



UKRAINE
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Macro summary of Ukrainian economy in July-August 2021

Ukraine's real gross domestic product (GDP) in the second quarter of 2021 grew by 5.4% compared to the second quarter of 2020, while falling by 2.2% in the first quarter of this year.

The deficit of Ukraine's foreign trade in goods in January-June 2021 narrowed by 12.7% compared to January-June 2020, to \$1.327 billion from \$1.519 billion. The surplus of Ukraine's balance of foreign trade in the first half of 2021 fell by 46.3% compared to the first half of last year, to \$0.41 billion.

The growth of consumer prices in Ukraine in annual terms in July 2021 accelerated to 10.2% from 9.5% in June.

The deficit of the state budget for 2022 in the bill for the first reading is provided at the level of 3.5% of GDP in accordance with the Budget Declaration for three years, while there is no possibility to revise this indicator for the second reading, FM of Ukraine Serhiy Marchenko said in interview.

The total public debt of Ukraine in July 2021 increased by 0.48% in U.S. dollars and amounted to \$ 92.96 billion, while it decreased by 0.6% in hryvnias, to UAH 2.499 trillion.

Industrial production in Ukraine in July 2021 increased by 0.2% compared to July 2020, while in June the growth was 1.1%, in March - 5.4%, and in April - 13%.

Exports of products of the agro-industrial complex of Ukraine decreased by 8.8 p.p., from 44% in January-July 2020 to 35.2% in January-July 2021, while the share of these products in the total imports into the country over the same period - by 0.9 percentage points, to 11.3%.

Retail goods turnover in Ukraine in June 2021 year-over-year grew by 13% year-over-year in comparable prices, while in May the figure was 22.7%.

Publisher of "Open4Business", PhD in Economics, Maksim Urakin

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20 September 2021



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Foreigners can be vaccinated against coronavirus in Ukraine

All foreigners and stateless persons who stay in Ukraine on a legal basis can be vaccinated against COVID-19 following the same procedure as Ukrainian citizens, the Ministry of Health said on Facebook.

According to the report, foreigners and stateless persons who permanently reside in Ukraine, as well as refugees or persons in need of additional protection, have the right to free vaccination. They can book their vaccinations online at the nearest location or vaccination center.



At the same time, for foreigners and stateless persons who temporarily stay on the territory of Ukraine, medical services should be covered at their own expense, voluntary medical insurance funds or from other sources not prohibited by law. The COVID-19 vaccine itself is free of charge. All foreigners and stateless persons can obtain an International Certificate of Vaccination against COVID-19 in Ukraine.

Prime Minister of Ukraine: Ukraine should have dual citizenship

Prime Minister of Ukraine Denys Shmyhal supports the introduction of dual citizenship.

“Dual citizenship is a sign of civilized countries. In many civilized countries it is a common norm [...] Dual citizenship should be introduced. It will strengthen us,” Shmyhal told a press conference in Kyiv.

According to him, many ethnic Ukrainians live abroad, and many of them would like to have Ukrainian citizenship.

At the same time, the Prime Minister said that he was categorically against the dual citizenship of the aggressor country.

Cryptocurrency circulation in Ukraine is UAH 1 bln per day

The circulation of cryptocurrencies in Ukraine is UAH 1 billion per day, Maksym Demianiuk, the advisor to the Deputy Prime Minister of Ukraine and the Minister of Digital Transformation, said.

“If we are talking about the virtual asset market [...], this is one of the most interesting and promising markets in the world [...] If we are talking about where Ukraine is [unfortunately, this is unofficial information, it will appear only after regulation appears], then this is about UAH 1 billion per day,” he said during the Ukrainian Financial Forum.



According to him, cryptocurrencies are 50 times higher than deposits in Ukrainian hryvnia-denominated shares and securities excluding government domestic loan bonds.

“We cannot pretend that it does not exist [the cryptocurrency market in Ukraine], that is why in the last year and a half the Ministry of Digital Transformation has set itself the task of providing regulation of this market,” Demianiuk said, pointing out that the lack of legal regulation is the main problem in this issue.



Ukraine adopts law on science parks

The Verkhovna Rada of Ukraine adopted at second reading law on amendments to certain Laws of Ukraine concerning the enhancement of the activity of science parks, which, in particular, grants the right to universities and scientific institutions to create science parks without the consent of the Education Ministry.



The law also provides for preferential rental conditions for premises for science parks (UAH 1 per one square meter).

According to it, students, graduate students, researchers and employees of universities and research institutions should be involved in work in such parks.

At the same time, science parks can provide services such as research and development work, financial and economic support of investment (innovation) projects, as well as services for professional communication and harmonization of terminology, development and implementation of marketing strategies.



International reserves of Ukraine reach \$31.6 bln

The international reserves of Ukraine as of September 1, 2021, according to preliminary data, amounted to \$31.614 billion (in equivalent), which is 9.2% more than at the beginning of August this year (\$28.951 billion) according to the data of the National Bank of Ukraine.



“As of September 1, 2021, Ukraine’s international reserves, according to preliminary data, amounted to \$31.614 billion (in equivalent). This volume of reserves is a record over the past nine years ... In August, the reserves increased by 9.2% due to, first of all, the receipt of funds in the amount of 1.928 billion special drawing rights (SDR) within the general allocation from the IMF,” the report says.

As the National Bank notes, the dynamics of the August reserves was affected by the operations of managing the state debt: the total volume of payments for servicing and repaying the state and state-guaranteed debt in foreign currency amounted to \$ 188 million (in equivalent).

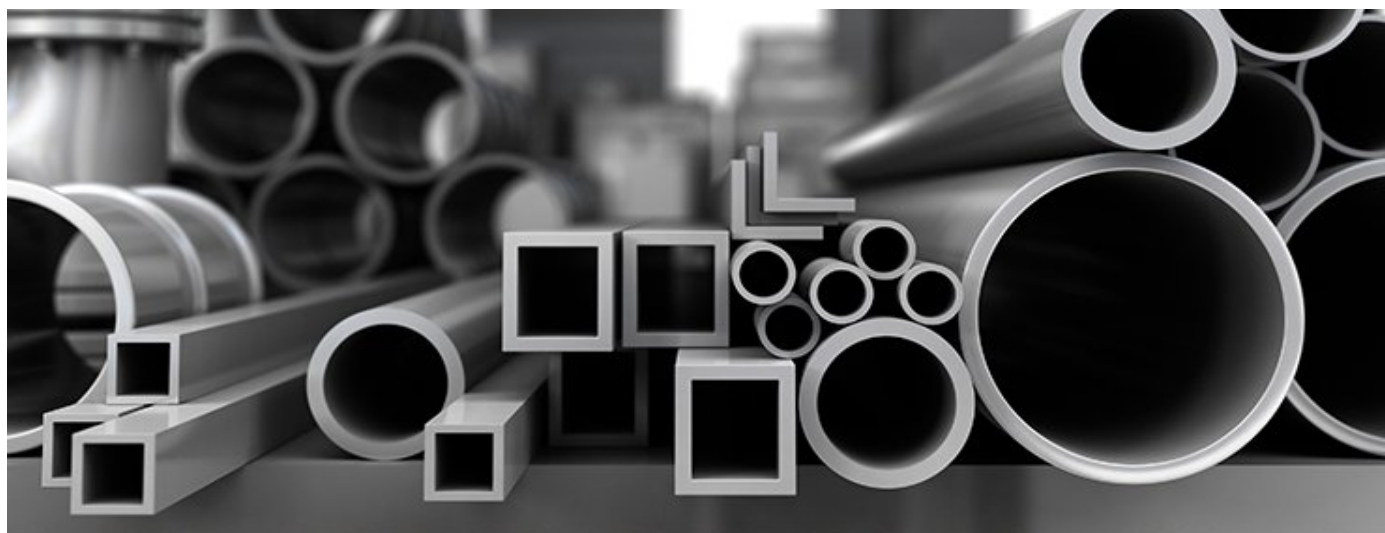


Ukraine raises pipe production by 21.6% in Jan-Aug

The main pipe enterprises of Ukraine in January-August this year increased production of pipes from ferrous metals, according to recent data, by 21.6% compared to the same period last year, up to 655,100 tonnes, in August – 90,800 tonnes.

The Ukrtruboprom association told Interfax-Ukraine the enterprises of the association during this period increased the production of pipes by 26%, to 442,500 tonnes. In particular, in August, the enterprises belonging to the Ukrtruboprom association increased production by 54.9% compared to the same period last year, to 70,000 tonnes, compared to July – by 11.3%.

According to Heorhiy Polsky, the director general of Ukrtruboprom, Interpipe Niko Tube and Trubostal have shown positive dynamics, which in the eight months increased their pipe production by 84.1% and 27.3%, respectively. At the same time, CentraVis reduced the production of stainless steel pipes by 2.4%, Interpipe Novomoskovsk Pipe Plant – electric-welded pipes by 30.8%.



Metinvest increases EBITDA in June to \$931 mln

Revenue of Metinvest B.V. (Netherlands), the parent company of the Metinvest mining and metallurgical group, in June this year grew by 9.8%, or \$153 million, compared to the previous month, to \$1.722 billion from \$1.569 billion.

According to the published preliminary unaudited consolidated monthly results of the company's financial statements last week, total EBITDA in June was \$931 million, which is \$179 million, or 23.8%, higher than in May (\$752 million). At the same time, EBITDA from participation in the joint venture amounted to \$126 million (in May it was \$147 million).

According to the report, the adjusted EBITDA of the metallurgical division of the group in June 2021 amounted to \$401 million (in May it was \$367 million), including \$28 million from participation in the joint venture (\$46 million); EBITDA of the mining division reached \$650 million (\$460 million), including \$97 million (\$101 million) from the joint venture.



Lindsay from United States ready to launch production in Ukraine

The Ministry of Agrarian Policy and Food has signed an agreement with Lindsay (the United States), a large international company, on the production of irrigation equipment and the creation of an industrial cluster in Ukraine to localize some of the products for irrigation. Minister of Agrarian Policy Roman Leschenko wrote about this on Facebook, commenting on the results of the working trip of President Volodymyr Zelensky and a number of government members to the United States made early September. “An agreement has been signed with Lindsay, the world leader in the field of irrigation equipment. It is ready to launch the production of a full range of irrigation equipment with a significant local content in Ukraine,” the minister wrote.

Leschenko said that each investment project that forms a new industry and provides new jobs will be accompanied by a profile minister in the “investment nanny” mode.

“On these terms, we will cooperate with Lindsay, because this is about creating a new cluster and a new technological base for the rational use of water resources: from pumps, irrigation machines to IT technologies, monitoring systems and artificial intelligence,” he wrote.



American University signs lease agreement for building in Ukrainian capital

With the participation of the Colliers Ukraine team, a lease agreement for the historic building of the River Station was signed with American University Kyiv (AUK), Colliers Ukraine Managing Director Oleksandr Nosachenko has told Interfax-Ukraine.

According to him, the lease agreement for the building of the River Station with an area of 7,700 square meters signed for 10 years.



“It is planned that simultaneously 2,000-3,000 students will study at the world-class American University Kyiv,” Nosachenko said.



As reported, the new American University Kyiv was presented in the summer of 2021. It will provide educational services in partnership with Arizona State University (ASU), the number one innovator among U.S. universities.

A number of investors were involved in the implementation of the AUK project, both from the United States and Ukraine. Kurt Volker represented U.S. investors at the presentation of the university in Ukraine.

Domestic pharmaceutical manufacturers in talks to localize production of influenza vaccines in Ukraine

Domestic pharmaceutical manufacturers are negotiating to localize the production of influenza vaccines in Ukraine, the vaccine will be presented on the market in the first quarter of 2022, Deputy Minister of Health, Chief State Sanitary Doctor Ihor Kuzin said in an online interview with medical expert of the United Nations Children's Fund (UNICEF) in Ukraine Kateryna Bulavinova.

“Ukrainian pharmaceutical manufacturers are negotiating to localize the production of influenza vaccines in Ukraine. It will be a tri- or quadrivalent vaccine in monodose syringes. We hope that such a vaccine will be available on the market during the first quarter of 2022,” he said.

Kuzin noted that it is also planned to purchase about 1 million doses of the vaccine.



Ukraine may allow timber export to EU countries

Adoption of the law on the timber market, allowing the export of unprocessed timber and sawn timber from Ukraine, is forecasted until the end of this year, its entry into force does not pose significant threats to the country's forest resources and related businesses, Head of the State Forest Resources Agency of Ukraine Yuriy Bolokhovets has said in an exclusive interview with Interfax-Ukraine.

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“I predict that the law on the timber market will be adopted by the end of the year. I do not see any major threats either from the point of view of preserving the forest fund, or from the point of view of protecting and supporting Ukrainian business. We are already working at European prices. Therefore, we do not expect rush demand from exporters or foreign players,” the head of the agency said.



According to him, the Ukrainian timber market was interesting for foreign players, while significant volumes of cheap illegally logged timber were present there, but those times have already passed.

National online cinema SWEET.TV plans to voice over 50 films, 100 trailers in Ukrainian in 2021

National online cinema SWEET.TV plans in 2021 to dub and voice over 50 films and 100 trailers in Ukrainian.

As director of SWEET.TV Oleksandr Rezunov said during a conference at the press center of Interfax-Ukraine, popularization of the Ukrainian language and Ukrainian-language content is the platform's social mission.

"For us, Ukrainianization of cinema has long become the norm. That is why the 'Hollywood in Ukrainian' project was created – the main social project of SWEET.TV. Within its framework, we, at our own expense, implement Ukrainian dubbing and voicing of films, cartoons and TV series that have not previously been translated into Ukrainian. To implement this project, SWEET.TV became the first Ukrainian online cinema to enter into direct contracts with Hollywood film studios specifically for the territory of Ukraine, not the CIS," he said.

“ According to Rezunov, during the year of the project's existence, 181 films, cartoons and TV series received the Ukrainian-language audio track. Also, 829 trailers sounded in Ukrainian.

"By the end of 2021, we plan to dub and voice more than 50 films and more than 100 trailers. We also created our own Foundation for the Development of Ukrainian Cinema and Television, where we transfer UAH 10 from each paid connection to SWEET.TV. The collected funds are directed to the implementation of new projects of talented Ukrainian directors," Rezunov said.

According to him, there are significant opportunities for the growth of OTT services in Ukraine: out of almost 15 million households in the country, only 4-4.5 million use pay TV services.

"Some 10 million Ukrainian households have never paid for television. They are the prospect for the development of the streaming services market, the so-called 'growth zone' for OTT companies," the SWEET.TV director said.

SWEET.TV is a Ukrainian OTT platform with over 260 TV channels, including HD and 4K, as well as products from Disney, Pixar, DreamWorks, etc.

The platform has direct contracts with Disney, Paramount, Universal, Sony and other international content producers for dubbing media products specifically for the territory of Ukraine, and not for the CIS. The service creates Ukrainian-language dubbing for cult Hollywood films in the "Hollywood in Ukrainian" project/

Mortgage lending in Ukraine triples this year

Ukrainian banks issued 5,626 mortgage loans worth over UAH 4.4 billion in January-July 2021, which is 2.3 times higher than the indicator for seven months ending July 2020 in the number of such loans and three times in volume, the National Bank Of Ukraine (NBU) said on Friday following the results of a monthly survey of banks. According to the NBU, 974 mortgage loans for UAH 773.2 million were issued in July, compared with 955 loans for UAH 774.5 million a month earlier.



The NBU said that the mortgage lending market remains concentrated: the five most active banks have concluded 90% of new deals. Loans for the purchase of housing in the secondary real estate market remain the main driver of the market: in July, their share exceeded 90% of all mortgage loans provided both in terms of the number of contracts and in terms of monetary volume, the regulator said.

The survey results indicate that the average size of a loan for the purchase of housing in July decreased to UAH 793,800 from UAH 811,000 in June, including the average size of a new mortgage loan for the purchase of primary real estate dropped to UAH 760,500 from UAH 851,000, and secondary – to UAH 797,000 from UAH 807,250.

According to the NBU, in July, the average effective rate of a mortgage loan in the secondary market rose to 13.35% compared to 13.32% in June, while in the primary market it decreased to 16.82% from 17.28%.



Experts: judgment in favor of NFP in case of shutting down TIU Canada SPP to create dangerous precedent

The negative court decision in favor of Nikopol Ferroalloy Plant (NFP) in the case of disconnecting the enterprise from the TIU Canada solar power plant (SPP) in Nikopol will create an extremely dangerous precedent in Ukraine and will actually allow unjustified disconnection of consumers and electricity producers from the grid, says Kateryna Tsvetkova, attorney at law of GOLAV, representing interests of Ekotechnik Nikopol LLC (TIU Canada).



“Therefore, the attention of the entire world community is now riveted to this case, and it is extremely critical for investments in the Ukrainian energy sector,” Tsvetkova said at a press conference at Interfax-Ukraine on Wednesday.

The TIU Canada power plant shutdown case will be heard at the Northern Economic Court of Appeal on October 4.

As reported, on March 2, 2020, NFP completely disconnected a 10.5 MW solar power plant from Ekotechnik Nikopol LLC (TIU Canada) from the power grid. TIU Canada noted that NFP took advantage of the fact that the SPP was connected to a substation located on its territory, and explained the need for shutdown by repair work.

As a result, Ekotekhnik Nikopol LLC (TIU Canada) filed a lawsuit against NFP, Ukrenergo and DTEK Dnipro Grids with Kyiv Economic Court, which, in turn, in January 2021 rejected the company's claims to the three listed defendants. In response to the court's decision, Ekotechnik Nikopol filed a complaint with the Northern Commercial Court of Appeal, which opened the relevant appellate proceedings in March 2021.

A court session to consider the case took place on July 26, however, a break was announced in the session due to the absence of NFP representatives. At the same time, the retrial on the “Nikopol case” on September 8 was also postponed to October 4 due to the filing by NFP of an appeal to the Northern Commercial Court of Appeal against the January decision of Kyiv Economic Court, which NFP had previously supported.

“In this case, the terms of the appeal, according to the Procedural Code, ended on February 28, 2021,” Tsvetkova said. “In connection with such a rather controversial decision of the court, we challenged this panel of judges,” Tsvetkova said.



TIU Canada has been operating in Ukraine since 2016. The company put into operation a 10.5 MW SPP in Nikopol in January 2018, an 11 MW SPP in Mykolaiv region in April 2019. In addition, TIU Canada launched a 33 MW SPP in Odesa region. The company's investments in solar energy, which became the first investor in Ukraine under the Canada-Ukraine Free Trade Area Agreement (CUFTA), amounted to over \$65 million.

Nikopol Ferroalloy Plant is controlled by EastOne Group, established in autumn 2007 as a result of restructuring of Interpipe Group, and Privat Group, both based in Dnipro.

Turkish Onur wins big tender in Ukraine

The winner of a tender for the construction of an airfield at Dnipro International Airport has been determined Onur Construction International, which offered to carry out the work for UAH 5.64 billion, according to the website of the ProZorro public auction. According to the data in the system, the only competitor of Onur was Rostdorbud, which offered to carry out these works for UAH 5.65 billion.

Currently, the contract with Onur has not yet been signed.

This competition for the construction of an airfield in Dnipro was already the second. In July 2021, the state enterprise Financing of Infrastructure Projects terminated the agreement with Altis-Construction, which offered to carry out the work for UAH 3.95 billion, and announced a new tender with the expected cost of the work of UAH 5.71 billion. Fininpro signed a contract with Altis-Construction LLC in February 2021.



Ukraine reduces export of sunflower oil

Exports of sunflower oil in the 2020/2021 marketing year (MY, September-August) decreased by 21% compared to the 2019/2020 MY, to 5.28 million tonnes, which amounted to 98.1% of the maximum volume agreed by the Ministry of Economy and the Ukroliyprom association, such preliminary data are given on the website of the association.

“ According to the organization, the maximum export volumes of sunflower oil in the 2020/2021 MY are limited at 5.38 million tonnes.

Thus, over the past MY, exporters could supply another 100,000 tonnes of this product to foreign markets, but did not take advantage of this opportunity.

Earlier it was reported that the Ministry of Economy in April 2021 signed a memorandum of understanding with exporters, limiting the export of sunflower oil in the 2020/2021 MY at 5.38 million tonnes to stabilize the domestic market, while previously the annual export was estimated at 5.52 million tonnes.



USDA forecasts production of wheat in Ukraine at 33 million tonnes

In its September report, the U.S. Department of Agriculture (USDA) kept the forecast for the production of Ukrainian wheat in the 2021/22 year (July-June) at 33 million tonnes, and its exports at 23.5 million tonnes, which is in line with the Department's forecast published in August. In the September report, the USDA also kept the forecast for the corn harvest in 2021/22 at 39 million tonnes, and its exports from Ukraine at 32 million tonnes.



As reported, from the beginning of 2021/22 and as of September 10, 2021, Ukraine exported 10.29 million tonnes of grains and legumes, which is 12% more than on the same date of the previous year. Some 5.92 million tonnes of wheat were exported (4.1% less than on the same date 2020/21), 2.99 million tonnes of barley (a rise of 24.7%), 1.34 million tonnes of corn (2.2 times up); 24,700 tonnes of flour (33.7% less).

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