



UKRAINE
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National Bank of Ukraine estimates growth of GDP at 7.5% in Q2



The National Bank of Ukraine (NBU) in the updated Inflation Report published on the website again worsened the estimate of the growth of Ukraine's gross domestic product (GDP) in the second quarter of 2021 (hereinafter compared to the same period in 2020), to 7.5% from 8.7% in April and from 11.3% in the January report.

The negative impact of last year's low harvest on exports, the food industry and agriculture (in particular, livestock farming due to a decrease in profitability as a result of higher prices for feed) remained. The negative conditions influenced agriculture and a later start of the harvesting (one week later), the National Bank said, explaining the deterioration of the assessment. The NBU also revised its forecast for GDP dynamics in the second half of this year. If in April he expected economic growth in the third and fourth quarters, respectively, by 4.2% and 3.6%, now – by 3.6% and 5.8%.

"The key risks to the macroeconomic forecast are the imposition of stricter quarantine measures in Ukraine and globally, and a longer and more pronounced than expected surge in global inflation," the National Bank said. As reported, in general, the NBU confirmed the forecast for GDP growth for 2021 at 3.8% and for 2022-2023 at 4%.

HEADLINES

02 August 2021



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ABOUT ECONOMY



UKRAINE'S LARGEST
SPORTS CLUSTER TO BE
CREATED ON 22 HA IN
KIEV



FARMAK TO INVEST EUR
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EXPERTS: COST OF
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SUBSIDIARY OF SLOVAK
LENTIMEX PLANS TO BUILD
MULTIFUNCTIONAL COMPLEX
FOR EUR 500 MLN IN KIEV



KSG AGRO WITH
SWISS PARTNERS TO
BUILD FARM IN
KAZAKHSTAN

124 countries open to Ukrainians

The borders of 124 countries of the world are open to Ukrainian citizens, Ukrainian Foreign Minister Dmytro Kuleba said. “As of today, the borders of 124 countries of the world are open for the citizens of Ukraine. This summer is much freer in terms of travel than the past. Among the popular tourist destinations, Albania, Bulgaria, Greece, Georgia, the Dominican Republic, Egypt, Cyprus, Cuba, the Maldives, the United Arab Emirates, the Seychelles, Thailand, Tunisia, Turkey, Croatia, Montenegro are already open,” Kuleba said in a briefing.



He urged citizens to observe safety measures while traveling, first of all, to be vaccinated and to adhere to all entry rules. Kuleba also recalled that the Ministry of Foreign Affairs has created a popular resource for Ukrainians tripadvisor.mfa.gov.ua, where all information is promptly updated, and one can get the most accurate data on the conditions of entry or transit.

“Today, in total, 26 European countries are open. This includes the EU and the UK. We will continue to work on opening countries for Ukrainians, this will absolutely remain our priority,” the minister assured.

The Experts Club project launches series of video reviews about economy

The Macroeconomic Review section has been launched on a monthly basis within the framework of the Experts Club. In the first video, the co-founder of the project, PhD in Economics, Maksim Urakin, analyzed the main macro indicators.

“*The goal of our Macroeconomic Review project is to provide the viewer with the key statistics and information in the most convenient form, to do it succinctly and clearly, replacing cumbersome tables and lengthy reasoning with graphic analysis,*” research organizer Maksim Urakin said.



In the block on the population of Ukraine, the latest data of the State Statistics Service on the number of residents of our country were presented, a comparison was made between the statistics of state bodies and the indicators of the so-called “electronic census” of January 2020. In addition, the latest data on unemployment and wages in the regions were studied. In the economic block, the indicators of GDP, the volume of foreign trade, the main trade partners of Ukraine, the national debt, the indicators and sources of investment and industrial production are analyzed. All data is presented in the form of graphs and diagrams that complement the visual backdrop.

In the future, the Experts Club will analyze and present both the current statistics of Ukraine and compare the latest data with the previous periods, as well as with the indicators of other countries. In addition, a series of thematic programs are planned, which will be devoted to the state of various sectors of the Ukrainian economy and their characteristics over the period of 30 years of independence.

The full video can be found on the Experts Club YouTube channel at the link:

https://www.youtube.com/watch?v=tCKGn3uGR_Y

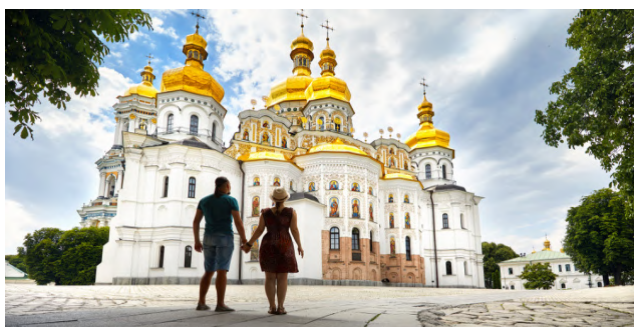
You can subscribe to the Experts Club channel here.

308,000 foreign tourists visit Kiev since year start

Since the beginning of the year, Kiev has been visited by 308,000 foreign and more than 500,000 domestic tourists, deputy head of Kyiv City State Administration Maryna Khonda has said.



“According to the State Border Guard Service, most of the foreign tourists came from the United States – 26,576 people. Israel is in the second place – 22,684 people, and Turkey closes the top three – 21,057 tourists. The list of countries from which a lot of tourists came from also includes Germany, Belarus, Saudi Arabia, Azerbaijan, Great Britain, Georgia and India,” Khonda said.



According to her, the tourism development will become one of the main priorities for Kyiv after the pandemic. A number of important projects are currently being implemented to increase the tourist attraction of the city. In particular, the Hospitality Academy recently began its work in Kyiv to train volunteer assistants in the field of tourism. Also in Kiev, they plan to create an inclusive tourist route that will unite the most famous sights.

Due to intensification of tourism, hotel occupancy in Kiev reaches 66%

Due to the intensification of inbound tourism, the occupancy rate of hotels in Kiev in June 2021 increased to 66%, which is 23% higher than in May, Head of the Hotel Matrix project Yelyzaveta Rudeleva has told Interfax-Ukraine.



According to Rudeleva, Odesa is in second place in terms of hotel occupancy: an increase from 53% in May to 63% in June. This is followed by Lviv from 41% in May to 60% in June, Dnipro from 45% in May to 58% in June, and Kharkiv from 45% in May to 50% in June.

As she said, usually hotels, anticipating the high demand for the coming period, increase the price. Price and Average Daily Room Rate (ADR) certainly have different meanings, therefore, an increase in price, accordingly, affects an increase in ADR.

Compared to May, ADR indicators of all Ukrainian cities grew from 2.4% to 18.4%. ADR of Dnipro increased to UAH 3782 from UAH 3289 in May, Lviv – to UAH 2,439 from UAH 2,060, Odesa – to UAH 2,284 from UAH 2,067, Kiev – to UAH 2,031 from UAH 1,836 in May.



Ukraine's largest sports cluster to be created on 22 ha in Kiev

A sports cluster will be created at the Expocenter of Ukraine National Complex in Kyiv within the framework of the Big Construction and Healthy Ukraine presidential programs, which will occupy 22 hectares of territory, Deputy Head of the President's Office Kyrylo Tymoshenko said on Facebook following the presentation of the project concept. According to him, this year the project will be implemented on 11 hectares.

Tymoshenko noted that the concept of the future cluster was developed by Big City Lab, a company for the transformation of urban spaces, together with the Lithuanian urbanist Tadas Jonauskis. At the same time, a special emphasis during the design of the cluster was placed on the creation of a barrier-free space.

"The infrastructure of the future cluster includes jogging and cycling paths with professional coverage, locations for TRX, crossfit, yoga and fitness classes, equipped areas with exercise machines for strength and cardio training, tennis tables, a swimming pool with a trampoline, basketball and football grounds, a climbing wall, a concrete skatepark and much more," he said.



Expert: decision on mixing COVID vaccines to be made by doctor

The decision to mix vaccines against COVID-19 will be made exclusively by the doctor who directs the person to vaccination, said Deputy Minister of Health, Chief State Sanitary Doctor Ihor Kuzin.

"The main recommendation was that, in fact, mixing of vaccines is allowed, but subject to the algorithm. Mixing one or another vaccine is not the choice of the patient, it is solely the decision of the doctor who directs for vaccination," he said in an interview with the Ukrayinska Pravda publication.

According to Kuzin, the doctor can make such a decision only in a few cases: if after the first dose the patient had a severe adverse reaction; due to humanitarian problems. For example, if a person abroad received the first Moderna vaccination and, having returned to Ukraine, does not have the opportunity to be vaccinated with it for the second time.

Experts: cost of housing in Ukraine to grow by 20%

The cost of square meter of housing in new buildings in Ukraine in January-June 2021 grew by 10-20% depending on the readiness of the facility and the region, Director General of the Financial and Investment Management Association (FIMA) Viktoria Volkovska has told.

"We have analyzed dozens of housing facilities throughout Ukraine that work with construction financing funds. The overwhelming majority indicate an increase in the cost of square meter. At the same time, we have a situation where the cost of housing is growing faster than the price," she said.

According to a survey conducted by FIMA, 76.9% of respondents reported an increase in the cost of square meter by 10-20%, and 7.7% told about an increase of more than 20%. Only 15.4% of respondents said that the cost of housing has not changed significantly. In addition, only 10% of respondents reported a decrease in the volume of construction work, while 40% reported an increase of more than 20%, 10% – a 20% increase, and 20% – a 10% increase.

The FIMA study is based on an online survey of construction finance fund managers conducted following the results of the first half of 2021. The Financial and Investment Management Association (FIMA) was established in May 2020 in connection with the entry into force of the law on amendments to certain legislative acts concerning improving the functions of public administration of financial services markets. It unites 41 financial companies that manage FFS funds in Kyiv, Lviv, Odesa, Dnipropetrovsk and Kharkiv.

Farmak to invest EUR 30 mln in R&D center

Farmak pharmaceutical company (Kyiv) is investing EUR 30 million in the construction of an innovative research R&D center in Kyiv.

According to a press release from the company, the center is to open in 2023.



According to Executive Director of Farmak Volodymyr Kostiuk, the decision to build an R&D center was made a few years ago due to the expansion of the geography of presence and the portfolio of medicines.

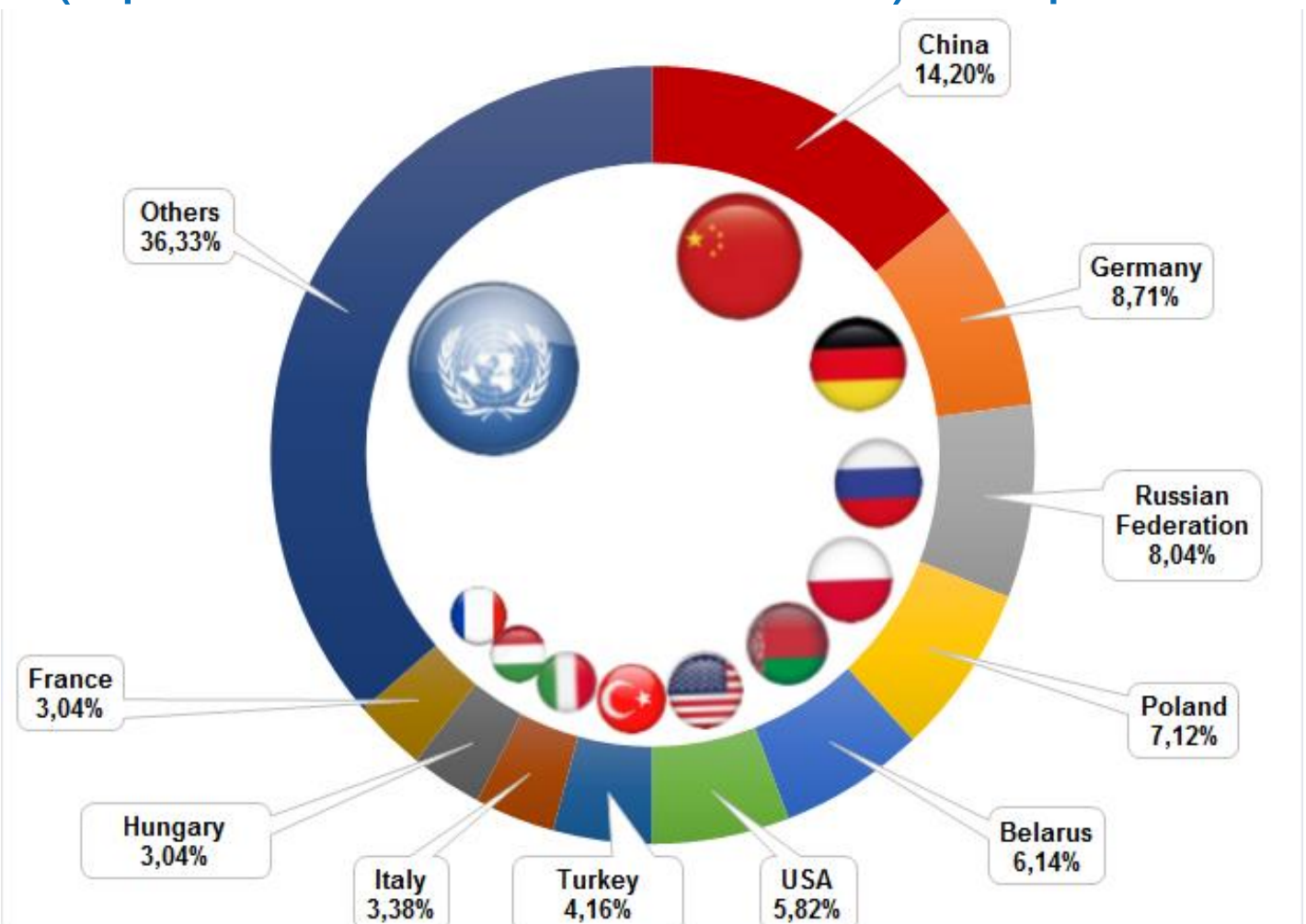
In the new center, in particular, analytical laboratories will be concentrated, they will have about a hundred liquid and gas chromatographs and a number of modern devices for the development and testing of drugs.

In addition, the R&D center will house a technological laboratory with equipment for the development of finished drugs with various methods of their delivery to the human body and the implementation of personalized medicine protocols of the 21st century.

In the new R&D center, it is planned to continue working in three main areas: finished dosage forms, proprietary active pharmaceutical ingredients, as well as an innovative area in which Farmak has been working since 2015 – biotechnological active pharmaceutical ingredients. All processes will be digitized.

Farmak is the leader of the Ukrainian pharmaceutical market. The company's product portfolio includes about 200 brands. Among the main directions are endocrinological, gastroenterological, cardiological, neurological, anti-cold and other drugs.

Main trade partners of Ukraine in % from total volume (import from other countries to Ukraine) Jan-April 2021



European Investment Bank to give EUR 49 mln loan for energy-efficient modernization of universities

The European Investment Bank (EIB) has provided EUR 49 million investments to carry out a comprehensive energy-efficient modernisation of the majority of their buildings of six Ukrainian universities under the Ukraine Higher Education project and they will also receive the E5P grant in the amount of EUR 10 million.



“Six Ukrainian universities will carry out a comprehensive energy-efficient modernisation of the majority of their buildings with the support of EUR 49 million investments of the European Investment Bank (EIB) and the E5P grant in the amount of EUR 10 million,” the EIB and the Ministry of Education of Ukraine said in a press release.

Chernihiv Polytechnic National University, Lviv Polytechnic National University, National Technical University Kharkiv Polytechnic Institute, National University Yuri Kondratiuk Poltava Polytechnic, Sumy State University and Vinnytsia National Technical University actively participate in the Phase I of the Ukraine Higher Education Project to improve their teaching and research facilities and dormitories.

“They will soon be joined by eight more higher education establishments, which were selected on a competitive basis to take part in the Phase II of the Project,” the bank and the ministry said in the press release.



PwC experts in Ukraine developed a free guide for business on authorised economic operator programme



PwC team in Ukraine has been driving the AEO concept implementation since the beginning of its active development in Ukraine and has helped the first business in Ukraine to obtain the AEO status.

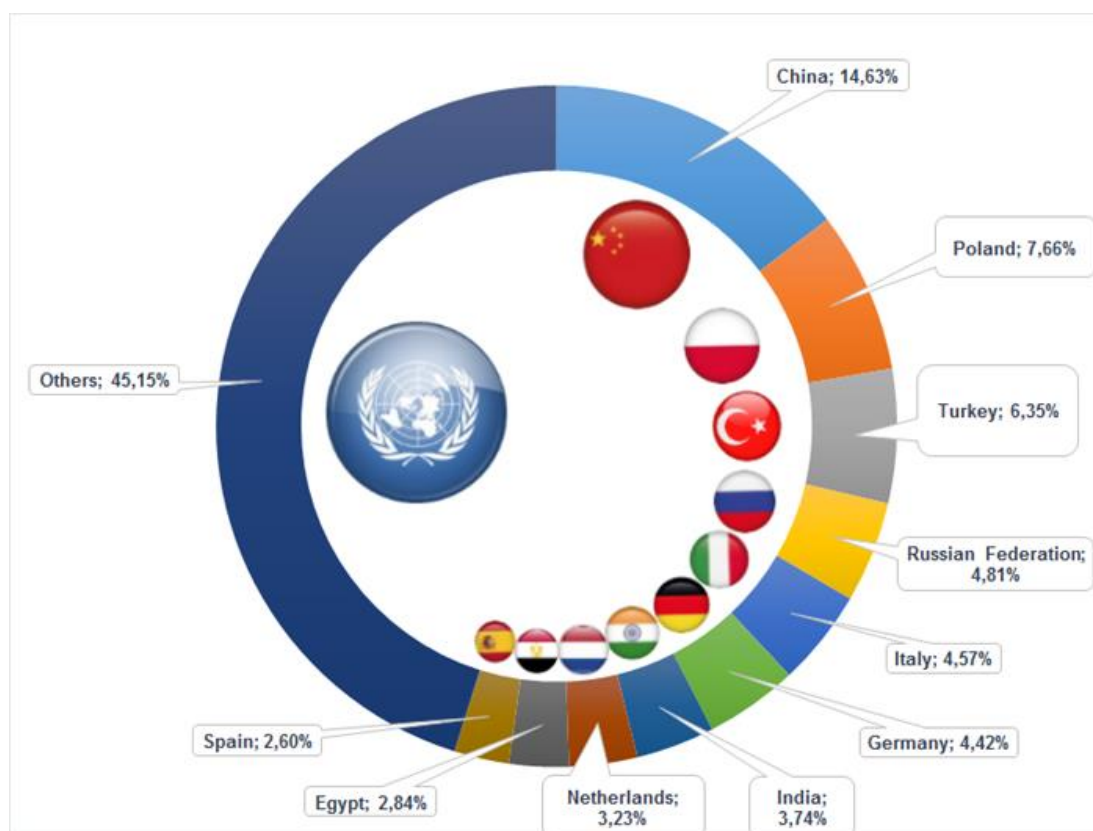
Having 15 years of experience and unique for Ukraine expertise PwC experts have developed a guide that contains comprehensive information about the status of AEO, companies that can get it, a detailed overview of the procedure and obstacles on this way, a comparative analysis of benefits and simplifications for business which provides this status.

The guide is available for download online in Ukrainian and English languages.

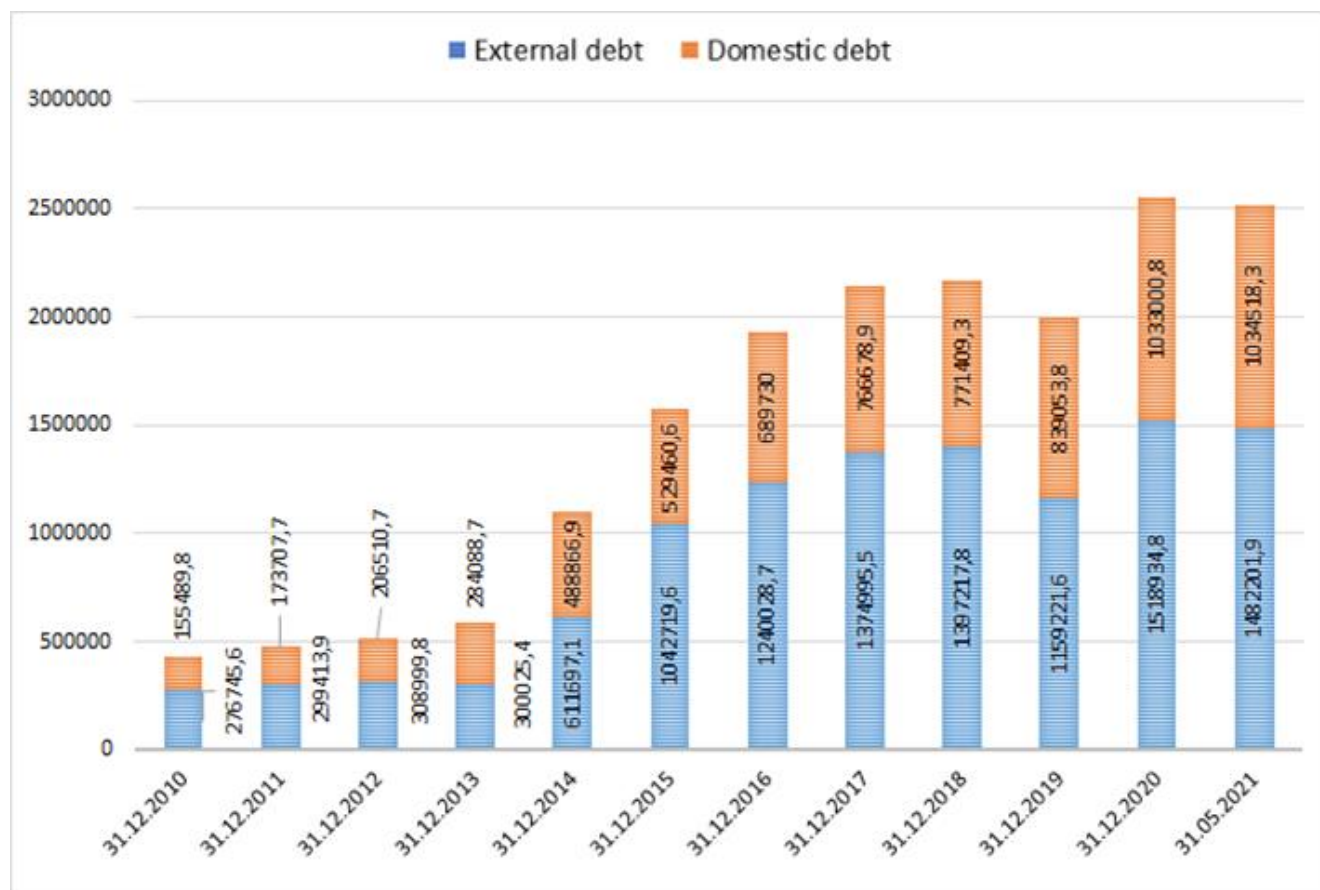


“It is my sincere hope that the Ukrainian business will have an opportunity to benefit from the AEO Programme and its special simplifications and this will enhance confidence in customs authorities.” – commented Vita Miroshnychenko, Head of Customs Regulations and International Trade practice, author of the guide on AEO programme, PwC Ukraine.

Main trade partners of Ukraine in % from total volume (export from Ukraine to other countries) Jan-April 2021



Internal and external debt of Ukraine in 2009-2021



Subsidiary of Slovak Lentimex plans to build multifunctional complex for EUR 500 mln in Kiev

Lentimex Ukraine LLC (Kyiv), a subsidiary of Slovak Lentimex spol. s r.o., has completed the purchase of a 113.5 hectare land plot of the Rodovid Bank in Obolon district of Kiev, and plans to invest EUR 500 million in construction of a multifunctional space on its territory.

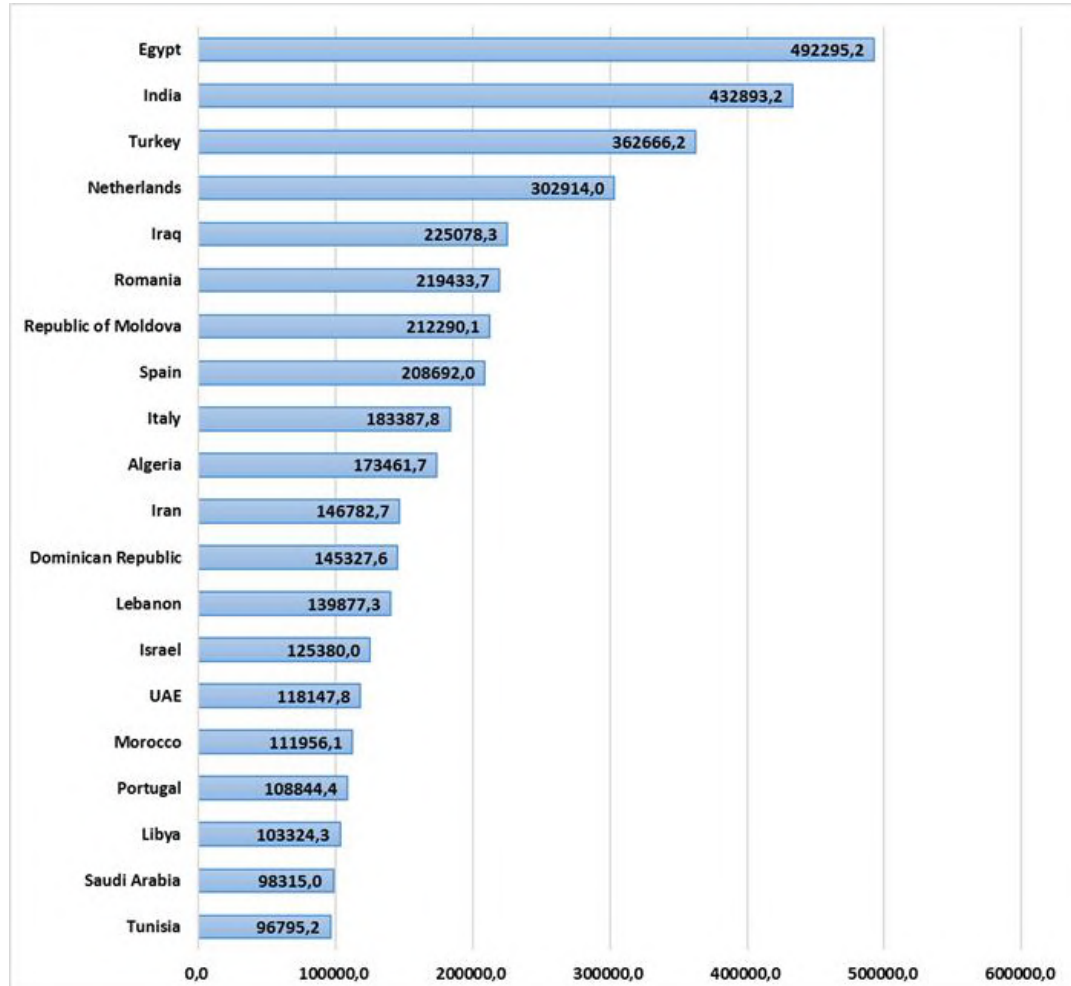
As Lentimex Ukraine told Interfax-Ukraine, on July 23, 2021, the company paid all its obligations under an auction and fully paid UAH 370 million in a letter of credit.

"It is planned to build a multifunctional space on the acquired plot with social, cultural and entertainment infrastructure according to European standards. This space will become a unique combination of recreation and a city," the company said.

According to it, the total investment in the project will amount to more than EUR 500 million. Lentimex also intends to attract local partners to its team.



Top 20 countries Ukraine has posted the highest surplus of trade in goods Jan- April 2021 (thsd USD)



Azerbaijani SOCAR considers possibility of investing in Ukraine

The Azerbaijani service company SOCAR AQS is considering the possibility of investing in Ukrainian subsoil, Head of the State Service for Geology and Subsoil Roman Opimakh said following a working meeting in Kyiv on Monday.

“Representatives of SOCAR AQS are interested in investing in Ukrainian subsoil because of the presence of significant potential of both hydrocarbon deposits and raw materials for the production of batteries for electric cars and electronics in our country,” Opimakh wrote on his Facebook page

According to him, the parties agreed to continue the dialogue with the aim of introducing and implementing joint business projects.

Opimakh also invited Azerbaijani partners to pay attention to the Investment Atlas of a Subsoil User, created by the State Service for Geology and Subsoil, containing vacant subsoil areas with deposits of strategic and critical minerals, as well as a data-room of secondary geological information filled with descriptive information about subsoil use objects, land plots within the contours of deposits, and also geological reports.

According to Interfax-Azerbaijan, SOCAR AQS was established in 2007 by the State Oil Company of Azerbaijan (SOCAR), Nobel Oil Services and Abşeron Qazma Şirkəti as a joint venture providing comprehensive drilling and well management services. Nobel Oil Services is the main shareholder of SOCAR AQS.



Renewable energy capacity in Ukraine still increasing in H1

Ukraine in January-June 2021 additionally commissioned 709 MW of new electrical installations based on renewable energy sources (RES), which made it possible to increase the overall capacity of RES generation in the country to 9,225 MW.

According to the State Agency on Energy Efficiency and Energy Saving of Ukraine, in particular, in January-June, wind power plants (WPP) with a capacity of 278.4 MW were additionally built, solar power plants (SPP) for 257.4 MW, SPPs of private households – for 156 MW, biomass power plants – for 10.4 MW, biogas power plants – for 6 MW, and small hydropower facilities (HPP) – for 1.6 MW were also commissioned.

“About EUR530 million has been invested in the establishment of 709 MW of renewable energy facilities,” the agency stressed.

Of the total capacity of 9,225 MW of Ukrainian renewable energy sources, the share of solar power plants is 6,351 MW, renewable energy sources – 1,593 MW, household solar power plants – 933 MW, solid biofuel power plants – 119 MW, small hydroelectric power plants – 118 MW and biogas plants – 111 MW.



Norway's Scatec increases EBITDA in Ukraine by 34%

Norway's Scatec saw EBITDA of NOK 55 million (\$1/NOK 8.8759) in Ukraine in the first half of 2021, which is 34.1% more than in the first half of 2020. According to the company's report on Friday, its revenue grew by 47.8%, to NOK 68 million, while net production increased by 75%, to 49 GWh, and OPEX increased 2.6 times, to NOK 13 million.

Scatec said that in the second quarter of this year compared to the second quarter of last year, its EBITDA in Ukraine increased by 11.4%, to NOK 39 million, revenue rose by 26.3%, to NOK 48 million with an increase in net production was 54.5%, to 34 GWh, while OPEX tripled to NOK 9 million.

In the second quarter, the company managed to reach a positive free cash flow on equity of NOK 7 million, which, however, is more than twice less than in the second quarter of last year – NOK 16 million.



Metinvest to acquire Dniprovsky Integrated Steel Works for UAH 9.17 bln

Metinvest Mining and Metallurgical Group through PrJSC Dniprovsky Coke and Chemical Plant (DKHZ, Kamianske, Dnipropetrovsk region), part of the group, will acquire an integral property complex of Dniprovsky Integrated Iron & Steel Works (DMK, Kamianske, Dnipropetrovsk region) for UAH 9.17 billion with a starting price of UAH 8.395 billion. According to the information on the ProZorro.Sales platform, bids were accepted until July 25 inclusive, the auction was scheduled for July 26, but since one bid was submitted for the competition, the winner was determined without bidding.

Earlier, Interfax-Ukraine was informed that Metinvest would acquire DMK through its company, DKHZ. DMK was undergoing reorganization as part of the bankruptcy proceedings of the enterprise.

Main pipe enterprises of Ukraine increase production in H1

The main pipe enterprises of Ukraine in January-June of this year increased production of pipes from ferrous metals, according to recent data, by 16.4% compared to the same period last year, to 470,800 tonnes, in particular, in June – 94,300 tonnes. The Ukrtruboprom association told Interfax-Ukraine, in particular, the enterprises of the association during this period increased production of pipes by 16.1%, to 309,400 tonnes.



In particular, in June they increased output compared to the same period last year by 56.5%, to 68,400 tonnes, compared to May of this year – by 16.9%.

At the same time, Interpipe Niko Tube and Trubostal demonstrate positive dynamics, while in the six months they increased pipe production by 58.6% and 11.1%, respectively. At the same time, Centravis reduced production by 10.2%, Interpipe Novomoskovsk Pipe Plant – by 23.2%. Dnipropetrovsk Pipe Plant continues to be idle.



KSG Agro with Swiss partners to build farm in Kazakhstan

The founder and majority shareholder of the Ukrainian agricultural holding KSG Agro Serhiy Kasianov plans to build a pig-breeding complex in Kazakhstan for 200,000 heads, investments will amount to \$50 million, the press service of the company told Interfax-Ukraine.



“Kazakhstan has an advantageous geographical position, a land border with China. There is no African swine fever, which today is the main obstacle for many countries in the world to export pork to the Chinese market. There is a great interest of the government of Kazakhstan in supporting and creating conditions for such a project, but there are no people with experience in creating such enterprises from scratch. KSG Agro has both qualified personnel and experience in raising purebred pigs,” the press service of the company quoted Kasianov as saying.



The press service of the agricultural holding said that the Swiss companies participating in the project will supply technologies and animals of Swiss genetics to Kazakhstan. In particular, one of the investors is KS Genetic (Switzerland), which is chaired by Filippo Lombardi, ex-chairman of the Council of States of Switzerland.

The project of the livestock complex includes two sow farms with 4,000 sows each, which will make it possible to keep 200,000 heads of pigs per year, as well as a feed mill. The annual design production capacity is about 20,000 tonnes of meat.

According to Kasianov, the prospective markets for the products are China, Vietnam and South Korea.

The press service of KSG Agro said that it is not yet planned to attract credit or own funds of the Ukrainian agricultural holding for the implementation of the Kazakh project.

Yield of new harvested wheat in Ukraine – 42.8 centners/ha

Ukrainian farmers since the beginning of the harvesting campaign as of July 23 had harvested 14.1 million tonnes (8.6 million tonnes more per week from July 19 to July 23) of grain and leguminous crops from an area of 3.4 million hectares (22% from the forecast). According to the information and analytical portal of the agro-industrial complex of Ukraine, in the context of crops, the following were threshed: winter barley – 5 million tonnes from an area of 1.9 million hectares (48% of the total area under this crop), winter wheat – 8.86 million tonnes from 2.68 million hectares (30%), peas – 240,000 tonnes from 110,000 hectares (47%).



According to the portal, the yield of the harvested winter barley was 41.8 centners/ha, winter wheat – 42.8 centners/ha, peas – 22.1 centners/ha.

The portal clarified that the leaders in harvesting since the beginning of the harvesting campaign are Kherson (the harvest was threshed from 69% of the area), Mykolaiv (60%), Luhansk (44%), Donetsk (39%) and Odesa (29%) regions.

As reported, the Ministry of Agrarian Policy and Food predicts the harvest of grain and leguminous crops in the 2021/2022 marketing year at the level of 75.8 million tonnes, exports may reach 56 million tonnes.

Ukraine harvests 24 mln tonnes of grain

Since the beginning of the harvesting campaign as of July 30, Ukrainian farmers have harvested 24.3 million tonnes (10.2 million tonnes more in a week from July 26 to July 30) of grain and leguminous crops from an area of 5.7 million hectares (37% from the forecast).

According to the information and analytical portal of the agro-industrial complex of Ukraine, in the context of crops, the following were threshed: wheat – 16.9 million tonnes from an area of 3.8 million hectares (55% of the total area under this crop), barley – 6.83 million tonnes from 1.67 million hectares (68%), rapeseed – 1.48 million tonnes from 570 hectares (56%), peas – 410,000 tonnes from 180,000 hectares (77%).

According to the portal, the yield of harvested wheat was 44,500 tonnes per ha, barley – 41,100 tonnes per ha, peas – 22,500 tonnes per ha.



The portal said that the leaders in harvesting since the beginning of the harvesting campaign are Kherson (the harvest was harvested from 90% of the area), Mykolaiv (74%) regions. At the same time, Donetsk, Luhansk and Kherson regions have completely harvested peas, rapeseed is completely harvested in Kherson and Poltava regions.

The leaders in grain yield are agricultural producers of Volyn region, who harvested grain from 21% of the area with a yield of 61,100 tonnes per ha.

This digest is a mutual project of the Interfax-Ukraine News Agency and the Open4business.com.ua. Maksim Urakin is a project director of the Biweekly news digest of Open4business.com.ua.

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PhD in Economics, Maksim Urakin

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