



GE Signs \$1 billion locomotive deal with Ukraine

KYIV -- In one of the biggest US investments in Ukraine ever, GE Transportation signed a 15-year, \$1 billion diesel locomotive supply deal with Ukrzaliznytsya on Friday.

To start, GE is to supply 30 locomotives – worth about \$140 million -- to Ukraine's state railways this year. During the contract, GE is to produce up to 225 new diesel locomotives and upgrade 75 older models. The degree of localization in Ukraine is reach 40%.

“Our dynamic talks with GE lasted only five months and led to the signing of this unprecedented agreement,” Prime Minister Volodymyr Groysman said of the deal. “My government is always ready to support innovative investments that result in high value-added products and create new jobs in Ukraine.”

At the signing at Ukrzaliznytsya's headquarters on Tverska street, Raphael Santana, President and CEO of GE Transportation, noted this is GE's largest deal in the company's 80-year history of working in Ukraine.

«Our cooperation can serve as a catalyst for attracting international investment and accelerating Ukraine's economic growth,» Santana said, noting that the American company also has wind and biogas projects in Ukraine today. “We also are proud to take part in the modernization of Ukraine's railway

infrastructure, thereby helping to move cargo faster and more efficiently. It will strengthen Ukraine's position as a key European rail hub and operator.”

The deal was facilitated by a performance bond of over \$100 million, extended by Citibank to Ukreximbank. It would cover losses if GE does not deliver this year's locomotives, said Steven A. Fisher, Ukraine country officer for Citigroup.

Marie Yovanovitch, US Ambassador to Ukraine, said: “By modernising its railroad, this project will bring Ukrainian more product to ports. Ukraine will benefit for decades to come. This agreement sends a very strong message to the world that Ukraine is changing the way it is doing business,” she said, noting that the first group of locomotives will be manufactured in Texas and Pennsylvania.

UkraineInvest, the government's investment promotion agency, pushed hard last fall to make the GE deal happen. President Poroshenko traced the start of the deal to last July when he visited Washington and met with President Trump. “During my visit to America, we discussed with Trump that our countries' relations should be practical,” he said Friday at the railway headquarters. “The company was in need of rolling stock, new locomotives. A \$1 billion contract was signed very quickly.”



The Business Week is written and produced by James Brooke, Editor in Chief of the Ukraine Business Journal for and on behalf of UkraineInvest



In an interview before the signing, Yevhen Kravtsov, acting CEO of Ukrzaliznytsya, said the average age of the railroad's 300 diesel locomotives is 30 to 40 years, at or over the end of their expected working lives. Last August, at the start of the peak season for moving grain harvests to the ports, the railroad was short as many as 60 diesel locomotives to move freight, of 20%. An intensive repair effort helped railroad get through the harvest season.

Some of the new, US-made locomotives are to arrive here in time for this year's harvest. In addition, Ukrzaliznytsya, may lease locomotives from Baltic countries where locomotives are idle due to drops in trade with Russia. Due to the war, Ukrzaliznytsya lost access to Ukraine's only locomotive manufacturing plant, located in a rebel-controlled portion of Luhansk. Unofficial reports say the plant is damaged beyond repair, with some factory equipment shipped to Russia.

Under the deal with GE, locomotive parts will be made in Ukraine to GE world standards. This way Ukraine will become part of GE's world supply chain. Some parts are to be made at Kriukiv Railway Car Building Plant in Kremenchuk.

Daniel Bilak, director of Ukraineinvest, said that the arrival of GE Transportation boosts Ukraine's reputation as a desirable investment destination. "We continue to target global brands for investment, in order to reach the Government's goal of 5-7% economic growth per year by 2020," he said.

Agriculture >

Ukrainian corn producers will have an edge for March and April ship loadings due drought in Argentina which is damaging corn quality and delaying harvesting, Platts reports from London.

Kernel, the world's largest producer and exporter of sunflower oil, attracted last

week a \$100 million revolving credit line from a syndicate of European banks. According to a company note on the website of the Warsaw Stock Exchange, the 2.5-year line will be used to replenish working capital in Ukraine for Kernel's export business. Kernel exports to more than 60 countries.

Sugar prices will be soft this year on a worldwide oversupply of sugar of nine million tons, Igor Buchatskiy, CEO of ED&F Man Ukraine, tells AgriLand news site. Low prices could push the EU to cut sugar subsidies. ED&F modernized their Zasytsky Sugar Factory with equipment imported from three sugar mills closed in Ireland. Around the plant, near Mykolaiv, ED&F farms 14,000 hectares of sugar beets, with 9,000 under irrigation.

OKKO-Agrotrade plans to triple pre-crop financing to farmers to \$110 million this year, the OKKO group holding company reports. Founded in 2016, OKKO-Agrotrade provides farmers with fuel, mineral fertilizers, plant protection products, seeds and financing. Last year, OKKO exported 500,000 of farm products, about half of which were financed by OKKO.

Ukraine's crop production increased by 7.3% last year, and animal husbandry - by 30.7%, the State Statistics Service reports. During the year, the cost of crop production increased by 9.7%, and cost of animal husbandry by 22%.

Anti-corruption >

John Sullivan, US Deputy Secretary of State, said in Kyiv Wednesday that economic development depends on reform. "Deeper reforms are needed to lift the economy over the long-term," he said in a speech at the Diplomatic Academy. "And comprehensive judicial and law enforcement reform, which Ukraine has embarked on is the key." He cited the need for an independent Anti-Corruption Court,

adding: "The Prime Minister just told me about a package of over 30 new draft laws that he expects will improve the business environment once implemented."

Automotive >

Ukraine could become a «European China» for producing electric cars and batteries for the EU, Oleg Boyarin,

board chairman of Eurocar, tells Liga.net. Boyarin, whose company makes Skoda cars in Uzhhorod, said he works with the Infrastructure Ministry to work out an electric car strategy for Ukraine. With government support, Ukraine could develop an export-oriented car industry in partnership with American, Chinese or European brands.

Aviation >

DART Ukrainian Airlines wants to emerge from bankruptcy as Alanna LLC.

On Tuesday, Alanna will ask the State Aviation Service permission to resume DART's routes to Albania, Georgia, Greece, Italy and Montenegro. It will ask for authority to open new routes to Helsinki, Stockholm and Erbil, Iraqi Kurdistan. With the same CEO as DART, Vyacheslav Lisichonok, Alanna wants to fly from Kyiv, Kharkiv, Lviv and Odesa.

A Ryanair corporate jet was spotted

Wednesday night at Boryspil, prompting Infrastructure Minister Volodymyr Omelyan to announce Thursday that high level "successful" discussions had taken place with executives of the Dublin-based discount airline. With 421 Boeings serving 205 cities, Ryanair is Europe's largest airline by scheduled passengers flown. In 2016, it carried more international passengers than any other airline in the world.

UIA plans to double passengers and double aircraft by 2021 and to add

38 new cities by 2022, Aron Mayberg, board chairman of Ukraine International

Airlines, tells reporters. By 2021, the airline plans to have 74 aircraft flying 13.3 million people a year. Bolstering its Boryspil hub, UIA plans to increase its share of transit passengers from 52% today, to 60% in 2021. UIA plans to restore scheduled service to three mothballed Ukrainian airports – Vinnytsia, Mykolaiv and Uzhhorod. By 2022, Ukraine's flag carrier plans to start flights to three Chinese cities - Guanzhou, Sanya and Shanghai; to three North American cities – Toronto, Chicago and Miami; to three Central Asia capitals – Ashgabat, Bishkek, and Turkmenistan; to two African cities – Cairo and Addis Ababa; and to 12 European cities.

With the upsurge in air travel from Ukraine, AirAdvisor has expanded

from Poland to Ukraine, opening an office in Kyiv on Monday. This online service collects compensation from airlines in case of delay or cancellation of a flight, denied boarding, or missing a transfer. Average payment is EUR400. AirAdvisor takes a 25% commission. Serhiy Aleksandrov, company head, said of his work in Ukraine: «AirAdvisor has been operating in a test mode for more than three months, during which we managed to collect thousands of euros from airlines around the world, including Lufthansa, Air France, LOT Polish Airlines, Ellinair, Ryanair, Air India and Windrose.»

Infrastructure Minister Volodymyr Omelyan wants to double traffic in and out of Boryspil to 20 million passengers by 2020.

At the same time, he tells reporters, he wants to promote Lviv, Odesa and Kharkiv as regional air hubs.

Air Azur Ukraine launches March 25 a once a week flight from Kharkiv to

Barcelona. The airline already flies from Kyiv Boryspil to Barcelona.

Banking & Finance >

Ukrposhta is taking a big step toward becoming a postal bank by partnering

with First Ukrainian International Bank to offer financial services at post offices. Igor Smelyanski, acting CEO of the state postal service, says he will concentrate on villages without bank branches. He says 80% of Ukrposhta's 11,700 post offices are in villages with less than 2,000 people. To start, Ukrposhta will offer rural banking in Dnipropetrovsk, Kharkiv, Khmelnytskyi, Kirovohrad, Lviv, Sumy and Volyn and Kirovohrad regions. The ultimate owner of the bank, known as FUIB, is Rinat Akhmetov.

The number of money losing banks will fall below 10 this year,

Vitaliy Vavryshchuk, a National Bank of Ukraine official predicts to reporters. As the bank cleanup continues, the number has fallen regularly – from 33 in 2016 to 18 last year.

Over the next five years, the Finance Ministry wants to cut the state share of Ukraine's banking sector from 55% today to 24%.

“UkrGasbank and PrivatBank should be fully sold in 2020 and 2022 respectively,» Finance Minister Oleksandr Danylyuk said at a government meeting Wednesday. To start, the government plans to sell this summer 20% of its shares two state-owned banks - Oshchadbank and Ukreximbank. Danylyuk added: “Before the end of 2019, we plan to create conditions for attracting minority shareholders - international financial organizations like the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), respectively, in Oschadbank and Ukreximbank.»

Concorde Capital's Alexander Paraschiy writes: “The key issue for state banks at the moment is non-performing loans, and a lot has yet to be done to enable them to resolve this issue.”

The Black Sea Trade and Development Bank is loaning EUR 15.4 million for construction of a four-star Radisson

Blu hotel in Odesa, on the site of the Seamen's Palace on Primorskii Boulevard. Conversion of this early 19th century landmark building can now start as the project already received EUR40 million from international funds, notably the Nordic Environment Finance Corporation, NEFCO, and Denmark's Investment Fund for Developing Countries, IFU.

Ukraine proposes to create the post of 'Financial Ombudsman,'

an alternative mechanism for out-of-court settlement of disputes between financial institutions and consumers, Ruslana Demchak, a Rada deputy who co-authored the measure. Tetyana Burak, a backer, writes: “The Financial Ombudsman will be independent in resolving disputes between consumers and financial institutions... He will work impartially, professionally and competently, as he works in most European countries.”

Venture capital investments in Ukraine start-ups tripled last year to \$300 million,

Andrey Kolodyuk, board head of the Ukraine Venture Capital Association, tells liga.net. This year will be even higher, predicts Kolodyuk, managing partner of AVentures Capital. On Monday, AVentures announced that it is investing in CoreValue, a fast-growing IT-outsourcing company. With 350 employees and R&D offices in seven regions, CoreValue specializes in pharimatech, fintech and healthcare.

The average pension in Ukraine grew 35.7% in 2017.

The Pension Fund disbursed \$10.6 billion in benefits to retirees in 2017.

Ukraine may qualify for another loan tranche of macro-financial assistance from the EU by this summer,

Deputy Prime Minister Ivanna Klympush-Tsyntsadze tells Ukrinform meeting on Monday in Brussels with Valdis Dombrovskis, a European Commission vice president. The last EU program ended last month after Ukraine received EUR

1.2 billion of an agreed EUR 1.8 billion. Klympush-Tsyntsadze said Ukraine «has reached significant progress” in reviving the program. Concorde Capital's Alexander Paraschiy writes: “Certainly no new MFA program is possible in case Ukraine won't agree with the IMF on the next review of its Extended Funds Facility program. Namely, Ukraine's parliament has yet to approve a law on the High Anti-Corruption Court in line with Council of Europe recommendations, as the government has yet to agree on a natural gas pricing policy for households.”

Finance Minister Oleksandr Danylyuk says the European Commission has approved a new Macro-Financial Assistance program for Ukraine. He wrote Wednesday on Facebook: «I welcome the decision to approve a new financial assistance program for Ukraine.” Over the last four years, the European Commission has mobilized EUR 3.4 billion in macro-financial assistance through three programs of low-interest loans. Of this, EUR 2.8 billion were disbursed. Last December, the Commission balked at disbursing the final EUR 600 million, citing slow progress on IMF-mandated reforms. **Carnegie Europe's Gwendolyn Sasse wrote Monday:** “EU macro-financial assistance is meant to be aligned with the IMF, but the EU has repeatedly taken a more flexible approach to its aid disbursement.”

Business >

First drafts of a free trade agreement between Albania and Ukraine were exchanged Thursday in Kyiv by Ditmir Bushati, Albania's Foreign Minister, and Pavlo Klimkin, Ukraine's Foreign Minister. As Ukraine expands trade away from Russia, free trade agreements are to be signed this year with Israel and, possibly, with Turkey. Although bilateral trade is minimal, a Tirana-Kyiv flight is being studied by Ernest Airlines, a Milan-

based airlines with flights to Albania and Ukraine.

Ukraine has met its European integration commitments by 41%, Ivanna Klympush-Tsintsadze, Deputy Prime Minister for European and Euro-Atlantic Integration says. After the free trade agreement with the EU went into effect six months ago, Ukraine set the goal of fully harmonizing its laws and regulations with those of the EU. «The Verkhovna Rada Ukraine met its integration obligations by 30%, the Cabinet of Ministers - by 42%, other executive authorities - by 50%,” she said at an EU-Ukraine ‘Future Plans’ conference Friday. At the meeting, EU Ambassador to Ukraine Hugues Mingarelli said that this year Kyiv should prioritize: tax, customs, transport and intellectual property.

In Zhytomyr, the region immediately west of Kyiv, three foreign-funded enterprises with a total of \$90 million started operation last year. According to the Regional Administration, they were: a Danish-funded pig farm, a Cyprus-funded sawmill and the reconstruction of small hydro plant on the Sluch River. This year, two solar plants are being built in Zhytomyr, one with Belgian money, the other with French.

New York City-based Interactive Advertising Bureau, or IAB, is forming IAB Ukraine. “Ukraine has witnessed unprecedented growth in its digital advertising marketplace in recent years,” said Dave Grimaldi, Executive Vice President, Public Policy, IAB. “With the formation of IAB Ukraine, this industry now has a central convening point to enhance collaboration across the industry.” Yaroslava Antipina, most recently head of Digital Projects at Media Group Ukraine, is the new CEO. Founding members include: Google Ukraine, Admixer, Kantar TNS, GroupM, Publicis One, OLX Group, Media Group Ukraine, and obozrevatel.com

GE plans to expand into healthcare in Ukraine, building on its investments in locomotive construction and wind turbines, Yulia Kovaliv, head of the Office of the National Investment Council, tells Ukrinform. She says the Boston-based company wants to supply diagnostic equipment for telemedicine in rural areas.

Ukraine's industrial output surged 3.6% yoy in January, the State Statistics Service reports. Manufacturing accelerated by 9.7%. The manufacturing jump was due to machinery – up 22.1%; metallurgy – up 8% ; chemicals – up 6%; and food – up 3%. Growth was the strongest in Lviv – up 18%; Mykolayiv – up 16.5%; and Chernivtsi – up 16%.

Betting on a driving upswing, Poland's UNIMOT S.A. plans to open 100 gas stations across Ukraine under the Switzerland's Avia brand. By 2020, UNIMOT intends to open the Ukraine network and an equal number of Avia stations in Poland.

German furniture company Polipol plans to build an upholstered furniture factory in Lviv region, according to Oleg Synyutko, head of regional administration. Herbert Vitver, a Polipol representative, tells Ukrinform that by 2021, the company will employ 1,000 people with an average salary of 500 to 600 euros.

Ukraine exported 357 new goods to the EU last year, and the number of exporting companies grew 5%, to 14,136, Natalia Mikolskaya, Ukraine's chief trade representative reports. The fastest growing items were: artificial fabrics, apricots, cherries, milk, condensed cream, fructose, projectors and electric kettles.

Ukraine will mount a large exhibition stand at the first China International Import Expo, Nov. 5-10 in Shanghai, Stepan Kubiv, Minister of Economic Development and Trade, tells Ukrinform. Kubiv says: «China is a multi-billion-

dollar consumer market, where Ukraine can supply many products, ranging from food to industrial goods, clothing, various equipment and services.» Although China has a large trade surplus with Ukraine, Ukraine exports to China, largely food, increased by 11.3% last year.

President Poroshenko is preparing to sign a bill regulating limited liability companies, the most common form of business in Ukraine. Rada Chairman Andriy Parubiy tweeted after submitting the bill to the President: "I am convinced that this law will improve the business climate and attract foreign investment in the Ukrainian economy."

Germany-Ukraine trade increased by 22.4% last year, with Ukraine's exports growing slightly faster than imports, reports the German-Ukrainian Industrial Chamber of Commerce, or AHK. The strongest driver for Ukrainian exports were: food – up 69%, followed by steel – up 57%, and chemical products -- up 39%. On the import side from Germany, the biggest growth was seen in cars – up 38.5% and mechanical engineering – up 30%. Andreas Lier, president of the Chamber, said: «The Ukrainian economy continues to diversify. It is a good thing that metallurgy in Ukraine is getting back on its feet."

Prime Minister Groyzman is to lead a new commission to protect businesses from unlawful inspections and pressure from security forces. Approved by the Cabinet of Ministers on Wednesday, the commission will include ministers, the Ombudsman and leaders of the European Business Association and the American Chamber of Commerce of Ukraine, Interfax reports.

Yaroslav, a Kyiv-based producer of textiles and bed sheets, plans to continue investing \$1 million a year to modernize textile mills in Ukraine, Alexander Barsuk, director of the company tells Business

news site. Making sheets, blankets, blankets, mattresses, children goods, kitchen towels, the company has factories in seven cities in Ukraine. Barsuk said: "For example, in Sumy region, we bought a weaving factory in Krolevets, a depressed region. Seventy people work in the factory, but by next summer we plan to increase the number of employees to 300."

KTD Group plans to start producing energy-saving refrigerators in May in Cherkasy, the Dnipro River city 200 km south of Kyiv. The new factory is to have the capacity to make 300,000 units a year, Alexander Gromyko, president of KTD Group, tells Interfax. For exports to Europe, Gromyko said, "Ukrainian producers can replace Chinese companies" due to location, zero tariff market access and wage rates one third those of China.

Danish engineering company BIIR was awarded building ownership by the Odesa Appellate Economic Court on Tuesday. The dispute that won wide media attention -- <https://theubj.com/news/view/below-odesas-tourism-promenade-corporate-raiders-mug-danish-company> A former owner of the building learned that a shopping center was to be built next door and then tried to use local police and courts to wrest control away from the foreign investor. BIIR Chairman Thomas Sillesen has said the building, overlooking Odesa port, is key to his plans to expand his Odesa staff to 500.

Energy >

Since annexation, Russia has illegally extracted 7.2 billion cubic meters of natural gas from Crimea and surrounding waters, Svetlana Neshnova, board chair of Chornomornaftogaz, a subsidiary Naftogaz, tells Hromadske TV. About half -- 3.5 billion cubic meters -- was from the Odesa gas field. Naftogaz calculates its six subsidiaries lost \$5 billion in equipment and resources in

the 2014 annexation. Represented by Covington & Burling law firm of New York, Naftogaz expects a decision this year in its suit against Russia in Permanent Court of Arbitration Court, at The Hague, Netherlands.

The Ecology and Natural Resources Ministry has refused to extend 64 oil and gas drilling permits for lack environmental impact statements. Interfax reports that Ukrnafta lost 27 permits and Ukgazvydobuvannya lost 37.

Switzerland-based Axpo Holding is opening a gas trading office in Kyiv, Axpo Ukraine, according to Ukr.Media. Hlib Timofiyuk is the director. Since 2014, Axpo has become a major gas supplier to Ukraine.

NAFTA, Slovakia's leading oil and gas company, plans to invest up to \$200 million to drill at least 15 wells in the Yuzovsky formation in Kharkiv-Donetsk. In 2015, Shell abandoned this eastern zone, fearing that separatist violence would reach the area. Three years later, Josef Levoča, NAFTA's head of exploration and production, tells the Association of Ukrainian Gas Producers: «Your country has a great resource potential for the implementation of oil and gas projects, and we are confident that Ukraine may soon become an energy self-sufficient state." Separately, in the west, NAFTA is partnering with Houston-based Cub Energy to drill their first well together this year, near Uzhhorod.

A Stockholm arbitration court has ruled that Russia's Gazprom must pay Ukraine's Naftogaz \$2.6 billion in debt, ending a four-year legal battle. "This is a real victory," President Poroshenko said on learning the decision Wednesday evening. «This is a historic decision to protect the national and financial interests of Ukraine.» He said the money "will be credited immediately" to Naftogaz. Andriy Kobolyev, Naftogaz board chairman, tweeted: «We are pleased to have won

arbitration on key issues. This is an important day for the Ukrainian people and the future of the European gas markets." Gazprom did not comment.

President Poroshenko supports a proposal in the Rada to open an energy exchange creating market prices for gas. Speaking to reporters on Wednesday, he said: "An energy exchange must be created in Ukraine. We must choose either we have communism/socialism and prices will be set ... by officials or they will be determined by the market - demand and supply, taking into account imports."

Ukraine's State Geology Service will auction permits for four oil and gas fields in April, Oleg Kirilyuk, head of the service, Gosgeonriedr, said Wednesday at the Ukrainian Energy Forum-2018 in Kyiv. Kirilyuk complained that one out of four permits are not used and fees are not paid.

The EU will sign an agreement with Ukraine in March to fund the new Energy Efficiency Fund with EUR 50 million according to Katarina Mathernova, a Slovak lawyer who is European Commission Deputy Director General for Neighborhood Policy and Enlargement.

Privatization >

The State Property Fund will auction 25% of PJSC Sumyoblenergo shares on the PFTS stock exchange on March 30, according to Vedomosti. The initial value of the block of shares is \$4 million.

Auctions of the Odessa Port Plant and of Zaporizhia Aluminum Smelter are now to be in May. Two other privatizations have been delayed. Sale of the Kherson CHP will be this month and Rigging will be in October. The government has hoped to radically expand privatization earnings this year, from \$7 million last year to \$788 million this year.

Real Estate >

American investor John Crockett announces that he will shortly open Kiev Real Estate Recovery Fund II with a \$10 million funding target. KRER Fund 1 owns 11 apartments in historic buildings in central Kyiv. With the renovated apartments largely rented to foreign diplomats and expat executives, Crockett reports: "KRER 1 is now closed to new investors, almost fully invested, dividend paying and, with total gross rents of 13.4%, has successfully exceeded its investment goals."

Kyiv's housing boomed last year, with delivery of commissioned houses and apartments increasing by 30% over 2016, the State Statistics Service reports. Across the nation, housing construction was up 9%. Construction in Kyiv city and region accounted for 35% of the total, or 3.6 million square meters. Among the big growth regions were: Poltava -- up 72%; Ivano-Frankivsk -- up 30%; Zakarpattia -- up 25%; Odesa -- up 25%; Ternopil -- up 25%; Dnipropetrovsk -- up 24.4%; Rivne region -- up 21.5%; and Lviv up 11.6%.

Turkish fashion retailer Koton enters Ukraine's market. A 1,557-square meter store opens in April on the first floor of Kyiv's Lavina Mall, occupying a space that previously housed five stores.

ProZorro.Sale, Ukraine's electronic auction platform for selling state properties, won an international competition of anti-corruption projects, «Shield in the Cloud,» the Economic Development and Trade Ministry reports. Launched in 2016, ProZorro.Sale has helped the government to sell about \$222 million of toxic bank assets through online auctions.

Science >

Kyiv to Odesa in 30 minutes? Taking a tip from Elon Musk's project to link New

York and Washington by vacuum air train, Infrastructure Minister Omelyan announced Thursday that construction may start next year on a Hyperloop testing ground in Dnipro, Ukraine's "rocket city." This year, a feasibility study is to be done by the National Academy of Sciences of Ukraine. The Academy, Ukroboronprom, and Kherson's Kakhovka Plant of Electric Welding Equipment are advising the Minister on the project company, Center for Transport Innovations Hype.ua.

Social >

Ukrainians obtained 4 million biometric passports last year, almost triple the 1.5 million in 2016, the State Migration Service reports. Today, about 6.7 million of Ukrainians, about 20% of the adult population, have biometric passports. Starting last June, Ukrainian holders of these passports, which contain embedded electronic microprocessor chips, are allowed to visit the EU visa free for 90 days.

Telecommunications >

Mobile operator Kyivstar intends to launch this year its first 4G networks in: Kyiv, Kharkiv, Dnipro, Odesa, Uzhgorod, Vinnytsia, Khmelnytsky, Ivano-Frankivsk, Ternopil and Lviv. There also will be 4G connections near border crossings in Volyn and Lviv regions and in resort towns in Odesa and Zaporizhia. 4G tariffs will be unrolled in late summer and will be "10, 15, 20 UAH more expensive than existing ones," Peter Chernyshov, Kyivstar president, tells reporters. According to the company, Kyivstar's 3G network now reaches 9,800 settlements, or 80% of the population.

Kyivstar, Vodafone Ukraine and lifecell are authorized to bid in the March 6 auction of six lots of 4G communications licenses, the National Commission for State Regulation of Communications and Informatization reports. ZN.ua reports that

Ukraine's "4G lag" will be eliminated by the end of this year. An earlier 4G auction was held Jan. 31.

Travel >

Prime Minister Groysman proposes creating a state agency to promote inbound tourism, UNIAN reports.

Speaking to representatives of creative industries, he said: «It is necessary to create a small -- literally 20 people -- agency for tourism development, and recruit people from outside the civil service.»

Transportation >

With road and railroads between Poland and Ukraine seeing unprecedented traffic, Poland's Infrastructure Ministry plans to spend \$12 million to rebuild 12km of track south from Przemysl, to restore a crossing between Malchovice, Poland and Nizhankovichi, Ukraine.

Work on rebuilding Odesa airport's 2.8 km runway will be completed next year, Infrastructure Minister Volodymyr Omelyan promises. The government has allocated \$18 to rebuilding the airport and "the construction of a cement plant is already being completed," he tells reporters. Work on the airport started in 2012, but was delayed due to a dispute over ownership between the City Council and a private group. Air traffic growth has been slow, 18% to 1.2 million passengers last year. This year, Lviv will probably displace Odesa as Ukraine's third busiest airport, after Boryspil and Zhuliany.

Renovating its rolling stock, Ukraine Railways added 907 'open top' wagons in the first two months of this year. These cars are used for transporting bulk goods such as coal, scrap, steel, wood and other cargo that can be tipped, dumped or shoveled.

Ukraine's highway construction boom has prompted Poland's Mirbud S.A. construction company to open a subsidiary in Kyiv. Mirbud President and majority shareholder Jerzy Mirgos says on his company's website: "We see here a great potential for our activities in the field of engineering and road construction."

Prime Minister Groysman asks regional media to help the government monitor road construction this year, warning that «local clans» are trying to earn «dishonest» money on paving contracts, UNIAN reports. He said the national government will monitor the estimated \$370 million in road work to be done this year by local authorities under the newly decentralized system.

The Rada has approved a bill setting the legal framework for private companies to build toll highways. Concessions are only to be made for new roads, with preference to routes that bypass towns and shorten travel times. Infrastructure Minister Volodymyr Omelyan, a backer, wrote on Facebook: "New, concession-based highways in Ukraine will be a reality! I emphasize once again: existing highways are not transferred to concessions. Only a new road, which runs parallel to an existing one, can be concessional, so that users have the right to choose: whether they drive on a toll road, or free of charge."

Prime Minister Groysman wants to make the Dnipro a working river again telling regional journalists: «I am absolutely for increasing the movement of goods, passengers across the Dnieper, I will support this in every possible way." The Rada is revising a 2017 bill that

would create a river use tax, open inland waterways to foreign flag ships, and simplify control.

Ukraine's first toll highway would connect Lviv with the Polish border, Slawomir Nowak, CEO of Ukravtodor, Ukraine's road management agency, said after the Rada approved a toll road bill. Running parallel to a heavily congested, 70 km stretch of the M 10 highway, this east-west toll road "will contribute to the expansion of economic ties between Ukraine and EU countries," Nowak said. He aims for a signing this year of a concession contract allowing construction.

Chinese, Dutch and Cyprus companies are vying for a tender to dredge Ukraine's two Sea of Azov ports, Mariupol and Berdyansk, according to the Sea Ports Authority. The Chinese bidder was China Harbor Engineering company Ltd., which last month completed dredging Yuzhny, Ukraine's busiest port. The winner is to be announced in April for the Azov dredging project, which is expected to cost about \$20 million.

