



Northern Black Sea Hub

Newsletter ● March 2010

Ukraine



Romania



Georgia



Armenia



Moldova



Business and Investments

Ukraine After the presidential elections Ukraine funds have been the most popular among investors, according to Mr. Claes Hemberg, economist at Avanza Bank, in Sweden. Eastern Europe Funds and growth markets are two other categories that have been favored by Avanza clients.

Ukraine – The International Finance Corporation (IFC) is launching energy efficiency programs in Ukraine, Olena Voloshyna, Head of IFC representative office in Ukraine, told the press.

The mission chief noted that two programs for energy efficiency are launched in Ukraine. The first of them is Resource Conservation. It will deal with agriculture. The program is planned to attract USD 150 million to reduce CO2 emissions by 230 tons per year.

Ukraine – The European Bank for Reconstruction and Development (EBRD) may extend EUR 100 million to Dnipropetrovsk for subway construction, city mayor Ivan Kulychenko has said at a meeting with EBRD officials.

Ukraine – World Bank is ready to give Ukraine a loan targeted for implementation of National Reform and Development Program of Communal Housing and services for the years 2009-2014.

In addition, during the meeting the parties confirmed the earlier reached agreements on the allocation of additional funding "open" component of the project "Development of urban infrastructure" of \$ 200 million, provided that by the end of 2010, 50 % of funds allocated by the bank will be spent.

The Government of Ukraine and the World Bank launched in February 2009 the project "Development of Urban Infrastructure", in which the Bank lent 140 million

dollars. Loan Agreement was signed by the Government of Ukraine and the Bank May 26, 2008. Funds were provided under the state guarantees for 17 years under +4,01% rate.



Romania – EUR 395 mil. loan from EIB secured by the Romanian government for the construction of an EUR 883 mil. new subway line in Bucharest which will make the connection of one of the busiest areas (Drumul Taberei district) to the downtown. The loan can be accessed until 2014, with prospects of the project indicating 2015 as deadline for the works.

Another loan agreement was signed with the Japanese authorities for the construction of a subway line that is to connect downtown Bucharest to Otopeni Airport. The loan covers one third of the total EUR 1 bn. value of the project.

Romania – Ford Europe has changed its investment plans for the Craiova factory, located in the southern Romania. Hence, a doubling from EUR 675 mil. up to EUR 1.2 bn., of which EUR 1 bn. to be invested between 2010 and 2012. The production line will start manufacturing a new environment friendly engine.

Romania – Sales of the local car producer, Dacia Renault, increased last year by 20%, while exports rose by 56%. This year's new star, the Dacia Duster, puts pressure on the production capacity and the company will expand the production cycle during weekends starting this month.



Romania – Ikea has bought the operations of the local Ikea franchise, initially owned by businessman Gabriel Popoviciu, in March, whilst H&M is looking at opening the first Romanian stores in Bucharest.

Moldova – Chisinau City Council has passed the budget for repairs and investments in 2010: investments amount EUR 4.87 Million.

Moldova – World Bank will provide assistance to the Moldavian Government for the implementation of the IT&C projects which are part of the reform within public administration and telecom.

Georgia – European Bank of Reconstruction and Development has allocated EUR 180 million for two grand projects in Georgia. EUR 80 millions of the assistance will be spent on the construction of a 500 kilo-watt power transmitting system from Georgia to Turkey. With the rest EUR 100 million, EBRD co-finances the construction of a new railway route bypassing the central area of the city of Tbilisi.

Georgia – The United States will invest up to USD 124 million in enhancing Georgia's energy infrastructure, according to an agreement signed in Tbilisi on February 25. The assistance, which will be provided through USAID, is part of USD 1 billion aid package, pledged by Washington after the August, 2008 war.

Armenia – The Executive Board of the International Monetary Fund completed the third review of Armenia's economic performance under a program supported by a Stand-By Arrangement. The decision enables the immediate release of an amount equivalent to approx. USD 73.6 million, bringing total disbursements so far an amount equivalent to approx. USD 532.2 million, the IMF presented in a press release.

Armenia – The Asian Development Bank is providing a loan of up to USD 40 million to help build a new terminal at Zvartnots International Airport in Yerevan. The loan will help fund the USD 173 million cost of a new two-storey terminal building to supplement an existing

concourse, helping Zvartnots International Airport to increase the number of destinations it serves and boost the frequency of flights. By the time the terminal is operational in 2012, the airport should be able to handle about 3.2 million passengers a year, up from the current 1.8-2.0 million.

Politics and Economy

Ukraine – Ukraine's economy may rebound "relatively quickly" next year after a sharp contraction in 2009, helped by exports, according to Frank Gill, Standard & Poor's primary credit analyst. Compared to the 12% contraction in 2009, Ukrainian economy may expand with 4,5%. However much depends on external demand for metals as well as metal prices.

Ukraine – After a meeting with deputy minister of Economy, Mr. Serhiy Tihipko, Mr. Max Alier, Resident Representative of the International Monetary Fund (IMF) in Ukraine, stated that a fruitful meeting has been held regarding government's economic policy priorities for 2010, which includes re-engagement with the Fund. Mr. Tihipko requested an IMF mission to resume policy discussions. Mr. Alier indicated that the Fund stands ready to support Ukraine in its endeavor to return to a sustainable growth path, and that I will relay the request for a mission to our headquarters, and consult on next steps.

Ukraine – Five weeks after Viktor Yanukovich narrowly won the presidential election, he has managed to form a coalition in parliament and install a loyal lieutenant as prime minister. Fears of more political gridlock in Ukraine have been averted. Moreover, after years of instability, democracy is still strongly alive. Nikolai Azarov, the 62-year-old Russian-born prime minister, is one of the longest-serving bureaucrats in Ukraine. He has twice been finance minister. Mr Azarov's deputy for the economy will be Serhiy Tyhypko, who came third in the first round of the presidential election.

Romania – 2009 brought a 7.1% decrease of the Romanian GDB, given a contraction of the construction sector by approx. 14% and 4.3% in industry. Commerce has also decreased by 11.2%. This year's estimates place the GDP on a positive trend of 1.3% increase. The Governments aim is to reduce the



budget deficit to 5.9% from 7.3% last year and to keep to the plan for the adoption of EURO by 2015.

Inflation dropped last year to 4.7%, as compared to 6.3% in 2008, and it is expected to reach 3.5% this year.

Romania – The Romanian government is facing challenges coming from the unions. Strikes within the education sector, the transports, the local administrations and Bucharest subway have been announced for the months of March and April.

Romania – President Traian Basescu announced the willingness of Romania to host part of the American anti-missile shield. According to the officials, several sites for interceptors will be based in the country.



Moldova – EUR 1.94 bn. will enter Moldova as external financial assistance between 2011 and 2013. The document for the assistance program was signed in Brussels by the Prime Minister, Vlad Filat, and the European Commissary for European of Foreign Affairs and Politics of Neighborliness, Stefan Fule, on the 25th of March.



Georgia – President Saakashvili signed an order on Tuesday, which formally endorses May 30, 2010 as the date for local self-governance elections. Although the date was included in the emended election code, the President had to release a relevant decree no later than March 31.

Georgia – Georgia has established diplomatic relations with 13 countries this year, the latest of which the island nations of Fiji and Comoros. Earlier this year, diplomatic ties were established with four Latin American countries - Dominican Republic, Paraguay, Peru and Saint Lucia and with three African countries - Botswana, Cape Verde, and Liberia. Georgia has diplomatic relations with total of 135 out of 191 UN-member states, according to the Georgian Foreign Ministry.

Armenia – On March 30 a regular meeting of the commission, chaired by Prime Minister Tigran Sargsyan, coordinating cooperation between Armenia and the EU was held in Yerevan. The Minister of Economy, Nerses Yeritsyan, made a report on the implementation of measures ensuring the Armenia-EU Action plan for 2009-2011 in frames of European Neighborhood Policy.

Armenia – Over-fulfillment of Armenia's state budget is expected in 2010. According to Mr. Gagik Minasyan, chairman of the Standing Parliamentary Committee on Financial-Credit and Budgetary Affairs, the 21.8% budget increase in January-February 2010 has been conditioned by the 3.1% GDP growth, legislative changes in the budget and the increased effectiveness of the State Committee for Revenues of Armenia. Mr. Minasyan believes this trend will continue throughout the year.



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

APRIL						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
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	

MAY						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	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					

JUNE						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	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			

Dates	Office in charge	Event
22 nd April	Bucharest	'Heating Efficiency' Seminar in Bucharest
26 th April	Bucharest	Stockholm pre-seminar for Delegation to Moldova – May 2010
27 th April	Bucharest	Malmö pre-seminar for Delegation to Moldova – May 2010
26 – 29 th April	Kiev	Business Delegation to Georgia – April 2010
4 – 6 th May	Bucharest	'Solid Waste Recycling In Romania & Efficient Swedish Technology' Seminar in Bucharest
25 – 28 th May	Bucharest	Business Delegation to Moldova & Romania – May 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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