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Fitch ratings affirms Ukraine at 'B'

Fitch Ratings has affirmed Ukraine's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'B' with a stable outlook, the rating agency said.

"The ratings of Ukraine reflect its credible macroeconomic policy framework that had lowered inflation and narrowed fiscal deficits prior to the coronavirus shock, and a record of multilateral support. These strengths are set against low external liquidity relative to high financing needs associated with large sovereign debt repayments, a vulnerable, albeit improving, banking sector, and weak governance indicators. The coronavirus shock has at least temporarily reversed Ukraine's improvements made in recent years in terms of a declining debt burden, normalization of growth prospects after the 2014-2015 geopolitical and economic crises, and reduced growth volatility," it said.



HEADLINES



UKRAINE'S RESERVES EXPAND TO \$29.049 BLN



WB RECOMMENDS UKRAINE TO MAKE HIGH-SPEED INTERNET AFFORDABLE COUNTRYWIDE



RINAT AKHMETOV REMAINS RICHEST UKRAINIAN IN 2019



\$40 MLN E-SPORTS ARENA TO BE BUILT IN UKRAINIAN CAPITAL



UKRAINIAN METAL COMPANIES GET \$5.212 BLN REVENUE FROM EXPORTS OF FERROUS METALS IN JAN-AUG



UKRAINE IN 2020 COULD HAVE SECOND LARGEST GRAIN AND OILSEEDS HARVEST

Ukraine's reserves expand to \$29.049 bln

Ukraine's FX reserves in August 2020 tentatively expanded by 1%, to \$29.049 billion, according to a Monday posting on the website of the National Bank of Ukraine (NBU).



“As of September 1, 2020, Ukraine's FX reserves amounted to \$29.049 billion (equivalent), according to preliminary data. In August, they increased by 1%, primarily due to the favorable situation in the FX market,” the NBU said in the statement.

The regulator said that as of September 1, 2020, the volume of FX reserves covers 4.8 months of Current External Payments (CXP). This is enough to fulfill the obligations of Ukraine and the current operations of the government and the NBU.

According to the data posted on the website of the National Bank, its net FX reserves, which are calculated as the excess of gold and FX reserves over the central bank's liabilities in foreign currency, increased by \$339.31 million in August, to \$17.813 billion after a decrease in July by \$21.27 million.

In general, in January-August 2020, the NBU's net FX reserves grew by 12.9%, or by \$2.029 billion.



Rinat Akhmetov remains richest Ukrainian in 2019



SCM Group owner Rinat Akhmetov remains the richest Ukrainian in 2019 according to the Focus magazine, with fortune of \$7.2 billion.

According to the list, owner of Interpipe Victor Pinchuk with \$2.4 billion and owner of Group DF Dmytro Firtash with \$1.7 billion are second and third on the list.

Ex-owners of the Privat Bank Ihor Kolomoisky with \$1.1 billion and Hennadiy Boholiubov with \$0.9 billion, who were second and third in recent years, fell to the eighth and ninth places respectively.

Owner of Smart-Holding Vadim Novinsky with \$1.5 billion climbed from the fifth to fourth position.

A shareholder in Ferrexpo Kostiantyn Zhevaho with \$0.5 billion fell from the fourth position to the 20th. Ex-President of Ukraine Petro Poroshenko, the owner of Roshen, climbed from 12th to the fifth position with \$1.3 billion. Owners of Epicenter K Group, Hereha couple with \$1.2 billion, climbed from the 10th position to the sixth. The seventh place on the list is occupied by the owner of Dniprospetsstal, the head of the political council of the Opposition Platform – For Life party Viktor Medvedchuk with a fortune of \$1.1 billion, who entered the rating for the first time.

In addition, the owner of Fozzy Group, Volodymyr Kostelman (\$0.85 billion), moved up to the 10th place from 13th.

EBRD gives \$81 mln to Ukrainian subsidiary of JV of air products and Arcelormittal

The European Bank for Reconstruction and Development (EBRD) will provide a long-term loan of up to \$81 million to Kryvyi Rih Industrial Gas LLC, a Joint Venture with majority ownership by Air Products & Chemicals Inc., a company registered in the United States, and ArcelorMittal.

The decision was made by the EBRD board on Wednesday, EBRD Senior External Relations Advisor Anton Usov has told Interfax-Ukraine.

According to a posting on the bank's website, subject to the finalization of commercial agreements, the company will design, construct and operate an on-site air separation unit to be located in Kryvyi Rih. The project will employ modern, state-of-the-art technology to safely and reliably produce industrial gases, for ArcelorMittal Kryvyi Rih steel works (Dnipropetrovsk region) and other customers in Ukraine and beyond.

The Project is expected to result in CO2 emission savings in excess of 60,000 tonnes per annum through energy efficiency gains of the steel works.

The total cost of the project is over \$100 million.



WB recommends Ukraine to make high-speed internet affordable countrywide

The World Bank has provided recommendations to the National Strategy for the Development of Broadband Access to the Internet in Ukraine for 2020-2025.

According to a posting on the website of the Ministry of Digital Transformation of Ukraine, the World Bank's vision is that high-speed broadband access should be countrywide, reliable and financially affordable to every citizen of Ukraine.

The consultants recommend providing in Ukraine until 2025: 4G coverage for 95% of the population; full 5G coverage along major road and rail routes; connection to broadband access at a speed of 1 Gbps for all social infrastructure facilities providing services to the population; and availability of high-speed broadband access (at least 100 Mbit per second) for all households.



According to the calculations of the World Bank, \$350-450 million is needed to cover all settlements with high-speed networks, which includes both funds from private companies and government aid, which should be about half of the mentioned amount.

When developing the National Strategy for the Development of Broadband Access, the specialists of the Ministry of Digital Development regularly consulted with the World Bank. After all, this authoritative organization, which is a project of the European Union, already has experience of such work, for example, in Georgia.

The World Bank recommended that smart technology can reduce road deaths by 8-10%, reduce travel time by 15-20%, and speed up the response time of ambulances by 25-30%.

The World Bank recommended covering 90% of territories with 4G networks by 2023, and increasing coverage to 99% by 2025. Also, by 2023, it is recommended to ensure uninterrupted coverage of 50% of main roads and railways with 5G communication, and by 2025, increase the coverage to 90%.

The penetration of broadband Internet coverage for households at a speed of at least 100 Mb per second by 2023 should be at least 80%, and by 2025 it should reach 100%.

The implementation of this strategy, taking into account the recommendations of the World Bank, will be a positive step in the partnership between Ukraine and the EU, the bank said.

State-controlled Privatbank remains most profitable Ukrainian bank



State-controlled bank PrivatBank in January-July 2020 continues to top the list of profitable Ukrainian banks with a financial result of UAH 16.2 billion, while the largest loss since April 2020 has been recorded by state-owned Ukreximbank (UAH 2.24 billion), according to data posted on the website of the National Bank of Ukraine (NBU).



According to the report, the second position in the list of the most profitable Ukrainian banks continued to be occupied by Oschadbank (UAH 4.32 billion), the third by Raiffeisen Bank Aval (UAH 2.46 billion). The fourth is still FUIB (UAH 1.5 billion), the fifth is OTP Bank (UAH 908.94 million), which climbed two steps, having received UAH 319.78 million of net profit in July.

In terms of losses in July, the list did not change: in the seven months of 2020, Prominvestbank ranked second (PIB, UAH 330.93 million), Credit Dnipro Bank ranked third (UAH 184.42 million), Pravex Bank ranked fourth (UAH 99.86 million), BTA Bank ranked fifth (UAH 67.17 million), according to the central bank's statements.

In the seven months of 2020, solvent banks in Ukraine received UAH 28.39 billion of net profit, which is 23% less than in the same period of 2019 (UAH 36.73 billion).

During this period, 58 out of 75 banks operating in Ukraine were profitable, according to the NBU data.

Ukrainian RDS completes first stage of modernization of Peizazhna Alley in Kyiv

Almost all works were carried out manually, because it is impossible to use heavy equipment at the object, co-owner of the company Yevhen Konovalov told Interfax-Ukraine.

The new alleys were paved with uniform pattern granite tiles and new street light poles with modern LED lamps were installed, the company said.

The stairs, lecture center and art compositions were decorated with lighting.

Also, the retaining wall was reinforced. Benches were installed. New trees and shrubs were planted.

Automatic retractable poles were installed to limit access of vehicles to the alley. In addition, the runoff water system was replaced.

Peizazhna Alley is a landmark in central Kyiv. A view of Podil and the Dnipro River opens from the observation platform, which is located in the Upper City.

The alley was constructed in 1980. Sculptures, art installations and a square appeared there as time went on.

The facility requires an extensive overhaul. The second stage of the modernization starts in the near future and will be completed in 2021.



The project was carried out by Rostdorstroy LLC, a part of the RDS group of road construction companies, which won a tender worth UAH 110 million at the beginning of 2020.



RDS Group is included in the top three road construction companies of Ukraine. It includes Kyivshliakhbud and Rostdorstroy. The core business is construction, reconstruction and maintenance of roads and bridges, construction of airfield complexes.

As of July 2020, the company worked in nine regions of Ukraine and had ten production facilities.

In particular, it was constructing concrete road N-14 Kropyvnytsky-Mykolaiv, a railway overpass road and a section of the first in Ukraine concrete road within the framework of the overhauls of highway N-31 Dnipro-Reshetylivka in Poltava region. In 2019, the company won a World Bank's tender for works on first-category highway M-03 Kyiv-Kharkiv-Dovzhansky.

The ultimate beneficial owners of RDS Group are Ukrainian citizens Yuriy Shumakher and Yevhen Kononov.

Private investor mulling possibility of building intl airport in Ukrainian region Zhytomyr

Head of Zhytomyr Regional Administration Vitaliy Bunechko reported on the ongoing work with a private investor who is seriously considering the issue of building an international airport in Zhytomyr as a public-private partnership.

"In order for the airport to work within the framework of the international airport, it is necessary to complete the construction of the runway. To complete it, we need UAH 360 million. What are we doing in this direction? A certain land plot has been transferred to the city. We are now very actively working with the private investor who is seriously considering the construction of the international airport within a public-private partnership. The idea is even to make a cargo hub here to unload Kyiv, the Zhuliany and Boryspil airports, to make a hub here to fly here and send cargo across Ukraine," he said in an exclusive interview with Interfax-Ukraine.



Ukrainian association of transport, service and repair to be created to take part in making legislative changes

Participants in the market where used cars from the United States are sold intend to create the Ukrainian Association of Transport, Service and Repair with the aim of participating in making legislative changes in the car market in order to avoid initiatives that create obstacles to buying inexpensive cars and raise their prices.



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“We plan to make an influential body that will participate in drafting bills, amendments and additions related to the car industry, in discussions of planned legislative changes that may restrict the sale of cars with the relevant ministries,” Head of the association, co-founder of Columb Trade Pavlo Kazaryan said at a press conference at Interfax-Ukraine on Tuesday.

According to lawyer Roman Voloshyn, the main goal of the association is to simplify business activities and opportunities for buyers as much as possible in order to reduce the cost of registration and purchase of such cars.



He said that the need to create an association arose after the car market participants managed to achieve the abolition of the planned ban on imports of cars to Ukraine after a road accident, which a draft government resolution developed by the Ministry of Internal Affairs and published on its website contained.

Meanwhile, as noted by the co-founder of the association, Volodymyr Kovel, negative changes have occurred since the publication of the resolution (February 2020), in particular, according to the surveys they conducted, about 72% of potential customers refused to buy a car from the United States in order to avoid risk and they overpaid 30% of the cost for the purchase of a car from Georgia and Europe or bought a car in a condition that was not desired.

In addition, he said that taxi services operating hybrids and electric cars received less money from investors for the purchase of cars and the development of the business, large contracts for the supply of spare parts from China, the United States and Germany were canceled due to the risk of closing the business, some companies were closed because customers stopped to sign transactions due to confusion, and dozens of service stations could go bankrupt, as they took large loans for business development.

Asked about the impact of the situation with the spread of coronavirus in this country and lockdown restrictions on the business of selling cars (with a recycling label) from the United States, Kovel said that, of course, after the phases of falling prices for cars meant for recycling and the devastation of the market, prices increased, logistics due to temporary quarantine in ports has become more complicated.

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“However, now the situation in the United States is leveling off, and prices are returning to the level before the COVID-19 pandemic. That is, there was no big decline in this area, and the expected changes in legislation brought much more losses,” Kovel said.



He recalled that taking into account monthly deliveries of about 10,000 cars from the United States, \$327.8 million annually comes to the budget, and the total volume of the market of cars from the United States, taking into account all related services, is \$836.64 million.

He named the Volkswagen Jetta and Passat cars assembled in Mexico, as well as the Ford Focus and Fusion cars the most popular.

Ukraine starts antidumping investigation into cement imports from Turkey



The Interdepartmental Commission on International Trade has launched an antidumping investigation into the import of cement from Turkey to Ukraine.

The commission's decision of September 2, 2020 to initiate an investigation comes into force from the moment of its publication, according to data on the Uriadovy Kurier edition's website on September 5, 2020.

According to the report, the commission received a corresponding complaint from PrJSC Dyckerhoff Cement Ukraine, PrJSC Kryvy Rih Cement, PrJSC Mykolaivcement, PJSC Podilsky Cement, Cement LLC with the support of PrJSC Ivano-Frankivskcement.

According to the applicant, during the observation period (2017-2019), the dumping import of cement in absolute terms increased by 809%, in terms of consumption by 837%. In addition, the trend continues in 2020. According to the forecast, by the end of 2020 imports will increase by 1,815% and 2,547%, respectively. At the same time, prices for imported cement were lower than the prices of the applicant, and the growing volumes of imports forced him to reduce prices, despite the increase in cost.

\$40 mln e-sports arena to be built in Ukrainian capital

Investments in the construction of a multifunctional e-sports arena with a capacity of 10,000 people in Kyiv will amount to \$40 million, the co-founder of the Ukrainian multi-gaming e-sports organization Natus Vincere (NAVI), the founder of the DreamTeam gaming platform, Oleksandr Kokhanovsky, has said.

"We plan to build a multifunctional e-sports arena for \$40 million, which will accommodate 10,000 people. It will be located in the center of Kyiv. There will be not only e-sports, but also ordinary sports, concerts, events, exhibitions, conferences there. The country does not yet have such a platform," he said at the Kyiv Investment Forum.

According to him, Dnipro hotel in conjunction with the e-sports arena will allow holding up to 16 major e-sports events in Kyiv and will provide about 100,000 tourists annually. In addition, revenues to the local budget from tourist tax alone will amount to about UAH 40 million per year, the businessman added. "Our main idea is that when we have a hotel and an arena, it will become a unique competitive advantage in order to participate in tenders for computer games developers for holding events. We will be able to receive from eight to 16 top events per year," he explained.



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Ryanair launches daily flights from Ukraine to Berlin

Ireland's low-cost airline Ryanair (Dublin) is increasing the number of flights from Kyiv to Berlin (three more flights per week). From October 27, 2020, they will be operated daily, the company's press service said. Ryanair said that this decision was made due to high demand from both German and Ukrainian consumers. The service will be available throughout the winter season.



Ukrainian metal companies get \$5.212 bln revenue from exports of ferrous metals in Jan-Aug

Ukrainian metal companies saw a fall of 18.3% in foreign currency revenues from exports of ferrous metals in January-August 2020 year-over-year, to \$5.212 billion.

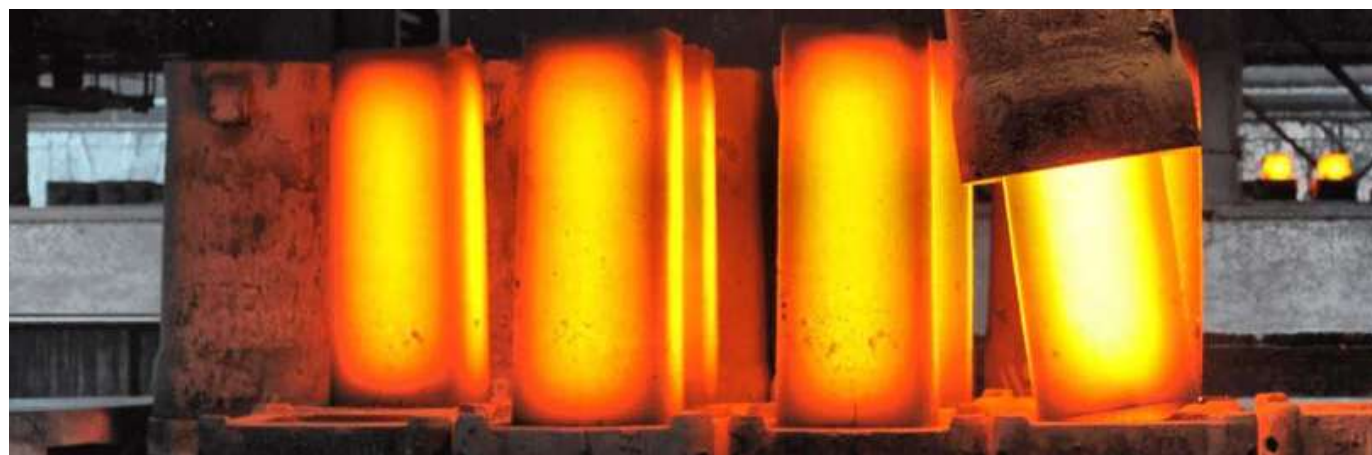
According to customs statistics published by the State Customs Service, the share of ferrous metals of total income from exports was 16.7% compared to 19.08% from a year ago.

In August 2020 alone, receipts from ferrous metal exports amounted to \$633.953 million.

In January-August 2020, Ukraine decreased imports of similar products by 23.9%, to \$652.238 million. In August 2020, the figure was \$93.758 million.

Through the aforementioned period, Ukraine decreased metal products exports by 16.3%, to \$597.324 million including August deliveries being \$69.511 million.

As reported, in 2019, Ukraine saw its forex earnings from ferrous metal exports fall by 12.1%, to \$8.739 billion. Ukraine saw imports of these products decrease by 6.9%, to \$1.252 billion.



Prime minister of Ukraine initiates extending area of irrigated land

Prime Minister of Ukraine Denys Shmyhal believes that Ukraine can strengthen its position in the world agricultural markets if it extends the area of irrigated land, the government's press service reports.

"Strengthening the leadership position of Ukraine in agricultural markets in the world is possible subject to an increase in irrigated land. Ukraine has a great potential in the development of the irrigated agriculture system, but the available capacity is used only by 25%. Therefore, we must increase the irrigation area by modernizing existing irrigation systems and building drip irrigation systems," the prime minister said. He noted that such measures will increase the yield in Kherson region by at least 2.5 times, which will contribute to GDP growth and create new jobs.

Ukraine exports 9.2 mln tonnes of grain in new marketing year

Ukraine since the beginning of the new 2020/2021 marketing year (MY, July-June) and as of September 11 had exported 9.21 million tonnes of grain and legumes, which is 1.14 million tonnes less (due to corn) than on this date in the past MY.



According to the information and analytical portal of the agro-industrial complex of Ukraine, to date, 6.17 million tonnes of wheat, 2.4 million tonnes of barley and 610,000 tonnes of corn have been exported.

As of September 11 this year, 40,200 tonnes of flour were also exported.

As reported, Ukraine exported a record 57.2 million tonnes of grains, legumes and flour in the 2019/2020 MY, which is 13.5% more than in the previous MY.



Revenue from export of oilseeds from Ukraine 10% up

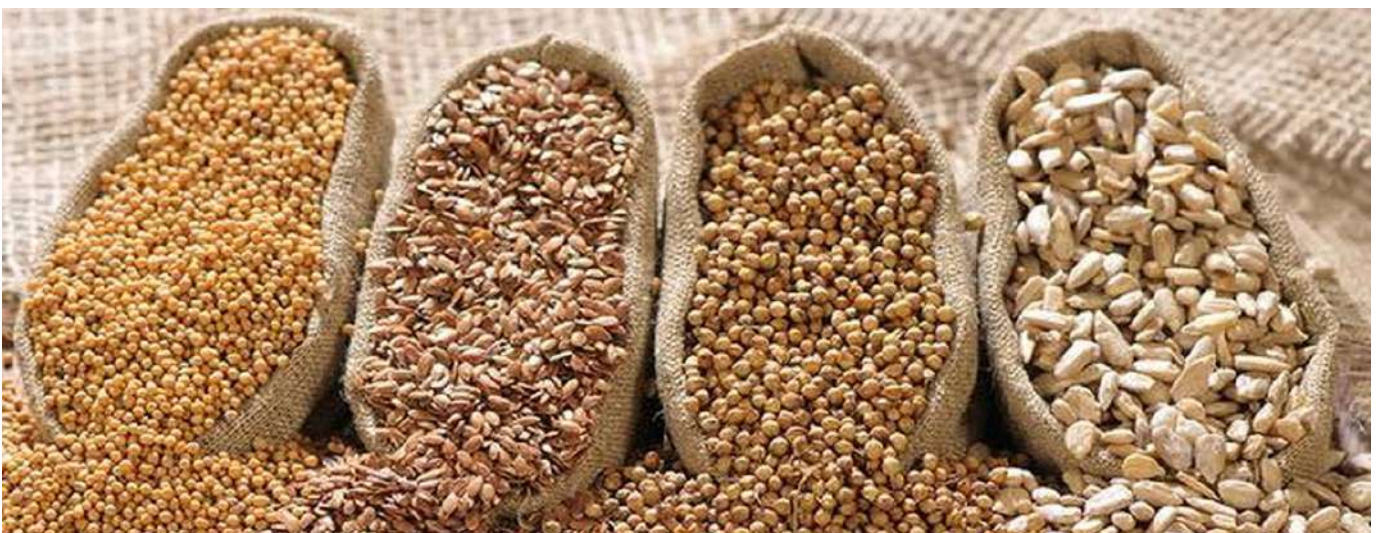
Export proceeds from the supply of oilseeds from Ukraine in the 2019/2020 marketing year (MY, September-August) increased by 10% and amounted to \$ 7.32 billion, CEO of UkrAgroConsult Serhiy Feofilov has said.



“The economy of Ukraine from export of oilseeds in September-August received more than \$ 7.3 billion, which is 10% more compared to the previous season. We see an 11% increase in sunflower oil (in terms of export earnings),” he said.

So, according to him, last season Ukraine exported sunflower oil for \$ 4.95 billion (6.8 million tonnes against 6.06 million tonnes in the 2018/2019 MY).

The director general of UkrAgroConsult also said that export of grains in the first two months of the season (July-August) is practically at the level of the previous season.



Open ladies golf tour takes place at Golfstream golf club

“Woman and golf” – during 5 years of existence of Open women’s tournaments these two words became inseparable. 2020 was a year of developing women’s golf and setting many records. Today, 30% of Ukrainian golfers are women.

“The Ukrainian Golf Federation is actively developing golf in various areas: professional, children’s, inclusive, junior and a separate focus of our activity is women’s golf. This year, a number of initiatives have been launched to promote the rapid growth of golfers in Ukraine, including a large percentage of women. For us, the benchmark of achievements is the number of golfers and their results.” - said Vitaliy Khomutynnik, President of the Ukrainian Golf Federation.



Men joined women’s tournaments and play on a separate railway. Every time, the tournament gathers a record number of ladies in one round. For 11 participants, this competition was their debut.

“*Everyone here finds theirs. Somebody competes for prizes and victory, someone enjoys the favorite game, and for some ladies, it comes to the first tournament in life. Thanks to this event and a number of other initiatives, we promote women’s golf, break stereotypes about the unavailability of this sport and attract new players*” - comment Elena Rudik, Member of the Federation and Director of Open Ladies Golf Tour.

Every year, participants play better, and new ones can join the world of golf right during the competition. Within the framework of each tournament there is a Golf School, where under the guidance of coaches, women learn the basics of the game. Everyone, who continues to practice, receives free accreditation from the Ukrainian Golf Federation.

According to the results of the competition, the victory was won by Maryna Dyachenko, the second place was taken by Olena Movchan, and the third place was taken by Veronika Rastvortseva. According to the participants of the tournament, golf is a sport that helps to live without losing focus on the main thing and allowing you to always feel the connection with nature.



Irrigation systems in Ukraine to be included in Big Construction program

Prime Minister of Ukraine Denys Shmyhal has announced the inclusion of irrigation systems in the southern regions of Ukraine in the Big Construction national program in 2021. "Next year, we have planned the construction of irrigation systems in the southern regions of Ukraine under the Big Construction program being implemented under the auspices of the President. This will be a strategic project that will dramatically expand the quality areas under crops, guarantee yields in dry months, and protect farmers from adverse weather conditions," the prime minister said during a government meeting.

According to him, today begins the unification of the regulatory framework for environmentally friendly irrigation and drainage. "This year in Ukraine, the grain harvest is predicted to be 7 million tonnes less than last year, according to forecasts of the Ministry of Economy and experts. The main reason is the negative impact of weather conditions, including drought," Shmyhal said



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Ukraine in 2020 could have second largest grain and oilseeds harvest

The Ukrainian Grain Association (UGA) in its September report lowered the forecast for the gross harvest of grains and oilseeds this season from 96.7 to 95.6 million tonnes, exports from 58.4 to 56.3 million tonnes due to unfavorable weather conditions for the harvest of late crops in some regions of Ukraine.

"Even after lowering the forecast for the harvest, its figure may be the second in terms of gross harvest after last year's record – 98 million tonnes, the same can be said about the possible export volumes," the association said in a press release posted on its website on Wednesday. So, this year, according to UGA, farmers harvested 26.6 million tonnes of wheat (UGA forecast was at 26.8 million tonnes) and 8.3 million tonnes of barley (UGA predicted 8.2 million tonnes). According to the association's forecasts, wheat exports this season may reach 17.5 million tonnes (in accordance with the signed memorandum), and barley may reach 4.5 million tonnes.



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