



**UKRAINE**  
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## Macro summary of Ukrainian economy in Aug-Sept

Dragon Capital has downgraded its forecast for Ukrainian economic growth in 2021 from 4.6% to 3.5% due to unexpectedly worse-than-expected preliminary GDP data for the second quarter of this year, the founder of the company Tomas Fiala has said. The growth of the gross domestic product (GDP) of Ukraine in January-July 2021 became stronger, reaching 2.1%, the Ministry of Economy has said. The President's Office estimates the growth of Ukraine's GDP in 2021 at 3.8%, Deputy Head of the President's Office Yulia Svyrydenko has said.

The deficit of Ukraine's foreign trade in goods in January-July 2021 decreased by 26.2% compared to January-July 2020, to \$1.725 billion from \$2.339 billion, the State Statistics Service of Ukraine has reported. 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 August 2021 remained at the level of 10.2%. Receipts of the state budget of Ukraine in August 2021 amounted to UAH 142 billion, which is 8.7% higher than the target and 41.7% more than August 2020, according to the data of the Treasury Service.

The total public debt of Ukraine in August 2021 in U.S. dollars decreased by 0.5%, or by \$440 million, to \$92.53 billion, the Ministry of Finance said on its website. Industrial production in Ukraine in August 2021 increased by 0.6% compared to August 2020, while in July the growth was 0.2%, in June - 1.1%, in March - 5.4%, and in April - 13%. Real wages in Ukraine in August 2021 compared to August 2020 grew by 10.9%, compared to July of this year it fell by 2.2%, the State Statistics Service has said. The volume of construction work performed in Ukraine in July 2021 increased 0.5% compared to the same period in 2020. **Publisher of "Open4Business", PhD in Economics, Maksim Urakin**

## HEADLINES

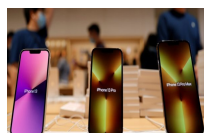
18 October 2021



**CUSTOMS HEAD: STATE CUSTOMS CONSIDERS IT NECESSARY TO REVISE 2 CRITERIA FOR OBTAINING AEO STATUS**



**DTEK PLANS TO BUILD SECOND ENERGY STORAGE SYSTEM IN 2022**



**FIRST OFFICIAL BATCH OF APPLE PRODUCTS ARRIVE IN UKRAINE**



**ADONIS OPENS DIAGNOSTIC AND TREATMENT CENTER IN KIEV**



**HUNGARIAN WIZZ AIR PLANS TO LAUNCH 26 NEW FLIGHTS FROM 4 UKRAINIAN CITIES**



**SIEMENS DOUBLES TURNOVER IN UKRAINE**

# Ukrainian parliament appoints Stefanchuk parliament Speaker

The Verkhovna Rada has supported the appointment of Ruslan Stefanchuk, who previously held the post of First Deputy Speaker, to the post of Chairman of the Parliament.

The corresponding decision was supported by 261 MPs at a plenary session.



## Egypt and Ukraine may start negotiations on free trade area

Ukraine and Egypt may decide to start negotiations on a free trade area (FTA) this fall, said Deputy Minister of Economy and Trade Representative of Ukraine Taras Kachka.

“We are negotiating with Egypt, but soon the conversation fades. We hope that this fall we will hold an intergovernmental commission, and I hope we will take a decision to start negotiations,” Kachka said during the Kyiv International Economic Forum in Kyiv.

He also indicated that Ukraine and Indonesia have begun studying potential FTA talks.





# European Commission's President: Ukraine must remain gas transit country

Ukraine should remain a gas transit country, President of the European Commission Ursula von der Leyen said at a press conference in Kyiv.

"It is clear and constant for the European Commission Ukraine is and must remain reliable gas transit country," the European Commission's president said.



## Customs Head: State Customs considers it necessary to revise 2 criteria for obtaining AEO status

The State Customs Service considers it necessary to revise the coefficients according to two criteria for enterprises-candidates for obtaining the status of an Authorized Economic Operator (AEO), Head of the State Customs Service of Ukraine Pavlo Riabikin has said.

**“Today, from our experience, we see that there is a need to revise the coefficients for candidate enterprises in two positions – liquidity and solvency. They can be revised by a government decision without touching the legislation,” he said in an exclusive interview with Interfax-Ukraine.**

The head of the State Customs Service added that this issue does not lie in the political plane.

“This is an objective necessity dictated by our financial and economic realities,” Riabikin said.

The AEO status provides the company with significant advantages and simplifications in its work. In particular, the implementation of customs formalities as a matter of priority (for example, an extraordinary registration of customs declarations), a simplified declaration procedure by the customs authority, the use of a specially defined traffic lane at a checkpoint, etc.

“So far, the AEO authorization has been granted to one enterprise [JTI Ukraine]. In total, five applications have been submitted, two applications are at the stage of preliminary consideration, two enterprises have been denied the assessment,” Riabikin said.

## Ukraine to start implementing energy saving program next year

Ukraine will begin to implement an energy saving program next year, about UAH 300 billion is currently needed for implementation, Ukrainian President Volodymyr Zelensky has said.

“This program [on energy saving] has been developed in absolute detail [...] We see that this program can be implemented, and we will definitely implement it with the support of specialists and financial assistance from the European Union. In any case, we will start doing this next year. We cannot wait when our neighbor [Russia] threatens us with a shutdown or reduction in gas volumes,” Zelensky said during a briefing following the 23rd Ukraine-EU summit with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen.

He said that Ukraine should be truly energetically independent.

According to Zelensky, Ukraine currently needs about UAH 300 billion to implement this program.



## DTEK plans to build second energy storage system in 2022

DTEK Energy Holding plans to build its second energy storage system with a capacity of 50 MW next year, DTEK Executive Director Dmytro Sakharuk said.

“*Now we are considering another 50 MW project, which we will build, I hope, next year,*” Sakharuk said during the Kyiv International Forum.



At the same time, he noted that the first 1 MW energy storage system of the company, launched in May of this year, took part in the market of auxiliary services for the first time this week, having worked on it for a day. “This week we’ve rendered services for the first time – our battery storage worked for 24 hours on the market,” Sakharuk said.

As reported, at the end of September, Ukrenergo certified the energy storage system at Zaporizhia TPP (PJSC DTEK Dniproenergo) with a capacity of  $\pm 1$  MW to participate in the market of auxiliary services, which happened for the first time in Ukraine.

# Mikhail Fridman predicts stability or growth in gas demand in future

The downward trend in non-renewable energy sources is very strong and it will progress, but the demand for natural gas will remain or even grow in the next decade, Mikhail Fridman, founder of LetterOne, shareholder of Alfa Group Consortium, has said.

“Gas is likely to rise rather than fall in the next decade,” he said at the Kyiv International Economic Forum on Thursday.



Fridman added that the share of alternative energy will also grow, helped by government incentives and worsening conditions for carbon sources.

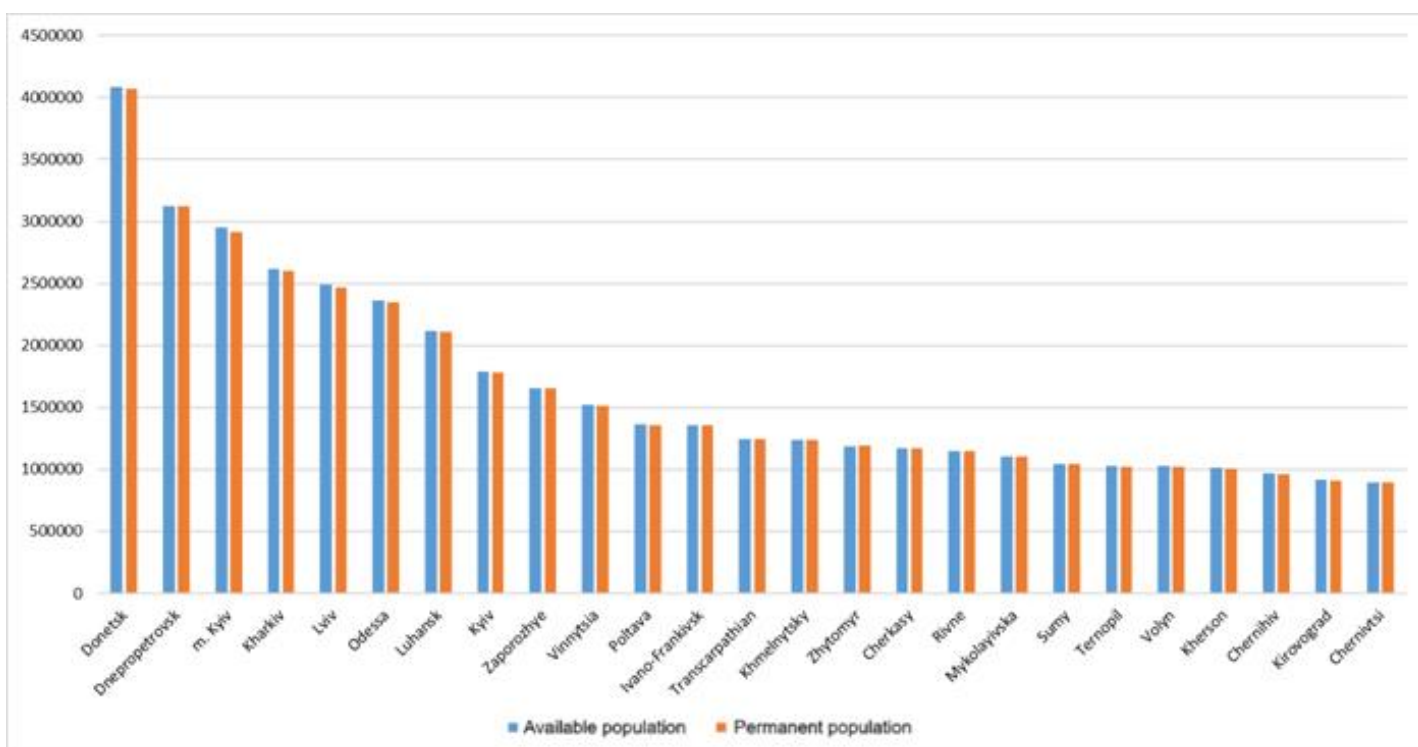
At the same time, according to his forecasts, despite the strong trend against non-renewable energy sources, the change in the structure of energy generation will not be very rapid.

“It is frivolous to say that everything will happen very quickly – it is irresponsible,” the businessman said.

In such an environment, Fridman believes, oil and gas companies will not be popular, but they will exist for a long time and actively invest in carbon neutrality.

“They will be arranged like a tobacco industry,” the shareholder of Alfa Group said.

## Ukrainian population by regions as of July 1, 2021 (graphically)





## More than 15 investors interested in purchase of machine-building plant Bilshovyk

More than 15 potential investors have shown interest in acquiring JSC First Kyiv Machine-Building Plant (formerly the Bilshovyk plant) at a privatization auction, the press service of the State Property Fund (SPF) of Ukraine has reported. “As a result of high-quality preparation [of the enterprise for privatization], more than 15 potential investors have already shown interest in this asset, as evidenced by the non-disclosure agreements they signed to obtain detailed information on the enterprise,” the SPF said in a Friday press release.

The press service recalled that the SPF carried out “comprehensive work to stabilize this asset, defended the state interest in courts and returned the illegally alienated property, provided a deep audit of the enterprise and, despite all the obstacles, prepared the Bilshovyk plant for the privatization auction.”

The press service of the State Property Fund also declared attempts to impede the transparent privatization of the enterprise, and called them evidence of “the helplessness of the shadow employees separated from the large-scale state asset.”

“It is such a large-scale facility that the Bilshovyk plant is, which for decades was destroyed and was brought to a critical state: UAH 500 million in debt, seized property and destroyed production turned this facility into ruins – only for the illegal income of some individuals,” the press service said.



## Declared rental rates in Ukrainian capital decreases by 7-8% since year start

Declared rental rates in Kyiv decreased for premises in business centers of all classes by 7-8%.

As the press service of CBRE Ukraine told Interfax-Ukraine with reference to the carried out research, the declared rental rates vary in class A objects in the range of \$23-28/square meter/month, and in B class objects – \$13-23/square meter/month.

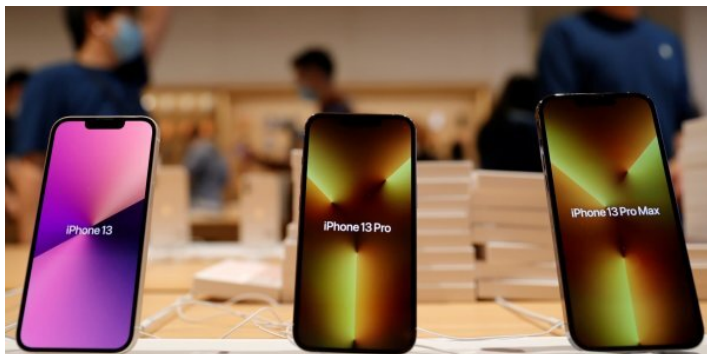
The effective rental rate for prime properties since the beginning of the year has remained stable at \$25/square meter/month, as the demand for new high-quality rental space remained high.

According to CBRE Ukraine, the average vacancy rate in the office market has slightly increased since the beginning of the year to 14.4% (up by 0.4 p.p.). The vacancy is expected to be relatively well-distributed in the office real estate market. This is a good sign that rental rates will generally not change over the medium term.



## First official batch of Apple products arrive in Ukraine

The first official batch of Apple products – more than 8,000 iPhone 13 smartphones – arrived at the Boryspil airport on October 9, the State Customs Service of Ukraine said on its Facebook page.



“In total, more than 8,000 smartphones of the iPhone 13 line with a declared value of more than \$7.5 million arrived in Ukraine. The State Customs Service of Ukraine has begun customs clearance of goods,” the post says.

Earlier it was reported that on June 30, Apple opened an official office in Ukraine. Also, Apple will deliver the entire line of its products and open a service point for servicing its products.



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## Kyivstar updates business data solution platform

The Kyivstar mobile operator has updated the functionality of the Business Data Solution platform for independent client mailings and is relaunching it under a new name – Advisor.

As the company’s press service said on Tuesday, the purpose of the updates was to create a multichannel marketing tool, the capabilities of which make it possible to better build communication with the client, expand the client base and, as a result, increase sales.



Kyivstar notes that the extended functionality of the platform took into account client requests for an accurate determination of the target audience of mailings, detailed analytics of promotional campaigns, etc.

According to the operator, in particular, among the updates: new filters for selecting the target audience of mailings (24 more were added to the existing filters, including: travel to regions of Ukraine with access to the Black and Azov Seas or the Carpathians; users of programs for online meetings; people interested in sports, movies, computer games, etc.); updated interface (tips appeared at each stage of working with the platform); improved analytics of the conducted mailings (now you can analyze in detail and compare promotional campaigns with each other using filters and data sorting); and saved audience templates for future campaigns.



## ‘Safety seal’ for hotels in Ukraine with fully vaccinated staff to be introduced by end of 2021

The “Safety Seal” for hotels with fully vaccinated personnel will be introduced by the end of 2021, head of the State Agency for Tourism Development Maryana Oleskiv told Interfax-Ukraine.

According to her, the State Agency for Tourism Development of Ukraine has developed a draft act of the Cabinet of Ministers of Ukraine on the approval of the procedure for the implementation of the pilot project “Safety Certificate of Accommodation Facilities”.

This Procedure establishes the regulation for monitoring and evaluating accommodation facilities (hotels) in accordance with the Temporary Recommendations for the organization of anti-epidemiological measures in hotels during the quarantine period due to the spread of coronavirus disease (COVID-19), approved by the Resolution of the Chief State Sanitary Doctor of Ukraine dated May 12, 2020 No. 22.

“Now the draft act is being approved by the structural divisions of State Agency for Tourism Development. It is tentatively assumed that the implementation of the pilot project will begin by the end of 2021,” Oleskiv said.



## Adonis opens diagnostic and treatment center in Kiev

A diagnostic and treatment center with an ambulance substation was opened in Kyiv by the Adonis medical group.



*The new clinic will receive both adult patients and children around the clock, in the 24/7 mode. It will also have a center for children and adults, a diagnostic department (CT, MRI, X-ray, dental computer-aided tomography, ultrasound), a laboratory, a women’s consultation, a surgical department for adults and children, dentistry for children and adults, a department of oncology with oncosurgery, and a department of orthopedics and traumatology.*



As reported, the Adonis medical group launched its own ambulance service in 2021.

Adonis is a network of private full-cycle medical centers for adults and children.

The private clinic Adonis was established over 20 years ago. Its network includes ten branches in Kyiv and the region, including two of its own maternity hospitals and a stem cell laboratory. In the branches of the clinic, doctors conduct appointments in 60 medical directions.



## Ferrexpo starts cooperation with Ricardo Plc from UK as part of decarbonization plans

Ferrexpo Plc (the U.K.), managing Poltava Mining and Yeristovo Mining in Ukraine, has started cooperation with specialists Ricardo Plc (the U.K.), as part of decarbonization plans by 2050. “The Group undertakes a commitment to achieve net zero carbon emissions from its operations by the year 2050,” the company said in a press release on Monday. In addition, the group undertakes an initial commitment to achieve a minimum of a 30% reduction in combined Scope 1 and 2 emissions by 2030.

According to the press release, Ricardo to also help enhance the group’s existing climate change scenario reporting and review the role of Ferrexpo’s iron ore pellets within the circular economy. Results of Ricardo’s analysis expected to enhance the group’s carbon reduction targets and to further develop climate change reporting in 2022.

Jim North, Interim Group Chief Executive Officer, said that whilst iron ore pellets offer our customers the opportunity to significantly reduce carbon emissions already, it is important to signal a clear intention to decarbonise our own operations.

“It is on this basis that we have adopted the targets announced today, to demonstrate both our focus on climate change and our understanding of the importance of decarbonisation,” North said.

He said that Ferrexpo jointly with Ricardo intends to be a workstream that develops science-based reduction targets and a timeline for the stages of decarbonisation in each aspect of the Ferrexpo business.



## Hungarian Wizz Air plans to launch 26 new flights from 4 Ukrainian cities

Hungarian low-cost airline Wizz Air has deployed seven more aircraft in Ukraine, increasing their total number from four to 11.

As the airline said at a press conference, five new aircraft are deployed in Kyiv (in addition to the three already based in Kyiv), and two more aircraft will receive a base in Lviv (in addition to one aircraft).



*Wizz Air also plans to launch 12 new directions from Kyiv, nine from Lviv, three from Odesa and two from Kharkiv in 2021-2022.*

In addition, Wizz Air will have four new countries on the map of flights with Ukraine – Spain, France, Belgium and the Netherlands.

In total, the airline plans to service 117 destinations from Ukraine to 22 countries.



## Siemens doubles turnover in Ukraine

Siemens in Ukraine in the 2021 fiscal year (October 2020 – September 2021) has doubled the volume of orders and turnover in comparison with FY2020, CEO of Siemens Ukraine Maciej Tomasz Zielinski has said.

“Despite the COVID-19 pandemic, supply chain difficulties associated with supply disruptions, rising prices for materials 2021 turned out to be excellent from a financial point of view and the implementation of the set goals,” he said at a press conference in Kyiv.

“ Zielinski said that growth was recorded in all businesses of the company in Ukraine, including taking into account the growing demand of companies for digitalization solutions. At the same time, he did not specify the size of the company’s turnover in 2021.

As reported, the company’s initial plans for FY2021 envisaged at least maintaining turnover at the FY2020 level. Referring to the issue of the company’s work in FY2022, Zielinski expressed his hope for the further development of all sectors.

“I hope that all sectors will develop in Ukraine. The sector where the lack of chips is most affected is the automotive industry, which is practically absent in Ukraine, and for example, the agricultural sector will develop rapidly, since it is a necessary resource for humanity, and Ukraine has a chance here [to increase supplies], including taking into account the disruption of supplies from the same Far East. And here we will continue to work, for example, with Kernel,” the CEO of the company said.

Zielinski said that Siemens Ukraine itself continues to transform, and this year it has introduced a regime for its employees when an employee can work remotely for two or three days. According to him, today 85% of employees are vaccinated and provided with insurance in case of COVID-19 disease.

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## WINDROSE introduces new Skypasses for domestic flights

Updated routes and fares are already available on the airline’s website

WINDROSE became the first airline in Ukraine to develop its own Skypasses. Their advantage was a fixed price and no restrictions for booking. The sales of Skypasses were suspended for a while due to the necessity to change their format.

The commercial director of the airline Olha Tolstykhina commented on the service update: “We considered our passengers’ requests and offers. Our route map within Ukraine has significantly expanded over the past six months, so we need to make our fares more flexible. These Skypasses include additional services — Skypass can be “frozen” or its validity can be extended, in addition, our passengers can choose the type of Skypasses depending on their most frequent flight destinations”.

4 types of Skypasses are available on WINDROSE website:

– ZHOVTYI, BLAKYTNYI, ZHOVTO-BLAKYTNYI, ZHOVTO-BLAKYTNYI+

Learn more about flight destinations, prices and conditions on our website [https://windrose.aero/tickets/travel\\_card/](https://windrose.aero/tickets/travel_card/)  
Such an offer is really advantageous if you often travel within Ukraine. You don’t need to book tickets in advance, and regardless of the departure date the price is fixed. Also passengers can buy the Skypass as a gift card.





## Continental Farmers Group opens potato storage facility in Western Ukraine

Continental Farmers Group agricultural holding put into operation a potato storage facility in the village of Chukva (Lviv region), designed for simultaneous storage of up to 16,000 tonnes of potatoes, investments in the project amounted to UAH 111.4 million, according to the website of the group.

“After launching a new complex in the village of Chukva, our company has the ability to simultaneously store over 100,000 tonnes of potatoes and supply them to our customers throughout almost the entire year with the preservation of quality indicators,” Continental Farmers CEO Georg v. Nolcken said.



Construction work at the facility with a total area of over 6,000 square meters was conducted during 10 months. The storage is zoned into six chambers for bulk storage of potatoes with a total capacity of 2,650 tonnes each, its shelf life is about 10 months. Continental Farmers Group said that the floor of the potato storage is equipped with forced air systems that evenly distribute ventilation around the entire perimeter of the building, this technology is used for the first time in Ukraine.

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## Open4Business helps foreign businesses to search for opportunities and expand to Ukrainian market

Open4Business is a platform created to help foreign businesses to search for opportunities and expand to Ukrainian market.

The platform and related organizations provide a holistic set of services needed to successfully penetrate the Ukrainian starting from establishing foreign trade relations with local companies and up to establishing a subsidiary or acquiring a company in Ukraine.



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The List of Main Services:

- Market information and market intelligence
- Searching trade partners and organizing fact finding trips
- Governmental relations
- PR campaigns
- Full range of M&A services
- Production outsourcing project management
- Legal advisory services including licencing and certification, etc. (together with associated companies).

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