

KREMENETS

COMMUNITY PROFILE

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FIRST READING

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I INTRODUCTION

I.1 HISTORICAL OVERVIEW, SOCIAL AND ECONOMIC CHARACTERISTICS OF THE CITY

GENERAL OVERVIEW

Kremenets is a rayon center in the Ternopil oblast, which, according to the latest census, has only 22 thousand inhabitants. However, this provincial town is known not only in Ukraine, but far beyond. Founded in the principality times of the Ukrainian history, it was the first city in Europe to withstand the attacks of the Mongol hordes. It was only once that the castle, whose ruins majestically crown one of the hills in the city, surrendered to the arms of the Cossack troops in autumn of 1648.

In the first third of the XIX century, the city of Kremenets was the biggest center for secular education in the Right Bank Ukraine. This city gave the roots for the Kyiv Shevchenko University and the Ternopil National Pedagogic University named after V. Hnatyuk.

Many famous people used to live in Kremenets. The city natives include Juliusz Slowacki, a talented Polish poet, Isak Ber-Levinson, a famous Jewish enlightener, Mykhailo Verykivskiy, a Ukrainian composer, and Oleksandr Khotovytskyi, an Orthodox saint. Willibald Besser, a Ukrainian botanist of Austrian origin, worked and died here, Nikolai Przhevalskiy, a famous Russian traveller stayed in the city for some time, and Ulas Samchuk, a Ukrainian writer wrote his first works here.

There is quite a number of ancient buildings in Kremenets. The most prominent are: the medieval castle, nine monasteries and temples, and Juliusz Slowacki parents' estate.

In the village of Bilokrynytsya situated not far from Kremenets one can still find a romanticism castle built in the middle of the XIX century. There is a small hermitage of Holy Anna built above the fine lake with healing water situated at about a dozen kilometers from the city on the outskirts of the village of Onyshkivtsi. A half-an-hour drive from Kremenets will take you to the famous Holy Assumption Pochaiv Lavra, which is one of the biggest religious centers in Ukraine. On their way back the pilgrims often take a few kilometers off the main road to climb the picturesque God's Mountain where a curative spring wells up. There is an ancient temple on top of the Trinity Mountain in the village of Stizhok (mentioned in the chronicles) located on the site of the former famous city of Danyliv, which in 1241 together with Kremenets withstood the attacks of the Batyi hordes. The town of Vyshnivets, the former home of one of the richest Ukrainian magnate families, is located on the banks of the Horyn river 25 kilometers from Kremenets. A church built in the late XVI century, the Palace of the Vyshnivetskyi princes and the ruins of the monastery of the Order of the Discalced Carmelites are the expressive witnesses of the former grandeur of this town. The ancient city of Dubno, whose castle was built by Taras Bulba, a character of the Gogol novel, is located only 39 kilometers from Kremenets.

At the end of the XIX century, when they started developing brown coal deposits on the city outskirts, the city was expected to become a second Manhattan. However, fortunately, it did not turn into a big industrial center. Its destiny was to become the center for education, science, culture and tourism. Magnificent nature, picturesque landscape, its past narrated in legends, numerous ancient monuments, deep spiritual traditions, and attractive outskirts make Kremenets one of the biggest pearls in the crown of Ukraine and attract thousands of people.

Pages of History

Kremenets belongs to the most ancient Ukrainian cities. The first written document about the city relates to the battle of the Volyn Prince Danylo Romanovych with the Hungarian king, which took place here and dates back to the spring of 1227.

In early 1241, Kremenets managed to withstand the attacks of the Batyi hordes. In 1254, the city witnessed the bloody battles with the Mongols, known from the chronicles as the Kremenets War of Khan Kuremsa. And again the courageous Ruthenians led by voyevoda (commander of an army in ancient Ukraine) Andriy repelled the steppe invaders. However, in five years, when the innumerable troops of Khan Burundai invaded Volyn, the citizens had to surrender and dismantle the fortifications. The year of 1287 is the last time the city is mentioned in the Rus Chronicles. Following this, the city got off the sight of historians.

For forty years after the fall of the Galicia-Volyn Principality in 1340 Kremenets moved from one regime to the other between the Great Principality of Lithuania, and Polish and Hungarian Kingdoms. Only in 1382, when the Lithuanian princes who won this long Volyn battle in 1382 asserted their regime on this territory.

In the first third of the XV century, the city became the center of the neighbourhood district, which was called the Kremenets Poviatt. With numerous changes in its character border outline this administrative and territorial unit

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existed for as long as until the end of the XVIII century. Its former territory is now completely or partially occupied by 23 rayons of the Lviv, Rivne, Ternopil, Khmelnytskyi, and Zhytomyr oblasts.

Jan Dlugosz, a Polish chronicler reported in 1410 that the military squadron formed up in Kremenets took part in the Grunewald Battle with the German knights, which was a crucial point for the history of Slavic and Baltic nations. At the beginning of the XV century, the Great Lithuanian Duke Vitovt together with his court used to frequent to the city. According to Gilbert de Lanois, in 1420, Vitovt received here ambassadors from France, England, Velikiy Novgorod, and Pskov.

Knight Svydryhailo, Vitovt's rival, spent eight years in the cellar imprisonment in the Kremenets Castle under the close guard of Konrad Frankenberg. This was the place where on Good Friday of 1418 The Volyn knights Dashko Ostrozkyi and Oleksandr Nis he escaped from the imprisonment to continue the fight for the crown. On May 9, 1438, Kremenets was the first Volyn cities to be privileged to obtain the Magdeburg Rights from Svydryhailo. At the end of the Medieval times the Magdeburg Rights one of the important factors of continuity of the Western European tradition in Ukraine.

At the end of the XV century, due to the devastating Tatar attacks the city became depopulated for some time, but the 1530s the new revival took place again. Enforcement of the stone castle, founded in the second half of the XIV century instead of the wooden and earth fortifications and new privileges granted by Bona Sforca d'Aragona, an Italian wife of the Polish King and the Great Lithuanian Knight of Sigismund, who during 20 years (1536—1556) possessed the city, created favourable conditions for the quick development of the city, population increase and making Kremenets one of the leading economic center of Volyn.

According to the 1569 Lublin Union, Kremenets, together with other Ukrainian lands which were under the Lithuanian rule, was annexed by Poland and became part of the joint Polish and Lithuanian State called Rzecz Pospolita. In the first half of the XVII century the city became a significant center of cultural and religious life. In 1606, a Roman-Catholic monastery of the Order of Franciscans was built. In about the same period one could observe the revival of the monastic life in the ancient Monastery of the Saviour. In 1633, a Theophany Orthodox Monastery was founded in 1633. The city also had an Orthodox Community to take care of the Monastery and its school, printing house and hospital. One of the most active members of the community was Lavrentiy Drevynskyi, a famous Ukrainian public man who possessed the village of Kokoriv not far from Kremenets.

The city residents witnessed and took part in the Liberation War of Ukrainian People led by Bohdan Khmelnytskyi. In the autumn of 1648, they witnessed the fall of the impregnable Kremenets Castle. In 1651, Kremenets was on the of the Khmelnytskyi regiments on their way to the Berestechko Battle.

Endless wars of middle and second half of the XVII century devastated Kremenets. The city began to decline and yields to the forces bringing Catholicism and colonisation on its territory. In 1692, they introduced the Polish language in all secular institutions, which functioned here. At the beginning of the XVIII the Orthodox communities joined the Union with Rome. There were four active Catholic (Franciscans, Jesuits, Reformists, and Trinitarian) and one Greek-Catholic Union (Vassylians) monasteries in Kremenets.

After the third division of the Rzecz Pospolita in 1795, Kremenets became part of the Russian Empire became the center of the district called the Kremenets uyizd. Originally, this administrative and territorial unit was part of the Podillya gubernia, but after the final delineation it returned to Volyn. The former territory of the Kremenets uyizd is now completely or partially occupied by 7 rayons of the Ternopil, Rivne and Khmelnytskyi oblasts.

In 1805, a Volyn Gymnasium (grammar school) was opened in Kremenets, which in 1819 was reorganised into the Kremenets Lyceum. Over the quarter of the century, this educational establishment enabled the city to become the most prestigious center for education and science on the Right Bank Ukraine and inspired the revival of civic and cultural life.

After the defeat of the Polish Revolt in 1830—1831, the Polish language was replaced with the Russian language in all institutions. The Lithuanian legislation was replaced with the Russian one, the Volyn Lyceum together with the Franciscan and Vassylian Monasteries were closed, and Kremenets, finally, lost its status of the Poviats center and became an ordinary town of the Russian Empire.

A rapid industrial growth observed in Russia at the end of the XIX century had almost no effect on Kremenets. From the perspective of its economy, the city continued to be the settlement of petty craftsmen and vendors who were predominantly of Jewish origin. In 1899, there were 271 shops per 16 thousand residents, while the match-making factory, the biggest enterprise, employed only 25. The new features of the modern life were only a small brown coal mine and a railway put into operation in 1896. In 1913, a modern Ukrainian historian Dmytro Doroshenko wrote: "The contemporary Kremenets is the same as it used to be a hundred years ago. It looks as it was cast in stone with the forms of modern life telling very little on it. The railway leans against the mountain far away and the engine whistle would not awaken it from the idyllic dreams of an ancient city. Buildings of the archaic architecture, magnificent Roman Catholic churches, the Lyceum murals and the Ruins of the castle on top of the mountain of Queen Bona, all these have been conserved and remains a living historic legend covered with dreams about the past".

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During the First World War, for almost a year Kremenets was in the front zone. Because of the hostilities the majority of the population was evacuated to the inlands of the Empire for quite a long time. In June 1916, one of the key centers of the famous military offence called the Brusylyv Break-Through was located not far from the city.

During the 1917-1920 Revolution, the hostile forces changed hands on Kremenets seven times. Starting with January 22, 1918, the time of the proclamation of the Ukrainian Independence by the Central Rada, till the arrival of Bolsheviks on June 2, 1919, the city was subordinate to the Ukrainian Government, which during that year and a half radically changed its character, political orientation and personal composition. In 1918, the city residents set up the Prosvita [*enlightenment*] society and managed to open the Ukrainian Gymnasium.

According to the 1921 Riga Treaty, Kremenets became part of Poland. The government of the Second Rzecz Pospolita wanted the city to play the role of one of the ideological strongholds on the "Eastern Slopes". With this in mind, Joseph Pilsudski in May of 1920, almost a year before his destiny was made, issued a decree to set up a powerful educational and cultural center called the Kremenets Lyceum. During the Polish rule, they built a cotton factory (1936) and a tobacco factory (1938) here and planted trees on the slopes of the hills.

The main centers of Ukrainian national activities for the Ukrainian part of the city population during the years between the wars were the Prosvita society, Ukrainian gymnasium, as well as an Orthodox theological seminary, which sprang up on the basis of the Kholm Theological Seminary, which stayed in the city since it was moved from Poland.

In 1920—1930, Kremenets was also an important religious center, because the Seat of the Volyn Eparchy was located here, many spiritual publications were published and the city had a functioning monastery and the Orthodox seminary mentioned above.

In autumn of 1939, when the Western part of Ukraine was annexed to the USSR, the territory of the Kremenets Poviats, which has always been part of the Volyn, was included to the newly created Ternopil oblast and in 1940 it was divided into several separate rayons. The Soviet regime opened the Oblast Teacher's Institute, Obstetrical School, couple of Ukrainian comprehensive schools, created certain conditions for the development of culture and education, and provided the population with free health care. However, the Soviet regime disbanded all public organisations active in the city, imposed strict ideological control over all aspects of social life, and introduced political repressions. Therefore, the majority of the population became quickly disillusioned about the new government.

On July 3, 1941, the Nazi troops occupied Kremenets. The austere occupational regime they introduced triggered the formation of the People's Resistance Movement against the invaders. Four Ukrainian military squads of various political orientations were active in the city and its outskirts during the war. On March 19, 1944, under the pressure of the 1st Ukrainian Front the Hitler troops left the city. More than two thousand Kremenets residents joined the Soviet Army and took part in defeating Germany and its allies.

Although there were no big battles taking place in Kremenets during the Second World War, the whole central part of the city which was turned by the Nazi into the concentration camp for Jews was ruined: during the night of September 2 and 3, 1942, after the ghetto residents were killed, it was completely ruined by the fire.

A number of industrial enterprises were built in Kremenets during the post-war decades, the biggest of which were the sugar factory (1965), and a sheet wadding-making factory (1980). The city got new residential areas with multi-storeyed buildings. The extensive construction of 1960—1980 gave the city a modern look.

Over almost two decades, the activities of the Pedagogical Institute, which was founded in 1950 based on the former Teacher's Institute and stayed in the city till 1969, made a considerable contribution in the Kremenets life.

In late 1980-s, during the liberalisation of the Soviet regime the Kremenets residents took an active part in the fight for a new society.

In 1990-s, the majority of enterprises either considerably reduced their activities or completely closed down. The decline of the city economy caused by the revolutionary changes in the society was devastating, which led to worsening of old social problems and creation of new ones. However, one can already see some revival of this aspect of life in the city. With the revival of the botanical gardens, foundation of the historical and cultural reserve in 2001, reorganisation of the Pedagogical College into the Pedagogical and Arts Institute in 2003, and opening of the Juliusz Slowacki Memorial Museum in late 2004 the cultural image of the city is changing too. The number of tourists visiting the city is growing by the year.

Magnificent nature, rich heritage, abundant cultural traditions, laborious people and their devotion towards their city inspire optimism and harbour hopes that Kremenets will occupy a decent place in its destiny.

I.2 GENERAL INFORMATION ABOUT THE OBLAST

Oblast center:	city of Ternopil
Territory	13.8 thousand sq. km (2.3% of the total territory of Ukraine)
Number of current population.....as of January 1, 2005	1116.3 thousand
Density of population.....	80 persons per 1 sq. km
Number of rayons:.....	17
Number of cities:	35, of which 1 - oblast significance city and 15 - rayon significance cities

The Ternopil oblast belongs to relatively small oblasts of Ukraine. Its territory is 13.8 thousand sq. km, which is 2.3% of the total territory of the country. The oblast was founded in December 4, 1939 from the former territory of the Ternopil voivodship, which comprised 17 poviats and belonged to Poland. With the foundation of the oblast in 1939, a new administrative and territorial arrangement was done on the territory of the former Ternopil Voivodship. The Ternopil oblast is divided into 17 rayons: Shumsk, Kremenets, Lanivtsi, Zboriv, Zbarazh, Berezhany, Kozova, Pidvolochysk, Pidhaitsi, Terebovlya, Husyatyn, Monastyrська, Buchach, Chortkiv, Zalischyky, Borschiv, and Ternopil. The oblast borders on the Lviv, Rivne, Ivano-Frankivsk, Khmelnytskyi, and Chernivtsi oblasts. The oblast has 16 cities: Shumsk, Kremenets, Pochaiv, Zbarazh, Zboriv, Ternopil, Skalat, Khorostkiv, Kopychyntsi, Chortkiv, Borschiv, Zalischyky, Terebovlya, Pidhaitsi, Berezhany, Monastyrська, and Buchach. There are 1,019 villages in the oblast.



Geographic location, climate, natural resources of the oblast

From the geographical perspective, the Ternopil oblast occupies a part of the Podillya Height. The highest elevation point above the sea level is 417 m. The main river is the Dnister River. Ternopil was built on the banks of the Seret River, which is the left tributary of the Dnister River and is 248 kilometers long, with the total area of the river basin of 3.9 thousand square kilometers and the average intensity of flow in the lower part of the stream of 12 m³/sec. There are the following rivers on the territory of Ternopil oblast: Horyn, Seret, Dnister, and Zbruch.

The Nadzbruchanske and Zbruchanske mineral water springs have been discovered on the territory of the oblast.

Ternopil oblast is situated in the western part of Ukraine between longitudes 24°44 and 26°44 East and latitudes 48°30 and 50° North. Its extreme points are: the village of Duliby (west), the village of Okopy (east), the village of Peremorivka (north), and the village of Bilivtsi (south). Ternopil oblast borders on the Rivne, Chernivtsi, Lviv, Ivano-Frankivsk, and Khmelnytskyi oblasts of Ukraine. The oblast boundaries are: the Zbruch River in the east, The Dnister River in the south and south-west, and the Kremenets Hill Ridge in the north-west.

The outline of the oblast has a triangle shape. The oblast stretches from the north to the south for 195 km, and from the west to the east in its medium part for 129 km. The considerable extension from the north to the south tells on the distribution of the solar radiation on its territory and creates differences in the temperature condition in its northern and southern parts.

The oblast lies in the inner part of Europe in the regions of dominance of western winds which creates the moderate continental climate, as well as the forest-steppe flora and fauna on its territory. The placement of the oblast in the western part of the Podillya Height not far from the Carpathian Mountains System (in the south-west) and the Polissya Lowland (in the north) determines the peculiarities of the formation of natural systems on its territory.

From the economic standpoint, the location of Ternopil oblast is quite advantageous - its placement in the western part of the Right Bank part of Ukrainian forest-steppe in the region of fertile soils and abundance of precipitation is conducive for the development of agriculture, whereas its location near the industrialised pre-Carpathian region and Lviv-Volyn coal-field contributes to the development of various types of industrial production.

The Ternopil oblast is located near the Polish, Slovak, Hungarian, and Romanian borders.

The territory of the Ternopil oblast enjoys moderate continental climate with not very hot summers, mild winters and enough precipitation.

The average annual temperature varies from 6.9°C in the central part of the oblast to 7.4°C in the north and south. The warmest month is July, and the coldest one is January.

There is enough precipitation on the territory of the oblast (550—700 mm per year). The most ample precipitation can be observed in the west and north-west, the least - in the south-east. Most of precipitation falls in summer time and the least - in winter. Heavy showers with occasional thunderstorms and hail can be observed in summer. The snow cover forms up in the second half of December and holds, as a rule, till the first decade of March. It's not very thick (8-10 cm).

North-western and north-eastern winds dominate on the territory of the oblast year long. The prevalence of north-western and western winds can be observed in summer, whereas the south-eastern winds usually blow in winter and autumn. On average, the wind speed varies from 4.5 to 6.0 m/sec. Strong winds (more than 11 m/sec) are rare, most often they are in winter and spring.

Mineral resources of the Ternopil oblast are of local significance. These are non-metallic minerals, of which the most important are mineral construction materials (sand stone, limestone, sand, clay, gypsum, marl, etc.).

The Ternopil oblast is rich in its land resources. The available land totals up to 1,382.5 thousand hectares. The abundance of fertile soils has resulted in high level of development of the land resources.

Agricultural land is mostly represented by arable lands. The share of such lands in the total available land constitutes 76.3% (the average Ukrainian data is 67.6%), which speaks about the high level of development of agricultural land in the oblast.

The biggest share of agricultural land is represented by croplands. By this indicator (81.9%) the Ternopil oblast is among the top oblasts in Ukraine.

The water resources of the oblast consist of surface and ground waters. Ternopil oblast is a territory with the medium-level supply of water resources. The aggregate water resources of the oblast constitute 1.4% of all

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water resources of Ukraine. There are 1.4 thousand m³ of water per person per year. By its fresh water deposits, the Ternopil oblast occupies the 15th place in Ukraine. The water consumption norm per person per day is 250 litres, however most of the cities and towns in the oblast do not meet this standard.

The forest resources have the soil-preserving, water-preserving, and recreational value. This is predetermined by the large quantity of forests in the oblast and their qualitative composition. The reserves of timber in the Ternopil oblast constitute 20.1 million m³ (0.2% of timber reserves in Ukraine).

The species composition of the forests is the following: coniferous trees — 16.7%, hard-leaf trees — 79.6%, and soft-leaf trees - 3.7% of the total forest area. The majority of forest plantations (about 54%) are represented by young (up to 40 years old), ripened (60-100 years old), and overripened (more than 100 years old) trees, which are suitable for wood-cutting. Such forests occupy only 1/5 of all forest plantations. This is the reason why wood-cutting activities are rare in the oblast. There are occasional sanitary wood-cuttings which produce mostly fuel wood.

Economy and industry

Industrial and agricultural sectors represent the basis of the oblast economy. The inter-oblast distribution of labour makes the manufacturing of agricultural machinery, sugar-making and production of electrical equipment the main areas of the industrial sector of the Ternopil oblast, with grain growing and meat and dairy cattle breeding in agriculture.

Ternopil and the Ternopil rayon account for about 50% of the total oblast industrial output. Food industry is the key sector. Half of the top list of enterprises in the oblast with the highest volume of output is represented with sugar factories. Machine building and metal processing occupy the second place. The biggest enterprises in the oblast are the Ternopil Sugar Beet Harvester Open Joint Stock Company (OJSC), Vatra OJSC (manufacture of chandeliers and light fixtures), Orion OJSC (manufacture of radio equipment), Saturn (Ternopil based company), Kvantor (Zbarazh based company), Mikroniv (Berezhany based company), forage making and agricultural equipment repairing machinery (located in Kremenets and Husyatyn).

The total number of enterprises is 276.

The volume of industrial output in comparative prices constitutes 1.3 billion UAH, which represents 0.6% of the total for Ukraine.

Food industry is the leading industry in the oblast. From the point of view of the oblast economy and proper utilisation of its natural resources, manufacturing, scientific, technical, and intellectual potential, as well as geopolitical location, the food and processing industries play an important structural role and represent the leading sectors, which should not only satisfy the food needs of the population in the region, but also become an important source of revenues for the oblast budget.

The food and processing industries are represented by 128 companies.

There are 9 sugar factories in the oblast (located in the following cities: Borschiv, Buchach, Zbarazh, Lanivtsi, Kozova, Kremenets, Khorostkiv, Chortkiv, and in the town of Velyka Berezovytsya). The Chortkiv, Kremenets and Khorostkiv factories are the biggest.

The distillery sector is represented by 15 companies, which produce more than 6 million decalitres of spirits annually. The biggest producers are the Borschiv, Zaliztsi, Marylivka, Novosilka and Buchach distilleries.

The milk processing sector of the oblast consists of 25 dairy companies. The companies working in this sector produce butter, chesses, fresh dairy products, and dried fat-free milk. The biggest companies in this sector are: the Ternopil milk factory, Chortkiv, Buchach and Borschiv cheese-making factories, and Shumsk, Khorostkiv and Pidhaitsi butter and cheese factories.

More than 4 thousand tons of animal fat butter, 4 thousand tons of fat chesses and more than 20 thousand tons of whole milk products are produced annually.

The meat industry is represented by the meat processing factories situated in the cities of Ternopil and Chortkiv.

The annual output of meat is 12 thousand tons with 7 thousand tons of cooked meats.

Machine building and metal processing are the leading sectors in the heavy industry which until recently had been quickly developing. All companies use the imported metal in their manufacturing process and produce labour intensive products, such as electric appliances, lighting equipment, and sugar beet harvesters. Metal processing industry is of local importance. Metal processing enterprises are located in Ternopil, Chortkiv, Buchach, Pidhaitsi, Zbarazh, and Tovste.

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The biggest enterprises in this sector are:

- Vatra OJSC – the biggest Ukrainian enterprise to manufacture lighting equipment and fixtures for industrial, cultural and household use;
- Ternopil Sugar Beet Harvester OJSC – one of the leading manufacturer of sugar beet harvesters and other types of agricultural machinery;
- Ternopil Orion Radio Company OJSC – the company to manufacture radio communication devices.

The light industry is supported by the local (leather) and imported raw materials (cotton, wool, textiles, leather, etc.). The leading areas are represented by the textile, sowing and haberdashery companies. The textile industry enterprises manufacture cotton fabrics, yarn, cotton, and silk. The biggest companies in this sector are the Ternopil based Teksterno OJSC, which is one of the biggest producers of cotton fabrics in Ukraine, and cotton factory in the city of Kremenets.

The construction materials industry has been formed up on the basis of local non-metallic minerals. It produces reinforced concrete units, bricks, lime, gypsum, asphalt, etc. The companies representing this sector have been evenly distributed on the oblast territory, however, due to the general reduction of construction activities the overall output of this sector has considerably diminished.

Plan growing accounts for more than 50% of gross output of the agricultural sector in the oblast. Cattle breeding is supported by forage produced in the fields and food industry leftovers. The oblast also specialises in meat and milk cattle breeding.

The current economic situation makes small business development one of the key factors in resolving social and economic problems in the region.

More than 4.6 thousand small business entities were active in the oblast during 2006, which is 6 percent more than in the previous year. The number of business entities per 10 thousand residents is 42, which is 3 companies more than in the previous year.

The sector-wise structure of small enterprises in the oblast is characterised by the decreased share of small companies engaged in trade or those which switched over to other sectors. For example, in 2006, the wholesale and retail trade sector accounted for about 27% of small companies in the oblast, which is 3.4% less than in 2004.

In 2006, the volume of sales of goods and services by small business entities constituted 995.6 million UAH, which constitutes 13.4 percent of the total output of the oblast economy.

Last year was characterised by the upward trend for those employed in small businesses. According to the preliminary data, at the beginning of 2007, the number of such employees constituted about 37.8 thousand, which is 5.5% more as compared with 2005. In addition, in 2006, there were more than 32.7 thousand entrepreneurs represented by physical persons in the oblast. One should mention that during the last years more than half of the entrepreneurs switched over to the simplified taxation system, which has made their interaction with local budgets easier.

Small business entities provide about a quarter of budget revenues. In 2006, they contributed 190.8 million UAH to the consolidated budget, which is 48.7% more than the same indicator in 2005.

Due to the development of the entrepreneurial activities in the oblast more than 8.1 thousand jobs were created.

In order to implement the Presidential Decree, One-Stop-Shop registration offices were opened throughout the oblast in 2005. Since that time and until today, 1,109 small enterprises and 14.4 thousand entrepreneurs (physical persons) were registered in the oblast. Aiming at simplification of permit procedures, a number of permit centers were opened and a new position of the permit administrator was introduced in rayon state administrations and city executive committees. As of 03.21.2007, business entities received almost 4.7 thousand consultations and 2,085 permit documents.

Implementation of the Business Development Program for the Period of 2007-2008 has started in the oblast which was adopted by Resolution of the Oblast Council #120 on 12.28.2006. The oblast budget for 2007 allocates 150 thousand UAH to finance activities under the Business Development Program in the Ternopil oblast. Similar programs have been developed and adopted in each rayon and in the city of Ternopil. Local budgets allocate 500 thousand AUH for implementation of these programs.

Culture and leisure

The cultural life of the oblast has been characterised by certain stabilisation of activities of cultural and educational establishments and improved professionalism of their staff and better artistic performance of amateur societies.

The network of institutions and core cadre of those working in the cultural sector has been preserved.

The cultural establishments employ 4,995 specialists and house 3.5 thousand amateur societies including 277 People's and exemplary societies. The Ternopil oblast is the top oblast regarding the number of such societies. The oblast is 94.5% staffed with managers and specialists for such institutions.

10 Internet centers were opened in rayon, city and town libraries.

During 2002, 380 thousand tourists visited the museums in the oblast. 392 exhibitions were held here and 215 articles were published in periodicals by the museum employees. In cooperation with representatives from Poland they opened a family home museum of Juliusz Slowacki in Kremenets, a museum and a monument to Yaroslav Stetsko in the village of Velykyi Hlybochok, and monuments to Danylo Halytskyi, and Yosyp Slipyi in Ternopil.

About 200 thousand hectares of landscape territories in the oblast (15% of the total territory) have the recreational significance.

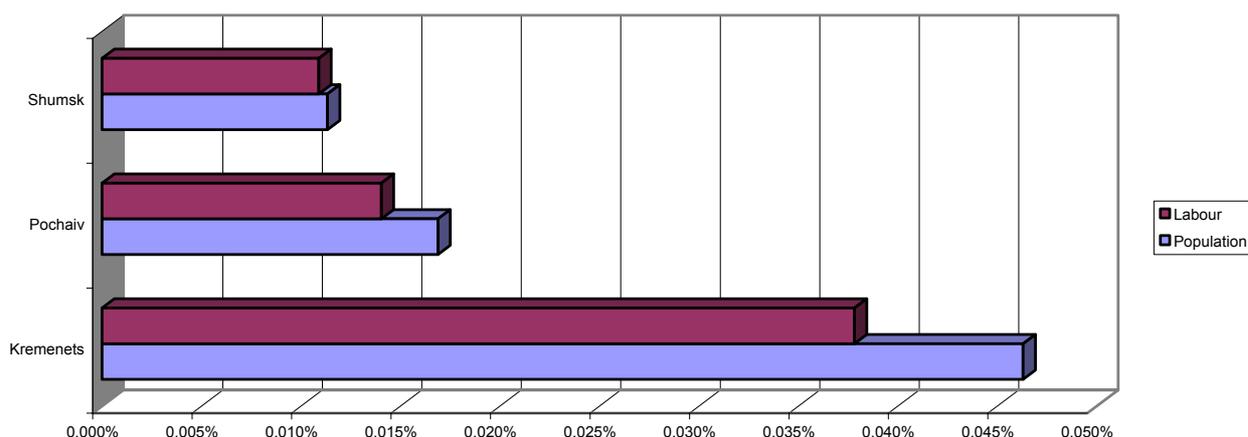
The main natural tourist attractions in the oblast are: the Tovtry Ridge, the Kremenets Hills, The Dnister Canyon and carstic caves. A number of resort houses, tourist centers and spas offer their services to tourists.

There are rich deposits of curative mineral waters in the oblast which can be used in the treatment of internal, musculoskeletal and other types of diseases. Wells of hydrocarbonate, chloride, hydrogen-sulphiduous and sulfate waters have been explored.

Table 1: Comparison of the city, oblast and Ukraine

	Territory (km ²)	Territory as % to the total territory of the country	Population	Population as % to the total population of the country	Density of population
City	18	0.003%	21,648	0.046%	1,202.67
Oblast	13,800	2.287%	1,108,875	2.372%	80.35
Ukraine	603,500	100.000%	46,749,170	100.000%	77.46

Chart 1: Functional characteristics of competing cities (Pochaiv, Shumsk)



Note: Population Function – permanent city residents as percentage to the population of the country;
Labour Function – filled vacancies in the city as percentage to the total number of occupied jobs in the country;

II POPULATION

The demographic situation in the city over the last ten years raises concerns. There was not a single year with the positive natality balance.

The dynamics of the natural decrease of the population over the last years has been stable (at the level of 80 persons). However, the general tendency testifies to the gradual decrease of the population. The city takes steps to create conditions to improve the demographic situation, stabilize the number of its residents and increase the working age population.

Table 2: Number of residents in the city (as of December 31)

	YERAS							
	1999	2000	2001	2002	2003	2004	2005	2006
City	23,900	23,800	22,051	21,914	21,712	21,714	21,648	21,492

Chart 2: Number of residents in the city (as of December 31)

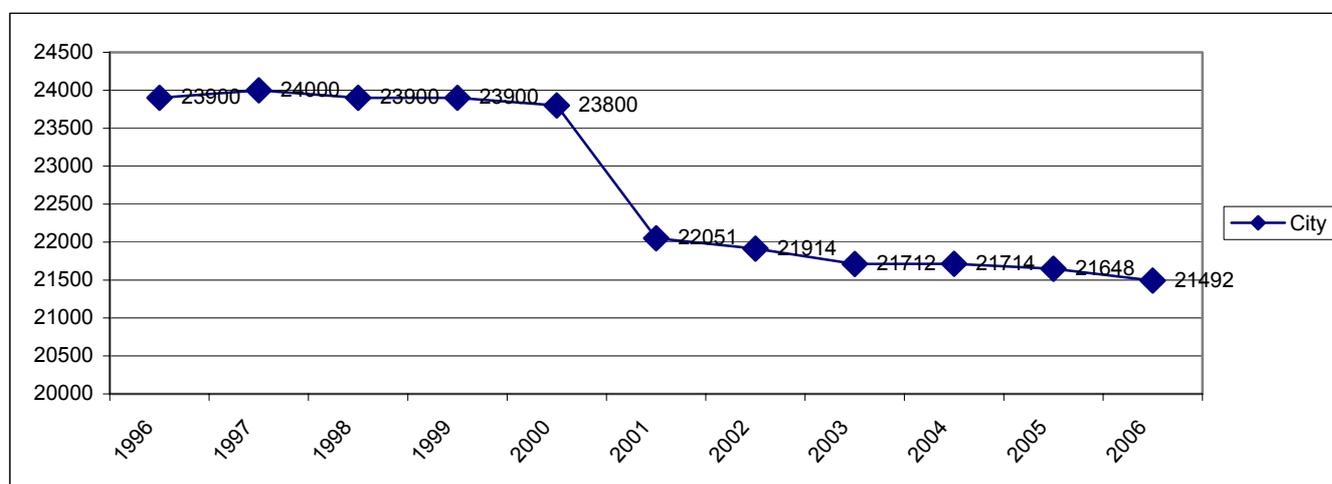


Table 3: Natural and migration changes in population

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Born	242	212	217	203	199	223	212	241	204	227
Died	278	272	327	286	282	301	294	289	292	307
Natality	-36	-60	-110	-83	-83	-78	-82	-48	-88	-80
Newcomers	310	354	269	280	291	397	322	405	320	262
Outgoers	346	318	412	388	446	443	342	369	347	332
Mechanical growth	-36	36	-143	-108	-155	-46	-20	36	-27	-70
Overall growth (reduction)	-72	-24	-253	-191	-238	-124	-102	-12	-115	-150
Chain Index – population	99.70%	99.90%	98.95%	99.20%	98.93%	99.44%	99.53%	99.94%	99.47%	99.31%

In 2003-2004, the mechanical growth – the excess of the newcomers over the outgoers – had an upward trend, although it did not make up for the negative natality balance. The negative natality balance started to increase over the last two years.

Yet, taking into consideration the potential economic growth one can project the opposite tendency of increase in the number of population. Therefore, the projection of the city demographic indicators for the nearest couple of years is positive. One can project a slight increase of the population mainly due to the newcomers (most likely

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residents of the adjacent settlements), which is caused by higher level of social and economic development and a better upward average salary trend than in the region (rayon). One can also expect a slight increase in natality. The reasons for such projections can be: a considerable number of people born in the 1970s and 1980s who are entering the marriage age and social initiatives of the government to support birth date. Thus, the negative conclusions, which are based only on mathematical calculations (without taking into account the high probability of the subsequent social, political and economic changes), will most likely not come true.

Chart 3: Natural migration of population

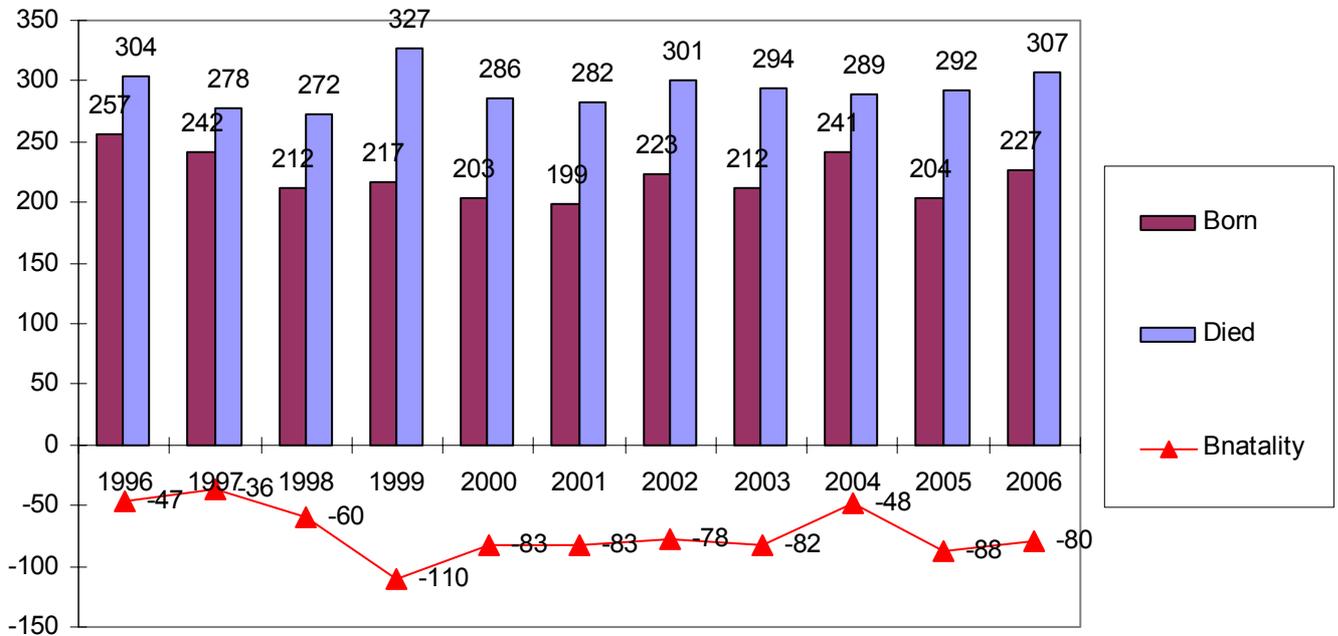
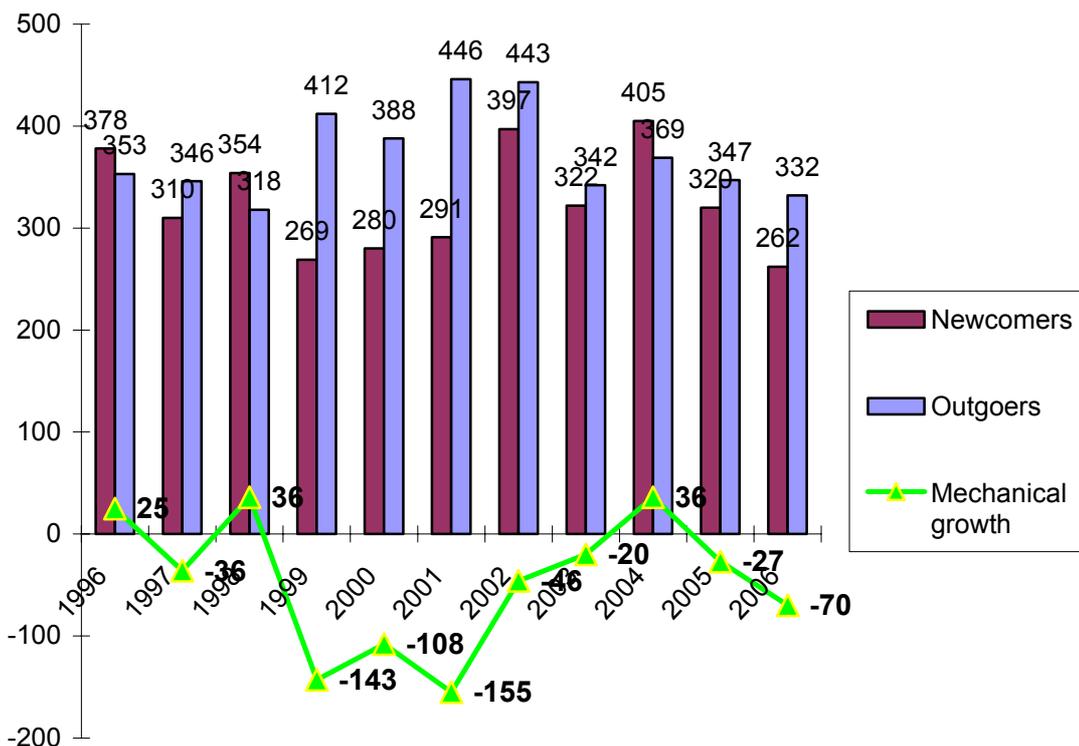


Chart 4: Migration changes in population



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Table 4: Age distribution of population in 2003 - 2005

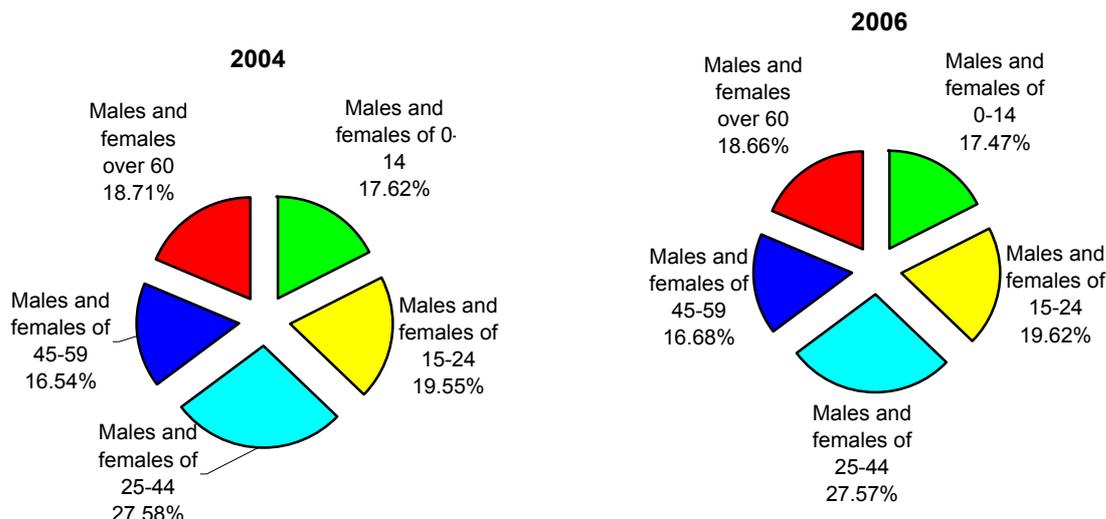
Age distribution parameters	2004		2005		2006	
	number	share	number	share	number	share
Males of 0-14	1,932	8.90%	1,928	8.91%	1,894	8.81%
Females of 0-14	1,894	8.72%	1,885	8.71%	1,861	8.66%
Males and females of 0-14 together	3,826	17.62%	3,813	17.61%	3,755	17.47%
Males of 15-24	1,952	8.99%	1,948	9.00%	1,944	9.05%
Females of 15-24	2,294	10.56%	2,272	10.50%	2,273	10.58%
Males and females of 15-24 together	4,246	19.55%	4,220	19.49%	4,217	19.62%
Males of 25-44	2,904	13.37%	2,889	13.35%	2,852	13.27%
Females of 25-44	3,084	14.20%	3,078	14.22%	3,074	14.30%
Males and females of 25-44 together	5,988	27.58%	5,967	27.56%	5,926	27.57%
Males of 45-60	1,638	7.54%	1,639	7.57%	1,622	7.55%
Females of 45-60	1,953	8.99%	1,972	9.11%	1,962	9.13%
Males and females of 45-60 together	3,591	16.54%	3,611	16.68%	3,584	16.68%
Males over 60	1,489	6.86%	1,476	6.82%	1,428	6.64%
Females over 60	2,574	11.85%	2,561	11.83%	2,582	12.01%
Males and females over 60 together	4,063	18.71%	4,037	18.65%	4,010	18.66%
«Age Index» (in %)	106.19		105.87		106.79	

Note¹.

¹ «Age Index» is calculated as percentage of the number of the population over 60 to the number of population under 14 inclusive x 100%.

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Chart 5: Age distribution of population in 2004 - 2006



The most active working age population (population of 25-44 years old) represents the biggest share of the city residents – 27.57%.

Children under 14 and the population in the age categories of 15-24 years old, 45-59 years old and over 60 take approximately the same shares: 17.47%, 19.62%, 16.68%, and 18.66% accordingly.

The age index constitutes almost 107% and speaks about the fact that there is less than one person under 14 per one person over 60. Such a situation may have negative effect on the city in the future.

Table 5: Educational level of population

for the urban population over 10, according to the All-Ukraine 2001 census

	Persons	Structure	Structure in Ukraine for urban population
Basic comprehensive secondary	5,089	23.72%	25.0%
Complete comprehensive secondary	8,184	38.14%	34.8%
Vocational	24	0.11%	
Basic higher education	5,600	26.10%	21.3%
Complete higher education	2,585	12.05%	16.6%
Other			

Note².

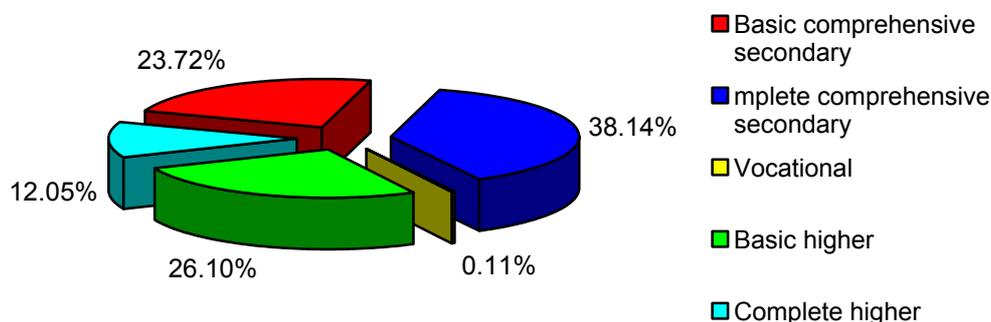
The majority of the population (38.14%) has completed secondary education, with 12.05% with completed higher education. The similar indicators for Ukraine are almost the same: 34.8% and 16.6% accordingly. The indicator for the population with basic higher education in the city is somewhat better than in Ukraine, with 26.1% for the city and more than 21% in Ukraine.

²

The "Completed comprehensive secondary" line shows the number of all citizens with the corresponding educational level regardless of whether it was obtained in high school or vocational school.

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Chart 6: Distribution of population by educational level



III HOUSING

The housing stock owned by the city constitutes 439.8 thousand m² of the residential floor area and consists of 7,123 residential buildings. The whole residential stock in the city is represented by the state-owned, communal and private apartments.

Table 6: Progress in supply of housing in 2003-2006

	2003	2004	2005	2006
Inhabited houses total, including:	6,536	6,629	6,910	7,123
- private houses	6,298	6,312	6,436	6,559
- % of private houses of all houses	96.36%	95.22%	93.14%	92.08%
Inhabited dwellings total including:	7,801	7,984	8,149	8,315
- in private houses	6,988	7,094	7,122	7,254
- % in private houses	89.58%	88.85%	87.40%	87.24%
% of dwellings connected to the central water supply	61.00%	64.00%	64.00%	67.00%
% of dwellings connected to the central gas supply	22.00%	28.00%	43.00%	47.00%
% of dwellings connected to the central sewage system	11.00%	12.00%	12.00%	12.00%
% of dwellings connected to district heating	12.00%	8.00%	7.50%	6.00%

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Chart 7: Progress in supply of housing in 2003-2006

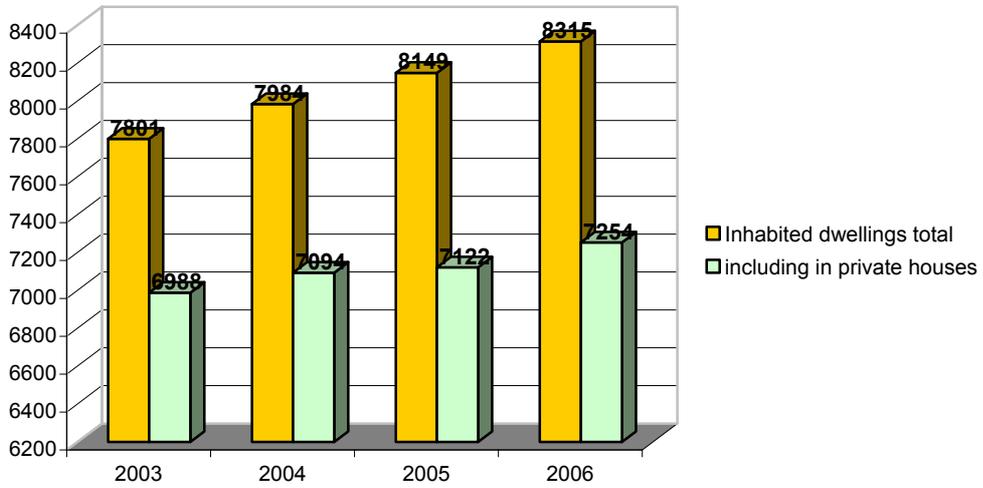


Chart 7.1: Provision of utility services to dwellings in 2000-2005

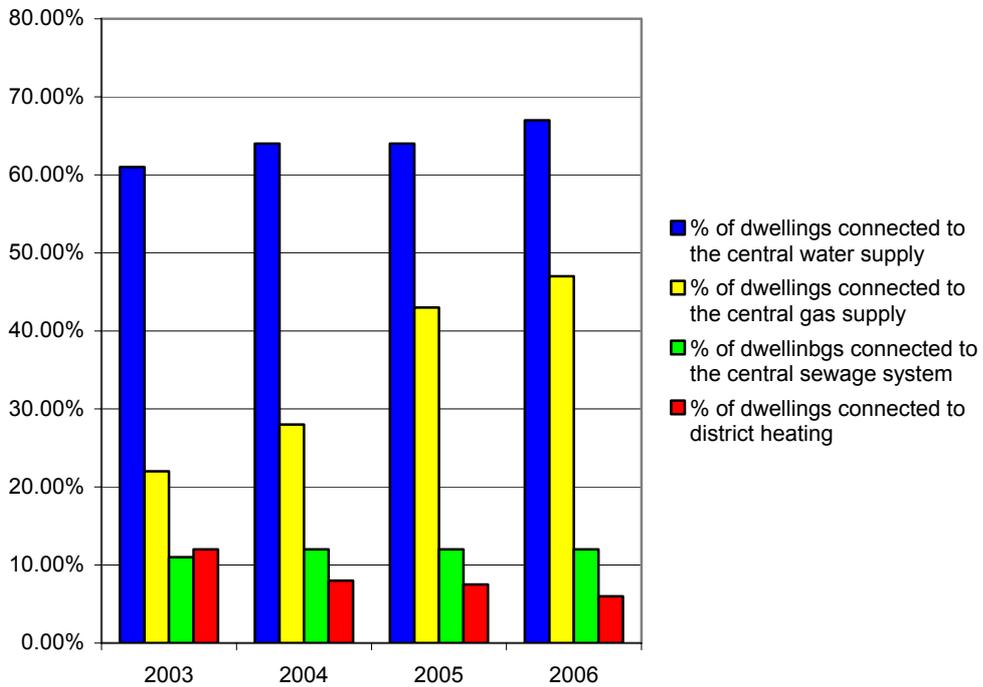


Table 7: New housing put in operation

	2003	2004	2005	2006
Newly-erected residential buildings total, including:	18	126	123	124
- private houses	14	124	121	123
- % of private houses	77.78%	98.41%	98.37%	99.19%
Newly-erected dwellings total, including:	34	132	129	136
- in private houses	14	124	124	126
- % in private houses	41.18%	93.94%	96.12%	92.65%

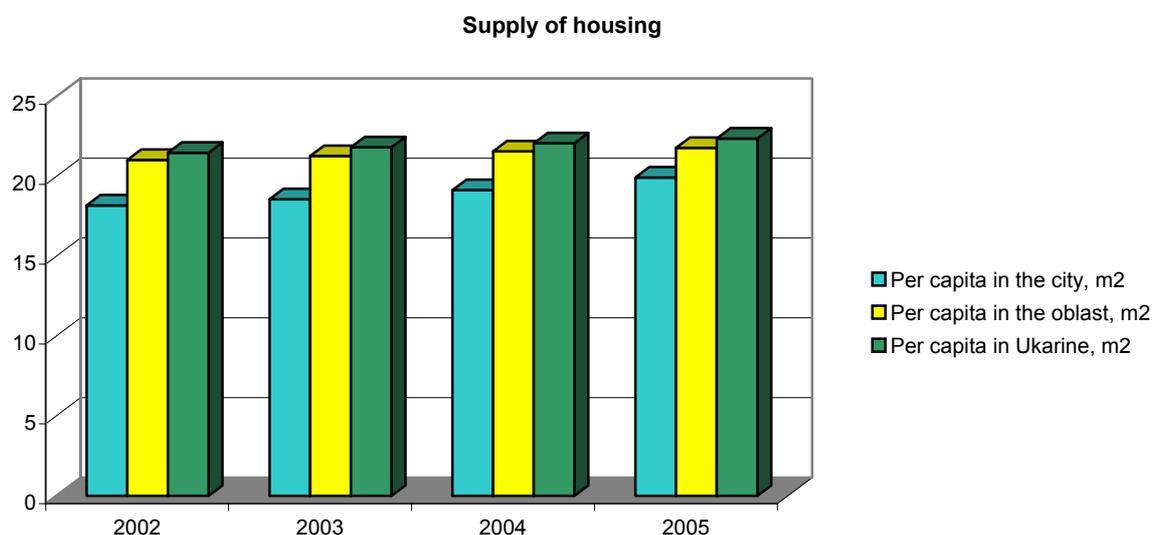
There are practically no multi-storeyed residential buildings under the construction in the city. Over the last years only the private residential buildings were built, which constitutes 98-99% in the overall structure of newly-built housing.

Table 8: Supply of housing

	2002	2003	2004	2005
Total residential floor space in the city, 1,000 m²	398.80	403.46	415.86	431.74
Per capita, m²	18.20	18.58	19.15	19.94
Per capita in the oblast, m²	21.04	21.28	21.57	21.79
Per capita in Ukraine, m²	21.49	21.83	22.08	22.38

Supply of housing to the city residents is lower than the average statistics data and constitutes 19.94 sq. m of the total floor space per capita. The average indicators for the oblast and Ukraine are 21.79 sq. m and 22.38 sq. m accordingly (2005 data).

Chart 8: Supply of housing



IV EMPLOYMENT AND INCOME

IV.1 EMPLOYMENT

Table 9: General employment dynamics tendencies

	2002	2003	2004	2005
City	7,179	7,229	7,604	7,824
Oblast	379,700	374,100	387,700	425,100
Ukraine	20,091,200	20,163,300	20,295,700	20,680,000

The employment level in the city is rather high. The employment dynamics tendency in the city is characterised by the steady upward trend. The basic index for the overall employment dynamics in the city in 2005 increased by 9.44% as compared with 2002, with the 11.4% increase for the oblast and only 2.9% increase in Ukraine for the same period.

Chart 9: Employment dynamics tendencies in the city

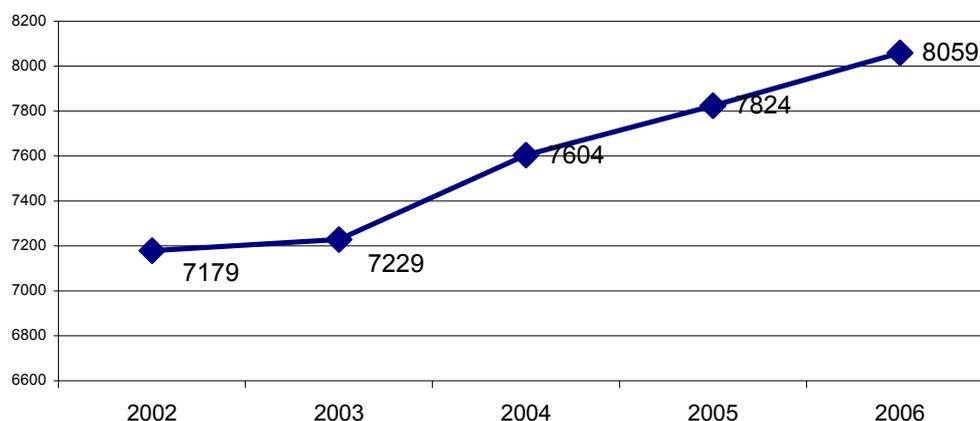


Table 10: Employment by types of activities

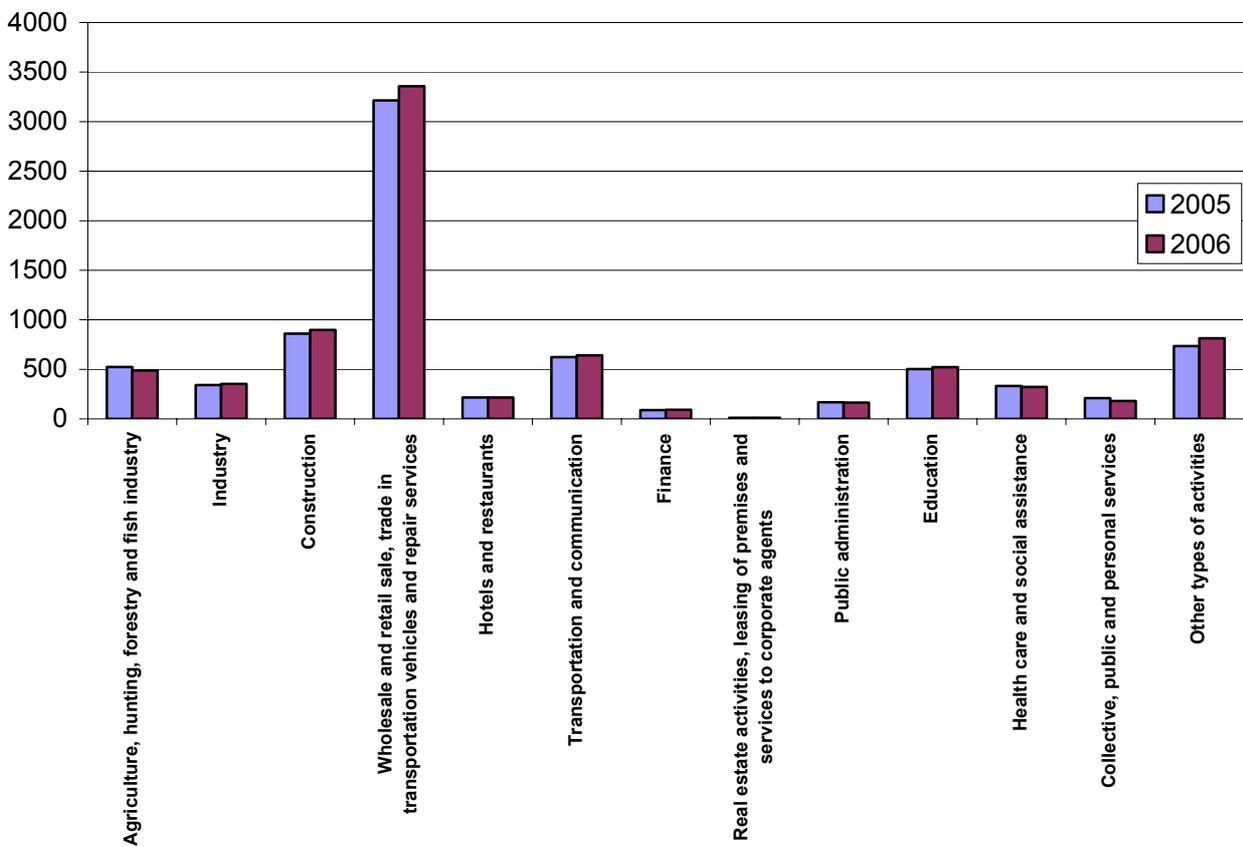
	Number of employees		As percentage to the total number	
	2003	2004	2005	2006
Agriculture, hunting, forestry and fish industry	524	488	6.70%	6.06%
Industry	341	352	4.36%	4.37%
Construction	861	897	11.00%	11.13%
Wholesale and retail sale, trade in transportation vehicles and repair services	3,214	3,358	41.08%	41.67%
Hotels and restaurants	216	216	2.76%	2.68%
Transportation and communication	624	641	7.98%	7.95%
Finance	88	92	1.12%	1.14%
Real estate activities, leasing of premises and services to corporate agents	12	12	0.15%	0.15%
Public administration	167	164	2.13%	2.03%
Education	502	522	6.42%	6.48%

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Health care and social assistance	332	322	4.24%	4.00%
Collective, public and personal services	209	181	2.67%	2.25%
Other types of activities	734	814	9.38%	10.10%

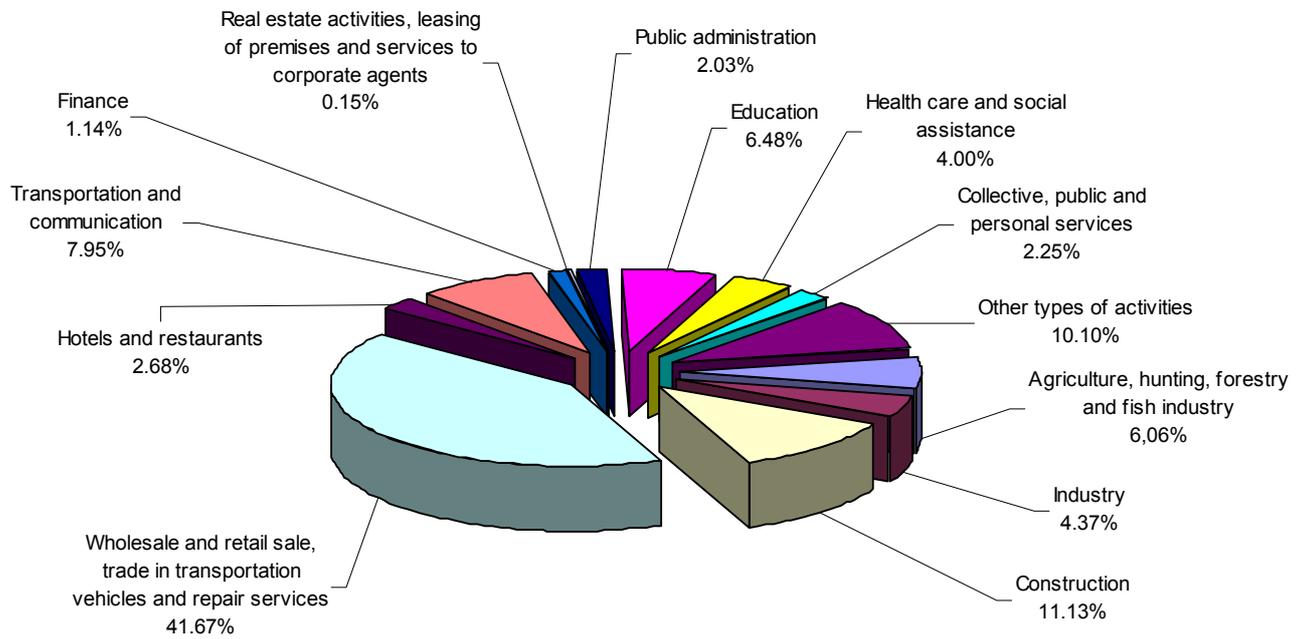
The biggest share of the employed population – 41.67% - works in the wholesale and retail trade, and in trade in transportation vehicles and repair services sectors. One has to mention that the employment level has been growing over the last years. Some increases in the level of employment have been observed in other sectors, which have not been reflected in the table, but are aggregated in the “Other types of activities” line. Employment in other sectors have practically not been changing.

Chart 10: Employment dynamics tendencies by major types of activities



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Chart 11: Structure of employment by types of activities in 2006



IV.2 SALARIES

Table 11: Average salaries (UAH)

	2004	2005	2006
City	376.98 UAH	481.00 UAH	514.88 UAH
Oblast	388.46 UAH	553.00 UAH	727.00 UAH
Ukraine	589.62 UAH	806.00 UAH	1,041.00 UAH

Note³.

Salary growth tendencies in the city of Kremenets are almost the same as in the oblast and in Ukraine. However, the absolute values of the size of average salaries differ substantially.

One should mention that over the last years, the size of average salaries in the Ternopil oblast has been one of the lowest in Ukraine.

³ Average salaries have been calculated for pay-roll employees

Chart 12: Average salaries (UAH)

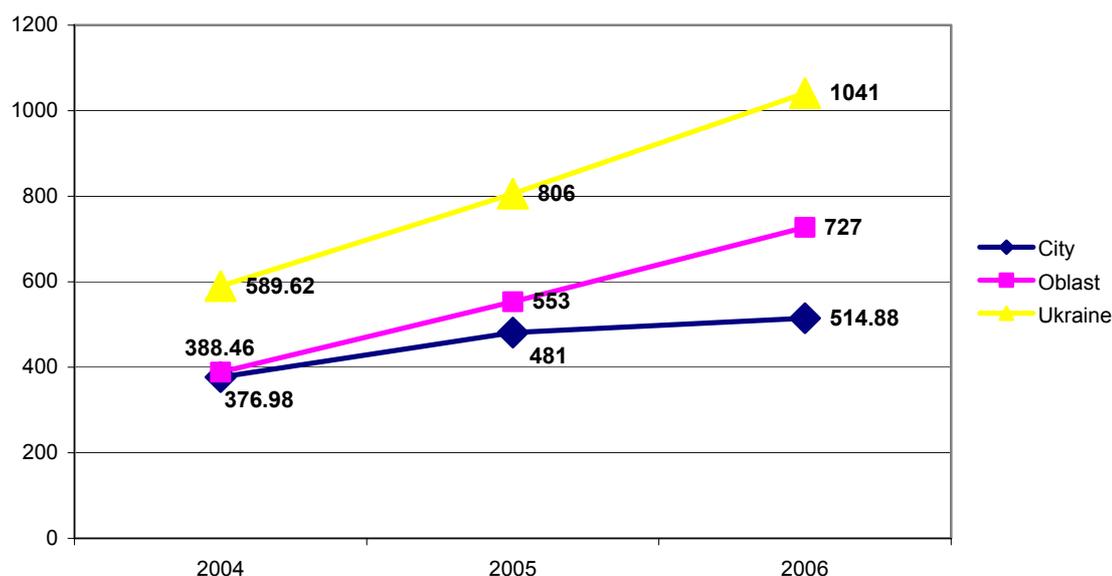


Table 12: Salaries by types of activities, UAH

	2004	2005	2006	2005/ 2004	2006/ 2005
	Nominal values, UAH			% of growth	
Agriculture, hunting, forestry and fish industry	454.72 UAH	527.64 UAH	674.77 UAH	0.16	0.28
Industry	360.73 UAH	507.11 UAH	1,032.21 UAH	0.41	1.04
Construction	196.78 UAH	252.42 UAH	748.40 UAH	0.28	1.96
Wholesale and retail sale, trade in transportation vehicles and repair services	241.20 UAH	303.69 UAH	778.08 UAH	0.26	1.56
Transportation and communication	471.40 UAH	554.15 UAH	743.81 UAH	0.18	0.34
Finance	341.76 UAH	386.01 UAH	603.33 UAH	0.13	0.56
Real estate activities, leasing of premises and services to corporate agents	324.10 UAH	604.90 UAH	813.64 UAH	0.87	0.35
Public administration	350.15 UAH	773.14 UAH	1,085.34 UAH	1.21	0.40
Education	361.55 UAH	566.05 UAH	639.02 UAH	0.57	0.13
Health care and social assistance	322.26 UAH	463.85 UAH	583.20 UAH	0.44	0.26
Collective, public and personal services	96.05 UAH	356.87 UAH	499.24 UAH	2.72	0.40

The dynamics of the average salary growth has the similar tendencies by the year for each type of activities.

At the same time there are some significant discrepancies (2.17 times) in the size of average salaries in various types of activities ranging from 1,085.34 UAH to 499.24 UAH.

The highest salaries have been paid in the public administration sector. In 2006, the salary level in this sector reached 1,085.34 UAH, with 1,032.21 UAH paid in the industrial sector.

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Significantly lower salaries are paid in the sector of real estate activities, renting of property and services to corporate agents – 813.64 UAH, wholesale and retail trade, trade in transportation vehicles and repair services – 778.08 UAH, construction – 748.40 UAH, and transportation and communication – 743.81 UAH.

The lowest salaries have been paid in the sector of collective, public and personal services – 499.24 UAH.

Chart 13: Salaries by types of activities

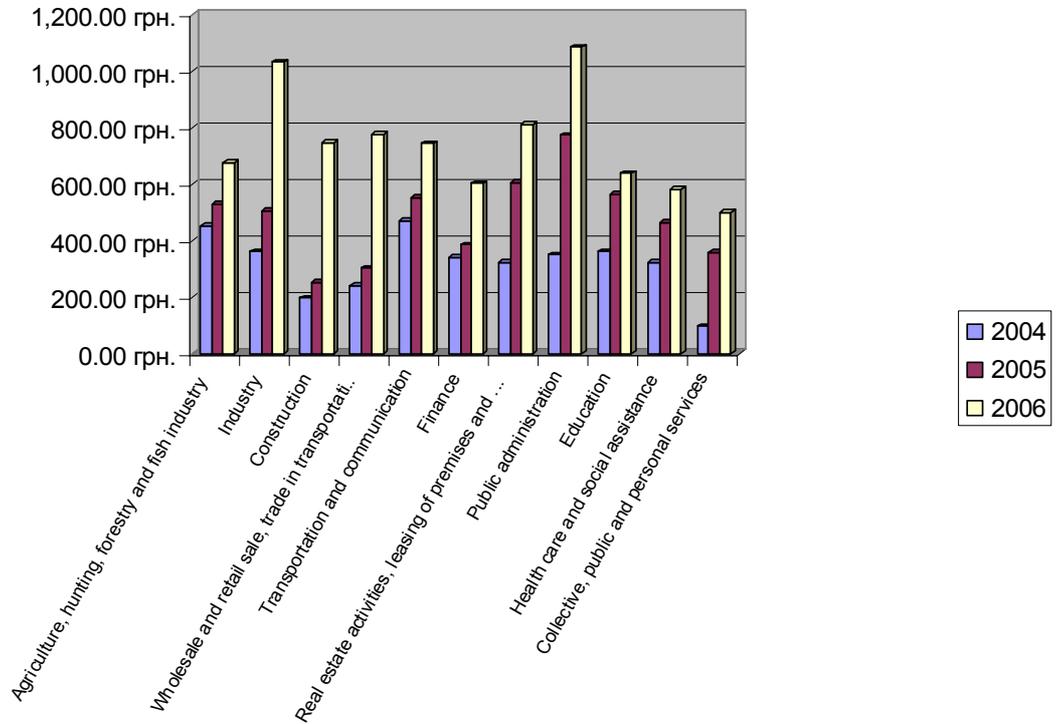
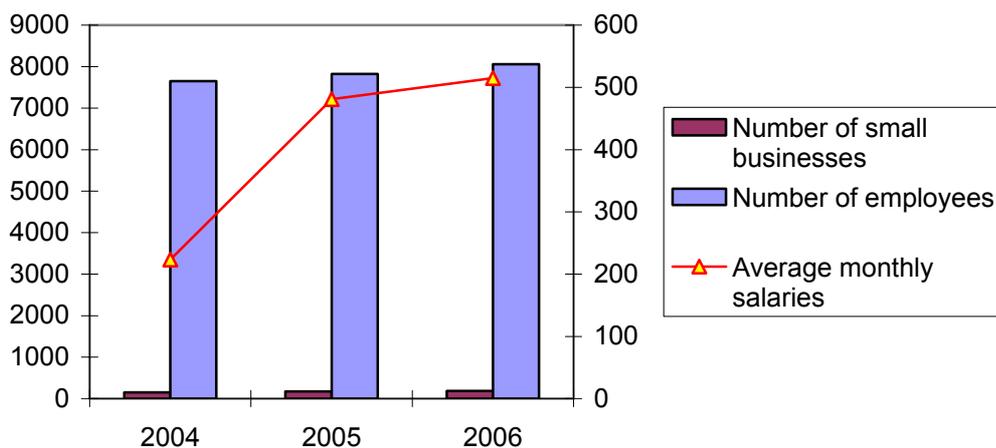


Chart 14: Number of small enterprises in the city, number of their employees and average salaries



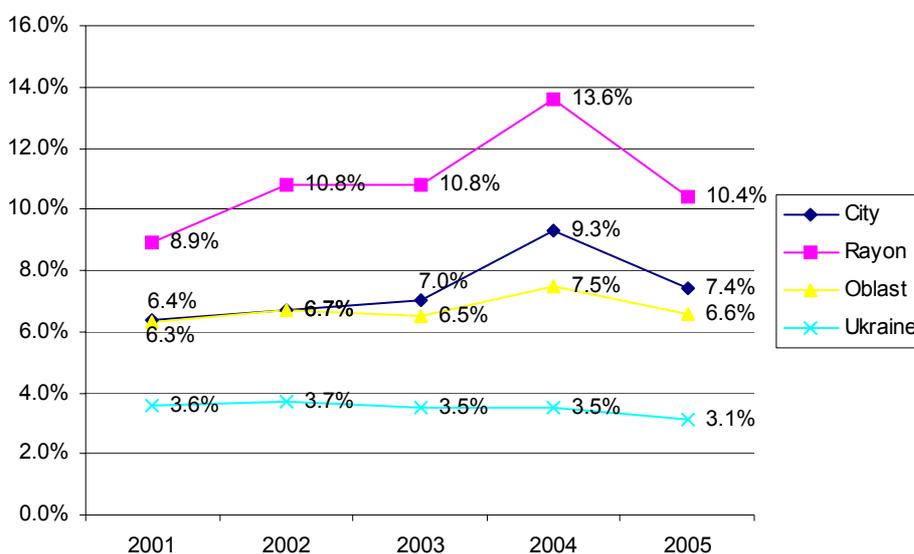
IzV.3 UNEMPLOYMENT

Table 13: Level of registered unemployment (as of December 31)

	2000	2001	2002	2003	2004	2005	2006
City	6.2%	6.4%	6.7%	7.0%	9.3%	7.4%	6.3%
Rayon	7.8%	8.9%	10.8%	10.8%	13.6%	10.4%	9.5%
Oblast	6.8%	6.3%	6.7%	6.5%	7.5%	6.6%	0.0%
Ukraine	4.1%	3.6%	3.7%	3.5%	3.5%	3.1%	0.0%

Note: Calculations have been done as percentage of relation between the number of jobless who are registered as of beginning of the corresponding year at the employment agency and the economically active working age population. The data for the years preceding 2000 is not worth consideration. This was the period when employment centers just came into being, the first governmental business development support and job creation programs were created, and almost no unified way for unemployment records, etc.

Chart 15: Registered unemployment dynamics

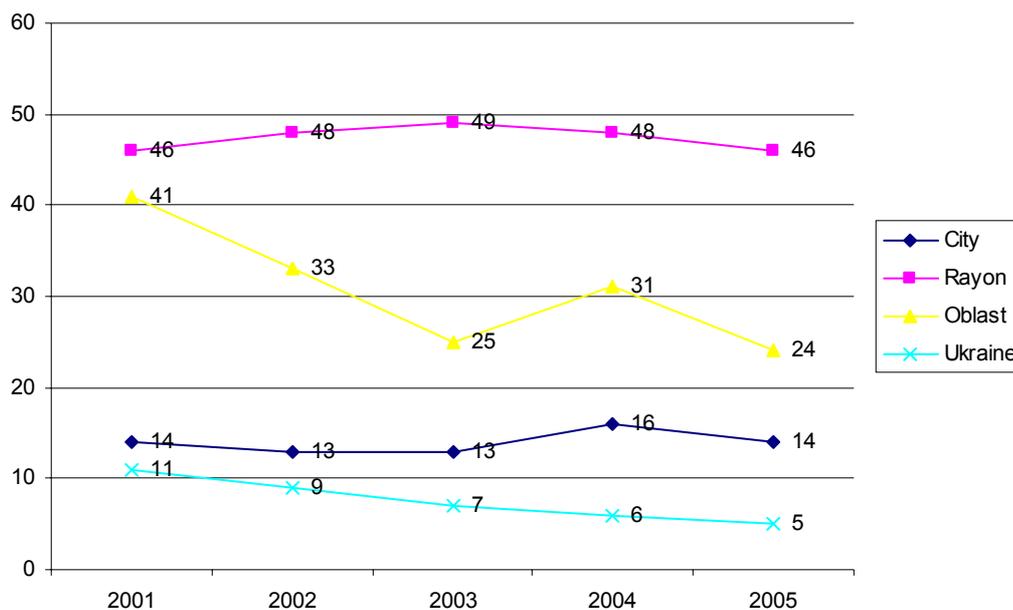


For the period of 2001-2004, the dynamics of the level of registered unemployment in the city has had a slow upward trend, except for the sharp increase observed in 2004 in the city, in the rayon and in the oblast. Starting with 2004, the level of registered unemployment has been gradually decreasing. The same tendency has been observed in the rayon and oblast. However, the level of registered unemployment in Ukrainian cities very often is significantly different from the real one, and it is most likely that the situation in Kremenets is the same.

Table 14: Number of the unemployed per vacancy (as of December 31)

	2002	2003	2004	2005	2006
City	13	13	16	14	13
Rayon	48	49	48	46	45
Oblast	33	25	31	24	
Ukraine	9	7	6	5	

Chart 16: Number of the unemployed per vacancy



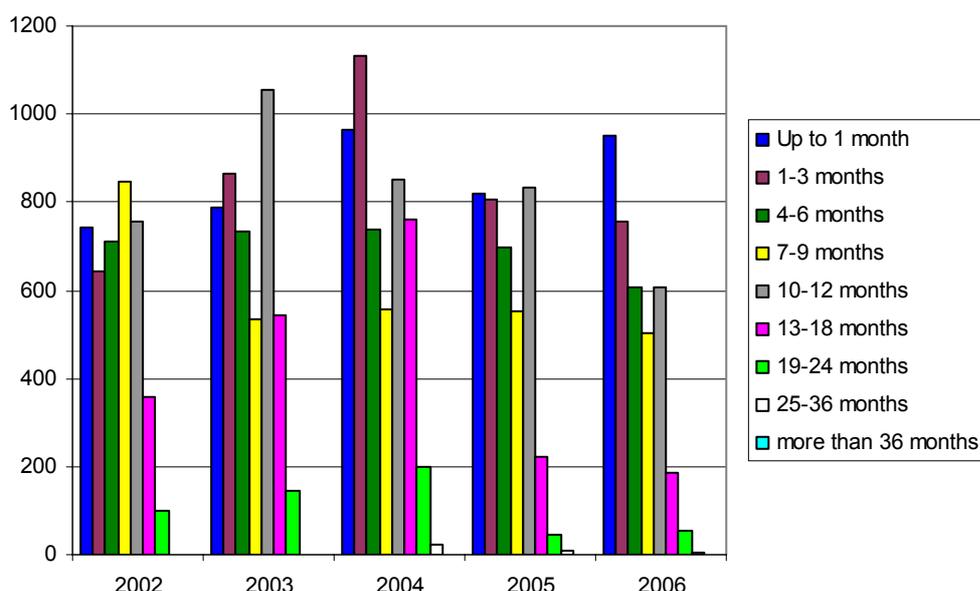
Starting with 2002, the load per vacancy in the city (relationship between the number of registered jobless and the companies' need in workers to fill the vacancies), contrary to the oblast indicators, has been almost the same as in the rayon and Ukraine. The downward tendency for this indicator in the city of Kremenets is similar to the indicators for the oblast and Ukraine.

Table 15: Registered jobless by the duration of their unemployment period (as of December 31)

Duration (months)	2002		2003		2004		2005		2006	
	absolute	%								
up to 1 month	743	17.89%	789	16.88%	964	18.43%	820	20.55%	952	25.95%
1-3 months	643	15.49%	866	18.53%	1,134	21.68%	804	20.15%	755	20.58%
4-6 months	711	17.12%	735	15.73%	740	14.15%	697	17.46%	608	16.57%
7-9 months	845	20.35%	536	11.47%	558	10.67%	554	13.88%	504	13.74%
10-12 months	755	18.18%	1,057	22.62%	850	16.25%	835	20.92%	606	16.52%
13-18 months	357	8.60%	543	11.62%	761	14.55%	222	5.56%	185	5.04%
19-24 months	98	2.36%	147	3.15%	199	3.80%	46	1.15%	56	1.53%
25-36 months	0	0.00%	0	0.00%	22	0.42%	11	0.28%	3	0.08%
more than 36 months	0	0.00%	0	0.00%	2	0.04%	2	0.05%	0	0.00%

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Chart 17: Dynamics of changes of the unemployed by the duration of their unemployment period



The analysis of registered unemployment by the duration of the unemployment period (2002–2006) testifies to the fact that during 2002-2006 more than half of persons who were registered at the employment agency had been unemployed during up to 9 months. In 2002, 70.85% of registered jobless were unemployed during the period up to 9 months, with 62.61% in 2003. Starting with 2004, most of the jobless who were registered at the employment agency were unemployed for up to 6 months. In 2004, this indicator was 54.26%, with 58.16% in 2005, and 63.1% in 2006. In 2005 and 2006 most of the registered jobless were unemployed during the period of less than 3 months.

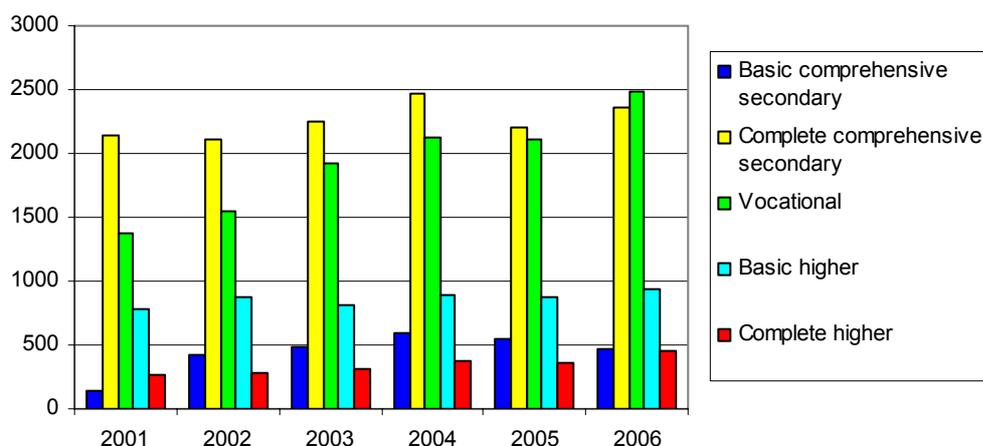
Very few people have been unemployed for the period of more than a year. The longer the registered unemployment period (starting with more than 12 months), the fewer people belong to this category. Over the period analysed one can observe a clear tendency for the reduction of the share of the unemployed in each category more than 12 months.

Therefore, the analysis of the tendency by year and by the duration of the unemployment period gives ground to make a conclusion that there is a stable process in place for the reduction of the unemployment period. More and more jobless move from categories of longer unemployment periods to shorter ones. This is partially explained by the fact that the Law of Ukraine “On Mandatory State Social Unemployment Insurance” was enacted on 01.01.2001, which puts emphasis on self-employment. Following this, the number of vacancies has increased, and the range of professional training courses for the unemployed has become wider. This allows to shorten the time spent on finding a proper job.

Table 16: Registered jobless by educational level (as of December 31)

	2002		2003		2004		2005		2006	
	abs.	%								
Basic comprehensive secondary	418	7.98%	479	8.28%	594	9.19%	542	8.90%	475	7.08%
Complete comprehensive secondary	2,112	40.33%	2,250	38.90%	2,476	38.32%	2,199	36.11%	2,363	35.21%
Vocational	1,546	29.52%	1,919	33.18%	2,127	32.92%	2,109	34.64%	2,486	37.04%
Basic higher	878	16.77%	819	14.16%	893	13.82%	877	14.40%	933	13.90%
Completed higher	283	5.40%	317	5.48%	371	5.74%	362	5.95%	454	6.77%

Chart 18: Dynamics of changes of the unemployed by educational level



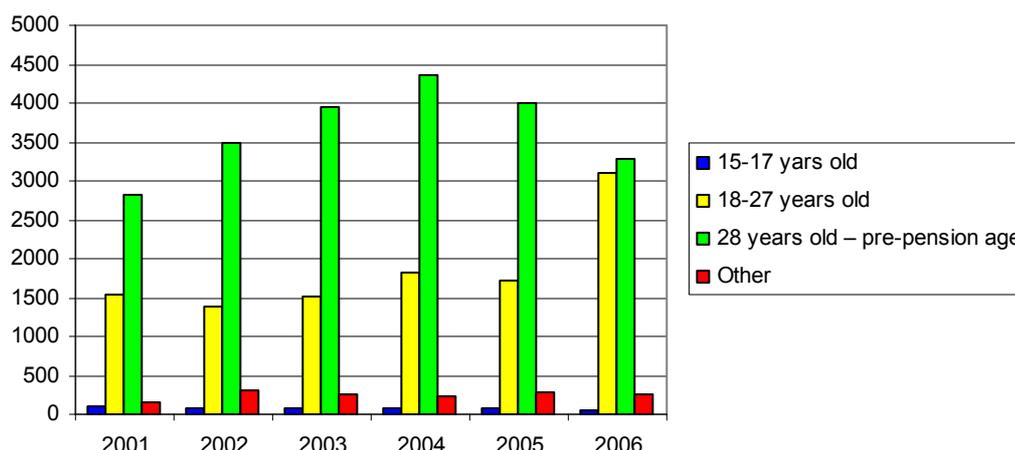
The tendencies of employment changes by educational level has remained the same during the whole period. The biggest share of the unemployed is represented by persons with completed comprehensive secondary education (except for 2006, when the biggest share of the unemployed was represented by persons with vocational education). This category is followed by persons with vocational education. The next category is represented by persons with basic higher education, followed by persons with basic comprehensive secondary education.

High unemployment of persons with completed higher education and basic higher education can testify to the misbalance of labour force demand and supply especially in the sector of high technology, engineering and technical jobs. If the local government together with the employment agency does not take adequate steps, one can easily predict that this deficit will be even deeper.

Table 17: Age composition of registered jobless (as of December31)

	2002		2003		2004		2005		2006	
	absolute	%								
15-17 years old	70	1.34%	72	1.24%	72	1.11%	68	1.12%	64	0.95%
18-27 years old	1,380	26.35%	1,508	26.07%	1,826	28.16%	1,728	28.36%	3,112	46.33%
28 years old – pre-pension age	3,483	66.51%	3,943	68.17%	4,367	67.35%	4,007	65.75%	3,294	49.04%
Other	304	5.80%	261	4.51%	219	3.38%	291	4.78%	247	3.68%

Chart 19: Dynamics of changes of the age structure of the unemployed



V ECONOMY

V.1 BUSINESS ENTITIES

Table 18: Registered business entities

A. Legal persons

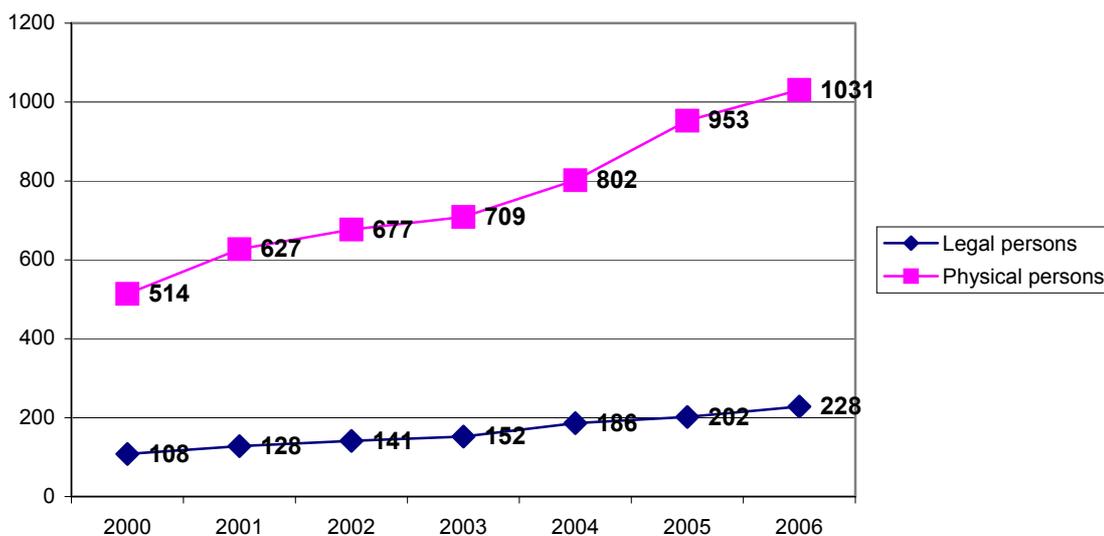
	2000	2001	2002	2003	2004	2005	2006
City	239	273	317	337	401	444	501
Rayon	439	526	584	637	682	788	816

B. Physical persons

	2000	2001	2002	2003	2004	2005	2006
City	514	627	677	709	802	953	1,031
Rayon	1,008	1,166	1,303	1,391	1,486	1,676	1,904

Note: It should be mentioned that the information about the number of economic activity entities, business entities, legal and physical persons is not always unambiguously interpreted. That is why different sources of information, such as directories, reference books, registers, city passports, analytical references, etc. are full of discrepancies in aggregate numbers, which may be attributed to the lack of clear standards as to the merger of different indicators in specific groups by various factors. Notwithstanding this fact, the tendencies for the dynamics change remain unchanged and clearly reflect the processes taking place in the city, region and Ukraine.

Chart 20: Dynamics of registered business entities



The number of economic activity entities represented by physical persons registered in the city has been rapidly growing. Since 2000, it has doubled. At the same time the share of businesses operating without creating the status of a legal entity is significant. This is understandable. The simplified taxation system is rather convenient and first of all creates incentives for self employment. However, the growth of the number of legal entities in the city over the last seven years has not been significant.

Table 19: Registered business entities per 1,000 residents

	2000	2001	2002	2003	2004	2005	2006
Legal persons	10.04	12.38	14.47	15.52	18.47	20.51	23.31
Physical persons	21.60	28.43	30.89	32.65	36.93	44.02	47.97

The number of registered physical persons per 1,000 residents in the city taken by year is similar to the same indicator for Ukraine. At the same time it should be mentioned that not all registered businesses represented by physical persons are operating. The unofficial data show that about 30% of the unemployed while getting registered as entrepreneurs and getting one-time payment to launch their businesses do not engage in economic activities later on. In addition to that, the existing system for keeping records of entrepreneurs' (physical persons) activities does not keep track of their operations and economic activities.

However, it is the number of small businesses which is the best characteristics of the status of small businesses. The number of small businesses per 1,000 residents in the city of Kremenets is even bigger than the similar indicators in Ukraine. According to the 2003 data, there were 5.7 small businesses per 1,000 residents in Ukraine, with 6.12 businesses in the city. In 2005, this indicator increased in Ukraine and constituted 6.31 businesses, whereas in the city it constituted 7.99 businesses per 1,000 residents.

Table 20: Registered business entities by types of activities

	2003	2004	2005	2006
Agriculture, hunting and forestry	148	154	166	193
Fish industry	9	8	8	9
Industry, including:	128	148	174	196

KREMENTES COMMUNITY PROFILE

- extractive industry				
- processing industry	86	100	114	127
- generation and distribution of electricity, gas and water	5	6	6	6
Construction	33	37	49	59
Wholesale and retail sale; trade in transportation vehicles and repair services	1,004	1,037	1,193	1,346
Hotels and restaurants	11	15	20	23
Transportation and communication	226	212	225	236
Finance	17	19	19	22
Real estate activities, leasing of premises and services to corporate agents	12	15	21	33
Education	13	14	15	15
Health care and social assistance	29	33	33	36
Collective, public and personal services	273	284	292	336
TOTAL	1,903	1,976	2,215	2,504

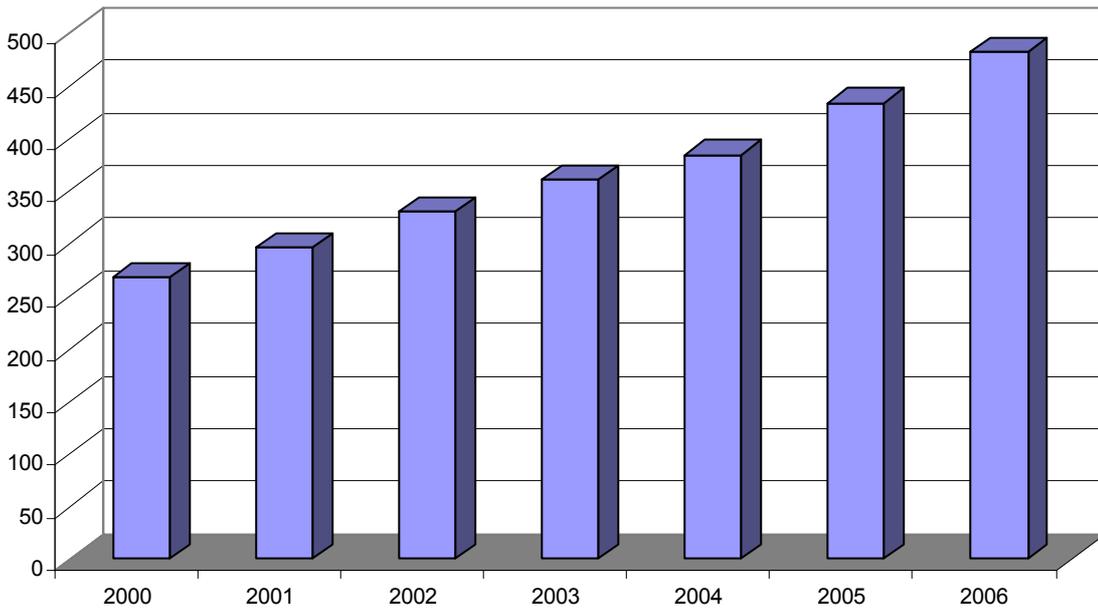
Note: The number of economic activity entities included in the State Registrar does not include entrepreneurs (physical persons), which are registered without the right of setting up a legal person. Such information is not recorded by statistics departments and can be presented only by the registration departments of city executive committees.

Table 21: Sales of products (works and services) by types of activities (thousand UAH)

	2000	2001	2002	2003	2004	2005	2006
Agriculture, hunting, forestry and fish industry	80	87	93	97	103	109	113
Industry, including:	85	90	97	120	127	136	154
- extractive industry	6	6	7	7	7	8	8
- processing industry	18	18	19	20	21	23	24
- generation and distribution of electricity, gas and water	8	9	9	9	10	10	11
Construction	18	18	20	20	22	22	24
Wholesale and retail sale; trade in transportation vehicles and repair services	52	67	84	87	91	123	145
Hotels and restaurants	7	7	8	8	10	11	11
Transportation and communication	16	16	16	16	17	17	18
Finance	1	1	2	2	2	2	2
Real estate activities, leasing of premises and services to corporate agents	1	1	1	1	1	1	1
Education	2	2	3	3	3	4	4
Health care and social assistance	6	7	7	7	8	8	9
Collective, public and personal services					1	1	1
Maiden services							
TOTAL	268	296	331	361	385	434	482

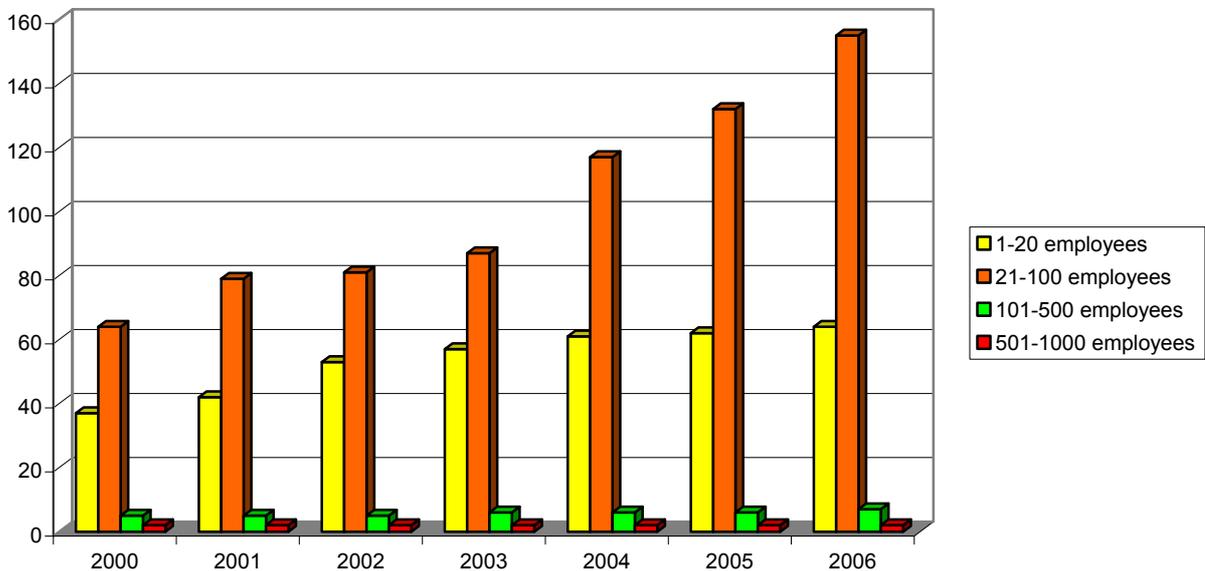
KREMENTES COMMUNITY PROFILE

Chart 21: Dynamics of growth in the sales of products and services in comparative prices (thousand UAH)



Note: The 2000-2003 data show the volume of output, the 2004 and 2005 data show the volume of sales (for the main type of economic activity), the 1996-1999 data were not tracked.

Chart 22: Companies in the city by the number of their employees



Despite rather hard economic conditions in the present environment, a number of companies maintain close contacts with [partners from the CIS countries and foreign countries and ship their products for Ukrainian markets and markets of other countries.

Over the last years the main indicators for foreign trade have been stable.

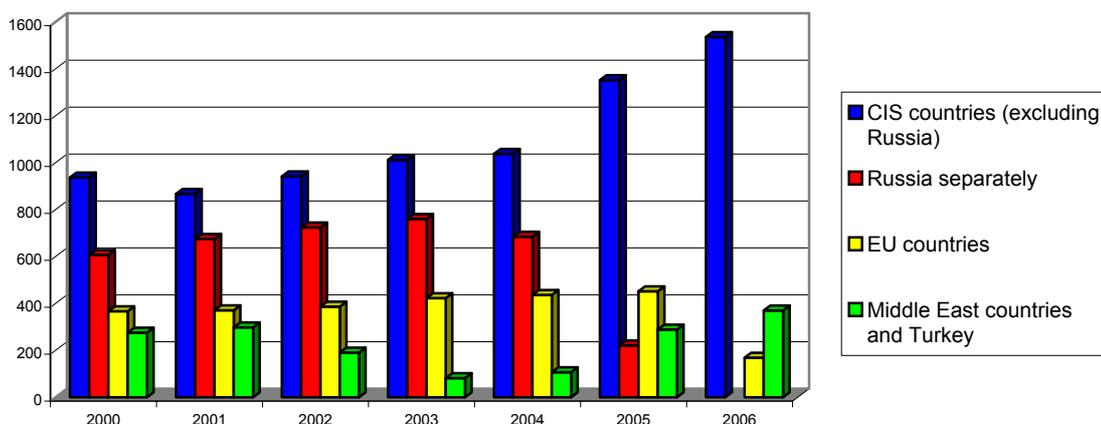
Over the last years, the unchangeable Livestock, animal products, wood and products made of wood have recently been the traditional types of products to be exported.

KREMENTES COMMUNITY PROFILE

Table 22: Geographic structure of exports (thousand USD)

	2001	2002	2003	2004	2005	2006
CIS countries (excluding Russia)	867	942	1,012	1,038	1,352	1,536
Russia separately	675	724	760	685	221	
EU countries	371	387	423	436	452	169
Middle East Countries and Turkey	298	191	82	107	289	370
TOTAL	2,211	2,244	2,277	2266	2,314	2,075

Chart 23: Geographic structure of exports (thousand USD)



V.2 MAJOR EMPLOYERS

Table 23: Major employers

Enterprise, organisation, institution	Number of employees in 2006
KremenetsTsukor [<i>Kremenets sugar</i>] Closed Joint Stock Company (CJSC)	344
Moloko [<i>milk</i>] CJSC	524
Food Products Factory, Ltd.	34
Kremenets Tobacco Factory CJSC	18
Bread Products Factory	34
KremenetsKhib [<i>Kremenets bread</i>] OJSC	29
Kremenets Cheese Factory, Ltd.	24
Kremzvent OJSC	12
Kremenchanka OJSC	25
Kremenets Chalk Factory OJSC	46
Vatyn CJSC	46
Papirus OJSC	12
UkrProm, Ltd.	4
Kremenets Powder Metallurgy Factory OJSC	12
Piramida, Ltd.	22
Korona, Ltd.	10
KremenetsHas [<i>Kremenets gas</i>] OJSC	72

KREMENTES COMMUNITY PROFILE

Kremenets Rayon Electricity Distribution Networks	89
Kremenets БПРГ	95
VOTRMET [<i>scrap metal</i>]	12
KremenetsVuhillya [<i>Kremenets coal</i>] Private Company	6
RaiAhroKhim [<i>rayon agricultural chemicals</i>] OJSC	7
Kremenets MizhRaiPostach [<i>inter-rayon supply</i>] OJSC	3
KremenetsPostach [<i>Kremenets supply</i>] CJSC	6
MiskPasTrans [<i>city passenger transportation</i>] Company	12
KremPasTrans [<i>Kremenets passenger transportation</i>] OJSC	45
Kremenets KoopTrans [<i>cooperative transportation</i>] Company	13

V.3 CITY ECONOMY

Table 24: Per capita city budget revenues

2003

	Personal income tax	Profits tax for communal enterprises	Local taxes and fees	Land fee (tax)	Total tax collections	Proceeds from leasing communal property
City	36.39 UAH	0.28 UAH	20.27 UAH	3.68 UAH	60.80 UAH	0.00 UAH
Oblast	129.76 UAH		0.00 UAH	16.24 UAH	187.67 UAH	
Ukraine	285.01 UAH		12.49 UAH	42.84 UAH	1,145.00 UAH	

2004

City	35.46 UAH	0.13 UAH	23.95 UAH	2.76 UAH	62.63 UAH	0.00 UAH
Oblast	122.19 UAH		0.00 UAH	17.29 UAH	189.25 UAH	
Ukraine	280.53 UAH		11.79 UAH	48.69 UAH	1,341.00 UAH	

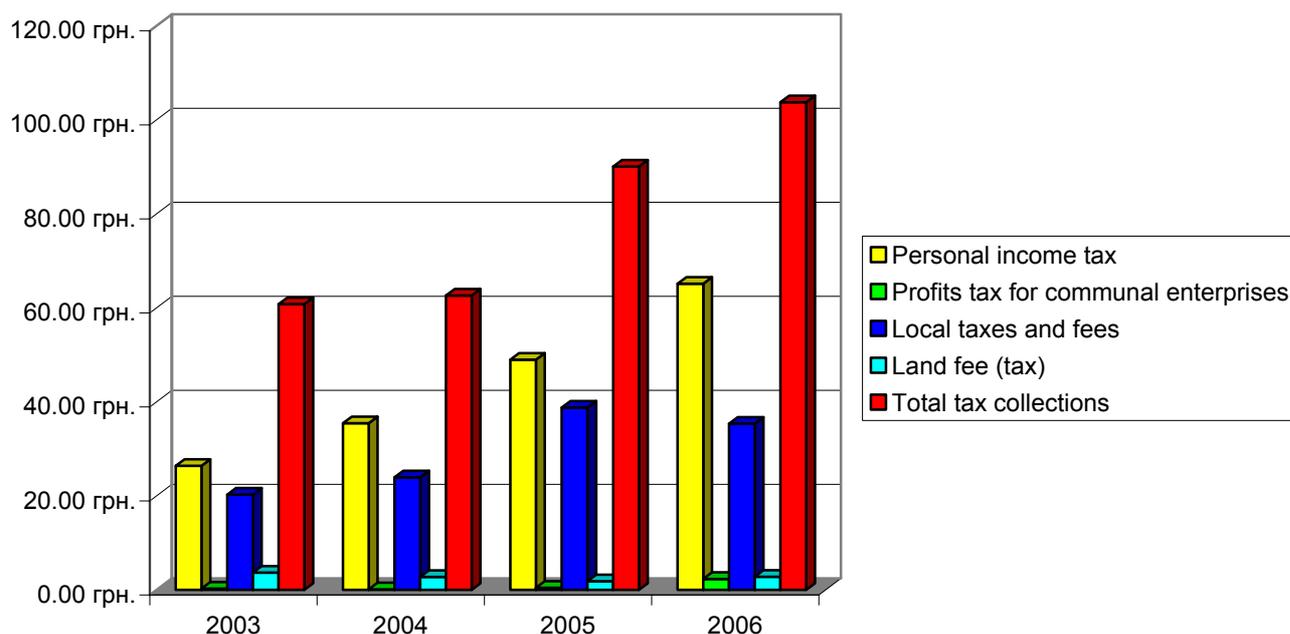
2005

City	48.97 UAH	0.46 UAH	38.80 UAH	1.85 UAH	90.08 UAH	0.00 UAH
Oblast	163.97 UAH		0.00 UAH	19.13 UAH	247.05 UAH	
Ukraine	370.60 UAH		12.80 UAH	58.14 UAH	2,097.69 UAH	

2006

City	184.91 UAH	0.52 UAH	13.20 UAH	20.41 UAH	219.04 UAH	0.00
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Chart 24: Per capita city budget revenues



The volume of city financial resources is characterised by a steady upward trend.

Income tax and local taxes and fees remain the main sources of revenues to the general fund of the city budget.

Table 25: Land plots in the city available for business activities

Address, brief description, purpose	Owner (owners – with indication of their share)	Residential floor space
Bohdan Khmelnytskyi Park at the corner of the Lyotchykiv Vyzvolyteliv St. A land plot can be allocated near the park for the construction of public accommodation services facilities. Renovation of the Vokzalna Bus Terminal	City Council	
Central part of the city, section between the Medova St. and Twin Buildings Architectural Monument, around the pedestrian street. Potential construction of the permanent souvenir and tourism market	City Council, Kremenets-Pochaiv State Historic and Architectural Reserve	800 m ²
Former military site, village of Bilokrynytsya, 2 km away from the city, a number of buildings of the former military site are owned by the city. Photos can be found at http://picasaweb.google.com/kremenec , engineering networks available including an asphalt road.	Buildings are owned by the City Council, lands are owned by the Bilokrynytsya Village Council	82 hectares

VI PUBLIC ACCOMODATION AND INFRASTRUCTURE

Table 26: Graduates of educational establishments

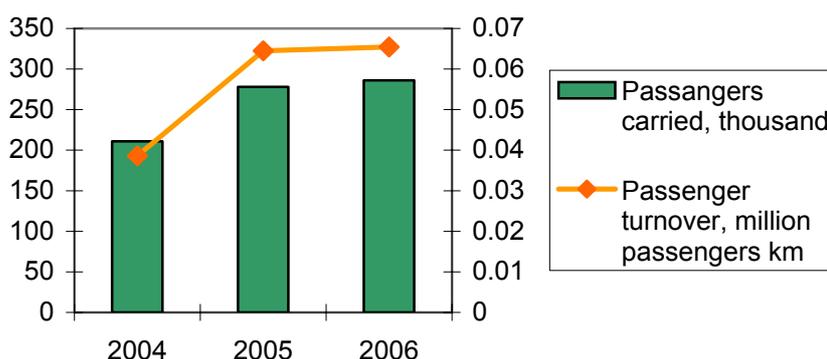
Type, name of the educational institution (secondary schools – total)	2003	2004	2005	2006	2007
Secondary schools	205	205	235	264	229
College	0	24	27	32	40
Forestry Company			218	226	241
Vocational School #6			182	224	160
Medical School	128	116	120	106	119
Pedagogical Institute	0	335	298	326	340

The negative public health indicators and general medical and demographic indicators have been observed recently. Bigger share of elderly population and complication of certain diseases account for the increased demand for health care. The number of active tuberculosis cases, oncological diseases, psychoneurological diseases, and diabetes is growing.

Table 27: Public transportation

	2004	2005	2006
Passengers carried, thousand	211	278	286
Total length of routes, km	183	232	228.8
Number of routes	8	11	10
Passenger turnover, million passengers km	0.03	0.06	0.06

Chart 25: Passenger turnover



Note: The indicators for passenger transportation and passenger turnover have been adjusted by rates with regard to passengers who have the rights to ride for free (at the expense of the local budget). Such rates vary every year and are set in a centralised manner by local ordinances and their value varies depending on annual budget allocations.

VII ENVIRONMENT

VII.1 ATMOSPHERE

The analysis of the man-made burden on the environment in the city testifies to the fact that the level of emissions in the atmosphere stays within the sanitary norms.

With the increased amount of transit transportation going through the city and no belt line, the highest concentration of pollutants stays at the maximum acceptable level.

VII.2 WASTE DISPOSAL

Sewage and water treatment facilities located outside the city are ineffective and need considerable technical renovation (they are physically depreciated, are in an emergency condition, and do not provide complete treatment of sewage waters). The technical condition of some of the pumping stations is unsatisfactory, not all of them have back-up power supply which has a negative impact on their operation and environment.

The monitoring data show that the quality of water remains good and stable and stays within the sanitary standards. The radioactive element indicators over the observation period stay within the acceptable norms.

The city lands have traditionally been suffering from the accumulated household and industrial waste which causes their spread into the biosphere. The amount of industrial and domestic waste has been growing by the year and some part of it could be utilised as recycled raw material. The city landfill does not comply with the environmental safety norms. Unsanctioned landfills mushroom in the city.

VIII TOURISM

The city of Kremenets has favourable conditions for the development of tourism and sports. Unique landscapes and wonderful scenery create all the necessary prerequisites for the revival and development tourism in the city. The business attitude survey has shown that tourism development is the key factor to support the economic development of the city and the region in general.

Table 28: Number of visitors

	Visitors		
	2004	2005	2006
Kremenets	275,000	300,000	320,000
Rayon	438,000	475,000	500,000
Oblast	34,999	33,180	0
Ukraine	1,448,000	0	0

Chart 26: Number of guests

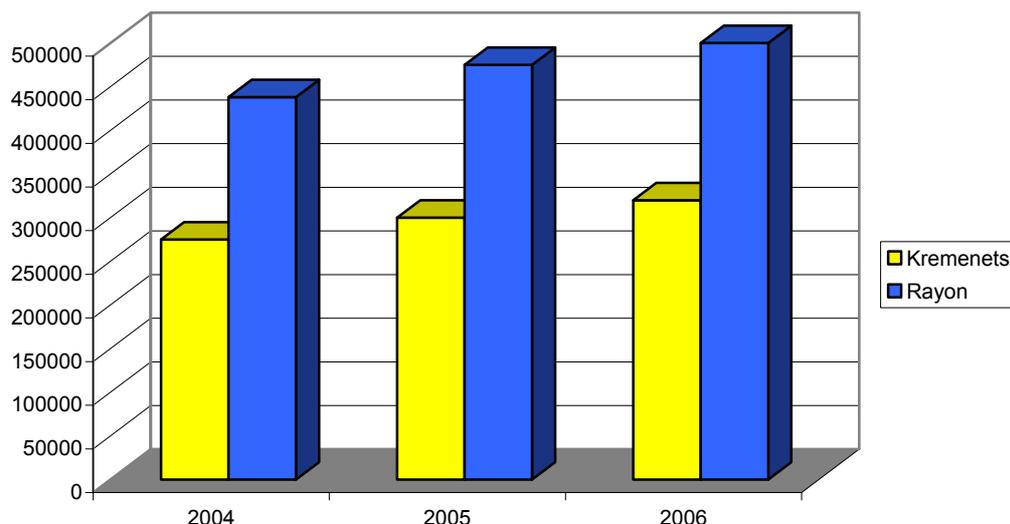


Table 29: City hotels

Facility	Number of beds	Annual placement capacity used, %
Hostynnyi Dvir	12	60
Edem	57	70
Dvi Berezy	38	45
Ostriv	21	48
Vita	30	33

IX CITY DEVELOPMENT GOALS

Table 30: Planned investment activities in the city

Project	Estimated value (million UAH)	Source of financing
Cleaning of the Irva creek	1.9	local / subventions
Reconstruction of city water treatment facilities (sewage system)	1.2	local / subventions
Roofing Program, capital repairs of roofs of city apartment blocks	0.2	local / subventions
Roof Program, capital repairs of roofs of residential buildings of the military site housing stock		local / subventions
Municipal housing, construction of a new 45-apartment building for the city temporary housing stock		local / subventions
Reconstruction of water supply system in the city streets (2-5 streets have been planned)		local / subventions
Reconstruction/repair of architectural monuments of the Kremenets-Pochaiv National Historic and Architectural Reserve		