

2014  
2015

**UAEITI** Extractive  
Industries  
Transparency  
Initiative



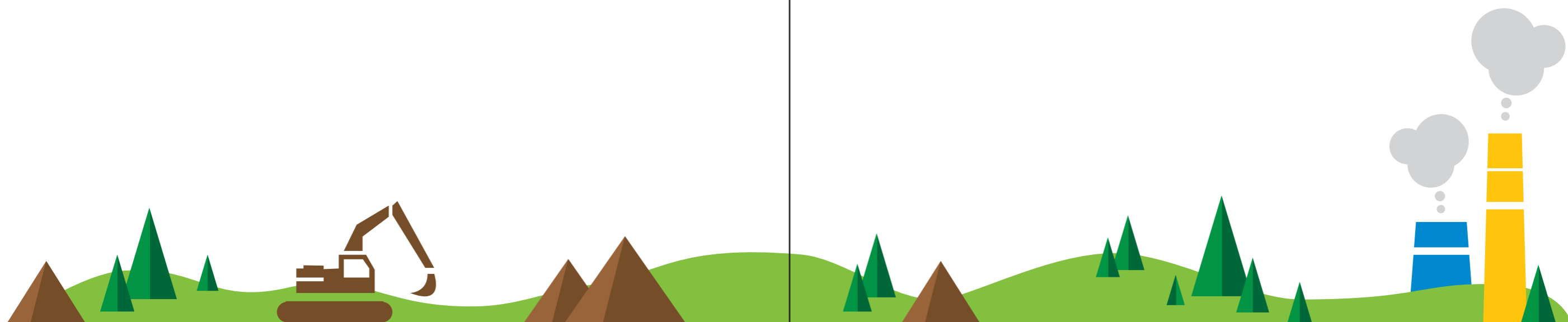
**ЗВІТ ІПВГ УКРАЇНИ**  
**Скорочена версія**

**UKRAINE EITI REPORT**  
**The abbreviated version**

2014  
2015

**EITI REPORT OF UKRAINE**  
**The abbreviated version**

**UAEITI** Extractive  
Industries  
Transparency  
Initiative



# THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI): INFORMATION ON THE INITIATIVE AND HISTORY OF ITS DEVELOPMENT IN UKRAINE

## Information on the Initiative

The Extractive Industries Transparency Initiative (EITI) is a global Standard that has the main purpose of promoting the transparency of revenues of a state from its natural resources. The countries implementing the EITI Standard should disclose the information on tax and other payments received by the state from natural resources extractive companies, the procedures for granting permits (licenses) for the use of natural resources and other information related to the use of natural resources.

The governance and control over the EITI implementation in a given country are executed by a Multi-Stakeholder Group (MSG), which include representatives of the government, business and civil society. Ukraine also has the EITI National Secretariat, which coordinates the activities of implementation of the EITI in Ukraine.

More information on EITI in Ukraine can be found on the website [www.eiti.org.ua](http://www.eiti.org.ua)

## EITI IN UKRAINE SUPPORT BY:

- World Bank



- International Renaissance Foundation



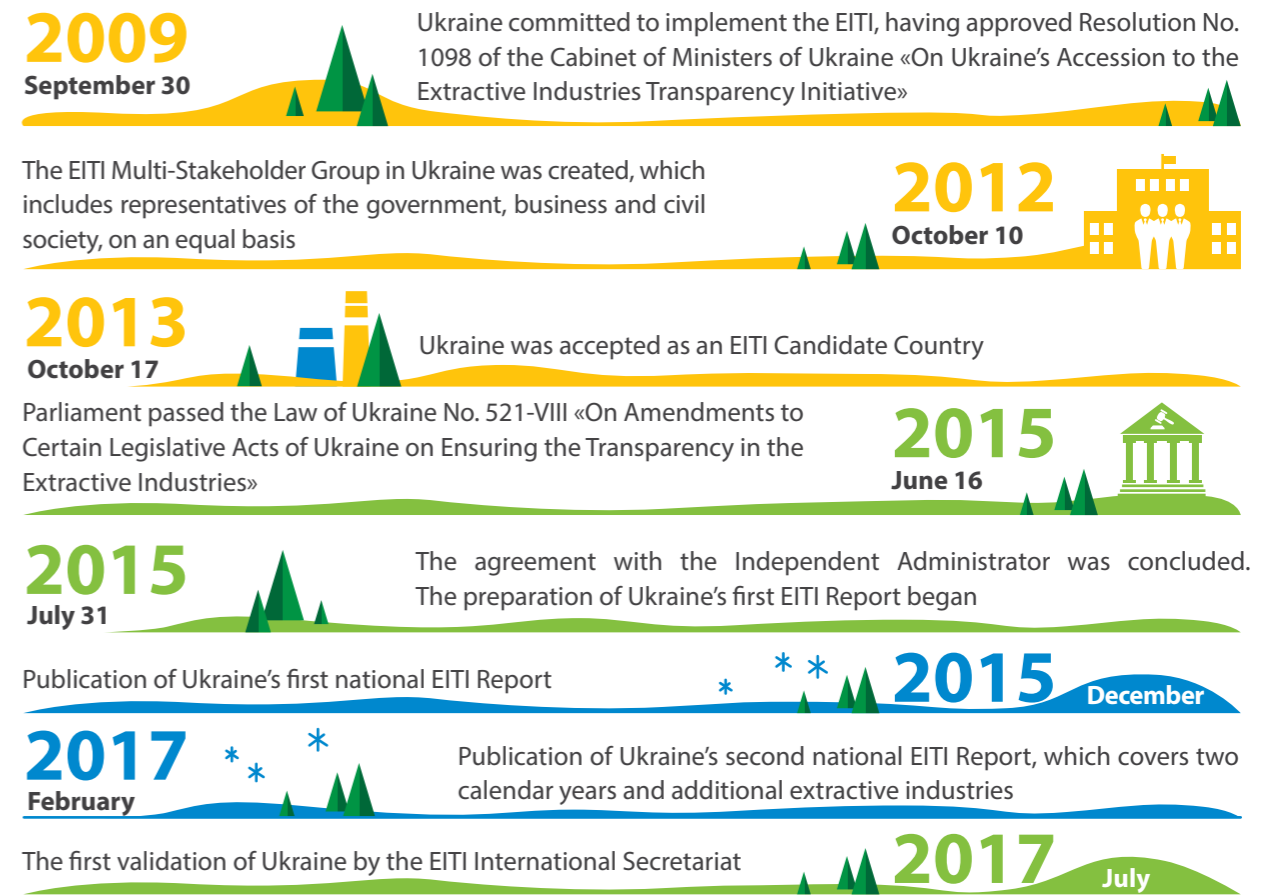
- USAID



- German and UK Governments through the "Good Financial Governance" Project implemented by the federal enterprise Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.



## The development of EITI in Ukraine



## THE SCOPE OF THE EITI REPORT OF UKRAINE 2014-2015

- Extraction of coal;
- Extraction of crude oil;
- Extraction of natural gas;
- Mining of iron ores;
- Mining of titanium ores;
- Mining of manganese ores;
- Transportation of oil and gas.

cal Service of Ukraine, the scope of the EITI Report covered 97 extractive companies, which together paid more than 99% of tax revenues to the Consolidated budget of Ukraine from extractive industries.

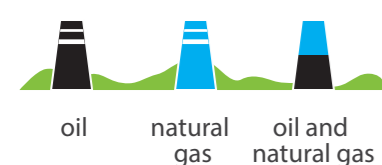
Overall, only 51 of 97 extractive companies responded to a request distributed for the purposes of preparing the Report. In addition, the Independent Administrator received a response from 7 extractive companies that were not designed for reconciliation.

In 2014-2015, based on the results of scoping study and analysis of the information received from the State Fis-

## BRIEF OVERVIEW OF UKRAINE'S EXTRACTIVE INDUSTRIES

According to Geoinform of Ukraine SRPE, as of the beginning of 2014, more than 20 thousand ore deposits and manifestations containing 117 types of minerals have been identified in Ukrainian territory, of which approximately half are of commercial value and are registered in the State Registry of Mineral Reserves.

### FOSSIL FUELS



### COAL



### METAL ORES



### OIL AND GAS REGIONS

- 1 East oil and gas region
- 2 West oil and gas region
- 3 South oil and gas region

### COAL BASINS

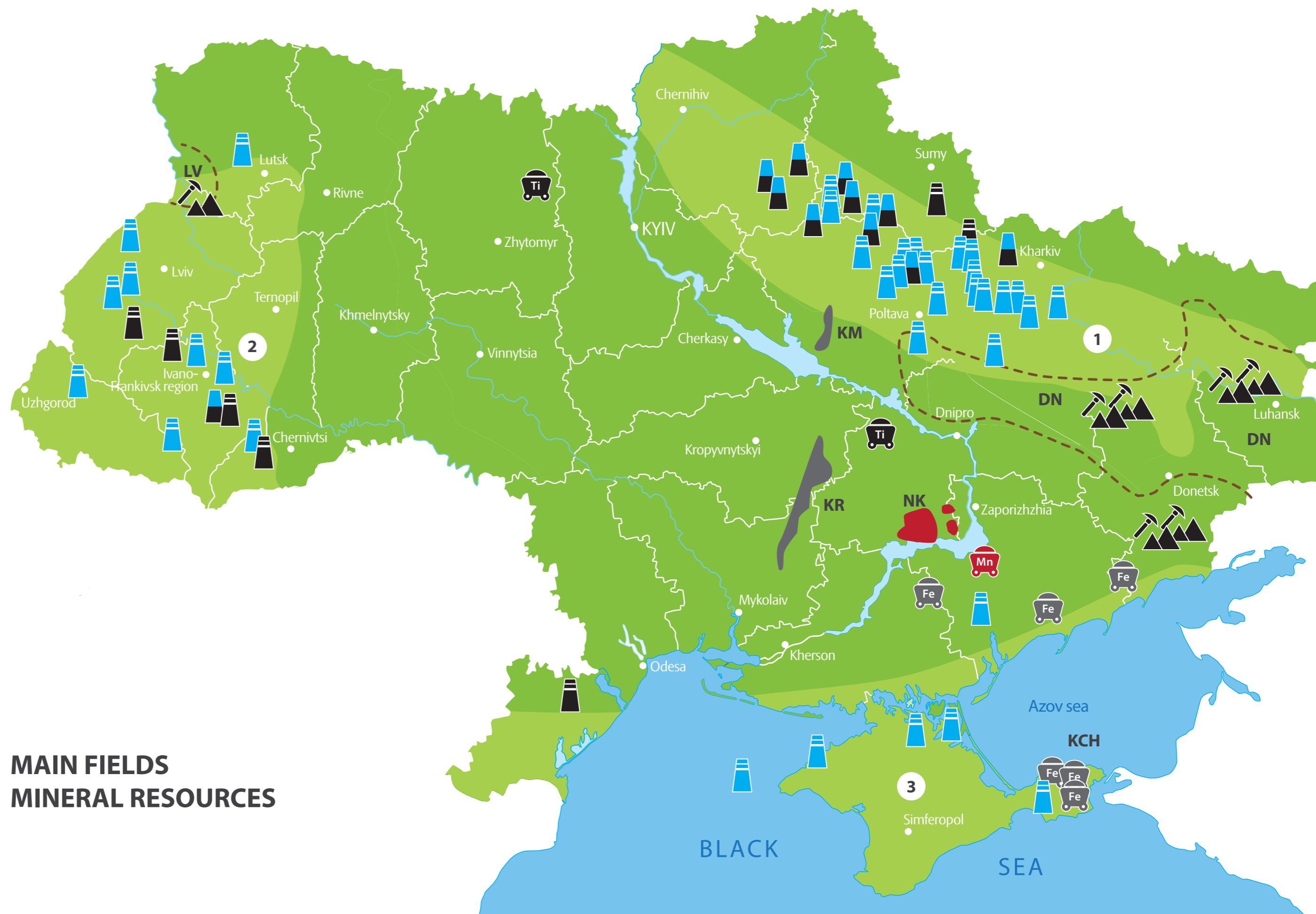
- DN Donetsk Basin
- LV Lviv-Volyn basin

### IRON ORES BASINS

- KM Kremenchug basin
- KR Kryvyi Rih basin
- KCH Kerchensky basin

### MANGANESE BASINS

- NK Nikopol basin

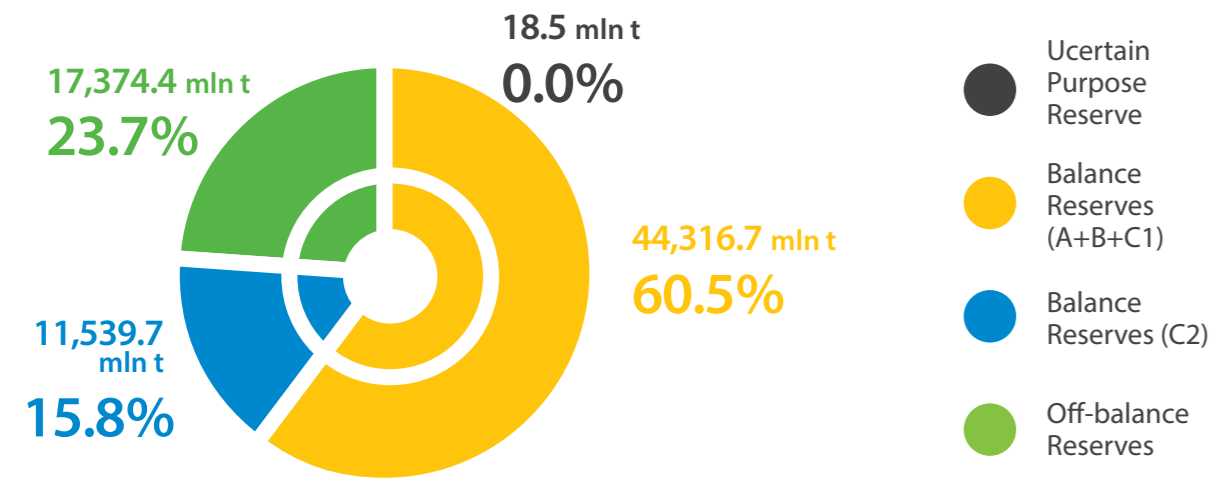


## MAIN FIELDS MINERAL RESOURCES

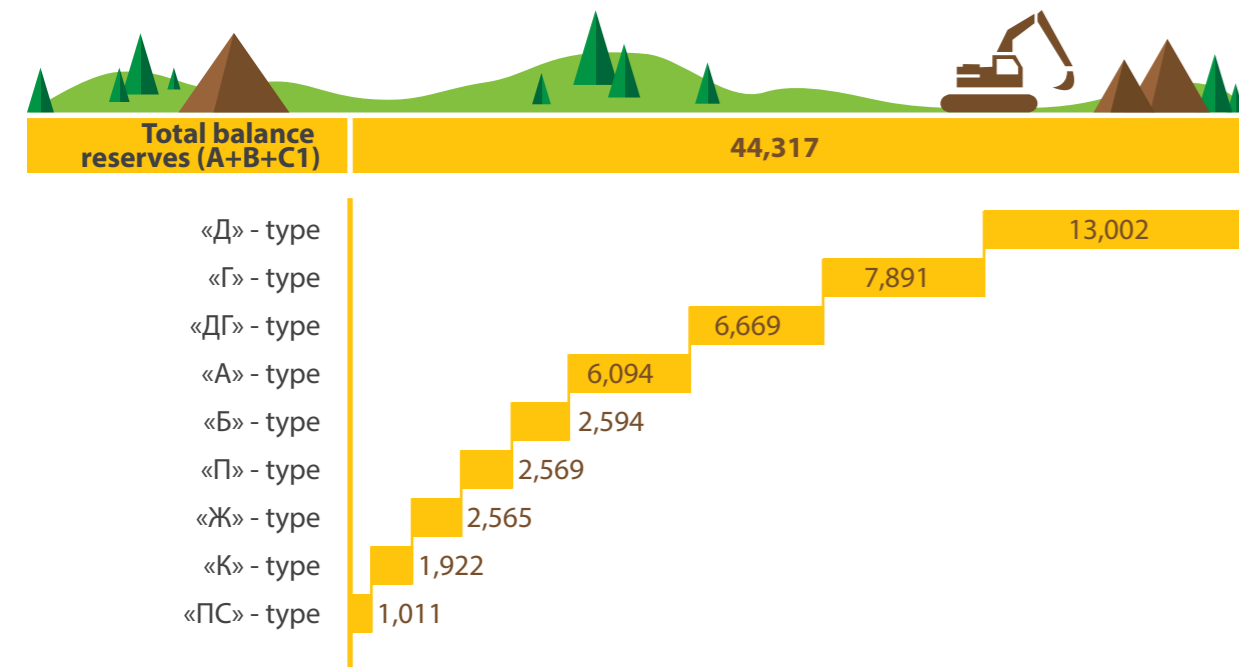
# COAL

Reserves for extraction – 1115 years<sup>1</sup>  
Reserves for consumption – 979 years<sup>2</sup>

Structure of the hard coal reserves, by the category as of 01.01.2016<sup>3</sup>

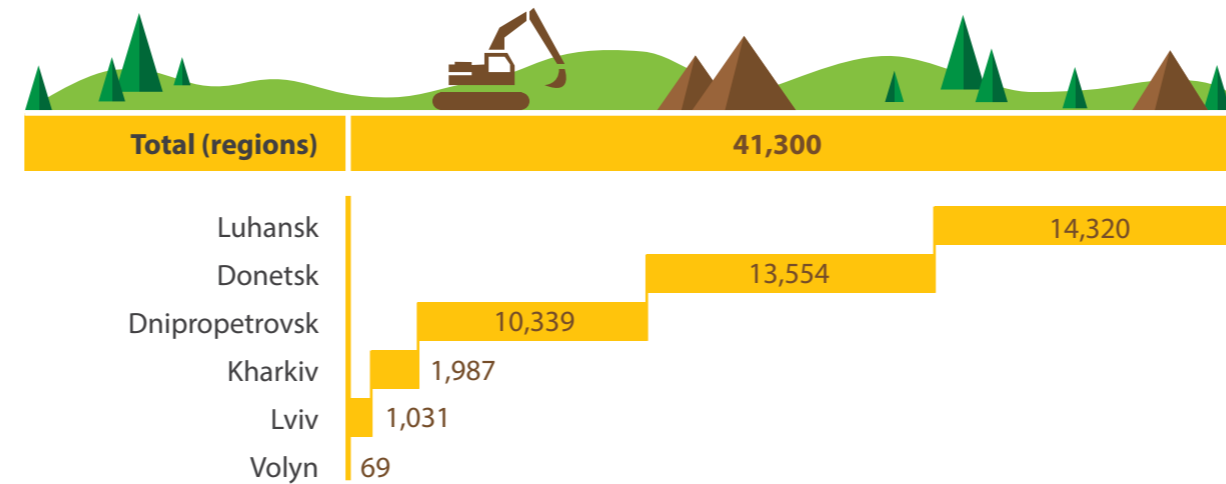


Structure of the balance reserves of hard coal as of 01.01.2016<sup>4</sup>, mln t

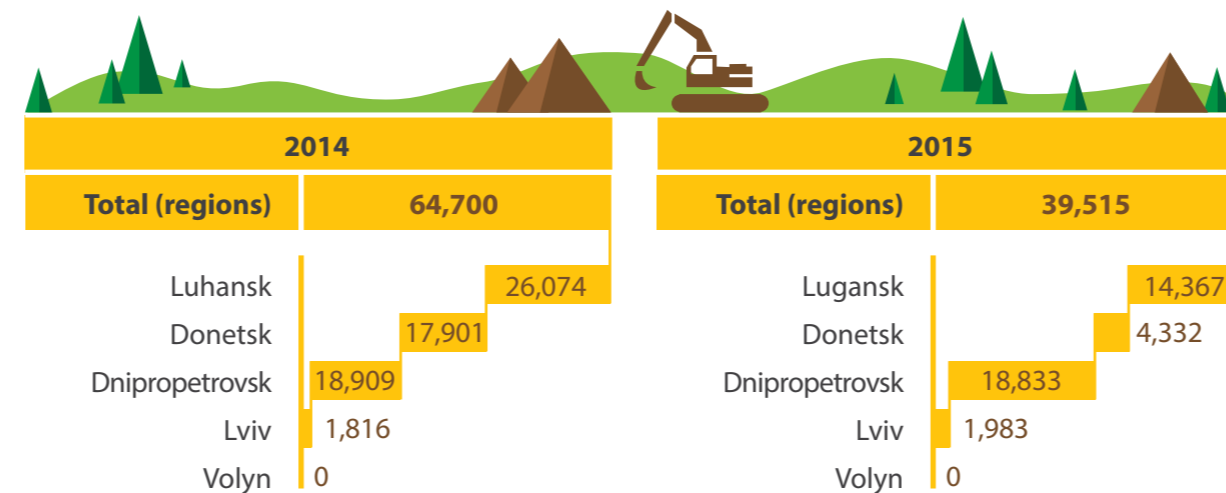


<sup>1</sup> Balance reserves of coal will cover extraction for 1115 years, if the volumes of extraction remain at the same level as in 2015  
<sup>2</sup> Balance reserves of coal will cover consumption for 979 years, if the volumes of consumption remain at the same level as in 2015  
<sup>3</sup> Geoinform of Ukraine SRPE  
<sup>4</sup> Geoinform of Ukraine SRPE

Structure of the balance reserves of hard coal, by region (as of 01.01.2015<sup>5</sup>), mln t

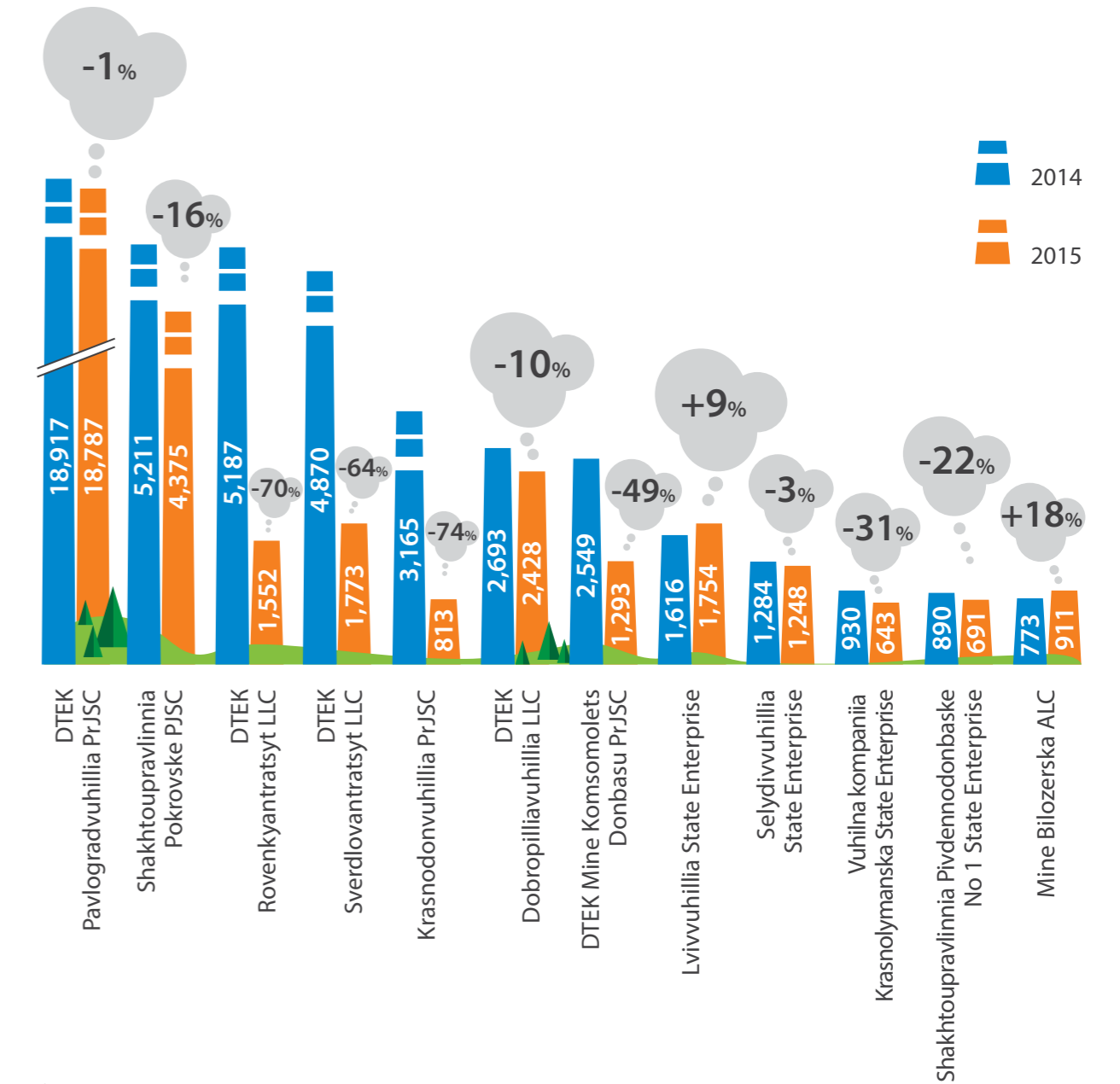


Coal extraction in Ukraine, by region, thous. t



<sup>5</sup> Geoinform of Ukraine SRPE

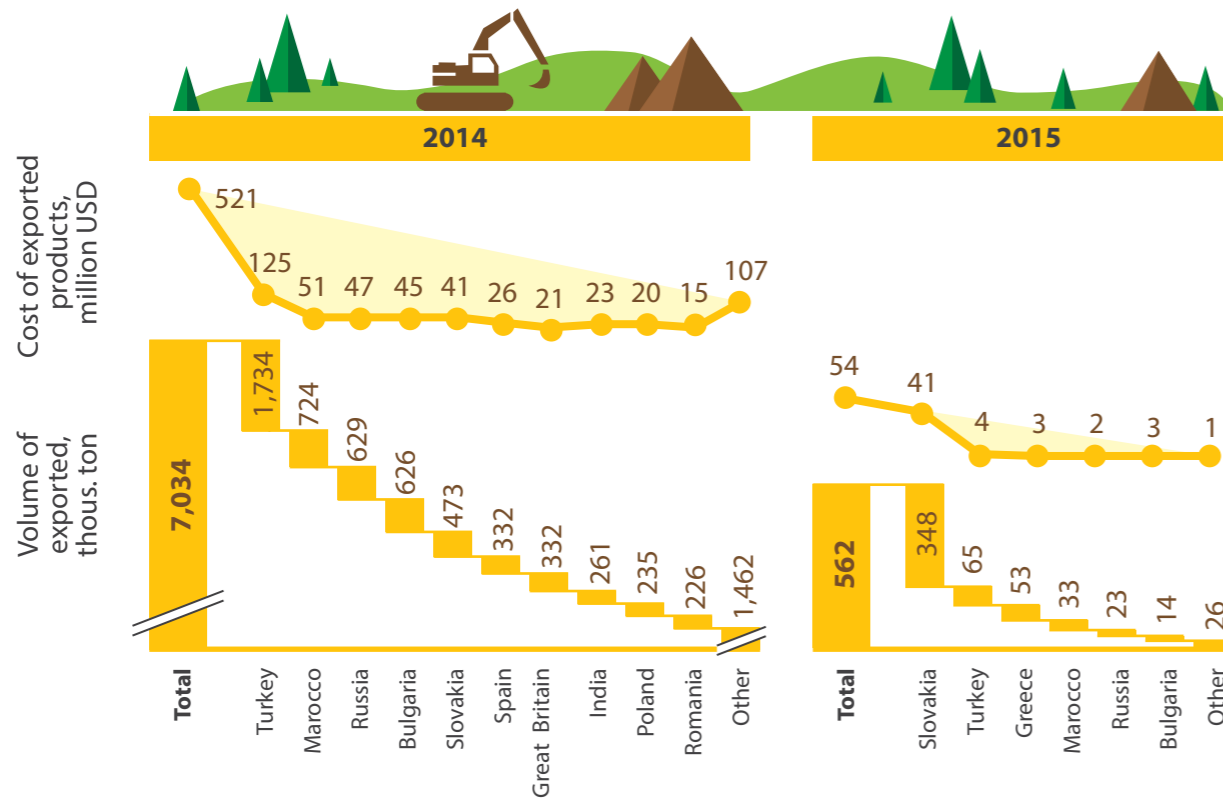
Volumes of coal extraction by companies in 2014-2015<sup>6</sup>, thous. ton



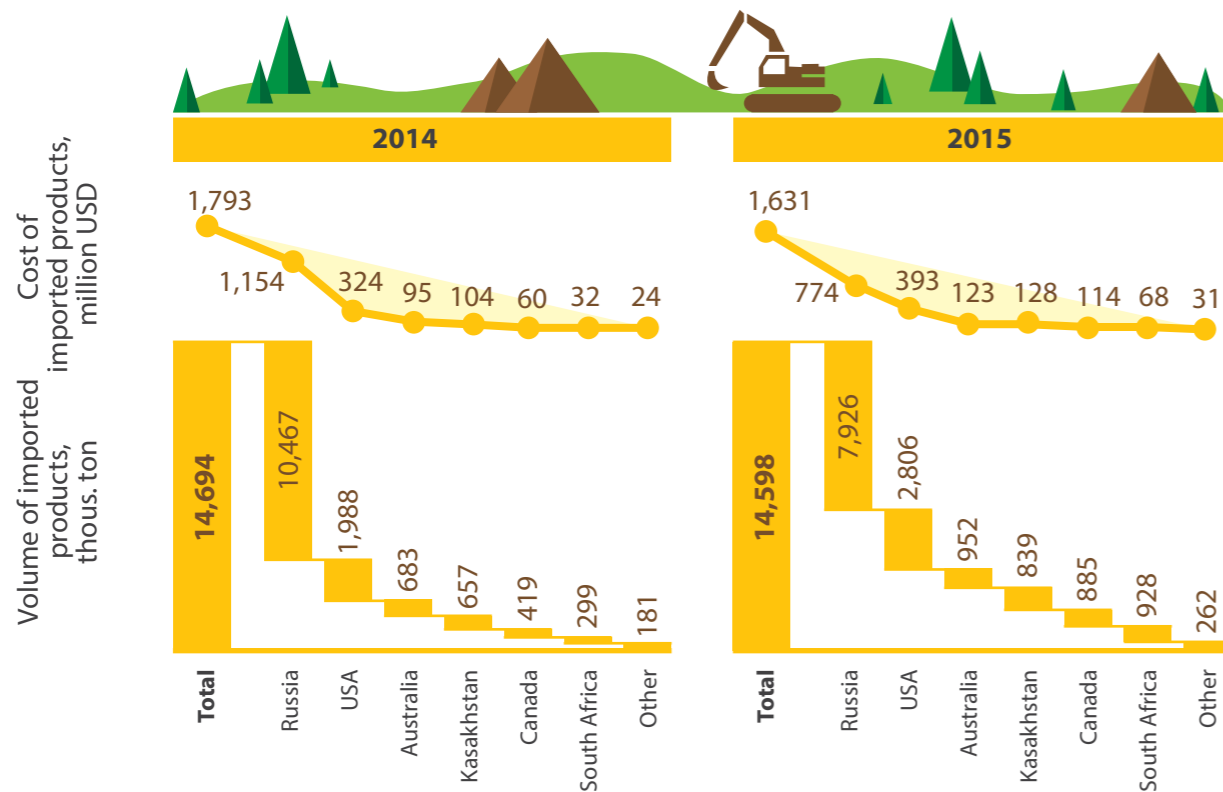
<sup>6</sup> According to companies' responses



### Export of hard coal, by country<sup>7</sup>



### Import of hard coal, by country<sup>8</sup>

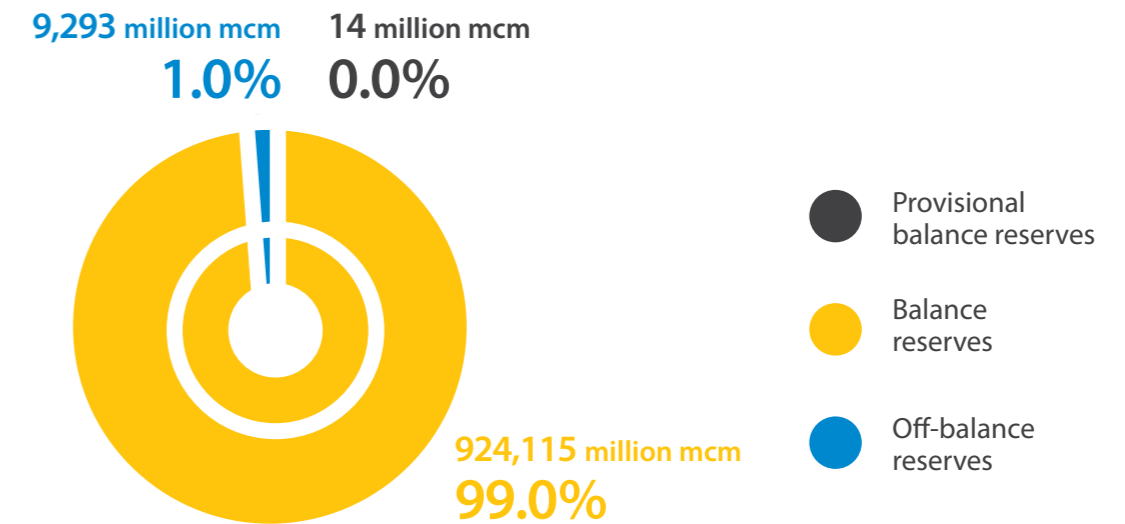


<sup>7</sup> Export of hard coal by country  
<sup>8</sup> According to State Statistics Service of Ukraine

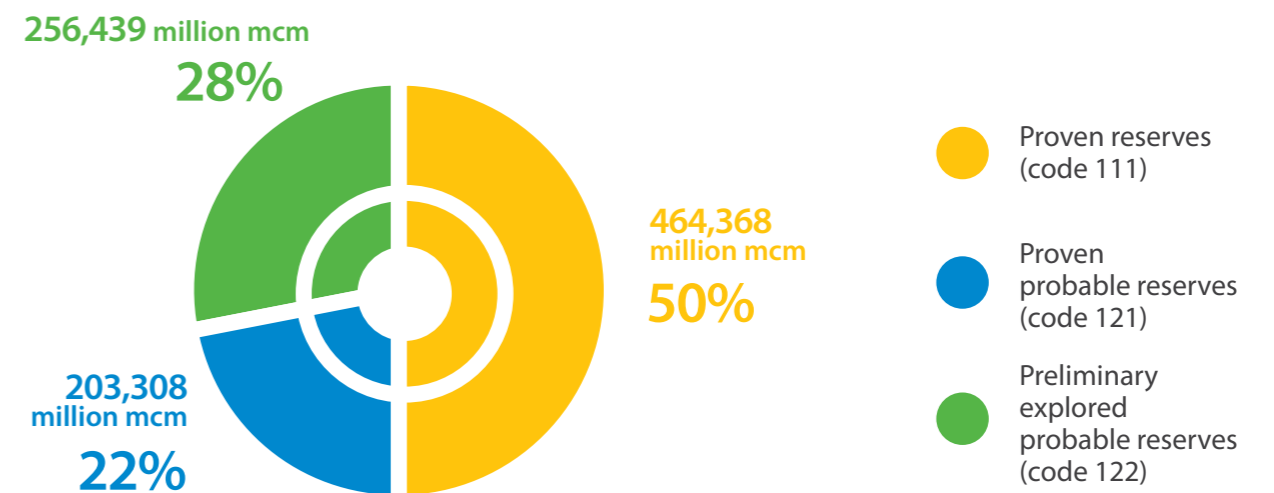
## NATURAL GAS

Reserves for extraction – 46 years<sup>9</sup>  
 Reserves for consumption – 27 years<sup>10</sup>

### Structure of the natural gas reserves, by the category as of 01.01.2016

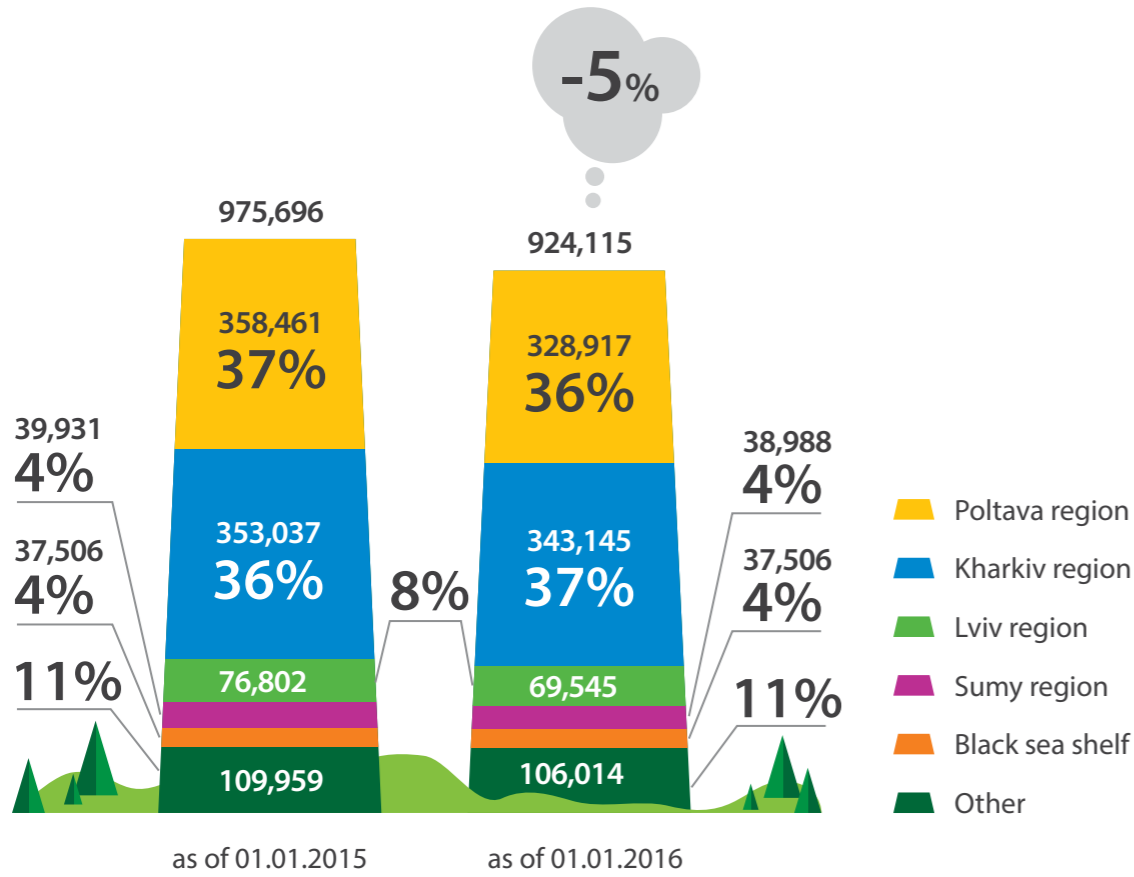


### Structure of the balance reserves of natural gas as of 01.01.2016

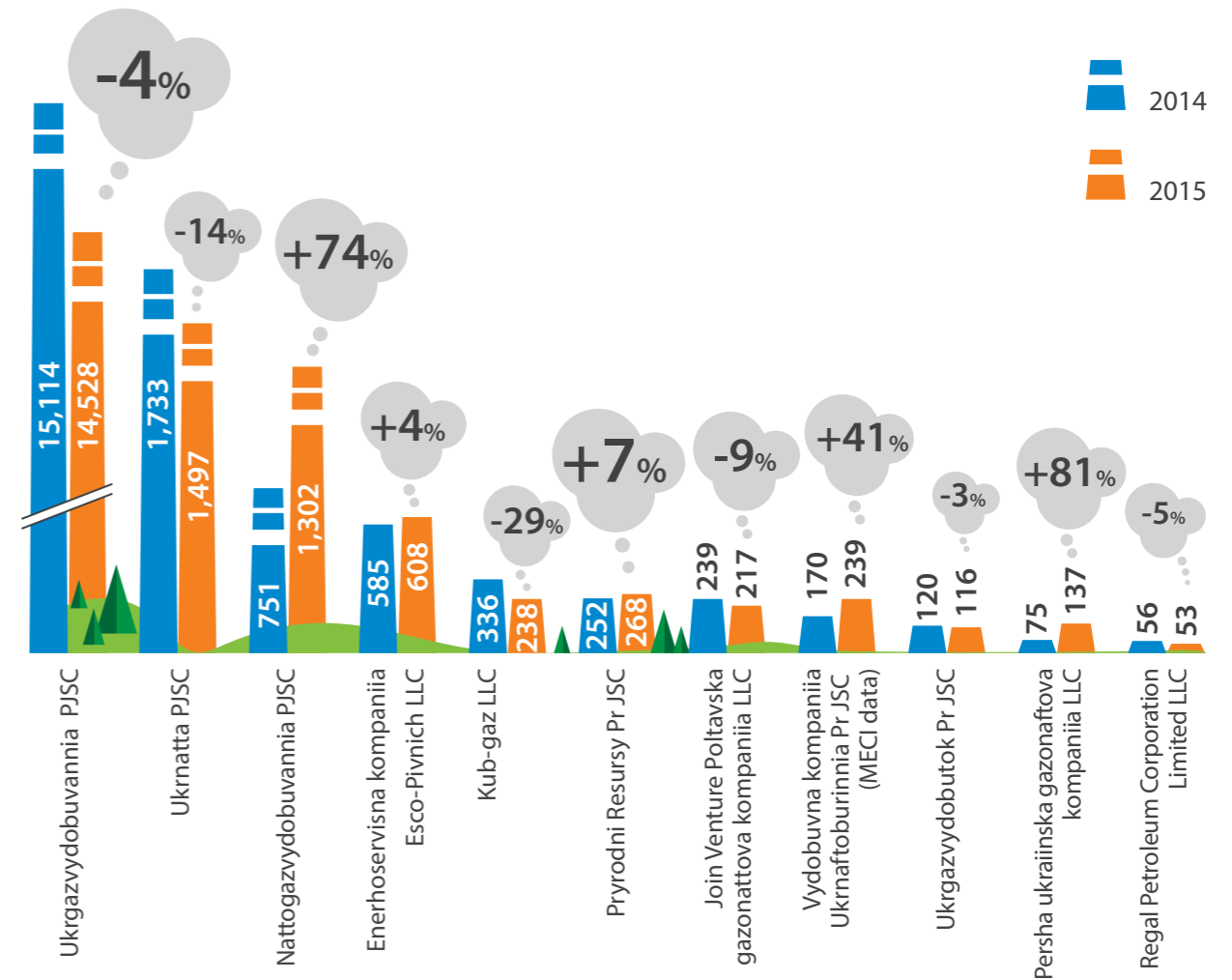


<sup>9</sup> Balance reserves of natural gas will cover extraction for 46 years, if the volumes of extraction remain at the same level as in 2015  
<sup>10</sup> Balance reserves of natural gas will cover consumption for 27 years, if the volumes of consumption remain at the same level as in 2015

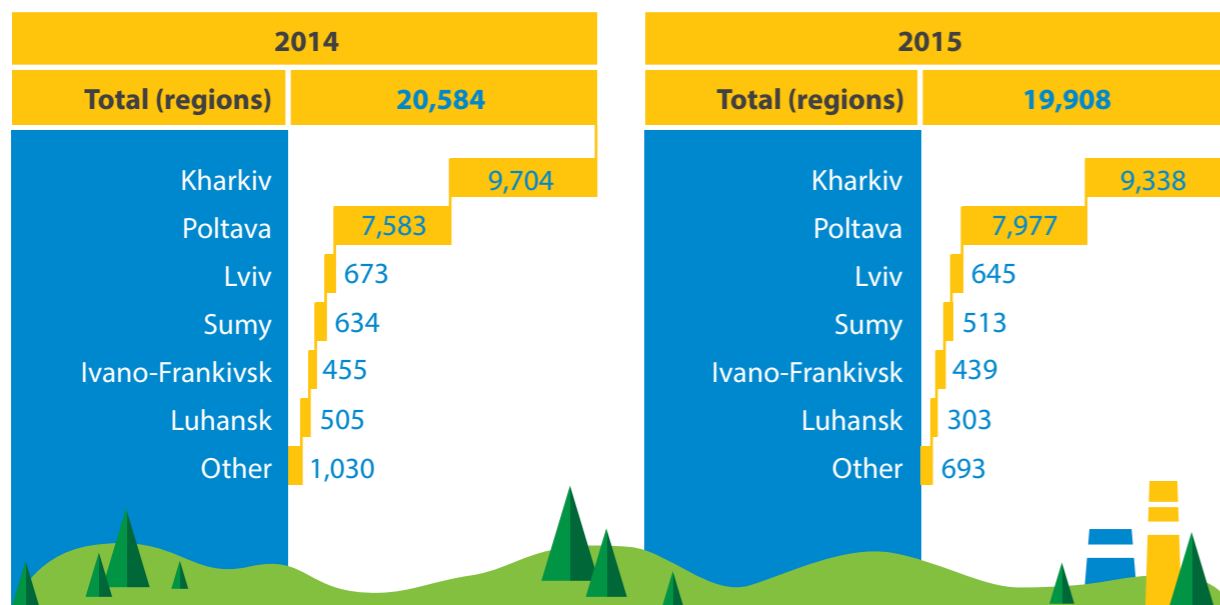
**Structure of the balance reserves of natural gas, by region, mln mcm**



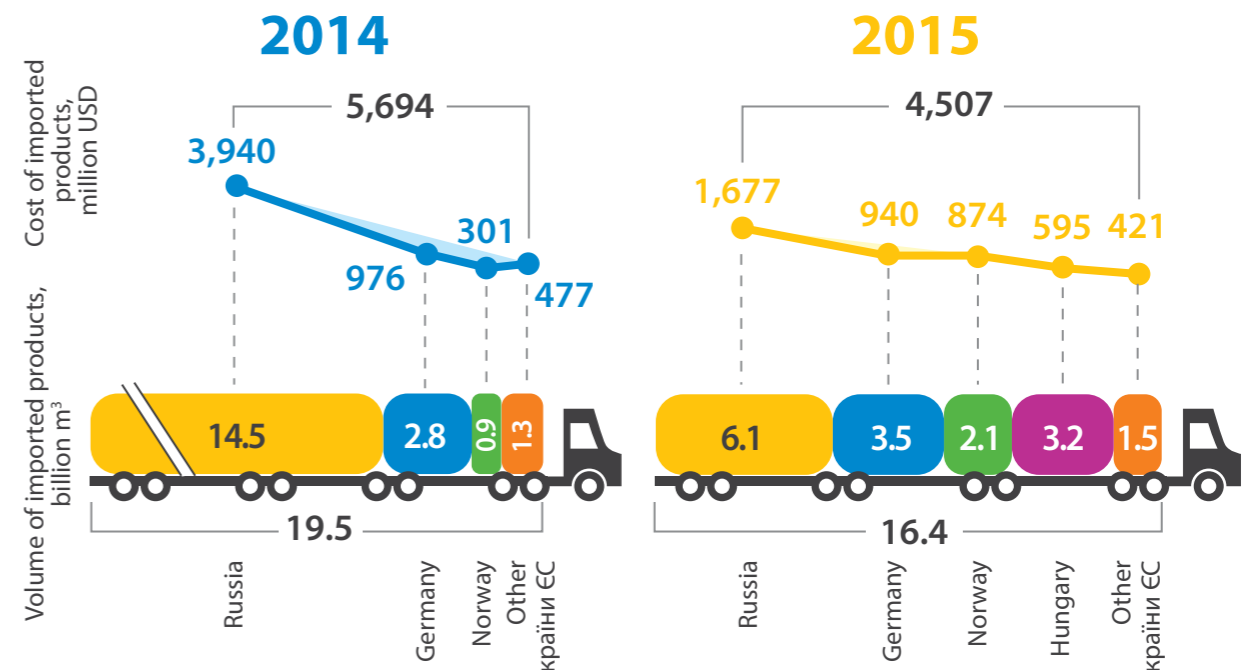
**Volumes of natural gas extraction, by company in 2014-2015, mln mcm**



**Natural gas extraction in Ukraine, by region, mln mcm**



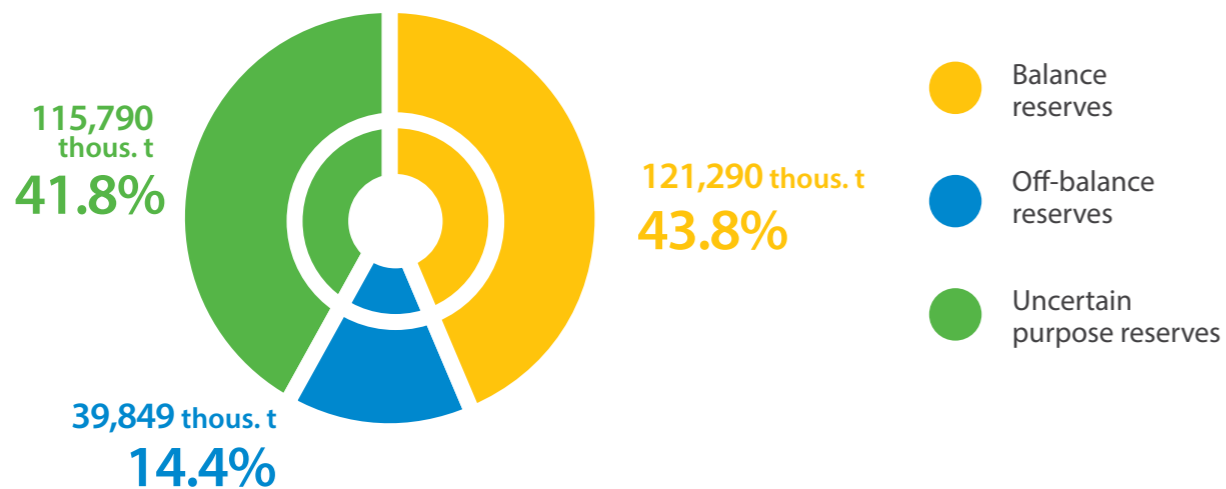
**Import of natural gas, by country**



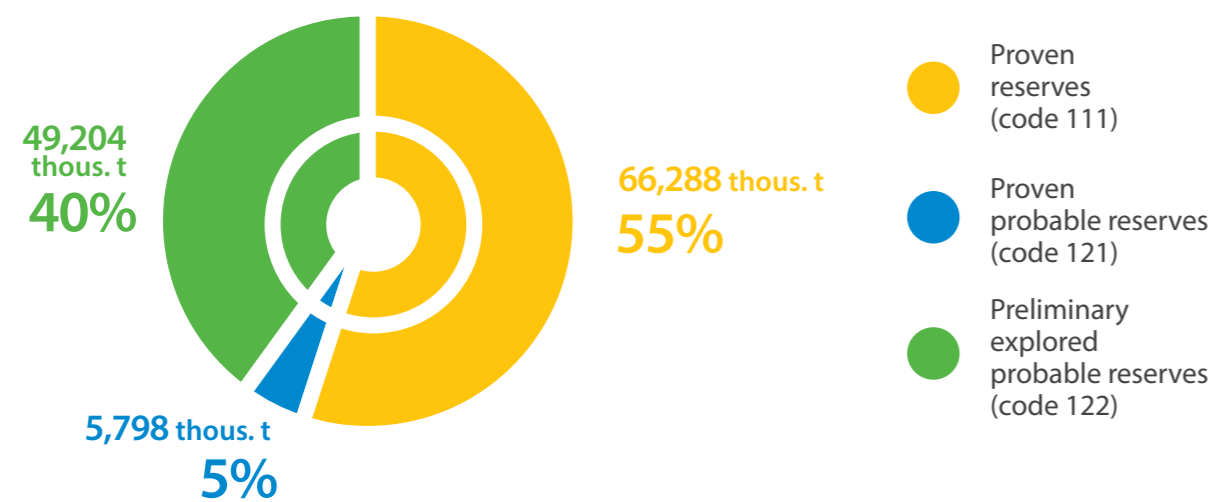
# OIL AND GAS CONDENSATE <sup>11</sup>

Reserves for extraction – 509 years<sup>12</sup>  
 Reserves for consumption – 336 years<sup>13</sup>

Structure of the oil reserves, by the category as of 01.01.2016



Structure of the balance reserves of oil as of 01.01.2016

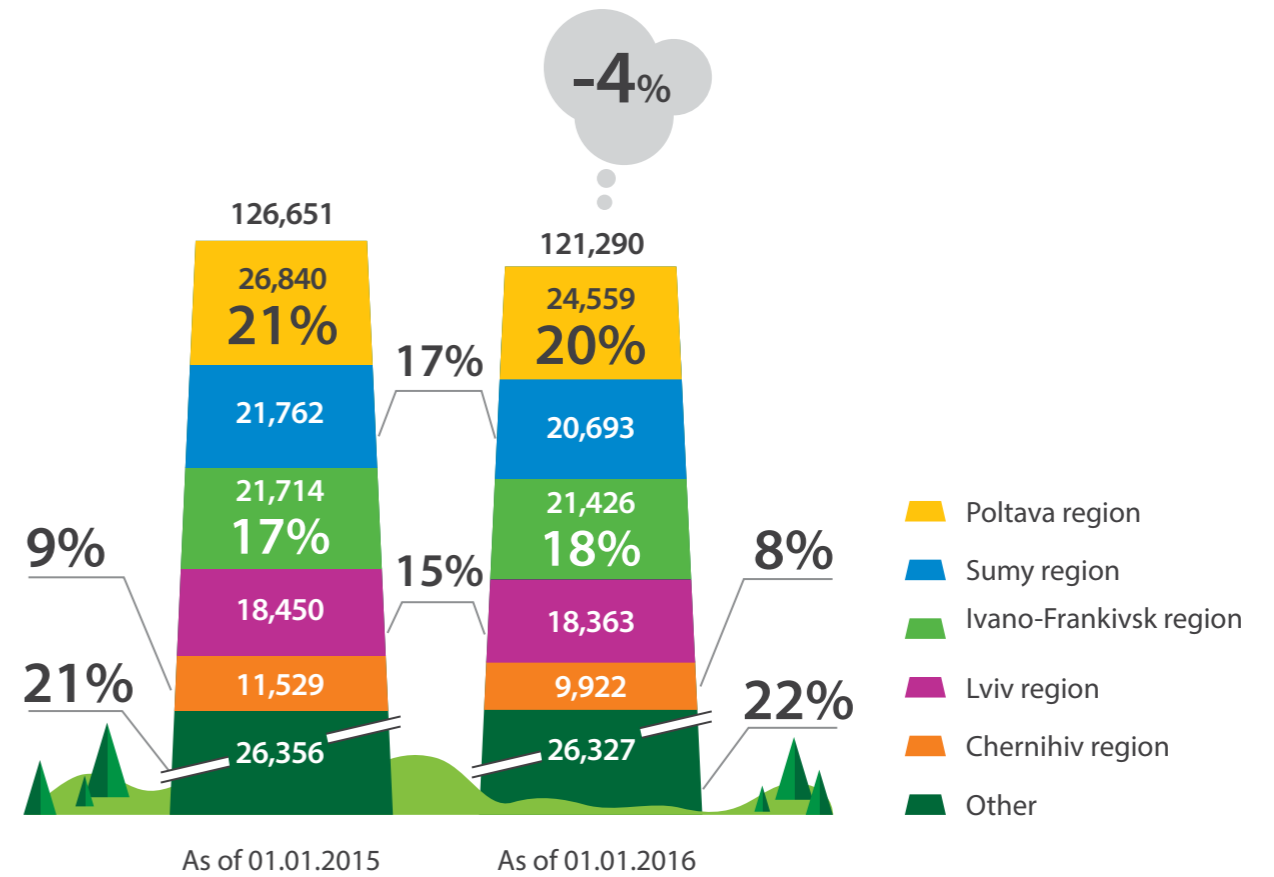


<sup>11</sup> In the section the term "oil" means «oil and gas condensate»

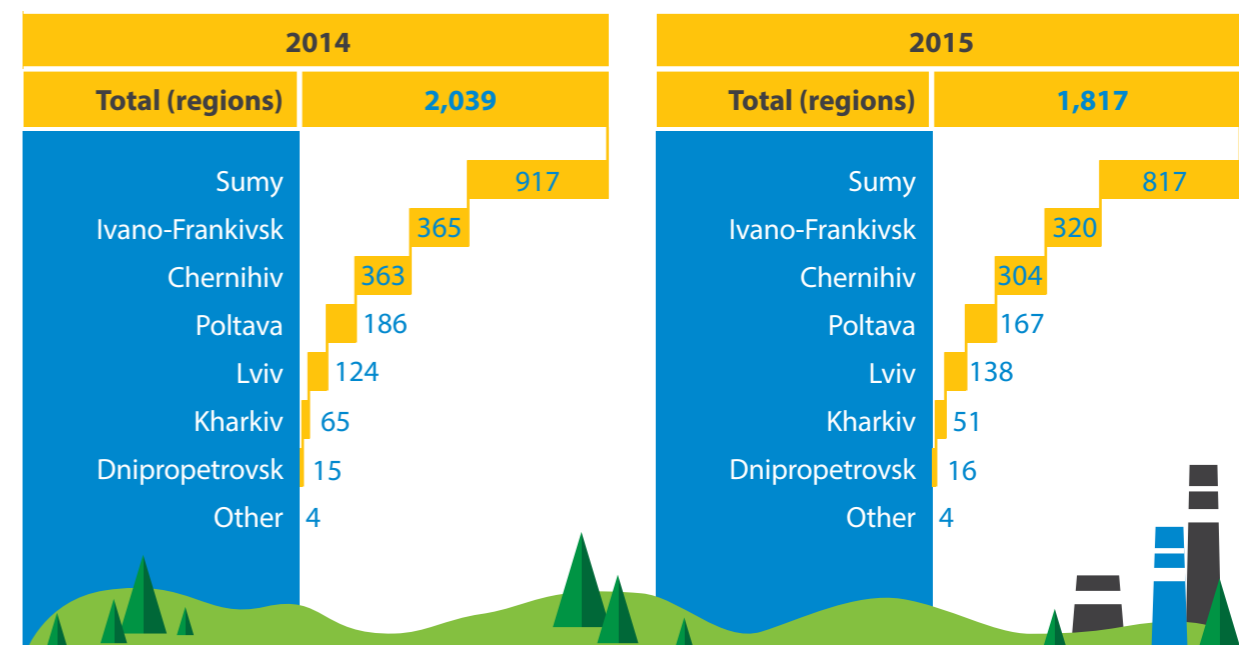
<sup>12</sup> Balance reserves of oil will cover extraction for 509 years, if the volumes of extraction remain at the same level as in 2015

<sup>13</sup> Balance reserves of oil will cover consumption for 336 years, if the volumes of consumption remain at the same level as in 2015

Structure of the balance reserves of oil, by region, thous t

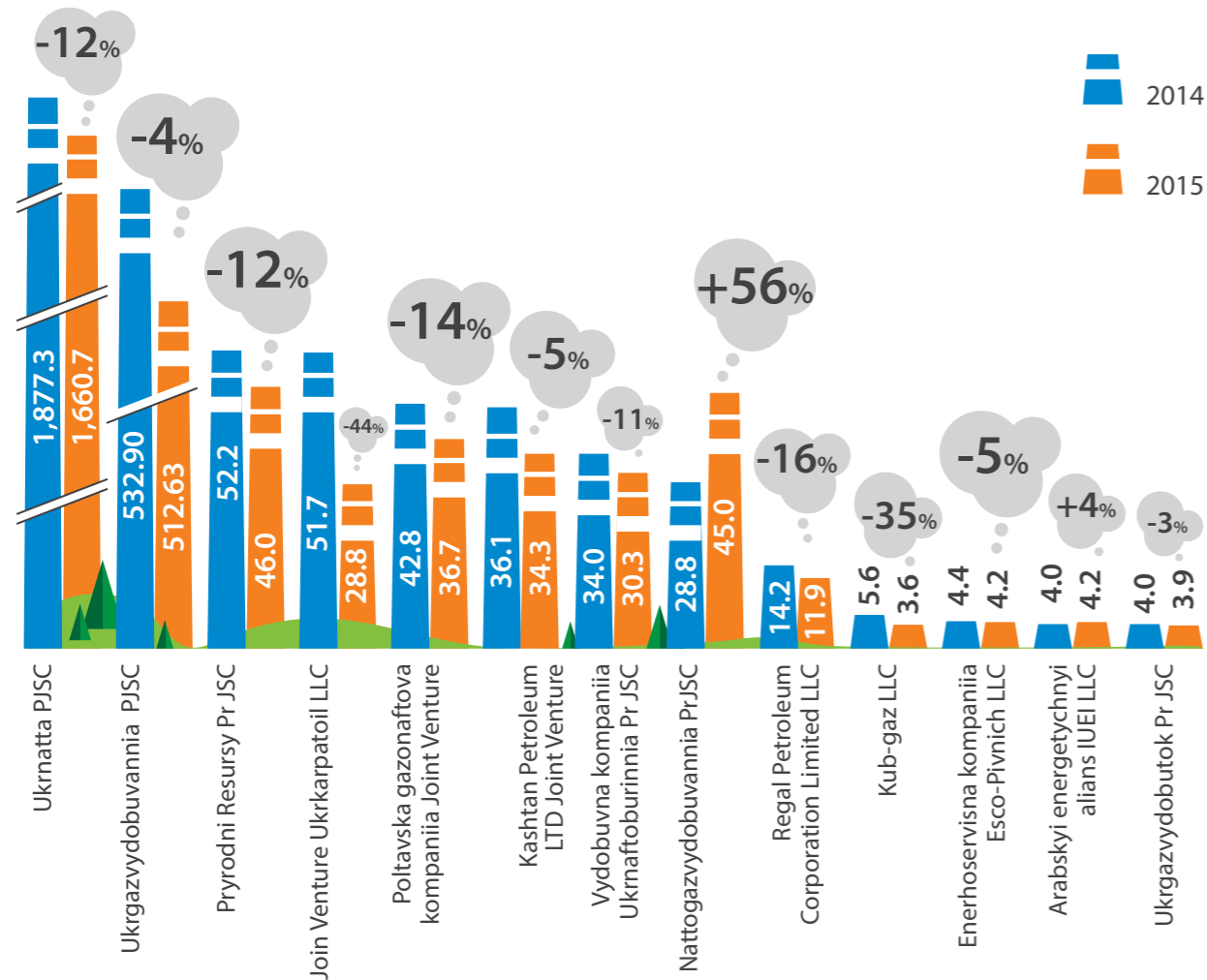


Oil extraction in Ukraine, by region, thous t

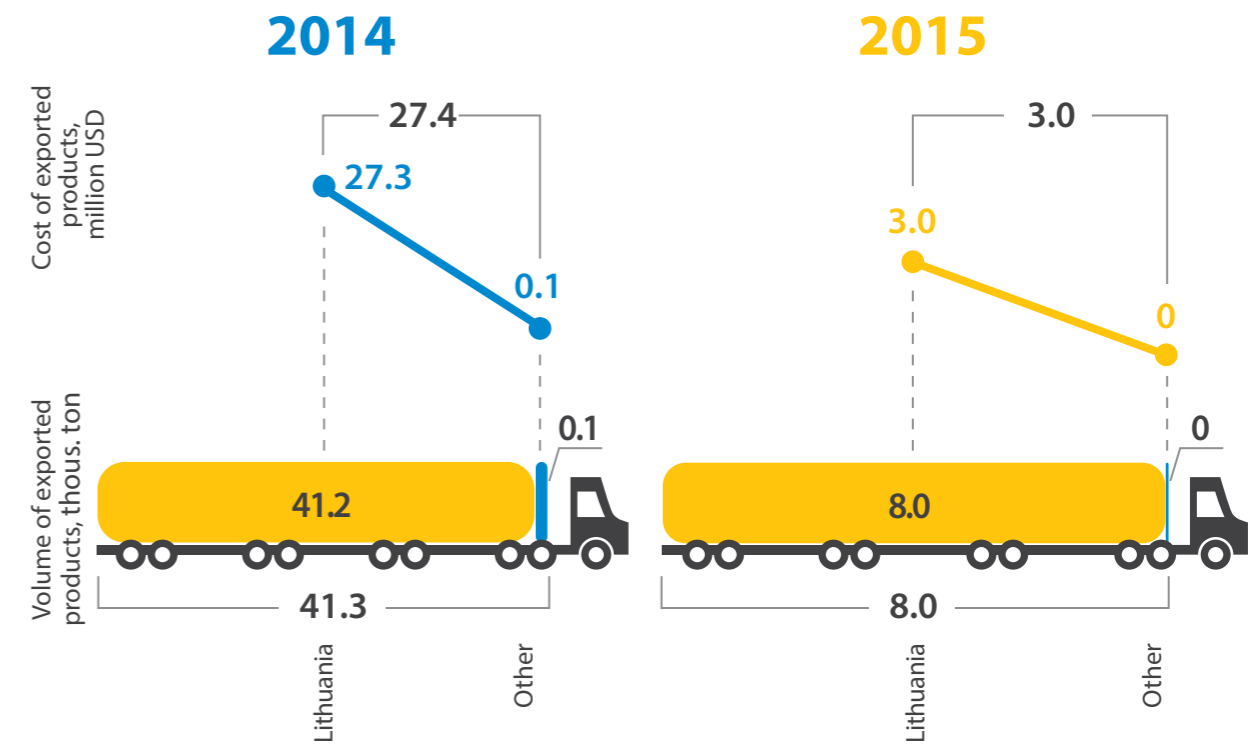




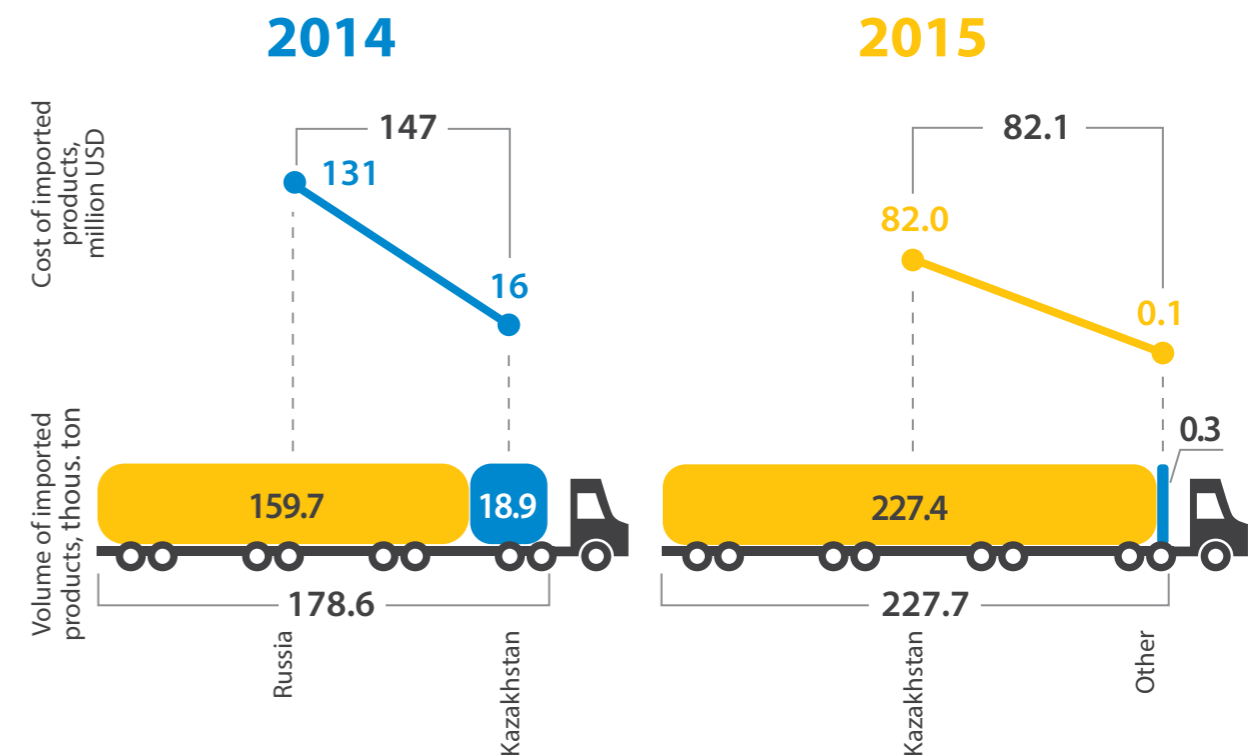
Volumes of oil extraction, by company in 2014-2015, thous t



Export of oil, by country



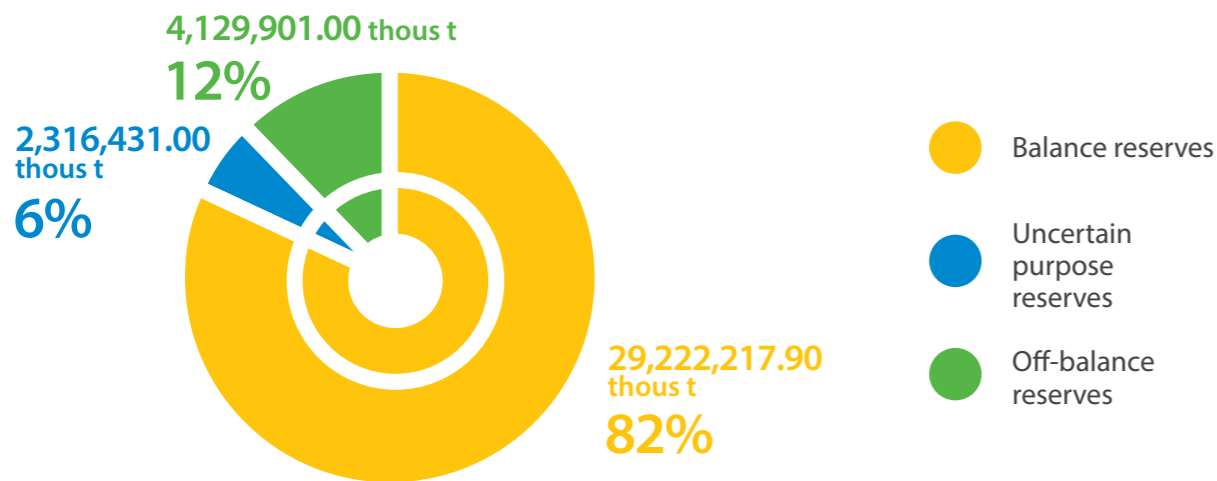
Import of crude oil, by country



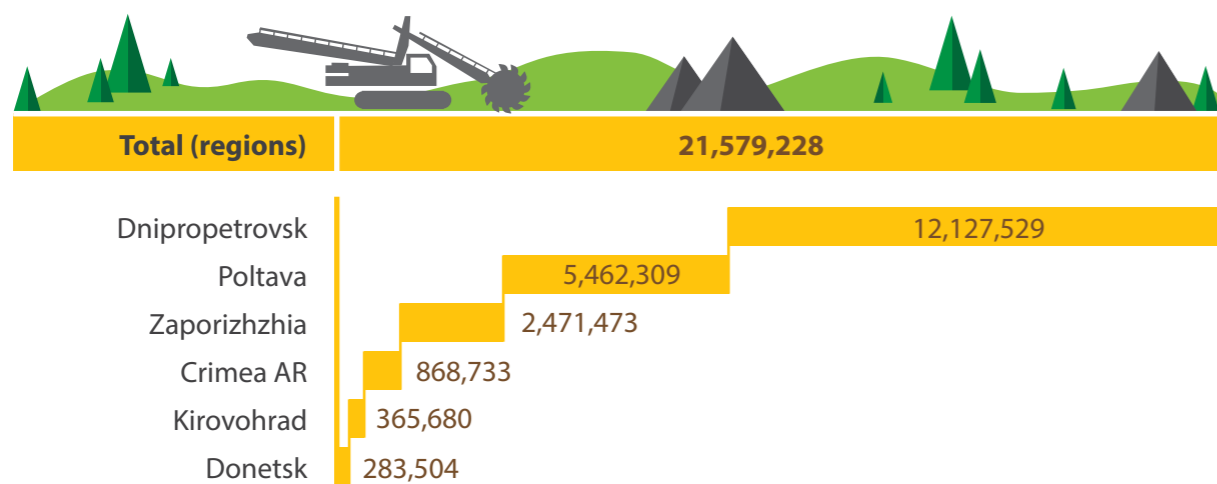
# IRON ORES

Reserves for extraction – 125 years<sup>14</sup>  
 Reserves for consumption – 148 years<sup>15</sup>

Structure of iron ores reserves, by the categories (as of 01.01.2016), thous t

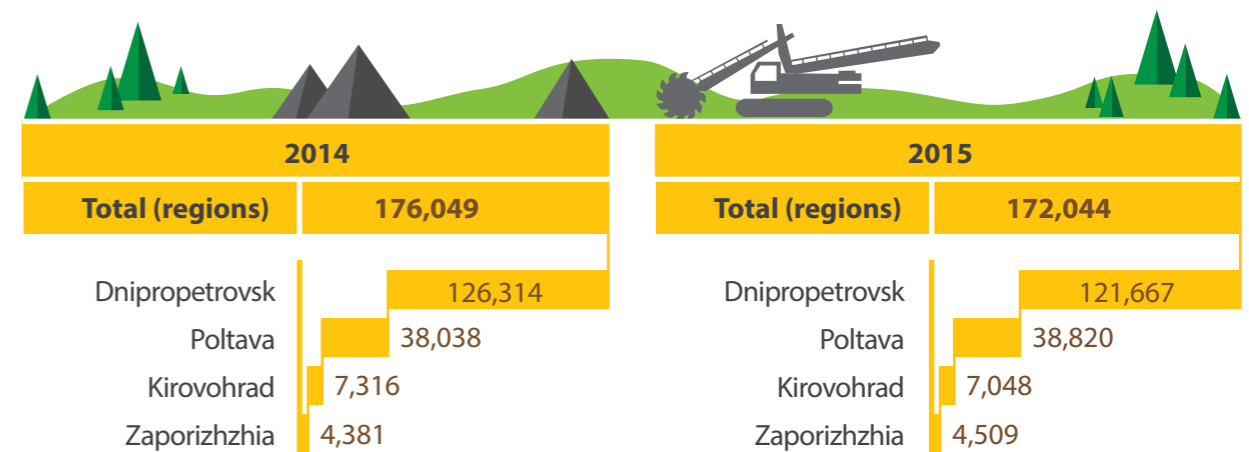


Structure of the balance reserves (A+B+C1) of iron ores, by region (as of 01.01.2016), thous t

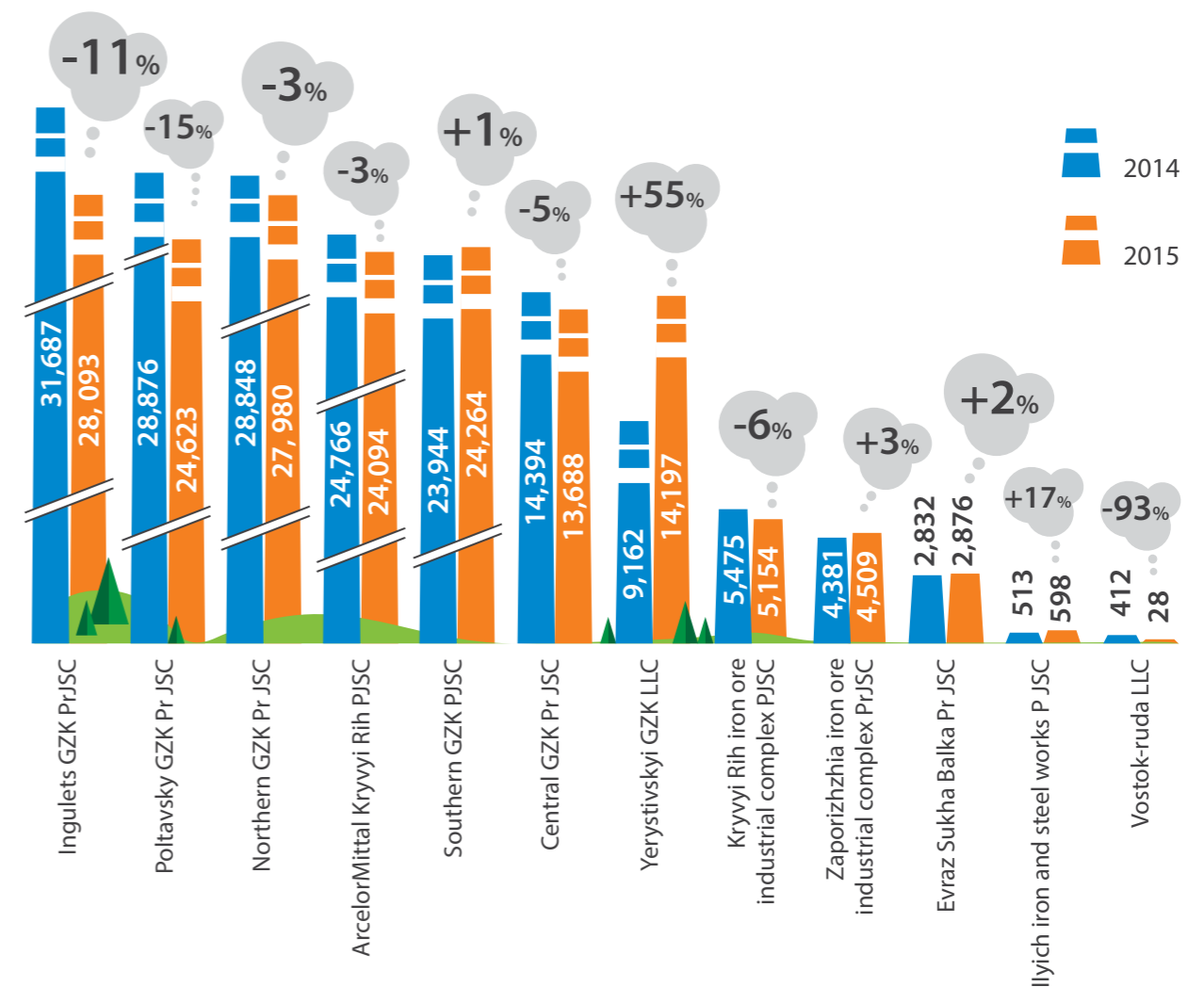


<sup>14</sup> Balance reserves of iron ores will cover extraction for 125 years, if the volumes of extraction remain at the same level as in 2015  
<sup>15</sup> Balance reserves of iron ores will cover consumption for 148 years, if the volumes of consumption remain at the same level as in 2015

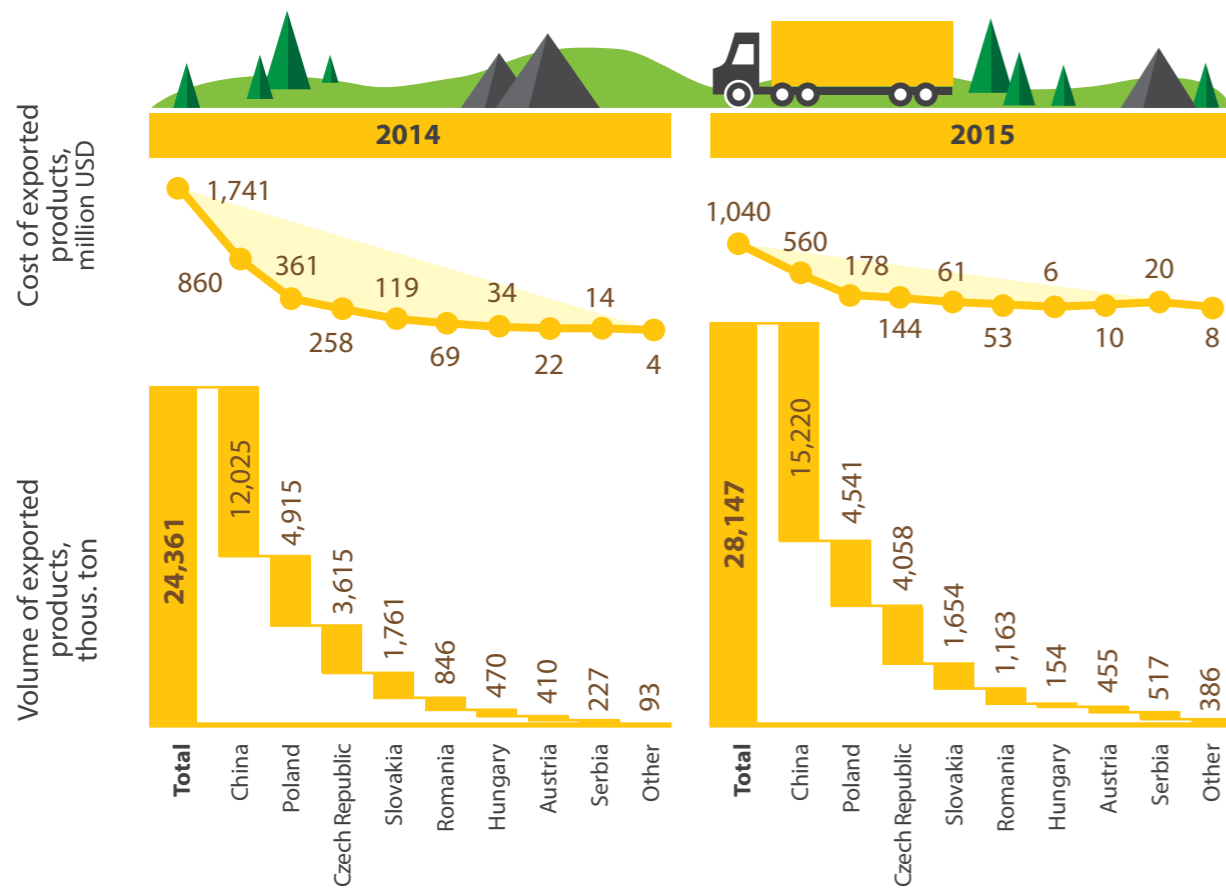
Iron ores extraction in Ukraine, by region, thous t



Volumes of iron ores extraction, by company in 2014-2015, thous t



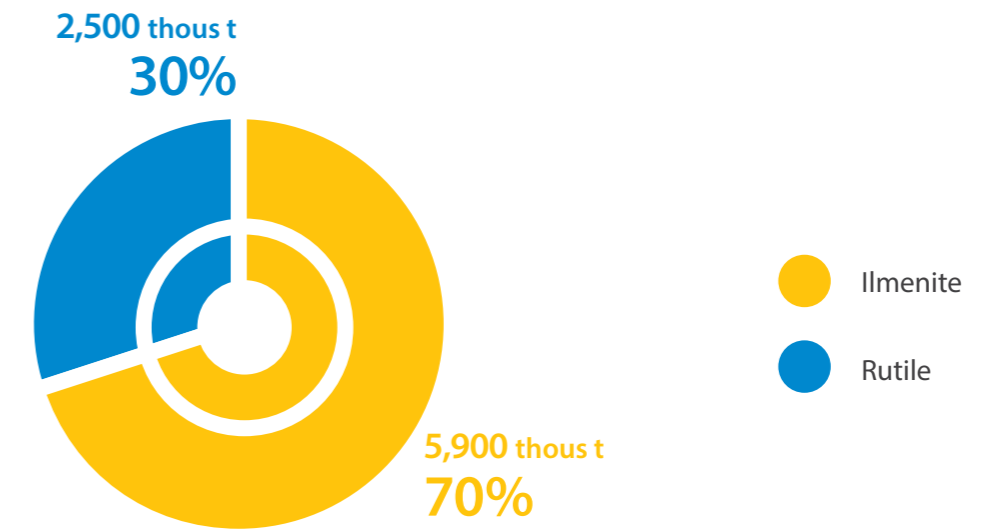
### Export of non-agglomerated iron ores, by country



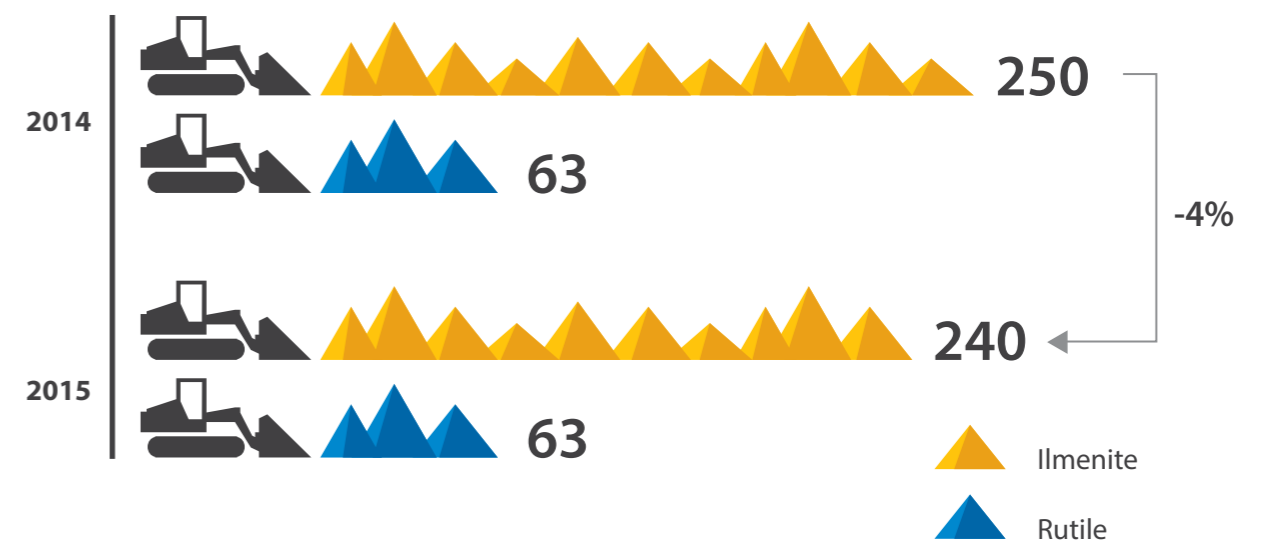
## TITANIUM ORES

Reserves for extraction – 28 years<sup>16</sup>  
 Reserves for consumption – 1053 years<sup>17</sup>

### Reserves of titanium ores (as of 01.01.2016)



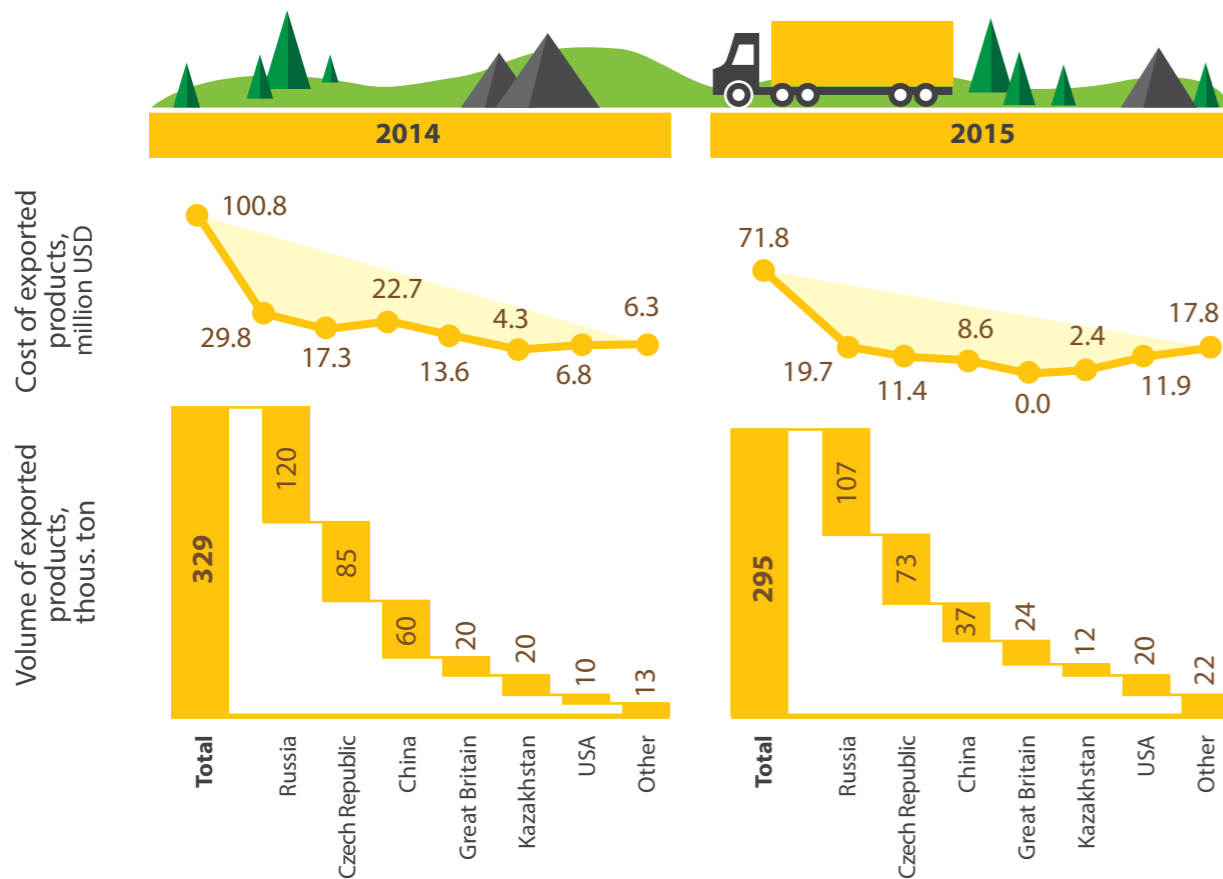
### Titanium ores extraction in Ukraine, thous t



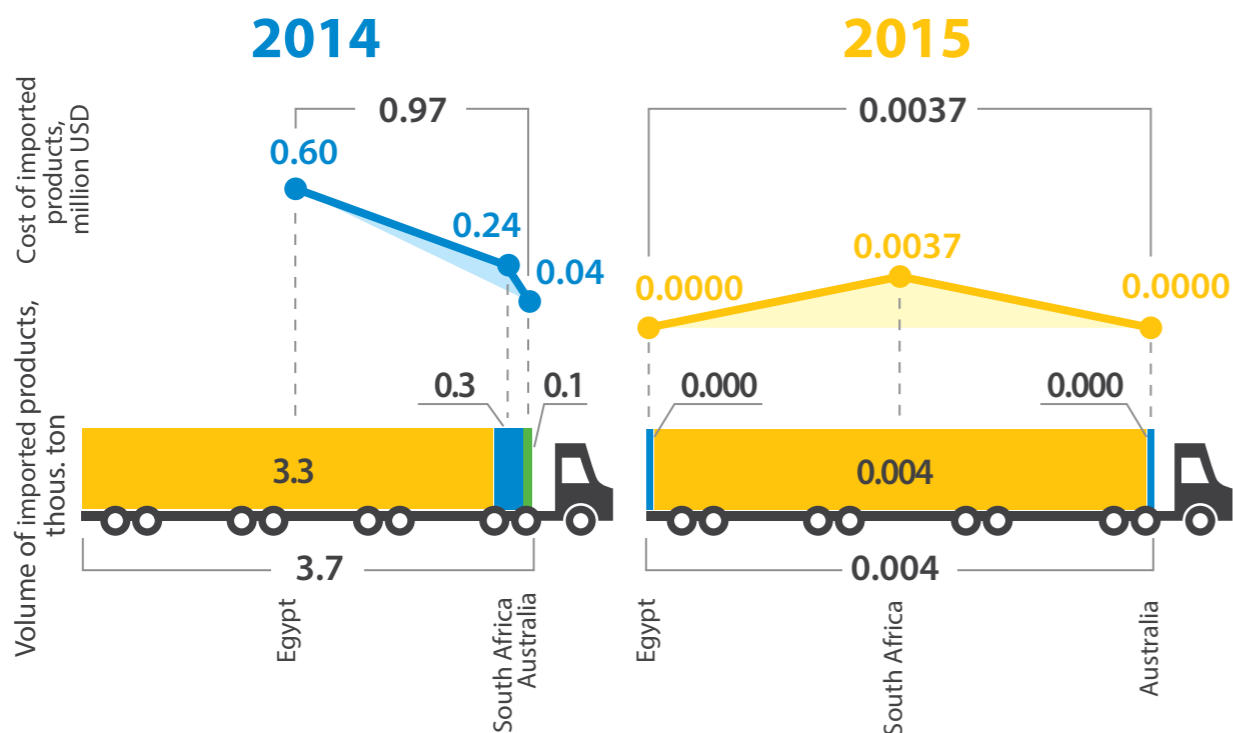
<sup>16</sup> Balance reserves of titanium ores will cover extraction for 28 years, if the volumes of extraction remain at the same level as in 2015 (<http://minerals.usgs.gov/minerals/pubs/mcs/2016/mcs2016.pdf>).  
<sup>17</sup> Balance reserves of titanium ores will cover consumption for 1053 years, if the volumes of consumption remain at the same level as in 2015



### Export of titanium ores and concentrates, by country



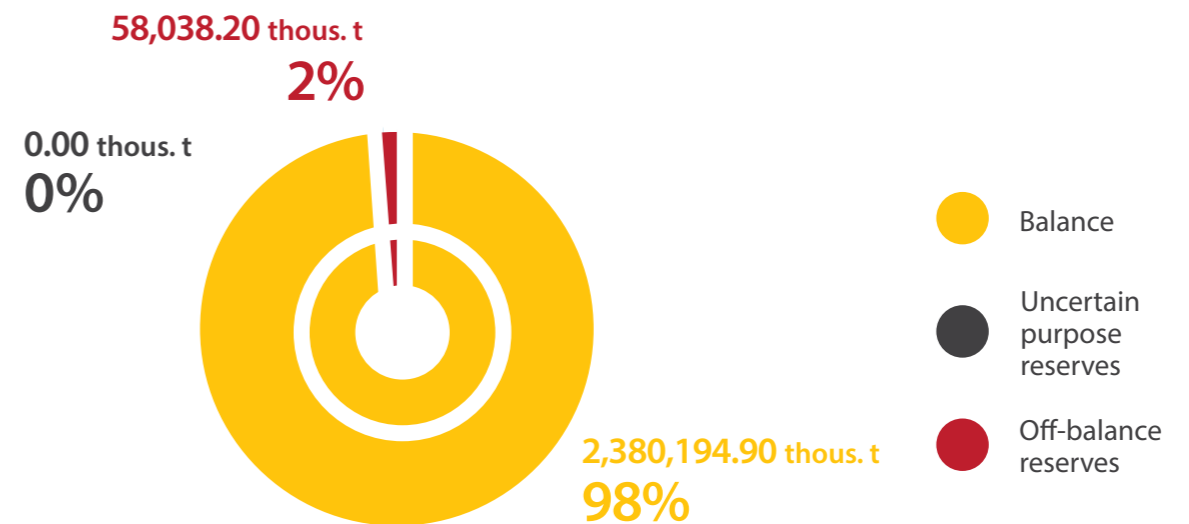
### Import of titanium ores and concentrates, by country



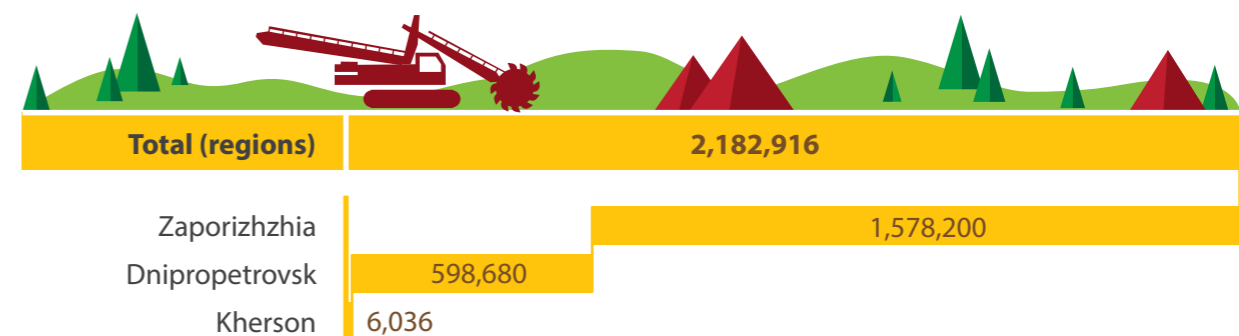
## MANGANESE ORES

Reserves for extraction – 594 years<sup>18</sup>  
 Reserves for consumption – 451 years<sup>19</sup>

### Structure of manganese ores reserves, by the category (as per 01.01.2016), thous t

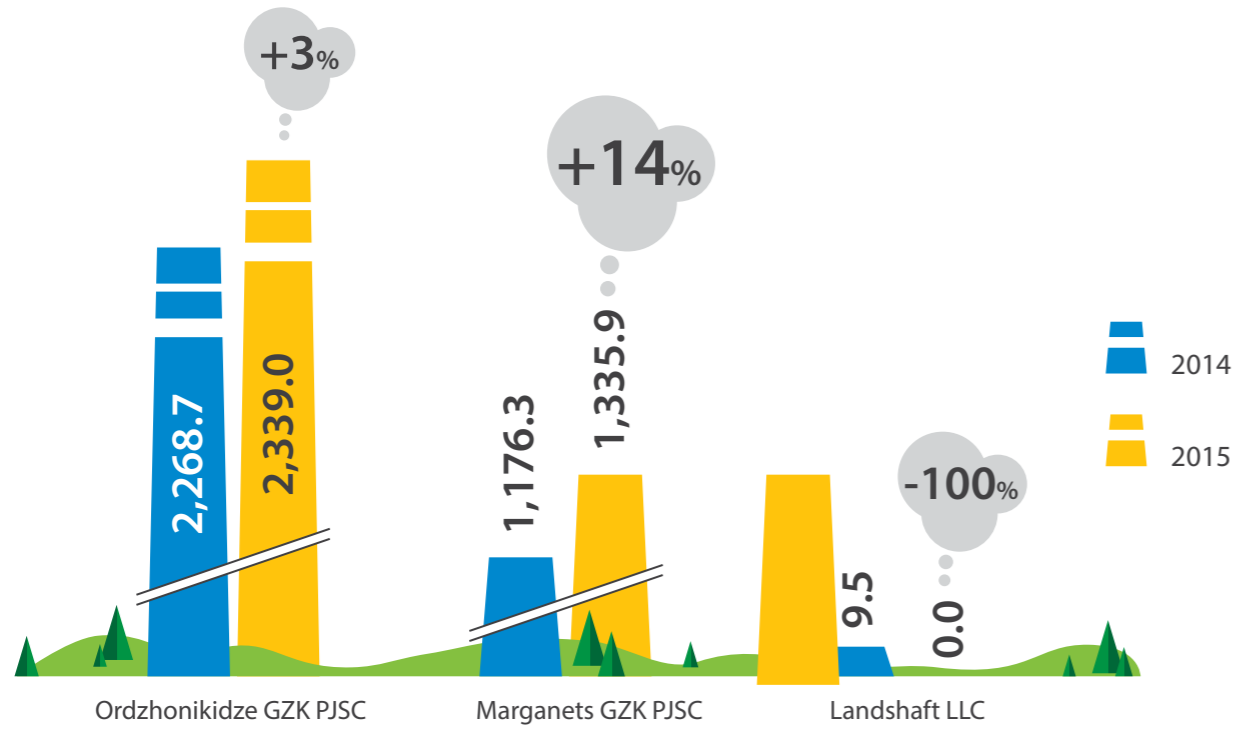


### Structure of the balance reserves (A+B+C1) of manganese ores, by region (as of 01.01.2016), thous t

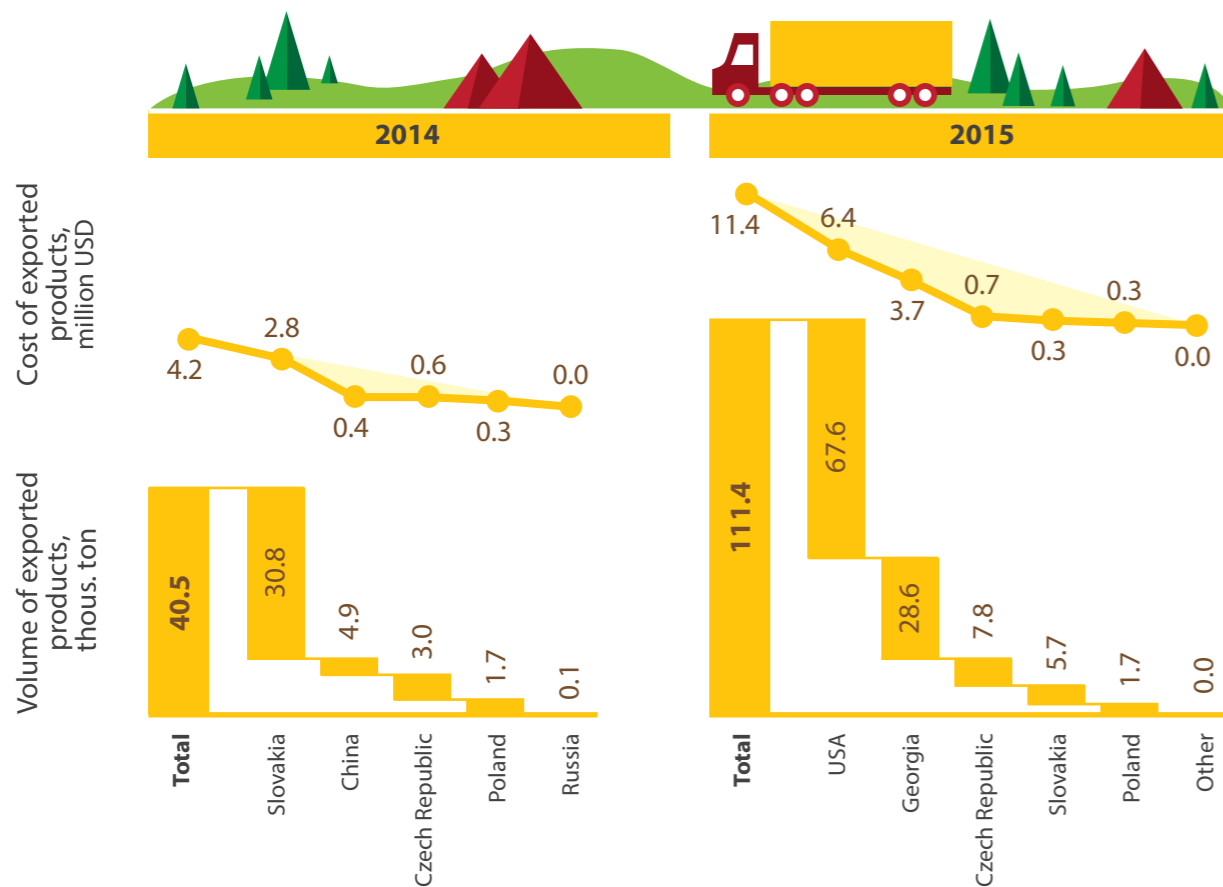


<sup>18</sup> Balance reserves of manganese ores will cover extraction for 594 years, if the volumes of extraction remain at the same level as in 2015  
<sup>19</sup> Balance reserves of manganese ores will cover consumption for 451 years, if the volumes of consumption remain at the same level as in 2015

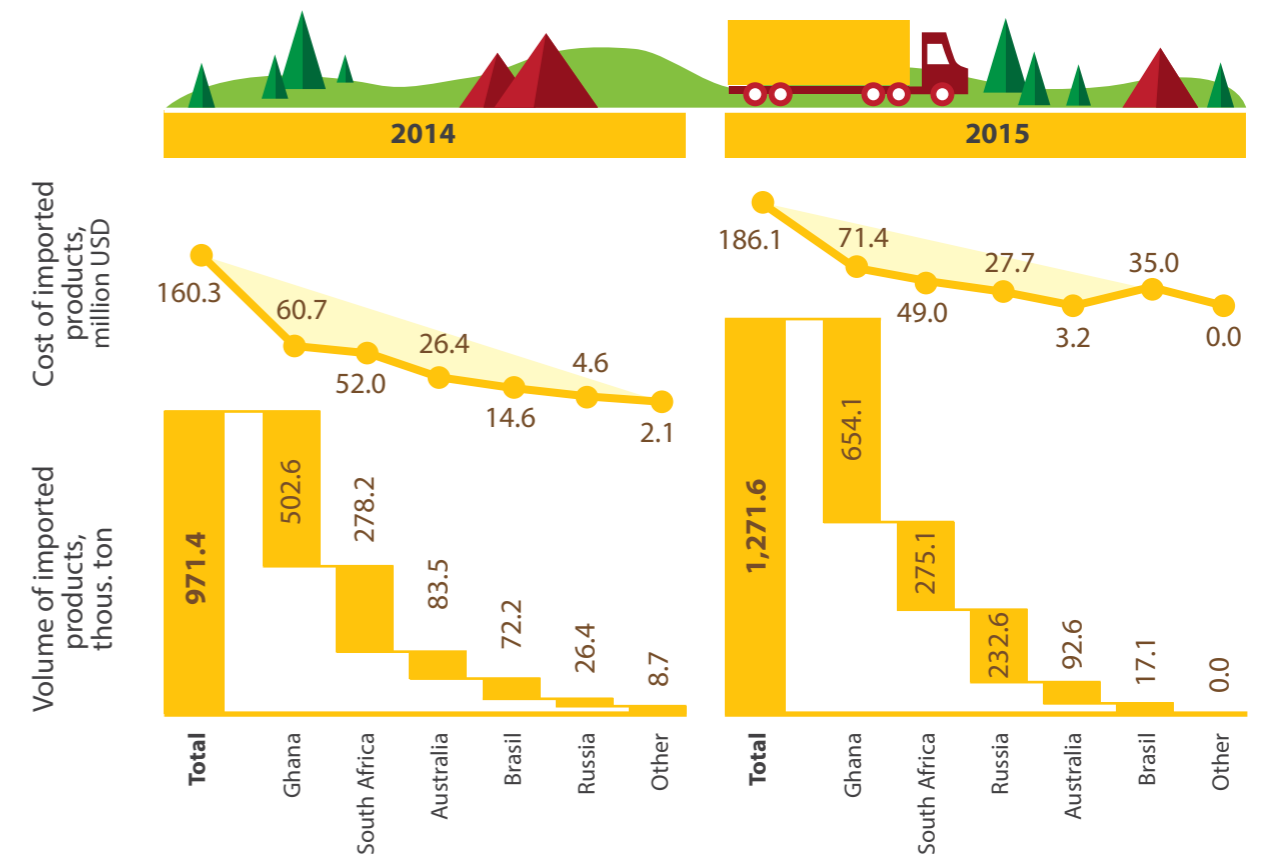
Volumes of manganese ores extraction, by company in 2014-2015, thous t



Export of manganese concentrate and agglomerate, by country

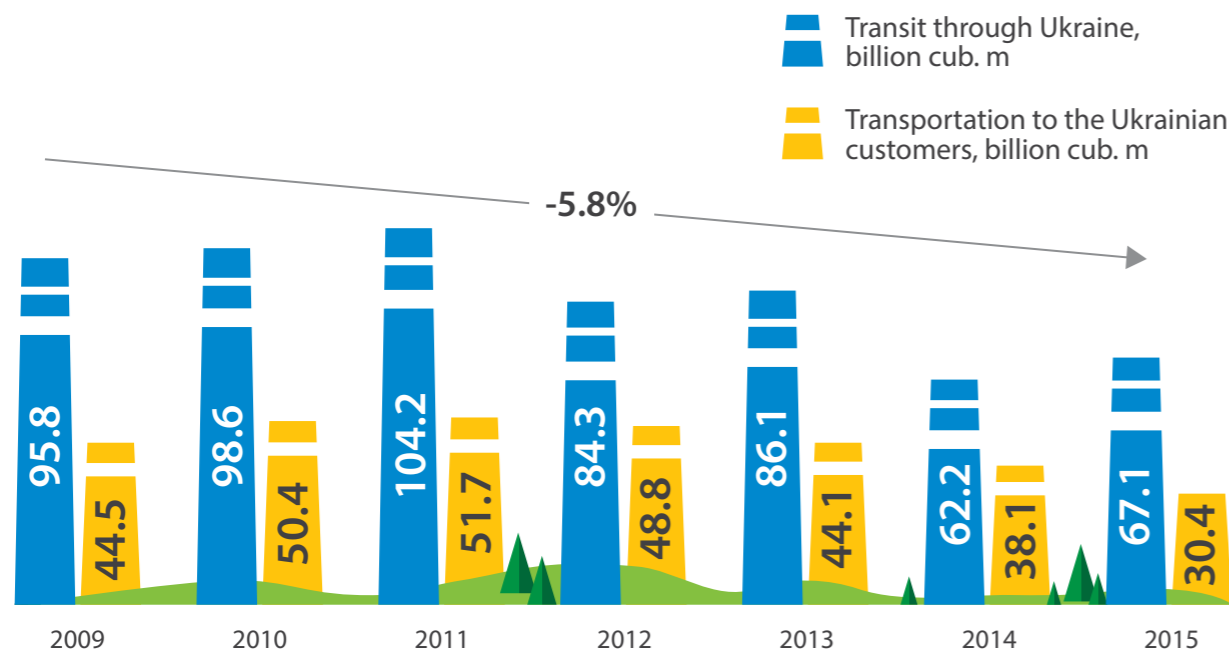


Import of manganese concentrate and agglomerate, by country

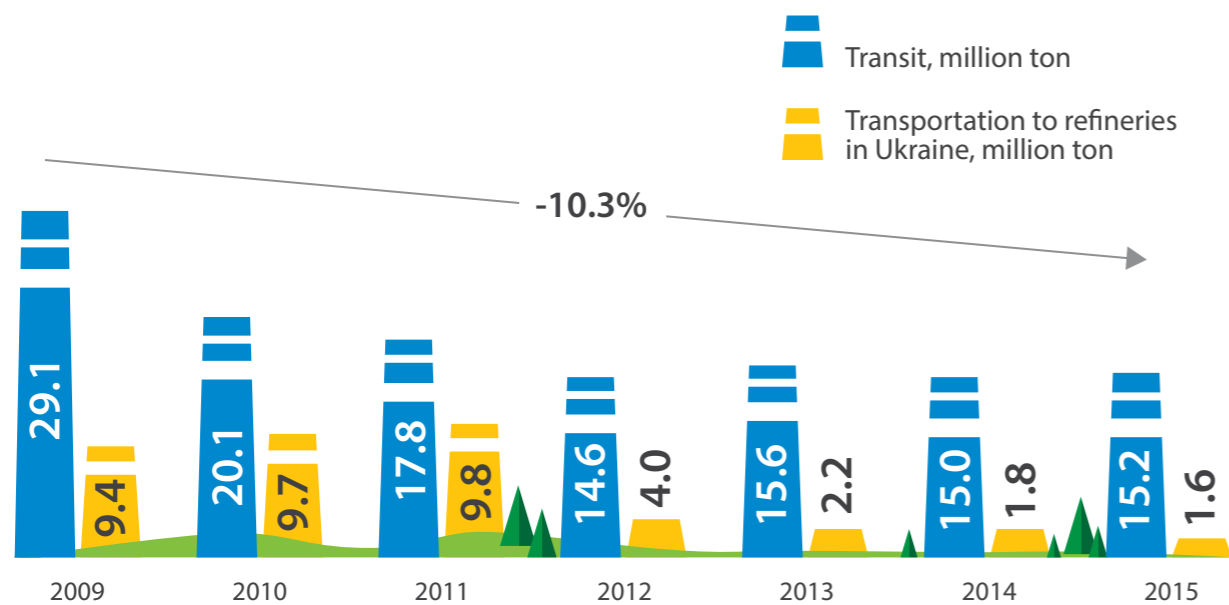


# OIL AND GAS TRANSPORTATION

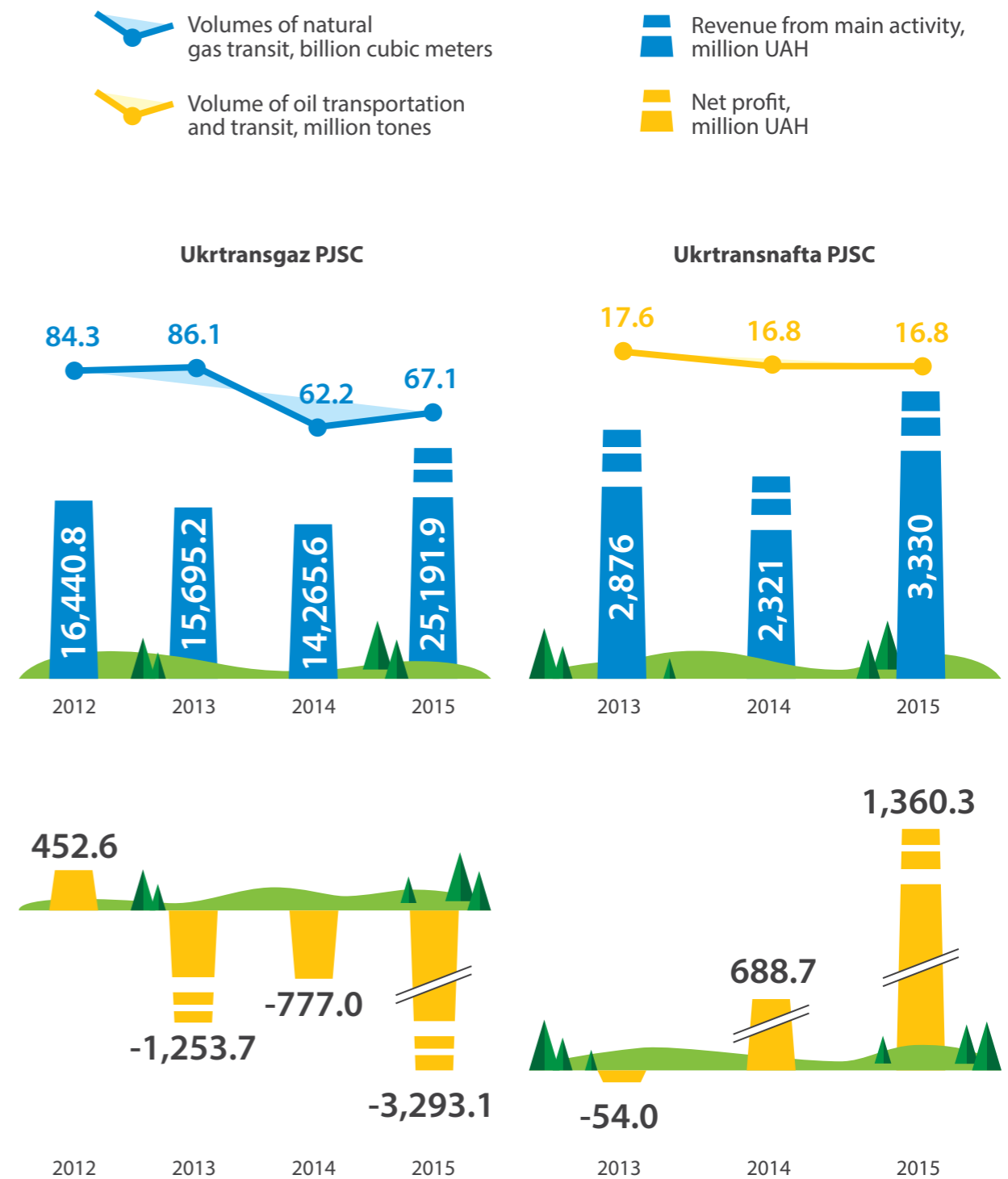
The volume of gas transit through the territory of Ukraine in 2009-2015



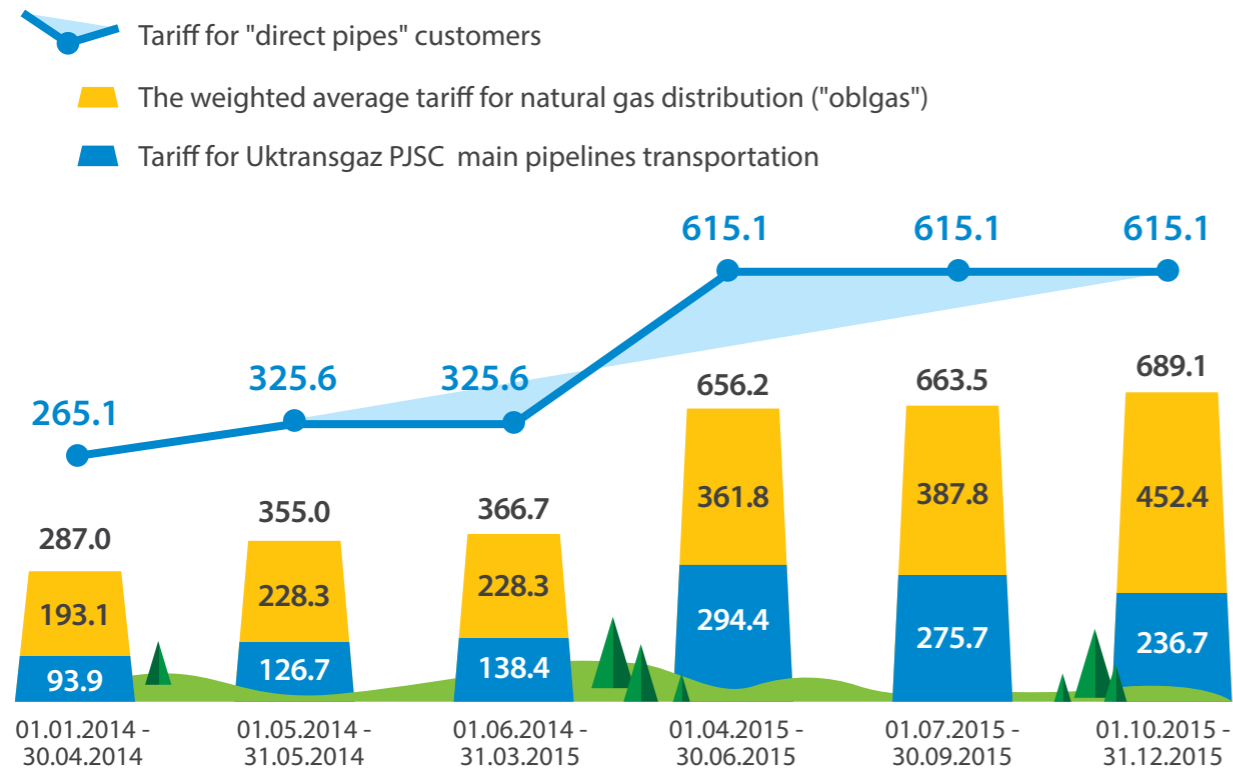
The volume of oil transit and transportation to refineries in Ukraine 2009-2015



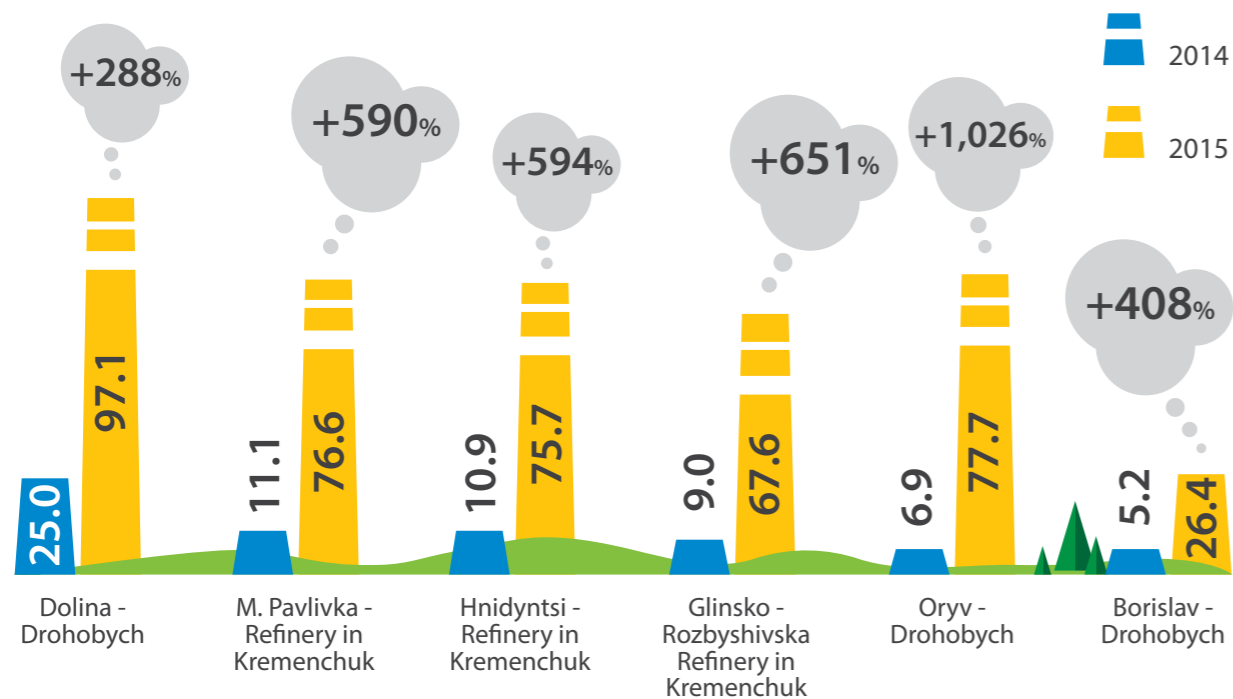
Revenue and profit of gas and oil transportation system Operators



### Tariffs for natural gas transportation and distribution,<sup>20</sup> UAH / thousand m<sup>3</sup>



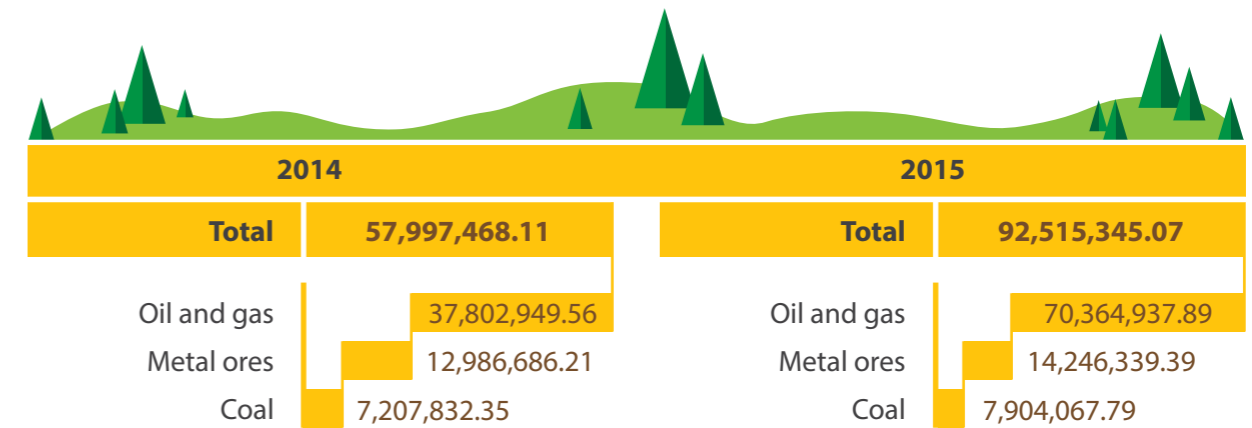
### Tariffs for oil transportation via the trunk pipelines, UAH/t



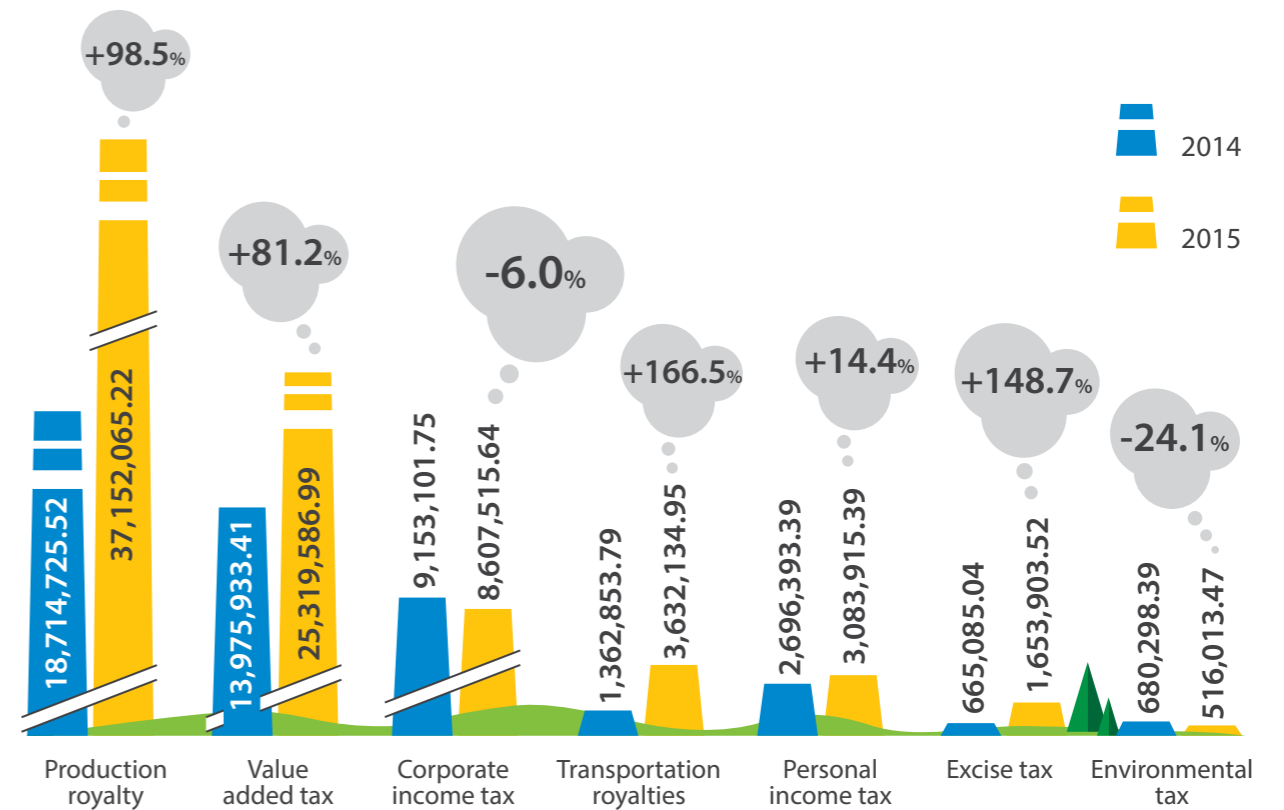
<sup>20</sup> Consumers "on the direct pipes" – consumers, whose pipelines are directly connected to the trunk gas pipelines

## TAX PAYMENTS OF EXTRACTIVE COMPANIES

### Total government revenues from extractive industries in 2014-2015<sup>21</sup>, thous UAH

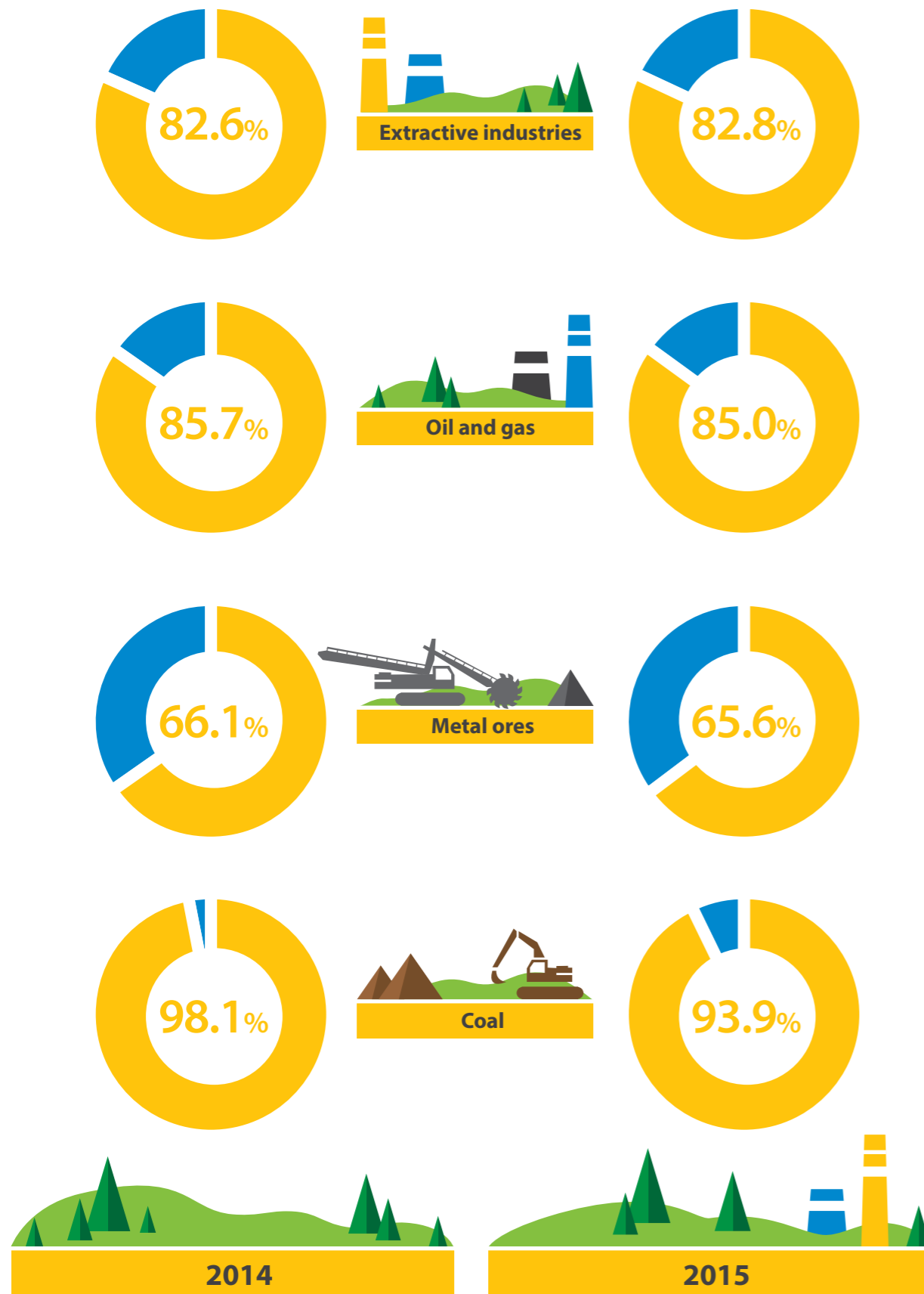


### Total government revenues from extractive companies, per revenue streams in 2014-2015<sup>22</sup>, thous UAH

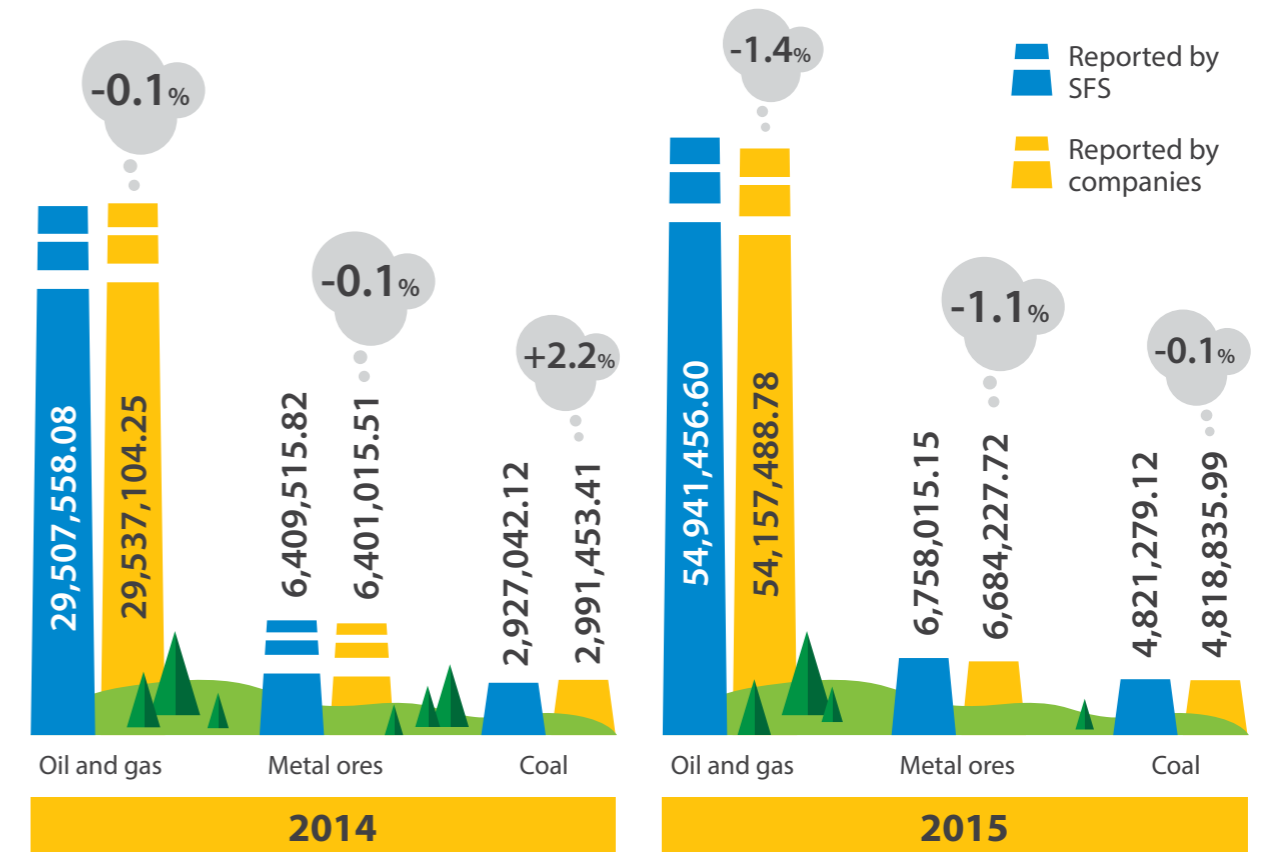


<sup>21</sup> According to the State Fiscal Service of Ukraine  
<sup>22</sup> According to the State Fiscal Service of Ukraine

Share of government revenues, which were reconciled

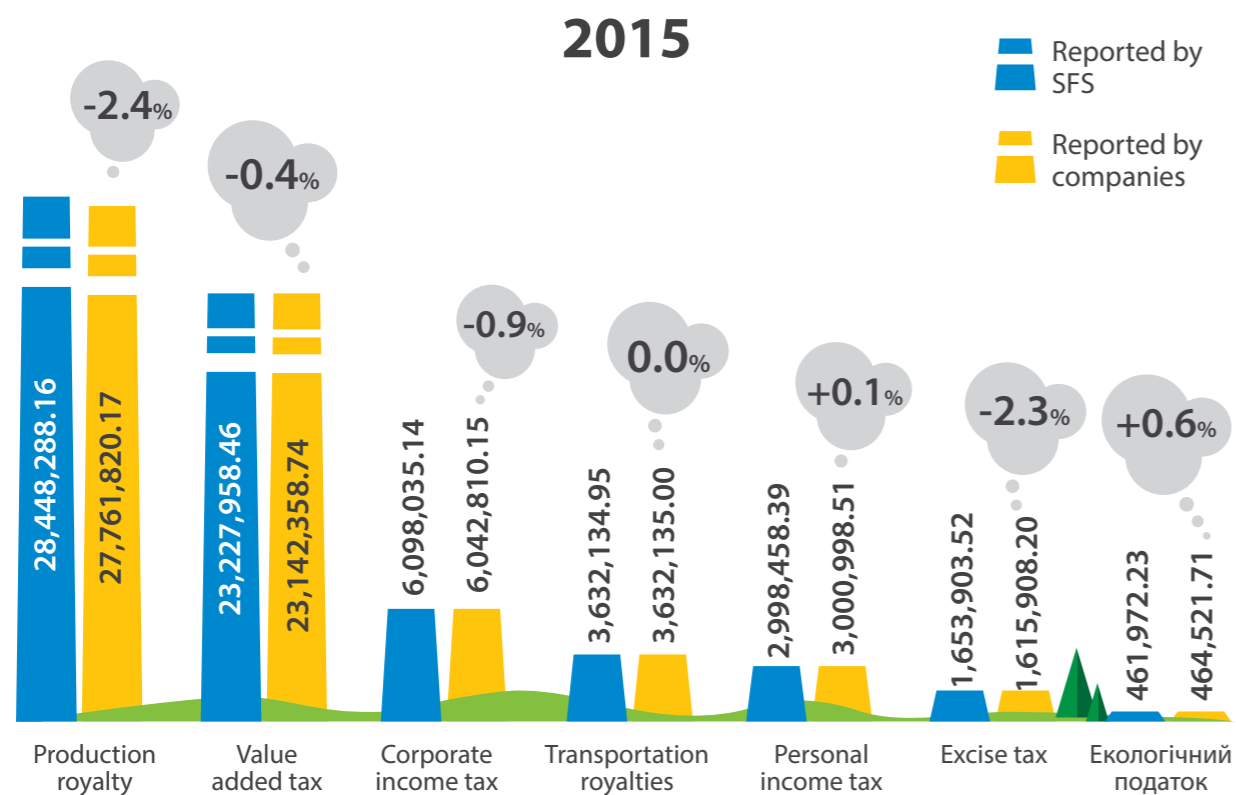
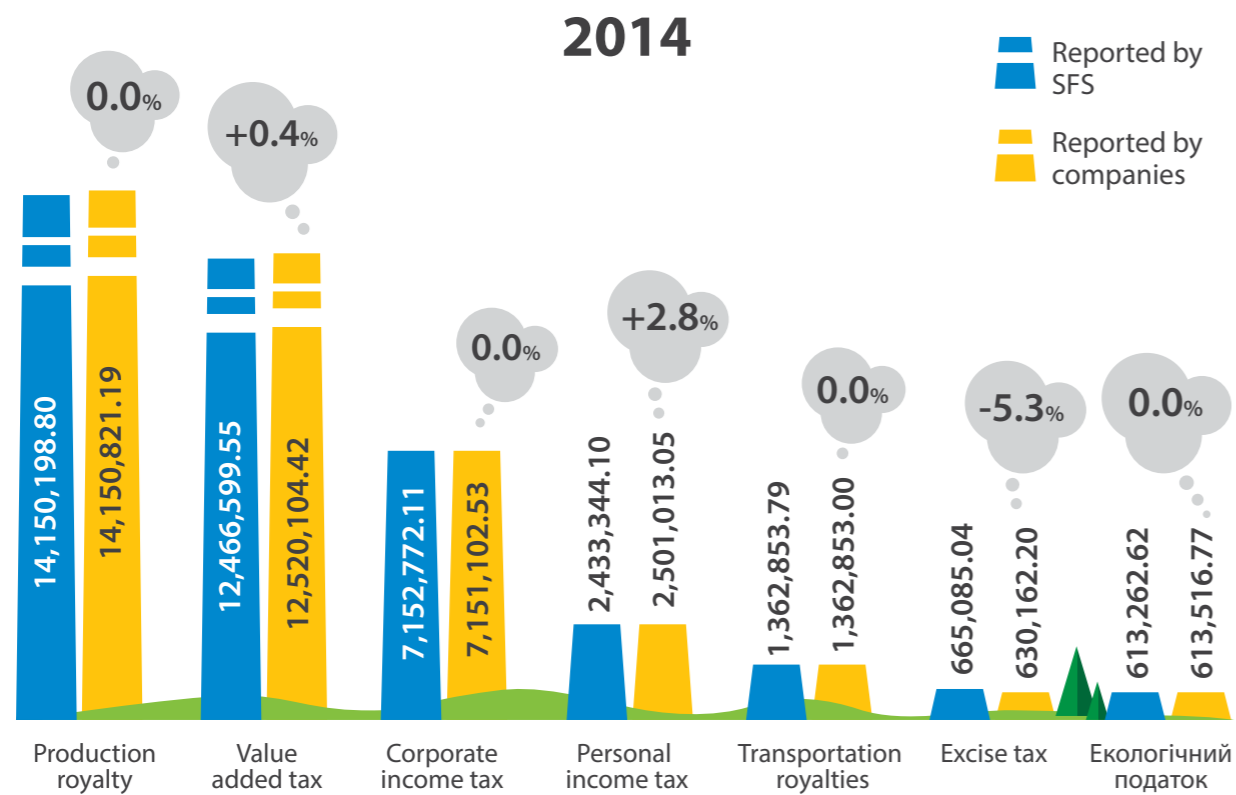


Reconciliation of tax payments, per industry, thous UAH



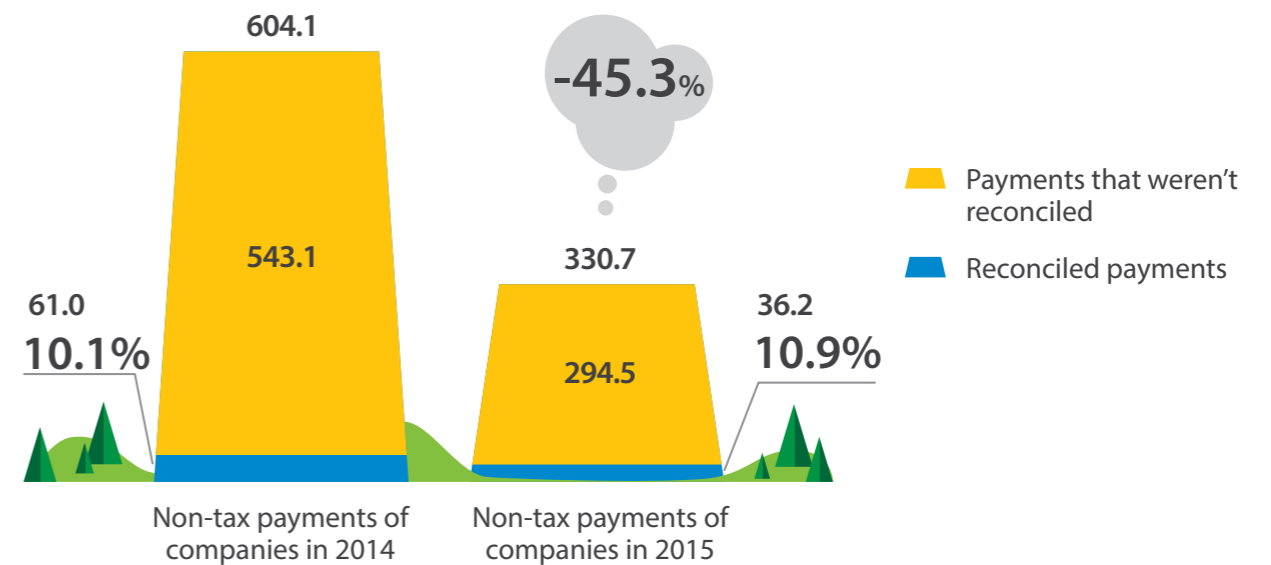


Reconciliation of tax payments, per type of payment, thous UAH

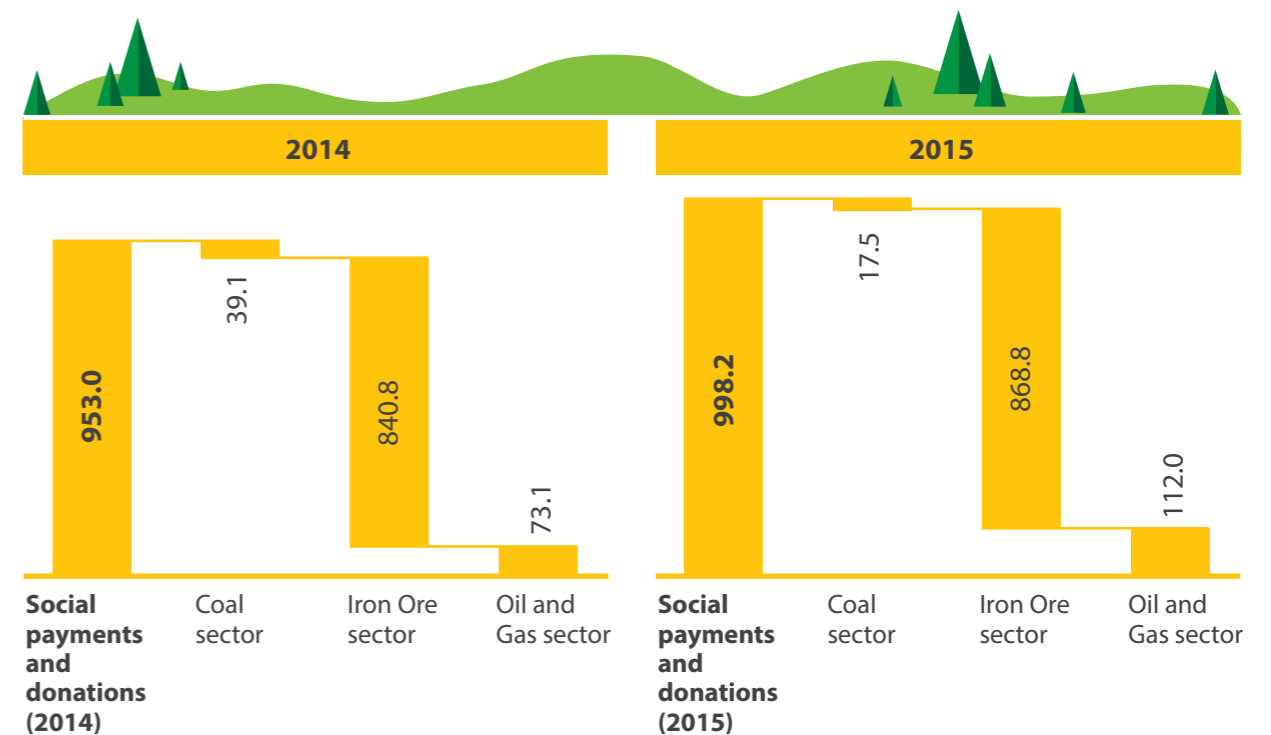


OTHER PAYMENTS OF EXTRACTIVE COMPANIES

Other non-tax payments by the companies in 2014-2015 to the state enterprises and central executive authorities<sup>23</sup>, mln UAH



Extractive companies' social costs and charitable contributions in 2014-2015<sup>24</sup>, UAH mln



<sup>23</sup> According to queried companies' responses  
<sup>24</sup> According to queried companies' responses

## FISCAL REGIME FOR EXTRACTIVE INDUSTRIES

### Allocation of taxes between the budgets of various levels (general Budget Code rule)



#### Corporate income tax



#### Production royalty



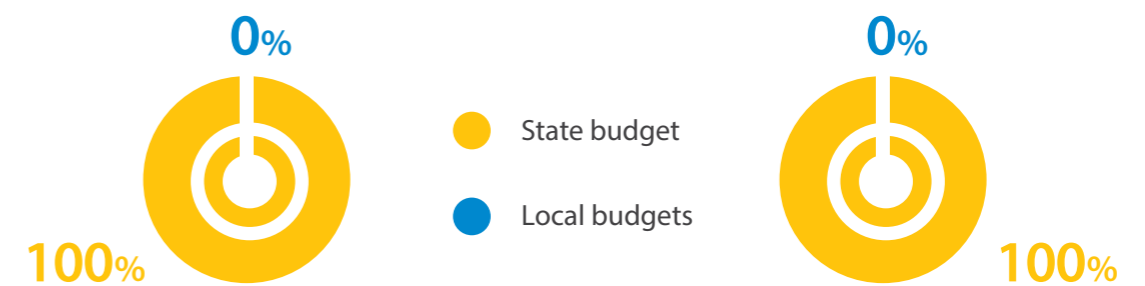
#### Production royalty for non-hydrocarbon minerals



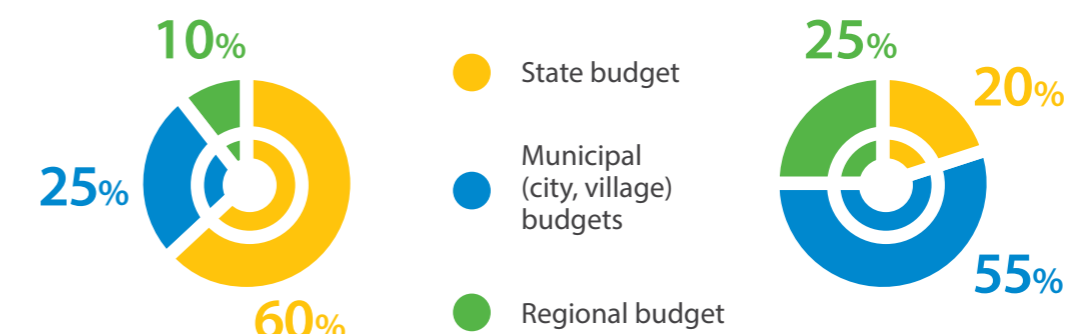
#### Non-production royalty



#### Transportation royalty; VAT; customs duties; excise tax; levy in the form of a special-purpose surcharge to the applicable natural gas tariff for consumers of all ownership forms

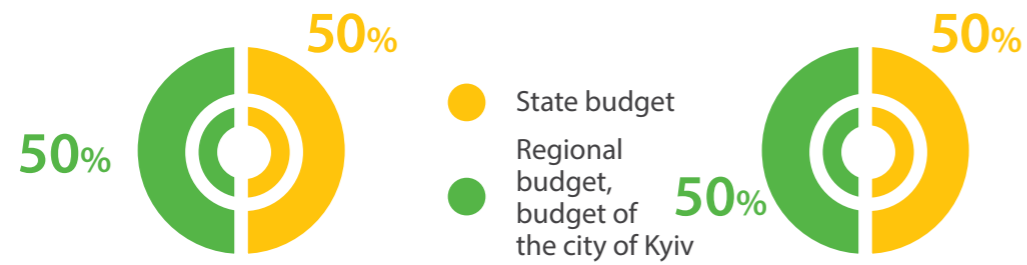


#### Environmental tax

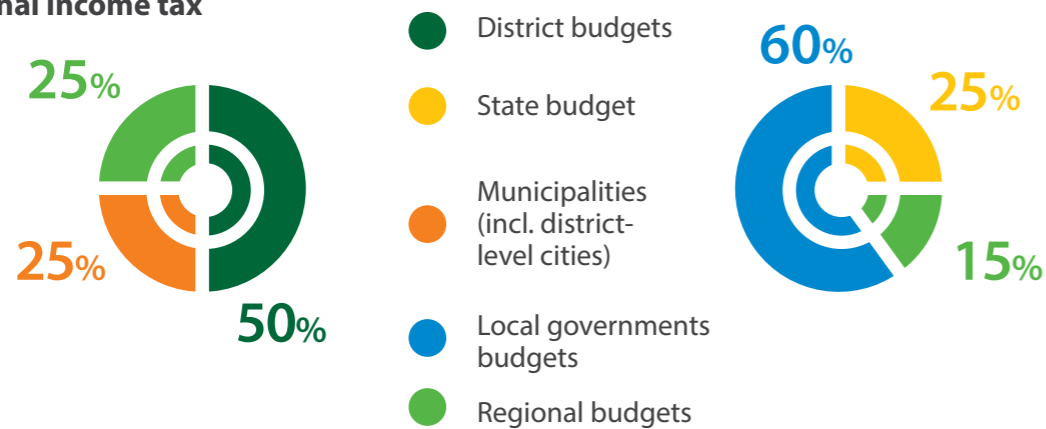




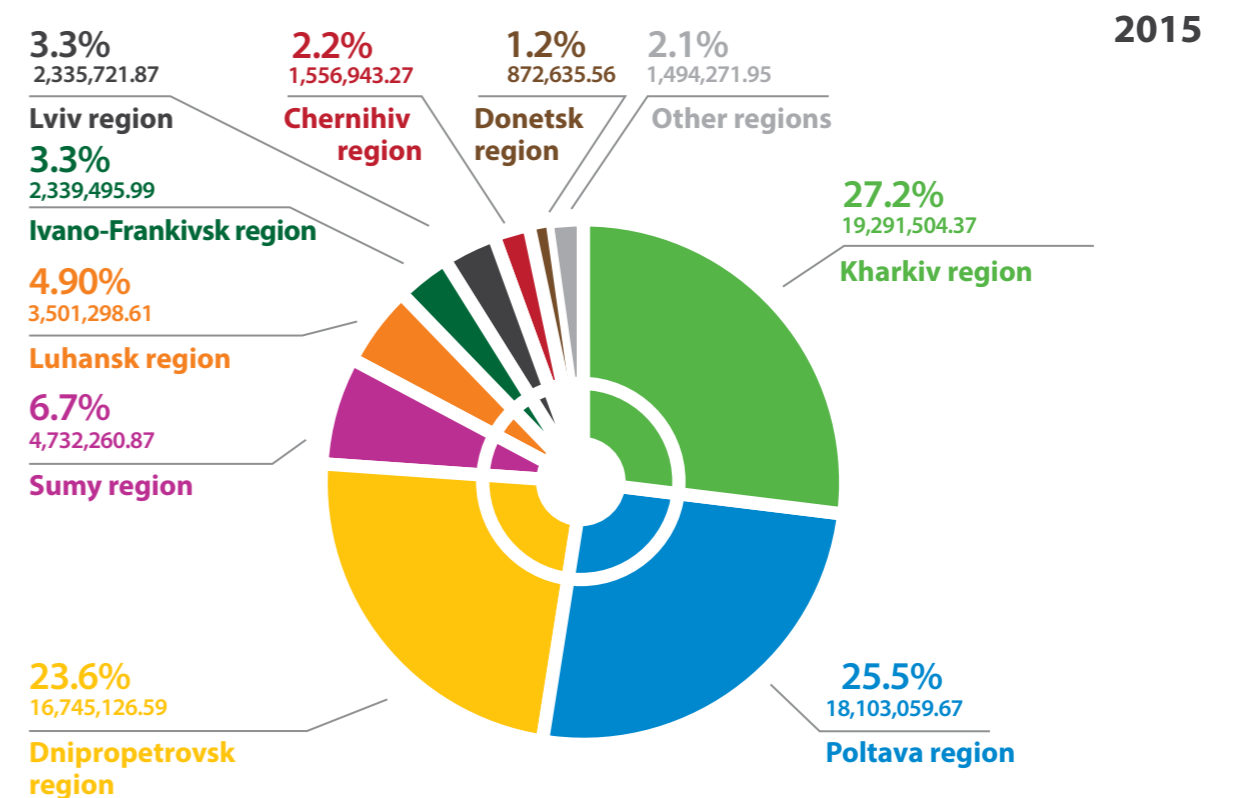
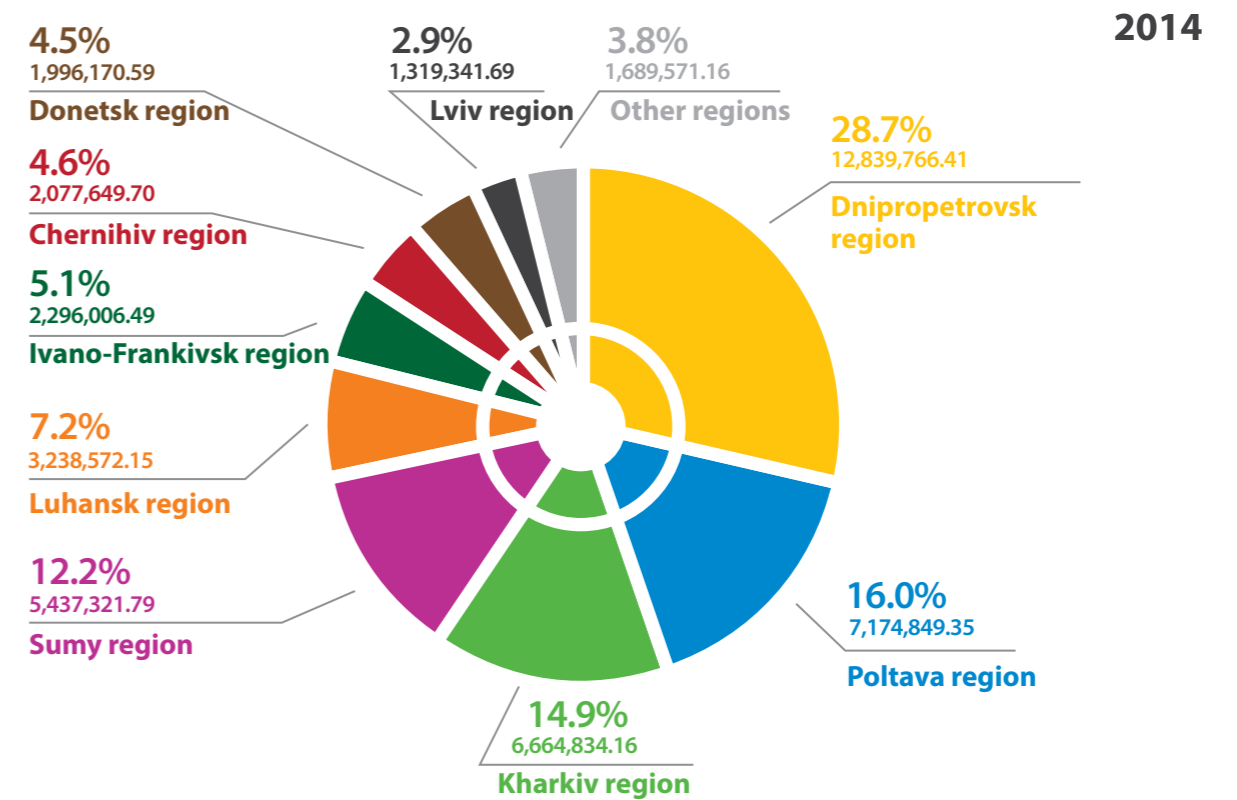
**Special water use levy/ rent fee for special use of water**



**Personal income tax**



**REGIONAL DISTRIBUTION OF REVENUES FROM THE EXTRACTIVE INDUSTRIES THOUS UAH**



**Extractive companies, whose provided information for reconciliation**
**Extractive companies, whose didn't provide information for reconciliation**
**Oil and gas**

1. Shell Ukraine Exploration and Production I LLC
2. Joint activity agreement of 06/10/2011 No 1330-1-4 – authorized entity Shell Ukraine Exploration and Production I LLC 33832065
3. Arabskyi energetychnyi alians IUEI LLC
4. Eni Ukraina LLC
5. Zakhidgazinvest LLC
6. Kub-gaz LLC
7. Persha ukraiinska gazonaftova kompaniia LLC
8. Vydobuvna kompaniia Ukrnaftoburinnia PrJSC
9. Ukgazvydobutok PrJSC
10. Prom-Energoproduct LLC
11. Representation office Regal Petroleum Corporation Limited (without legal entity right)
12. Tysagaz LLC
13. Pari LLC
14. Kashtan Petroleum Joint Venture
15. Joint Venture Ukrkarpatoil LLC
16. Joint activity agreement of 21/07/1997 No 23-3/97-84 B-97 – authorized entity Gaz-MDS LLC 24253556
17. Ukrtransgaz PJSC
18. Zakhidnadraserivs LLC
19. State Enterprise Ukrspetszamovlennia LLC
20. Pryrodni Resursy PrJSC
21. Skhidnyi Geolohichnyi Soiuz LLC
22. Joint activity agreement of 19/08/2002 No 85/2002 – authorized entity Skhidnyi Geolohichnyi Soiuz LLC 32426289
23. Geologichne biuro Lviv LLC
24. Prykarpatska energetychna kompaniia LLC
25. Horyzonty LLC
26. Ukrtransnafta PJSC
27. Naftogaz of Ukraine National Joint-Stock Company
28. Ukgazvydobuvannia PJSC
29. Poltavaska gazonaftova kompaniia Joint Venture
30. Enerhoservisna kompaniia Esco-Pivnich LLC
31. Naftogazvydobuvannia PrJSC
32. Ukrnafta PJSC

1. State Joint-Stock Company Chornomornaftogaz PJSC
2. Joint Venture Boryslavska Naftova Kompaniia LLC
3. Energiia-95 LLC
4. Plast PrJSC
5. National Joint-Stock Company Nadra Ukrainy PJSC
6. Ukrnaftogazinvest LLC
7. Ukraiinska burova kompaniia LLC
8. Praim-Gaz LLC
9. Makkom-grup LLC
10. Nadragaz LLC
11. Ukristgaz LLC
12. Bogorodchanynaftogaz LLC
13. Nadra Geotsentr LLC
14. Joint activity agreement of 29/06/2004 No 612 – authorized entity Vyrobncho-komertsiiina firma Dion LLC 24430679
15. Joint activity agreement of 10/06/2002 No 3 – authorized entity Karpatygas LLC 30162340
16. Joint activity agreement of 25/04/2003 No 147 – authorized entity Naftogazrembud-1 LLC 33799463
17. Joint activity agreement of 24/12/1997 No 999/97 – authorized entity Naftogazovydobuvne upravlinnia Poltavanaftogaz of Ukrnafta PJSC 22525915
18. Joint activity agreement of 28/11/2000 No 1-Д 21/008/2000 – authorized entity Poltava branch of Devon CJSC 26002442
19. Joint activity agreement of 04/02/2004 No 60 – authorized entity Firma Has LLC 21237338
20. Joint activity agreement of 24/03/2004 No 493 – authorized entity Karpatygas LLC 30162340
21. Joint activity agreement of 26/12/2003 No 122 – authorized entity Sakhalinske LLC 32337278
22. Gravelit-21 LLC (34013604) responsible for taxes maintenance and payments provision to the budget during implementation JAA
23. Joint activity agreement of 15/09/2004 No 927 – authorized entity Tsefei LLC 32869749
24. Joint activity agreement of 19/01/1999 No 35/4 – authorized entity Ukrnafta PJSC 135390
25. Joint activity agreement of 28/01/2008 No 35/21 – authorized entity Kashtan Petroleum LTD Joint Venture 23703371
26. Joint activity agreement of 07/09/2001 No 4 – authorized entity Gals-K PrJSC 31566427
27. Joint activity agreement of 13/10/2004 No 1747 – authorized entity Karpatnadrainvest LLC 31789453
28. Joint activity agreement of 19/05/2000 No 17-2000 – authorized entity Sirius-1 LLC 32239577
29. Nadra Geotsentr LLC (34763705) responsible for taxes maintenance and payments provision to the budget during implementation JAA No 265-12 of 23/11/2007 with Gazopromyslove upravlinnia Kharkivgazvydobuvannia

**Extractive companies, whose provided information for reconciliation**
**Extractive companies, whose didn't provide information for reconciliation**
**Metal ores**

33. ArcelorMittal Kryvyi Rih PJSC
34. Vilnohirsk GZK Branch of United mining and chemical company State Enterprise
35. Irshansk GZK Branch of United mining and chemical company State Enterprise
36. United mining and chemical company State Enterprise
37. Northern GZK PrJSC
38. Bilanivskyi GZK LLC
39. Ingulets GZK PrJSC
40. Poltavsky GZK PrJSC
41. Central GZK PrJSC
42. Yerstivskyi GZK LLC

30. Southern GZK PJSC
31. The foreign investment enterprise in the form of PrJSC Zaporizhzhia iron ore industrial complex
32. Kryvyi Rih iron ore industrial complex PJSC
33. Evraz Sukha Balka PrJSC
34. Ordzhonikidze GZK PJSC
35. Marganets GZK PJSC
36. Mizhrichenskyi GZK LLC

**Coal**

43. Krasnoarmiiskvuhillia State Enterprise
44. Lvivvuhillia State Enterprise
45. Mine Pivdenodonbaska No 3 named after M. S. Surgaia State Enterprise
46. Shakhtoupravlinnia Pivdenodonbaske No 1 State Enterprise
47. Lyschanskvuhillia PJSC
48. Mine Nadiia PJSC
49. Selydivvuhillia State Enterprise
50. Toretskvuhillia State Enterprise
51. Krasnodonvuhillia PrJSC
52. Vuhilna kompaniia Krasnolymanska State Enterprise
53. Mine Bilozerska ALC
54. DTEK Dobropillivuhillia LLC<sup>1</sup>
55. DTEK Pavlogradvuhillia PrJSC
56. DTEK Rovenkyanratsyt LLC
57. DTEK Sverdlovanratsyt LLC
58. DTEK Mine Komsomolets Donbasu PrJSC
59. Shakhtoupravlinnia Pokrovske PJSC

37. Shakhtoupravlinnia Donbas PJSC
38. Mine named after O.F. Zaciadko PJSC
39. Snizheanratsyt State Enterprise
40. Artemvuhillia State Enterprise
41. Torezanratsyt State Enterprise
42. Makiivvuhillia State Enterprise
43. Orendne pidpriemstvo Mine Zhdanivska PJSC
44. Donetska vuhilna energetychna kompaniia State Enterprise
45. DV naftogazovydobuvna kompaniia LLC
46. DTEK Dobropillivuhillia LLC<sup>1</sup>

<sup>1</sup> DTEK Dobropillivuhillia LLC provided information only for 2014

**Національний Звіт ІПВГ України  
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