



Ukrainian  
Chamber  
of Commerce  
and Industry

DIGEST

# BUSINESS HERALD

INTERNATIONAL

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## ■ Ukraine and SaUdi arabia will jointly conStrUct air- planeS

«Taqnia Aeronotics», a daughter entity of the Saudi company for development and investments and «Antonov» State company have signed the agreement on development and production of the light transport plane An- 132 in Saudi Arabia. The main goal of the agreement is to fulfill a number of tasks in aviation construction and technology transfer to Saudi Arabia as well as to train Saudi personnel by the Ukrainian experts for operation in the field aviation construction.

In line with the above agreement the Scientific-technological center named after King Abdulaziz (KACST), «Taqnia Aeronotics» and «Antonov» State company will further develop and modernize the existing model An-32 to achieve better characteristics as to the useful payload, range and take-off parameters. The new plane will have the name An-132 and Saudi Arabia will enjoy the intellectual and designing rights of the plane.



## ■ Ukrlandfarming will con- StrUct a grain terminal

Ukrlandfarming Agroholding plans to start construction of the grain terminal in the sea trade .port of «Pivdennyi» (Odessa region) in July this year. The company is to complete construction of two docks by 2017.

The earlier set term by 2014 was delayed due to political and economic crisis in the country as well as shortage of company funds. Con-

struction cost is estimated at 700-800 mln dollars.

The Ukrlandfarming structure includes 111 horizontal grain storage facilities, 6 seed plants, 6 enimal feed plants, 6 sugar plants and 2 leather producing plants as well as an egg products plant «Imperovo Foods», 19 poultry-breeding plants, 9 hen farms, 3 poultry farms, 3 selection breeding farms, 3 long-term storage facilities and 19 meat-processing plants.

## ■ Ifmp will increaSe agri- cUlUral machinery pro- dUction by 2.5 timeS

In 2015, Lozova Forging-Mechanical Plant (LFMP) is going to increase its agricultural machinery production by 2.5 times. In addition to traditional equipment, the new agricultural machinery, bridges for repair and road machinery will be produced and special-purpose machinery will be repaired. To this effect, an advanced painting chamber will be purchased and a new brand «Lozova Machinery» will be introduced to the Ukrainian and international machine-building markets. It should be mentioned that this Plant is the only one in Ukraine manufacturing transmissions for armoured vehicles, therefore the Plant management expects new orders for special-purpose machinery repair.

Bridges for repair and road machinery is another promising direction since there expanded the equipment production in post-Soviet regions due to rising costs for foreign machinery. Much more orders are already placed at LFMP.

## ■ Hi-tecH eqUipment for tHe developed coUntrieS.

«Klei Adhesive Machinery» company has invested \$ 500.000 for its production renovation.

As a result, now 80 % of its products go for export, including developed countries like Holland, Sweden, Uruguay, Serbia, Georgia, Estonia etc. As the company goal is search-

ing for the new markets, the Klei Adhesive Machinery implements the international quality standards, ISO 9001 including, and develops production.

The main field of the company activity – supply of hi-tech equipment to glue various materials. The company designers develop machines according to the client requirements and their high-class specialists materialize their ideas in metal. That's why the company machines meet the world requirements. But they are much cheaper. That is why the company operates at full capacity. Soon one of the machines will be shipped to a Baltic country.

## ■ ZaZ planS to prodUce 1,3 tHoUSand carS dUring two monthS

Zaporizhia auto works has fully renewed car production after a shut-down at the end of 2014 and intends to manufacture 1,3 thousand cars within two months.

Due to a sharp market drop the plant had to slow down production rate to 5-7 cars per hour with the monthly production program of 650 cars.

There are no forecasts in the company for the number of cars per year due to the unstable economic and political situation in Ukraine.

According to the information from UKRAVTOPROM sales of the ZAZ cars have dropped by 55% – to 7,9 thousand cars, while the total car output in Ukraine dropped by 43% to 28,75 thousand cars.



### ■ overall reconStrUction of tHe trypillia thermal power Station (tPs)

The Trypillia TPS which belongs to the «Tsentrenergo» Public Joint-Stock Company has reached a set power capacity of its 325 Mwt Block 2 following its massive reconstruction which has been going on since the beginning of 2013. The cost of this project – 1,168 bln hryvna, the pay-off period – up to 7 years.

The reconstruction of the Block 2 has made it possible to increase its power by 25 Mwt, to install a modern system for emission cleaning (sulphur including) as well as a new control systems. In general, the scheduled service term of the Block 2 has been prolonged by 20 years with the possibility of further prolongation.

As an example, the reconstruction works of the boiler house section have been made with the assistance of the «Kotloturboprom» LLC (Harkiv city). Earlier similar works had been done by the Russian companies only. Equipment and machinery from «Turboatom» and «Elektrovazhmash» (Harkiv city) as well as from «Radiy» (Kirovograd city) were also used.

### ■ 22nd Start of tHe «dnipro» program

The «Dnipro» carrier rocket successfully launched into orbit «Komp-Sat-3A» – a Korean Earth remote sensing satellite weighing 1112 kg.

The «Dnipro» rocket is based on an intercontinental ballistic missile, which was developed in the 1980s by the «Pivdenne» Construction Bureau named after M.K. Yangel and is manufactured by the «Pivdennyi» Machine-Building Plant named after O.M. Makarov.

This carrier rocket is used to launch targeted and cluster satellites on orders of many countries. The «Kosmotras» international space company performs modernization of the rocket with the involvement of Ukraine.

This was the 22nd start of the rocket during implementation of the «Dnipro» program.

### ■ «aStarta» boUgHt agro company in kHarkiv region.

«Astarta» Agroholding – the Ukraine's largest sugar producer has completed all formalities in the first quarter of 2015 for buying «Savyntsi-Agro» LLC (Kharkiv region) which is involved in growing technical and other agricultural products.

The cost of the contract is EUR 462 thousand (nearly 11,75 mln hryvna).



### ■ tHe «cHeeSe cLUb» in-veSted in new varietieS of cHeeSeS

The «Cheese Club» company, which is among the five largest manufacturers of cheese in Ukraine, invested 700 thousand hryvnas in the production of new varieties of cheeses, which are expected to replace expensive imported brands of cheese. The first batch of new products – 12 tons – is already being sold in trading networks.

Since Ukraine joined the WTO in 2008 and since the reduction of the import duty, the volumes of imports of foreign cheeses to our country have increased dramatically: from 4 thousand tons in 2009 to 17 thousand tons in 2013. However, in early 2014 the volume of imports of European manufacturers' products began to fall. It is expected that this trend will continue this year. The main reasons for this situation were devaluation of the hryvna and introduction of additional 10-percent import duty on all food products.



### ■ tHe «ktp» will prodUce Ukrainian-finniSH HarveSt ers

The Kharkiv Tractor Plant (the «KTP») signed an agreement for cooperation with the Finnish «Sampo-Rosenlew» company. According to Director General of the «KTP» JSC Vladyslav Gubin, negotiations lasted for almost a year, and now the company had already finished upgrading production lines for the production of new machines.

«We want to produce their entire line range of equipment – grain harvesters, trailers as well as to service them. This year we will produce a pilot batch and next year – at least 200 units», – he said.

### ■ in 2015, tHe «Ztmp» will Hold a major overHaUl

In 2015, the Zaporizhzhya Titanium-Magnesium Plant (the «ZTMP») plans to increase production of titanium sponge to 9,4 thousand tons (in 2014 7,2 thousand tons were produced). It is also expected to perform a number of large-scale renovations in the main production facilities.

«In addition, our new HR-policy is focused on staff training and implementation of various incentive programs. Therefore, in 2015 we set a goal to train 1200 workers and 360 managers and professionals. The introduction of innovative technologies requires new skills at work», – said the director of the «ZTMP» Ltd. Volodymyr Syvak.

## ■ «ovoStar Union» HaS icreaSed itS net profit

«Ovostar Union» Group one of the major producers of eggs and egg products in Ukraine has increased its net profit in the first quarter of 2015 by 16% - to \$ 9,12 mln.

The company produced 277 mln eggs in January-March 2015 which is 21% higher then during the same period in 2014.

## ■ berdyanSk Seaport iS a winner of national rating

The VIII-th National Maritime Rating named 49 winners in 20 categories. Among them – the Berdyansk commercial seaport, which received two awards – «The Absolute Growth in 2014» and «Growth Rates – 2014».

In a year, which was difficult for the country, the company, located in the front line area, set a record in the history of its existence: it processed 1005,5 thousand tons of cargo more than during the previous year and increased volumes of cargo processing by 50,7%.



## ■ tHe «Ztr» entered tHe SaU- di arabia market

The National Grid SA company, which is a division of the Saudi Electricity Company, has ordered spare transformers from JSC «Zaporizhtransformer» (the «ZTR»). This is the first contract of the company with a Saudi Arabia partner.

The task to enter the Saudi market was set by the ZTR in 2010. However, due to the fact that before getting opportunity to sell equipment to divisions of the Saudi Electricity Company a manufacturer should be included in the list of approved suppliers of the company, a lengthy procedure of re-certification was required. It was completed in early 2014. The «ZTR» is currently the only enterprise among the post-Soviet countries which passed re-certification at the Saudi Electricity Company.

The «ZTR» company has also recently signed a contract for the supply of four 167 MVA 500 kV transformers and of three 60 MVA 500 kV reactors with «EFACEC» – Portugal's largest energy company. Delivery of the equipment will made as a part of construction of a new «Jvari» substation in Georgia.

## ■ tHe «Uia» HaS laUnChed new fligHtS to cHina

The «Ukrainian International Airlines» (the «UIA») opened a new flight from Ukraine to China. Flights to Beijing will be operated by «Boeing 767-300ER» extended range aircraft with three classes of service – business, premium and economy.

In addition, the «UIA» intends to cooperate with Chinese «China Airlines», «Hainan Airlines» and «China Southern Airlines», hoping to further expand the network of routes to the East.

Also, the plan to launch in 2015 flights on the Kyiv – Toronto route has not been abandoned. In January, Canadian aviation authorities gave an official notification to the «UIA» of the successful passage of aviation security audits and issuance of permission for flights to Canadian cities.

Among other new directions of the company – flights from Kharkiv to Larnaca (Cyprus) and from Odessa to St. Petersburg (Russia).

## ■ tHe «imperial tobacco» inveSted 255 million HryvnaS in logiSticS

Investments of the tobacco company were earmarked for opening of the largest in Ukraine automated high-rise warehouse with the capacity of 16,2 thousand pallets, which is located on the company's production site in Kyiv. Out of 255 million UAH of the total investment in the project, 60 million UAH was spent to purchase modern equipment and to development software.

The warehouse launch will allow to significantly reduce operating costs by eliminating the services of external contractors, and to reduce delivery time of products to distributors.

The «Imperial Tobacco» in Ukraine is represented by Davidoff, R1, Prima, West, Delta, Express and Style brands.



## ■ tHe «Stepniy» breeding plant HaS booSted prodUc- tion volUmeS

The «Stepniy» breeding plant of Kamyansko-Dniprovskiy district of Zaporizhzhya region last year for the first time exceeded the level of getting eight thousand liters of milk per cow a year, which is the highest in the region. In 2014 milk production was increased by 406 tons, milk yield per cow increased by 799 kg and reached 8156 kg. At present about 14 tons of milk are produced daily.

The factory has a complete cycle of production of milk and milk products (sour cream, yogurt, sour milk, hard cheeses and butter).

EXHIBITION CENTER OF THE UKRAINIAN CHAMBER OF COMMERCE AND INDUSTRY

by Ukrainian Chamber of Commerce and Industry

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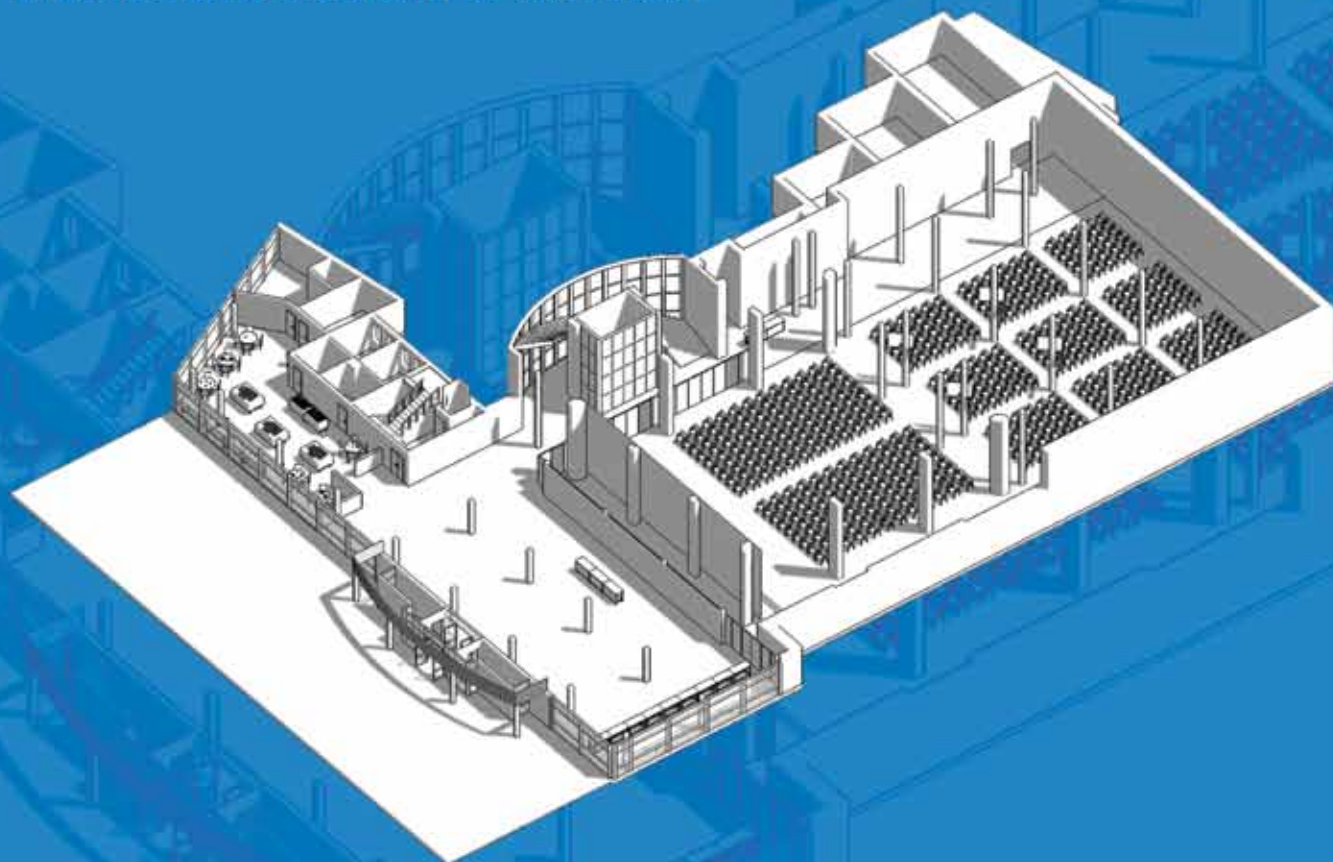
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## THE WORLD BANK IS PREPARING A PROJECT OF DEVELOPMENT OF THE PRIVATE SECTOR

*representatives of the World Bank Country Office in Ukraine visited the UCCI. The meeting with the leadership of the Chamber was held in connection with preparation of the project of development of the private sector in Ukraine. With this goal, representatives of the World Bank are holding a series of meetings to understand priority clear objectives and needs of Ukrainian businesses, so that the planned project has an effective influence on the economy of Ukraine.*



**R**estructuring of state enterprises, deregulation, expansion of export activity and aid in creation of agencies with the help of investments was discussed.

The World Bank was founded in 1944 and is one of the largest organizations in the world which provide aid with

the goal of development. It provides financial and consulting aid in over 100 developing countries.

The Bank develops strategies of aid for each of its country-clients in cooperation with government bodies, non-governmental organizations and the private sector. Representative of-

ofices of the Bank in different countries of the world engage in realization of its programs, maintain connection with governments and civil society and contribute to a deeper understanding of development problems. Ukraine is a country-member of the World Bank since 1992.

## REPRESENTATIVES OF THE UKRAINIAN CCI IN THE PUBLIC COUNCIL OF THE UKRAINIAN MFA

*The Ukrainian Chamber of Commerce and Industry as a social institution has considerably strengthened its positions in this structure.*

**I**n addition to Mr. Gennadiy Chyzhykov, President of the Ukrainian CCI, Mr. Vitaliy Zhmurenko and Mr. Mykola Zasulskiy, Presidents of Dnipropetrovsk and Kyiv Chambers of Commerce and Industry, have also been elected to the Council. As experts for the Council were elected Mr. Mykola Yaroshyuk, President of the Rivne

CCI, and Mr. Gennadiy Boldyr, Director of the Department of International Economic Relations of the UCCI.

The Council was formed by ratings vote for candidates delegated from civil society institutions.

The Public Council of the Ministry of Foreign Affairs of Ukraine is a permanent collegial elected consultative

advisory body, formed to provide for participation of citizens of the country in the management of State affairs, formation and realization of State decisions in the field of foreign affairs. Representatives of public organizations, trade unions, local administrations, media and others may be elected to the Council.

## NEW STAGE FOR THE UKRAINIAN-IRANIAN COUNCIL

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*During a meeting between the management of UCCI and officials of the Embassy of the Islamic Republic of Iran to Ukraine, led by Ambassador extraordinary and Plenipotentiary to Ukraine, Mr. Mohammad Bekheshti Monfared, main directions of cooperation and paths of expansion of bilateral relations were discussed. The sides agreed to raise the level of economic relations as the current state is not fully satisfactory.*

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Iran has great potential for export to Ukraine of nanotechnologies, energy sources, auto-products of industry, agricultural products (dried fruit), medications, etc. The Iranian side is interested in leasing land for production of agricultural goods in Ukraine. H. E. Mr. Mohammad Bekheshti Monfared, Iranian Ambassador Extraordinary and Plenipotentiary to Ukraine, underlined that the UCCI is the most suitable partner for realization of these projects.

Iran is, without a doubt, one of the most advanced and stable countries situated in the region of the Persian Gulf and the Middle East. Talking about the relationship between Iran and Ukraine, the Ambassador noted that, basing on principles of mutual respect and general interests, the Islamic Republic always sought to deepen friendly relations with our nation. Rich cultures of the peoples of both countries found potential for cooperation in the form of cultural and art events, sport competitions, youth exchange and others, and the perennial experience of mutually beneficial relations created necessary channels for expansion of cooperation.

Cooperation between independent Ukraine and Iran began in 1992. According to data from the State Statistics Service of Ukraine, turnover

between the countries totaled nearly 900 million USD.

To structure relations between representatives of business circles would help the Ukrainian-Iranian Business Council. The Council's main task would be to help businessmen to find new partners. The initiative group for creation of the Council, which was formed in 2003 at the UCCI, includes representatives of oil and gas business, trade organizations, agriculture and mechanical engineering from the Ukrainian side. «I believe that these areas would establish the foundation of our future cooperation», – said UCCI vice-president Valeriy Korol.

General meetings of members of the Ukrainian part of the Ukrainian-Iranian Business Council have already taken place. Prospects of the Ukrainian businesses on this market were discussed, and the next steps for expansion of cooperation were planned.

In connection to cancellation of the embargo against Iran the markets of our countries have become more attractive for each other. Previously a limited amount of products were exported from Ukraine to Iran, mostly agricultural and metallurgical goods. Today the Ukrainian entrepreneurs also supply wood for building of mines and railways. There are intentions to sell freight cars for transportation of raw materials to metallurgical factories as well as fertilizers.

It is prohibited to export into Iran products and services related to nuclear programs and work with heavy water; military equipment (battle tanks, airplanes, ships and missiles, etc.). Taking this into account great potential for development of our trade is in selling radio electronic systems, radio location, communication and other industrial equipment which is not prohibited for supply to Iran by the national legislation or by the UN Security Council.

Good prospects for cooperation are in technologies of complex utilization of hard household and industrial waste, which the Ukrainians could offer Iran. This actually brings «profit from waste». Another new Ukrainian technology which could interest Iran, – recycling of rubble in the process of industrial and residential construction. Apart from this, there is an interest in fuel cells which allow to focus completely on the use of local energy potential and not to receive it from other sources. Ukraine has already some experience of working with these kinds of energy generators and is ready to cooperate with Iran on mutually beneficial terms.

In relation to import, Iran could help Ukraine in overcoming dependence on certain products which we previously imported from Russia, in particular, petrochemicals.

## REPUBLIC OF SOUTH AFRICA – CAPE OF GOOD HOPE OR THE RUNNING LION

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*Portuguese explorer Bartholomew Diaz discovered South Africa in 1487 and called it the cape of Storm. King John II of Portugal realized that this cape had great value as it would lead to the treasures of India and renamed it into the cape of Good Hope. From that time South Africa became a trade route between Europe and Asia. It remains as such until today.*

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Looking for new possibilities for the Ukrainian export to countries of the African continent – this is question which interests the modern business community in Ukraine. The World Bank predicts a yearly growth of economy of the African countries by 5-6% until the year 2020. The Mackenzie Global Institute called Africa «the running lion». What will Africa be like in 2020? It is assumed that the total GDP of its countries will reach 2,6 trillion USD. With regard to infrastructure, there are plans to be built a road corridor connecting the African South with the North. This would be the largest project of construction of a transport corridor.

To quote the words of Mr. Christiaan Basson, Ambassador Extraordinary and Plenipotentiary of the Republic of South Africa in Ukraine, the markets of the African countries are a new territory for the Ukrainian business. However, recently, there has been an interest for the growth of the level of relations between our countries and improvement of bilateral trade. This indicates a new wave in the relationships between the countries and the activity of the Ukrainian business in overcoming the barriers of distance and the risks of cooperating with a new market.

The following priority directions for South African economy growth and development were defined: creation of new materials, aerospace, agriculture and food industries, automotive and auto components industry, engineering, including production of large and medium-sized trucks, equipment for general transport systems, light in-

dustry, cinematography, forestry, paper and furniture industry, «green» energy and energy-saving technologies, development of infrastructure, metal processing.

One of the biggest export items from South Africa, in particular, to Ukraine, is wine. After the end of Apartheid, many South African winemakers have been working together with wine producers from France, Spain and California for creating wines of «international» style which could be successful on the world market.

### **INTERVIEW WITH MR. CHRISTIAAN BASSON, AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE REPUBLIC OF SOUTH AFRICA IN UKRAINE.**



**– Could you briefly speak about cooperation between Ukraine and the Republic of South Africa?**

– For a long period of time, the relations between our countries were not at a level they are worthy of, but during the last year we saw from both sides a new interest for cooperation.

Representatives of many Ukrainian companies come to South Africa to take part in trade exhibitions and to get acquainted with favorable opportunities available there. Ukraine is already a large exporter of agricultural products into South Africa. More and more South African products are available in Ukraine. Among the most popular products are South African wines. Last year the export from South Africa to Ukraine increased by 168%, which is very pleasant for us – it shows that Ukraine is truly discovering Africa, including South Africa.

**– Are there any particular products or, perhaps, plans for expanding export and import between Ukraine and South Africa?**

– Nowadays many trade exhibitions are held in the Republic of South Africa, in which your companies are actively participating. These are, first of all, agricultural exhibitions and a food and beverage exhibitions. South Africa has a very open economy – 63% of our GDP comes from trade – import and export. This percentage is higher than in the United Kingdom, it approximately corresponds to the level of Switzerland, and Germany is on the level of 71%. It is also a very competitive economy, because everybody buys and sells in South Africa, companies and people from around the world. Therefore, it is very important for the Ukrainians to establish good partnership relations in South Africa. I think there are many opportunities for your products in the Republic of South Africa, and for

South African products – in Ukraine. You should look at Africa not only as a market for your products but also as a country where Ukraine can find many economic partners in the wider sense. Africa can become an object for Ukrainian investments, as well as for use of the latest Ukrainian technologies.

**– Is there a Chamber of Commerce and Industry in South Africa?**

– We have several Chambers of Commerce and Industry – the main office, offices in Cape Town and Johannesburg. I must say, the relations between our Chambers are developing quite well.

**– What would you like to wish to readers of our magazine – to Ukrainian businessmen, entrepreneurs?**

– I believe that Ukraine is moving in the right direction. I think that there could be a difficult period, but it will not last forever. I believe that your Government has chosen the right mechanisms and systems for further growth. In my opinion, you have everything for good growth – qualified workers, very good agricultural and production potential. Therefore, there is no reasons not to achieve success in the future. I wish all entrepreneurs of your country success and prosperity of their businesses, and peace and well being to all Ukrainians.

Trade turnover between Ukraine and the republic of south africa in 2014 –

**273,3 mln. Usd**  
( by 4%)

including export –

**106 mln. Usd**  
(by 28,7%)

and import goods –

**132 mln. Usd**  
(by 68,3%).

## INTERNATIONAL EXHIBITIONS WILL OPEN DOORS FROM UKRAINE TO KUWAIT, THAILAND AND CHINA

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**Participation in international exhibitions offers real opportunities to Ukrainian producers for expansion of markets for their products, to learn about new technologies and establish business contacts. The UCCI recommends Ukraine to small and medium-sized businesses to get acquainted with some international exhibitions to be held in the first half of 2015.**

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«**M**ade in Ukraine», an exhibition-presentation of Ukrainian producers of food products and beverages will take place at the beginning of the summer in an exhibition center of the city of Surra, (Kuwait). Participation in the exhibition preceding the holy for Muslims month of Ramadan will give good opportunity to conclude delivery contracts, because particularly in this period large-

scale purchase of food products is made in Kuwait. It is planned to involve other Arab states of the Persian Gulf in getting acquainted with Ukrainian food products. Each company-participant will be provided with an exhibition space of 9 square meters. The Kuwait side expressed their readiness to cover expenses connected to the participation in the exhibition on territory of the Emirate, and also to provide commercial coverage of the event in local and electronic media.

Among food stuffs which could particularly interest Kuwait partners are Halal meat (meat of animals, killed by prescription of Islam – notes), preserves, juices, mineral water, nuts, refined sunflower seeds, ketchup, mayonnaise, flour, soft cheese, chocolate, caramel, sunflower oil, dried mushrooms, chips.

Another notable exhibition for Ukrainian exporters «Sial China 2015» will be held in Shanghai (China) in May. This is a leading event in the industry of food products, alcohol, non-alcoholic

beverages and specialized equipment, which has a serious effect on development of the Asian-Pacific region and usually attracts over 2 thousand exponents from over 60 countries of the world. Thematic sections of the exhibition are: wine and delicacies, milk products, sweets and appetizers, organic food, tea and coffee, Halal and frozen products, seafood, vegetables and fruit, meat products, chocolate, preserves, packaging.

The UCCI also recommends to producers of food products to turn their attention to the «THAIFEX – World of Food ASIA» exhibition, which will take place in Bangkok (Thailand) in May. Its main visitors are business people of Thailand, Vietnam, China, Malaysia, Indonesia, the Philippines and India. Thailand has a unique geographical position which allows for active participation in world trade. Its trade potential and strategic location makes the country the best platform for search for new markets.

# PRACTICAL DIALOGUE BETWEEN EXPORTERS AND AUTHORITIES

# FIRST NATIONAL FORUM FOR EXPORTS SUPPORT

**670**

participants representing

**320** companies – current  
and potential exporters

**20** foreign companies from  
Poland, Germany, Italy, Hungary,  
Latvia, Netherlands and China

**120** speakers, including ministers,  
ambassadors of foreign countries,  
people's deputies, top managers of  
multinational companies

The event was covered by more  
than **90** media representatives



16-17 квітня 2015  
Київ  
Національний експортний форум

# ПЕРШИЙ НАЦІОНАЛЬНИЙ ФОРУМ З ПІДТРИМКИ ЕКСПОРТУ

## 16-17 КВІТНЯ



## PraCtiCaL diaLoGUe betWeen eXPorters and aUthorities




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*Increasing exports from Ukraine to the European countries – this is a subject which can be found in almost every public speech of the Ukrainian leaders. Every high official actively proclaims his or her readiness to support and help domestic producers in reaching to foreign markets. However, the State Statistics Service, in contrast to the data for the first half of the last year, for latest several consecutive months publishes figures which show a decrease of volume of the Ukrainian exports to Europe.*

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In particular, during the first two months of this year the volume of our exports to the EU was one-third lower than for the same period of 2014. Although almost a year has passed since the EU unilaterally decided not to impose duties for the Ukrainian products, our companies are in no hurry to enter the European market. Experts see the reasons for such decline of exports in the absence of proper government support. In their view, the most important issues today are the need for repayment of VAT in money form and for providing credits for exports of goods other than commodities. The Ukrainian companies should also become competitive. Foreign diplomats are also confident that the State should more actively support businesses which are willing to work according to the European standards. To understand the causes of these problems and, finally, to develop a joint plan of action for export promotion in crisis conditions – these were the main tasks of two-day active discussions during the First National Forum for Exports Support which took place at the Ukrainian Chamber of Commerce and Industry. The idea of the event was generated by the Ukrainian Chambers of Commerce and Industry jointly with the Council of Entrepreneurs under the Cabinet of Ministers of Ukraine, the American Chamber of Commerce in Ukraine, the Ukrainian Union of Industrialists and Entrepreneurs at the end of 2014 due to full understanding of the whole spectrum of problems in the sphere of Ukrai-

nian exports which had accumulated and deepened during recent years as well as realization of the need to find optimal ways of urgently solving them. Central and local authorities, a number of international organizations, leading Ukrainian and international financial and banking institutions, consulting companies, industrial enterprises-exporters participated as co-organizers of the Forum.

Given its comprehensive and diversified nature, the event had considerable resonance both in Ukraine and abroad. This was confirmed by participation in it of more than 670 representatives from nearly 320 companies, large, medium and small businesses, companies with foreign capital, as well as companies from Germany, Poland, Hungary, Latvia, Italy, the Netherlands, the Baltic States, Belarus, Kazakhstan, China and others. There were more than 90 accredited media representatives.

More than 120 speakers participated in the discussions of a wide range of issues – from state support of national exports and improvement of the business environment in Ukraine, financial and credit mechanisms to promote exports – to modernization of infrastructure and industry in line with international standards, diversification of the geography of exports, overcoming technical and other trade barriers blocking the way of Ukrainian goods to the world markets. Among them – top managers of leading Ukrainian and foreign

companies, investment and other funds engaged in financial and technical assistance, of international and domestic financial and banking institutions, insurance companies, export credit agencies from Hungary, Poland, Czech Republic, Germany, Italy, France, China, Kazakhstan, diplomats of foreign countries and representatives of the European Commission to Ukraine and other international organizations.

During the Forum a gala session, a plenary session, four panel discussions and three round tables were held. In particular, the gala session named «Support to national exports - a joint task of the business and the Government» and the plenary session «Doing Business in Ukraine: what reforms should be carried out to support domestic exporters and attract investments» were attended by heads of central executive authorities of Ukraine, chairmen of the committees of the Verkhovna Rada of Ukraine (on the Committees Industrial Policy and Entrepreneurship and on Tax and Customs Policy), heads of foreign diplomatic missions (ambassadors of the European Union, China, USA), heads of major business associations (the American Chamber of Commerce in Ukraine, the Council of Entrepreneurs under the Cabinet of Ministers of Ukraine, the Ukrainian Union of Industrialists and Entrepreneurs, the Ukrainian CCI), international experts, heads of large Ukrainian companies – producers and exporters.

Today the Ukrainian exporters are concerned over a wide range of issues related to the promotion of products and services to the markets of foreign countries, especially to the EU. They are worried because of the need to overcome technical barriers, the need of modernization and technical re-equipment of enterprises in accordance with the EU standards, getting certificates of compliance, licensing of products, creation of an export credit agency in Ukraine, of an institute of authorized economic operators, etc. Therefore, implementation of proposals and legislative initiatives, worked out during the event, along with introduction of a full and comprehensive free trade area with the EU will be instrumental in increasing the export potential of Ukraine and increasing of exports of domestic goods.

## **THE MOST IMPORTANT QUOTES FROM FORUM'S PARTICIPANTS PRESENTATIONS**

### **THE AIM – TO IDENTIFY THE WAYS TO SUPPORT EXPORTERS**



#### **Gennadiy CHYZHYKOV, UCCI President:**

– Our main objective is to discuss and identify the ways to support domestic exporters in the promotion of the Ukrainian goods and services to the markets of the EU, China, the Middle and Near East, North Africa and to other countries.

Discussions at this level of the thorniest issues which are being faced by the exporting producers create new opportunities for further implementation of measures to diversify the Ukrainian exports, to attract foreign investments to Ukraine and provide practical assistance to SMEs in their export and import operations.

We heard a lot of opinions and suggestions on ways to expand export opportunities and to support the Ukrainian exporters. They will be summarized by the UCCI and, if necessary, submitted for consideration to the Government and relevant agencies.

### **DEREGULATION WILL SAVE BILLIONS OF HRYVNAS**



#### **Ksenia LIAPINA, Chairperson of the State Regulatory Service of Ukraine:**

– Cancellation of excessive permits and licenses helped entrepreneurs of Ukraine to save millions of hryvnas. The results of the first quarter of 2015

prove that the Government has political will to abolish unnecessary obstacles to doing business. Thus, in the process of deregulation on the initiative of our office expert scientific support of contracts for use of natural resources was abolished. Nearly one billion hryvnas a year was wasted by companies for this unnecessary service.

Now the State Regulatory Service will provide monthly reports on the process of deregulation. Strict control will facilitate intensive implementation of reforms. Also, this control will not bring extra costs to the state budget.

We are open to dialogue and look forward to the initiative of entrepreneurs. We invite you to control together the implementation of the deregulation plan. Together we can change the business environment for the better, leave billions of hryvnas in businesses.

### **WE NEED TO EXPAND EXPORTS OF SERVICES**



#### **Natalia MYKOLSKAYA, Deputy Minister of Economic Development and Trade of Ukraine:**

– The Ministry can promise you to work according to the following principles. First, we plan to use all mechanisms available in our arsenal to effectively promote exports, defend the Ukrainian exporters in foreign markets. Second, we promise and call to work for the benefit of priority sectors of industries rather than for the benefit of individual companies. It is done this way around the world, where industrial associations have a very important voice and determine trade policy. We will work not only with large but also with medium and small businesses. Because the future belongs to SMEs.

The increased focus on exports of services will be an important trend. In 2014 they accounted for only 17% of total Ukrainian exports. Services of the IT industry, for example – only 2%! We believe exports of services should reach 25%, and ideally – 30% of the

total volume, as in other developed countries. Of course, we need to develop infrastructure, improve business climate so that these businesses did not have to make transactions through offshore companies. As you know, overseas there is a strong policy of protectionism benefiting local producers, and Ukraine should also protect its domestic producers and create a business climate in which we will advocate and lobby for the trade interests of our country. We are open for a dialogue with business and industrial associations, with the Ukrainian Chamber of Commerce and Industry.

### **LOW COSTS INCREASED THE ADVANTAGES OF THE UKRAINIAN PRODUCTS**



#### **Oleksiy PAVLENKO, Minister of Agrarian Policy of Ukraine:**

– Agricultural goods constitute 37% of the total exports of Ukraine. The year 2014 demonstrated that the agricultural sector is the engine that moves our economy forward. Exports of agricultural products to the European Union last year amounted to 4,8 billion US dollars, with growth of 6%. Exports to Asia and the Middle East, including China and Saudi Arabia, reached 6,6 billion US dollars, indicating a growth of 9%. Thus we see that the fall of exports to the countries – members of the Customs Union made us very actively seek new foreign markets, and the Ukrainian products began to prove to the world its quality, in particular, the fact that it is produced without GMOs. In addition, along with a number of other existing advantages, currently the Ukrainian products have lower production costs due to an almost threefold depreciation of the hryvnia.

### **THE TAX SYSTEM SHOULD ENCOURAGE BUSINESSES TO PAY TAXES**



#### **Olena MAKEYEVA, Deputy Minister of Finance of Ukraine:**

– Thanks to a very effective idea to establish the a National Council of Reforms we finally created a united team which will work on elaboration of changes in the tax system, which are expected by business. The team is composed of representatives of both the Government, the Parliament as well as of business circles – thus, the representation of interests there is balanced. Naturally, 20 people can not write all reforms. So we want to talk and build partnerships with business.

### **UKRAINE – A CORRIDOR BETWEEN EAST AND WEST**



#### **Zhang XIYUN, Ambassador Extraordinary and Plenipotentiary of China to Ukraine:**

– China greatly appreciates bilateral business ties with Ukraine and considers it to be a reliable partner. The development of friendship between our countries is the policy of the Chinese government. We are ready to assist Ukraine in its efforts for stabilization. Cooperation in various fields between China and Ukraine, which last year had a period of stagnation, is now characterized by the tendency of rapid recovery. We are looking for new projects. China will continue to remain the second largest trade partner of Ukraine. In addition, our bilateral trade and economic cooperation is now being transferred from simple trade to implementation of joint projects in the areas of energy production, agriculture, finance and high technologies.

### **UKRAINE HAS THE POTENTIAL AND THE POSSIBILITIES**



#### **Geoffrey R. PYATT, Ambassador Extraordinary and Plenipotentiary of the USA to Ukraine:**

– It is a very unique period in the Ukrainian economy in terms of governmental reforms, growth of transparency, rule of law, progress in the fight against corruption, which has a negative impact on trade and economic activity.

There are few countries which are so well located geographically. But the level of productivity in Ukraine is much lower than in other countries. You have the potential to produce high-quality goods and create world-class companies, but you need a change of strategy. It is important to have an effective state policy to promote exports and to help industries with loans, through diplomatic channels, to discover and develop new markets. Thus I welcome the steps in this direction which the UCCI is making today.

Look at Poland: you can see how a radical economic reform could lead to major changes in the country, to improvement of living standards. The only and most important obstacle in Ukraine for economic growth is corruption.

### **THE EU WILL AUTOMATICALLY HELP TO REACH OTHER MARKETS**



#### **Ian TOMBINSKY, Head of the EU Delegation in Ukraine:**

– We in the EU are very interested to see Ukraine standing firmly on its

feet and the Ukrainian business working well. It will soon be a year since the EU unilaterally abolished all duties on export of the Ukrainian goods to the European market. Such asymmetric decision was made in order to help your businesses to accumulate first capital.

The European market is quite specific. This is the market of the largest global regulator. From financial point of view it is the largest in the world. It has its own principles. In particular, the dominance of the consumer over the producer. It provides great opportunities to SMEs because these enterprises are the most reactive, they respond fast to market changes and to changes in consumer sentiments. Ukraine needs to take into account this approach.

On the EU side, we try to prepare Ukrainian partners for January 1, 2016, when the comprehensive free trade area between the EU and Ukraine starts working. In this direction there is still much to be done. This is particularly true of access for businesses of information on all available services and credits. The European Bank opens credit lines for small and medium businesses and we, as the EU Delegation, are doing everything we can in order to provide such access and lower barriers.

### **TIME TO OPEN A NEW CHAPTER IN TRADE BETWEEN UKRAINE AND EGYPT**

#### **Gennadii LATII, Ambassador of Ukraine in the Arab Republic of Egypt:**

– The Egyptian capital, having 20 million citizens, is a regional centre and gates to the African continent. This is why I consider it my foremost task to contribute to the highest possible extent to the productive dialogue between Ukrainian and Egyptian business circles. In my turn, I expect to get real offers, advice and active actions. I hope that 2015 will become a time of rethinking our prospects on the Egyptian market.

One of the productive initiatives is the offer to hold a Ukrainian-Egyptian

business forum in Cairo this autumn. The Embassy of Ukraine is occupied with its organization in collaboration with the Ukrainian CCI. We will welcome all interested Ukrainian businesspeople, as well as representatives of industrial and agricultural companies, whose participation in the event will help open a new page in trade and economic cooperation between our countries.

### **THERE ARE GOOD ARGUMENTS TO CREATE EXPORT-CREDIT AGENCY**



#### **Thomas BAUM, Partner of PricewaterhouseCoopers, co-chairman of the Export-credit agency of Germany on underwriting and risk management**

– There is not enough insurance capacity in the market and there is not enough banking capacity in the market to promote risky transactions, riskier transactions to riskier markets. You have institutions that do already support Ukrainian exporters. This makes the case for extended cooperation to set up an export credit agency. This is why we suggest the government to approach in a cooperative way, building something new by taking in other participants, who are already here.

### **IT IS NECESSARY TO STIMULATE LARGE-SCALE EXPORT GROWTH**



#### **Victor GALASIUK, Chairman of the Committee of the Verkhovna Rada of Ukraine on Industrial Policy and Entrepreneurship:**

– I am confident that such indicators as volume of export, number of

jobs, investments and the amount of taxes should be on the main board not only of the Parliament, the Prime Minister and the President but of all senior officials of the State, because these are the priorities which would enable the country to get rid of poverty and provide decent livelihood for its population.

The State should use all possible and impossible tools to stimulate large-scale export growth, but its structure is also important. We should not export raw materials. We now export mainly round timber, logs rather than wooden products, furniture, paper. We export metal or even scrap metal but not machines or tools which we then buy in other countries. We export grain but not products of its deep processing. Even in the field of IT, which is considered to be high-tech, we are an appendage to other countries because we export services of outsourcing, rather than develop finished products and sell intellectual property.

### **IT IS TIME TO ENCOURAGE THE FLOW OF INVESTMENTS TO THE PROCESSING EXPORT-ORIENTED INDUSTRIES**



#### **Roman NASIROV, Chairman of the Committee of the Verkhovna Rada of Ukraine on Taxation and Customs Policy:**

– Today in Ukraine we still have a number of unsolved issues, namely, public financial mechanisms to support exports, especially export credit support, which are not regulated in the legislature. In addition, it is the duty of the Ministry of the Economic Development and Trade and the Ministry of Foreign Affairs of Ukraine to create an extensive system of representation of exporters abroad, of providing them with information and consultancy support. It is very important to encourage the flow of investments to the processing export-oriented sectors

of the economy. We need to develop public-private partnerships in innovative sectors, simplify customs and logistics procedures for exporting the goods and to remove other administrative obstacles.

## **IT IS NECESSARY TO DEFINE THE PROCEDURE OF INTERACTION OF REGULATORY AND CUSTOMS AUTHORITIES**



### **Leonid KOZACHENKO, Chairman of the Council of Entrepreneurs under the Cabinet of Ministers of Ukraine:**

– To improve the business environment in Ukraine in case of significant destabilization of the trade balance it is necessary, first of all, to actively use non-tariff regulations, which are consistent with the WTO rules, including quality control, security, compliance of imported goods with phytosanitary and veterinary standards.

The purpose of the draft Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine on Reduction of the Number of Documents Required for Customs Clearance» is to cut the number of such documents to 3-4 mandatory ones which are to be submitted for passing administrative procedures during import/export operations. These procedures would be carried out through the introduction of the concept of «a single window», which would assure cooperation between the customs authorities and the oversight bodies at border crossing points during customs clearance, as well as cancelling duplicate functions and requirements for the use of paper documents for the purpose of crossing the border of Ukraine and passing customs and related controls; cancellation of additional import duties; ensuring the timely reimbursement of VAT for exported products, etc.

We need to amend some other laws, including the Law of Ukraine «On Customs Tariffs of Ukraine» in terms of cancellation of import duties on machinery and equipment imported into the customs territory of Ukraine for modernization of production facilities as well as duties on raw materials which are not produced in Ukraine.

It is necessary to make changes to the Customs Code of Ukraine as to unconditional release of imported goods in free circulation on the declared value and more effective use of the post-audit tools as well as improvement the electronic declaration.

A very topical issue is the abolition of the 90-day period for payments in export / import of goods transactions in accordance with the Resolution of the Board of the National Bank of Ukraine. It is also necessary to return to regulations of payments in export / import of goods transactions as provided by the Law of Ukraine №185/94-VR dated 23 September 1994 «On the Order of Payments in Foreign Currency» and to increase terms for return of foreign exchange earnings from 90 to 180 days.

## **A CENTRE OF EXPORT SUPPORT – A PLATFORM FOR EFFECTIVE ASSISTANCE TO EXPORTERS**



### **Sergey SVYSTIL, Ukrainian CCI Vice President:**

– One of the main objectives of the Ukrainian Chamber of Commerce and Industry is creation of appropriate conditions for doing business, promotion of comprehensive development of scientific, technological and trade relations between the Ukrainian and foreign entrepreneurs.

Today the Chamber is working on projects of implementation and verification of electronic certificates of origin of goods, introduction of a single information system for their issue (together with the State Fiscal Service and the

Ministry of Economic Development of Ukraine).

Also we have the plans to participate in the work of the Government's and the Parliament's expert groups created for developing the concept of reforming the customs bodies, as well as to elaborate recommendations for businesses, namely, regarding proof of origin of goods, permits for temporary export, including export to certain regions and Anti-Terrorist Operation zone, etc.

However, the current priority for us is the organization of export support centers throughout Ukraine using the facilities of the regional Chambers of Commerce and Industry. These centers are to become service platforms for exporters, where each of them would receive the most comprehensive and effective assistance to promote their goods, works or services to markets in foreign countries. In addition, these centers would provide opportunities for timely information of businesses about new conditions of export activity, for participation in special events aimed at their training, for discussions and comprehensive analysis of foreign trade issues. Also, these centers are expected to promote the establishment within the system of the Ukrainian CCI of modern mechanisms for the provision of services, creation of a commercial registry of exporters of Ukraine.

## **IT IS TOO EARLY TO SPEAK SERIOUSLY ABOUT UKRAINIAN PORK EXPORT TO EUROPE**



### **Arthur LOSA, President of the Association of Pig Producers of Ukraine:**

– Today our country produces each year more than 760 thousand tons of pork. This amount does not satisfy domestic demand, given the fact that the potential of the internal

market, according to our estimates, reaches 1 million 300 thousand tons. We might have export potential of 300-400 thousand tons, which in the future should be developed.

We believe that markets of Eastern Asian region have immense opportunities. Japan is the largest importer of pork in the world. It is followed by China, South Korea, Philippines and so on. In addition, we are interested in supplying products to the markets which are located closer to us. They are the CIS countries, including Moldova and Georgia.

As for the EU, for the pork production industry access to these markets is a ticket to a major league. The EU is the second in the world after China major producer of pork. It exports more than 2 million tons of pork per year, and imports only a tiny amount – 15-20 thousand tons. Thus it is still too early to talk seriously about exporting Ukrainian pork to the EU countries. Moreover, given the protectionist policies of the EU which provides strong support for local markets, it is quite difficult to enter them.

Now we notice a weak but the dynamic growth of export of Ukrainian pork but, unfortunately, the volumes are very low – 10-15 thousand tons. But we positively perceive all moves of our businesses toward European countries as this teaches discipline, because the EU market is the most demanding and hard. Given the annual growth in production and consumption of these products in the world, there are potentially possibilities to compete for export quotas. But, of course, this is the perspective for the year 2025.

## **AT THE TIME - CREATING TECHNICAL CONDITIONS OF PROCESSING RAW MATERIALS**

### **Stepan KAPSHUK, President of the «Ukroliyaprom» Association:**

– 60 percent of sunflower oil in the world is made in Ukraine. Our main competitors – Russia and Argentina. Along with sunflower oil, we also produce rapeseed and soybean



oil. Forecasts for this year promise the production of more than 5 million tons of oil. Why this growth is there? First of all, there is demand. Export orientation is the main advantage of our industry. Ukraine consumes only about 450 thousand tons of oil. 85% of Ukrainian oil is exported to 109 countries of the world.

We are able to process any oil crops. Unfortunately, so far we process mainly sunflower seeds (90%) and we produce about one million tons of soybeans. All rape seeds are exported. The urgent task of the agricultural sector is to process raw materials and to create finished product with high added value. That is why our country, so as not to be a raw materials appendage and to become the world's food powerhouse, should create technical conditions for the processing of raw materials in Ukraine. Most companies are ready for this.

## **BUDGET SUPPORT OF EXPORT IN THE COUNTRY IS VIRTUALLY ABSENT**



### **Alexander CHALIY, President of «Grant Thornton Ukraine» company:**

– During all years of Ukraine's independence more than 60% of its GDP has been formed by exports. The country lives thanks to the exporters and through them it has a chance to become a European state. Until 2005 we had always had a positive balance of trade. Then importers came to power.

We need a unified nationwide association of exporters which will include all industry associations. It

must be established on the basis of civil society so that we could defend our own interests. It's time for you, exporters, to send a clear signal to the authorities.

Budget support to exports in Ukraine is virtually absent. There are some scant funds for bilateral trade commissions, for support of exhibitions and of a small staff of sales representatives of Ukraine abroad, but this is not enough. I propose that one percent of funds received from exports, or from the tax which the Government collected from these exports, should go to measures to support it. For example, resources are needed to create export-import insurance agencies.

Currently, the volume of export to Russia fell, but it is critically important for many exporters. So, if the government accepts responsibility for taking certain steps to stop these exports, exporters who delivered goods to the Russian Federation are entitled to compensation which also must be provided for in the budget.

## **MINING AND METALLURGICAL INDUSTRY SHOULD WORK FOR THE INTERNAL MARKET, BUT SO FAR EVERYTHING IS GOING FOR EXPORT**



### **Yuri Ryzhenkov, LLC «Metinvest Holding» Director General:**

Ukraine is almost the only country in the world where the steel industry makes 90% of products for export, instead of working for the internal market. High-tech services and equipment – this is what our country should export.

To stabilize the situation in the domestic mining and metallurgical complex it is important to address the following objectives: to bring the Ukrainian construction standards in line with the standards of the European Union

and the United States; to introduce state order for construction of bridges, roads, social housing, modernization of railway and natural gas transmission systems; to simplify bureaucratic procedures which will be instrumental to support the internal market; to introduce a transparent and understandable tax policy. It is also important to provide state support in protecting the interests of the Ukrainian mining and metallurgical complex overseas.

## WHAT SHOULD BE DONE TO REVIVE INVESTMENT FROM CHINA?



**Elena PLAKHOVA, the Corum Group Corporate Communications Director:**

– Lately we talk a lot about Ukrainian-Chinese trade and economic relations. What do we need to attract foreign investments, especially from China, and to increase the export potential of the country?

Ukraine needs political and economic stabilization so that investors could feel safe here. The government must guarantee foreign investors laws and regulations with long-term perspective (for example, preferential system for foreign investments) and extension of the agreement on bilateral currency exchange (swap) which would allow Ukrainian and Chinese entrepreneurs to use hryvna and yuan in their operations as well as publication by the NBU of the regulations for the use of this instrument.

It is necessary to adopt a law on free movement of the Chinese businessmen who have European visa through the territory of Ukraine which would make the country more attractive to tourists and investors. It is also necessary to improve issuance of residence permits for the Chinese citizens. At present they are issued for one year only, and collection of documents to get new ones takes about a

month, which negatively affects wish of foreigners to travel to our country.

## EXPORTING IS A MARATHON



**Martin TIKNUS, Partner «GatewayBaltic» company (Latvia):**

– One has to understand that exporting is not a sprint, exporting is a marathon. The process of its growth is never fast. This is related to technical certificates, to production, to everything that is connected to packaging, etc. We do not sell goods to countries, moreover, we do not sell them to companies. We sell a product to a particular buyer. It is necessary to go directly to the desired market, to potential partners and sit with them at the negotiations table. And to find out and solve all technical issues there. This is the most effective way.

## WE NEED AID FROM THE STATE



**Serhiy Bloschanevich, PJSC «Obolon», Chairman of the Supervisory Board:**

– At present, after some losses in the domestic market and the market of the Russian Federation, the Ukrainian manufacturers are trying to compensate for these losses by getting access to markets of other countries. In this work we really need support from the State. We would like to get some specific forms of assistance which are quite common in the international practice, such as information support for exports, marketing research of relevant markets, holding exhibitions in Ukraine which could be of importance to potential importers.

## P.S.

*Following the event, the Organizing Committee was authorized to compile suggestions concerning specific aspects of support and promotion of national exports, which have been discussed, and to send them to the participants of the Forum, as well as to the President of Ukraine, the Prime Minister of Ukraine, the Committees of the Verkhovna Rada of Ukraine.*

*It was also decided that on the basis of these proposals the Public Expert Council will prepare within 60 days, in cooperation with the central executive bodies and business associations, a comprehensive action plan (roadmap) for support of Ukrainian exports.*

# MACHINES UNITING WORLD

ADVANCED TECHNOLOGIES IN OIL, ANIMAL  
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- fuel pellets complete plant
- fuel pellets mini-complex
- fuel briquettes lines

## EQUIPMENT DEMONSTRATIONS





olga gUrenko :

**«Ukrainian  
La Wyer  
Looks Like  
a GLadiator  
enterinG  
battLe  
PraCtiCaLL y  
armLess»**

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*It is so sad to acknowledge that in our century of new technologies and old mistakes the fate of our country does not depend on the constantly changing personalities in the government, regular IMF credit and not even on the peaceful sky over our heads. Our new future is being created by the people – real professionals who, irrespective of anything, keep their faith in Ukraine, overcome difficulties and spare no efforts to gain success.*

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Olga Gurenko, Director of the Ukrainian Law Company INCOLANCE, is the kind of professional who proves its patriotism to her country by daily work and diligence aimed at raising the image of Ukraine abroad. Today in her exclusive interview to BH she told us about the difficulties of operation in the Ukrainian juridical field.

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***Your company is active in cooperation with European and international institutions. What kind of experience could be useful for Ukraine to learn from foreign partners?***

– I believe we are not standing lower than foreign companies business wise and in some cases it is just the other way round – we are better. The thing is that in our daily work we often encounter a lot of difficulties and problems which are not inherent to other countries but which are more than often available in Ukraine. Imagine two gladiators: one is armed with a razor-sharp sword to fight, while the other – just with a wooden stick. Now, make your guess: who is a Ukrainian lawyer out of these two? The answer is obvious.

This is the reason we are stronger in many ways. We are able to win even in the most unfavourable situations.

**– What were the difficulties in the Ukrainian legislation and court legal procedures you came across in your practice?**

– The answer to this question will explain why the Ukrainian gladiator is so poorly protected and attacks his enemy with his bare hands.

The problem lies in the difficulties caused by the imperfect legislation of our country.

One of the main problems is the dual nature of our legislation. Since the Government has been adopting laws which contradict to each other situations arise when everybody allows himself to use it according to his own understanding. Naturally, he is always in a beneficial position.

Another problem, arising from the mentality and psychology, – «presumption of innocence» which is the cornerstone principle of the criminal law in the developed countries. There exist such a law in Ukraine as well, but the reality is dramatically opposite to the idea. In fact, our court practice is based on the principle to prove the innocence of the accused person, but it should be by accusation that the court must prove his guilt. In simple words, the man is initially treated as guilty, and his barrister is doing his best during the whole court process to prove the opposite. In countries where this principle is solid the prosecution side brings accusations during the whole court process while the defending side just refutes them.

The other stumbling block – execution (enforcement) of court decisions. Our court is an initial stage for gaining the rule of law. When a court rules a positive decision that does not mean the end of hardships as another problem of executing this court decision stands on the way. It is due to the inadequate operation of the State Enforcement Service of Ukraine that our country is already ranking position five in

**IT IS DUE TO THE INADEQUATE OPERATION OF THE STATE ENFORCEMENT SERVICE OF UKRAINE THAT OUR COUNTRY IS ALREADY RANKING POSITION FIVE IN EUROPE AS TO THE NUMBER OF CLAIMS TO STRASBOURG COURT**

Europe as to the number of claims to Strasbourg Court.

**– A deep crisis, our country is going through forces a lot of professionals and experts to leave Ukraine in search for stability and high wages. Your employees undergone training and boast of vast experience of work abroad. Do they feel tempted to follow such an example?**

– Indeed, INCOLANCE experts studied abroad and have certain experience of work there. Frankly speaking, such a tempta-

tion exists. But at the same time hope exists that the knowledge gained we would be able to apply in the Ukrainian justice. Thanks to discipline and laboriousness our views and hopes will one day have a favourable effect on the Ukrainian reality – the realities of the country we were born and grown up.

**– Thinking wider than only the subject of justice, what is your vision of the Ukraine development?**

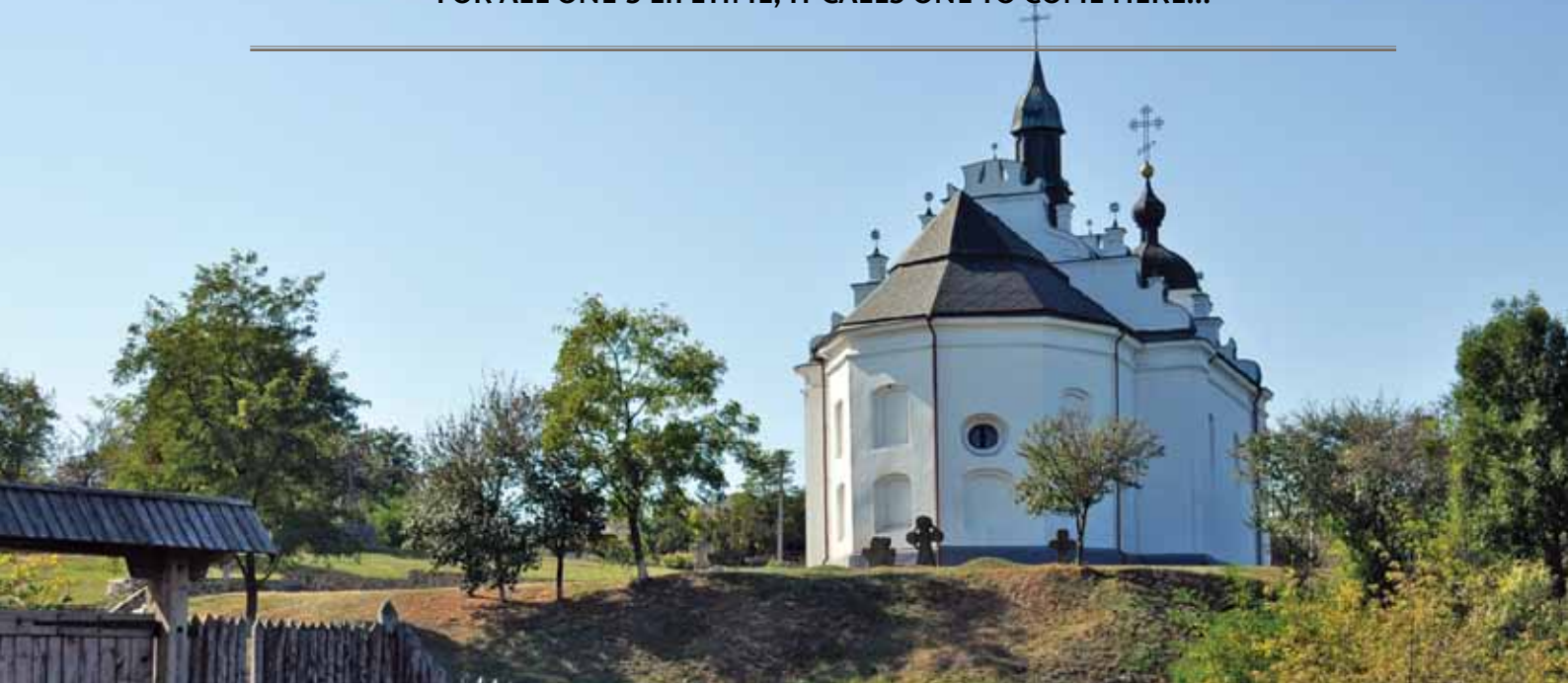
– First of all we have to solve the main problems in legislation and court legal practice by revising the controversial legislation and, of course, start sticking to alfa&omega of law. As for the enforcement of court decisions, we can use the experience of France, Belgium, Netherlands and other countries where this function is executed by private law enforcement officers.

In fact, our country has a great potential in qualified personnel. It is a common truth that Ukrainian talented people in IT-technologies, justice, management, science have a tremendous success in international companies. It is the unfavourable terms of work and life in Ukraine which make them leave Ukraine. It is the intellectuals and talented people we have to depend on. And Ukraine must create adequate conditions for them.

It is also necessary to create adequate conditions to bring back to active work the talented people who are able to finalize the reforms and pull the country out of the regressive mode, to advance it to a higher level in every aspect, help make Ukraine a developed progressive state, a prominent member of the global community.

# THE PHENOMENON OF CHYGYRYN

THE AREA AROUND THE TOWN OF CHYGYRYN IS THE CENTERPOINT OF UKRAINE.  
FOR ALL ONE'S LIFETIME, IT CALLS ONE TO COME HERE...



*The province of Cherkasy is not only the geographical center of Ukraine but also its spiritual core with abundant landscapes, very fertile black soils, and the unique historical and cultural heritage.*

The province of Cherkasy was the place where Ukraine as a state entity was born. It was exactly here, in Chygyryn that the first capital of the Ukrainian Hetmanate under the prominent military leader Bogdan Chmielnicki was established. Ambassadors from many countries of Europe used to come here on their duties. The first groups of the Ukrainian Cossacks were formed here and the numerous Cossack uprisings as well as the national liberation war in the middle of the XVIIth century began here, too. This region also served as the cradle of the large-scale national uprising known as the Koliyivshchina in the XVIIIth century, and the famous Republic of Kholodny Yar («the Republic of

the Cold Dene») lived here over 1918 to 1922.

The Chygyryn National Park of Historical and Cultural Heritage was formed in the Chygyryn District with the total land area of over one thousand hectares including the town of Chygyryn and the villages of Subotiv, Stetsivka, and Medvedivka as well as the Kholodny Yar, a stow with oak and ash trees, and the Atamansky Park.

Chygyryn, a small town with a bit of unusual name, stands on the banks of the Tiasmin River. The name of the town reproduces the whisper of wind, and the patter of hoofs, and the clang of metal, and the noise of grass, and the cry of young girls, and the roar of thunder, and the lament of mothers,

and the words of victory, and the laugh of friends.

There is the Zamkova Gora («the Castle Hill») in the center of Chygyryn. It is a unique landmark of landscape design art with an 18-meter-high monument to Hetman Bogdan Chmielnicki, and a stone cross established in the year 1912 to honor the heroes who fought against the Turkish and Polish invaders, and the Petro Doroshenko Bastion, which served as the core fortification for the town. Numerous tourists go to the top of the hill to admire the beautiful scenery of Chygyryn and the Tiasmin River.

The fortress was constructed in accordance with the old Italian fortification standards and was considered one of the most protected and unassailable strongholds in Ukraine back then. It served as the core of the resistance during the Turkish sieges when 15000 Cossacks successfully fought against the Turkish troops, 220000 in number.

At his official residence in the town, Hetman Bogdan Chmielnicki used to accept ambassadors from many states of Europe, including Sweden, Poland, Russia, Venice, and Turkey. Chygyryn was also the Hetman's headquarters at the time of the Ukrainian People's Liberation War in the midst of the XVIIIth century. Recently, the Hetman's Residence has been restored in accordance with the specific architectural features of the Ukrainian Baroque style of the XVIIIth century. It now consists of the Hetman's Palace, the House of Chmielnicki's parents, the military chancellery, and the treasury office.

It is worth seeing the Chygyryn Museum of Archeology which resides at one of the oldest buildings in the town and shows the exhibits dating back to the stone age and

to the period of the Kievan Rus. It is also interesting to visit the Bogdan Chmielnicki Museum at the premises of the former district administration office in order to learn about the military, governmental, and foreign-policy activities of the famous Hetman and about the history of the Hetman's Capital. Finally, tourists will be interested to visit the recently restored St. Peter and St. Paul Church in the town.

The villages being part of the Chygyryn National Park of Historical and Cultural Heritage are unique and off the beaten track, and each of them has its own ethnographical specifics.

Subotiv was the official residence of the Chmielnicki family. Here, Bogdan Chmielnicki ordered to build the St. Elias Church in the early Ukrainian Baroque style and provided funds for its construction in 1653, and the church has survived till nowadays. According to the chronicles, the church became the family vault for the Chmielnickis in 1657. The legend says that Bogdan Chmielnicki was buried on the right of the altar in the church. However, the archeological excavations in the 1970's revealed that the soil in the said place had been dug over for many times but neither the tomb nor the remains of the Hetman were found there.

In the year 1954, architect I. Shmulson designed a symbolical granitic tombstone, which was set for Bogdan Chmielnicki in the church, while in 1978 the major repairs were completed under the guidance of architect S.Kileso, whereby the gallery was dismantled.

The church itself has been by now restored in its original form. The distinctive feature of this landmark is that the St. Elias Church and Bogdan Chmielnicki are both depicted on the Ukrainian five-hryvnia banknote.

Also in Subotiv, there is a museum of history founded in 1960 at the premises of the St. Elias Church as the first attempt to establish a memorial museum of Bogdan Chmielnicki. The museum now combines the St. Elias Church (as a XVIIIth century architectural landmark of the national importance); and the land area of the Chmielnicki family mansion (several layers of historical soil); and the two «Ukrainian Country House» mansions dating back to the late XIXth and early XXth century, with the interiors of a pottery shop having been reproduced in one of them; and the «Three Water Wells» terrain landmark; and the ancient town settlement of the Culture of Chornolissya (the «Broad-Leaved Forest Culture») dating back to the 9th century B.C.

The museum has a great number of exhibits and relics as well as interesting collections of ancient weapons, unique photographs and documents from the past.

The Three Water Wells are widely recognized as an historic local landmark in Subotiv to commemorate the friendship of three brotherly nations: the Russians, the Ukrainians, and the Belarusians. Bogdan Chmielnicki ordered to dig these water wells in the honor of the valiant Cossacks of Zaporizhia who died in battles.

According to the local beliefs, three Cossacks dug the three water wells at the place where there was a wellspring with the water used by a local old man to heal the wounded warriors. This is exactly why a Cossack hospital stood near this wellspring for a long time and many wounded warriors were given medical treatment there.

The village of Stetsivka is famous for the Tourism and Ethnography Center of Kozatsky Khutir (the «Cossack Mansion») with the Ukraine's only museum of mill-

house industry, its total ground area being nearly 9 hectares. This is the precise place where windmills stood in the depths of unrecorded time. The St. Nicholas Church of the XVIIIth century is the central exhibit of the museum facility.

In the center of Medvedivka-village, there is a museum of local lore which is an integral part of the Kholodny Yar branch of the Chygyryn National Park of Historical and Cultural Heritage. The Assumption Day Church overtops proudly near the museum. The church was built in 1864, sponsored by I. Funduklei, the civil governor of Kyiv, who was the owner of this land area back then. The temple has distinctive elements of the modern style and bears the decorative paintings made by the locals.

The village of Medvedivka had been the home to Maksym Zaliznyak (Maksym ĀeleĀniak), one of the leaders of the Koliyivshchina uprising which was one of the largest in the entire history of the Cossacks.

Lots of monasteries were founded in this area after the Christianity was adopted, and the Kholodny Yar (the «Cold Dene») was used as a shelter by the monks. One of the largest and major shrines is the Motroninsky monastery in the village of Melnyk, built in the year 1036 and named after the wife of Myroslav, a military governor who served the local kings of the time. The monastery now stands on the territory previously occupied by a Scythian settlement of the Ancient Rus epoch. According to a legend, there are many underground passages in that place. Back in 1918 to 1922, the monastery was the center of the Republic of Kholodny Yar («the Republic of the Cold Dene») and centerpoint of the Ukrainian insurgency against various invaders.

Next to the Motroninsky monastery, there is the Haidamakas

Pond where the Haidamakas used to sanctify their weapons. A lot of knives, smoking pipes, and other items were found at the bottom of the pond in 1968.

As the road runs from Medvedivka to Melnyk, there is «Dzurkalo», one of the strongest wellsprings of the Kholodny Yar area in terms of the quantity of water per time unit. This is a thiocyanogenic source of curative water with considerable content of silver, wonderful biological properties, and purity. Everyone who visited the Kholodny Yar at least once could feel the influence of the magical force filling one's soul with light, joy, and unique feelings. One group of scientists attributes the positive energy of this area to the volcano which was active here two million years ago, and others trace it back to the meteorite which hit the surface of the Earth and thus formed the basin nowadays named Kholodny Yar.

The Kholodny Yar is a unique piece of the local nature and the only place in the country that combines cultural, archeological, historical, and botanical landmarks.

The Kholodny Yar is called «a dene» because of its unusual terrain features as a dense forest arises in the midst of a broad steppe area of over 6000 hectares. In the depths of this forest, the warriors led by famous Ukrainian hetmans found their shelter. The Kholodny Yar was for the first time mentioned in the XIVth century and got its current unusual name due to the legend about Cold Melanka, a woman who found her shelter in this area at the time of the Mongol invasion. Here, archeologists have revealed the traces of all archeological cultures, beginning from the farming culture of Trypillia.

Amongst the hundreds of the landmarks of the Kholodny Yar, every traveler will find something special for him or herself. For example, this may be the Motronin-



sky town settlement dating back to the Scythian time (VIIth to Vth centuries B.C.). The site is listed among the cultural landmarks of international importance. Behind, there is the convocation site which is the place where the Haidamakas and the Cossacks usually gathered. Prior to the decline and defeat of the insurgency movement for some time, the Haidamakas Sich (the «special camp of the insurgents») lived there and a large cauldron hung up on a big oak tree, its clanging was heard over several miles around the place. This was the system to raise alarm or to call the assembly for the Cossacks and insurgents and for



the local people living in the area. The historical site has now been marked with a memorial sign.

At the very center of the Motroninsky monastery, one can see the now functional Trinity Church, another architectural landmark.

From under the land surface, wellsprings let out the water which is extremely delicious and cold even in hot summer. It is believed that the water has the optimum concentration of thiocyanogen and silver, and it's like the water comes from one of three lakes lying under the Kholodny Yar, those lakes being a kind of artesian water reservoirs of the underground sea of potable water

created as the result of volcanic activity in the ancient time.

There is also an unusual oak tree named in the honor of Maksym Ćeleĭniak in Kholodny Yar. This oak tree has the official age of over 1100 years old. It is a real patriarch for oak trees and one of the oldest trees in Ukraine. Its circumference is nearly 9 meters, its altitude is 24 meters while the total volume of its wood substance constitutes 37,5 cubic meters. There is a legend that this giant oak tree has magical properties; everyone who spends time having rest in its shade would acquire unlimited energy. Such famous people as Bogdan Chmielnicki, Severin Na-

lyvaiko, Pavlo Pavluk, Maksym Ćeleĭniak, and Taras Shevchenko did so. And it was exactly that the Haidamakas gave their solemn oaths under this oak tree.

Well, it is anyway not enough to tell long stories about the miracles in combination of the present with the past, real things with legends. It's quite clear, you have to see it.

If you wish to perceive the spirit of courage, strength, vigor and patriotism, the sense of fighting for your homeland, you should come here, you ought to visit the Chygyryn area, famous for its glorious and mighty history and being a great part of our native land history!



## «TRADE HOUSE «ASTRA COSMETIC» LLC

The company is interested in export-import of perfumes and cosmetic goods

03138, 6A, Ohtyrska str., room 1, Kyiv, Ukraine  
 Director: Mr. Roman Maltsev  
 Tel.: +38 044 494 37 26  
<http://astracosm.com>  
 Contact person: Tetiana Kutafina  
 e-mail: t.kutafina@bigmir.net

## PHYSICAL PERSON – MR. OLEG ROMANOVSKY

Producer of spaghetti  
 Interested to export his own products, trade mark ZACROMA

49000, 53-A, Karla Marksa str., Dnipropetrovsk, Ukraine (main office)  
 80-b, Robocha street, city of Pidgime, Dnipropetrovsk region (production facility)  
 Tel./fax: +38 056 729 18 22  
 e-mail: zakroma@ua.fm  
<http://www.zakroma.in.ua>

## «VOLODAR INVEST» LLC

The company is a producer of refractory materials. Interested in export of powder fire-extinguishers as well as extinguishing powder

01004, 10, Kropyvnytskogo str., Kyiv, Ukraine  
 Director: Mr. Andrey Nikolaev  
 Tel./fax: +38 044 337 01 17  
 e-mail: volodarinvest@ukr.net

## TM DESIGN LLC

Interested to export domestic and foreign-made furniture

Destinations: China, Malaysia, Poland

08140, 98, Shchorsa str., Bilgorodka village, Kyiv region, Ukraine  
 Director: Mr. Maryna Kolesnyk  
 Tel.: +38 044 300 13 88  
 Fax: +38 044 300 14 88  
 Contact person: Olena Markachova  
 Tel.: +38 097 029 13 88  
 e-mail: import@topmebel.com.ua

## «GEMOPLAST» JOINT STOCK CO.

Producer of disposable medical products using polymer materials.

Interested to export their own products: syringes, transfusion/infusion devices, polymer needles, probing tools and other products (over 100 names).

67700, 57, Mayakovskogo str., Bilgorod-Dnistrovsky city, Odessa region, Ukraine  
 Director: Mr. Bogdan Pidgorny  
 Tel: +38 04849 33 160, +38 04849 31 807  
<http://www.hemoplast.ua>  
 Contact person: Oleksandr Myrgorodskiy (director of international economic relations)  
 e-mail: ved@hemoplast.ua

#### «TECHNO KHIM INVEST» LLC

Interested to import cable products: power cables, LOCA cables, co-axial cables, control cables, isolated wires and other cable and wire products for atomic and thermal power stations.

04053, 23A, Kudryavska str., Kyiv, Ukraine  
02098, Kyiv, post box 53 (for mail)  
Director: Mr. Oleksandr Chomyi  
Tel./fax: +38 044 569 40 85  
e-mail: tci.invest@gmail.com

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#### «KF INTERCOM» LLC

Interested to import wood products: wood wall panelling, saunas

03062, block 8, office 110, Peremogy ave.,  
Kyiv, Ukraine  
Director: Mr. Igor Pikalov  
Contact person: Veronika Terekhova  
e-mail: ved@intercom.in.ua  
Tel./fax: +38 044 206 10 10  
Cell phone: +38 067 402 79 91  
<http://www.intercom.in.ua>  
<http://www.teplodar.in.ua>  
<http://www.tulikivi.com.ua>

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#### WATER LANDSCAPE STUDIO

Interested to enter international market with their service of designing water landscapes

Director: Mr. Kostiantyn Yudin  
Tel.: +38 093 59965 29, +38 099 566 4852  
<http://konstantinudin.com>

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#### AGROFIRM "POLE" LIMITED LIABILITY COMPANY

Cherkasy, Post Box #73, Ukraine, 18001  
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Fax: +380 472 64 70 31  
e-mail: office@tomenko.org.ua  
<http://www.agropole.com.ua>

The company specializes in the production of cereals – wheat, durum wheat cereals, grain maize, pea cereals, which engaged in production of millet of category «Organic food» and corresponds to European quality standards and its production has been certified according to EU standards.

The company invites interested foreign organizations to cooperation and is willing to consider all offers of potential trading partners from Germany, Austria, Czech Republic, Poland, Netherlands, USA, Hungary etc.

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#### PRODUCTION ASSOCIATION AVANT-GROUP LLC

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skype: avant.group  
<http://www.avant-group.org>

The official manufacturer and exporter of household energy-saving electrical heating panels «HYBRO» based on Ukrainian energy saving technology HYBRID (combined infrared and convection heating). The company has offices in several countries of the European Union and today the products of this brand are represented in Bulgaria ([www.hybro-bg.eu](http://www.hybro-bg.eu)), Lithuania ([www.elektrosradiatoriai.lt](http://www.elektrosradiatoriai.lt)), Poland, Italy ([www.heatinghybrid.com](http://www.heatinghybrid.com)), UK.

The company is willing to consider various options for cooperation to promote own HYBRO brand products on the market of the EU and other countries.

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DIGEST

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