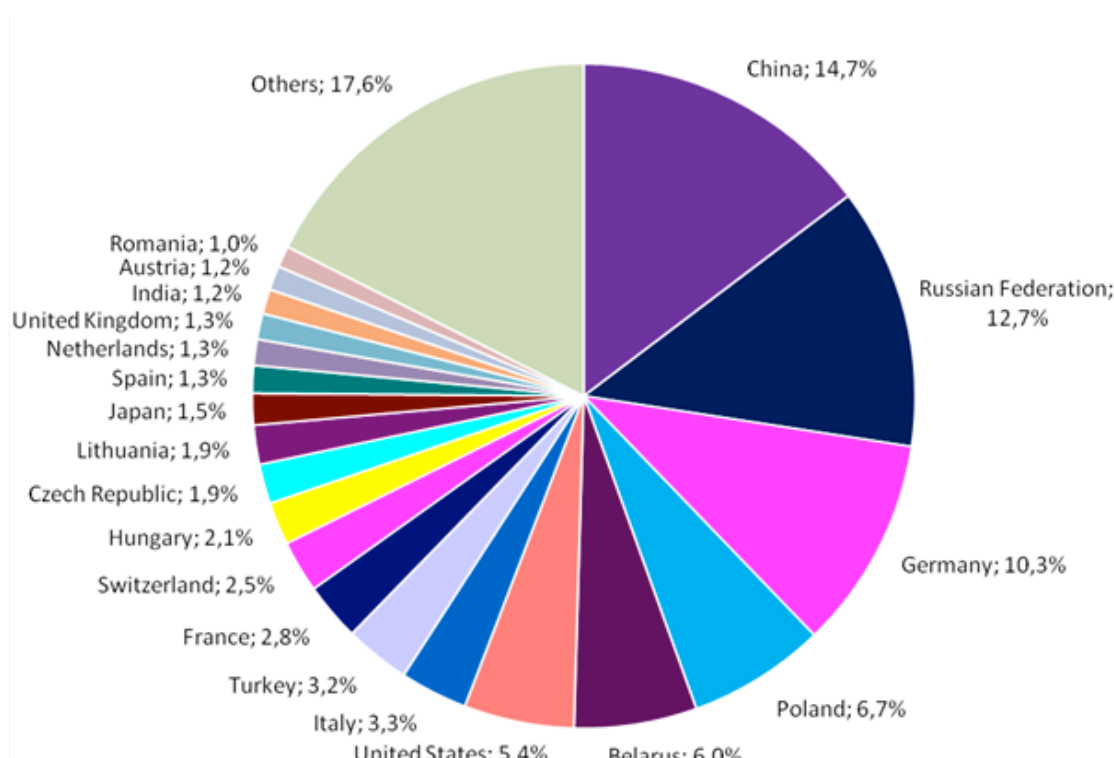
DTEK has completed construction of Prymorska wind farm (Botiyeve, Zaporizhia region) with a capacity of 200 MW, an Interfax-Ukraine correspondent has reported. DTEK CEO Maksym Tymchenko said that investment in the project reached EUR 321 million, including EUR 180 million are funds borrowed from German banks and secured by foreign export-credit agencies.

Prymorska wind farm will annually generate 700 million kWh of electricity. The plant consists of two phases 100 MW each and has 52 wind turbines made by General Electric. During the construction of the second phase Ukrainian contractors received orders for EUR 30 million.

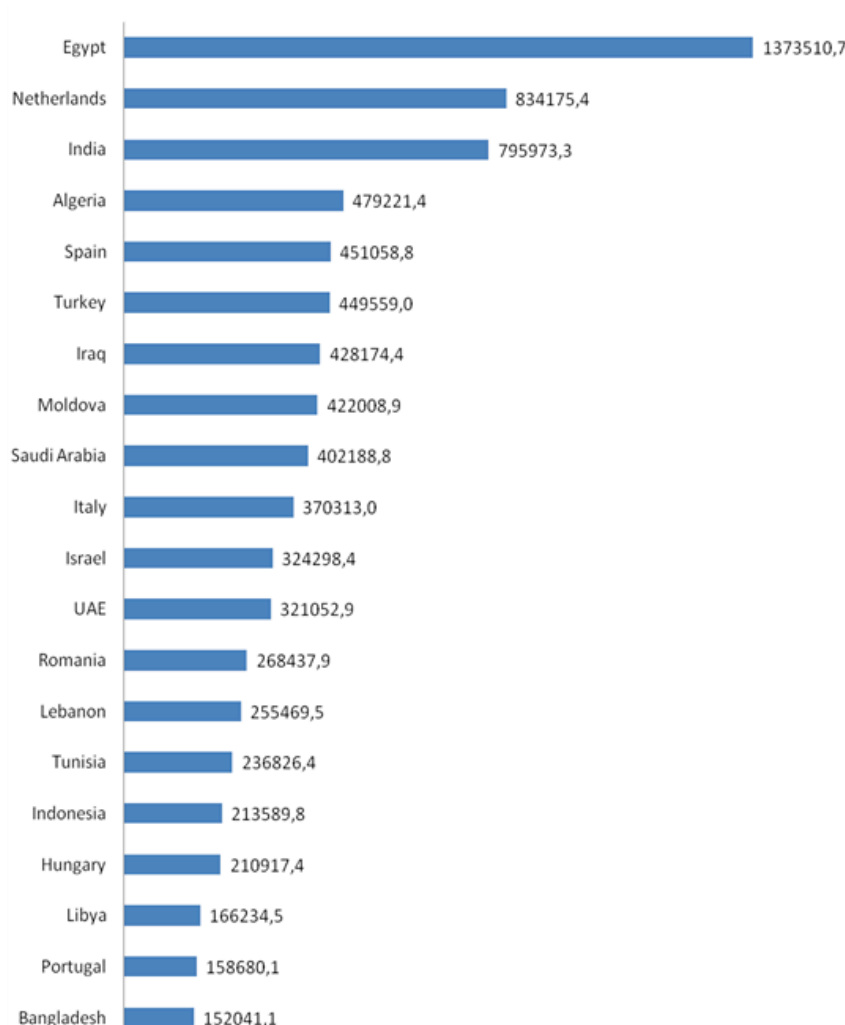
## Main trade partners of Ukraine in % from total volume in Jan.-Aug. 2019



## Main trade partners of Ukraine in % from total volume in Jan.-Aug. 2019



## TOP 20 countries Ukraine has posted the highest surplus of trade in goods in Jan.-Aug. 2019 (U.S. dollars)



## Developer from Azerbaijan intends to invest \$7 mln in housing complex in Ukraine

Caspian Service developer (Azerbaijan) intends to invest \$7 million in its first own development project in Ukraine, the BASA City residential complex of the comfort+ class in the village of Khodosivka (Kyiv-Sviatoshynsky district, Kyiv region). "BASA City is the first full-scale project of Caspian Service in Ukraine as a developer. Despite temporary difficulties due to political processes, the Ukrainian housing market is very promising. The pilot project is being implemented in the comfort+ class, since, according to our estimates, today this is the most demanded and least risky segment in residential construction," Chingiz Kishiyev, the CEO of Caspian Service in Ukraine, told Interfax-Ukraine.

According to him, the project includes nine five- to seven-storey houses, designed for 504 apartments. The land plot is located on the lake, not far from the Manufactura outlet village. Its area is 3.5 hectares, the total construction area is 35,000 square meters. The project will be implemented in two phases. The commissioning of the first of them is planned for the first quarter of 2021.

The expert noted the plan for the long term is to enter the segment of business and premium class housing in Ukraine. "We also intend to develop business and premium class housing, as the company has gained successful experience in implementing such projects in Azerbaijan, Kazakhstan, and other CIS countries: we have built dozens of high-quality projects," he stressed.



## Boryspil International Airport increases passenger traffic by 22%



Boryspil International Airport (Kyiv) in January-October 2019 increased passenger traffic by 22.4% compared to the same period in 2018, to 13.069 million people, the press service of the airport has told Interfax-Ukraine. Passenger traffic on international flights for the indicated period amounted to 12.145 million people (an increase of 23.7%), on domestic flights some 924,000 (an increase of 8.3%).

The number of flights in January-October 2019 amounted to 94,568 for arrival/departure, which is 16.3% more than in the same period in 2018, including 83,362 international flights (18.4% more), and 11,206 domestic (2.6% more).



***In October 2019, Boryspil's passenger flow amounted to 1.445 million people, which is 22.3% more than in October 2018. At the same time, passenger traffic on international flights amounted to 1.353 million people (up by 23.7%), on domestic some 92,800 (up by 4.4%).***

The number of flights in October 2019 amounted to 10,147 for arrival/departure, which is 17.6% more than in the same period in 2018, including 9,021 international flights (20.1% more), and 1,121 domestic flights (0.8% more).

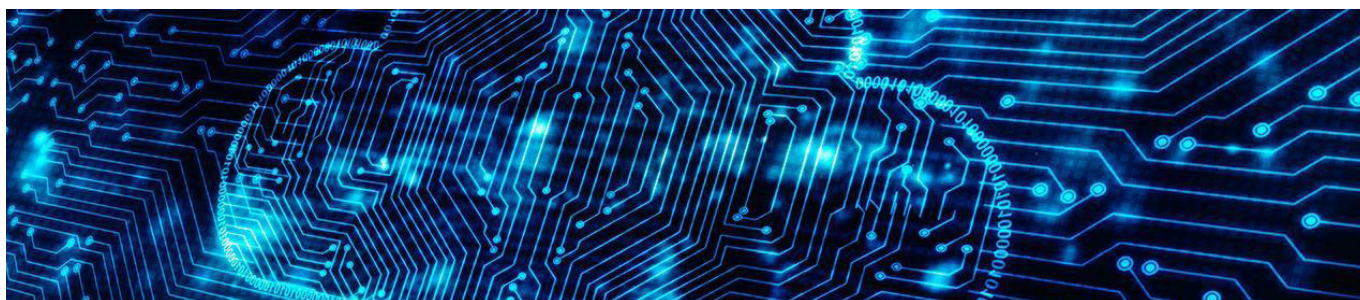
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## Canadian Fairfax completes acquisition of Ukrainian insurer

FFHL Group Ltd., a subsidiary of Fairfax Financial Holdings Limited (Canada), a financial services holding company headquartered in Toronto (Canada), on November 6, 2019 acquired a controlling stake in Universalna insurance company (Kyiv), according to the insurer's website. The company also reports that as a result of the transaction, no changes are planned in the operating activities of Universalna insurance Company, and all insurance contracts remain valid in accordance with the conditions under which they were concluded.

In addition, under this agreement, no additional actions are required from the clients or partners of Universalna, and the company continues its operations.

# Microsoft expects growth in income from sale of cloud technologies by 50% in Ukraine



The largest global software maker Microsoft Corp. expects growth in income from sale of cloud technologies in Ukraine by 50% every year in the coming two years, Director of Microsoft Ukraine LLC Jan Peter De Jong said during the press breakfast in Kyiv.

At the same time, he said that as part of the global digital transformation in the company at the global level, the development and implementation of customer access to cloud services are becoming a priority in Ukraine.



***De Jong said that this is about all the cloud services of Microsoft Office 365, Microsoft Azure and Microsoft Dynamics.***

"Digital transformation allows rethinking the ways people, data and processes interact. A digital transformation strategy that focuses on these three main components will make your company more effective for customers and gain a competitive advantage in a digital-oriented world," he said.

The world's largest software maker Microsoft Corp. increased its net profit in the first quarter of FY2020 by 21%, including thanks to the cloud business.

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## State-run Ukrenergo and Germany's Dena to integrate renewable energy sources into Ukraine's energy sector

Ukrenergo and the German energy agency DENA will analyze the technical and regulatory problems associated with the integration of fast growing capacities of renewable energy sources and will develop necessary recommendations. According to a press release from Ukrenergo, the main instruments for effective integration are systems for accurate forecasting of generation from renewable energy sources, a developed market for auxiliary services and interconnectors.



***Ukrenergo notes that at present the united energy system of Ukraine can accept 4.75 GW of renewable energy capacities without negative consequences, while by the end of 2019 this figure will amount to 3.965 GW.***

"A further increase in the share of renewable energy generation without the urgent legislative settlement of the issue of their work in the energy market and their controlled construction pose risks of the system imbalance. And first of all, the problem lies in a lack of responsibility of "green" generation for imbalances, which, in turn, does not stimulate manufacturers to accurate forecasting of production," the company said.

The project "Transformation of the Energy System to Optimize the Integration of Renewable Energy in Ukraine" is funded by a grant from the German Federal Ministry for Economic Affairs and Energy and will last until March 2020.

# Ukraine wants to cut state debt to 40% of GDP

Finance Minister of Ukraine Oksana Markarova has said that in two years Ukraine seeks to cut state debt to 40% of GDP and will strive for deficit-free budget in the future. She said on the Freedom of Speech by Savik Shuster program on the Ukraina TV Channel last week that permanent restructuring of state debt is unfavorable, as it would give the country fewer resources today than reputation losses.



***"We rapidly increased our debt from 2006 to 2008, then it also grew rapidly from 2013 to 2014, because it was in foreign currency, because in 2013, three billion in foreign currency was borrowed. We need to move away from this. That is, now we are again reducing debt compared with GDP, and this year it is less than 60%," Markarova said.***

The finance minister said that for 2020 the goal is to reduce public debt to 52% of GDP, and "in two years to reach even 40%." "This will give us the opportunity of living like European countries: when they need development, they borrow money, when they do not need it, they do not borrow. Because debt in itself is not bad, it is bad when we take a debt and live on it," she said.

Markarova said that therefore, next year the budget deficit will be only 2% of GDP, this year it is 3.2%. "That is, we will constantly try to come to a budget without deficits, and this will give us the opportunity of absolutely resolving all our debt issues and direct the money we earn to important and priority issues," she said.

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## 92% of Ukrainian CEOs expect their companies to grow



The leaders of Ukrainian companies named a shortage of labor among the main barriers to doing business in 2019, but 92% of them predict their businesses will grow in the next three years, according to the annual review made by KMPG in Ukraine.

According to the Global CEO Outlook study in Ukraine, during which 130 heads of companies were surveyed, 35% of CEOs (chief executive officer) plan to increase investment in innovation in the next three years, while among the heads of world companies 69% announced such plans.

At the same time, only 39% of the leaders of Ukrainian companies consider their business prepared for cyberattacks, and 31% found it difficult to evaluate their business regarding cyber security, the report says.

At the same time, 52% of managers called staff training the key strategy for preparing the company for the future, 57% would prefer to invest in labor than in technology. However, the global survey shows a different trend – only 32% of the heads of global companies surveyed prefer investment in human resources compared to investments in technology.

Among the risks for business development, the heads of Ukrainian companies, in addition to labor shortages, noted regulatory and operational risks, as well as return to economic nationalism.



# Punctuality of all Ukrainian airlines decreases to 82.1% in Oct

Ukrainian airlines in October 2019 serviced 82.1% of flights of the total number of flights serviced at Ukrainian airports within the 15-30 minute deviation from the timetable, which is 4.1 percentage points (p.p.) better than the figure for September 2019 (86.2%), according to the Ministry of Infrastructure of Ukraine.

According to the ministry, in October, Ukrainian airlines serviced 4,738 flights.

The punctuality of foreign airlines in October compared with September increased to 80.4% from 83.9%, while the number of flights totaled 3,204.

Of the Ukrainian airlines that made more than 50 flights a month in October, Windrose was the most punctual, with 87.4% and the number of flights 525. Motor Sich is second with 84.8% and 191 flights. Ukraine International Airline (UIA) had 84.7% punctuality with 2,890 flights. SkyUp had 75.1% with 527 flights and Azur Air Ukraine – 74% with 384 flights. In October, Swiss International Airlines (29 flights), Scandinavian Airlines (three flights), Bulgaria Air (two flights) and British Airways (two flights) topped the punctuality rating among foreign airlines with 100%.

Among the low cost airlines in October, the Irish Ryanair had the best punctuality indicators – 89.8% with 332 flights. Pegasus Airlines had 79.8% with 119 flights. Wizz Air Hungary is third with punctuality of 79.1% and 584 flights.

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## Joint company of UFuture and insoft partners announces investing in two IT-businesses

InSoft Software has increased its share in the service direction of the Kharkiv IT-company, Rozdoun, and has become one of the shareholders of the Kyiv IT-company Rademade. Therefore, currently, the investment portfolio of InSoft Software consists of three companies: Lenal, Rozdoun, Rademade.

InSoft Software also announced the change of its name to ITernal Group. Among the reasons for rebranding, the representatives of the company say about the expansion of the range of services, a change in the logic of positioning, and feedback from customers.

ITernal Group provides turnkey solutions on software development, strengthens customers' teams with its developers, and helps foreign clients open R&D offices in Ukraine (by purchasing small companies, hiring employees, renting offices, and assisting with further service). The company is actively developing both organically and with the help of M&A strategy, consolidating controlling stakes in IT-companies.



***“The creative economy of Ukraine is developing dynamically. The amount of investments and the number of startups in this industry are growing rapidly. According to experts, revenues in the Ukrainian IT-sector will amount to about \$5 billion in 2019. We and our partners are convinced that ITernal Group will take a worthy place in the market and will contribute to the development of the innovative economy of Ukraine,” Vasyl Khmelnytsky, Founder of UFuture, said.***

“The IT-outsourcing market has changed a lot, it has become mature. It's getting more difficult for small companies to compete with big players in attracting contracts, customers, and employees. Therefore, offer differentiating is getting more important. We focus on ecosystem solutions. Being able to integrate small companies into one structure while preserving the brands and unique culture of the companies, we are quickly building a major player, and thus gaining the ability to attract more significant customers. On the other hand, our clients' conversion is improving thanks to the wide range of the services provided by ITernal Group. In addition to the classic software development, we and UFuture bring M&A experience, access to a large innovative IT-school, and the most modern real estate for our clients”, Vitaly Gorovoy, Managing Partner of InSoft Partners, emphasized.

## Seaports of Ukraine increase cargo handling by 20%

The seaports of Ukraine in January-October 2019 handled 129.8 million tonnes of cargo, which is 20.2% more compared to the same period in 2018. According to the press service of the Ukrainian Sea Ports Authority, the volume of grain and ore transshipment for the indicated period increased by more than a third.



***The volume of exports increased by 24% compared with the same period of the previous year, imports by 12%, transit by 8%.***

At the same time, compared with the same period in 2018, the volume of grain transshipment grew by 37% (43.6 million tonnes), ore by 33% (30.5 million tonnes).

Transshipment of liquid cargo (oil, petroleum products, and others) rose by 9.6%, to 9.3 million tonnes. In addition, according to data for January-October, the trend of container handling growth continues: in the ten months it increased by 19% (812,000 TEU).

Among Ukrainian ports, five ports became the leaders in transshipment in the ten months, which provided the processing of more than 90% of the total cargo volume.

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## Harvest of grain in Ukraine in 2019 could raise to 71.8 mln tonnes

The Ukrsadvinprom Association has convened a congress of Ukrainian winemakers as part of the large-scale specialized exhibition Wine & Spirits in Kyiv and introduced an umbrella brand, Wine of Ukraine, which, according to the organizers, should help Ukrainian wine with winning solid positions in foreign markets.

Head of the Ukrsadvinprom Association Volodymyr Pechko, who was a co-organizer of the event, says Ukraine has already proved that it is a country with producers of high-quality wine, sparkling wine, vermouth, brandy, fruit wines and distillates, however, marketing Ukrainian-made produce in other countries should be backed by regular support of the state and an alliance of Ukrainian wine producers around one brand on the "Made in Ukraine" principle.



***"Only together we can successfully present our products, and the common Wine of Ukraine brand will allow us to position our products abroad in the right way, reduce costs when participating in foreign exhibitions and forums, and lower advertising and PR expenses," Volodymyr Pechko said.***

"Our plans include the development of our project around the Wine of Ukraine brand as early as in 2020 and encourage all Ukrainian winemakers – both large and small enterprises – to join it," Volodymyr Pechko, the head of the Ukrsadvinprom Association, added.

The Ukrsadvinprom association includes about 200 enterprises from different regions of Ukraine. Ukrsadvinprom was established in March 2016 to bring together market players and provide practical assistance in resolving problematic issues in viticulture and winemaking, as well as horticulture, including berry and walnut growing.

The main areas include lobbying interests and representation of enterprises in state executive agencies, expanding the geography of exports of products, formation of commodity lots, legal support of economic activities, consultation on issues of applying for state support, development of technological instructions and technical specifications necessary for the production of wines, cider, drinks made of fruit and other types of wine products.

# Ukrainian winemakers join hands to present joint brand, wine of Ukraine, to conquer foreign markets

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## Ukrainian Epicenter K invests UAH 3 bln in agriculture

The agricultural division of the Epicenter K Group has launched two new silos and expanded the capacities of two more silos in Vinnytsia and Khmelnytsky regions and the number of own silos grew from six to eight and their total storage capacities expanded to over 800,000 tonnes.

According to the group's press release, two new silo complexes were launched in Vinnytsia region: Vendychany (Mohyliv-Podilsky district) with a storage capacity of 120,000 tonnes and Vapniarka (Tomashpil district) with a storage capacity of 200,000 tonnes.

In addition, the reconstruction of the Vinnytsia elevator was completed, as a result of which its storage capacity was increased to 168,000 tonnes, the capacity of the Zakupne silo complex (Khmelnytsky region) also increased by 60,000 tonnes – after reconstruction, the enterprise can dry and store 105,000 tonnes of grain. The investments of Epicenter K in the development and reconstruction of the silo business amounted to about UAH 3 billion. According to the group, in the current season the new and upgraded silos of the company plan to accept about 50,000 tonnes of grain from external depositors for refinement and storage.

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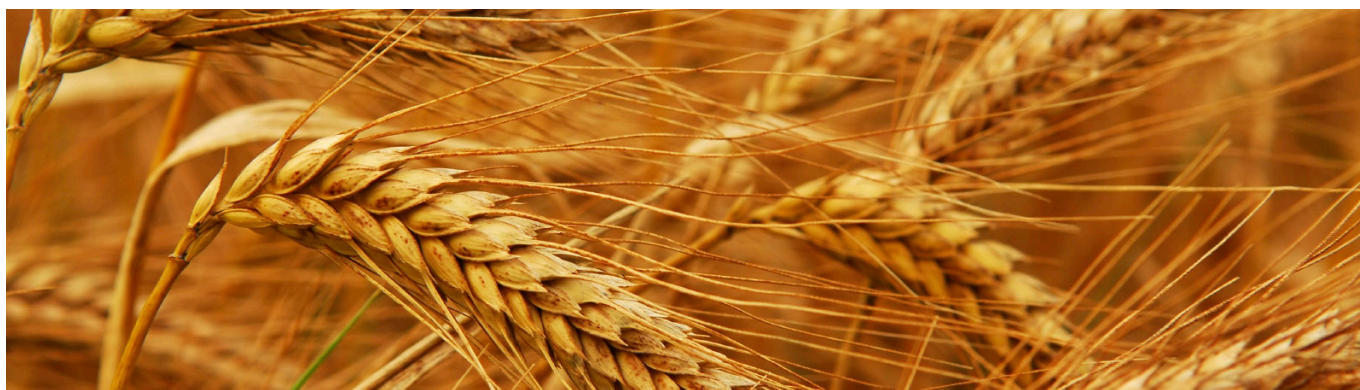
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# Ukraine exports 19.64 mln tonnes of grain in 2019/2020 my



Ukraine since the beginning of the 2019/2020 marketing year (MY, July-June) and as of November 4, 2019 had exported 19.64 million tonnes of grain and leguminous crops, which is 42.9% more than on the same date last MY.



***According to the information and analytical portal of the agro-industrial complex of Ukraine, to date, the country has exported 11.67 million tonnes of wheat, 4.39 million tonnes of corn, and 3.34 million tonnes of barley.***

As of November 4 of this year, 118,600 tonnes of flour had been also exported.

As reported, Ukraine in the 2018/2019 MY exported a record 50.4 million tonnes of grain, legumes and flour, which is 23% more than in the previous MY.

## Ukraine raises cheese imports by 1.7 times

Ukraine in January-October 2019 exported 5,960 tonnes of cheese, which is 14% less than in the same period in 2018. According to customs statistics released by the State Fiscal Service, in monetary terms exports amounted to \$21.97 million, which is 14.7% less than the figure for the ten months of 2018.

At the same time, cheese imports in January-October 2019 amounted to 17,660 tonnes, which is 1.7 times more than the figure for the same period in 2018. In monetary terms, imports rose by 1.6 times, to \$81.04 million.

This digest is a mutual project of the Interfax-Ukraine News Agency and the Open4business.com.ua.

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