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Siemens double business in Ukraine in past three years



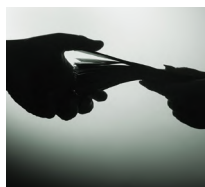
Siemens business in Ukraine has doubled over the past three years, the company expects to maintain such growth rates in the next three years, Director General of Siemens Ukraine Maciej Tomasz Zielinski has said. "In the industries where we work – in energy, in the food industry, in business processes – we consider this possible with the right policy of the government of the country," he told Interfax-Ukraine on the sidelines of the Ukrainian House, organized by the Victor Pinchuk Foundation, WNISEF and Horizon Capital in Davos.

According to him, the matter concerns the continuing of the policy of energy independence, increasing production efficiency, further developing the agricultural sector that can feed the whole of Europe and even more.

In addition, the expert noted a great development potential of the Ukrainian industry due to its digital transformation.

"There are not many countries that would be as good as Ukraine and have the potential for a leap," he said.

HEADLINES



SHARE OF SHADOW ECONOMY IN UKRAINE SHOULD FALL TO NO MORE 20% OF GDP BY 2025



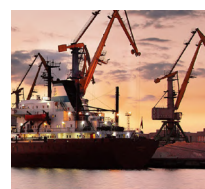
CHINA RAILWAY CONSTRUCTION CORPORATION TO OPEN REPRESENTATIVE OFFICE IN UKRAINE



DEUTSCHE BAHN STUDYING STRATEGIC ALLIANCE WITH UKRAINIAN STATE-RUN UKRZALIZNYTSIA



FARMAK PHARMACEUTICAL COMPANY TO INVEST UAH 1.2 BLN IN DEVELOPMENT



QATARI COMPANY WINS OLVIA PORT CONCESSION COMPETITION IN UKRAINE



UKRAINIAN COMPANIES INCREASE POULTRY EXPORTS IN 2019 BY 26% TO \$578 MLN

Share of shadow economy in Ukraine should fall to no more 20% of gdp by 2025



The share of the shadow economy in Ukraine should decrease from 30% of GDP (according to calculations of the Ministry of Economic Development, Trade and Agriculture for 2018) to no more than 20% of GDP by 2025, according to Strategy of Ukrainian Financial Sector Development until 2025 approved by the regulators of the financial market on January 16. According to the document post on the website of the National Bank of Ukraine (NBU), the total volume of public debt for this period should decrease from 52.3% to no more than 40% of GDP, the deficit of public debt – from 2.1% in 2019 to 1.5% at the end of 2024. It is envisaged that the share of state-owned banks of the assets of the banking system over this period will decrease from 60.1% to no more than 25%.

The share of non-performing loans (NPL) in the banking system will decrease and will not exceed 10% of the total volume of loans (52.9% in 2019). At the same time, net loans in foreign currency of the total volume of net loans will decrease from 41.4% to no more than 30%, and deposits in foreign currency will not exceed 30% of the total deposits (41.7% in 2019).

The volume of net bank loans will increase from 16.5% to 22% of GDP, and the level of penetration of lending to SMEs – from 1.4% to 3% of GDP. The cash (M0) and GDP ratio will decrease from 9.2% to no more than 7.5%.

'Investment nanny' for investors is agreement with Ukrainian govt on specific investment conditions

The idea of an "investment nanny" for investors includes signing agreements with the government of Ukraine on specific conditions in case of violation of which the Cabinet of Ministers will respond in international courts, Minister of Economic Development, Trade and Agriculture Tymofiy Mylovanov has said. "The idea of an "investment nanny" is that the government of Ukraine signs specific conditions with the investor and thus the government will be responsible to the investor in international courts for violations, while the investor will also be responsible to the government of Ukraine – this is a mirror agreement," he said on the air of the Freedom of Speech (Svoboda Slova) program on ICTV.



The minister is confident that in this way the state shows foreign and Ukrainian investors that it is ready to ensure the rule of law. Mylovanov added that in parallel with this, the judicial and law enforcement systems should be reformed to build trust in them.

"It's about the right to sign an agreement. Today the law does not allow the Cabinet of Ministers to sign a separate agreement. Are we signing international agreements? It's the same thing, because we sign them with international financial organizations, and this is a big investor. Is the one with the IMF an international agreement? It is an individual international deal with a large international investor. Do we sign agreements with the EBRD and the World Bank? Yes, and now we say that any large investor, not only international financial organizations, will get the right to sign a contract with the government," the minister said.

President of Ukraine: Ukraine should become investment mecca

President of Ukraine Volodymyr Zelensky, speaking at the World Economic Forum in Davos, called on international investors to become "architects of the success of the new Ukraine." "Ukraine should become an investment mecca of Eastern and Central Europe. The main driver for economic development is the ability to make profit. And we are one of the few countries that now allows earning such a high return on invested capital. Today we are underinvested and disliked," he said.

Zelensky called on investors to invest in Ukraine.



"Today, the pragmatic and petrified world is sorely lacking a miracle. And the world economy, which is on the verge of a new global crisis, needs an economic miracle. And my goal is to make Ukraine appear in textbooks next to the cases of Japan, South Korea and Singapore. Therefore, join in!" he said.

The president pointed out that the new Ukrainian authorities are creating equal rules of the game for everyone, cleansing the judicial system, digitalizing processes, implementing vital reforms and adopting vital laws.

"We have everything to become a successful country. Favorable climatic conditions, a very favorable geographic location, an inexhaustible agricultural and industrial potential, and our most valuable resource are incredibly creative and very talented people who are in the top 50 in the Human Capital Index rating," he noted.

Population of Ukraine totals 37.2 mln people



According to the data of the electronic census, population of Ukraine totals 37.289 million, minister of the Cabinet of Ministers Dmytro Dubilet reported. "Ukraine amounts 37.289 million people," Dubilet said at a press conference in Kyiv.

Estimates of the amount of the present population are as of December 1, 2019. The assessment does not cover the uncontrolled territories of Crimea, Donetsk and Luhansk regions. The margin of error does not exceed 2.86%.

Ukraine announces issue of 10-year eurobonds

Ukraine has announced the issue of new 10 year eurobonds pegged to euros, the Finance Ministry has reported on its website. "The new EUR-denominated Reg S/144A senior unsecured notes are offered with a bullet maturity of 10 years," the ministry said. FCA/ICMA stabilization applies, the ministry added.

In the middle of June 2019, Ukraine placed seven-year EUR 1 billion eurobonds at 6.75% per annum on the foreign loan market. This was the first sovereign issue of Ukrainian eurobonds in euros over the past 15 years. Demand for it exceeded supply six times. The Finance Ministry previously announced plans to issue first 2020 eurobonds at the beginning of the year.

EBRD, EU agree EUR 50 mln financial guarantee to boost renewable energy in Ukraine

The European Bank for Reconstruction and Development (EBRD) and the European Union (EU) have agreed a new EUR 50 million programme of financial guarantees aimed at scaling up investment in renewable energy in Ukraine and in the EU's Southern Neighbourhood with a particular focus on Jordan, Lebanon and Tunisia, the bank has said in a press release.



Under the new programme, the EBRD will provide guarantees to lenders such as local commercial banks, which will allow them to provide financing to projects alongside EBRD loans. The guarantee is expected to help generate total investments of up to EUR 500 million.

This is the first agreement during the bank's cooperation with the EU through the External Investment Plan (EIP) in the EU neighbourhood regions.

"We're delighted to partner with the EU for such an urgent cause as climate action. Our lending combined with the EU's financial instruments encourages more participation of the private sector in investments which are very much needed to face the global challenges of the future, including a more sustainable development model," EBRD Vice President, Policy and Partnerships Pierre Heilbronn said.

Horizon Capital investment company to increase assets in Ukraine and Moldova to over \$1 bln



Horizon Capital, an investment company currently managing assets in Ukraine and Moldova in the amount of about \$850 million, intends to exceed the asset level under management of \$1 billion in the near future, Lenna Koszarny, the CEO of the company, has said.



"Our main plans are as follows: we will manage more than \$1 billion in the near future. These are our direct investments, co-investor funds and debt financing," she told Interfax-Ukraine.

She said that Emerging Europe Growth Fund III (EEGF III) fund, worth \$200 million, the formation of which was completed a year ago, has already made nine investments in Ukraine.

"And we are closing two more deals: the tenth and 11th investments are companies that are developing rapidly," she said, without specifying the details before the completion of transactions.

She emphasized that the company intends to remain the leader in its sector.

Donbasenergo operates Starobesheve (located in the occupied territory) and Sloviansk thermal power plants (TPPs). Pr.JSC Energoinvest Holding owns 60.86% of shares in Donbasenergo, and the state holds 25% of the shares in the company.

Onur group to build multifunctional exhibition center in Lviv



Turkey's Onur group, engaged in construction and repair of roads and buildings, plans to build a multifunctional exhibition center with a hotel and business centers in Lviv. "We plan to build a complex in Ukraine with a hotel, a multifunctional exhibition center for 3,000 people, and several IT business centers. We want to place all this in one place on a good location in Lviv," the head of the representative office and general coordinator of Onur Group, Emre Karaahmetoglu, said in an interview with Newsweek in the framework of the Ukrainian promo for the World Economic Forum.

He also mentioned the company's plans to invest in the Ukrainian tourism sector.

According to the decree of Lviv City Council of September 19, 2019, a joint venture was established between the Agency for Resources of Lviv City Council and Onur Construction International LLC – Synergy Alliance LLC, and a land plot of 4.82 hectares worth UAH 105.9 million in Shyretska-Riashevska Street was transferred to it.

State-run Ukravtodor to build and reconstruct nine orbital roads

The State Automobile Roads Agency of Ukraine, also known as Ukravtodor, plans to build and reconstruct nine orbital roads of 101.5 km long in 2020, the press service of the agency said on Thursday.



"Ukrainian cities should be freed from transit traffic, because it reduces the number of jams and improves the transit potential of the road network. In addition, it will positively influence traffic safety, air quality, the life of the road"

In particular, in 2020, it is planned to continue the construction of the Northern orbital road of Zhytomyr, the Northern orbital road of Rivne, the South-Western orbital road of Poltava, the Southern orbital road of Dnipro, the orbital road of Dunaevtsy (on the section between Chernivtsi and Khmelnytsky). Also, work will begin on the construction of the Northern orbital road of Lviv and the Northern orbital road of Ternopil.

In addition, the company plans to build an orbital road in Kobeliaky, Poltava region during the construction of one of the priority facilities in 2020 (highway N-31 Dnipro–Reshetylivka).

The construction of an orbital road in Berehove is planned, which, according to Ukravtodor, will significantly increase the attractiveness of Ukraine in the international road transport market.

In addition, this year Ukravtodor plans to prepare a feasibility study and design documentation for additional orbital roads: the South-East road bypassing Dubno, the North-Western road bypassing Khmelnytsky, the Northern road bypassing Bila Tserkov, the road bypassing Stryi and the Kremenchuk orbital road with a bridge across the Dnieper River.

China Railway Construction Corporation to open representative office in Ukraine



JSC Ukrzaliznytsia (Kyiv) and China Railway Construction Corporation (CRCC), the largest state-owned construction company in China, have signed a memorandum of understanding and cooperation. According to the press service of the Ministry of Infrastructure, the memorandum was signed by head of Ukrzaliznytsia Yevhen Kravtsov and member of the board Remigiusz Paszkiewicz from Ukraine and the deputy director general of CRCC from China.

According to the report, the Minister of Infrastructure noted that the signing of the document is an important stage of cooperation for the development of railway connection in the direction of Ukraine-China, attracting Chinese partners to modernize the Ukrainian railways and realize the transit potential of the country on the European Union-China route.

"The fact that the Chinese corporation decided to open a representative office in Ukraine and sign a memorandum of strategic cooperation indicates that the economic situation in the country is changing, the investment climate is improving, the largest foreign technology and manufacturing giants are interested in working in the Ukrainian market," the minister said.

Deutsche Bahn studying strategic alliance with Ukrainian state-run Ukrzaliznytsia



Representatives of Germany's Deutsche Bahn railway concern jointly with the Ukrainian government and JSC Ukrzaliznytsia are working on strategic partnership, the Center for Transport Strategies reported last week, referring to Deputy Director of the Center for Eastern European Studies in Berlin, ex-member of Bundestag Dmitry Stratievsky.

According to him, representatives of the German concern plan to visit Kyiv in the coming days.

"The alliance with Deutsche Bahn is interesting for Ukraine, first of all, with technologies and investments in updating the infrastructure. Undoubtedly, the leaders of the German market have something to share with their Ukrainian colleagues. Deutsche Bank and E.ON plan to join this process," Stratievsky said.

Vodafone-Ukraine to raise \$500 mln of external financing for development

The shareholders of PrJSC VF Ukraine (provides mobile services under the Vodafone-Ukraine brand) on January 20 decided to provide prior consent to raising funds of up to \$1 billion, but the company plans to gradually raise up to \$500 million from external sources for the implementation of the development strategy, the operator's press service has told.



"At the moment, the company is considering its development strategy. In the near future, we are considering options for phased attraction of external financing in the range of \$500 million," Viktoria Ruban, the head of the public relations department of Vodafone-Ukraine, said.

According to her, attracting external financing on favorable terms is consistent with the company's development strategy and is a common practice in business.

According to a company report in the information disclosure system of the National Commission for Securities and the Stock Market, the company was allowed to sign loan agreements, agreements on commissions, orders from other transactions related to raising funds. The limit amount of such transactions is \$1 billion (or UAH 24.253 billion at the NBU rate as of January 20, 2020).

Donbasenergo plans to complete automation of maintenance of Sloviansk TPP

PJSC Donbasenergo by July 2020 plans to complete the introduction of the single automated system to manage the key assets of Sloviansk thermal power plant (TPP). The company said that the system allows general effectiveness of business management.

The natural obsolescence of the key production assets of the TPP, which celebrated its 65th anniversary last year, leads to an increase in the number of breakdowns, malfunctioning of the equipment fleet and, as a result, expenditure growth.

The implemented module of the plant's resource management and statistical analysis will help reduce the number of restoration repairs. Based on the available scheduled preventive repairs statistics, the economic feasibility of using equipment is determined, a decision is made to continue the operation of the old equipment or purchase new one, the company said in the release.

Donbasenergo owns Starobesheve (located in the occupied territory) and Sloviansk TPPs with a total installed capacity of 2,880 MW, in particular Sloviansk TPP's capacity is 880 MW. At the end of March 2017, the generation company announced the loss of control over the operation of Starobesheve TPP, as well as part of structural units located in the temporarily uncontrolled territory.

Ukraine buys nuclear fuel worth \$356 mln in Russia and Sweden in 2019

Ukraine in January-November 2019 bought nuclear fuel for a total amount of \$356.088 million.

According to the State Statistics Service, over the 11 months, Ukrainian nuclear power plants (NPP) bought Russian-made fuel worth \$200.108 million, fuel from Sweden for \$155.98 million.

Thus, the share of nuclear fuel bought by Ukraine for the indicated period from TVEL (Russia) in monetary terms was 56.2%, while that from Westinghouse (Sweden) stood at 43.8%.

Major buyers of Ukrainian electricity are Hungary, Poland, Slovakia, Romania, Moldova

Ukraine boosted its electricity exports by 4.9% in 2019, to 6.469 billion kWh, the Ministry of Energy and Environment Protection has told. Electricity supplies from the Burshtyn TPP energy island to Hungary, Slovakia, and Romania rose by 17.1%, to 4.448 billion kWh.

Exports to Poland fell 2.4%, to 1.377 billion kWh. Exports to Moldova fell 32.6%, to 644 million kWh.

In July, Ukraine resumed commercial imports of electricity. The year's total was 2.699 billion kWh, including 909.8 million kWh from Slovakia, 851.3 million kWh from Belarus, 630.1 million kWh from Hungary, 286.3 million kWh from Russia, and 21.1 million kWh from Romania.

Due to crossflows related to the parallel work of the united energy system in Ukraine and systems in bordering countries (accounted for under contracts signed by Energomarket), Ukraine imported 41.6 million kWh of energy from Russia and 1 million kWh from Belarus in 2019.

Farmak pharmaceutical company to invest UAH 1.2 bln in development



Farmak pharmaceutical company (Kyiv) plans to invest UAH 1.2 billion in production development in 2020, which is 30% more than last year, and also increase the number of staff. According to the company's press service, with reference to executive director of Farmak Volodymyr Kostiuk, in 2019 investments for these purposes amounted to UAH 900 million.



"In 2019, we invested about UAH 900 million in the development of production, in 2020 we plan to invest UAH 1.2 billion. The expansion of production leads to an increase in the number of personnel," executive director of Farmak Volodymyr Kostiuk said.

According to Kostiuk, the issue of personnel remains acute for the company.

"We create the most comfortable working conditions for specialists and provide competitive wages. Today we compete with European companies in terms of wages in relation to the average check in a particular country. In 2019, wages at Farmak increased by 14%," he said.

The top manager also said that in 2019 Farmak expanded its cold, allergological, neurological, gastroenterological product portfolios and is working on complex drugs that it plans to bring to the market in 10-15 years.

The main areas remain cold, endocrinological, gastroenterological, cardiological, neurological portfolios.

Transport enterprises of Ukraine raise cargo

Transport enterprises of Ukraine (excluding the territory of the Autonomous Republic of Crimea and Sevastopol, as well as part of the Joint Forces Operation area) in 2019 increased cargo transportation by 8% compared to 2018, to 674.5 million tonnes, the State Statistics Service has said.

According to the report, the freight turnover of carriers for the specified period increased by 2.1%, to 338.9 billion tonne-kilometers.

According to statistics, in 2019 some 262.6 million tonnes of goods were transported by rail inside the country and for export, which is 1.9% less than in 2018.

Transportation of timber decreased by 58.3%, construction materials by 19.1%, scrap metal by 21.9%, coke by 12.1%, cement by 4.9%, coal by 6.4%, ferrous metals by 5%, oil and petroleum products by 5.7%.

At the same time, transportation of iron and manganese ore increased by 2.7%, grain and cereals by 21%, chemical and mineral fertilizers by 31.5%.

In the total volume of cargo transported by water, overseas accounted for 41%. The volume of foreign cargo transportation increased by 2.3%.

In 2019, compared with 2018, the volume of goods transported by pipelines rose. The handling of ammonia grew by 13%, gas by 1.1%, oil by 0.5%. Ammonia transit increased by 16.3%, gas transit by 3.3%. Oil transit decreased by 1.6%.

Qatari company wins Olvia port concession competition in Ukraine



Qatari company QTerminals has won the competition for the Olvia seaport concession.



"The second concession tender has been completed. QTerminals from Qatar has won the concession tender in the port of Olvia. UAH 3.4 billion will be invested in the development of the port over five years," wrote Minister of Infrastructure Vladyslav Krykliy on Facebook.

At the same time, he noted that this is one of the largest foreign direct investment in the port industry in the entire history of Ukraine's independence.

Nova Poshta International seeks to boost global delivery services by 30%



Nova Poshta International, part of the Nova Poshta Group, plans to boost global delivery services by 30% in 2020 compared with 2019, Director of Nova Poshta International Yuriy Benevitsky told reporters.



“This market is very interesting to us. We will fight for it, including quality and speed of delivery. In 2018, we had 2.7 million international shipments, in 2019 – 26% more. This year we plan to increase the volume of global delivery services by 30%,” he said

As Benevitsky said, Nova Poshta performs fast delivery, therefore it focuses on more expensive and heavy packages.

In 2020, Nova Poshta plans to invest \$100 million in infrastructure development.

Ukraine increases imports of copper by 18% since start of 2019/2020 marketing year

Ukrainian enterprises increased imports of copper and copper products in terms of money by 17.9% in 2019 compared with similar period of 2018, to \$124.36 million.

Exports of copper and copper products decreased 42.9% over the year to \$79.668 million, according to customs statistics released by the State Fiscal Service of Ukraine.

In December, copper and copper products were imported to the tune of \$9.995 million, and copper exports were estimated at \$6.831 million.

In addition, in 2019, Ukraine decreased imports of nickel and products made of it by 11.5%, to \$83.27 million (imports in December were estimated at \$5.429 million), while imports of aluminum and products made of it increased 9%, to \$401.814 million (\$32.729 million). Imports of lead and products made of it decreased by 4.6%, to \$15.484 million (\$1.07 million) and imports of tin and products made of it decreased 18%, to \$3.928 million (\$0.353 million). Imports of zinc and zinc goods decreased 8.5%, to \$75.631 million (\$6.805 million).

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Ukrainian companies increase poultry exports in 2019 by 26% to \$578 mln



Ukraine in January-December 2019 increased export of poultry by 26%, to 414,490 tonnes, the State Customs Service has reported. According to its report, in monetary terms exports of these products increased by 14.2%, to \$578.63 million. In 2019, import of poultry and offal increased by 0.6% and amounted to 131,180 tonnes, in monetary terms by 1.2%, to \$52.53 million.

In addition, according to the agency, pork exports in January-December 2019 amounted to 2,260 tonnes, which is 28.6% more than in 2018. These products were delivered for a total of \$5.27 million (39.6% more).

Pork imports to Ukraine last year decreased by 18.8%, to 23,190 tonnes. Pork was imported to the country for \$44.23 million, which is 14.8% less than the figure for 2018.

Ukrainian companies export 35 mln tonnes of grain

Ukraine since the beginning of the marketing year 2019/2020 (MY, July-June) and as of January 27, 2020 had exported 35.03 million tonnes of grain and legumes, which is 28.8% 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 15.61 million tonnes of wheat, 15.11 million tonnes of corn, and 3.85 million tonnes of barley.

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.

The U.S. Department of Agriculture (USDA) in January raised its forecast for grain exports for the 2019/2020 MY by 1.2 million tonnes compared with the October forecast, to 56.14 million tonnes due to indicators for corn and wheat.

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