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PM of Ukraine: opening of land market will bring \$85 billion of additional GDP in 10 years

Prime Minister of Ukraine Denys Shmyhal expects that the opening of a land market in the country will bring \$85 billion of additional GDP in 10 years, and the average cost of land per 1 ha will increase fivefold. "Ukraine has underutilized its land potential of \$85 billion. In 29 years, free disposal of land has been limited, which means that its value has been underestimated several times. During this time, more than 5 million hectares of land have disappeared from the state. Development of irrigation and investment in agriculture has slowed down for decades, and partially stopped at all," the prime minister said during the presentation of the Audit of the Ukrainian economy and vectors of economic development until 2030 in Kyiv.

According to the published document entitled "Audit of the Economy of Ukraine", the fair value of Ukrainian land is currently \$4,960 per hectare with a standard monetary value of \$955 per hectare (2018).

At the same time, since the model of the land market adopted by the government has several fundamental restrictions (a ban on legal entities from buying land until 2024, a complete ban for foreigners, restrictions on the maximum areas to purchase), the price of land will not reach its fair value in the near future.

Untapped potential of using water, forest resources in Ukraine is \$12 bln, \$40 bln respectively – PM.

HEADLINES



UNREALIZED POTENTIAL OF UKRAINE IN USE OF WATER RESOURCES IS \$12 BILLION



EXPORTS OF GOODS FROM UKRAINE GROW BY 1.3% IN OCT



ACCIONA AND UDP RENEWABLES LAUNCH NEW SOLAR POWER PLANT IN ODESSA REGION



MARKET OF NEW COMMERCIAL VEHICLES IN UKRAINE UP



UKRZALIZNYTSIA PLANS TO INCREASE CAPITAL INVESTMENTS TO UAH 41 BLN



UKRAINE SINCE START OF 2020/2021 AGRI-YEAR EXPORTS 17.4 MLN TONNES OF GRAIN

Unrealized potential of Ukraine in use of water resources is \$12 billion

The unrealized potential of Ukraine in the use of water resources is estimated at \$12 billion, while the potential of using forest resources is at \$40 billion, Prime Minister Denys Shmyhal has said.



“We had to expand the area of our forests and use wood mainly for the development of our own furniture production. Only a change in the guidelines for the export of raw materials to the production of our own products will give the country at least \$40 billion in 10 years,” the prime minister said during the presentation of the audit of the Ukrainian economy and vectors of economic development until 2030 in Kyiv.

According to Shmyhal, water resources have \$12 billion of underutilized potential.

“Ukraine has ignored the development of hydropower for years. We use only half of this potential. We use the potential of aquaculture, the development of fisheries. We use only a quarter. Irrigation is developed less than 20% of what it should be. For example, an effective irrigation system in the southern regions of Ukraine would give an opportunity to increase harvests by 2.5-3 times and this is also an untapped potential that will give the country additional GDP,” the prime minister said.

Ukrainian PM predicts growth in cost of farmland fivefold in 10 years, \$85 bln of extra GDP.



Minister of Culture expects Parliament to adopt law on capital soon

Minister of Culture and Information Policy Oleksandr Tkachenko expects that the Verkhovna Rada will soon adopt the law on the capital at the second reading.



“I took part in local elections. I voted at my polling station in Kyiv. I hope that local communities will receive worthy representatives in the government,” Tkachenko wrote on his Telegram channel on Sunday.

The minister also complained that the Verkhovna Rada did not have time to vote for the law on the capital at the second reading.

In his opinion, this law would radically change the opportunities, in particular, for the people of Kyiv to participate in the city's self-government, as well as restore the district and local councils and allow the community to receive much more powers, including control over the activities of the authorities.

“However, I think that the parliament will be able to return to this issue in the near future,” Tkachenko added.

Ukraine's govt backs development of govt program for development of folk arts, crafts for 2021-2025

The Cabinet of Ministers of Ukraine has supported the development of a government targeted program of the Ministry of Culture and Information Policy for the development of folk arts and crafts for 2021-2025.

"Although the craft was and remains the hallmark of Ukraine, today it is in a state of decline and gradual oblivion. The number of craftsmen and organizations is decreasing. Rare artistic techniques and technologies are in danger of extinction. Therefore, folk arts and crafts will exist," Minister of Culture and Information Policy Oleksandr Tkachenko wrote on his Telegram channel.

According to him, thanks to this program, the authorities are trying to: preserve and transfer the knowledge of the masters; reboot the perception of products and services domestically through marketing and communications; increase the capitalization of brands of folk crafts and their export potential; and set up competent distribution and logistics of goods.

"Folk arts and crafts are one of the most important authentic branches of our culture and, at the same time, a promising sector of creative industries. Behind it is the creation of added value and new jobs," the minister said.



Exports of goods from Ukraine grow by 1.3% in Oct

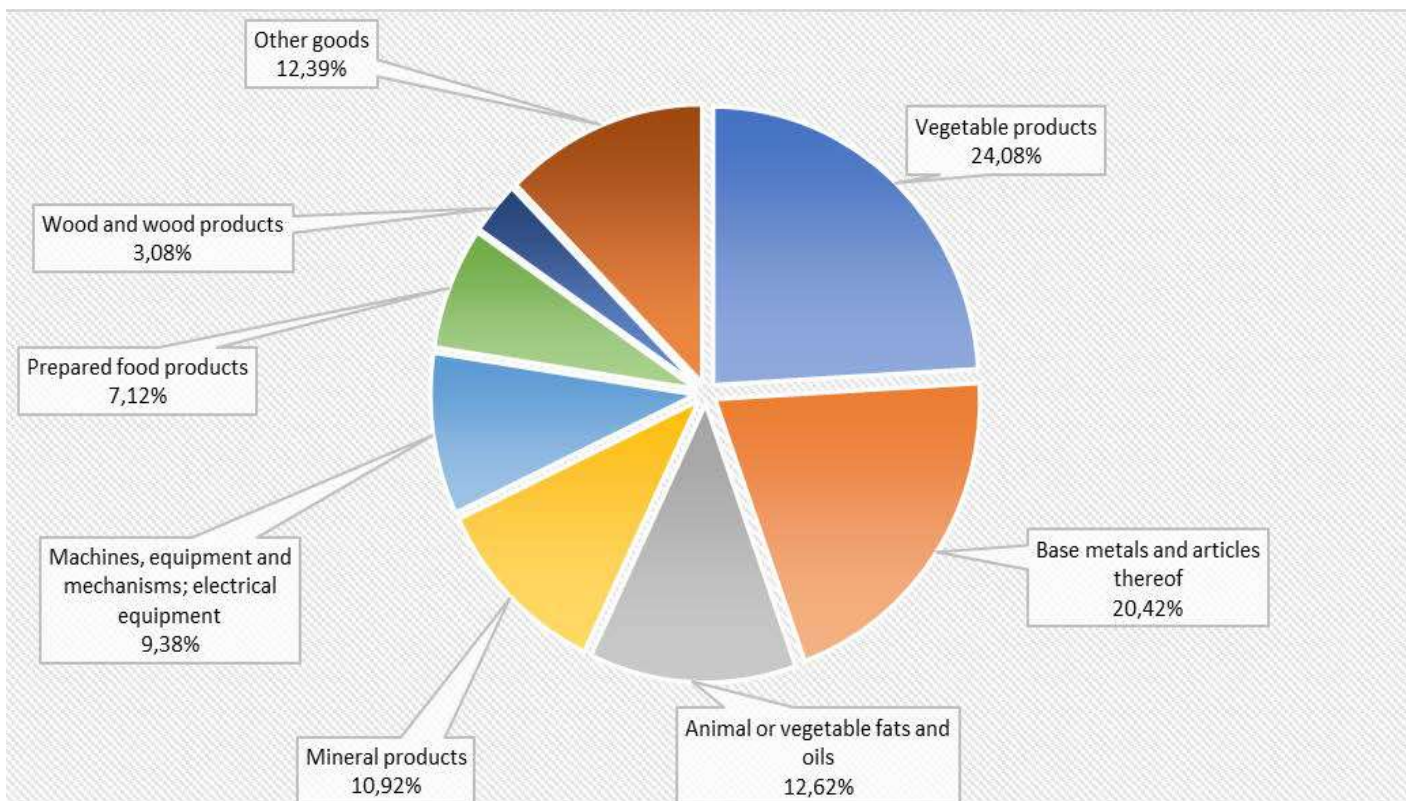
The volume of Ukrainian exports of goods in October amounted to \$4.69 billion, which is 1.31% higher than the same month in 2019 and 10.41% higher compared to September this year.

Deputy Minister of Development of Economy, Trade and Agriculture, Trade Representative of Ukraine Taras Kachka said on Facebook, so far in the first 10 months of the year (year-on-year), exports showed a decline of 4.82%, imports – 12.21%.

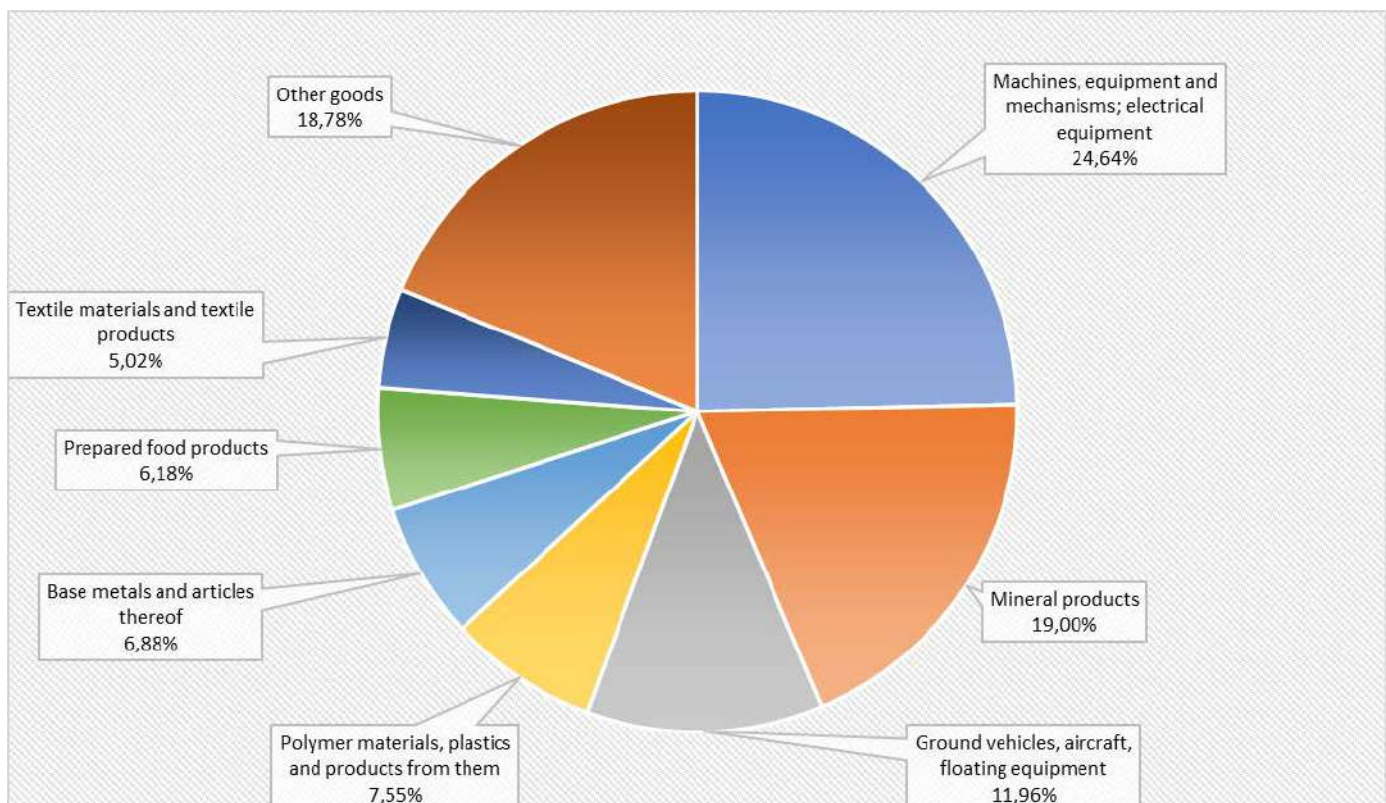
"More good news: we have reduced the deficit by \$3.97 billion, that is, more than a half," he wrote.



Foreign trade turnover by the most important positions in Jan-Aug 2020 (export)



Foreign trade turnover by the most important positions in Jan-Aug 2020 (import)



Market of new commercial vehicles in Ukraine up

Initial registrations of new commercial vehicles (including trucks) in Ukraine in October increased by 11% compared to the same month of 2019 – up to 1,250 units, but compared to September this year they decreased by 7.4%, Ukrautoprom reports.



According to the association, more than a quarter of this segment of the car market in October was covered by the Renault brand, whose sales grew by almost 40% by October-2019 – up to 353 cars.

The second line of the ranking, as in October 2019, is occupied by Fiat with 135 registrations, which is 1.5% more than last year. Citroen has the third result (against the eighth a year earlier) with 105 registrations, or 69% more.

The fourth position of the rating is taken by two brands MAZ (-5%) and Peugeot (-11%) with 80 new cars each. Ford closes the top five with a 23% increase in sales – up to 79 new commercial vehicles.

Taking into account the October figures, 8,965 new commercial vehicles were registered in Ukraine in January-October 2020, which is 9% less than in the same period last year.



Acciona and UDP Renewables launch new solar power plant in Odessa region

Gudzovka-Solar PV PP reduces carbon dioxide emissions by 30,000 tons per year.

UDP Renewables, whose strategic investor is the holding company UFuture, pursues its partnership with the world leading company in renewables – ACCIONA. As part of the cooperation, two stages of new solar plant “Gudzovka-Solar” are commissioned in the city of Izmail, Odessa region. Investments in the project amounted to about €21 mln.



“I am proud that we have the opportunity to implement joint projects together with ACCIONA. Our partner is reliable, efficient and has high standards of work. We are glad that we were able to reveal Ukraine’s investment attractiveness for an international strategist, as our cooperation is an inspiring example of system-building cooperation,” said Sergiy Yevtushenko, managing Partner of UDP Renewables.

Gudzovka-Solar-1 PV PP and Gudzovka-Solar-2 PV PP have a peak capacity of 24.4 MW totaled up and are equipped with more than 72,000 solar panels manufactured by JASolar. This amount of innovative equipment generates about 33,600 MWh of electricity per year and can meet the needs of 13,000 households.



“Despite the turbulent period in the industry and in the world as a whole, UFUTURE systematically implements its strategic plans and invests in Ukraine’s renewable energy. We faithfully fulfil all our obligations to the state and our partners. Today, the company is considering various scenarios for further development in this area. Successful cooperation with the world’s leading market players formulates the necessary expertise and reputation base to expand our activities, both in Ukraine and, possibly, in foreign markets,” said Nicholas Tymoshchuk, CEO of UFUTURE.

The EPC contractor of the project was a group of companies KNESS, the financial partner was Credit Agricole Bank.

ADDITIONAL INFORMATION

UDP Renewables is an investment and development company in the Ukrainian renewable energy sector. With diversification in the type of renewable power generation and geography, by 2022 UDP Renewables strives to become one of the largest producers of clean energy in Ukraine, with a total capacity of more than 300 MW.

UFUTURE is a holding company of Ukrainian entrepreneur Vasyl Khmelnytsky, which has a diversified portfolio of assets in the fields of real estate, infrastructure, industry, renewable energy, pharmaceuticals and IT. In particular, UFUTURE is a strategic investor in UDP Renewables. UFUTURE’s assets are valued at \$500 million, and the total capitalization of the businesses in which it has invested is up to \$1 billion.



Ukraine cuts electricity consumption by 4.2% in Jan-Oct

Electricity consumption in Ukraine, taking into account in-process losses in power grids, decreased 4.2% in January-October 2020, compared to the same period in 2019, to 117.919 billion kWh, the Ministry of Energy has told Interfax-Ukraine.

The country’s industry, excluding technological losses, reduced electricity consumption by 5%, to 40.614 billion kWh. In particular, metallurgical industry consumed 22.527 billion kWh (7.4% less compared to January-October 2019), fuel industry some 2.654 billion kWh (5.8% less), machine building industry some 2.504 billion kWh (17.1% less), chemical and petrochemical some 3.482 billion (14.4% more), food and processing some 3.553 billion kWh (4.2% less), construction some 1.9 billion kWh (1.1% more), others some 3.553 billion kWh (0.5% more).

In addition, agricultural enterprises consumed 3.116 billion kWh (0.6% more), transport some 4.595 billion kWh (14.8% less), developers some 745.2 million kWh (4.5% less).

In January-October 2020 the country’s population consumed 29.498 billion kWh (2.8% more), households some 11.454 billion kWh (6.9% less) and other non-industrial consumers some 5.858 billion kWh (3.8% less).

The share of industry in total electricity consumption in the first 10 months fell from 43.2% to 42.4%, while the share of the population grew to 30.8% from 29%.



Ukraine reduces coal imports by 19.4% in Jan-Oct

Ukraine in January-October 2020 reduced import of coal and anthracite (foreign economic activity code 2701) by 19.4% (by 3.359 million tonnes) compared to the same period in 2019, to 13.966 million tonnes.

According to the State Customs Service of Ukraine, coal was imported for \$1.432 billion, which is 39.4% less than in January-October 2019 (\$2.365 billion).



Coal came from Russia for the tune of \$869.797 million (a share in imports of 60.74%), the United States for \$427.945 million (29.88%), Kazakhstan for \$96.257 million (6.72%), and other countries for \$38.09 million (2.66%).

In the first 10 months of 2020, Ukraine exported 2,255 tonnes of coal for \$0.186 million, compared with 13,318 tonnes for \$0.527 million during the same period in 2019, including \$0.156 million to Poland, \$0.027 million to Moldova and \$0.004 million to Hungary.



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State-run Ukrzaliznytsia ending negotiations on signing contracts on container shipments to Europe, Asia

JSC Ukrzaliznytsia is discussing the possibility of carrying out transit container traffic along the China-EU route through the territory of Ukraine, the operator will be Ukrzaliznytsia branch Lisky, the press service of Ukrzaliznytsia reported with reference to executive director of the branch Edvins Berzins.

The company, in particular, notes that negotiations are at the final stage on signing long-term service agreements with DHL, PKP Cargo Connect and BTLC Germany. The agreement with DHL provides for the transportation of containerized cargo throughout Ukraine with the provision of a range of turnkey services at the terminals of the Lisky branch.

Together with PKP Cargo Connect, container trains will be transported from/to Ukrainian railway stations at Polish stations with further transportation to recipients throughout the EU. The agreement with BTLC Germany provides for the transportation of goods en route to China – Ukraine/EU and in the opposite direction.

“Ukraine occupies a strategically important position on the transport routes between Europe and Asia. Previously, this potential was almost never used. Therefore, now one of the priorities of the management of Ukrzaliznytsia is to uncover the possibilities of the railway transport routes of Ukraine and, together with partners from the East and West, to establish a mutually beneficial system of international container transportation,” the press service quoted Berzins as saying.



Ukrzaliznytsia plans to increase capital investments to UAH 41 bln

Ukrzaliznytsia intends to increase investments in rolling stock and infrastructure, Head of the Freight Transportation division of Ukrzaliznytsia, Irakli Ezugbaya, has said.



“So, if this year capital investments will amount to UAH 4.8 billion, then next year we plan to invest UAH 25.8 billion, in 2022 some UAH 28.4 billion, and in 2023 some UAH 41.1 billion. Due to this, we will be able to provide our customers with equal access to the infrastructure and not refuse any of them along with the transportation of goods that can be placed at Ukrzaliznytsia,” he said in an interview with the Centre for Transport Strategies.

At the same time, Irakli said that Ukrzaliznytsia constantly needs to increase its operating profit.

“In 2020, EBITDA margin indicators are planned at 9.1%. By 2023, we want to increase these indicators to 30%. In my opinion, the cargo business unit should significantly improve its indicators in order to compensate for potential losses from other areas, including passenger transportation. Therefore, in order to reach 23% of EBITDA in 2021, we must reach at least 30% in the cargo direction,” he said.

As reported, Ukrzaliznytsia intends to provide UAH 4.1 billion in the company's financial plan for 2021 for the overhaul of locomotives.



Sinohydro from China to sue state-run Ukravtodor for termination of contract in Ukraine

The Chinese company Sinohydro Corporation Limited intends to file a claim in international arbitration for the termination of the contract for the reconstruction of the bypass road around Zhytomyr by the State Agency of Automobile Roads of Ukraine (Ukravtodor).



According to the company's statement, Sinohydro considers it unfair that Ukravtodor, having failed to effectively fulfill its contractual obligations, unilaterally decided to terminate the contract, while the Dispute Settlement Council (created under the contract together with Ukravtodor in May 2020) is still considering disputes surrounding this contract and has already ruled on some of them, allowing Sinohydro to renew the contract.

Sinohydro says the untimely transfer of a land plot for public use by Ukravtodor, the introduction of a number of design changes not provided for in the contract, failure to fulfill payment obligations, as well as force majeure in the form of the COVID-19 epidemic and many other factors influenced the project schedule and led to a violation of the terms of work.

"Since June 2020, facing an unfavorable situation caused by the fact that Ukravtodor did not complete the interim payment for construction work on time, and the continuing impact of the COVID-19 epidemic, Sinohydro has advanced over EUR 5 million to meet its contractual obligations and reduce the delay," the company said.

It is emphasized that in comparison with other sections of roads under construction in Ukraine at the same time, this project is being implemented at a rather fast pace and is already nearing completion.

"Under the circumstances, the Dispute Settlement Council decided on the first contract dispute initiated by Sinohydro in September 2020. It agreed to extend the contractor's deadline for construction work by 87 days. However, when the Council began considering at least four disputes over damages to Sinohydro, Ukravtodor unexpectedly announced the termination of the contract," the report says.



Ukraine sees poultry meat export rise by 7.7%

Ukraine increased the export of poultry meat and by-products by 7.7% to 359,540 tonnes in January-October 2020 compared to the same period in 2019, the State Customs Service said.

According to its data, the export of these products decreased in monetary terms by 2.3% to \$468.53 million.



At the same time, the import of poultry meat and by-products decreased by 16.3% to 90,920 tonnes in 10 months this year, in monetary terms by 12.3%, to \$37.96 million.

According to the State Customs Service, pork export increased by 29.1% to 2,310 tonnes. These products were exported for \$5.09 million, which is 28.7% more than in January-October 2019.

Pork import to Ukraine increased by 16.5% to 23,820 tonnes in 10 months 2020, in monetary terms by 21.2%, to \$47.26 million.

In addition, during the specified period, Ukraine reduced the export of eggs by 18.2% to 96,130 tonnes, in monetary terms by 8.4%, to \$85.93 million.

Cost of agricultural production in Ukraine 4.1% down in Jan-Sept

The cost of agricultural production in Ukraine in January-September 2020 decreased by 4.1% compared to the same period in 2019.

According to the State Statistics Service, the cost of crop production in January-September decreased by 6.2%, livestock products by 1.3%, material and technical resources of industrial origin used in agriculture by 10.3%.

At the same time, according to the service, the cost of agricultural production in September increased by 3.9% compared to the previous month. Thus, the cost of crop production grew by 2.9%, livestock products by 6.3%, but at the same time, the cost of material and technical resources grew by 2.3%.

As reported, the cost of agricultural production in Ukraine in 2019 decreased by 0.64% compared to 2018.



Ukraine raises cheese import by 2.2 times

Ukraine exported 4,800 tonnes of cheese in January-October 2020, which is 19.5% less than in the same period in 2019.

According to the State Customs Service, in monetary terms, exports decreased by 15.9% and amounted to \$18.47 million. At the same time, import of cheese in the first 10 months of 2020 increased by 2.2 times, to 38,040 tonnes, in monetary terms by 2.1 times, to \$168.62 million.

Exports of Ukrainian butter decreased 41.2%, to 9,360 tonnes, and in monetary terms also 41.2%, to \$40.82 million. Import of this product in the reporting period amounted to 9,330 tonnes (\$36.94 million) versus 1,990 tonnes (\$10.12 million) in January-October 2019.

According to the ministry, export of milk and cream (condensed) in the first 10 months of 2020 decreased 27.1%, to 23,870 tonnes. Ukraine supplied condensed milk and cream for a total of \$48.18 million, which is 30.8% less than in January-October last year. Import of this group of goods increased 2.9-fold, to 5,330 tonnes, in monetary terms by three times, to \$12.06 million.



Ukraine since start of 2020/2021 agri-year exports 17.4 mln tonnes of grain

Ukraine since the beginning of the new 2020/2021 agricultural year (July-June) and as of November 9, exported 17.35 million tonnes of cereals and legumes, which is 3.59 million tonnes less than on the same date of the previous agri-year.



According to the information and analytical portal of the agro-industrial complex of Ukraine, to date, 10.97 million tonnes of wheat (1.24 million tonnes down), 3.38 million tonnes of barley and 2.93 million tonnes of corn (2.2 million tonnes down) were exported.

As of November 9 this year, 62,600 tonnes of flour were also exported.



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Ukraine produces 703,000 tonnes of sugar by Nov 16

Sugar production in Ukraine as of November 16 amounted to 702,900 tonnes. According to a report on the website of the National Association of Sugar Producers Ukrtsukor, as of the indicated date, 30 sugar factories were operating in the country, which have processed 5.34 million tonnes of sugar beets.



As reported with reference to Ukrtsukor, the sugar beet processing season in the country started on September 5.

Sugar production in Ukraine in 2020 is projected at 1.2 million tonnes, which is 15% less than a year earlier.

As of November 12, 2020, Ukrainian agricultural producers harvested 6.7 million tonnes of sugar beets from an area of 161,600 hectares (75%).



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