



## TIU Canada to complete a \$90million, 90 mw network of five solar power plants in southern Ukraine



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**By this summer, TIU Canada is to complete a \$90 million, 90 mw network of five solar power plants in southern Ukraine. The first project, a 10.5 MW plant in Nikopol, Dnipropetrovsk, recently went on line. One more is to be built in Kherson and three more in Mykolaiv. NovoyeVremya reports that reported that engineering is done by Helios Strategia of France and Focal Line Solar of the United States. Panels and equipment are supplied by JA Solar Holdings of China and SMA Solar Technology of Germany. TIU is owned by Refraction Asset Management, a Canadian investment company.**

**Ukraine's wheat production will fall about 4% to a four-year low this year,** UkrAgroConsult forecast. With winter sowings vulnerable to winterkill from this week's cold snap, the consultancy forecast a 2018 harvest of 25.1 million tons. Last Friday, the Wall Street Journal reported that, due to low prices and large stockpiles, American farmers are cutting wheat plantings. The current crop is expected to be the smallest since 1909.



### Agriculture >

**Halfway through the marketing year, Ukraine has exported 52% more oil seeds than last year,** 3.5 million tons versus 2.3 million tons. The big growth is in rapeseed which has been exported at double the volume of last year, Finance.ua reports. The seeds are crushed to make canola cooking oil.

**Now one of the world's top five honey exporters, Ukraine's exports climbed again last year, by 19%, to 68,000 tons.** In dollars, exports increased by 38% to \$134 million, four times the amount of 2012. This year EU's duty free import quota rises by 46% to 7,900 tons. Exports above that level pay a 17.3% duty. The top buyers are: Germany, U.S, Poland, France and Belgium.

**In one bidding, the EU awarded all the duty-free Ukrainian wheat and corn imports available for 2018,** Reuters reports. The EU awarded all 1 million tons of wheat and 1.1 million tons of corn. Reuters data analysis show that each bidder only will only receive between 1.8 and 2.7% of amounts requested.

**In the first 10 days of January, Ukraine fully used up its duty free EU quotas for honey, grape juice and apple juice,** Maksym Martyniuk, first deputy Agrarian Policy and Food Minister writes on his Facebook page. The honey quota had been hiked by 46% to 7,900 tons. Exports above that level pay a 17.3% duty. Juice quotas are 14,000 tons. Martyniuk also said that chicken farmers rushing to export used up 25% of the nation's duty free quota by Jan. 10.



**Growers of grapes, berries and fruit will get government compensation for 80% percent of their new planting stock this year**, Prime Minister Groysman told the Cabinet on Wednesday, Interfax reports. Southern Ukraine is rebuilding grape production after the loss of Crimea in 2014. Exports of fruits and berries to the EU are rising.

**To rebuild dairy and beef herds, Prime Minister Groysman promises subsidized loans at 3% interest** for the opening of new ranches and dairy operations. Last year, as herds dwindled, milk and meat prices rose, contributing to inflation. The Prime Minister told the Cabinet: "I want to build new farms, start new livestock herds. We will support, including, genetics, production of both meat and milk."

**Ukraine increased its butter exports to the EU nearly seven times**, taking second place after long term supplier New Zealand. The EU imported 2,300 tons of butter from Ukraine. Perhaps pulled along by the export surge, domestic butter prices jumped 27.6% last year, well above Ukraine's overall inflation rate of 13.6%.

**Production of grapes for wine, grew by 7% last year**, slowing down after a 31% jump in 2016, the State Statistics Service reports. In southern Ukraine, the big growth regions this year were Odesa with a 24% growth in grape production and Kherson which recorded a 30% jump.

## Automotive >

**Ukraine's vehicle production increased by 63% last year**, to 8,586 vehicles, according to the car industry trade association, Ukrautoprom. In the late Soviet era, Ukraine produced 200,000 cars a year. Several foreign car companies are studying manufacturing cars in Ukraine. Slowing decision making is uncertainty about the speed of Europe's shift to electric and hybrid cars.



## Banking and Finance >

**EBRD will loan Nibulon up to \$50 million to build river terminals and a river fleet**, to buy a reloading crane and to expand its main Black Sea terminal, in Mykolayiv. One of Ukraine's largest grain operators, Nibulon seeks to save money and increase delivery reliability by shifting its logistics from rail to river. Japan joins the European Bank for Reconstruction and Development in financing what is to be a 2-year, \$140 million project.

**Ukraine's trade deficit more than doubled to \$5.2 billion through November**, according to the State Statistics Service. Imports were up 27.5% yoy, while exports lagged, growing 20.6%. On the import side, the two big variables were: energy up 52.5% and vehicles up 43.8%. On the export side, mineral products were up 48.8% and overall exports to the EU were up 30.4%. Concorde Capital's Evgeniya Akhtyrkowrites: "Given the much wider goods trade deficit in 2017, we see the 2018 deficit touching the \$7 billion mark... The widening trade deficit will create further devaluation pressure on the local currency this year."

**TransferGo, a London-based money remittance company active in 45 countries, reports its Poland-Ukraine service almost doubled last year**. Magnus Albee, director of marketing for the company, said in a press release: «Last year the amount and number of transfers from Poland to Ukraine through the online service TransferGo increased by almost.

**Another bank, Industrial and Financial Bank, or Promfin, is losing its banking license and closing**, the National Bank of

Ukraine reports. Last year, the central bank closed nine banks.

**After Turkey and Egypt, Ukraine ranked third among the 37 nations receiving loans last year from the** European Bank for Reconstruction and Development, or EBRD. Ukraine received EUR 581 million in EBRD funding, about 6% of the bank's total funding. Turkey and Egypt each received about triple Ukraine's amount.

**As part of the fight against the shadow economy,** Ukraine will require that all merchants have point of sale card terminals within two years. Customers will have the option of paying with cash or card. The new rule will extend terminals to 183,000 new businesses, the Economic Development and Trade Ministry calculates.

**As the Ukrainian banking sector stabilized last year,** the closing of bank branches slowed to 8%, half the 2016 percent closure rate of 16%. Today, Ukraine has 9,489 bank branches, according to the National Bank of Ukraine. By shuttering 443 branches, Oschadbank accounted for about half of last year's closings.

**Today, lawyers for the new management of PrivatBank** will argue in the Economic Court of Dnipropetrovsk for the bank's \$65 million claim against Dniproavia, a bankrupt airline once controlled by Igor Kolomoisky.

**Financing now is lined up for construction of the EUR 44 million Radisson Blu hotel in Odesa,** reports the Black Sea Trade and Development Bank. The bank is loaning EUR 15.4 million for the project, joining two other institutional investors – the Danish Investment Fund and The Nordic Environment Finance Corporation. Located on Primorsky Boulevard, the 205-room hotel will be one of the first international hotels in Odessa.

**The hryvnia weakened by 1.6% over the first two weeks of January** to UAH 28.5 to the dollar. This comes after the national

currency only weakened by 3.1% during all of 2017, it's most stable performance in four years. To prevent exchange rate spikes, the National Bank of Ukraine has injected \$53.5 million into the banking system this month. Concorde Capital's Evgeniya Akhtyrko writes: "By the end of 2018, we expect the hryvnia will touch UAH 29 to the dollar on the back of further current account deficit widening."

**Rents in upscale Kyiv shopping centers rebounded last year by 23%,** to \$960 per square meters per year, the highest jump in the history of the local index, reports Jones Lang LaSalle, the real estate consultancy. At the same time, vacancies dropped by 6.5 percentage points, "a record drop in the annual vacancy rate," JLL reports. Pressing the market, real wages in Kyiv increased last year by 11.3% and, for the first time in recent memory no new shopping centers opened. Due to construction delays, five new shopping centers are to open in 2018, adding 114,000 square meters of new retail space. Also, this year, Kyiv is to see several new international brand stores: De Facto, Decathlon, FLO, H & M, IKEA, Koton, and Zara Home.

**The average sale price for a Kyiv apartment fell 6% last year, to \$977 square meter,** consulting company SV Development tells UNIAN. While prices fell across the city, the lowest drop was in Podil, where prices fell by 4.4% to \$905/ square meter.

## Business >

**Ukraine's IT exports should grow by 25% this year, to \$4.5 billion,** the IT Ukraine Association predicts. Last year, growth was 20% to \$3.6 billion, the industry group says. It says that the sector employs 116,000 specialists and pays about \$600 million in taxes.

**The EU-Ukraine free trade accord may be the best model for Britain's post Brexit relationship with the EU,** writes Tony

Barber, Europe Editor of the Financial Times. He cites "an excellent paper on the EU-Ukraine accord" written by Erika Szyszczak of the University of Sussex's UK Trade Policy Observatory. Attractive to Brexiters, the EU Ukraine accord allows extensive access to the EU market, without offering a path to membership in the EU or the EU Customs Union. Ukraine's accord calls for close defense and foreign affairs cooperation, without uncontrolled movement of people. Noting continental Europe's move toward a closer union, Barber concludes: "To the extent that a more integrated Europe takes shape, the most comfortable place for the UK, Ukraine and Turkey may be outside the EU, but closely associated with it."

**Strengthening ties with China was one of Ukraine's top economic achievements of 2017**, Ukraine's Economic Development and Trade Ministry said Wednesday. Trade between China and Ukraine increased 18% to \$7.7 billion. In reporting the announcement, China's news agency, Xinhua highlighted the bilateral Belt and Road action plan signed by both countries. It called last month's visit to Kyiv of Ma Kai, a Chinese Vice Premier, "a powerful signal of the strengthened economic partnership."

**New state support will allow the production of over 120 films this year in Ukraine**, says President Poroshenko. He writes on Facebook: "A bright future awaits Ukrainian cinema!"

**The Eva drugstore chain expanded by one third last year**, opening 154 new stores across Ukraine, according to the owner, Rush LLC of Dnipro. Employing 7,600 people, Rush saw its profit during the first three quarters of last year increase to \$6 million.

**Yuzhmash will supply 20 rocket engines to the European Space Agency through 2020**, the Dnipro-based company reports. The engines are used in Vega rockets which launch satellites. Since 2013, Ukrainian engines have powered 11

rockets, which placed 26 satellites for 20 customers into orbit.

**Thailand is to receive by ship next week a final batch of Oplot battle tanks from a 2011 order** to Kharkiv's Malyshev Factory, UkrOboronProm reports. To complete the \$240 million Thai order, Malyshev is to ship several combat vehicles in coming weeks. Fulfillment of the order was held up by the need to make tanks for Ukraine's war effort after Russia supplied hundreds of tanks in 2014 to separatists 300 km southeast of Kharkiv. Now, the plant is returning to producing Oplot tanks full time for Ukraine's army.

**Saying "even our closest friends must play by the rules,"** US Commerce Secretary Wilbur Ross has slapped anti-dumping duties on Ukrainian steel wire rod. Subject to final approval by March 1, the duties range from 35% to 44%. Interfax reports that American pressure for tariff protection came after Ukraine's exports to the US of carbon and alloy steel wire rod more than doubled in 2016, to 146,470 tons, or \$55 million.

## Commodities >

**Ukraine nearly doubled exports of scrap metal last year, to 486,500 tons.** Most of the scrap goes to Turkey and Moldova for the production of new steel, according to the Ukrainian Association of Secondary Metals.



## Energy >

**TrailStone, a US energy trader, is applying for a license to trade natural gas in Ukraine**, according to the website of the National Commission for Regulation of

Energy and Utilities. So far, the commission has licensed about 300 energy traders, many of them foreign. The commission will consider TrailStone's application on Tuesday.

**Clare Spottiswoode, a veteran British energy economist and manager, has been elected chair of Naftogaz's new supervisory board.** During the John Major years, from 1993 to 1998, Spottiswoode directed the breakup of British Gas and Britain's gas market liberalization. Joining Spottiswoode as international board directors are: Steve Haysom of Canada, Amos Hochstein of the US, and Bruno Lescoeur of France. Last summer, the first group of international directors quit, complaining of government resistance to free market changes. The new board, with new Ukrainian directors, has the backing of Prime Minister Groysman and the European Bank for Reconstruction and Development. The Bank gives Naftogaz loans to purchase gas on the condition of corporate restructuring. In addition to de-monopolizing Ukraine's gas market, the new board faces the challenge of breaking Ukrtransgaz off from Naftogaz and then splitting it into two companies – one to manage gas transit and the other to manage gas storage.

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**Ukraine's state gas production company plans to boost gas production at its fields in Lviv region.** Under new pressure to raise production, the company, Ukgazvydobuvannya, intends to drill exploration wells at six fields of its Lviv affiliate. Last year, Ukraine's gas production rose by only 4%, a baby step compared to the giant strides needed to reach the government's goal of self sufficiency by 2020.

### **GE Renewable Energy will supply 26 wind turbines this year to DTEK's Primorsk**

wind energy station, in Zaporizhia, on the Sea of Azov. Catching wind off the sea, the power plant will have a capacity of 200 MW. The turbines are being made in Europe and will be maintained by a GE unit in Ukraine. Scheduled for commissioning in 2020, Primorsk is 45 km east of a second DTEK wind farm, at Botijeve. Also 200 MW, this station uses Vestas wind turbines from Denmark.

### **Ending a two-year boycott, Naftogaz will resume purchases of gas from Russia in coming weeks,**

Andriy Kobolyev, company CEO, told reporters in Kyiv Wednesday. Referring to the Russian gas company's decision to lower prices after last month's Stockholm court decision, Kobolev said: «We plan to import gas from two directions. The price which Gazprom is now obliged to set is very attractive. We should take advantage of this economic benefit." He said Ukraine would probably import 4 to 5 billion cubic meters of gas, an amount equal to one third of Ukraine's expected imports this year. In Nov. 2015, Ukraine stopped buying gas from Gazprom, but much of the gas Ukraine bought from the EU was actually Russian gas that did a U-turn through a gas hub in Slovakia.

### **Working with foreign drilling companies, Ukgazvydobuvannya,**

the nation's largest natural gas producer, plans to double exploration and production drilling this year, to almost 500,000 meters. At the same time, the state company aims to increase production by 4.5%, equal to last year's growth, Oleg Prokhorenko, company CEO, told reporters Wednesday. The company plans to increase production in Western Ukraine by 50% through 2025. Turning to Eastern Ukraine, Prokhorenko blasted Poltava's regional council for 'blocking' his drilling plans.

**A 6-hectare site near Chernobyl is about to put for tender for a 30-year-lease,** the State Property Fund reports. The Fund

says it already has one proposal, from a company that wants to build a 3M solar power plant.

**Ukraine almost cut in half its consumption of anthracite coal** last year, a cut prompted by Kyiv's boycott of coal from secessionist controlled mines. Increased nuclear power production saved 2.3 million tons of coal, and a switch to gas coal saved another 1.8 million tons of anthracite, Deputy Prime Minister Volodymyr Kistiun said.

**Ukraine has enough proven natural gas reserves to guarantee production at current rates through 2040**, reports Yaroslav Klymowych, chair of NadraUkrainy, the state geological survey company. Reserves available for production amount to 453 billion cubic meters. However, he said 10 times that volume could be identified if Ukraine undertook a nationwide survey program using modern technology.

**Nuclear power production increased by 5.7% in 2017**, Energoatom reports. About half of Ukraine's power comes from its four nuclear power plants, a ratio topped in Europe only by France. Last year, the nation's 15 nuclear reactors produced 85 billion kWh.

## Engineering >

**Antonov's An-132D is Ukraine's first aircraft without Russian parts**, completed with avionics from Honeywell, engines from Pratt & Whitney Canada, air management from Liebherr of Switzerland, and propellers from GE Aviation Systems in Britain, UkrOboronProm, the state defense conglomerate, reports. The An-132D was developed in partnership between UkrOboronProm and Saudi Arabia's Taqnia Aeronautics. Now UkrOboronProm is talking with Saudi Arabia, Turkey and the United Arab Emirates to similarly upgrade the An-70 with "new avionics and no Russian components." A four engine medium range transport aircraft, the An-70 can ferry 47 tons for a range of 3,000 km. No sales have been made of either aircraft.



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## Infrastructure >

**A 5-year, \$11 billion program to rebuild and repair Ukraine's highways** was approved Thursday by the Cabinet of Ministers. The plan calls for rebuilding 1,000 km of highways and repairing 9,100 km. The project would create 55,000 jobs. Interfax reports: "The program aims to create a modern network of highways that will increase traffic and improve the investment climate and ensure the efficiency of transport services."

**The Beskidy railway tunnel, designed to speed freight from Ukraine to Hungary and Slovakia, will open May 25**, according to Ukrinform. The new 1.8 km double track tunnel cuts under a Carpathian mountain spines separating Lviv and Zakarpattia regions. It is to end bottlenecks caused by the existing single track tunnel, built in 1886. The \$120 million new tunnel is funded by the European Bank for Reconstruction and Development, European Investment Bank and Ukrzaliznytsia, the state railroad.

**Ukraine's three major mobile operators have agreed on terms for tender to extend 3G and 4G into the Kyiv Metro**, Kyivstar President Petr Chernyshov, writes on Facebook. Kyivstar, Vodafone and Lifecell hope faster cell speeds could be installed in the metro one year from now.

**One third of Ukraine's villagers, half of schools and almost all medical facilities do not have access to high speed broadband** internet, Stepan Kubiv, Minister of Economic Development and Trade told the Cabinet Wednesday. Unveiling a 3-year plan for "the development of the digital economy and society," he said a priority is to extend broadband Internet to 80% of the national territory by 2021.

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## Privatization >

**Ukraine is preparing tenders to sell 20 large state companies**, including 68% of Zaporozhye Aluminum Smelter, 99.567% of Odessa Port Plant and 99.995% of Sumykhimprom and five regional energy companies, Vitaly Trubarov, head of the State Property Fund, writes on Facebook. At the same time, Rada, deputies are to start debating a new privatization law this week.

## Social >

**The CIA blames Russian military hackers for the cyberattack that crippled computers in Ukraine last June**, an effort to disrupt the financial system, The Washington Post reports. Delivered through a mock ransomware virus dubbed NotPetya, the attack wiped data from the computers of banks, energy firms, senior government officials and an airport. Launched on Ukraine's Constitution Day, the virus spread around the world, but more than half of the victims were in Ukraine. Post reporter Ellen Nakashima reports that the CIA concludes with "high confidence" that NotPetya was created and sent out by hackers working for the GRU's Main Center for Special Technology, or GTsST.

**Despite foreign press reports that imply that Ukraine has a high crime rate**, the number of murders is one third the level of 20 years ago, Viacheslav Abroskin, deputy chief of Ukraine's National Police writes on Facebook. In 1997, 4,529 people were murdered in Ukraine, three times as many as the 1,551 murders recorded in 2017. He wrote: «In 2017, culprits were identified in 1,387 out of 1,551

murder cases, while 466 cases were solved that had been dragging over the years.» Last November, The Wall Street Journal started a feature story: "Bodies are piling up in Kiev..." Last week, The New York Times published a lengthy story on the murder of Iryna Nozdrovska, the human rights lawyer.

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## Telecommunications >

**Digital audio broadcasting is to come to Kyiv in the second half of 2018** as a DAB+ broadcasting license is to be issued shortly by the National Television and Radio Broadcasting Council of Ukraine. The new multiplex will feature 14 radio stations which will be made up of five national radio stations and nine regional and local stations, reports Radio World news site. Concern Radio Communications and Television is managing the project, which involves building by June two transmitters, one on the left bank and one on the right bank.

**Over the Christmas/New Year's holidays, Ukrainians called less, but used twice as much internet traffic on their smart phones**, according to the nation's top three mobile operators. Kyivstar, the largest reports: "The total amount of data traffic used by subscribers in the Kyivstar mobile network for the New Year and Christmas 2018 reached 2,4 thousand terabits (nearly 200 years of HD video viewing).

## Tourism >

**Tourists spent \$750 million in Lviv last year**, calculates the City Council. About 2.6 million tourists visited western Ukraine's largest city, about 3.5 tourists per resident.

By comparison, Prague gets about 5.4 tourists per resident. Lviv's visitors spend an average of 4.4 days and spend \$90 a day, Unian reports. The top 10 nationalities are: Ukrainians, Poles, Belarusians, Turks, Germans, Americans, Lithuanians, Britons, Czechs and Canadians. Of the total, 41% were Ukrainians and 58% were return visitors.

**Ukrainian visa centers open today in 10 new foreign cities**, including three in China, according to the Foreign Ministry. The cities are: Abuja, Beijing, Beirut, Cairo, Delhi, Guangzhou, Luanda, Rabat, Shanghai and Tunisia. In contrast to the current bare walls format, the new centers will offer new services -- making I.D. photographs, translating documents into Ukrainian, copying documents, preparing medical insurance policies, courier services, SMS-alerts, and "servicing in comfortable lounges.»



**Transportation** >

**Elon Musk's SpaceX has chartered an Antonov Airlines AN-124-100** cargo jet to carry a 28-ton carrier rocket nose cone across the US this week, from Los Angeles to Kennedy Space Center in Cape Canaveral, Florida. Known as the 'Ruslan,' this massive plane was the only strategic airlift jet capable of handling such oversized cargo.

**Wizz Air's traffic in and out of Ukraine jumped 64% last year**, to 685,000 passengers, the Budapest-based discount airline reports. Last year, Wizz Air restarted service to Lviv and added a second Airbus to its Kyiv Zhuliany base. This year, it launches service from Kharkiv and will base a third Airbus in Kyiv. With more destinations and more frequencies, Wizz Air aims to increase this year its Ukraine traffic by another 60%, to 1.1 million passengers.

**Passengers using Ukraine's airports increased by 27.6%** to 16.5 million people last year. International travelers accounted for 88% of the total traffic, or 14.5 million people. Foreign travel was up 29.2% over 2016, according to the State Aviation Service. Ukrainian airlines accounted for 64% of the traffic. The number of flights by Ukrainian airlines increased by only 16%, a situation that resulted in fuller flights and fewer ticket discounts.

**Bulgaria Air, the flag carrier of Ukraine's Black Sea neighbor**, plans with start service to Ukraine Feb. 2 with flights twice a week between Sofia and Odesa. UIA and Windrose currently fly between Sofia and Kyiv Boryspil.

**Betting on India**, UIA has decided to increase the frequency of its new Kyiv Boryspil-Delhi flight to five times a week. Boeing 767s will fly the route, which starts May 1. At the same time, UIA will increase its flight frequency from Boryspil to Colombo, Sri Lanka to three flights a week.