



Northern Black Sea Hub

Newsletter ● April 2010

Ukraine



Romania



Georgia



Armenia



Moldova



Business and Investments

Ukraine – The German company Food Retail & Production CS GmbH (FRP CS GmbH) plans to invest 200 million Euros in the construction of starch factory in Kiev region.

This was announced by managing founder FRP CS GmbH Wolfgang Shyrmer during the meeting with the Head of Kyiv Regional State Administration Anatoliy Prisyazhnyuka. The project will build a plant starch mill for grinding flour and mixed fodder plant for production of animal feed from processed wheat products. General, the plant will process a year about 400 thousand tons of wheat.

Romania – Over EUR 150 million will be invested in medical facilities on the Romanian market by 2011, with over EUR 70 million to be invested this year alone by the leading operators in the private medical services sector. The record-high level was made possible by the entry of some investment funds in the shareholder structure, as well as by growth opportunities on the local market.

Romania – The Romanian division of Mechel has taken over a new metallurgical plant – Laminorul Braila, in an approx. EUR 9.2 million transaction, thereby increasing the number of plants to four. The company's target is to increase the share of products with high margins.

Romania – A state aid has been approved for no more than 14 airports with an annual traffic of under 1 million passengers. The financial aid rises to a value of EUR 150 million.

Moldova – The telecom market is expected to see a 5-8% increase in 2010, according to The National Regulatory Telecommunication and Information Technologies Agency (NRTITA). Wideband access is expected to increase by 45%, of which the highest growth will be outside Chisinau city. Mobile telephony is expected to increase by 12%.

The telecommunication market decreased only by 1.7% against the 2009 GDP drop of 6.5%, with a total value of USD 450 million.

Georgia – EBRD will allocate EUR 180 million loan to Georgia for financing two major projects - one to construct a new railway route bypassing center of Tbilisi and another one to build a new high-voltage power transmission line. EUR 100 million loan will be allocated to finance a new double track railway route 10 km north of Tbilisi, which will divert rail traffic around the center of Tbilisi. This section of railway is part of main route for freight on the east-west transport corridor in Georgia. EUR 80 million loan to the Georgian State Elektrosystem (GSE), the state-owned electricity transmission company, will finance the construction of a 315 km high voltage electricity line between Zestaponi in western Georgia and Gardabani in the eastern part of the country. The project will include the construction of a back-to-back converter station in Akhaltsikhe, close to Turkish border, which will interconnect the Georgian and Turkish power networks.



Armenia – Armenian Minister of Transport and Communications Manuk Vardanyan met Chinese Ambassador to Armenia Tian Changchun. During the meeting, the Minister gave high assessment to Armenia-China political and economic relations, emphasizing perspectives of collaboration in the sphere of transport. As Manuk Vardanyan stated, there's great potential in transportation sphere, specifically public transport and road construction. The Minister stated that an international tender for South-North highway construction will be announced.

Armenia – A working group has been established in Armenia to facilitate applications to the EurAsEC Anti-Crisis Fund. The largest projects of transnational importance will be chosen to be submitted for funding by the Fund. Three or four projects in chemical, transport, metallurgy, information technology industries are ready and preliminary applications are now reviewed by the fund. The Deputy Minister expressed hope that the Fund will make a final decision over Armenia's projects by the end of 2010.

Politics and Economy

Ukraine – Ukrainian President Viktor Yanukovich has submitted to the Verkhovna Rada a draft law on the ratification of the Ukraine-Russia agreement extending the presence of the Russian Black Sea Fleet in Ukraine. The draft law was posted on the Verkhovna Rada website. The Verkhovna Rada and the State Duma plan synchronous ratification of the deal on April 27. If the ratification will be passed in Verkhovna Rada then Ukraine will get a 30% price decrease for natural gas imported from Russia.

Ukraine – An IMF mission headed by Mr. Thanos Arvanitis visited Kyiv during March 24-April to discuss economic policies that could be supported by a Stand-By Arrangement with the IMF. The mission found the economic outlook for Ukraine to be strengthening, with signs of a gradual resumption of growth. The current account deficit has narrowed, the currency has been broadly stable, and core inflation, while still high in comparison to many other countries, is falling.

Ukraine – Ukrainian GDP rose with 5 percent first quarter of 2010. The Industrial output has also improved, a rise of 13,8 percent in March accelerating from 5,6 percent in February. Export oriented sectors, such as machine-building (up 33%), metallurgical (up 26%) and

chemical sectors (up 22%) drove last month's growth. Unemployment rate has decreased from 1,9 percent in January/February to 1,8 percent in March 2010.

Romania – Some of the activities of the Romanian National Agency for Integrity (ANI) have been declared non-constitutional by the Constitutional Court, thereby affecting the transparency of the Government's activity and triggering international concerns. The Government reacted promptly and has issued a new law which is to be approved shortly.

Romania – The government and the president are pushing for the revision of the Constitution following the presidential election last winter. A new law is to be submitted for setting up the framework for a new Parliament comprising of one legislative chamber with 300 seats.

Romania – Concrete measures for the reduction of public spending are still expected as the IMF is putting more and more pressure on the Romanian authorities. Among the ones coming into force are the law of fiscal responsibility which has been approved, with effects becoming visible close to mid-year, and some 75 000 employees within the public sector being laid off, following other layoffs in multiple state owned companies. At the same time the IMF announced a prognosis for Romania's 2011 growth estimated at 5.1%, the highest level in the EU.

Moldova – Romania will grant a non-refundable financial aid to Moldova in value of EUR 100 million. The aid will be split in tranches of EUR 25 million over four years and their destination is the Moldovan infrastructure rehabilitation.

Moldova – Moldovan exports to EU intensified during the first two months of the year, by 16.2% more against same period of 2009. The trade deficit dropped by 12.3% to USD 255.6 million. Best traders with Moldova were Russia, followed by Romania and Italy. Main exported goods are industrial goods, food products and machinery and equipment.

Moldova – Moldova's agro-industrial sector will benefit from financial assistance worth EUR 110 million on



behalf of foreign donors in 2010-13. The proceeds are part of the EUR 1 936 billion assistance given to the Moldovan government by development partners in Brussels on 24 March 2010.

closely linked to the Russian market, which is showing signs of recovery, which is a factor that will strengthen Armenian GDP in the future economic development. In the first quarter of 2010 Armenian export increased to 60,9%, which in monetary terms is 198,5 million USD.

Georgia – Georgia aims for a visa free movement with the EU by the year 2013. This is a personal ambition of Georgian president, Mr. Saakashvili. Georgia has already negotiated visa facilitation and readmission agreements with EU; signing and entry into force of these agreements are undergoing through EU's internal decision-making procedures.

Armenia – The National Statistical Service of Armenia published macroeconomic indices, according to which, economic growth was 5.5% in the first quarter of 2010. In the first quarter of 2010 the growth in the industry sector was 10%, specifically, electricity generation increased by 10%. A 3.2% growth was recorded in the agriculture sector while the fall in the construction industry persists due to economic diversification, on the one hand, and lack of private investments in the sector, on the other hand. Armenia's foreign trade turnover totalled \$1 billion during the first quarter of 2010 that is 29% higher compared with the same period of last year. The RA National Statistical Service reported that 15.4% growth was recorded in the trade turnover in March as compared with February. As Armenian foreign trade is



Events in the Northern Black Sea Hub during the following three months:

MAY						
Su	Mo	Tu	We	Th	Fr	Sa
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30	31					

JUNE						
Su	Mo	Tu	We	Th	Fr	Sa
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JULY						
Su	Mo	Tu	We	Th	Fr	Sa
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Dates	Office in charge	Event
25 – 28 th May	Bucharest	Business Delegation to Moldova & Romania – May 2010
1 – 4 th June	Kiev	Business Delegation to Georgia – June 2010

For more information on the events please follow the Web links to our homepages or contact us directly.
See contact details on next page.



THE SWEDISH TRADE COUNCIL in The Northern Black Sea Hub

The STC offices in the Northern Black Sea Hub collaborate extensively, enabling a more efficient way of coordinating activities between the markets, making us more adaptive and flexible to meet our clients' demands and needs.

Would you like to know more about our multimarket services? Please contact us at one of our local offices directly, if you are interested in a specific market or country:

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