



During this period, a total of 12,511 businesses and properties were privatized. Of these, 9,752 were small-scale (43% of the number planned to be privatized in 1995) and 2,710 were large and medium-scale of which all or most shares were sold (34%).

Among the leaders in small-scale privatization in Ukraine are the following oblasts: Odesa (92%), Zaporizhia (71%), Zakarpatya (65%), Lviv (63%), Dnipropetrovsk (62%), Donetsk (54%), Ivano-Frankivsk (52%) and Sumy (50%). Among cities, Kyiv had 67% and Sevastopol 53%. The slowest rate of small-scale privatization is in Chernihiv, Kherson, Kirovohrad, Poltava, Kharkiv, and Kyiv oblasts, where less than 25% of the small-scale privatization planned for 1995 was carried out.

The largest number of large-scale businesses prepared for sale are in Zhytomyr (51%), Dnipropetrovsk (49%), Volyn (48%) and Odesa (48%) oblasts and in Sevastopol (46%). The slowest rate took place in the Autonomous Republic of Crimea (5%). In the Zakarpatya, Luhansk, Sumy, Kharkiv, and Chernivtsi oblasts privatization was 20-25% of that planned.

U.S., GERMANY BIGGEST FOREIGN INVESTORS

Dec. 5, 1995... Foreign investors put US\$183.8 worth of goods and cash into the Ukrainian economy during the first nine months of 1995. Some \$25.9 million was in direct financial investment in Ukraine. Goods and real estate amounted to \$146.9 million.

The Statistics Ministry calculates that the total amount of foreign investment in Ukraine to date is \$650.3 million. Among the biggest investors are the United States (23.9%), Germany (18.3%), Great Britain (6.6%), Russia (5.3%) and Cyprus (5.2%).

Sectors which benefited most from foreign investment were commerce (27.5%), food and light industry (17.9%), engineering and metal processing (14.7%), color and ferrous metallurgy (5.9%) and chemical industries (4.6%).

For the first nine months of the current year, Ukrainian business invested \$19.3 million in foreign countries. The most favored destinations were Switzerland with 41.4% of the total and Russia with 19.6%.

PRESIDENT CALLS FOR FARM SECTOR REFORMS

Jan. 7, 1996... Ukraine, once the breadbasket of Europe, must introduce tough farm reforms to overcome bad harvests and regain its place as an agricultural powerhouse, President Kuchma said at an agricultural conference.

"Ukraine has every chance to become a world leader in agricultural production in the near future. In Soviet times, Ukraine was a

world leader," Mr. Kuchma told participating Cabinet Ministers and senior industry officials.

President Kuchma organized the conference to outline a plan to rescue the farm sector, caught in a downward spiral since the break-up of the Soviet Union. Collective farms, cut off from most state subsidies for fuel, seed and fertilizers, face declining yields and many are virtually bankrupt. The 1995 grain harvest was 36 million tons - just 500,000 tons more than last year's drought-damaged crop and nearly 10 million tons less than 1993.

A draft plan for revitalizing agriculture emphasizes more state support for exporters, lower taxes and foreign investment. It avoids radical reforms, instead envisaging gradually privatizing land and transforming collective farms into joint-stock companies.

15 UKRAINE-US JV'S EXPECTED IN DEFENCE INDUSTRY CONVERSION

Nov. 8-21, 1995... Some 15 Ukrainian-American joint projects are being prepared for the conversion of the military and industrial complex, according to the Ukrainian Deputy Minister of Engineering, Military-Industrial Complex and Defense Conversion. Three such ventures are already active. They were set up by Khartron (Ukraine) and Westinghouse (USA), Komunar (Ukraine) and Federal Defense Group (USA), the Chernihiv plant of radio devices (Ukraine) and AT&T (USA). The first two have already received financial support from the Nunn-Lugar Fund and the Nunn-Lugar Plan calls for another US\$20 million to be invested in Ukraine's military conversion.

DOMESTIC DRUG SUBSTITUTES SOUGHT

Dec. 6-19, 1995... Ukraine's State Antimonopoly Committee has granted permission for the formation of the Ukrainian Therapeutic Pharmaceutical Network (UTAM) research and manufacturing corporation. One of the new corporation's tasks will be to manufacture domestic substitutes for imported drugs. Currently Ukraine is able to provide for only 15% of the country's pharmaceutical needs.

OFFSHORE OIL PROGRAM APPROVED

Nov 22-Dec 5, 1995... Ukraine's Committee for the Oil, Natural Gas and Oil Refineries approved a draft of the national program for the development of offshore oil deposits in the Black and Azov Seas.

The draft of the program provides for the drilling of almost 800,000 metres of wells on test-drilling sites and close to 1,700,000 metres on active wells from 1996 to 2010. During this period US\$5.9 billion worth of oil and gas should be extracted. According to estimates, expenditures should be close to US\$3 billion.

McDONALD'S IS COMING TO UKRAINE

The McDonald's fast food chain plans to open seven restaurants in the city of Kyiv by Spring 1997. A year later, in 1998, twelve more restaurants will open in Kharkiv, Odesa, Dnipropetrovsk, Lviv and Donetsk. With the goal of reaching total market dominance in central and eastern Europe, the fast food chain is finally marching into the biggest central European market - Ukraine - five years after the country became independent, and almost ten years after McDonald's entered its first formally communist country.

Ukrainian Management Consulting has been appointed the 'official business consultant for the McDonald's market entry'. UMC has started to lay the groundwork and create the infrastructure for the fast food chain - with eight people already working on the project, meeting with government and city officials, and Ukrainian businessmen in preparation for the company's long-awaited arrival in Ukraine.

While McDonald's already has a preliminary plan to start constructing its restaurants in September, no definite sites for outlets have yet been chosen. Also, McDonald's will not franchise but wholly own its first set of restaurants. Argo Trading Ltd., a retail joint-venture which owns Kyiv's Reebok, Benetton and Levi's shops, has purchased real estate with a view to possible future cooperation with McDonald's.

McDonald's will open restaurants in central Kyiv but also has plans to open a few drive-thru outlets in those suburbs that have little entertainment or food facilities for their hundreds of thousands of residents. According to McDonald's Internal Staff magazine, in the long-term, Kyiv alone has the potential to support fifty restaurants. In different oblasts, McDonald's will mainly establish drive-thru restaurants, because it will be easier for the company to control construction costs, construction times and supervision.

The company will need well over 1,000 Ukrainian staff in 1997 when the first restaurants open. McDonald's is already looking for three Ukrainian candidates for the posts of chief accountant, purchasing manager and a quality assurance manager.

Newsbriefs continued on page 44.