



**UKRAINE**  
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## European Bank for Reconstruction and Development invests EUR1.1 bln in 51 projects in Ukraine in 2019



The European Bank for Reconstruction and Development (EBRD) invested EUR1.1 billion in 51 projects in the public and private sectors of Ukraine in 2019, EBRD Senior Adviser for External Affairs Anton Usov has said. "Last year, among the countries of EBRD operations, Ukraine ranked second in terms of investments and first in the number of signed projects. Some EUR680 million of the total investment in Ukraine in 2019 was assigned to the "green" category projects with an environmental component, which is the highest figure among all EBRD countries," he said.

## HEADLINES



UKRAINIAN AUTHORITIES PROPOSE SINGLE TAX FOR IT COMPANIES AT 4-7 LEVEL % OF TURNOVER



TURKISH RETAILER PLANS TO OPEN 60 STORES IN UKRAINE IN 2020-2023 YEARS



AVERAGE RECEIPT AMOUNT OF FOREIGN PATIENTS IN UKRAINIAN CLINICS INCREASES TO \$2,800 IN 2019



UKRAINIAN AIRPORTS SEE 18.5% RISE IN PASSENGER FLOW IN 2019



UKRAINE LOSSES FROM ILLEGAL DEFORESTATION OVER UAH 1 BLN



GRAIN HARVEST IN UKRAINE TOTALS 75 MLN TONNES IN 2019

## President of Ukraine signs law on countering raiding

President of Ukraine Volodymyr Zelensky has signed the law on amending the Land Code of Ukraine and some other legislative acts to combat raiding adopted by the Verkhovna Rada on December 5, 2019.

As reported, bill No. 0858 establishes that if a party to the contract wishes to refuse to automatically renew the land lease, then no later than 30 calendar days before the expiration of the contract, it must submit an application to the state register of property rights. In the absence of such a statement after the relevant expiration date of the contract, it is extended for the same period and with the same conditions.

The lease payment for land plots of state and municipal property leased at land tenders cannot be reduced by agreement of the parties during the term of the lease, as well as upon its renewal, as indicated in the document.

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## Ukrainian authorities propose single tax for IT companies at 4-7 level % of turnover



The Ministry of Digital Transformation of Ukraine together with the relevant committee of the Verkhovna Rada are working on the preparation of a tax reform for the IT industry, which provides for the establishment of a single tax at the level of 4-7% of the companies' turnover. Deputy Minister of Digital Transformation Oleksandr Borynyakov gave this information on his Facebook page.



***“We propose discussing a single tax for legal entities without a turnover limit and setting it at 4-7%... According to this regime, a legal entity-exporter of services will pay a single tax and will be a tax agent for an employee, paying two single social security contributions and a military tax,” Borynyakov said.***

He also said that the following requirements for those who join this taxation regime are being discussed: staff of more than 10 employees; the share of exports in profit and the share of the salary fund in the cost of production being more than 75%; and the average salary being at least five minimum wages.

According to the Ministry of Digital Transformation, this will create legal working environment for the industry, make it more attractive for investment, creating a transparent and understandable corporate structure. In addition, this will create equal competitive working conditions in the industry, as well as conditions for the export of other services.

“At the same time, the model preserves the mechanism for ensuring social guarantees for employees and does not increase the tax burden and administration. After all, on the one hand, tax and reporting are introduced for IT companies, and on the other, we cancel a number of taxes for employees,” the deputy minister said.



# Ukraine gets 43 place in world rating of passport index

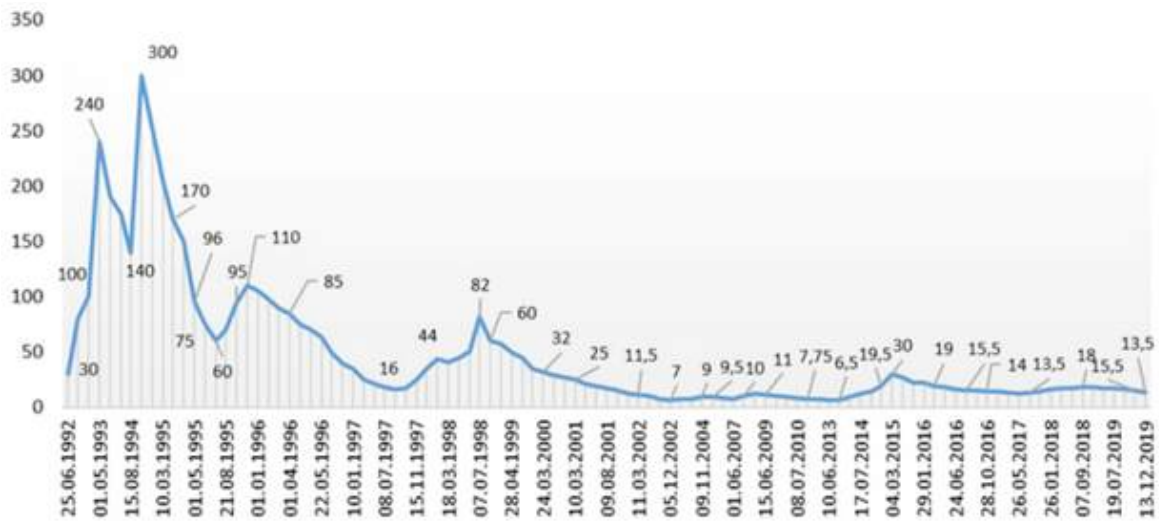
Ukraine has reduced its position in the ranking of world passports by two points at the end of 2019, according to the Henley & Partners Passport Index. According to the report, over the past year, Ukrainian citizens received the right to visit Bahrain and Saudi Arabia without visas, but at the same time visa-free access for Ukrainians to Benin and Djibouti was stopped. Thus, the number of countries that Ukrainians can visit without a visa or with a visa upon arrival remained unchanged at 128, and the position in the ranking shifted from 41 to 43, which was shared with Nicaragua.

The leader of the rating for the third year in a row remains Japan, whose citizens can visit 191 countries without a visa. Singapore ranks second, while the third place is shared by South Korea and Germany.

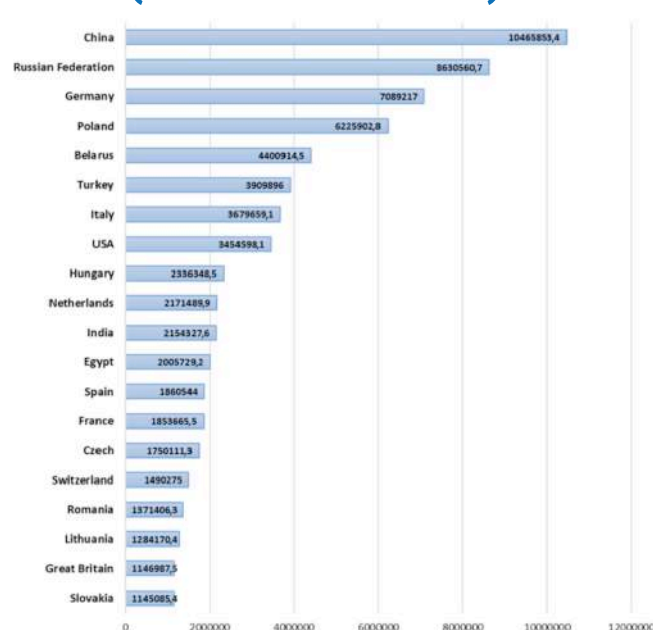
Italy ranked fourth in the ranking, and three countries at once were fifth, including Denmark, Luxembourg, and Spain. The United States and the UK, who led the rating five years ago, fell to the eighth place.

The last place in the ranking was taken by Afghanistan, whose citizens can visit 26 countries without visas.

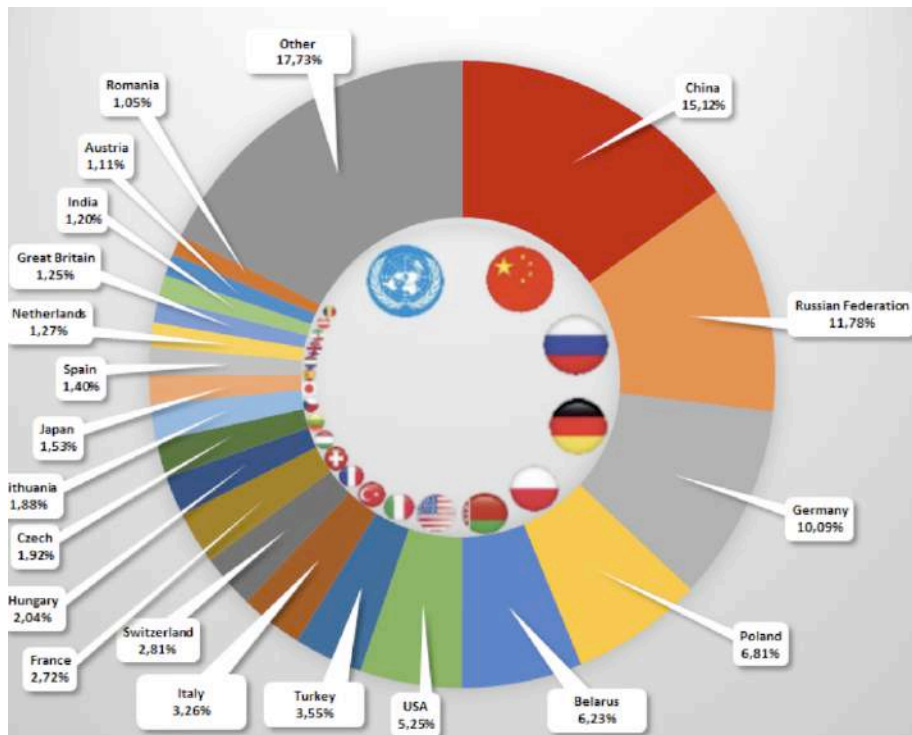
## Dynamics of changes in discount rate of National Bank of Ukraine



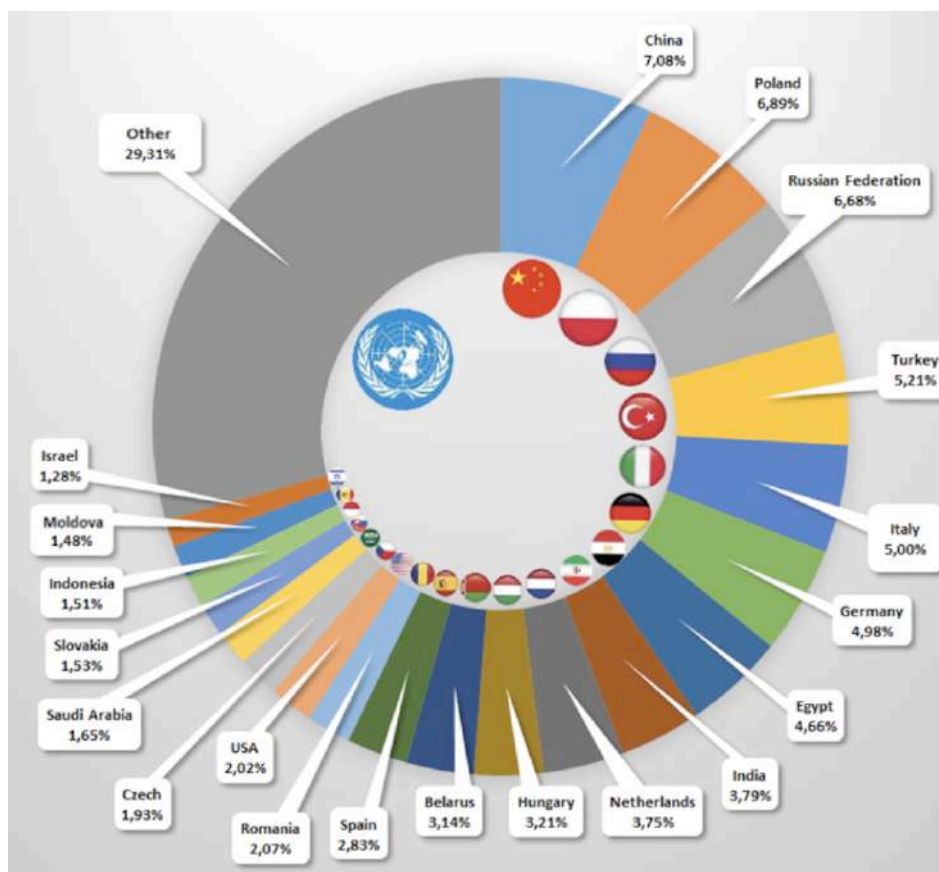
## Top 20 countries of Ukraine's foreign trade partners for 10 months of 2019 (thousand USD)



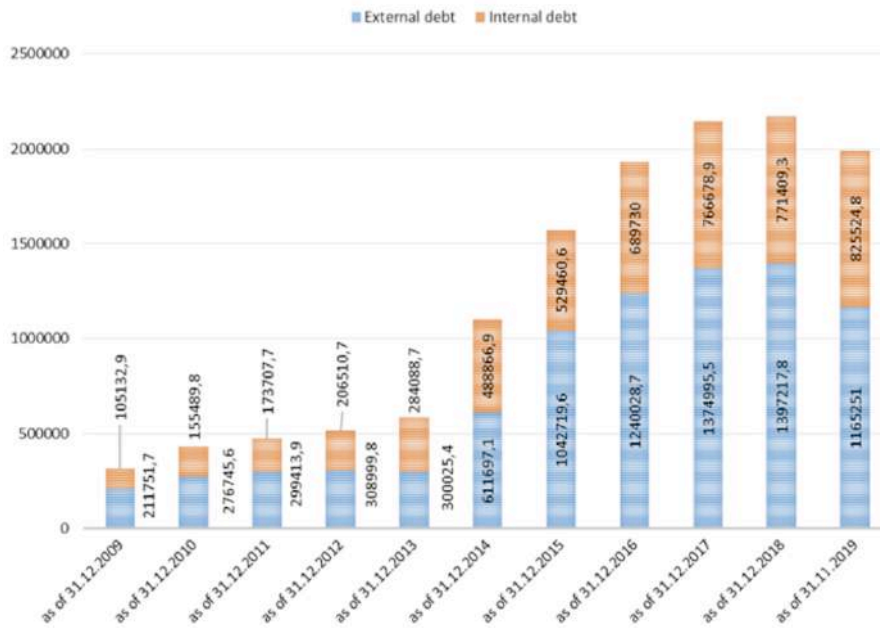
## Main trade partners of Ukraine in % from total volume (import from other countries to Ukraine) in Jan-Oct 2019



## Main trade partners of Ukraine in % from total volume (export from Ukraine to other countries) in Jan-Oct 2019



# Internal and external debt of Ukraine from 2009 to 2019



## Donbasenergo counts on improvement of rules on power market



PJSC Donbasenergo counts on continuation of initiatives of the regulator, profile ministries and the Verkhovna Rada committee to introduce the best global practices in the operation of the new electricity market, which would allow stabilizing the operation of electricity generating companies. According to a press release of the company, Donbasenergo notes the importance of the initiatives already implemented regarding price adjustment in the balancing market, which made it possible to provide this service without incurring losses.



***“At the same time, the market situation for electricity generating companies remains difficult, in particular, only in December, the company’s losses amounted to UAH 130 million,” the company said.***

Donbasenergo expressed the hope that the Ministry of Energy and Environment Protection, the regulator, the Verkhovna Rada committee on energy, housing and utilities will continue implementing the best global practices, and companies operating in the electricity generation market will be able to avoid artificially lower prices as well as unprofitable work in the future,” the company said in the press release.



## Arcelormittal invests UAH 320 mln in Ukraine in 2018-2019 to restore locomotives

PJSC ArcelorMittal Kryvyi Rih (Dnipropetrovsk region) in 2018-2019 spent about UAH 320 million on the program to restore 27 locomotives.

According to a company press release, domestic and foreign analogues were used instead of Russian components during the overhaul of locomotives, thereby neutralizing Russian sanctions regarding the ban on the supply of spare parts and engines for diesel locomotives to Ukraine.

According to the press service, the plant has one of the largest railway fleets in the metallurgical complex: 172 locomotives (126 for servicing metallurgical production, 46 for mining). A few years ago, the company adopted an import substitution program. One of the main partners was Mykolaiv Diesel Locomotive Repair Plant, which established production cooperation with a number of Ukrainian and foreign manufacturers of various railways equipment.

Thanks to joint developments, Mykolaiv plant started installing diesel engines of well-known world companies, namely U.S.-based Cummins, UK-Belgian ABC Corporation, and others, on locomotives. In addition, the latest Heinzmann engine control systems (Germany), a rotary vane compressor jointly with the Italian company Mattei, a modern traction unit of alternating current (Electrotyazhmash), a microprocessor-based locomotive control system, etc. were installed on the machines.

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## Turkish retailer plans to open 60 stores in 2020-2023 years



Turkey's fashion retailer LC Waikiki will open the largest store of the chain in Ukraine in River Mall in Kyiv in the first quarter of 2020, and plans to open another 60 stores in the country by 2023.



***“In the first quarter of 2020, a two-level store of the Turkish brand LC Waikiki with a total area of 1,880 square meters will open in the River Mall. The store will become the largest in the Ukrainian network of the company,” the retailer said in a press release.***

According to the report, the company also plans to open up to 60 new stores in Ukraine. According to information on the retailer's website, as of January 11, 2020, there were 32 chain stores in Ukraine, in particular in Kyiv, Chernihiv, Zhytomyr, Kharkiv, Lviv, Dnipro, Kryvy Rih, Zaporizhia, Odesa, and other cities.

LC Waikiki is originally a French clothing brand founded in 1988 by two French. In 1997, the brand was purchased by Turkish investors. It is engaged in the production and retail sale of clothing, shoes and accessories for children and adults.

The chain has more than 990 stores in 47 countries and plans to become one of the three most successful clothing dealers in Europe by 2023. In Ukraine it has been operating since 2013.

The LC Waikiki network is developed by Theme Fashion Ukraine LLC (Kyiv), established in 2006.

## Number of Green Card insurance contracts in Ukraine up by 43%



The number of Green Card international insurance contracts signed by the member companies of the Motor (Transport) Insurance Bureau of Ukraine (MTIBU) increased by 43.23% in January-November 2019 compared to the same period in 2018, to more than one million.



***According to the MTIBU's website, the amount of accrued insurance premiums for the specified period increased by 28.05% compared to the same period last year, to UAH 1.541 billion.***

At the same time, the amount of compensation paid on claims rose by 30.26%, to EUR 13.664 million, while the number of claims paid grew by 14.14%, to 5,296.

The MTIBU is the only association of insurers that carry out compulsory insurance of vehicle owners' civil liability for damage caused to third parties.

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## Velta industrial and commercial firm with titanium ore production assets in Ukraine signs \$100 mln contract with Luxembourg Traxys

Velta industrial and commercial firm LLC with titanium ore production assets in Ukraine (Kirovohrad region) has agreed to supply \$100 million of ilmenite, a titanium feedstock, under a five-year supply contract with the Traxys Group, a global commodity trading group, aimed at meeting the needs of the North American market.

Velta said in press release that it has been working in the U.S. market for seven years.



***"Given that North America is one of the most stable and fast growing markets, we have decided to enter a longer-term contract, which will ensure additional stability of the company's operations," CEO of Velta Andriy Brodsky said.***

He said that the main competitive advantage of Velta is that the company produces high-quality high-titanium feedstock, which is currently scarce in the world and in great demand in the U.S. market.

"Titanium Dioxide pigment is a core business of our group. We are pleased to partner with such a high quality and reliable miner as Velta," Traxys Head of Industrial Minerals Eli Skornicki said.

Traxys, headquartered in Luxembourg, is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 400 employees, in over 20 offices worldwide, and its annual turnover is in excess of \$7 billion. The group serves a broad base of industrial customers and offers a full range of commercial and financial services.

## Average receipt amount of foreign patients in Ukrainian clinics increases to \$2,800 in 2019



The average receipt amount of foreign patients in Ukrainian clinics in 2019 increased from \$2,000-2,500 to almost \$2,800, Vice President of the Ukrainian Association of Medical Tourism (UAMT) Ihor Torsky has said.

"According to our annual research, this indicator is growing. In 2019, the average check of one foreign medical tourist was about \$2,800. It is possible that in 2020 this figure will be even higher," he said at a press conference devoted to the Global Medical Tourism Forum Healthcare Travel Forum 2020, which will be held in Kyiv city and Lviv region April 22-25, 2020.

At the same time, Torsky said that the development of high-tech medical technologies and innovative treatment methods contributed to the increase in the average check of foreign patients.

At the same time, Torsky said that the average check of foreign patients in Ukrainian clinics differs by region.

"In Kyiv, the average check is about \$3,240, in Lviv this amount is lower, because the structure of the provision of services differs from region to region," he said.

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## Ukrainian airports see 18.5% rise in passenger flow in 2019



Ukrainian airports tentatively serviced 24.337 million passengers in 2019, which is 18.5% more than in 2018. According to a posting on the website of the State Aviation Administration of Ukraine, the passenger flow on its routes grew by 19.8%, to 21.996 million people.



***The administration said that in 2019, Ukrainian airlines serviced 13.722 million people, which is 9.5% more than in 2018. A total of 12.56 million passengers were carried on international routes (growth by 9.7% compared with 2018).***

Last year, Ukrainian airlines performed 102,600 commercial flights (an increase of 2.4% compared to 2018), including 86,200 international one (an increase of 2.6%).

As reported, in 2018 the passenger flow of Ukrainian airports amounted to 20.546 million people, which corresponds to a 24.5% increase compared to 2017.



## State-run Ukrposhta to increase profit by 12% in 2020

Ukrposhta intends in 2020 to increase its net income by 13.2% compared with the planned figures for 2019, to UAH 9.682 billion. According to the text of the enterprise's financial plan for 2020, it is planned to increase profit by 12%, to UAH 1.7 billion respectively.

According to an explanatory note to the document, revenues from written correspondence are planned in the amount of UAH 2.429 billion (an increase of 8.1%), revenues from the parcel segment in the amount of UAH 1.201 billion (an increase of 21.5%), revenues from the distribution of periodicals some UAH 525.900 million (4.5%), income from pension payments some UAH 2.155 billion (an increase of 10.4%), from trade in the amount of UAH 590 million (an increase of 25.5%) compared to the financial plan for 2019.

## Ukraine losses from illegal deforestation over UAH 1 bln



The state suffered losses in the amount of more than UAH 1 billion due to illegal deforestation in Ukraine, Head of the State Forest Resources Agency Andriy Zablotsky has said.



***“State losses from illegal logging amount to more than UAH 1 billion. A significant part of the market is in the shadow, and electronic accounting aims to remove this powerful market from the shadow,” Zablotsky said during a meeting with the prime minister and representatives of the territorial bodies of the State Forest Agency in Kyiv.***

According to Zablotsky, it is planned to introduce criminal liability for the sale of trees without tags. In addition, in accordance with the goals of the government, it is planned to increase the forest cover of Ukraine by 20%. The agency is developing a bill on forest inventory for its further use on the basis of new rules. Previously Latschbacher Group, together with Austrian partners, offered ground-based laser scanning technology for forest inventory in Ukraine, as well as studies based on simulation of forest growth.

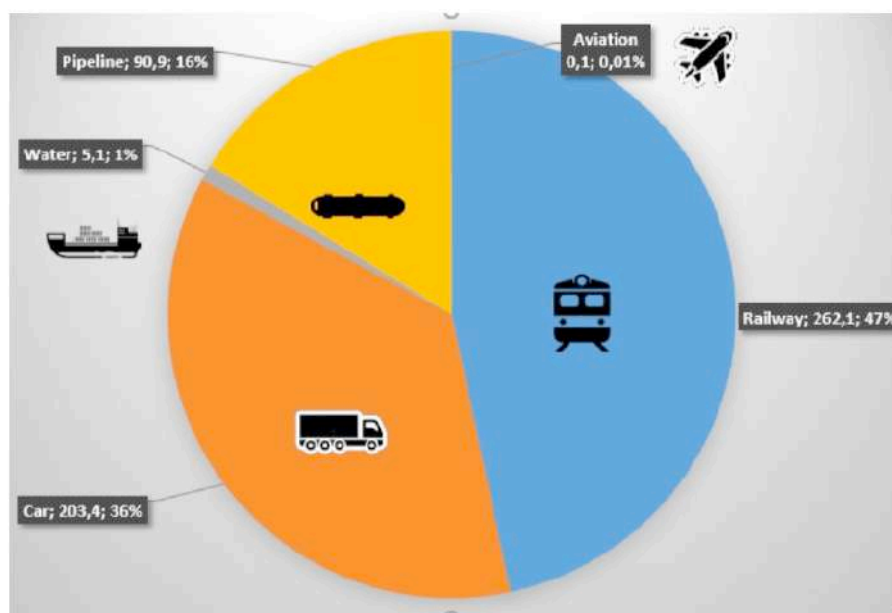


***“We prepared calculations of the project. We've performed various calculations that will help soberly evaluate different ways of conducting an inventory. According to our estimates, the cost of implementing the national forest inventory in Ukraine using modern methods with laser technology will be about EUR 10 million,” Volodymyr Molochko said in an interview with the Interfax-Ukraine agency.***

According to data from Austrian experts, Ukraine plans to carry out the national forest inventory using standard methods, which will take five years and substantially more funds. In particular, they noted it is necessary to lay more than 16,000 sample points across the entire forest area in Ukraine, process 400 points a month, which will require at least nine teams of two people each.

“If to look at the costs spent on conducting the national forest inventory, the time and effort spent on it, and compare the benefits actually gained from this with the capabilities of laser scanning from an airplane, there will be no other alternative but to get into a deep depression,” Molochko believes.

## Ukraine's transport enterprises carry 3.9 bln people in Jan-Nov



## 34,000 new motorcycles and mopeds are sold in Ukraine in 2019

Almost 34,000 new motorcycles and mopeds were sold in Ukraine in 2019, which is 1.5 times more than in 2018, AUTO-Consulting reports.



***“The Ukrainian motorcycle market experienced a real “boom” in sales in 2019 and will surely go down in history as one of the most successful,” experts say.***

For the second year in a row, the Mustang brand has been the market leader, which in 2019 increased sales by 62%, to 7,032 units, and occupied 20.6% of the motorcycle market compared to 19% in 2018.

Spark motorcycles, which were preferred by 14% of buyers in 2019, ranked second.

“A real struggle unfolded for the third position in 2019. As a result, Lifan became the bronze medalist, whose sales grew by 76% over the year,” the group said in a statement.

At the same time, according to AUTO-Consulting statistics, Lifan in 2018 ranked fifth in the rating with a share of 8.66%, and in 2019 its share rose to 10.21%.

Analysts also note a rapid increase in sales among such as brands Forte (the 4th place versus 8th a year earlier), Bajaj (the 7th place), and Loncin (the 8th versus the 10th).

The sales of famous brands also intensified in 2019: Honda became the leader among Japanese manufacturers. BMW Motorrad and Yamaha dealers also noticeably raised sales.

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# Ukraine exports 32 mln tonnes of grain since start of 2019/2020 agri-year

Ukraine since the beginning of the agricultural year 2019/2020 (July-June) has exported 31.7 million tonnes of grain and leguminous crops, which is 27.8% more than during the same time in the past agri-year.

According to the information of the State Service of Ukraine for Food Safety and Consumers' Protection, the country has currently exported almost 15 million tonnes of wheat (including over 11.7 million tonnes of bread wheat and over 3.2 million tonnes of coarse wheat), 12.8 million tonnes of corn, and 3.6 million tonnes of barley.

Over the same period of the previous agri-year, over 24.8 million tonnes of grains were exported, including 10.8 million tonnes of wheat (6.7 million tonnes of bread wheat and 4.1 million tonnes of coarse wheat), 10.4 million tonnes of corn and over 3 million tonnes of barley.

## Grain harvest in Ukraine totals 75 mln tonnes in 2019

Grain and leguminous crop harvest in Ukraine in 2019 was around 75 million tonnes compared with 70.1 million tonnes in 2018, according to the Ministry of Economic Development, Trade and Agriculture.



***“Given that Ukraine has passed the transition period after signing the DCFTA, the Ukrainian Chamber of Commerce and Industry stops issuing certificates for drinks called Cognac, Armagnac, Grappa, Brandy and Sherry,” First Vice President of the Ukrainian Chamber of Commerce and Industry Mykhailo Nepran said.***

The ministry said that as of January 10, 2019 and from the beginning of the 2019/2020 agricultural year (July-June), Ukraine exported 32.08 million tonnes of grain, which is 7.8 million tonnes more than in the same period of the previous agri-year.

In particular, the following crops were delivered to foreign markets: 15.1 million tonnes of wheat, 12.8 million tonnes of corn, 3.8 million tonnes of barley, and 5,000 tonnes of rye.

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