



Local budgets increase 24.1% giving local authorities real opportunities to improve infrastructure and their investment attractiveness.

Local budgets soaring. From January to May 2018 local budget revenues increased to UAH 89.7 billion, that is, by 24.1% or UAH 17.39 billion y-o-y, Vice Prime Minister and Minister of Regional Development, Construction, Housing and Utilities Hennadii Zubko has announced. The trends was observed in all regions: from UAH 180 million in Chernivtsi region, to UAH 1.9 billion in Dnipropetrovsk region. The budget of the city of Kyiv grew by UAH 2.8 billion. The largest earnings-growth rates, against the corresponding period of last year, are observed in Poltava (+30.4%), Donetsk (+28.0%), Sumy (+27.9%) and Ternopil (+27.0%) regions. The local budgets of 665 consolidated communities soared by 64.8%, or by UAH 2.9 billion. The average income showing per capita in the consolidated communities increased from UAH 802,2 to UAH 1322,1 (+UAH 519,9), the government portal reports.

Agriculture >

Ukraine-Germany agricultural products' trade grows by 150%. The trade turnover between Ukraine and Germany in agricultural and food products in January-April amounted to USD 239 million compared with USD 79.6 million the same period last year.

Ukraine, China sign memorandum on cooperation and promotion of mutual

trade in poultry, the press service of the State Service for Food Safety and Consumer Protection reports. «This memorandum opens up new opportunities for diversifying the market for Ukrainian poultry and raising competitiveness of Ukrainian food products on world markets,” Volodymyr Lapa, the head of the Service said.

Ukraine exports 39 million tons of grains in the current marketing year. «In particular, almost 16.7 million tons of wheat (including almost 10 million tons of milling wheat and 6.8 million tons of fodder wheat), 4.1 million tons of barley and over 17 million tons of corn have been exported since the beginning of the current marketing year,” the press service of the State Service of Ukraine for Food Safety and Consumer Protection reports. Exports of oilseeds have also grown.

German Development Bank loans USD 17 million to OTP. The German Development Bank (KfW) has agreed to provide OTP Leasing (Kyiv) with a subordinated loan of USD 17 million under the Agrofinancing programme over a seven year period. “To date, KfW has cooperated with banks in the Ukrainian financial sector, but leasing is a good alternative for financing investments, especially for small and medium-sized enterprises in agricultural sector. Therefore we are very pleased with our new partner,

OTP Leasing, and, providing it with a subordinated loan, we are implementing a new financial instrument in Ukrainian leasing," KfW Director in Ukraine Lutz Horn-Haacke said, according to Interfax-Ukraine.

Grossdorf begins production of granular fertilizers in Cherkasy region. The Cherkasy-based agrochemical company founded in 2016 has launched production of multicomponent solid granular mineral fertilizers with a total capacity of 35,000-50,000 tonnes per year in the village of Khatsky (Cherkasy region), Commercial Director of Grossdorf Serhiy Ruban announced during the official opening of production. "The company plans to increase production capacity to 100,000-150,000 tonnes per year," he said, Interfax-Ukraine reports.

Grain harvest expected at level of 2017 despite adverse weather factors. The grain harvest forecast remains at the level of 2017 – 60 million tonnes and more, despite that lack of rain in the south and east of the country, the Agricultural Policy and Food Ministry has announced. Since early April drought raised concerns, but rains in June had stabilized the situation. "Rains have started and we expect that in general, gross early and late grain crop harvest will be at the level of the last year," First Deputy Minister Maksym Martyniuk said. As of 18 June 2018 the first 10,500 tonnes of winter planted wheat had been harvested.

Ukraine can double agrarian production. Prime Minister Volodymyr Groysman believes that Ukraine can double the volume of agricultural production, the governmental portal reports. «We have

good prospects for the growth of crops and the economy in general. The agrarian sector is growing. We can double the agricultural production,» Groysman said during a working trip to Ternopil region. The government's support programs, which are already yielding results, will contribute to the achievement of the goal. In particular, this concerns programs for increasing the young stock, constructing new and expanding existing farms, and reducing the cost of technology," he said. The prime minister noted that emphasis in the agrarian sector is being placed not only on increasing production, but also processing.

Ukrainian foods popular in Japan. Based on the results of the market research... the Ukrainian food products that are most popular with Japanese consumers include: confectionery, snacks and superfoods, tomato paste and other types of pastes from vegetables and berries, jams, canned vegetables and fruits, beer, wine, organic products, honey, nuts, the press service of the Agrarian Policy and Food Ministry of Ukraine reports. In 2017, bilateral trade in agrarian and food products between the countries totaled USD 89.2 million.

Anti-corruption >

Poroshenko agrees to IMF's insistence to amend Anti-Corruption Court Law (HACC). After a telephone discussion with the Ukrainian president, Christine Lagarde, Managing Director of the International Monetary Fund (IMF) said: "I am very encouraged by the adoption of the law on the High Anti-Corruption Court (HACC) by the Ukrainian parliament, which is an important step forward in the authorities' fight against corruption.»

She added: "We agreed that it is now important for parliament to quickly approve the supplementary law submitted by the President to formally establish the court, as well as the necessary amendments to restore the requirement that the HACC will adjudicate all cases under its jurisdiction, including all appeals of relevant first instance court decisions, as it was in the draft law approved in the first reading," the statement reads. "We also agreed to work closely together, including with the government, toward the timely implementation of this and other actions, notably related to gas prices and the budget, that are critical to allow the completion of the pending review under Ukraine's IMF-supported program," Lagarde said, as reported by UNIAN.

Banking & Finance >

Anti-smuggling operations intensify.

Last year, the combined efforts aimed at deshadowing the work of the customs, brought additional revenues amounting to UAH 70 billion to the state budget, Prime Minister Groysman announced. As a result the Cabinet of Ministers in cooperation with the law enforcement agencies, the Prosecutor General's Office, the National Anti-Corruption Bureau of Ukraine (NABU), the Specialized Anti-Corruption Prosecutor's Office (SAPO) and the State Fiscal Service of Ukraine (SFSU) have enacted an action plan aimed at further combating smuggling and shadow schemes at the customs, the government portal reports.

Trade dynamics revealed. The leading countries in terms of export growth from Ukraine in January-April 2018 (y-o-y) are Latvia (+84%), Morocco (+ 67.8%), Moldova

(+ 66.7%), Slovakia (+ 65.7%), Serbia (+ 57.5%), Bulgaria (+ 46%), Hungary (+ 48.8%), Germany (+ 37.4%), Iraq (+ 37.8%), and the Czech Republic (+ 33.8%) The top single export destinations were Russia (7.7%), Poland (7%), Turkey (6.1%), Italy (6.1%), India (5.7%), Egypt (4, 2%), China (4.2%), Germany (4.1%), Hungary (3.7%), and the Netherlands (3.4%) the State Statistics Service has revealed in data on the geographical structure of foreign trade. The largest drop in exports was recorded in: Iran (-43.7%), Japan (-26.7%), Republic of Korea (-23%), Egypt (-21.5%), Saudi Arabia (-20.7%).

Ukraine's gross foreign debt decreased by \$288 million in first quarter.

During Q1 2018, the gross foreign debt of Ukraine decreased by USD 288 million - to USD 116.290 billion, the National Bank of Ukraine (NBU) has announced.

Ukraine's GDP grew by 3.1% in Q1 2018.

Prime Minister Volodymyr Groysman said at a meeting of the Verkhovna Rada Committee on Economic Policy: «Last year we managed to achieve 2.5% of economic growth. In the first quarter of this year, Ukraine's GDP grew by 3.1%. Now we set a goal at the level of 5% or more,» Ukrinform reports.

13% of Ukrainians own crypto-currency.

According to research Kantar TNS Online Track, 72% Ukrainians know about crypto-currency, 23% have only heard the name, and 3% had never heard of it before. 13% own crypto-currency, Ukrop News 24 reports.

New currency law adopted. Verkhovna Rada passed a new law on currency regulation at the third attempt in its

second reading. 228 deputies voted for its adoption, 2 more than required. The law, which will permit accelerating currency liberalization, indicates a conceptually new approach to the system of currency regulation and supervision - «everything that is not directly prohibited is permitted,» Interfax-Ukraine reports. Until now, a decree of the Cabinet of Ministers on the system of currency regulation and currency control dated 1993 has been the main normative and legal act regulating the currency market. The Governor of the National Bank (NBU) Yakiv Smolii told parliament the NBU will gradually remove currency restrictions.

NBU expects accelerated economic growth in Q2 2018. The NBU expects a moderate acceleration in the growth of the Ukrainian economy and stable growth in investment activity in the second quarter of 2018. Further increase in consumer demand will be facilitated by increased income of the population (including through military pensions, wages and remittances). NBU's press service says. In Q1 2018, the economy accelerated growth to 3.1% on an annual basis. Compared to the previous quarter, GDP growth was 0.9% seasonally adjusted. Actual growth rates of real GDP in Q1 2018 were higher than the NBU's expectation of 2.3% in the Inflation Report for April 2018.

International reserves sufficient for debt repayment. Governor of the National Bank (NBU), Yakiv Smolii, says the country's international reserves are sufficient to cover a period of peak payments on state debt until the end of 2020, even without external financing. However, further prospects for the country's economic growth will directly depend on progress in

implementing structural reforms, he said at a coordination meeting with heads of the country's major banks, UNIAN reports.

Consumer price rises 4.4% but show an uneven curve. In January-May 2018 the price of bread rose by 18.4%, y-o-y, according to the State Statistics Service. The price of pasta increased by 9.8%. Inflation in Ukraine in May 2018 in annual terms compared to May 2017 – amounted to 11.7%. Consumer prices in Ukraine in May 2018 compared to December 2017 rose by 4.4%. Eggs, buckwheat, potatoes and onions saw a reduction in price in May, and in the first two weeks of June meat prices had fallen, Ukrop News 24 reports.

Business >

Dutch build 2 chemical tankers in Ukrainian shipyards. Smart Maritime Group (SMG) of Smart-Holding is building two chemical tanker hulls at the Kherson Shipyard for Dutch VEKA Shipbuilding WT B.V. According to the contract signed in May, SMG will build hulls, install pipeline network, deck equipment and paint the tanker hulls. The contract is valued at over UAH 145 million (some USD 5.6 million is the first for 5 years. The second tanker hull will be built at Mykolaiv Shipyard belonging to SMG. "This is really an important event for Ukrainian shipbuilding, since it is the first foreign contract in the industry since 2013. We have made great efforts to convince the customer, to convince Ukrainian and European banks to finance this project" SMG's press service said, citing Director General of SMG Vasyl Fedin. SMG and VEKA Group have cooperated for more than 10 years.

Lithuanian Avia Solutions Group increases investments. The Lithuanian capital group has acquired the Ukrainian transport lease company, Dniprotranslogistyka. It already owns two aircraft servicing companies BGS Trans UA (100 percent) and Baltic Ground Services UA (50 percent). Avia Solutions Group operates over 30 companies worldwide and has around 3,000 employees. Global Financial Market Review reports.

Cardboard packaging demand grows. Rubizhne cardboard packaging mill in Luhansk region, one of Ukraine's largest cardboard packaging producers, produced 101.98 million square metres of corrugated cardboard boxes in January-May 2018, including goods from its Trypilsky packaging plant, which is 17.3% up y-o-y. The mills increased production of components of corrugated cardboard (cardboard and fluting) by 7.1%, to 122,200 tonnes. The total commodity amount produced by both plants in the period in monetary terms grew by 35.3%, to UAH 2.262 billion. According to UkrPapir association, cardboard packaging production in January-May 2018 grew by 8.4% and amounted to 416.9 million square metres, Interfax Ukraine reports.

Ukraine's cyberpolice break network of fake crypto trading sites. The cybercrime combating squad has exposed a series of fraudulent crypto trading websites. Four people are suspected of offering fake online exchange services and having maintained at least six platforms, CoinGate reports. "The six fake websites are: moneycraft.info, swapex.net, myexchanger.lv, iconvex.net, likechange.biz, and wowex.online. Ukraine has experienced growing interest in crypto

currencies with a rising trend in crypto trading and the investor base.

Estonia's startup Taxify re-launch operations. Taxify designed a mobile phone based ride-sharing platform which entered the Ukrainian market in 2016, has decided to re-launch the service in Kyiv and later in other large cities. According to Marcus Willig, CEO and co-founder of Taxify, the company has huge potential for growth in Ukraine. Over the past year the number of trips organized by Taxify users has grown 10-fold, and today more than 10 million people and 50,000 drivers use the company's service.

Ukrposhta launches express delivery from China's JD.com. The state postal service has launched an express delivery service for goods from Chinese e-commerce platform JD.com. Customers in Ukraine used to wait 45 days for delivery, but now this will be reduced to 14, Ukrposhta has announced.

Kyiv and Shanghai agree to deepen cooperation. The Kyiv City State Administration (KSCSA) has hosted talks with representatives from the Chinese city of Shanghai about mutual partnership, the Administration's press services reported. The parties agreed to expand and deepen cooperation not only in the infrastructure and transport spheres, but also in tourism and IT industry. The KCSA is planning a working visit of Ukrainian officials to Shanghai, as well as Ukraine's participation in the first China International Import Expo, to be held in Shanghai in November.

UFuture opening plant in Bila Tserkva, first of many. The Plank Electrotechnic plant, manufacturer of modern electrical

systems and part of the conglomerate UFuture Investment Group will start operating on the territory of the Bila Tserkva industrial park this autumn. According to UFuture, Plank Electrotechnic will produce 4.6 million units of electrical fixtures and other electrotechnic products per year. Around 50 jobs will be created in the first stage, and up to 300 later. The electrical fixtures market in Ukraine is estimated by the company at UAH 500 million a year. The company plans to build up to 20 plants in the next three to four years," Khmelnytsky said, Interfax-Ukraine reports.

Ukraine-Latvia trade turnover grew 37% in Q1 2018. Foreign Minister Klimkin announced this during a joint press conference with Latvia's Foreign Minister Edgars Rinkēvičs, Ukrinform reports.

Ukraine and Israel finalize FTA. Foreign Minister Pavlo Klimkin has confirmed with Israeli leaders that the bilateral Free Trade Agreement is virtually ready, the press service of the ministry reports. During the 11th meeting of Joint Ukrainian-Israeli Commission on Trade and Economic Cooperation meeting, "the sides discussed and agreed upon many topics of mutual interest, particularly in the area of trade and investment, agriculture and water management, energy and communications, standardization and tourism."

Ukrainian-Lithuanian cooperation growing. Ukraine and Lithuania have agreed common positions on regional security and economic cooperation both at bilateral level and in the international arena, according to a joint statement by Prime Minister Groysman and Lithuanian Foreign Linas Linkevičius following their meeting.

Of particular mention was the Lithuanian initiative «The new European plan for Ukraine,» elements of which should be taken into account when introducing new financial support instruments for Ukraine by the European Commission, the governmental portal reports. In 2017, the volume of trade amounted to over USD 1 billion dollars, an increase of 38.6 % compared with 2016. According to preliminary data, Ukrainian exports to Lithuania grew 25.4% during the January-May 2018 period, bilateral trade increased to USD 416 million.

Ukraine, Turkey free trade area 90% ready.

The two countries have already considered more than 21,500 positions on a free trade agreement, First Vice Prime Minister - Minister of Economic Development and Trade Stepan Kubiv has told the Verkhovna Rada Committee on Economic Policy Issues, Ukrinform reports. On 21,000 components agreement has been reached. About 1,500 remain to be coordinated, especially related to expanding agrarian production, tariff quotas, export duties, and export subsidies,» Kubiv said.

Energy >

Ukraine and Azerbaijan to develop cooperation in energy sector.

This was the subject of the third meeting of the Ukrainian-Azerbaijani Working Group on Energy held in Baku. The implementation of the Southern Gas Corridor (SGC) and the search for mechanisms to attract Ukraine to this project offer considerable potential. Cooperation in the oil and gas and electricity sectors and the supply of different grades of oil to Ukrainian refineries and to the countries of Central and Eastern Europe, were discussed,

Ukrinform reports. In January-May 2018 Ukraine imported crude oil for USD 194.853 million from Azerbaijan, USD 7.176 million from Algeria, USD 1.844 million from Iran and USD 1.616 million from other countries, Interfax-Ukraine reports.

Interregional energy efficiency centres being created. At least five interregional energy efficiency centres will be created to provide consultative services in energy efficient technologies. «Five substantial interregional energy efficiency centers are planned to be opened in Kyiv, Lviv, Vinnytsia, Kharkiv and in a city in southern Ukraine,» the Acting Head of the Parliamentary Committee on Fuel and Energy Complex, Oleksandr Dombrovskiy, has announced, Ukrinform reports.

China's Seraphim wins tender to supply solar power plant. Jiangsu Seraphim Solar System has won the tender to supply solar cell arrays with a total capacity of 246 MW for construction of a solar power plant by DTEK in the Dnipropetrovsk region. DTEK estimates the cost of the project at EUR 230 million. The construction of the plant is to be completed before the end of 2018 year and from March 2019 the company wants to start feeding power into the national power grid. To ensure the connection of the solar power plant Ukrenergo will reconstruct an open-type 150 kV switchgear with 330 kV capacity at the Nikopol substation. Here the expected tender price will be up to UAH 20.833 million. DTEK launched its first Tryfonivka solar power plant with a capacity of 10 MW in Kherson region.

Germany's BASF to supply fuel additives. Ukgazvydobuvannia and Germany's BASF chemicals sign a three-year contract for the supply of fuel additives for Shebel fuel,

the press service of Ukgazvydobuvannia has reported. "The fuel additive packages enable saving on fuel consumption, reductions in engine corrosion and engine wear," Ukgazvydobuvannia is wholly owned by Naftogaz, and is a large gas processing company, that accounts for about 75% of total gas output in the country.

Philip Morris Ukraine switches to bio-fuel. The giant tobacco company is completing the construction of a solid bio-fuel boiler. Investment in the project is valued at around UAH 63 million. "Any kind of granular biofuel can be used, which will allow reducing greenhouse gas emissions several times. Savings from the switch from gas to renewable energy will be about UAH 15 million per year. The company is also planning the construction of additional warehousing. In 2017, investments in the factory exceeded USD 11 million, while total investment by Philip Morris International (PMI) in Ukraine amounted to USD 348 million, Interfax-Ukraine reports.

Ukraine to reach energy efficiency at 9% by 2020. The country is expected to reach energy efficiency at the level of 9% by 2020, compared with the situation in 2005-2009, Minister for Regional Development, Construction, Housing and Utilities Hennadiy Zubko said. «Today, all the international partners help Ukraine move towards energy efficiency. However, this path is impossible without the implementation of key European energy efficiency directives and a roadmap, which clearly spells out all international experience in reforming not only the housing and municipal sector but business, transport and infrastructure as well,» he elaborated. The next steps in

implementation of the energy efficiency programme will be the creation of an information system, development of a communication campaign, introduction of an energy audit, certification, commercial accounting and payment discipline, Ukrinform reports.

Ukraine's boosts supplies of liquefied gas from Kazakhstan. Exports of Kazakhstan's liquefied gas to Ukraine increased by 11.5 times and amounted to almost 87,700 tonnes in January-May 2018, UPECO consulting company announced. The main exporter of Kazakhstan's LPG to Ukraine is Tengizchevroil. The company exports propane and butane fractions directly in accordance with long-term and spot contracts.

Infrastructure >

Italferr start feasibility study for Odesa-Kyiv-Lviv high-speed trains. Ukraine jointly with the Italian company Italferr, the European leader in this sphere, have started designing a feasibility study for the introduction of high-speed trains in Ukraine, the press service of the Infrastructure Ministry reports after a meeting of Minister Volodymyr Omelyan with President of Italferr, Riccardo Maria Monti. The Minister said that the introduction of high-speed trains is a mega infrastructure project of national importance, Interfax-Ukraine reports.

Real Estate >

Lviv IT Cluster to build IT Village housing estate. "The complex with a total area of 17 hectares will consist of 133 separate houses in the village of Nahoriany, in

Pustomyty district, 9 km from Lviv." Construction of the much needed housing will start in the summer of 2018 and the project should be completed in 2-2.5 years. The general contractor is Lvivbud construction company, Interfax-Ukraine reports.

Social >

Increased retirement payments from July.

The state budget foresees an increase of the minimum superannuation payments - from July 1 and from 1 December, Vice Prime Minister Pavlo Rozenko announced. From 1 July retirees whose pensions depend on the subsistence minimum will receive updated pensions. «Starting from July 1, the minimum living standard for people unable to work due to an illness or disability will rise. Over 1 million Ukrainians will get increased retirement payments», he emphasized. The next increase of pensions, as envisaged in the state budget, will occur on 1 December when the "size of the minimum pension will increase to almost UAH 1,500," he added, the governmental portal reports.

Government approves co-financing of rural hospitals with local authorities.

The Cabinet of Ministers has endorsed a plan to better equip rural hospitals with equipment in collaboration with the local authorities. Prime Minister Groysman stressed the readiness to provide resources to rural areas, including the construction and reconstruction of outpatient clinics. However, the local self-governments should be responsible for supporting medical workers and providing them with housing, the governmental portal reports.

Travel >

Boryspil Airport ranked second for passenger flow increase in ACI Europe rating. According to the results of Airports Council International (ACI Europe), Boryspil International Airport took the second place in the category of airports that handle 10-25 million passengers in April 2018. Passenger flow increase by 21.8%," reads the report. ACI Europe's latest Airport Traffic Report includes figures from 243 airports in total representing more than 88% of European air passenger traffic.

Ukraine's SkyUp to fly FC Shakhtar. Low-cost airline SkyUp Airlines and Shakhtar Football Club to sign a cooperation agreement. The agreement will be the first between the national low-cost carrier and the football club. Shakhtar are the 11-time champion of Ukraine, the winner of the 2009 UEFA Cup, Interfax-Ukraine reports.

Transportation >

Ukraine passes International Maritime Organization (IMO) audit. «We were able to organize ourselves and prove that Ukraine is a sophisticated maritime state," Infrastructure Minister Omelyan commented. Ukrainian experts can now qualify as IMO auditors, and the country can serve as an example for other states

as to how to prepare for the audits, Interfax-Ukraine reports. The minister also pointed out that 80% of the global freight traffic is by sea, and every sixth sailor in the world is Ukrainian. He also thanked Canada for its support. In July 2017, the Infrastructure Ministry and the EDGE international technical assistance project, funded by the Government of Canada, signed a joint action plan to support reforms in the maritime security sector.

Revenue up 380% at Ukrzaliznytsia.

During January to May 2018 Ukrzaliznytsia received a net income of UAH 382.4 million, 3.8 times more than the previous year, the company's press service reports. The value of sales reached UAH 33.5 billion. Revenues from transportation increased by UAH 4.1 billion (15%, y-o-y) and totaled UAH 31.6 billion, which was UAH 176,8 million above expectation. Expenditures on transportation in January-May amounted to UAH 31,3 billion, of this UAH 22.6 billion was from cargo and UAH 8.7 billion from passengers. In 2016 Ukrzaliznytsia lost more than UAH 7 billion. But by the end of 2017, the losses of the company had decreased to UAH 77.24 million.