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A new European investment center

Amid the global economic crisis that has seen some worried Ukrainians rush to their local banks to withdraw their savings, a recent poll conducted by Deloitte suggested that 48 percent of the country feels that the financial crisis does not have any direct influence on their personal financial situation.

Despite the downturn, there are undeniable reasons to invest in this blossoming economy which is evident by the successes of international companies like Kraft Foods, Coca-Cola, Hewlett Packard, Cargill, Knauf, Yazaki, and McDonalds.

All of them entered the market in the last 15 years and have seen steady return on their investments.

Crisscrossed by transnational railroads and highways, oil and gas pipelines, and electricity transmission lines, Ukraine ensures its position as an integral part of economic development in the expanded European Union to the west and in the former Soviet Union to the east.

With an abundance of *chernozem*, or highly fertile black soil, Ukraine accounted for 25 percent of the agricultural output of the erstwhile Soviet Union.

Situated by the Black Sea, the country also played an important role in the region's military industry.

Following the Soviet Union's collapse in the early 1990s, Ukraine wanted an economy

that was no longer dependent on Moscow. It capitalized on its geographical assets and existing heavy industries and shed the socialist model for a market-driven one.

Progress was slow and tough



Japanese Ambassador to Ukraine Mutsuo Mabuchi

but it seems that Ukraine is nearing its objective.

From 2000 to 2006, the country reported average GDP growth of 7.4 percent. And from January to September 2006, foreign direct investments exceeded \$3 billion, with the U.S., Russia, Britain, Austria and Germany being among the largest investors.

Ukraine further consolidated its position in the mainstream global economy when it was admitted to the World Trade Organization this May.

"Ukraine's membership to the WTO was truly a historic moment

and was a decisive milestone in the development of our economy. We are convinced that our efforts will yield results and allow us to build closer economic ties worldwide," said Ukrainian President Viktor Yushchenko.

While the capital Kiev has been Ukraine's business center, Donetsk, Kharkov and Dnepropetrovsk in the east remain the country's traditional industrial regions with very strong coal mining, metallurgical and machine building sectors.

As the seventh-largest steel producer in the world, Ukraine has also developed dynamic heavy industry and industrial equipment production sectors, which account for more than 40 percent of GDP and over a quarter of employment.

Meanwhile, the agricultural sector still offers investment opportunities in food processing and storage.

"Eighty percent of Ukraine's land mass is farmland. With an influx of proper machinery and higher yield seeds, the possibilities for investors in this sector (of the Ukrainian economy) are endless," explains General Director Wlodzimierz Wlekkik of Sumitomo subsidiary Summit-Argo.

"We have a global client that is able to bring in specialized fertilizer, improved seeds, better farming equipment and will be able to increase the yields (of their farming lands) five times in only two years," points out Mason Tokarz,



Like many other countries, Ukraine is being affected by the downturn in the global economy. But the country looks forward to a strong recovery thanks to its developed infrastructure and abundant natural resources.

Managing Partner KPMG Ukraine.

Potential of Japanese investment

While trade between Japan and Ukraine reached \$1.3 billion in 2007, Japanese Ambassador Mu-

tsuo Mabuchi believes that economic relations between the two countries have yet to reach their full potential.

Currently, automobile and consumer goods have been the top Japanese imports to Ukraine, with

Toyota, Mitsubishi, Honda, Subaru, Suzuki, Nissan, Mazda, Sony, Canon, JVC, OKI and Panasonic strengthening their businesses in this dynamic market of 47 million consumers. Isuzu too has experienced high profitability in Ukraine after being named the sole supplier of all public mass transit buses to the Ukrainian government.

"I'm very optimistic about the future relations of Japan and Ukraine, particularly in the field of cooperation, because Ukrainian and Japanese business cultures have some commonalities," Mabuchi says.

In 2005, Japan provided a loan to Ukraine to help in the expansion of Kiev's main Borispol International Airport, a project that also involves Japanese giant Marubeni.

With its diverse manufacturing base, large deposits of natural resources, fertile farmland, and developed transport networks and ports in Odessa and Crimea, Ukraine has much to offer the international investor. ♦

Gvozdiy & Oberkovych Attorneys at Law is recognized as one of the most prestigious law firms in Ukraine, providing only the highest level of service. The firm offers a wide range of corporate and commercial legal services catering to international and local clientele. It provides clients with indispensable assistance when needing to create a stronger presence in Ukraine. www.gvozdiy.com

BSI Group offers services in recruitment, staff leasing and HR consulting, and consists of four legal entities: BSI Ukraine, BSI Georgia, Acumen Outsourcing and Total HR Consulting. With its head office in Kiev, BSI Group is ranked the No. 1 HR services provider in Ukraine and the Caucasus. www.brain-source.com

ANTICOR Group LLC, as the country's No. 1 supplier of surface treatment and preparation equipment, offers the widest range of solutions, equipment, spare parts and services for various industrial applications in Ukraine. The company gained its competitive edge through its highly qualified and experienced staff, flexibility and individual approach to customer demands. It is the distributor of Clemco (air-powered blast equipment), Graco, Munkabo, Norclean, OMSG, Blastrac, Trimmer, URACA, DeFelsco, TQC and elcometer. www.anticor.ua

Panasonic brings 'ideas for life' to Ukraine

With its population of 47 million and impressive economic growth, Ukraine has recently emerged as a very suitable destination for foreign capital. In fact, during the past eight years, retail consumption has grown between 20 percent and 25 percent annually.

As the Ukrainian consumer gets savvy and demands quality Japanese products, Panasonic has stepped up its efforts in this burgeoning market.

Many Japanese still regard Ukraine as part of Russia due to the country's location and historical position within the former USSR.

So while many Japanese may be unable to quickly point out Ukraine on a map, the Japanese brand has achieved higher recognition in Ukraine than in some Western countries.

"I believe Panasonic's task is to satisfy the potential needs of

the Ukrainian consumer and enhance the Panasonic brand value toward consumers through advanced digital electronics. Ukraine has a high cultural standard, and consumers today require something new and something progressive," says Panasonic CIS Director Kokichi Takahama.

The electronics goods market is very competitive in Ukraine due to the market's growth potential. So many companies have chosen to stay in the country even during spells of difficulty,

like the economic downturn in 1998.

Currently, Panasonic is determined to minimize the gap with competitors by building on the company's brand recognition.

"In order to strengthen the Panasonic brand in Ukraine, we utilize unique marketing methods. We make use of the very strong image of Japanese culture in symbolic and artistic fields such as the company's tie-up with Takeshi Kitano, the Japanese filmmaker, actor, presenter, screenwriter and author who has

promoted Panasonic's VIERA since 2006," says Takahama.

Since becoming an official member of the World Trade Organization in May, Ukraine has seen a dramatic increase in foreign companies and has made the needed adjustments to ensure that economic growth continues

in the long term.

"Panasonic has an important role to play in the country's continuing transition. We will ensure we are always together with our customers and bring them 'ideas for life' from Panasonic," he says. ♦

www.panasonic.com.ua



Panasonic CIS Director Kokichi Takahama



Panasonic has unveiled its Idea Plaza in Ukraine to showcase its very wide range of top-quality electronic and digital products.

It's a bump-free ride for Toyota

Since taking over as head of Japanese car giant Toyota's operations in Ukraine in 2005, Atsuya Kondo has doubled sales for three consecutive years. Notwithstanding the very robust performance, the Japanese executive does not see this growth bottoming out in the years to come.

As Western Europe has already become a highly saturated, highly competitive market, Toyota has looked to young markets in Eastern Europe and the former Soviet Union to boost the growth of its entire group.

Ukraine has assumed more importance in recent years as the size of the middle class continues to expand in this young and dynamic economy.

In fact, the car market has reported growth of between 35 percent and 45 percent over the past four years, and most forecasts remain optimistic.

The company still imports certain models from the U.K., France and Turkey, in addition to Japan.



Toyota Ukraine General Director Atsuya Kondo

"Success is not only measured in balance sheets. We want our employees to be proud to be part of the Toyota family. The car business is a human business. To

be the best in sales is not everything. To make a good effort and to think about your people is the most important element. If you abide by these rules, success will happen naturally," says Kondo.

"Any team is only as strong as its weakest link. We make every effort to ensure that every member of our family, from salespeople to custodians, understands that their job is vital to the success of the company as a whole," he adds.

Meanwhile, Toyota has benefited from strong brand awareness in the country and a wide product range that appeals to a diverse consumer market.

As Ukrainian consumers see disposable income climb, they have recently enjoyed the luxury of including quality of goods into their buying decisions, rather than considering just price alone.

Among middle-income earners, the Corolla and Camry models are the most popular while SUV models like the Prado and Land Cruiser

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Dogus builds stable groundwork

Having secured several multimillion-dollar projects across the country, Turkish conglomerate Dogus Group has become one of the most recognizable names in Ukraine since it entered the construction industry two years ago.

"Our goal is to emphasize our group's whole presence in the Ukrainian market," says Dogus Construction Ukraine President Barak Talu.

Dogus Construction gained its leading position in Ukraine's construction sector through its extensive global experience and its long-term partnerships with other multinational corporations, including GE Money.

"We have banks all over Europe, such as in Moscow, Romania and Holland. We also plan to enter Ukraine's banking sector in the near future," Talu says.

To gain a competitive advantage in the market, Dogus Construction has brought in a team of foreign employees to manage the company, and also hired local economists



Dogus Construction Ukraine President Barak Talu

and lawyers who are more knowledgeable about the local economy and national laws.

"I've been with Dogus Construction in Ukraine since 2006 and we have been working with contracts that use mostly international financing to avoid possible conflicts with the government. This is the strategy we used for our recently completed project in Zaporozhe, one of the industrial

CONTINUED ON PAGE 14

Toyota Ukraine

www.toyota.ua

VIERA

There's drama lurking in that one hundredth of a second.

Takeshi Kitano, film director

Official Worldwide Olympic Partner

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Projecting that moment of full clarity. The dynamism of pure movement of 480Hz.

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First and still leading the way

Mazda has definitely come a long way in Ukraine.

In the wake of the Soviet Union's collapse, the Japanese carmaker sold just over 120 units in 1994. By the end of 2008, Mazda is predicted to sell close to 7,000 units as the economy grows stronger by the year.

"Mazda received its competitive advantage because it was the first foreign car here in Ukraine," says Elena Dunina, general director of Auto International, the official distributor of Mazda in Ukraine.

The company originally arrived in the country from Austria in the early 1990s via separate joint ventures – first with Minolta and

later with Itochu. At that time, it was also the first Japanese carmaker to enter the Ukrainian market.

By 2000, the company renamed itself Auto International, with Itochu taking the largest stake in the official distributor and importer of Mazda in the country.

Mazda has grown so quickly since 2004 that the parent company in Japan has expanded its model range in Ukraine to include the new Mazda CX-9, which was initially planned for exclusive distribution in the U.S.

In fact, Ukraine was chosen as the first European country for the launch of the CX-9.

"Zoom, Zoom" is the soul of Mazda. It means enjoying the speed of driving, which is understood in any language. Our marketing department used the colors blue and yellow when printing it, giving it a more Ukrainian touch," says Dunina, whose training in engineering and economics will surely be valuable to the company.

"We are proud to be part of



Elena Dunina, general director of Auto International, the official distributor of Mazda in Ukraine

Mazda International and we thank them for their open-minded business style. We look forward to the future and celebrating our 18th year of Mazda in Ukraine has been an accomplishment," Dunina adds. ♦

www.mazda.ua



Auto International unveils the Mazda CX-9 at the All-Ukrainian Motor Show.

DataLux finds the secret of its success

Fast-developing economies in Eastern Europe, including Ukraine, have created highly competitive environments in the private sector, urging companies to invest in hardware and IT in an attempt to boost their business. This trend has rapidly brought about development opportunities for companies in high-tech sales and support.

Set up in 1993, the Ukraine-based DataLux group of companies distributes products of more than 90 manufacturers, among them laptops, PC components, printing and packing industry equipment, hardware and software corporate solutions, as well as photo, video and printing devices.

DataLux achieved success by building long-term partnerships with manufacturers, vendors and dealers in the country.

"We work with many multinational companies, such as Acer, Asus, Dell, Fujitsu-Siemens, LG, Logitech, Nortel, Samsung Electronics, SanDisk and Sun Microsystems. We also value our relationships with Japanese manufacturers very highly like Dainippon Screen, Canon, Epson, Mitsubishi, Nikon, Olympus, Toshiba, Shoei and Sony. These names symbolize the highest quality and dependability of the product," says President Vladislav Lebedinsky.

"With Toshiba, for instance, we are currently engaged in four parallel projects – laptops, all-in-one printing devices, projection equipment and LCD TVs," adds Lebedinsky.

The DataLux group's well-balanced brand portfolio and development of several busi-

ness programs (IT, distribution, system integration, corporate telecommunications, printing industry solutions and service support) has emerged as a winning formula, as it facilitated diversification and steady growth.

"One of our main objectives is to be completely transparent to our vendors and financial partners. DataLux group is being audited by Deloitte on a regular basis and actively cooperates with the world's leading credit rating agencies, Coface IGK and Integrites in particular. This helps to maintain a high confidence level among our partners," says

Lebedinsky.

"For DataLux, it is the skill in the art of providing diverse information, financial, logistical and marketing services to our partners. The company pioneered active, targeted marketing for IT, printing industry and especially in system integration. This contributed greatly to DataLux's brand recognition. We are planning to increase the achieved momentum by exploring new trends and increasing the market share gain with existing projects," he adds. ♦

www.datalux.ua



DataLux President Vladislav Lebedinsky

OKI stays ahead in printing solutions

In the wake of the Soviet Union's dissolution in 1991, Japan-based electronics and printer manufacturer OKI Printing Solutions immediately saw a new opportunity to further strengthen its position in the region despite valid doubts about the viability of a huge bloc of newly emerged markets.

quality, technology and excellent business ethics," says Pakhomov, who was named Individual of the Year for 2003.

From the simple telephone, the company now sells telecommunications equipment, computer printers, electronic devices (such as synthesizing chips for mobile phones), automated teller ma-

With the Ukrainian economy expanding and showing much promise, Kiev-based Auto International foresees its business growing as the distributor of Suzuki in the country.

Company chief Elena Dunina, a trained engineer and economist, is grateful for the confidence and investment shown by one of its shareholders, Itochu, in the future of the Ukrainian car industry.

"Japanese cars are becoming more and more popular in Ukraine precisely because of their quality," says Dunina.

Besides increasing growth, the company also hopes to improve the local business climate for more foreign investors as Auto International works more closely with many international companies.

"We believe we were among the first companies to bring this about in Ukraine. We also want to focus on our people. We aim to further harmonize the interest of our people with the business interest of our manufacturers and shareholders. Human resources is one of the most important factors of our success and we want to take care of our people," says Dunina.

"When Suzuki Motors started in Ukraine, it was mostly known for its motorcycles," points out Dunina.

But the Japanese automotive

company has gone beyond motorcycles.

While Suzuki is ranked among the Top 2 motorbike brands in the country, it has also experienced strong growth in its automobile models.

"Suzuki cars have gained a lot of popularity. By 2008, Suzuki Motors has sold 4,800 units in Ukraine, with the Grand Vitara being the most widely known," adds Dunina.

Suzuki has an impressive countrywide network of car and motorcycle dealerships.

"Our dealerships are all over Ukraine, such as in Donetsk, Dnipropetrovsk, Sevastopol, Kharkov and Crimea, which are all performing very strongly as well," says Dunina.

Auto International plans to boost Suzuki's current market share in more cities in Ukraine with populations of over 1 million, such as Odessa.

Dunina is very confident that Auto International can reach this goal because of the market's huge potential. ♦

www.suzuki.ua



The Suzuki Grand Vitara F/L at a pre-open day test



Nikolai Pakhomov, OKI Europe general manager for the CIS Region, with Terry Laidlaw, vice president of OKI Europe for the Eastern Region (left), who received the Individual of the Year award in 2003 (below).

"We decided there was a future for us in Ukraine," recalls Terry Laidlaw, vice president of OKI Europe for the Eastern Region.

Since its establishment in Ukraine in 1994, OKI Printing Solutions has set up business with over 400 business partners and dealers across the country, of which 68 are regarded "favored partners and best partners" who are entitled to favorable support in recognition of their sales performance.

"We keep our authorized dealers under this umbrella and provide them with support, such as in marketing, because they provide daily business for us," says Laidlaw.

More than a decade in the country, OKI Printing Solutions has built a firm foundation in Ukraine and now looks into the possibility of upgrading its operations.

"OKI Ukraine currently operates as a representative office but in the future the company could develop into a limited liability company such as in Poland and the Czech Republic," says Nikolai Pakhomov, general manager for the CIS region.

Very proud of its long heritage, OKI Printing Solutions will promote the brand and its wide range of products by highlighting the company's reputation for innovation.

As pointed out by Pakhomov, OKI became the first telecommunications company in Japan when it was founded in 1881 and company founder Kibataro Oki in fact, invented the first telephone in the Eastern Hemisphere.

"We may operate as a European company, but we are very proud of our Japanese heritage and what corporate Japan stands for, such as



chines and ticketing machines among others in the global market. In Ukraine, the company focuses on computer printers.

"Our biggest products in Ukraine are the color LED printers and here we have been in the Top 3 for the last four to five years," says Laidlaw.

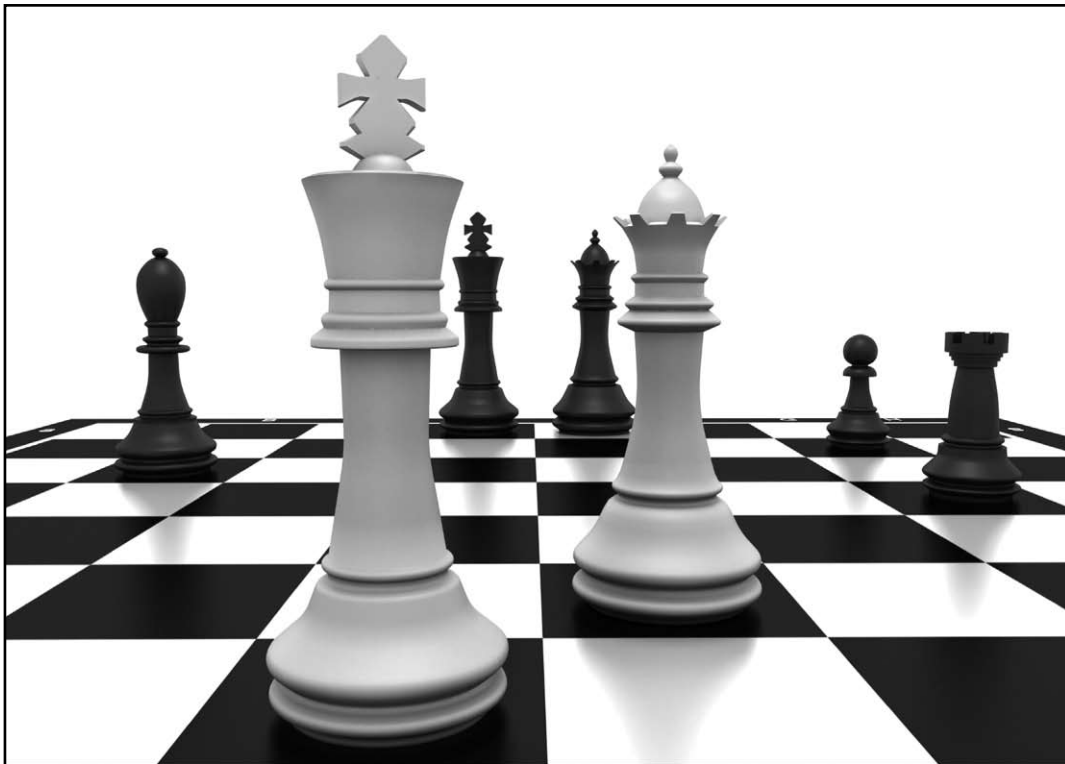
OKI Printing Solutions performed so strongly in the region that its business units in Russia, Ukraine, Belarus and Moldova report back to Pakhomov's office in Kiev.

Adding to its achievements, OKI Ukraine was named in 2007 as the top brand for telecommunications / IT by an awards scheme sponsored by Ukrainian President Viktor Yushchenko.

Business looks robust for OKI Ukraine based on growth trends. It reported revenue growth of 44 percent in 2006 and 25 percent in 2007.

"We are proud that the profit generated from Ukrainian business has become significant. We aim to continue to punch above our weight," says Laidlaw. ♦

www.oki.com



Strategic Thinking

Businesses are continuously thinking about their next move, seeking opportunities to work more efficiently and at a lower cost.

At OKI Printing Solutions we understand the challenges you face. That's why we have developed award-winning business printing solutions to help transform your enterprise. Through effective, fast, high-quality communications, we can help position your business ahead of the game.

OKI Printing Solutions, we make the success of your business, our business.

www.okiprintingsolutions.com

OKI
PRINTING SOLUTIONS



AUTO International

Official distributor of Suzuki in Ukraine

www.suzuki.ua



Way of Life!



The official distributor
Mazda in Ukraine

www.mazda.ua

Leading the way in the Ukrainian auto industry

Established originally as a division of the state-run Central Administrative Board of Car Maintenance and Repairs in 1969, UkrAVTO Corp. implemented many structural and organizational changes in the last 20 years in line with its objective to remain the leader in Ukraine's auto industry.

In 1992, UkrAVTO underwent an important change when it became an open joint-stock company and set up a joint venture with Sumitomo Corp. of Japan to become the official representative of Japanese car giant Toyota in the country. Just a year later, it became the distributor of Nissan in partnership with Japan's Marubeni Corp.

Since then, UkrAVTO has added several auto brands and models to its product portfolio, including DaimlerChrysler, General Motors, Toyota, Nissan, Porsche, Volkswagen, Renault, Mercedes-Benz, Chrysler, Jeep and Opel.

"Today, UkrAVTO is a leader in the Ukrainian market. We owe much of our success to our inter-



UkrAVTO President Tariel Vasadze

national partners," boasts President Tariel Vasadze.

"I have had nothing but positive feelings about our business relations with our Japanese partners. First of all, the products themselves are perfect, with their great design and many innovations. What we are able to accomplish from our side is the willingness to learn the best practices from the manufacturers. Then, we use our local experience to build these consistent relationships," recalls

Vasadze.

Through its many partnerships and the impressive growth of the company, UkrAVTO's chief has learned invaluable lessons on how to remain at the top of the auto industry.

"Much like companies in Japan, our philosophy is that our 40,000 employees should share in UkrAVTO's accomplishments through their hard work and their contribution to its success," he says.

The lessons have clearly paid off. Last year, Toyota Europe named UkrAVTO as its top dealer in Eastern Europe.

UkrAVTO has made great efforts to diversify into a full-scale automotive company. It has four production facilities, 22 components and parts factories, 476 showrooms and sales centers, as well as 414 service centers across Ukraine and Poland.

Growth forecasts are good for UkrAVTO as the domestic car market has posted consistent growth over the past few years. From 1998 to 2007, production output climbed from 19,000 units

to 400,000 units and as of 2006, Ukraine was the ninth-largest market, with 400,000 new cars sold that year.

"Hands down, our company is the leader in the Ukrainian car market, which has been very prosperous in recent years. We have the largest and the best car manufacturer, and dealer network throughout Ukraine," says Vasadze, who has overseen the company's expansion into auto-related businesses, such as after-sales, warranty and logistics services.

"We have been expanding our dealerships in the country, but we want to do more. We wish to invite Japanese car manufacturers to Ukraine. Our people are very hardworking, just like the Japanese. We would like to work in conjunction with advanced technology from Japan and low operational costs in Ukraine. With the geographical location of Ukraine, we can form a powerful enterprise in Eastern Europe and the CIS region," he adds.

UkrAVTO's regional operations have reached maturity since the

Polish and Ukrainian governments formed a 50-50 joint venture in 2002 to build a plant in Zaporizhzhya in eastern Ukraine.

In 2003, UkrAVTO bought the Polish government's stake in the factory, which saw production rise from 1,000 units initially to 150,000 units the following year.

UkrAVTO is also partnered with Polish auto giant FSO (Fabryka Samochodow Osobowych), which produces about 250,000 units of the popular Lanos and Matiz models every year.

"With the growing costs of manufacturing in Western Europe, UkrAVTO is in a great position to work with Japanese car manufacturers here in Ukraine as well as in Poland," says Vasadze.

UkrAVTO also has plans to move into the Russian market in the coming years and hopes to add the Japanese brands Mitsubishi, Subaru and Suzuki to its portfolio.

"Our final goal is high efficiency, quality and maximum satisfaction of our valued customers," he adds. ♦

www.ukrauto.ua/eng/about.htm

Your essential partner

Gvozdiy & Oberkovych has fast evolved into one of the most widely recognized and most prestigious law firms in Ukraine due its professionalism and high-quality delivery of legal services.

Offering commercial and corporate legal services, the firm has acquired an impressive portfolio of local and international clients from a wide variety of sectors, including construction, media and finance.

As the burgeoning Ukrainian economy continues to attract domestic and foreign investment, Gvozdiy & Oberkovych has assisted many international companies in establishing operations in Ukraine. It has completed several due diligence processes for businesses considering mergers and acquisitions within and outside of the country.

"Today's Ukraine presents infinite possibilities for investment and a growing number of foreign investors are playing their cards right in Ukraine. The challenge for other investors is to arrive in the country before it's too late," says Partner Sergiy Oberkovych, who is ranked as one of the country's top five lawyers in the field of foreign investments and M&As.

The firm has led in the complex field of taxation thanks to Managing Partner Valentyn Gvozdiy, head of the Ukrainian Bar Association's Tax Committee and member of the working group of the State Tax Administration, which is drafting a new tax code for the country. He is rated as one of the top five tax lawyers in Ukraine.



Sergiy Oberkovych (left), attorney at law, and Valentyn Gvozdiy, managing partner of Gvozdiy & Oberkovych

Ranked as one of the Top 50 law firms in Ukraine, Gvozdiy & Oberkovych also plays an active role in society by devoting at least 3 percent of its billable hours to pro bono cases, including assistance to the charity fund Ukraine 3000 and the creation of the All-Ukrainian Center to Protect Mothers' and Children's Health, and the Children's Hospital of the Future.

Being a young democracy and new to the free-market system, Ukraine may seem to be a daunting prospect for foreign investors unfamiliar with the country's legal, economic and cultural system. The research provided by the lawyers at Gvozdiy & Oberkovych prepares investors by familiarizing them with the investment terrain.

With Ukraine's entry into the World Trade Organization, the firm is now expanding operations to include Chicago, Moscow, Kazakhstan and Tbilisi. ♦

www.gvozdiy.com

M&S makes move with ease

Amid widespread optimism that Ukraine's economy will continue growing, there has been an increasing number of foreign companies establishing operations in the country, as well as several local companies expanding their domestic activities.

One sector that has benefited from this kind of development is the logistics industry.

In Ukraine, the logistics group of companies M&S Group and M&S Forwarding Co. have experienced robust growth and emerged as one of the leading players because of high-quality service and expertise that only local companies can provide.

M&S Group was established in 2000 and focused mainly on the development of logistical real estate. Its logistics subsidiary, M&S Forwarding Co., was set up two years later and specializes in transport, freight forwarding, customs brokerage, air freight, and transportation to Ukraine and overseas destinations.

The group of companies has undertaken more than 500 contracts, and boasts of a wide range of international clients from Belgium, France, Germany and even Japan.

Being the company responsible for the Japanese ambassador's move from Ukraine, the M&S Group and M&S Forwarding Co. have developed strong relations with several Japanese companies that set up businesses in the country such as Toyota, Honda, Subaru and Komatsu. In fact, its biggest clients have been Japanese companies.

M&S Group and M&S Forwarding Co. Managing Director Igor Marchuk has learned a lot from dealing with the Japanese and plans to implement several Japanese practices in his company's operations.

Reporting growth of 100 percent every year since 2003, the company has been able to venture outside its field into logistical real estate. Recently, it bought property measuring more than 85,000 sq. meters and plans to acquire more land this year.

The property is located near Boryspil airport, and will be developed for M&S Group's warehouses for transport, storage and air freight services.

Asked about his vision of the company, Marchuk says he is determined to make the M&S Group, "the biggest, the best and the fastest" in the industry. ♦

www.m-and-s.kiev.ua



M&S Group and M&S Forwarding Co. Managing Director Igor Marchuk

Youth and heritage – a powerful combination

Commemorating its 10th anniversary in 2009, Japan Tobacco International is a young company that, in a short time, has grown to become the third-largest international tobacco manufacturer, with operations in over 120 countries through a series of wise acquisitions and focused global marketing efforts.

JT International consolidated its position in the industry when it acquired U.S.-based pioneer R.J. Reynolds (owner of the Winston and Camel brands) in 1999 and eight years later, backed by strong resulting profits, bought British giant Gallaher for 9.4 billion British pounds. The Gallaher buyout was the largest foreign acquisition by a Japanese company.

"Since 2006, the company has experienced considerable growth in Ukraine. In terms of success in attaining greater growth in market share than our competitors, we



JT International Vice President Marchant Kuys

can say that JT International is the most successful tobacco company in Ukraine," points out Vice President Marchant Kuys.

JT International attributes its strong performance to two factors: the size of its skilled workforce and its advanced facilities. Currently, Winston is the No. 1 cigarette brand in Ukraine.

First is the strength of its people.

Here in Ukraine, they employ nearly one-tenth of the company's international workforce.

"All companies face problems of retaining staff and we are no exception. What we have done is offer more benefits, such as better pension plans, medical and life insurance. Bonuses are also earned, not given, and (they) motivate further professional, and therefore, company growth," Kuys says.

"JT International has grown significantly over the last two years and is one of the company's keen markets. Since acquiring Gallaher, we have become the No. 2 market leader and are committed to investing more in this market. We aim to be an important player in the tobacco industry and are committed to expanding our share in a responsible manner," he adds. ♦

www.jti.com

Building on good foundations

Ukraine's construction companies look forward to healthy midterm prospects as the industry's growth figures have eclipsed the country's GDP growth figures.

As the country's GDP posted year-on-year growth of 8 percent in early 2007, the construction sector grew 13.4 percent for the first five months of the same year. Forecasts for the industry point to average growth of about 10 percent from 2008 to 2012.

For Miliusa LCC, this is good news as the company currently is involved in more than 850 projects across Ukraine.

"The technology of building foundations on piles is an overall Ukrainian product," points out President Boris Presnyakov.

The company's biggest challenge is laying foundations in urbanized areas. It has surmounted this hurdle by using its fourth-generation SV-type piles, which are energy efficient, ecologically friendly and most importantly, noise-free.

With 12 product patents in Ukraine, Miliusa is looking to Japanese engineering firms to help in the manufacture of new designs. It is looking to the construction and auto industries for such assistance as it would ease the transition to international patents.

Adhering to logistical specifications, all of Miliusa's products are lightweight and highly maneuverable.

Backed by 12 years of experience and a respected



Miliusa President Boris Presnyakov (left) and Vice President Alexi Presnyakov

reputation, the company's products have been used in numerous CIS countries, China, South America and the U.S. It currently has 34 engineers and 80 staff all over the country, mostly in urban areas.

Of all the projects completed by the company, there have been zero claims for settlements on any foundations constructed, strengthening its credibility further. Meanwhile, Presnyakov is planning to initiate joint projects with foreign engineers as he has made it a priority to raise the company's international profile.

The company president believes that Ukraine as a whole needs to learn to profit not only from its raw materials but also from homegrown advanced technologies. ♦

www.miliusa.com

Sony still leads in personal entertainment

Although it has yet to establish full operations in Ukraine, Japanese electronics giant Sony has taken a leading position in this fast-growing market since first entering it more than 10 years ago.

"Our activity is mostly related to market research and planning activities, as well as sending out Sony's message to its customers in Ukraine," says Branch Manager Yuji Iwai, whose office is overseen by its Switzerland-based affiliate Sony Overseas S.A.

"Being one of the biggest emerging economies, the Ukrainian market is definitely booming. Our most popular product is our camcorder, where we currently hold a 54 percent market share," he adds.

Through its market studies, Sony has found that Ukrainian consumers have become more savvy customers who look beyond the price of products.

"We have learned in our research that our higher segment products are the most popular.

They cost more because they have higher technology and the Ukrainian market has learned to appreciate that," explains Sony Overseas Marketing Manager for Ukraine Nobuki Asahina.

"Sony is priced higher than most of our competitors, and the Sony customer is one who truly appreciates quality and is willing to spend a little more for it," Iwai points out.

From its wide range of consumer electronics, the VAIO notebook computers have made the biggest impact in the market.

"The VAIO is a product that we are proud of because it ultimately highlights one's individuality. In fact, they do not even have to look further than Sony to shop for content (music, movies and games)."

"We have learned that the Ukrainian people are realizing what personal enjoyment is. They are learning more and more to enjoy personal entertainment. They are learning to appreciate their individuality and to be unique," says Asahina. ♦

www.sony.ua



Yuji Iwai, manager of Sony's branch office in Ukraine

that are fully integrated with each other and operate on one platform.

So consumers can stick to only one brand when purchasing a TV, digital camera, camcorder, DVD player, MP3 player, notebook computer and game console. In fact, they do not even have to look further than Sony to shop for content (music, movies and games).

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UVK to open new logistics horizons

Several Japanese companies have been showing increasing interest in Ukraine's fast-growing transportation and logistics sectors, which have a potential value of \$50 billion, according to international experts.

Set up in 2001, UVK has grown from a small company into a leading player nationwide that offers a wide range of direct and allied products, including forwarding, export-import operations management, third-party logistics, CEP services (courier, express and postal), trading of FMCG (fast-moving consumer goods), brand development, retail marketing and merchandising, as well as project management.

General Manager Alexander Pitenko has led the company to its leading position by adopting up-to-date managerial principles, high management standards, quality customer service, as well as balancing the interests of clients, shareholders and employees.

"UVK's activities have been aimed at performing in dynamically developing industries, where it intends to obtain a leadership position, provide competitive and in-demand products, and increase

customer satisfaction," explains Pitenko.

Initially servicing a group of trading firms, UVK has since worked with large foreign FMCG manufacturers and suppliers while developing an operational network across the country.

Taking a significant step forward in 2006, UVK launched separate businesses engaged in international forwarding, customs brokerage and door-to-door parcel delivery.

"Experience is at the top of everything. This is why after many successful years, we reached the conclusion that we had acquired enough internal capability to occupy a leading position in local 3P-logistics. This sector is immature but growing very dynamically in Ukraine," Pitenko says.

"In 2001, UVK took its first steps to become a logistics company. It was our specialists who embraced advanced logistics standards in Ukraine and contributed to the development of the local logistics sector," he adds.

Pitenko expressed optimism that the company will maintain its position in the industry as it continues its robust growth over the next