



**UKRAINE**  
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## EBRD invests EUR1 bln in Ukraine in 2021

The European Bank for Reconstruction and Development (EBRD) invested EUR1 billion in the Ukrainian economy in 2021, bringing its three-year investment in the country to EUR3 billion. "True to its ambition to become a majority green bank by 2025, some 45% of bank financing in Ukraine was in support of greater sustainability and energy and resource efficiency. Examples included a EUR140 million EBRD loan to modernize district heating and hot water supply in the capital, Kyiv, and a EUR50 million loan for Kyiv to renew the rolling stock of its metro network and support the shift from private cars to modern, efficient and environmentally friendly public transport," the bank said.

"The bank also attracted a EUR5.5 million grant from the E5P to complement an earlier EUR25 million loan to refurbish, for greater energy efficiency, about 100 public buildings in Dnipro. Dnipro and Ukraine's second-largest city of Kharkiv decided to accelerate their investment in green solutions by joining EBRD Green Cities, a flagship urban sustainability program, following in the footsteps of Lviv, Kyiv, Mariupol, Khmelnytsky and Kryvy Rih. Ukraine has more cities taking part in the program than any other economy in which the EBRD invests," the report says.

"In the private sector, the bank teamed up with Kernel Group to help strengthen the company's climate corporate governance. It is also supported the development of low-emission sustainable property by backing the real-estate portfolio of Dragon Capital, an investment firm," according to the document.

## HEADLINES

02 February 2022



EXPERTS ANALYZE  
PRELIMINARY  
MACROECONOMIC  
RESULTS OF 2021



NORDIC ENVIRONMENT  
FINANCE CORPORATION  
BECOMES SHAREHOLDER  
OF UKRAINIAN BANK



UKRAINE INTERNATIONAL  
AIRLINES INCREASES  
PASSENGER TRAFFIC BY  
1.7 TIMES IN 2021



UKRAINIAN PIPE  
PRODUCTION GOES UP  
BY 15% IN 2021



HOUSING PRICES IN  
UKRAINE INCREASE  
BY 18% IN 2021



UKRAINE RAISES UP  
EXPORT OF  
AGRICULTURAL  
PRODUCTS TO EU BY 33%

# Experts analyze preliminary macroeconomic results of 2021

The Experts Club continues a series of programs dedicated to the macroeconomics of Ukraine. The new issue analyzes the preliminary results of 2021.

“We create such analytical videos in order to increase the level of knowledge of the population in the field of economics and for easy visualization of a huge number of figures. Such content, of course, is not a “mass market,” but we do not strive for it either. We focus on a thinking and searching audience,” founder of the Experts Club project Maksim Urakin said.

The issue analyzes the change in the number of the population of Ukraine, the current unemployment rates, presents the labor market in the regional context. In addition, GDP indicators are given, the main trade partners of the country are named, trends and plans for the payment of Ukraine's internal and external debt, as well as indicators of retail and inflation, are analyzed.

The video contains a large number of author's charts, histograms, which conveniently illustrate the main macroeconomic trends.

The Experts Club is dedicated to political science, economics, science, futurology, contains expert opinions and analysis of the topics discussed.

This video is available for viewing at the link

You can subscribe to the channel at the Experts Club – YouTube link



## Nordic Environment Finance Corporation becomes shareholder of Ukrainian bank

The Nordic Environment Finance Corporation (NEFCO) has become a new shareholder of Bank Lviv, which operates mainly in the western region of Ukraine, with a 13.94% stake in the charter capital.

“With this investment, Bank Lviv continues to be a 100% foreign-owned bank. The largest shareholders are the Swiss responsAbility (48.56%) and Margeir Petursson (Iceland, 37.47%).

“We are happy to welcome NEFCO to Bank Lviv as a shareholder. Besides the investment, NEFCO will help strengthen Bank Lviv's focus on sustainable environmental and social finance. Our international shareholders believe in Ukraine and seek a positive impact through direct investments in the bank's capital. I am certain that NEFCO's experience and expertise in green financing will support Bank Lviv's development as a modern and sustainable bank,” Ashot Abrahamyan, the chairperson of the Bank Lviv management board, said.



## IdeaSoft buys Kharkiv game studio PULS Software

IT company IdeaSoft, part of Swedish-Ukrainian Sigma Software Group, has announced the acquisition of Kharkiv-based software and gaming technology company PULS Software.



According to the Sigma Software Group's website post, PULS Software has already changed its name to Eventyr, while retaining its structure and leadership team after the merger.

The transaction took place on January 20, 2022. It is expected to accelerate both companies' growth, business and management capabilities, and strengthen entire Sigma Software Group by adding new domains to business offerings for existing and new customers. One of the main business vectors will focus on the Web 3.0, NFT games and Metaverse vectors, as well as expansion into the large corporate IT sector.

IdeaSoft CEO Andriy Lazorenko emphasizes that the main reason for this collaboration is the strong management team at Eventyr.

## Ukraine's airports raise up traffic by 87%

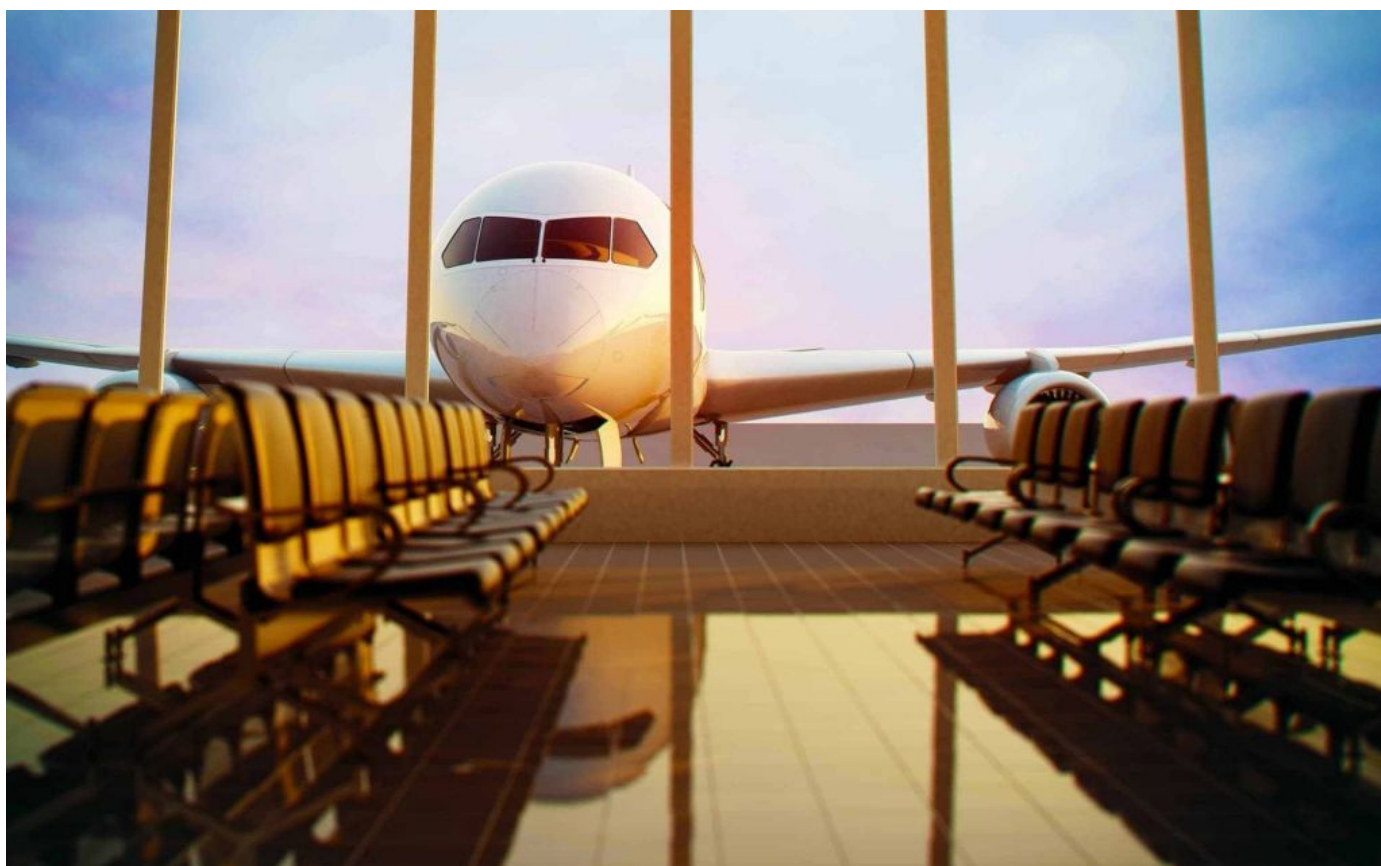
Ukrainian airports in 2021, according to recent data, served 16.221 million passengers, which is 87.2% more than in 2020.

According to the website of the State Aviation Administration of Ukraine, on international routes, passenger traffic at airports over the past year increased by 93.4% – to 14.753 million people.

Ukrainian airlines served 9.348 million people in 2021 (more by 94.9%), including in international traffic, almost 8.623 million people were transported (up 101.1%).

At the same time, over the past year, airlines operated 73,800 commercial flights (an increase of 62.9%), including 59,900 international (up 69.7%).

As reported, in 2020 Ukrainian airports served 8.664 million passengers, which is 64.4% less than in 2019.



# Ukraine International Airlines increases passenger traffic by 1.7 times in 2021

According to preliminary data, Ukraine International Airlines (UIA, Kyiv) carried about 3.2 million passengers in 2021, which is 1.7 times higher than the result for 2020 (about 1.8 million people).

“*The total number of passengers planned for 2022 will be about 4.3 million. This is 36% higher than in 2021. We do not expect a rapid increase in the company and the volume of traffic, because the situation is such that we do not expect any special charms this year. But, nevertheless, today, the company is in a very balanced and economically correct state,” CEO of the airline Yevhen Dykhne said in an interview with Interfax-Ukraine.*

He also said that in 2022, UIA expects a reduction in the share of charter passenger traffic in the total volume of its traffic to 24%, while in 2021 this share was about 50%.

“We expect the financial result of 2021 to be positive. We had a very good result for 10 months. It was an operating result of about \$15 million. We see that we will also end the year in positive numbers. What numbers? There will be the financial report, then we will be able to talk about it,” Dykhne said.

UIA transported 1.787 million passengers in 2020, which is 75% less than in 2019 (about 8 million people).

According to the financial statements of UIA, in the first nine months of 2021 its profit amounted to UAH 1.09 billion.

In 2020, the airline's loss amounted to UAH 4.5 billion, which, according to its data, was primarily due to the industry-wide crisis due to the COVID-19 pandemic. It finished 2019 with a profit of UAH 1.6 billion versus a loss of UAH 2.7 billion in 2018.



## Ukrainian motor fuel market in 2021 goes up by 6%

The volume of the motor fuel market, including petrol, diesel fuel liquefied gas, in Ukraine, in 2021 increased by 6%, to 12.22 million tonnes, according to a press release from the A-95 Consulting Group.

According to the group, the growth of the market is dictated by economic activity and de-shadowing of the sector.

“*The increase in supplies was the result of not only the growing economic activity, especially in the agricultural sector and road construction, but also comprehensive efforts to combat the illegal market. Part of the volumes were brought out of the “shadow,” but this sector, especially with regard to petrol, still accounts for up to 20% of the market,” Serhiy Kuyun, the director of A-95 Consulting Group, said.*

According to A-95, the volume of diesel fuel and motor gasoline markets increased by 7% in 2021, to 7.97 million tonnes and 2.29 million tonnes, respectively. At the same time, the liquefied natural gas market showed negative dynamics for the first time in the last eight years, decreasing by 1% to 1.96 million tonnes.

Last year, in the structure of diesel fuel supplies, the share of imports increased in percentage terms from 84% to 86%. At the same time, the share of Russian diesel fuel decreased from 35% to 25% (2.05 million tonnes against 2.61 million tonnes in 2020), the main reason for which was the cessation of pumping through the PrykarpattZakhidTrans oil product pipeline.



# Ukrainian pipe production goes up by 15% in 2021

The main pipe enterprises of Ukraine in 2021 increased the production of pipes made of ferrous metals, according to operational data, by 15.1% compared to the previous year, to 980,700 tonnes, including 78,800 tonnes produced in December tonnes.

As a source in the government told Interfax-Ukraine, in particular, enterprises of the Ukrtruboprom association last year increased pipe production by 32.6%, to 710,500 tonnes, including 65,800 tonnes produced in December.

At the same time, the source said that after the pipe-rolling production of Interpipe Nyzhnirodnirovsky Pipe Rolling Plant formally became part of Interpipe Niko Tube from April 2021, the statistics of pipe production at these enterprises changed. In accordance with the updated statistics, there was no production of pipes at Interpipe Interpipe Nyzhnirodnirovsky Pipe Rolling Plant in June-December 2021, while at Interpipe Niko Tube it amounted to 57,000 tonnes last month, and in 2021 it doubled to 592,500 tonnes.



The production of pipes at Interpipe Interpipe Novomoskovsk Pipe Plant over the past year decreased by 24.3%, to 59,400 tonnes (in December it was 6,700 tonnes).

The Dnipropetrovsk Pipe Plant was idle last year, while in 2020 it produced 300 tonnes. Centraviz reduced production by 2.2%, to 18,000 tonnes of stainless steel pipes (1,900 tonnes in December).

The Trubostal plant increased its output by 17.6% – up to 2 thousand tonnes of pipes (0.2 thousand tonnes).

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## Velta developer of titanium ores increases supply to U.S. by 15-23% in 2022

Velta US Inc (the United States), the parent company of Production and Commercial Company Velta LLC with assets for the extraction of titanium-containing ores in Novomyrhorod, Kirovohrad region, intends to increase supplies of ilmenite concentrate to the United States by 15-23% in 2022.

According to the company's press release, Velta in January held a meeting of the advisory board formed in October 2021 to discuss further expanding the company's presence in the U.S. market, taking into account the review of signed contracts for 2022.

"This year, the company will increase its supplies of ilmenite concentrate to the U.S. by 15-23%. This process is also facilitated by the shortage of high-titanium raw materials in the North American market, which Velta is able to fully satisfy. I believe that this is only the beginning, and the company has great growth prospects, especially in the U.S. market," Matthew Murray, a member of the advisory board of Velta U.S. Inc., the former deputy assistant secretary of commerce for Europe, the Middle East and Africa, said.

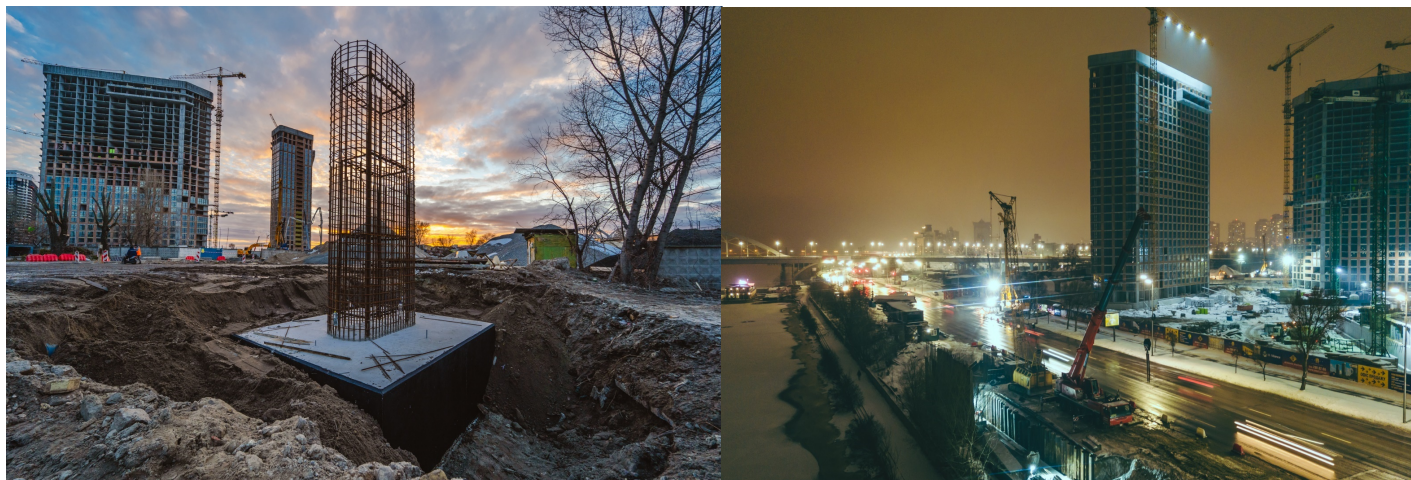
During the meeting, Andriy Brodsky, the CEO of Velta, voiced his support for the recently passed Section 6505 of the FY 2022 National Defense Authorization Act by the U.S. authorities, which calls for the U.S. Department of State to prepare a report on U.S.-Ukrainian cooperation in the context of reducing America's dependence from titanium supplies from China and Russia, including due to an increase in supplies from Ukraine.

"Velta is ready to get involved in the process of developing mechanisms for cooperation between the United States and Ukraine regarding the supply and processing of titanium, as well as provide any necessary information and data for the formation of the Department of State report on the creation of new supply chains in the United States," Brodsky said.



# Avtostrada: specialists continue work at Darnytsky Bridge in Ukrainian capital

Specialists of the bridge-building division of the Avtostrada group of companies continue erecting the left-bank interchange of the Darnytsky Bridge in Kyiv; currently, work is being carried out simultaneously on all the main structures of the exit ramps – pillars and sheet-pile bulkheads are being installed, concrete work is also underway, metal structures are being manufactured, and bored piles are being installed.



The press service of the group reported on Tuesday, in particular, at object No. 8L towards Bazhana Avenue, which length will be 140 meters, 18 units of the sheet-pile bulkhead have already been installed, each weighing 14-15 tonnes. Grouting concrete is being poured into them. A truck crane with a lifting capacity of 100 tonnes was used to carry out these works. The 9th grillage of the sheet-pile bulkhead is being concreted, sheet pile wall is being installed along the embankment.

Work to install bored piles, concreting of grillages, as well as installation and concreting of backwall units continues at object No. 9L.

Avtostrada specialists are installing grillages, pillar bodies, ledgers, as well as bored piles with a diameter of 1.5 meters at objects No. 3L and No. 4L.

Two modern powerful drilling rigs Bauer BG 45 and Bauer BG 36 are involved in the installation of bored piles at the site. In total, more than 50 units of specialized equipment are involved, 110 specialists from the Avtostrada bridge-building division are working on the bridge.

The project provides for the construction of two ramps to the Dnipro River embankment (towards Bazhana Avenue and towards the Paton Bridge) and a bridge entrance ramp (from the side of Bazhana Avenue).

As reported, early October 2021, regional branch Pivdenno-Zakhidna Railway of JSC Ukrzaliznytsia signed a contract for UAH 1.15 billion with Avtostrada to carry out construction work on the railway-road bridge across the Dnipro River in Kyiv.

The Avtostrada group is one of the leaders in the road construction industry and is part of the MS Capital holding. It carries out major repairs and builds roads and bridges. It has more than 2,500 units of specialized equipment and 5,500 full-time employees.





## Housing prices in Ukraine increase by 18% in 2021

The housing price index in Ukraine in the fourth quarter of 2021 amounted to 117.7% compared to the same period in 2020, the State Statistics Service reported.

“At the same time, according to its data, prices in the primary market increased by 16.7%. Three-room apartments rose in price most of all – by 18.4%, least of all – one-room apartments (by 16%).



According to the State Statistics Service, in the secondary market, housing has risen in price by 18.4% over the year. One-room apartments increased the least in price – 17.9%, three-room apartments – the most (19.2%). Compared to the third quarter of 2021, housing prices increased by 3.4%, in the primary market by 3.8%, in the secondary market by 3.1%.



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## The parent group of Austria receives consent for the construction of a plant in Vinnitsa

The Austrian-based Head Group has received permission from the State Inspectorate for Architecture and Urban Planning of Ukraine to start the construction of the Head Vinnytsia plant on the territory of the Winter Sport industrial park, Andriy Ocheretny, the deputy mayor of Vinnytsia, said on Facebook.

“The completion of construction of the plant and commissioning of production facilities is scheduled for December 2022.

“The company plans to invest about EUR80 million in the creation of production, administrative and storage facilities,” he said.

The deputy mayor clarified that since May 12, 2021, preparatory work on the land plot continued at the site: more than 100,000 cubic meters of fertile soil layer were removed, reinforced concrete supports were installed for laying a cable power line, temporary connection networks from the substation were installed.

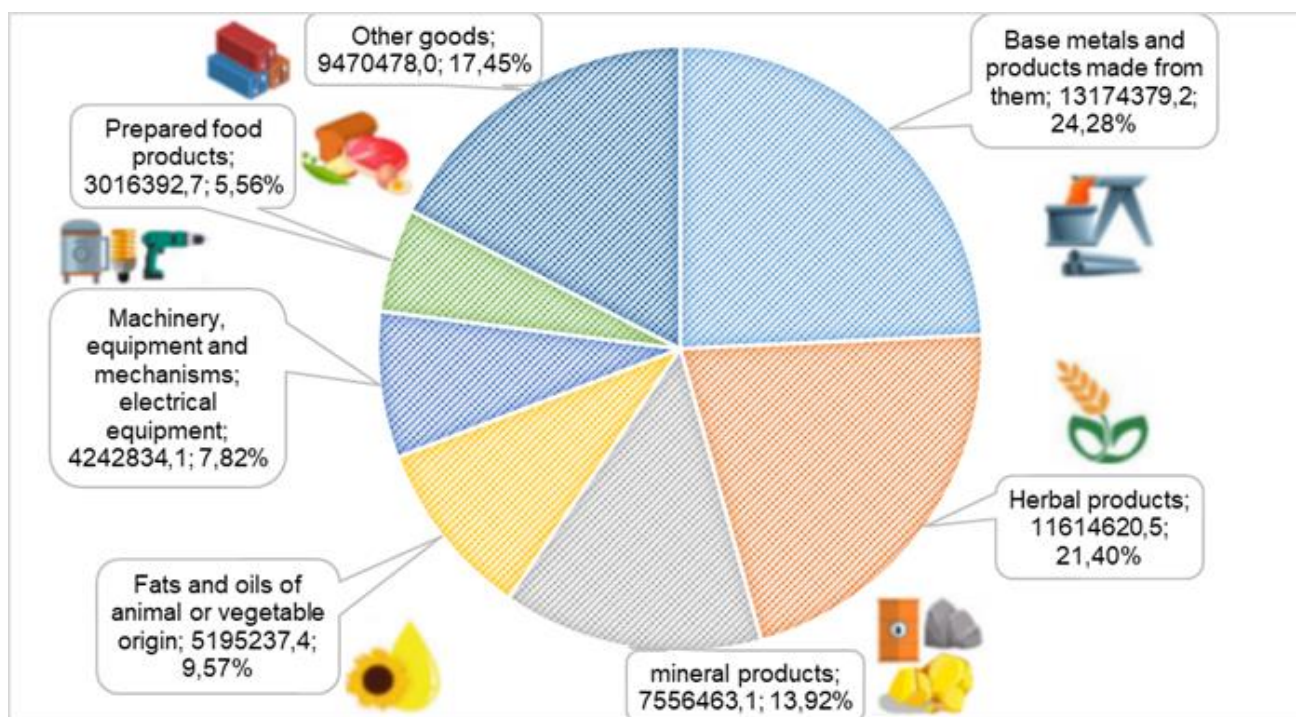
According to the project, the building of the plant will consist of production and storage facilities, an administrative building, a sewing workshop. The production building will house workshops for the manufacture of skis, boots and bindings, as well as warehouses for raw materials and finished products.

The total area of production premises after the commissioning of the enterprise in 2023 will be 43,000 square meters.

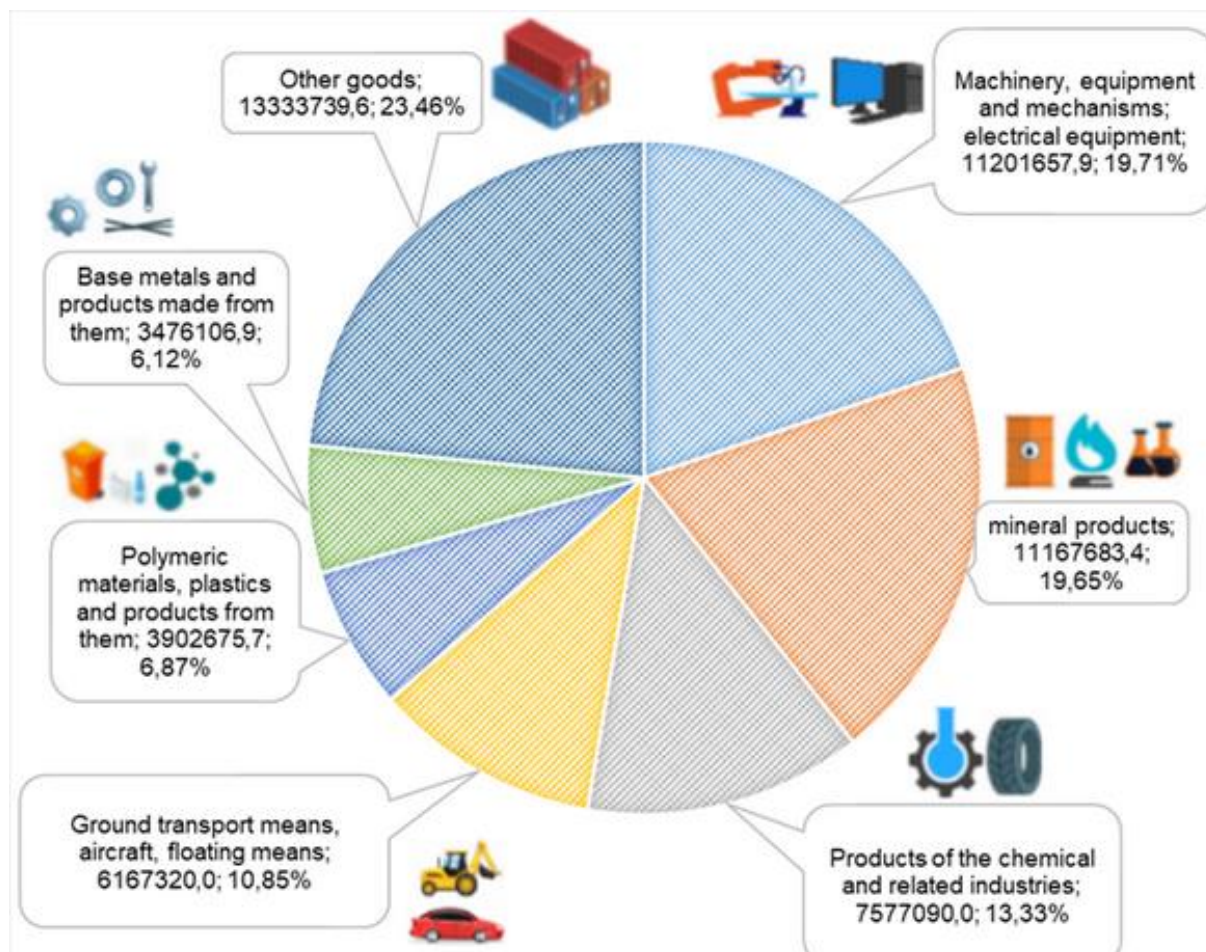
Ocheretny noted that, as expected, this plant will be one of the largest Head Group plants in the world and will provide jobs for more than 1,200 residents of Vinnytsia. Head International Holding GmbH manufactures sports equipment for winter sports, tennis and scuba diving. The company's production facilities are located in Austria, the Czech Republic, Bulgaria, China. The company is present in 85 countries around the world.



## Foreign trade turnover by most important positions in Jan-Oct 2021 (export)



## Foreign trade turnover by most important positions Jan-Oct 2021 (import)





## Number of unemployed in Ukraine and job opportunities in 2020 – 2021



## Wine producer Shabo remains only large enterprise in Ukraine burning grapevine as alternative fuel

Wine producer Shabo (Odesa region) remains the only large enterprise in the country that uses grapevine as an alternative fuel to ensure production processes, the company's press service has said. The press service said that since 2014, Shabo has been using a 1.1 MW boiler house for heating premises and wine-making processes, burning grapevines collected at the enterprise.

"We have huge vineyard areas (1,200 hectares) and tens of thousands of square meters of production facilities. This entire area needs to be heated and heat supplied for production processes. How to do this if it is impossible to deliver gas to the enterprise due to the peculiarities of the location? So we drew attention to our own resource – grapevine," the company said, quoting Chief Engineer Valentyn Klius.

According to the report, annually the enterprise collects about 1,200 tonnes of grapevine scion, which is pruned to regulate the growth and fruiting of vineyards. The obtained scion volumes are sufficient to heat tens of thousands of square meters of the production complex, the Shabo Wine Culture Center, as well as supply heat for wine-making processes.

In addition, the ash left after burning the vine is used by the company as fertilizer for the soil.

According to the company, the boiler house with a capacity of 1.1 MW was designed and built in 2011-2014 by Kriger (PJSC Zhytomyrremkharchomash, Zhytomyr). The heating season starts in August, with the start of grape processing, and ends in March-April, when the heating season ends.

Shabo is a large Ukrainian wine producer, founded in 2003. It is engaged in the cultivation and processing of grapes, the production and sale of alcoholic beverages.

Since 2005, the company has been producing cognac and brandy, and since 2013 Shabo grape vodka. The production capacity of the complex, which occupies more than 10,000 square meters, provide a full cycle of production of strong alcoholic beverages of grape origin.

The Shabo product range is presented in all regions of Ukraine, as well as in Georgia, Israel, China, Poland, Latvia, Estonia, Belgium, France, Denmark, the Czech Republic, the United States, Brazil, Canada, Azerbaijan, Japan, Norway and the U.K.

The processing capacity of the company per season is more than 20,000 tonnes of red and white grapes. Wine storage Shabo has a total area of about 10,000 square meters. Annually, Shabo produces 50 million bottles a year, a total of about 80 product names. Nine production lines are involved in bottling.



# Ukraine raises up export of agricultural products to EU by 33%

Export of Ukrainian agricultural foods to the countries of the European Union in 2021 grew in monetary terms by 33% compared to 2020, to \$8.3 billion due to an increase in the supply of agricultural products to foreign markets and its rise in price, according to a posting on the website of the Ukrainian Agribusiness Club (UCAB) on Wednesday.

“According to UCAB, the peak months for the export of agricultural products from Ukraine to the EU were December (\$1 billion), October (\$0.98 billion) and November (\$0.97 billion). The lowest export rates were recorded in July (\$0.48 billion), April (\$0.49 billion) and March (\$0.5 billion).”

In 2021, nine quotas for duty-free exports to the EU have also been fully used, namely for honey, cereals, flour, starch, processed starch, processed tomatoes, grape and apple juice, chicken eggs, poultry meat (parts), and processed cereal products.

“Compared to 2020, the situation has changed with the use of quotas for the supply of sugar and corn to the EU, or rather with their incomplete use. As for sugar, last year the quota was used by 87% due to a shortage in the domestic market of this product. At the same time, the quota for corn was used by only 5% due to increased demand for this type of grain and the availability of more attractive export channels for Ukrainian farmers,” UCAB said, quoting its analyst Svitlana Lytvyn.

In addition, UCAB said that as of January 18, 2022, Ukraine has fully used the first-quarter quotas for the export of eggs and poultry meat to the EU, as well as the annual quota for the export of honey.



## Ukraine exports 5.13 mln tonnes of sunflower oil in 2021

Exports of sunflower oil from Ukraine in quantity terms decreased by 15.2% in 2021 compared to 2020, to 5.13 million tonnes, while in monetary terms exports increased by 20%, to \$6.38 billion, according to preliminary data published on the website of the Ukroliyprom association.

“According to Ukroliyprom, the main importing countries of Ukrainian sunflower oil in 2021 were the EU countries, where 32% of total exports were supplied, as well as India (30.5%), China (15.3%), and Iraq (5.1%). Among the EU countries, the Netherlands (10.6% of total exports), Spain (7.4%), Italy (5.0%), France (3.0%) and the UK (2.7%) imported the most Ukrainian vegetable oil.”

According to preliminary information, in general, in 2021, Ukraine exported oil and fat products worth \$8.56 billion (19.6% more compared to 2020), which is 12.6% of total exports of goods from Ukraine and 30.9% of its exports of agricultural and food products.

In the structure of exports of oil and fat products, vegetable oil accounted for 74.6% of the total supply, sunflower meal – 14.9%, soybean oil – 3.4%, soybean meal – 3.0%, rapeseed oil – 2.6%, and margarine – 1.1%.



## Ukraine's retail turnover raises up to 5.1% in Dec

Retail trade turnover in Ukraine in December 2021 increased by 5.1% compared to the same month in 2020 in comparable prices, while in November the growth was 5.8%, the State Statistics Service reported.

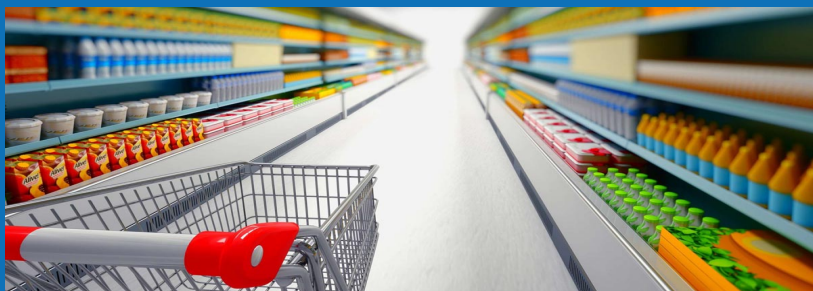
According to its data, in December, compared to November 2021, retail trade turnover increased by 19.3%.

The agency reported that in 2021, compared to 2020, retail trade turnover increased by 10.7%, to UAH 1.443 trillion.

“ *The largest growth in the retail trade turnover of enterprises (legal entities and individual entrepreneurs) in 2021 compared to 2020 was recorded in Chernivtsi (by 25.7%), Ternopil (by 23.2%), Zakarpattia (by 20.7%), Vinnytsia (by 18.5%), Lviv (by 17.3%), Poltava (by 15.1%).*

According to the State Statistics Service, the leaders in absolute terms of retail turnover in 2021 were Kyiv city (UAH 279.124 billion), Dnipropetrovsk (UAH 132.258 billion), Kyiv (UAH 120.074 billion), Odesa (UAH 107.05 billion), Kharkiv (UAH 97.838 billion) and Lviv (UAH 89.465 billion) regions.

The service clarified that the turnover of retail trade enterprises (legal entities) in December 2021 compared to December 2020 increased by 5.8%, from November 2021 – by 19.3%, amounting to UAH 110.935 billion.



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.

Contact Info: [info@open4business.com.ua](mailto:info@open4business.com.ua)

<https://www.facebook.com/ukraineopen4business>,

<https://twitter.com/uaopen4business>

+38(044) 270 65 74

PhD in Economics, Maksim Urakin

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