



UKRAINE
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21 July 2020

Ukraine legalizes gambling business

The Verkhovna Rada of Ukraine supported bill No.2285-d on state regulation on organizing and conducting the gambling activity.

Some 248 MPs voted for relevant bill No. 2285-d at second reading.

The law establishes a list of gambling activities that are permitted in Ukraine. In particular, it includes gambling in casino and online gambling establishments, betting activities at betting shops and via the Internet, issuing and conducting lotteries, and playing poker via the Internet.

The law allows the placement of casinos in Kyiv on the territory of five-star hotels, and for other settlements the law allows them to be placed in hotels of four and five star categories.

MPs also returned the requirement to place gambling establishments at a distance of at least 500 meters from educational institutions, and also expanded the circle of people who could apply to the court with a statement of limitation.

The law also provides for an online gaming machine monitoring system.



HEADLINES



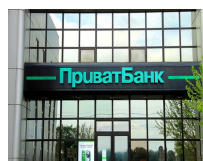
UKRAINIAN CITIZENS
PRAISE LOCAL GOVTS,
CRITICIZE CENTRAL
AUTHORITIES – SURVEY



UKRAINE AND TUKEY
STILL PREPARING FTA
AGREEMENT



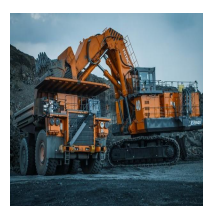
EUROPEAN INVESTMENT
BANK COULD ISSUE EUR340
MLN TO UKRAINE



STATE-CONTROLLED
PRIVATBANK TOPS LIST OF
MOST PROFITABLE BANKS IN
UKRAINE



UK-BASED IWG OPENS
TENTH WORKSPACE IN
UKRAINIAN CAPITAL



POLTAVA MINING AND
PROCESSING PLANT
LAUNCHES TECHNICAL
COMPLEX FOR \$100 MLN

President Zelensky signs law supporting creative industry in relation to COVID-19

President Volodymyr Zelensky signed the law on amendments to certain Ukraine's legislative acts on government support of culture, creative industries, tourism, small and medium businesses due to the restrictive measures related to the spread of coronavirus (COVID-19) disease.

"Creative industries, cultural institutions are among those which suffered most from lockdown. After all, their activities have stopped almost completely and now they live in total uncertainty. These are entire sectors of the economy that are now on the brink of survival. They also pay taxes and provide people with jobs, therefore, need no less support than traditional business sectors," the head of the state said during signing the document.

The Verkhovna Rada of Ukraine adopted law No. 692-IX at second reading on June 16. It was supported by 343 MPs. The document establishes a reduction in property rental fees at the request of the tenant of a cultural institution engaged in entrepreneurial activity using this property, for the entire time that it could not be used.

The document also provides additional opportunities for radio by simplifying procedures by amending the law of Ukraine on advertising.

It is important that the document also stipulates the government support for cinematography in the form of providing a government grant for the development of film projects. It is noted that for national fiction, animated, documentary films, films for children (including artistic and cultural significance), films of artistic and cultural significance (copyright), television films, series and debut films, it can be up to 100% of total estimated cost inclusive.

Ukrainian citizens may travel to 25 countries

Entry for Ukrainians has already been opened in 25 countries amid coronavirus (COVID-19) disease, Ukrainian Foreign Minister Dmytro Kuleba has said.

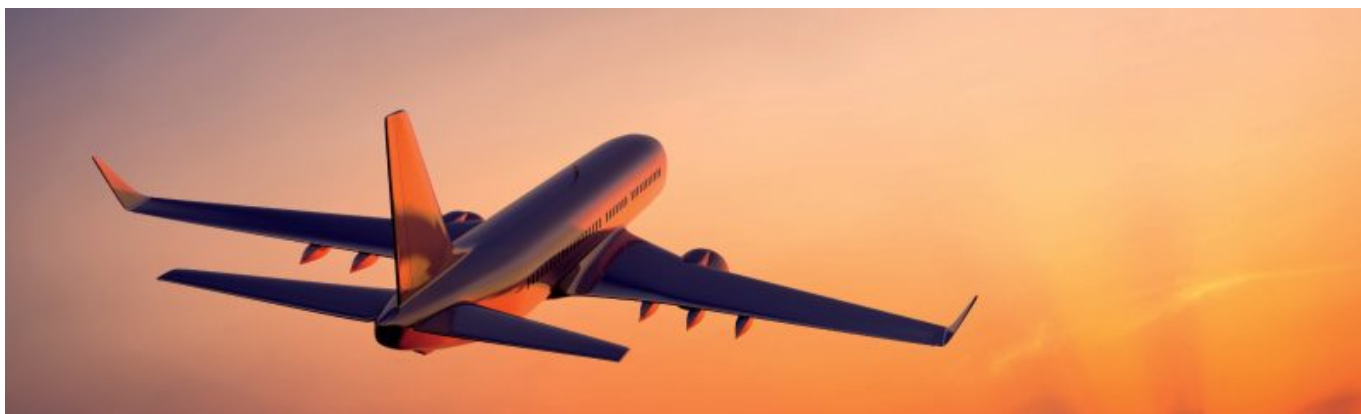
"At the recent briefing, I announced 23 countries that Ukrainians could go to. There are 25 countries now. The Bahamas (I agree that it is distant place, but attractive for travelers) and Lebanon (less popular place for Ukrainian travelers) are added," Kuleba said at an online briefing on Tuesday.

Earlier, the minister named 23 countries that Ukrainians can also visit: Turkey, Serbia, Albania, Northern Macedonia, Montenegro, Belarus, Great Britain, the United States, Mexico, Egypt, Tunisia, the Republic of Korea, Iraq, Iran, Afghanistan, South Sudan, Ethiopia, Somalia, Kenya, Zambia, Tanzania, Burundi and the Seychelles.

The minister spoke about the resource tripadvisor.mfa.gov.ua, which was developed by the Ministry of Foreign Affairs of Ukraine, where people can get the most complete information about which country and by what rules entry is allowed.

Kuleba spoke about the rules of entry into countries that are popular among Ukrainians.

"Turkey: it is necessary to undergo a medical examination at the border, in case of COVID-19 symptoms, do a free PCR test, have insurance policy for COVID-19 disease, you can buy it online or from a tour operator, or directly at the airport. Entry into Serbia is allowed without restrictions. The result of the PCR test or the obligation to pass a 14-day lockdown is necessary," he said.



Ukrainian citizens praise local govts, criticize central authorities – survey

Active Group and Expert Club have presented a joint sociological survey at the press center of the Interfax-Ukraine News Agency.

The opinion survey covered Ukrainian citizens' assessment of work of the government and the national police, their attitude to a rise in unemployment and the official statistics on COVID-19 sickness rate, the main issues of concern of urban and rural residents, religion-related problems, etc.

The invited experts – political analyst Serhiy Lozovsky, political expert Valentyn Haidai, political scientist Danylo Bohatyriov, Head of the Active Group sociology company Oleksandr Pozniy – shared their opinions about the results of the survey and commented on the most interesting trends discovered during the poll. The experts came to the conclusion that the ruling party is likely to lose ground, while regional projects will strengthen their positions at the local elections on October 25.



According to the survey, the population in general negatively assesses the work of the central government agencies. Some 38% respondents praised the president's work and less than 20% said they were positive about work of the prime minister and the Cabinet of Ministers in general. Only 10% of respondents gave a positive assessment of the national police and 22% praised the patrol police (district offices in regions).

Most of the polled Ukrainian citizens are satisfied with the work of local governments: 45% of respondents gave them 4 and 5 points on a scale from one to five.

A total of 33% respondents said that they have experienced changes in their work schedule and employment following the introduction of lockdown restrictions. Some 12.4% switched to remote work, 10.6% left for unpaid vacation, 5% had their work schedule curtailed, 3.1% were laid off, 1.9% left for paid vacation. Meanwhile, 34% of respondents continued to work as regular.



Around 55% of respondents said they did not trust the Health Ministry's statistics on COVID-19 sickness rate, of them 34.2% said the figures were overstated, 20.5% said the figures were understated. Some 18.6% of those polled fully trust the statistics, 14.9% – trust it partially. Some 72% respondents said they are religious people (regardless of confession), while 24% said they are atheists.

The main issues of concern mentioned by urban and rural residents include the quality of roads (54%), condition of public spaces (44.7%), condition of domestic infrastructure (43.5%), lack of jobs (34.2%), housing and utility tariffs (31.1%), mass renaming of streets, cities and villages (29.2%).

You can find additional information about the survey on the website of Active Group and on the Expert Club YouTube channel.

The video of the presentation is available on YouTube

Ukraine and Turkey still preparing FTA agreement

Ukraine and Turkey intend to prepare a Free Trade Area (FTA) agreement for the meeting of the High Level Strategic Council of Ukraine and Turkey in 2020, Foreign Minister of Ukraine Dmytro Kuleba has said. "We are really determined to hold the next meeting of the Strategic Council of our presidents this year and want to fill it with maximum content. And, of course, the FTA agreement is one of those tasks that should already be consecrated by our leaders," Kuleba said after a joint meeting with Turkish Foreign Minister at a press conference in Antalya on Friday.

The foreign minister said that at the moment Ukraine is waiting for a certain positional document from the Turkish side in order to continue consultations on this issue.

"Of course, the potential of our trade is phenomenal. I can sincerely tell you that Turkish goods can be found in any store of any region of Ukraine... Unfortunately, Ukrainian goods are not yet represented on the Turkish market, but we also have a lot of things, what Turkish consumers and buyers will benefit from. And we can open this potential, achieve a fair and mutually beneficial balance in trade, and bring our trade to a new horizon by signing the FTA agreement. And today, my colleague and I agreed that we will apply maximum efforts in order to positively resolve this issue," the Ukrainian minister said.



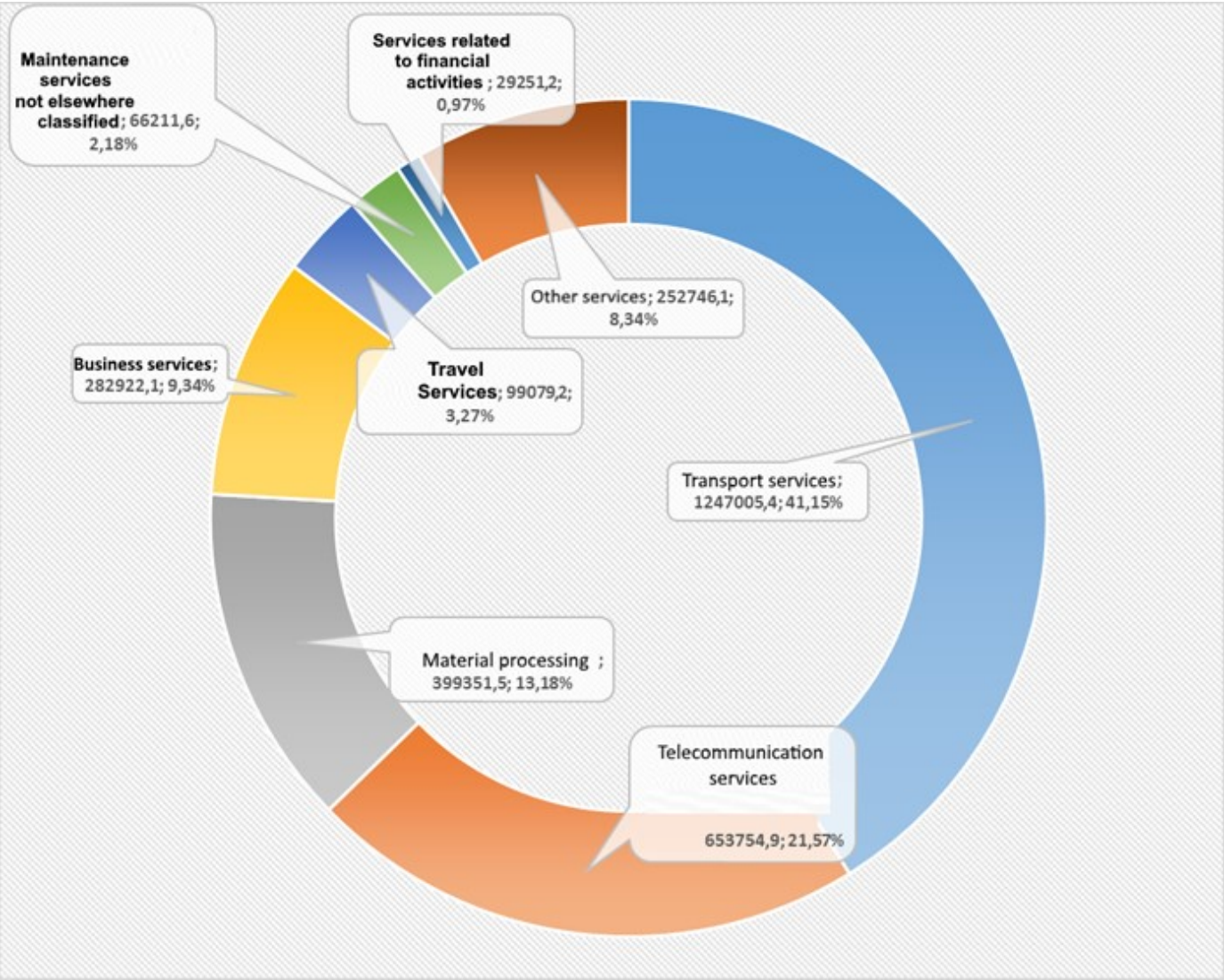
Foreigners who have extended legal stay in Ukraine will not be punished

Foreigners and stateless persons who have exceeded their terms of stay in Ukraine during the quarantine period will not be held liable for this violation, Yuriy Lysiuk, the head of the border control for the State Border Guard Service of Ukraine, has said on July 4.

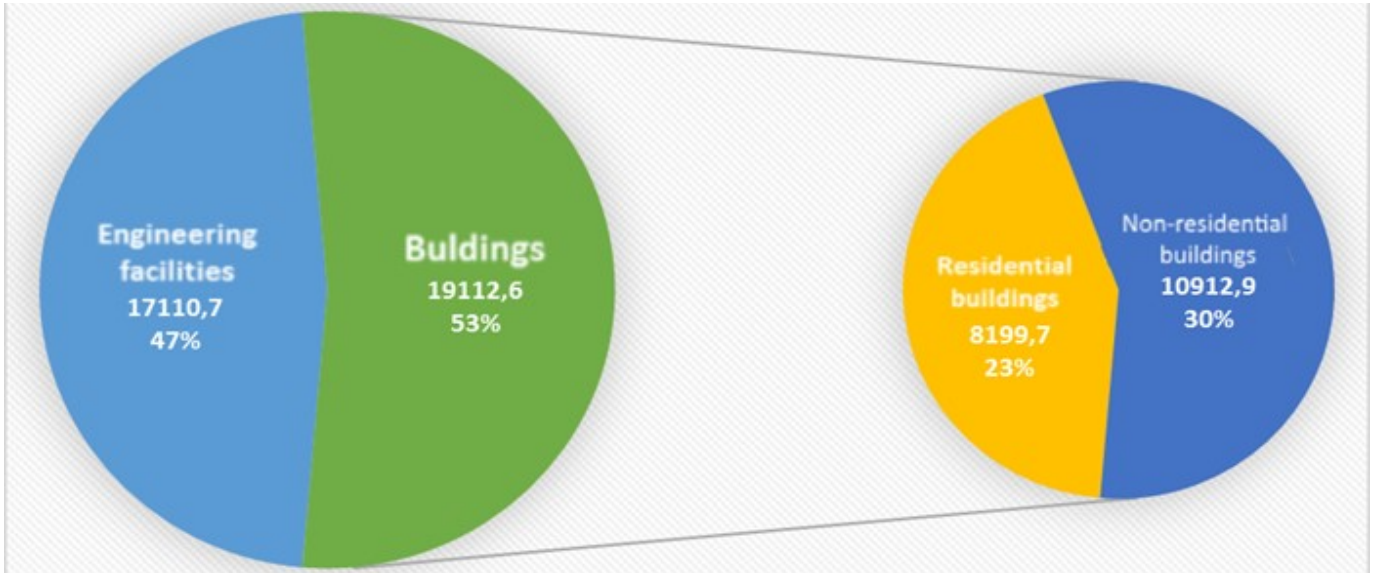
"If a foreigner or stateless person has exceeded the period of stay in Ukraine before the introduction of quarantine measures aimed at preventing the spread of COVID-19 on the territory of Ukraine, then such persons will be held liable for violating the terms of their stay when crossing the state border," Lysiuk was quoted by the service as saying. It is noted that, according to the current legislation, foreigners and stateless persons who could not leave Ukraine or were unable to contact the territorial bodies of the State Migration Service of Ukraine with an application to extend their stay in Ukraine or to exchange a residence permit in connection with the introduction of the quarantine, administrative liability does not apply if such violations occurred during or as a result of the quarantine.



Structure of export of services in 1-st quarter of 2020 (graphically)



Volume of construction products produced by type in Jan-Apr of 2020 (mln UAH)



Ukrainian business predicts hryvnia devaluation

Ukrainian business has worsened expectations regarding a slowdown in inflation over the next 12 months to 7% from 5.1% in the middle of the year and the weakening of the hryvnia exchange rate to UAH 28.28/\$1 from UAH 26.01/\$1.

According to the results of a regular quarterly survey of business expectations of enterprises, conducted by the National Bank of Ukraine (NBU) from May 4 to June 4 this year, businesses more restrainedly expected an increase in production of goods and services in Ukraine in the next 12 months. Thus, almost 34.1% (10.4% a quarter earlier) of respondents expected a decrease in this indicator.

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According to the survey, the business activity of Ukrainian enterprises decreased to the lowest index of business expectations since 2015 for the next 12 months, to 90.8% from 110.5% a quarter earlier.

It is noted that a decline in business activity is expected by enterprises of all types and areas of activity.

The poll shows that most companies do not expect changes in their financial and economic situation in the next 12 months, 22% of companies expect deterioration. The regulator noted that representatives of small and medium-sized businesses have more pessimistic assessments.

According to the report, the business expects a decrease in the total volume of sales of products, including in the external market. In general, growth in this indicator is predicted only by respondents from processing industry and trade, and the lowest estimates are in construction and mining enterprises.



European Investment Bank could issue EUR340 mln to Ukraine

The European Investment Bank (EIB) could issue EUR340 million to Ukraine under the Recovery Program, according to information on the bank's website.

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“The project builds on the successful Ukraine Early Recovery project (EUR200 million, fully allocated), one of the first measures under the EIB Special Action Plan Ukraine providing EUR3 billion loans in 3 years,” according to the document.

“The aim of the Ukraine Recovery Program focuses on creating, restoring and improving public buildings (including administrative buildings, schools, medical centers and hospitals and other social infrastructure), governmental roads and bridges, supply of utilities (water supply and sewerage) in Donetsk and Luhansk regions under control of the Ukrainian government as well as the four surrounding oblasts (Kharkiv, Dnipropetrovsk, Zaporizhia and Kherson) and city councils in other regions countrywide enabling them to cope with the impacts of a heavy influx of internal displaced people,” the report says.

State-controlled Privatbank tops list of most profitable banks in Ukraine



State-controlled PrivatBank in January-May continued to top the list of the most profitable Ukrainian banks, declaring UAH 19.62 billion of net profit, while state-owned Ukreximbank recorded the largest loss, as a month earlier, of UAH 1.59 billion. According to the National Bank of Ukraine (NBU), Oschadbank (UAH 3.56 billion) ranked second in the list of the most profitable banks, Raiffeisen Bank Aval (UAH 1.7 billion) ranked third. FUIB is in the fourth position (UAH 1.13 billion), and Citibank (UAH 759.66 million) is fifth.

According to the central bank, in January-May 2020, Bank Credit Dnipro ranked second (UAH 245.89 million) in terms of losses, Prominvestbank (PIB, UAH 126 million) ranked third, Pravex-Bank (UAH 63.72 million) ranked fourth and BTA Bank (UAH 39.38 million) was fifth.

In general, in the five months of 2020, the net profit of banks increased by 23.6%, to UAH 28.96 billion from the corresponding figure a year earlier (UAH 23.43 billion).

Some 59 of 75 banks operating in Ukraine were profitable during this period, according to NBU data.

According to the statistics of the National Bank, in terms of total assets, PrivatBank (UAH 590.59 billion) ranked first for the indicated period, Oschadbank (UAH 310.78 billion) ranked second, Ukreximbank (UAH 220.71 billion) ranked third, Ukrgasbank (UAH 156.43 billion) ranked fourth, while Raiffeisen Bank Aval (UAH 100.9 billion) ranked fifth.

Ukreximbank provides guarantees for big construction

State-controlled Ukreximbank (Kyiv) as a financial partner of the Big Construction project has provided 68 bank guarantees over the past three months to ensure tender offers and guarantees for fulfilling contractual obligations of road construction enterprises, the bank's press service has said.

"We have simplified a lot of procedures for road workers, reduced the time for making decisions. And as a result, today the bank with a whole range of financial instruments in the equivalent of hundreds of millions of hryvnias ensures the timely execution of work of all companies involved in the construction and reconstruction of roads of state and local significance," a member of the board of Ukreximbank, the curator of the corporate business, Oleksandr Ihnatenko, said.

According to the report, in July, with financial support from Ukreximbank, repair and construction work is carried out at more than 200 facilities in Ukraine. It is specified that next sections of updated roads with a length of over 740 km will soon be commissioned.

Ukreximbank was established in 1992, the state is the sole owner.

According to the National Bank of Ukraine, as of July 1, 2020, Ukreximbank ranked third (UAH 220.708 billion) among 75 banks operating in Ukraine.



German Energy Agency DENA will cooperate with Ukraine



The State Agency on Energy Efficiency and Energy Saving of Ukraine will continue cooperation with experts of the German energy agency DENA in the fields of energy efficiency and renewable energy, the press service of the Ukrainian agency has said.

According to the report, following negotiations between the two agencies with the participation of the Ministry of Energy, the areas of cooperation will include, in particular, the development of Ukraine's potential for the use of hydrogen, the introduction of energy storage systems, the implementation of EU directives in the field of energy efficiency, and improving energy efficiency.

The report notes that DENA experts, in particular, pointed to Germany's plans for the use of hydrogen and expressed their readiness to share their research in this direction with Ukraine.

The Ukrainian agency also noted that DENA had been selected as one of the partners in the implementation of future energy cooperation between Ukraine and Germany.

As reported, the Cabinet of Ministers adopted a resolution to sign a joint statement of intent between the government of Ukraine and the Federal Republic of Germany regarding the start of energy cooperation, authorizing Acting Energy Minister Olha Buslavets to sign it.

Number of tourists in Ukrainian resorts grows by 30%

The number of tourists who visited Odessa in June of this year returned to the pre-quarantine level, according to geo-analytics of the Vodafone Ukraine mobile communications operator/

The press service of the company reported that on Constitution Day tourists in Odesa were twice as much as on March 8. Most tourists came from Kyiv region. Residents of Odesa region were in second place, followed by Kherson, Zaporizhia and Dnipropetrovsk regions.



"Judging by the increase in Internet traffic and the number of 4G users, in general, domestic tourism in Ukrainian sea resorts in Odesa, Mykolaiv and Kherson regions has grown by 30% compared to the same weekend last year," the operator said.

According to Vodafone Ukraine, coastal resort towns and villages of the Sea of Azov in Zaporizhia and Donetsk regions showed even greater dynamics.

Vodafone Ukraine said that the coastal villages of Donetsk region are among the new destinations with growing popularity among tourists: Bilosaraiska Kosa (177% up), Yalta (124% up) and Urzuf (101% up), which showed the highest traffic growth.



Poltava mining and processing plant launches technical complex for \$100 mln

PrJSC Poltava Mining and Processing Plant (Poltava GOK, Komsomolsk, Poltava region), the main asset of Ferrexpo Group, has launched a new technological complex for production of finished goods – Section No. 9 of the concentrating plant, the total cost of the project exceeded \$100 million.

According to Ferrexpo's expectations, the project will make it possible to produce an additional 2 million tonnes of finished products, which will increase the company's sales volumes by about UAH 2 billion per year, starting from July 1 this year. The implementation of this project will increase the plant's installed capacity to more than 15 million tonnes of concentrate per year.

Section No. 9 is a modern complex of the production chain, which includes additional crushing and dressing areas, a new electrical substation, a system for transferring prepared raw materials and finished products, as well as additional conveyor lines, the press release says. The main equipment manufacturer for it is Metso Outotec. Other leading world companies also participated in the project implementation process and Ukrainian contractors from different regions were involved. Construction took over four years.



London-listed Ferrexpo ups iron ore pellet output in H1

Ferrexpo plc, whose main assets are Ukrainian iron ore producers Poltava and Yeristovo mining and processing plants, raised iron ore pellet production 4.6% year-on-year in H1, 2020, to 5.598 million tonnes, the company said in a press release.



Output of pellets with 65% Fe-content grew 7.1% year-on-year, to 5.5 million tonnes while output 62% Fe fell 54.4%, to 98,000 tonnes.



Ferrexpo did not produce pellets from third-party feedstock. Pellet production rose 5.4% quarter-on-quarter in Q2, 2020, to 2.873 million tonnes, including 2.848 million tonnes of 65% Fe, up 7.4%, and 24,700 tonnes of 62% Fe, down 66.3%. The company's facilities "continue to operate with minimal impact on operations to date, and the company continues to closely monitor its workforce," Ferrexpo said in a COVID-19 update. "The infection rate in the local communities surrounding the company's operations remains low," it said.

Nissan still leading in registration of electric vehicles in Ukraine

The registrations of new and used electric vehicles in Ukraine in January-June of this year increased by 16% compared to the same period in 2019, to 3,384 units, the Employers' Federation of the Automotive Industry of Ukraine has reported.

According to data with reference to the Interior Ministry, in the second quarter of the current year, registrations increased by 10%, to 1,776 units.

The association clarifies that registrations included the initial registration and registration of vehicles brought from abroad by customs or on customs clearance certificates (not included in statistics of re-registration and temporary registration), while the share of primary registrations accounted for 24% (against 29% a year earlier).



Nissan is steadily leading the market, which covers 39% of the market, although the registrations of these cars decreased by a quarter from the first half of 2019, to 1,168 units.

At the same time, Tesla significantly strengthened its presence, occupying 30% of the market and increasing registration rates by 2.5 times, to 909 cars.

The third position in the ranking by a large margin from the leaders is occupied by Chevrolet with a market share of 6% and an increase in registrations of 68%, to 181 units.

The next two brands Volkswagen and Fiat ranked fourth and fifth in the ranking with indicators of 5% each, displacing the position of BMW.

The most popular models in the first half of the year were Nissan Leaf (34%), Tesla Model S and TESLA Model 3 (10% each), and the latter tripled registration to 347 units.

The fourth most popular car was Chevrolet Bolt Ev (5%), the fifth Volkswagen e-Golf (4%).



Ban on registration in Ukraine of salvaged cars from abroad to entail \$327 mln budget losses/year

Changes to the registration of vehicles, initiated by the Interior Ministry of Ukraine, which, in particular, prohibit the registration of cars with salvage titles imported from abroad, will create problems for companies involved in this business, will make it impossible for Ukrainians to buy such cars with a clear history at reasonable prices and also entail losses of the national budget in the amount of at least \$327 million, according to Columb Trade company.

"Now more than 90% of cars with salvage titles come to Ukraine with such documents (marked for recycling), but in fact they have minor damage (lighting, bumpers, wings) and after restoration pass certification in authorized bodies. The proposed changes may replace the functionality of certification bodies, while citizens are deprived of the opportunity to purchase a car with a clear history of origin," Roman Voloshin, a lawyer of the company, said at a press conference at Interfax-Ukraine.

He emphasized that in general the draft resolution, posted on the website of the Interior Ministry for discussion, contains many positive norms that will simplify the process of registration (re-registration of a car), however, two provisions on the prohibition of registration of cars with salvage titles, as well as on the need for mandatory translation of accompanying documents to the official language with an apostille will create chaos in the market, will entail additional costs for buyers and budget losses.

According to the calculations cited by Columb Trade co-founder Volodymyr Kovel, about 36,800 people who want to buy a car from abroad can suffer from such innovations (registration ban).

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"The transit of a car from the United States takes three months, and the average monthly supply is 10,000 cars. Now 30,000 cars are in transit. Even minor repairs, taking into account certification and registration, take about a month. Respectively, there will be 40,000 such cars, not yet registered, of which 92% with the status of to be recycled, that is, 36,800 cars," Kovel said.



He considers it incorrect to take into account the status of recycling, which the United States accept for itself, since there it is done by the method of financial accounting of the residual value of a car, while the damage can be minor and in Ukraine they can be repaired for \$2,500-3,000.

Kovel stressed that these restrictions will not force Ukrainians to refuse buying cars from abroad, and they will be forced to buy the same cars from the United States, for example, in Georgia or Latvia, where this business has long been established, but then they will serve the orders of Ukrainians and get receipts from customs clearance and other fees going to the budget of their countries. As a result, the car will cost a Ukrainian almost \$3,000 more, taking into account the extension of the logistics chain, the need to bring cars from neighboring

UK-based IWG opens tenth workspace in Ukrainian capital

UK-based IWG Plc, a flexible office solutions provider, is expanding its network in Ukraine and opening a new Regus workspace in Kyiv. According to a press release from the company, the new workspace of nearly 1,700 square meters will be located in the business center Avenue 53 in Peremohy Avenue, and will be designed for 295 jobs.

"We have been looking for a location in Peremohy Avenue for a long time, because there was a request from our residents who travel to the center of the capital every day from Akademmistechko or Irpin and spend more than an hour in traffic jams, because time is the most valuable thing for each of us. Therefore, expanding our network in Kyiv, we opted for Avenue 53," Director of IWG in Ukraine Yulia Lytvynenko said.

Despite the slump during the quarantine period, she said the IWG expects demand for flexible office solutions without fixed jobs to grow.

IWG is represented by two brands Regus and Spaces in ten business centers in Kyiv: Maidan Plaza Spaces, Horizon Tower, Kyiv Podil, Gulliver, Horizon Park Business Center, Podil Heritage, IQ center, Silver Breeze, Forum West Side, and Avenue 53.



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Ukrainian Golf Federation holds open team championship

The Ukrainian Golf Federation held the Open Team Championship. It is an annual competition among golfers, which unites in groups of 2,3 or 4 people and together they fight for the right to be the winners.

This year the competition was held from 3 to 5 July at the Kozyn Golf Club. 96 golfers took part in the Championship, which was a record number of Ukrainian athletes.

Among the women's teams, Superior Ladies took the first place (Elvira Rastvortseva, Maria Fedorovich, Daria Gorokhovskaya). Among men's teams won – HClub Young Killers (Mikhail Golod, Oleg Golod, Artem Sokolov).

"I hope that setting records will become our tradition in golf. Federation sports tournaments are becoming increasingly popular among golfers. We are constantly working to increase the number of golfers in Ukraine: we actively support juniors, we have created a Children's and Youth Golf Sports School. We understand what interesting outdoor sport it is and we want at least a thousand golfers to join the game by the end of the year, and up to 10,000 people will play golf in 3-5 years," said Vitaliy Khomutynnik, President of the Ukrainian Golf Federation, congratulating the winners.

Quarantine has made its adjustments to the global sports industry. Due to COVID-19, sports, moreover, competitions have been restricted. But golf is one of those sports where the game is played outdoors and the distance between the athletes is maintained.

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