



UKRAINE

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IMF NOTES SIGNS OF ECONOMIC STABILIZATION IN UKRAINE, SAYS BANKING SYSTEM RECOVERY IS KEY TO GROWTH

The Ukrainian economy is showing signs of stabilization, however to restore economic growth it is crucial to continue the current balanced policy and structural and institutional reforms, the International Monetary Fund (IMF) has said. “The Ukrainian economy remains fragile, but encouraging signs are emerging. In recent months, the exchange rate has stabilized, domestic-currency retail deposits have been increasing, and the pace of economic decline is moderating. Continued prudent policies and further reforms should allow the economy to turn the corner and growth to resume in the period ahead,” the IMF press service reported, citing IMF First Deputy Managing Director David Lipton who was speaking after the IMF Executive Board’s discussed the issue of the second tranche of the EFF program for Ukraine.

“Restoring a sound banking system is the key for economic recovery. To this end, the strategy to strengthen banks through recapitalization, reduction of related-party lending, and resolution of impaired assets should be implemented decisively,” he said.

“Maintaining an appropriately tight monetary policy and building up official foreign exchange reserves will be critical to entrenching external stability and anchor inflation expectations. As disinflation takes root, monetary policy can be carefully eased to support economic activity. Removal of administrative measures on foreign exchange operations should proceed in a gradual and sequenced manner, once the enabling conditions are in place,” Lipton said. ■

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DEMAND FOR NEW COMMERCIAL CARS IN UKRAINE PERKS UP NOTICEABLY IN JULY

NBU TO INCREASE INTERNATIONAL RESERVES TO \$15 BLN BY YEAR END

The National Bank of Ukraine intends by the end of the year to increase international reserves to at least \$15 billion to implement the world's recognized indicator of reserves adequacy to cover three months of imports, NBU Head Valeriya Gontareva has said. "We plan by the end of the year to increase forex reserves to \$18 billion. This is certainly ambitious plans, while the minimum objective for us is \$15 billion, which cover three months of imports," she said.

Speaking about cleaning the banking system, the NBU head noted it has been completed. Now the National Bank moves to the second stage: to restart it, while seeking a full disclosure of the structure of their ultimate owners. "We consider 44 banks as non-transparent. In the course of analysis this figure could increase. Of these 44 banks two have been recognized problem, 14 banks got a notification from us that their ownership structures are officially recognized as non-transparent," Gontareva said.

As reported, the NBU international reserves in July increased by \$112 million, or by 1.1%, to \$10.375 billion. In early August the National Bank received the \$1.7 billion second tranche of the EFF program from the International Monetary Fund. ■



FIRST STEPS OF ELECTRONIC VAT ADMINISTRATION: WORSE THAN EXPECTED

The first results of electronic value added tax (VAT) administration were discussed at a round table meeting at the Ukrainian League of Industrialists and Entrepreneurs (ULIE) with the participation of many senior officials of business associations and the State Fiscal Service of Ukraine. Prior to the event, ULIE analysts had surveyed taxpayers asking them how the first six weeks of the operation of the system had influenced their business.

The respondents mentioned the main problem of the tax innovation, which is the further depletion of working capital. A large share of the respondents pointed to a decline in sales, delayed wages, debts in payments between contractors, fines, etc. In a situation where entrepreneurs are virtually isolated from the banks (the central bank's refinancing rate is now set at 30%), when the solvency of the domestic market is so low (retail sales fell by 24-25%), which does not stimulate production, while the lack of financial resource and investment in the economy is approaching the critical level, the depletion of companies' working capital is simply unacceptable.

The adoption by Ukraine's parliament of a law dated July 16, 2015, with a one-month delay, created a the situation when taxpayers were forced to work with the electronic VAT administration system when the formula for calculating the registration amount was incorrect. Later, some drawbacks of the formula were fixed, but new differences appeared. There are still technical problems (a delay in the registration of tax bills, errors in the system). The system's database is not safeguarded against unauthorized intrusion and frauds. There is also sectoral complexity, for example, in agriculture, construction, and so on.

It is unacceptable that taxpayers using the electronic VAT administration system are unable to get professional consultation and assistance in determining the causes of the incorrect operation of the system. And this is amid the ongoing unscheduled inspections of taxpayers, numerous VAT-related inquiries addressed to them.

Representatives of the industrial and business community prepared an address to the country's leaders where they articulated their demand that the operation of the electronic VAT administration system should be improved within the shortest period possible.

Head of the State Fiscal Service of Ukraine Roman Nasirov assured businessmen that the electronic VAT administration system would be improved by the end of the year.

"We insist that the government begin the expert analysis of the electronic VAT administration system, monitor its implementation in various industries. The business community will conduct independent regular monitoring of how the electronic system is being introduced and will regularly inform about individual and recurring defects. A permanent working group for the maintenance of the system should be created from representatives of the business community and fiscal agencies. We will also do all our best to amend the existing legislation, if necessary, to improve and simplify the electronic VAT administration system," ULIE President Anatoliy Kinakh said in conclusion. ■

BUSINESS COMMUNITY SHOULD BE INVOLVED IN REFORMING TAX SYSTEM IN UKRAINE



At their meeting at the Ukrainian League of Industrialists and Entrepreneurs (ULIE), representatives of the business community and senior-ranking officials of the State Fiscal Service of Ukraine have confirmed their intention to continue to work in a spirit of partnership, carry on the practice of many years of the fruitful dialogue between two institutions, which improves the quality of the business climate.

"The government, responsible ministries, the fiscal services need to take very dynamic joint actions in partnership with the business community to effectively contribute to overcoming the economic crisis, approach preparations and implementation of the medium-term economic development strategy. The situation in the country is so risky that any changes in the business and tax climate should be well-considered, conducive to producers' doing business and minimizing the negative consequences," ULIE President Anatoliy Kinakh said.

"The State Fiscal Service of Ukraine preparing its proposals for the Finance Ministry, so that with the assistance of the parliament they could be incorporated in the Tax Code in September. The fact is that the country's main fiscal document has many things that need to be improved, namely excise tax, royalties, corporate profit tax and so on. We need a stable tax environment that makes it possible to effectively administer taxes and eliminate double interpretation, and consequently any tax abuse. Of course, while working to improve the system, we look forward to a concrete dialogue with taxpayers, industrialists and entrepreneurs," head of the State Fiscal Service Roman Nasirov said.

The parties noted that the economic stagnation in the country has been aggravating. In the first half of the year, GDP declined by 16.3%, industrial production fell by 20.5%, exports decreased by 35.9%. The average wage in Ukraine is EUR 136, which is less than in Moldova and Belarus. In such a situation it is unacceptable to adopt taxation rules that lead to systemic depletion of businesses' working capital and the curtailment of business activities.

Head of the State Fiscal Service of Ukraine Roman Nasirov called on the business community to actively work on improving the drawbacks of legislation. He also informed that all necessary amendments had been introduced in the electronic VAT administration system thanks to the persistence of NGOs. And this practice will continue in future.

But the business community is convinced that the best thing is to approve analytically justified decisions that are in line with entrepreneurs' activity rather than make numerous attempts to fix the already existing laws. The tax system should be reformed only with the participation of the business community's organizations, so that their experience, proposals and forecasts are taken into account. This is the way to prevent the introduction of new explicitly fiscal, anti-business rules.

ULIE President Anatoliy Kinakh expressed concern that the reform of the tax system is proceeding without transparency. Nowadays, the ministries are preparing amendments to the Tax Code prior to the new fiscal year without the active participation of public business associations.

Industrialists and tax experts called for a further substantive dialogue and communication while establishing the effective feedback. ■

SECOND IMF TRANCHE FOR UKRAINE TO FUND NATIONAL BANK'S GOLD RESERVE – PREMIER

Ukraine's Prime Minister Arseniy Yatseniuk has said that the second tranche, \$1.7 billion, of the International Monetary Fund (IMF) loan, due to arrive in next few days, will be used to fill the gold reserve of the National Bank of Ukraine. "Back in February our reserves of the National Bank stood at just \$5.6 billion, and this whole amount disbursed by the IMF will go into the National Bank's gold reserve," he said. That the IMF is disbursing the second tranche shows that Ukraine is taking steps to fight corruption, the prime minister said.

It was reported that the IMF had approved a SDR12.348 billion (around \$17.5 billion) Extended Fund Facility (EFF) program on March 11 this year, to support economic stabilization in Ukraine, and setting out broad and deep economic reforms aimed at restoring steady growth in the medium term and increasing the country's living standards.



Overall, the four-year \$17.5 billion program includes four tranches to be disbursed to Ukraine in 2015. The first tranche, \$5 billion, has already been paid out. The other three will be \$1.7 billion each. Four annual tranches, \$620-630 million each, are expected to be disbursed over the next three years.

On July 31 the IMF Board of Governors completed the first review of how Ukraine implements the economic program propped up with the EFF loan, and approved a disbursement of the loan's second tranche in the amount of SDR1.1821 billion (1.7\$ million). The Ukrainian Finance Ministry said it is expecting to receive the money in the next few days. ■



UKRAINIAN GOVERNMENT APPROVES BILL ON SIMPLIFYING ACCOUNTING RECORDS

The Cabinet of Ministers of Ukraine has approved the bill on simplifying accounting records developed by the Finance Ministry of Ukraine, according to a post by Deputy Finance Minister Olena Makeyeva on her Facebook page.

“What will this give to companies? A shorter list of requirements for the filling out of primary documentation, less of an accountant’s time is spent on records, [and Ukraine will gain a] higher position in the Doing Business rating,” she said.

The bill states that detailed tax invoices will become a primary document as they confirm business transactions.

The bill suggests imposing European criteria on how companies are classified. In particular, micro-companies are companies with accumulated assets value of up to EUR 350,000, net sales income sales of up to EUR 700,000, and average personnel of 10 people.

Small companies’ assets value should be set at up to EUR 4 million, net income – up to EUR 8 million, number of employees – 50. The figures for medium businesses are as follows, up to EUR 20 million of accumulated assets, net income of up to EUR 40 million and up to 250 employees. If these figures are higher, then a company is a large company. ■

NEXT UKRAINE-EU-RUSSIA CONSULTATIONS ON UKRAINIAN-EU FREE TRADE AREA TO BE HELD IN SEPTEMBER – KLIMKIN

The next trilateral consultations between Ukraine, the European Union, and Russia concerning the establishment of a Ukrainian-EU free trade area are planned for September, says Ukrainian Foreign Minister Pavlo Klimkin. “The next consultations will be held at a ministerial level in September,” Klimkin said at a news briefing following a meeting with Belarusian Foreign Minister Vladimir Makei in Kyiv.

Klimkin said he had informed his Belarusian counterpart of consultations with the European Commission and Russia regarding Russia’s claim that the implementation of the Ukrainian-EU association agreement would have a negative effect on Russian businesses.

Klimkin also said that the ministerial consultations scheduled for September would have to be held “with an approach toward how cooperation in various formats should be arranged.”

The parties also raised the issue of the Eastern Partnership, Klimkin said. “We have different short-term political goals. We will be moving consistently through association with the EU to carry out all reforms essential for filing an EU membership bid. Belarus is using the Eastern Partnership’s opportunities in its own way. Therefore, we have a lot of common points and a lot of projects,” Klimkin said.

The trade and economic section of the EU-Ukrainian association agreement would fully start working on January 1, 2016, when a free trade agreement between the EU and Ukraine takes effect. Russia has repeatedly claimed that the agreement’s implementation by Ukraine would jeopardize Russian producers, especially as concerns technical regulation and sanitary, phytosanitary, and veterinary control.

Trilateral technical consultations at an expert level were held on June 4-5 and July 7-8 to discuss technical regulations, sanitary and phytosanitary problems, and customs cooperation.

Ukrainian Deputy Economic Development and Trade Minister Nataliya Mykolska said on July 7 that remarks by Russian officials on the intention to set quotas on exports of Ukrainian goods called into question Russia’s desire to look for practical solutions within the framework of a process agreed upon between the parties.

Following trilateral technical consultations at an expert level on July 7, Mykolska said: “There is no constructive element in Russia’s position, and it goes beyond the May 18 agreements between the ministers.” She also said Ukraine would insist on its positions at these negotiations, without giving more details.

The European Commission’s Directorate-General for Trade reported on its website on August 6 that the EU-Russia-Ukraine ministerial negotiations would take place in Brussels on September 7. The negotiations would be aimed at making further progress in practical decisions related to Russia’s concerns about the implementation of the EU-Ukrainian free trade agreement. ■





UKRAINE TO INCREASE ELECTRICITY SUPPLIES TO POLAND BY 400 MW – ENERGY MINISTER

Ukraine intends to speed up repairs on its thermal power plants and to increase the capacity of electricity supplies to Poland by 400 MW, Energy and Coal Industry Minister of Ukraine Volodymyr Demchyshyn has said.

At the moment, the capacity of power supplies from Burshtyn thermal power plant to Poland is 600 MW, the ministry's press service said quoting Demchyshyn.

Demchyshyn added that Ukraine currently itself imports electricity from Russia under the previously signed contract.

"The contract has worked exactly as planned - as insurance against force majeure, and imports will be stopped as soon as we restore our own capacity," he stressed.

The minister also said that the group of experts left for private thermal power plants (TPPs) to check if the currently unscheduled repairs are expedient. The ministry is also conveying to DTEK the need to ensure a more even provision of its power plants with coal.

"Apart from the problems of the TPPs, we now have a very low production on hydroelectric power plants due to low water levels. The hydroelectric power plants on the Dnipro River generally have the lowest level of power generation in history. However, the lessons of the heating season were not in vain, and we are ready for this situation," the minister summed up.

As reported, Poland imposed restrictions on electricity consumption due to heat.

Ukrainian Prime Minister Arseniy Yatseniuk earlier instructed the Ministry of Energy and Coal Industry in connection with the critical situation in the energy system of Poland to take urgent measures to ensure the highest technically possible supply of electricity to Polish power grids. ■

POROSHENKO SIGNS LAW TO RATIFY MEMO WITH GERMANY ON EUR 500 MLN LOAN TO REBUILD DONBAS INFRASTRUCTURE

Ukrainian President Petro Poroshenko has signed a law on the ratification of a memorandum of intent by the governments of Ukraine and Germany on an untied commercial loan worth EUR 500 million for infrastructure projects. The loan agreement was signed in Berlin on April 1, 2015, the presidential press service has reported.

KfW Development Bank signed it on behalf of the German federal government, which has provided a guarantee for the loan funds.

The money will be spent on infrastructure projects and aid for internally displaced persons from Donetsk and Luhansk regions. The loan is primarily earmarked for modernization in the transport sector, energy sector, heating supply, energy efficiency, water supply and waste water disposal, social infrastructure and housing construction/reconstruction. The Ukrainian parliament passed the law on July 15, 2015. ■

EBRD MULLING EUR 10 MLN LOAN TO UPGRADE HEATING UTILITY IN CHERNIVTSI

The European Bank for Reconstruction and Development is mulling a EUR 10 million loan to the district heating utility municipally owned enterprise Chernivtsiteplokomunenergo, operating in the city of Chernivtsi, the EBRD said in a statement.

The funds will be used to finance the installation of individual heating sub-stations, biofuel boilers, network replacement with pre-insulated pipes, modernization of boilers and control systems, and the installation of monitoring and dispatching system in the city, the EBRD said.

The EBRD finance includes EUR 7 million in an EBRD loan to the company, and EUR 3 million from the Clean Technology Fund (CTF), both secured by a municipal guarantee of the city.

The project is expected to be co-financed by a grant of up to EUR 4 million from the Eastern Europe Energy Efficiency and Environment Partnership (E5P).

The project is to be co-financed by a local contribution of up to EUR 2 million.

The total cost for the feasibility study assignment was EUR 180,000 financed under the Ukraine District Heating Project Preparation Framework by the government of Sweden. The estimated total cost for the IFRS audit assignment is EUR 20,000, proposed to be financed by the EBRD's own resources.

What is more, the company's corporate development program to improve financial and operational performance of the company. The estimated total cost for the assignment is EUR 250,000, proposed to be financed by a bilateral or multilateral donor or the EBRD Shareholder Special Fund (SSF).

The estimated total cost for project implementation support covering procurement advisory services, implementation support and contract supervision is EUR 450,000, proposed to be financed by a bilateral or multilateral donor or the SSF. ■

WEATHER CENTER FORECASTS SUNFLOWER SEED YIELD AT 10.3 MLN TONNES IN 2015

The yield of sunflower seeds in Ukraine is projected to reach 10.3 million tonnes, head of the Ukrainian Weather Center's agrometeorological department Tetiana Adamenko said at a press conference in Kyiv.

"We think the crop capacity will be about 20.1 centners [one metric centner equals 100 kg] per hectare, and the gross yield could reach 10.3 million tonnes. We should proceed from the fact that the areas under sunflower crops this year are about 5 million hectares, which is less than in 2014 when it was 5.2 million hectares, and in 2013 it was 5 million hectares," she said.



According to her, this year's harvest will remain almost unchanged compared to last year, when Ukraine harvested about 10 million tonnes.

She also confirmed that the maize yield forecast is set at 26-27 million tonnes. She added that high temperatures in some regions could make farmers gather maize for silage, however she did not give more details about the size of the maize crops which could be used for silage.

In her words, there will be a favorable period after August 20 for sowing winter rapeseeds, but there could be a delay due to the absence of rain, which may affect any future harvest.

The gross yield of soybeans is expected to reach last year's level. It may be a little higher than 3.8 million tonnes due to an increase in areas sown with soybeans. As reported, the Ukrainian Weather Center forecast that the gross yield of grain in Ukraine in 2015 will reach 60.5 million tonnes. ■



EBRD MAY ALLOT EUR 100 MLN FOR MODERNIZING PUBLIC TRANSPORTATION IN UKRAINIAN CITIES

The European Bank for Reconstruction and Development (EBRD) is eyeing the allocation of EUR100 million for the modernization of public transportation infrastructures in a number of Ukrainian cities, the bank said in a report published on Thursday. The focus will be placed on renovation and increasing transport's efficiency. The EBRD Board of Governors will consider the projects on October 14, 2015, it said.

The loans may be extended to public transportation companies in Odesa, Chernihiv, Chernivtsi and some other Ukrainian cities on municipality guarantees. Before the agreements are signed, the EBRD is set to allot up to EUR 2.5 million under technical cooperation projects and another EUR 5.5 million will be granted after the signing is done.

The bank also said that its Board of Governors would consider on October 14 the allotment of EUR 8 million to the Odesmiskelectrotrans public utility company for buying 45 trolley buses. According to consultation and technical cooperation in the subproject, EUR 50,000 is to be allocated before signing the agreement and EUR 350,000 – afterwards.

As reported, funding of the purchase of trolleybuses for Odesa is a long term project, more specifically – a 12-year project. According to Odesa Mayor Hennadiy Trukhanov, the renewal of the trolleybus fleet of the city is long overdue, service life of 100 out of 140 available trolleybuses in the city has expired. However the city budget can't afford to buy 45 trolleybuses. ■

ANTONOV INTRODUCES SYSTEM TO CONTROL LIFECYCLE OF NEW AIRCRAFT MODELS BASED ON SIEMENS PLM SOFTWARE

State enterprise Antonov (Kyiv) has introduced a modern product lifecycle management (PLM) system for new aircraft models based on Siemens PLM software, which uses the "without drawings" technology, which is based on 3D models, the press service of the company has reported.

"The use of modern digital technologies in the creation and maintenance of complex technical objects like aircraft is the requirement of time, a prerequisite for the successful integration of the enterprise into the world aircraft industry," the press service said, citing Antonov Acting President Mykhailo Hvozdev.

He said that Antonov experts have developed a normative and methodological base of electronic projects and have formed a database of electronic models of standard, unified, purchased components (about 300,000), as well as other materials used.

"In this direction we have been successfully cooperating with Siemens for three years and are ready to continue this cooperation," he said. Antonov has for the first time fully used the new technology in the design and building of the first prototype of the transport An-178 aircraft. "It allows for reducing costs for implementing the program, significantly reduce the terms and improve the quality of manufacturing certain components and aircraft as a whole," the report said. ■

UKRAINE'S GRAIN EXPORT POTENTIAL IN 2015/2016 MARKETING YEAR ESTIMATED AT 36-40 MLN TONNES – UAC

Ukraine's potential for grain exports in the 2015/2016 marketing year (July through June) is estimated at 36-40 million tonnes, Director General of the Ukrainian Agrarian Confederation Serhiy Stoianov has said.

"The grain supply projected for the 2015/2016 marketing year in Ukraine may be 70-74 million tonnes, which includes ending stocks from the previous marketing year. The amount is enough to meet domestic demand, projected at 24 million tonnes, ensure potential exports projected at 36-40 million tonnes and reliable ending stocks for the next year, expected at 9.5 million tonnes," a post on the UAC's website quotes Stoianov as saying.

The UAC forecasts that in the 2015-2016 marketing year Ukraine may harvest over 25 million tonnes of wheat, 8 million tonnes of barley, 28.5 million tonnes of maize and over 1.5 million tonnes of other crops. Thus, the gross yield of grain over the period under review is estimated at 63 million tonnes. Stoianov said there are good prospects for oilseeds and grain crops, namely soybeans, sunflower seeds and rapeseeds.

In autumn 2014, Ukrainian farmers sowed 8.5 million hectares with winter crops, which is more than during the autumn that preceded the war in Donbas. In the spring, they added about 15 million hectares of spring grain, leguminous and oil-yielding crops. Stoianov claims that the crop yield, which is over 34 centners [one metric centner equals 100 kg] per hectare in the current marketing year, compared to 34.3 centners per hectare in the previous marketing year, is acceptable.

He claims that the state should stop trying to cancel benefits for Ukrainian farmers, including the accumulation of value added tax, which is "beggarly" compared to other Eastern European countries. In his words, the state also owes about UAH 800 million in accounts payable for two years under programs for agricultural support. ■



UKRAINE IMPORTS FUEL WORTH \$2.8 BLN IN SEVEN MONTHS

Ukraine in January-July 2015 imported fuel (foreign economic activity code 2710) for a total of \$2.187 billion, in particular in July for \$414.323 million.

According to the State Fiscal Service, in the seven months the cost of fuel imported from Belarus stood at \$998.982 million, Russia \$531.651 million, Lithuania \$172.94 million, from other countries \$482.97 million.

In January-July 2014, Ukraine imported fuel worth a total of \$3.635 billion, in particular from Belarus for \$1.865 billion, from Russia \$679.696 million, Lithuania \$373.448 million, from other countries for \$717.659 million.

In addition, in January-July this year exports from Ukraine cost a total of \$81.621 million. The price of fuel delivered to Cypriot counterparties was \$23.221 million, Italy \$14.205 million, Russia \$6.184 million, other countries \$38.011 million. Code 2710 applies to not only petrol and diesel fuel, but fuel oil, jet fuel, a number of other specific products. At the same time, Ukraine in January-July 2015 did not import oil (code 2709), however oil exports to Lithuania amounted to \$2.647 million. ■

CABINET TO APPROVE PRIVATIZATION PLAN FOR FIRST FIVE STATE COMPANIES BY OCT 2015 – MEMO WITH IMF



The Ukrainian government will by the end of September approve a plan for the privatization of the first five state-owned companies, according to the updated memorandum on cooperation between Ukraine and the International Monetary Fund (IMF).

According to the text of the memorandum, by the end of September 2015 the list of state companies will be reviewed to identify non-operating companies for immediate liquidation. The review, prepared in consultation with IMF staff, will outline a timeline for the disposal of each company with the necessary intermediate steps, as well as preliminary estimates of budgetary and other costs stemming from liquidation, with the goal of initiating the first liquidations by late 2015.

Profile ministries will prepare the priority privatization list of ten companies by late July 2015. Companies will be selected based on cost-benefit analyses. Building on this list, a working group, including the State Property Fund (SPF), will be established to develop a privatization action plan. The plan will define the key parameters and conditions of the process, including the timeline for divesting, methods of privatization, and intermediate steps to be taken for each company. The action plans for five of these companies will be approved by an SPF decision by late August 2015.

"Furthermore, we will seek adoption, by cabinet resolution, of the action plan for these five companies by the end of September 2015," the memorandum said. ■



TRADING COMPANY FROM UAE BUYS INSOLVENT UKRGAZPROMBANK

Trading company Primstar Energy FZE (the UAE) has acquired a 100% stake in Ukraine's insolvent UkrGazprombank, the Individuals' Deposit Guarantee Fund, the seller of the bank, has reported.

A purchase and sale agreement was signed on August 7 after an open tender among potential investors held on July 30. The sum of the transaction has been not disclosed at the request of the buyer, the fund told Interfax-Ukraine.

"The indicators of UkrGazprombank's solvency and liquidity should be restored by the new owner within 30 days. The completion of the bank capitalization should be confirmed by the results of an inspection conducted by the National Bank," the fund said.

All investors, including legal entities and individuals, whose deposits exceed the guaranteed compensation sum of UAH 200,000, will be able to return their funds not earlier than the completion of bringing the bank's activities in line with the requirements of Ukrainian banking legislation.

Under the terms of the deal, the fund will not spend its money on payment of guaranteed compensation. Primstar Energy will also reimburse for the fund's expenditure for the implementation of temporary administration in the bank.

The fund appointed an authorized curator in the bank to monitor the investor's fulfilling his obligations.

Primstar Energy FZE is engaged in trade in coal, steel, energy. The company operates in the markets of Middle East, Southeast and East Asia. ■

UKRAINE INCREASES PORK EXPORTS BY 7.4 TIMES, POULTRY BY 5.6% IN SEVEN MONTHS

Ukraine in January-July 2015 exported 18,620 tonnes of pork, which is 7.4 times more than in the same period in 2014. According to customs statistics, made public by the State Fiscal Service of Ukraine, in monetary terms exports of these products for the seven months amounted to \$38.997 million.

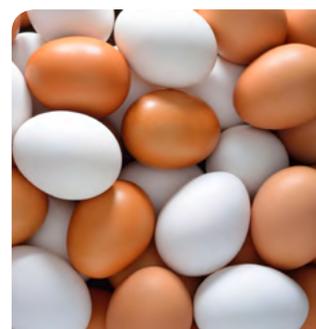
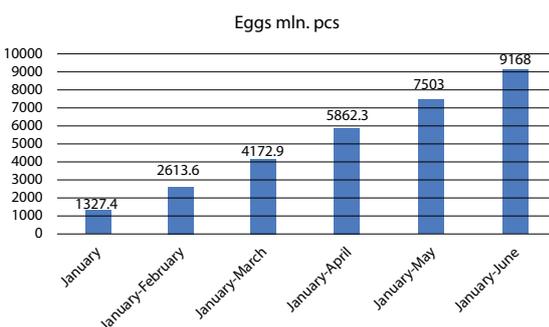
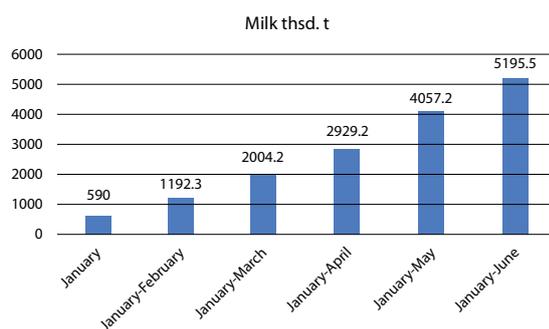
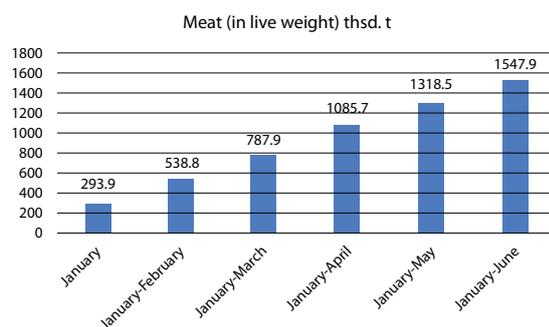
Pork imports for the period amounted to 2,184 tonnes compared to 20,170 tonnes a year earlier. In monetary terms the figure was \$5.132 million. Poultry exports rose by 5.6%, to 90,487 tonnes.

Poultry exports in monetary terms amounted to almost \$125.553 million. Imports came to 27,964 tonnes worth \$18.626 million, which is 2.1% less than in January-July 2014, when the figure amounted to 28,550 tonnes worth \$29.77 million.

As reported, Ukraine in 2014 doubled exports of pork, to 9,400 tonnes, increased poultry shipments abroad by 20%, to 174,700 tonnes. At the same time, pork imports dropped five-fold, to 30,800 tonnes, poultry by 14.2%, to 61,000 tonnes. ■

MAIN KINDS OF ANIMAL PRODUCTION IN 2015¹

	Meat (in live weight)		Milk		Eggs	
	thsd.t	in % to corresponding period 2014	thsd.t	in % to corresponding period 2014	thsd.t	in % to corresponding period 2014
January	293,9	96,8	590,0	97,9	1327,4	91,2
January-February	538,8	97,9	1192,3	97,4	2613,6	91,0
January-March	787,9	98,0	2004,2	96,9	4172,9	89,9
January-April	1085,7	96,4	2929,2	96,6	5862,3	89,3
January-May	1318,5	96,7	4057,2	95,8	7503,0	87,1
January-June	1547,9	97,7	5195,5	95,5	9168,0	86,5



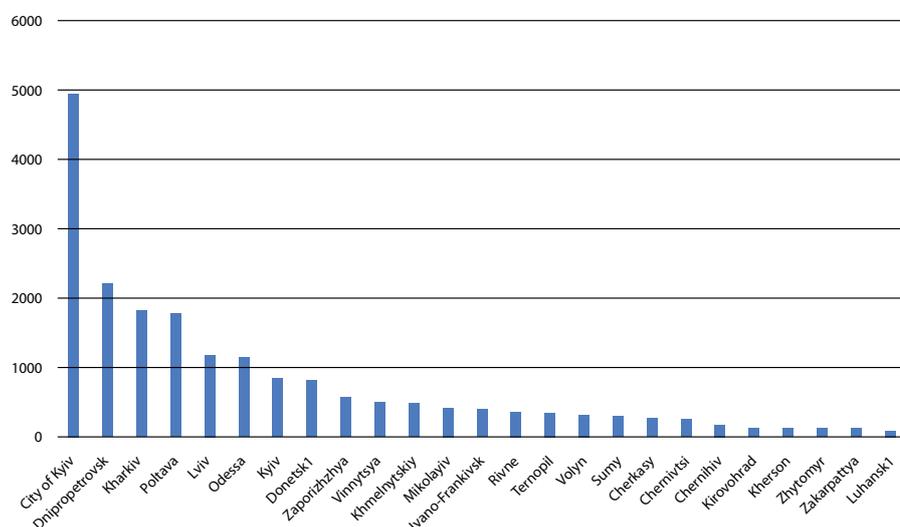
¹ Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone. Source: State Statistics Services

VOLUME OF CONSTRUCTION WORKS ACCOMPLISHED BY TYP OF CONSTRUCTION OUTPUT BY REGION IN JANUARY-JUNE 2015 (EXCLUDING THE TEMPORARILY OCCUPIED TERRITORIES THE AUTONOMOUS REPUBLIC OF CRIMEA, THE CITY OF SEVASTOPOL AND PART OF THE ANTI-TERRORIST OPERATION ZONE) (MLN.UAH)

	Construction works accomplished, total	Out of including			
		buildings	residential	non-residential	civil engineering's
Ukraine	20331,2	10695,6	5847,6	4848,0	9635,6
Vinnitsya	530,5	399,1	246,4	152,7	131,4
Volyn	344,4	237,1	142,1	95,0	107,3
Dnipropetrovsk	2221,3	626,0	123,1	502,9	1595,3
Donetsk ¹	851,7	137,5	24,2	113,3	714,2
Zhytomyr	157,1	77,9	18,0	59,9	79,2
Zakarpattya	153,6	74,4	25,0	49,4	79,2
Zaporizhzhya	602,4	268,7	32,2	236,5	333,7
Ivano-Frankivsk	412,1	249,1	135,8	113,3	163,0
Kyiv	860,3	553,9	282,7	271,2	306,4
Kirovohrad	161,8	83,1	11,2	71,9	78,7
Luhansk ¹	108,5	50,7	8,5	42,2	57,8
Lviv	1215,5	757,6	410,8	346,8	457,9
Mikolayiv	440,6	183,5	51,0	132,5	257,1
Odesa	1165,3	516,7	330,3	186,4	648,6
Poltava	1789,2	318,6	119,2	199,4	1470,6
Rivne	397,2	140,0	28,9	111,1	257,2
Sumy	324,9	222,6	134,7	87,9	102,3
Ternopil	362,8	265,1	219,3	45,8	97,7
Kharkiv	1847,4	621,9	324,1	297,8	1225,5
Kherson	160,2	103,2	28,8	74,4	57,0
Khmelnyskiy	500,0	360,5	214,1	146,4	139,5
Cherkasy	302,4	219,8	167,9	51,9	82,6
Chernivtsi	285,5	169,0	144,9	24,1	116,5
Chernihiv	191,5	151,7	109,4	42,3	39,8
City of Kyiv	4945,0	3907,9	2515,0	1392,9	1037,1

¹ Data can be corrected.
Source: State Statistics Services

Construction works accomplished, total



CONSTRUCTION IN UKRAINE 23.9% DOWN IN JUNE – STATISTICS

The volume of construction work in Ukraine, excluding the temporarily occupied territory of Crimea and Sevastopol and a part of the antiterrorist operation (ATO) zone, in June 2015 decreased by 23.9% compared to June 2014, and the decline in May 2015 to May 2015 was 31.7%.

The data for Donetsk and Luhansk regions could be updated.

Growth in June 2015 on May 2015 was 3.6%, while growth in May 2015 on April 2015 was 0.2%.

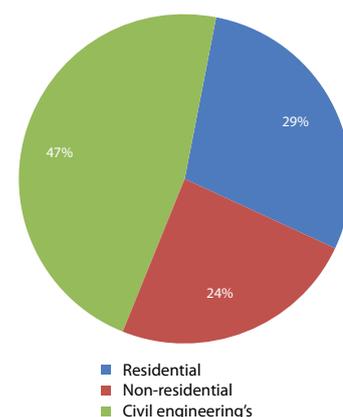
The decline in January-June 2015 year-over-year was 28.3%, to UAH 20.3 billion.

The decline in the construction of non-residential objects in June 2015 to June 2014 amounted to 21.7%, that for residential construction was 23.4% and engineering facilities – 25.3%.

In June 2015 on May 2015 the decline in the construction of residential objects was 14.8%, while growth for non-residential was 14% and engineering facilities – 9.3%.

A decline in construction work in January-June 2015 was recorded in 21 regions and in Kyiv city, where the fall was 22.8% year-over-year, to UAH 4.945 billion.

The largest decline in January-May was recorded in Luhansk and Donetsk regions (86.2% and 74.1%, to UAH 108.5 million and UAH 851.7 million respectively). The highest growth was fixed in Volyn region (23.4%, to UAH 344.4 million). ■



DEMAND FOR NEW COMMERCIAL CARS IN UKRAINE PERKS UP NOTICEABLY IN JULY

New commercial car sales in Ukraine in July increased by 52% compared to June this year, to 448 units, bus sales by 2.3 times, to 50 units.

According to the Ukrautoprom association, in comparison with July 2014 commercial car sales decreased by 8.6%, buses by almost five times. The leaders of the July sales among commercial cars became GAZ, Renault and FIAT, together occupying 45% of the market.

“All three brands in July managed to demonstrate the increased presence in the Ukrainian market both compared to the previous month and year-over-year,” the association said.

In particular, GAZ sales doubled year-on-year and almost tripled from June this year, to 75 units, Renault – 22% and 40% respectively, to 66 units, FIAT – 3% and 68%, to 62 units. The leader in the bus segment was RUTA – 16 vehicles against two buses in June this year and 12 in July 2014. Ukraine’s Etalon and Ataman ranked second, selling ten buses each. ZAZ buses I-VAN ranked third (nine buses sold). ■



ODESA PORT APPROVES PLAN OF BUILDING 70,000 TONNES GRAIN TERMINAL

The council of Odesa seaport has approved the project of creating a compact grain complex with a capacity of 70,000 tonnes in the rear of the seventh pier, which will be able to accept grain from railway rolling stock and ship it on board vessels.

According to the press service of the Infrastructure Ministry of Ukraine, the terminal is designed using modern technology and port transshipment equipment made in the United States.

“A distinctive feature of the complex from those existing in the port will be using modern transport networks and storage facilities for grain handling and storage, dust suppression technology that involves the use of deodorized and refined edible oil for dust binding,” reads a statement. According to ministry experts, the launch of the grain terminal will provide job creation and investment in the port sector of business in Odesa, as well as stable contributions to the city budget. ■



CATTLE NUMBERS IN UKRAINE 7.1% DOWN IN SEVEN MONTHS, PIGS BY 3.3%, POULTRY BY 4.8% – STATISTICS

Cattle numbers in Ukraine (excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the ATO zone) as of August 1, 2015 amounted to 4.403 million animals, which is 7.1% less compared to the same period in 2014.

According to the State Statistics Service, the number of cows during this period decreased by 6.2% and amounted to 2.226 million animals.

The number of pigs fell by 3.3%, to 7.724 million animals, sheep and goats by 6%, to 1.726 million animals.

Poultry numbers in the country compared to August 1, 2014 decreased by 4.8%, amounting to 248.765 million birds. ■

UKRAINIAN GOVERNMENT, ESA PREPARING AGREEMENT FORMALIZING KYIV'S SPACE INTEGRATION PLANS



Ukrainian government and European Space Agency (ESA) are preparing the agreement “On Ukraine’s acquiring the status of a European country cooperating with ESA,” which is a stage of realization of Kyiv’s plans for becoming a full member in European space structures.

According to the Cabinet of Ministers’ resolution No. 803-r as of August 5, Ukrainian government’s delegation, which is being formed and will be led by Head of the State Space Agency of Ukraine Oleh Ursky, was ordered to conduct talks with ESA on agreeing on the draft of this agreement, in accordance with approved directives.

As approved by the document, the delegation consists of representatives of the State Space Agency, Justice Ministry, Foreign Ministry, Economic Development and Trade Ministry, Finance Ministry, government’s secretariat. If needed, the delegation head can replace delegation members and involve representatives of central government agencies in its work.

Signing of the above-mentioned agreement is one of Ukrainian Space Agency’s top priority tasks for Ukraine’s rocket-and-space industry in 2015. This

is one of the stages of the roadmap of Ukraine’s integration into ESA developed by the partners.

Ukrainian rocket-and-space industry representatives believe that Ukraine’s membership in ESA will extend the country’s presence on European space market.

In July, Ukrainian State Space Agency and ESA started consultations on the cooperation of Ukrainian rocket-and-space industry enterprises with European companies within the ESA projects. Major prospect directions of bilateral cooperation at the given stage, which are being considered, include Earth’s remote sensing (ERS), rocket carriers, and scientific research. Earlier Ukraine stated its interest in the participation in the new European project of Ariane-6 rocket carrier. Europeans also showed interest in Ukrainian rocket engines. New European Vega-class, rocket carrier created upon the order of ESA is equipped with Ukrainian engine.

In 2008, Ukrainian government and ESA signed inter-governmental agreement on cooperation in researching and using space for peaceful purposes. At the beginning of 2014, the agreement was prolonged until 2019. ■

CHINESE INVESTORS INTERESTED IN BUILDING PORT ELEVATOR IN UKRAINE FOR 50,000-100,000 TONNES – OFFICIAL

Chinese investors intend to build a port elevator of 50,000-100,000 tonnes in Ukraine, First Deputy Minister of Agricultural Policy and Food Yaroslav Krasnolysky has said.

“As a result of our meetings, we do not have a signed protocol. Envoys have arrived in Ukraine and they are ready to build an elevator for 50,000-100,000 tonnes and raise \$2.5 billion from the Chinese side. This concerns a port elevator,” he said at a briefing in Kyiv.

According to him, the relevant agreements were achieved during a visit of the Ukrainian delegation to China. In the near future representatives of Chinese state-owned companies are expected to come to establish cooperation with Ukrainian companies.

According to the ministry, in 2014 the share of agricultural products in the total goods turnover in China amounted to 29% (the total turnover stood at \$2.7 billion). ■



The Ukrainian League of Industrialists and Entrepreneurs (ULIE) is the largest union of business associations and individual enterprises in Ukraine with its members ranging from vertically integrated corporations to small and medium enterprises (SMEs). For already more than 20 years the League’s key mission is to promote and protect interests of the Ukrainian business within Ukraine and beyond. With its central offices in Kyiv, ULIE manages 28 regional subsidiaries, 73 branches, 22 representative offices and 34 commissions on key sectors of the economy. The League is also a signatory to 155 international agreements on cooperation and has representative offices in 21 countries, including Representative Office in the EU in Brussels.

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