



Decathlon join other European retailers in Ukraine as investor optimism continues to grow. Construction is up, dairy exports are up and modern roads will be ready in five years.

Economy and Banking >

French sportswear manufacturing giant Decathlon will expand their production base in Ukraine, while launching first retail outlets.

«It's good news that Decathlon have decided to open their first store here in Ukraine and we expect this will happen in the first quarter of 2019,» said Daniel Bilak, Director of UkraineInvest, the country's official Investment Promotion Office. «We're especially pleased to be welcoming them now, so soon after major global brands like H&M, IKEA and Ryanair also decided to enter the Ukrainian Market.» «Some of the products sold in their first store here will be produced in Ukraine and we understand that Decathlon want to expand their manufacturing base here, creating jobs and further improving investor confidence in Ukraine,» Bilak added.

The NBU could launch an innovative, state-backed digital currency, the NBU has said.

The National Bank of Ukraine (NBU) will consider launching a state-owned digital currency, based on blockchain, local news outlet Vesti Ukraine reported this week. NBU says that the blockchain-based hryvnia, or e-hryvnia, has to be centralized and remain under government control, Vesti Ukraine writes. The state-backed coin is expected to increase the rate of non-

cash payments, along with reducing their cost, CoinTelegraph reported. Ukraine has brought up the «digital coin» idea several times already, within the framework of project called the «Cashless Economy.» For instance, NBU had revealed plans in January to launch an e-hryvnia that would not be based on blockchain technology. According to bank officials, this version of a Ukrainian state-backed coin would have to be tied to the national fiat currency at a rate of 1:1. According to the NBU, this would prevent the growth of the inflation rate. However, issuing an e-hryvnia based on blockchain still remains in the planning stages, with the bank noting: «The decision on the appropriateness of the introduction of electronic hryvnia in full will be taken only after a detailed analysis.» Advisor to the head of Ukrainian Bank Association Alexey Kustsch thinks that digital currency like e-hryvnia cannot be compared to cryptocurrencies, since crypto is anonymous and decentralized by definition, unlike a state-backed coin. Kutsch also noted that a state-backed digital currency based on blockchain is «quite a promising direction,» adding: «On the one hand, it will protect human rights in terms of property, and on the other – significantly reduce the costs and time of transactions, as well as accelerate the turnover of money in the country.»

Ukraine imported USD \$1.4B worth of cars from January through August, according to the SFS.

In comparison, car exports from Ukraine over the period under review are estimated at USD \$5.25m. This was reported by the State Fiscal Service, as cited by UNIAN. According to customs statistics, the largest number of cars imported into Ukraine was from Japan - in the amount of USD \$237m. In second place was Germany, with imports exceeding USD \$221m. The U.S. follows closely with USD \$194m in sales. Also, the DFS reported that in January-August, Ukraine exported 5.25 million dollars worth of cars. Most Ukrainian cars are sold in Canada, the USA and the Czech Republic. In 2017 sales of new passenger cars in Ukraine increased by 25 percent to 82,300.

Infrastructure minister Omelyan: Growth of imports from US is driven by restoration of Ukrainian economy.

«The last year trend of increase in US-Ukraine bilateral trade turnover and Ukrainian exports to the United States will continue in 2018. In the first half of 2018, the total commodity turnover between Ukraine and the United States increased by 14% compared to the same period in 2017. The growth of U.S. imports to Ukraine is driven by the restoration of the economy of our state,» Ukrainian Infrastructure Minister Volodymyr Omelyan said at the meeting with Acting Special Representative of the U.S. Department of State for Commercial and Business Affairs Scott Ticknor as part of a working visit of the Ukrainian government official to the United States of America. The Infrastructure Ministry of Ukraine, with the support of the EU, developed the National Transport Strategy of Ukraine until 2030 - Drive Ukraine 2030 - to ensure the sustainable development of the transport sector, attract foreign investment into Ukraine

and ensure compliance with the best European and international standards, the minister added. The strategy provides for the implementation of large infrastructure projects. «We want our partners to be confident it is safe to invest in Ukraine. The recent contract of the Ukrzaliznytsia Ukrainian Railways with the General Electric is another proof,» Omelyan noted.

Construction in Ukraine is up slightly this year, Ukrinform reports.

Since the beginning of 2018, construction works have been carried out for an estimated total amount of UAH 73.2b, which is 5.7% more compared to the same period in last year, as reported by press service of Ukraine's Deputy Minister of Regional Development, Construction, Housing and Utilities, Lev Partskhaladze. The city of Kyiv (UAH 16.7 bn) and Odesa region (UAH 9.6 bn) became the leaders in terms of construction works. At the same time, Odesa (143.7%), Khmelnytsky (132.5%) and Ivano-Frankivsk (131.4%) regions demonstrated the best results in terms of growth.

Agriculture >

Ukraine has boosted its dairy exports by 8.4 percent so far this year.

Over the period under review, Ukraine exported cheese to the tune of over USD \$20m. Most of Ukraine exported animal butter – USD \$92.4m, condensed milk – USD \$43.7m and casein – USD \$30.6 m.

Export of dairy products from Ukraine during the eight months of 2018 amounted to USD \$228.3m in total, or 8.4 percent more than in the same period last year. This was reported by the press service of the Ministry of Agrarian Policy and Food of Ukraine, referring to the words of the Deputy

Minister of Agrarian Policy and Food on European Integration Olga Trofimtseva. «Over the eight months of this year, Ukraine has expanded the export of dairy products to markets of other countries by almost USD \$17.8m compared to the same period last year.»

Infrastructure >

Ukraine will have modern roads in five years, Prime Minister Groysman has said.

In accordance with the Ukrainian government strategy for the development of the road sector, the roads built in line with modern standards will connect all regional centers of Ukraine in five years.

Prime Minister Volodymyr Groysman said this during his visit to a section of the M-09 Ternopil-Lviv-Rava-Ruska road, part of the Go Highway corridor, which will connect the Black Sea ports with the western border with the European Union, according to the government portal.

«I promised that this road will be built and it has been built. I remember in what condition this road was. I drove on it 15-20 years ago. Residents of Ternopil drove to Lviv in 3.5 hours, and now it takes them at most 1.5 hours. We finally linked Lviv and Ternopil, and then we will link Lviv and Ternopil with the Black Sea, and the Black Sea with the western border and with the EU,» Groysman said. He stressed that the work would continue next year. «This is part of the implementation of our strategy - to connect all regional centers of Ukraine in five years. I emphasize that Ukrainians have the right to drive on good roads and they will drive on high-quality roads,» the prime minister said.

South Korean drone manufacturer will develop business in Ukraine. A

representative office of for the development of drones belonging to Safeus Drone has been opened in the Kropyvnytsky (former Kirovograd) Flight Academy of the National Aviation University.

«We have been developing the technology park for almost five years. Today we welcome the representatives of one of the world innovative countries - the Republic of Korea - who have significant achievements in the field of drone manufacturing. Our cooperation will concern the technology park models and we will have many cooperative activities. The professors and students of our university are already working in this center,» head of the flight academy Serhiy Nedilko said in a commentary to an Ukrinform correspondent. The main directions of the cooperation are the development of technologies for the use of drones in various fields; drone and robotics training for students; organization of a network of service centers for drone owners and others.

Ukraine interested in adopting US experience in development of digital infrastructure.

«Ukraine is interested in improving the efficiency and quality of providing public services to citizens and businesses. In this context, much attention is paid to digital infrastructure. One of the main goals is to ensure that all roads and railways are 'smart' in the future. We seek to integrate the whole transport infrastructure into one intelligent network,» the Minister of Infrastructure of Ukraine Volodymyr Omelyan said at the bilateral meeting with Derek Kan, U.S. Under Secretary of Transportation for Policy, Brian Hedberg, Director of the Office of International Aviation at U.S. Department of Transportation, and David Burkholder,

Deputy Executive Director for the Office of International Affairs in the U.S. Federal Aviation Administration as part of a working visit of the Ukrainian government official to the United States of America.

Energy >

Ukrainian, Croatian presidents discuss energy security and territorial integrity.

Ukrainian President Petro Poroshenko has thanked his Croatian counterpart Kolinda Grabar-Kitarovic for supporting Ukraine's sovereignty and territorial integrity. The meeting between the two presidents was held at the 73rd session of the UN General Assembly in New York on Wednesday, the press service of the head of state reported.

«The Ukrainian president thanked the Croatian side for the consistent support of Ukraine's sovereignty and territorial integrity, as well as for Zagreb's significant humanitarian and expert assistance to our state,» reads the statement. In addition, the parties discussed a wide range of bilateral relations and interaction in international organizations.

«Petro Poroshenko expressed his hope for the continuation of an active bilateral political dialogue between Ukraine and Croatia in order to realize the significant potential of Ukrainian-Croatian partnership in all spheres of bilateral cooperation,» the report said.

According to the press service, special attention was paid to the issue of energy security on the European continent.

Ukraine imports almost 5.3 billion cubic meters of gas from Europe in Jan-July, UNIAN reports. In January-July 2018, Ukraine imported 5.3 billion cubic meters of natural gas for a total of \$ 1.5 billion, the State Statistics Service reports. According to a report, companies registered in Switzerland have supplied 2.1 billion cubic meters of gas to Ukraine to 590.7 million dollars, from Germany it was delivered 1.8 billion cubic meters to 513, 6 million dollars, from Poland - 438 million cubic meters to 130 million dollars, the UK - 345.4 million cubic meters to 95 million dollars, the Czech Republic - 169.5 million cubic meters to 46.4 million dollars, from Hungary - 164.6 million cubic meters per 44.8 million dollars, from Slovakia ranks - 89 million cubic meters for 24 million dollars, from Luxembourg - 70 million cubic meters for 20 million dollars.

Editor's Note – The Business Week is produced by researchers and editors who monitor Ukraine's most important business news headlines during the week so you don't have to. This week, we have sourced some leads from **Ukrinform** and **UNIAN**. Business Week also sources information from reliable public domain sources like company statements, government press releases and social media posts. Thank you for reading.