



ALCHEVSK

COMMUNITY PROFILE

prepared by

Strategic Planning Expert Committee

assisted by

Local Economic Development Project



Table of Contents

I. INTRODUCTION	4
II. POPULATION	5
III. HOUSING	9
IV. EMPLOYMENT AND INCOME	10
IV.A. EMPLOYMENT	10
IV.B. SALARIES	12
IV.C. UNEMPLOYMENT	15
V. ECONOMY	18
V.A. BUSINESS ENTITIES	18
V.B. MAJOR EMPLOYERS	29
V.C. CITY ECONOMY	31
VI. PUBLIC ACCOMODATION FACILITIES AND INFRASTRUCTURE	35
VII. ENVIRONMENT	41
VII.A. ATMOSPHERE	411
VII.B. SOLID WASTE MANAGEMENT	42
VIII. TOURISM	42
IX. CITY DEVELOPMENT GOALS	44
X. ADDITIONAL INFORMATION	47
X.A. SCIENTIFIC ACTIVITIES	47
X.B. INNOVATION ACTIVITIES	48
XI. MAIN CHARACTERISTICS OF THE CITY	49

List of Tables

Table 1. Comparison of the territory and populatiohn of the city with the Luhansk oblast and Ukraine	4
Table 2. Comparison of main characteristics of the city with characteristics of the oblast, Ukraine and competing cities	4
Table 3. Functional characteristics of competing cities	5
Table 4. City residents in 1996-2006 (thousand persons)*	6
Table 5. Age structure of main groups of city residents as of December 31	7
Table 6. Educational level indicators	8
Table 7. Progress in supply of housing	9
Table 8. New housing put into operation	9
Table 9. Supply of housing	10
Table 10. General employment dynamics tendencies (number of jobs)	11
Table 11. Employment by major types of activities	11
Table 12. Average salaries (nominal values)	13
Table 13. Salaries by types of activities (UAH)	14
Table 14. Level of registered unemployment as of December 31 грудня (%)	155
Table 15. Number of jobless per vacancy as of December 31 (number of registered jobless divided by the number of vacancies)	16
Table 16. Registered jobless by their educational level	17
Table 17. Registered jobless by the duration of their unemployment period	17
Table 18. Age structure of registered jobless (persons)	17
Table 19. Comparison table for the structure of registered jobless (%)	18
Table 20. Registered business entities (legal persons) as of December 31 (entities)	19
Table 21. Registered business entities (phusical persons represented by entrepreneurs) as of December 31 (persons)	19
Table 22. Registered business entities per 1,000 residents (entities)	19

Table 23. Registered business entities by types of activities (entities)	20
Table 24. Ovolum of sales of products and services by types of activities in current prices (thousand UAH)	21
Table 25. Copmanies in the city by the number of their employees (entities)	22
Table 26. Structure of exports of goods (thousand USD)	26
Table 27. Geographic striucture of exports (thousand USD)	27
Table 28. Structure of foreign direct investments by source country (thousand USD)	28
Table 29. Major employers	29
Table 30. City budget revenues	31
A. 2003	31
B. 2004	31
C. 2005	31
D. 2006	32
Table 31. Land plots in the city suiteble for construction	33
Table 32. Graduates of educational establishments – secondary and higher (persons)	36
Table 33. Capacity of hospitals	36
Table 34. Consumption of energy (per year)	37
Table 35. Public transportation	40
Table 36. Air pollution	41
Table 37. Amount of waste produced (for 2006) and cost of disposal	42
Table 38. Number of visitors	42
Table 39. Capacity for placement of visitors in hotels, guest houses, holiday camps, etc.	43
Table 40. Capacity of cultural and sports facilities	43
Table 41. Planned investment activities in the city up to 2008	44
Table 42. Number of specialists (researchers, technicians), who performed scientific and research activities (persons)	47
Table 43. Share of companies active in the innovation sphere as compared to all companies (%)	58
Table 44. List of vacant premises owned by the community as of December 1, 2007	52

List of Charts

Chart 1. Changes in population dynamics (persons)	6
Chart 2. Demography statistics for newly-born and deceased persons in the city (persons)	6
Chart 3. Demography statistics for newcomers and outgoers in the city (persons)	7
Chart 4. Distribution of population by age categories in 2006 (persons)	8
Chart 5. Employment by types of activities in 2006	12
Chart 6. Dynamics of average salaries in the city	13
Chart 7. Nominal average salaries in the city of Alchevsk as compared with salaries in the Luhansk oblast and Ukraine	13
Chart 8. Average salaries by sectors in 2006 (UAH)	14
Chart 9. Unemployment level as compared with indicators for the Luhansk oblast and Ukraine	16
Chart 10. Dynamics of jobless per vacancy as compared with similar indicators for the Luhansk oblast and Ukraine (persons)	16
Chart 11. Dynamics of the number of registered business entities (legal persons) per 1,000 residents (entities)	19
Chart 12. Distribution of business entities by types of activities in 2006	21
Chart 13. Geographic structure of exports (thousand USD)	28
Chart 14. Dynamics of taxes and fees in the city of Alchevsk	32
Chart 15. Distribution of land resources of the city of Alchevsk (hectares)	35

I. INTRODUCTION

Alchevsk was founded as a settlement in 1895 with the construction of a metallurgical plant. A railway settlement near the station of Yuryivka, the village of Vasylivka and the hamlet of Dovzhyk served as the foundations of the future city.

The presence of the railway, mines with high-quality coal, limestones, as well as the proximity to the Kryvyi Rih iron stones supported the development of chemical recovery and metallurgical enterprises. Therefore, upon the initiative of Oleksiy Alchevskiy, a famous Ukrainian industrialist and a banker, a Donetsk-Yuryivka Metallurgical Society (DYuMS) was created in 1895. The Society built a metallurgical plant near the railway station of Yuryivka in 1896. The settlement was named after the founder of the metallurgical plant and later on turned into a city.

The territory of the city is characterised by highly complicated engineering and geological development conditions caused by devolutions, karstic cavities, flooding, ruptured territories and broken lands, and processes associated with water courses. Active erosion and denudation processes can be observed on the rounded slopes of ravines and places where black coal deposits come onto the surface.

The climate of the city is extreme continental and is characterised by sudden changes, air temperature variations, hot and dry summers with droughts, strong eastern winds; cold winters with little snow, fogs and black ice. The city is situated on the Zadovilnyi watershed of the Lozova and Bila rivers. The Dovzhyk ravine divides the territory of the city into two parts.

The distance from Alchevsk to the city of Luhansk, the oblast center, is 40 km both by railway and by highway. The territory of Alchevsk constitutes 49 sq. km.

The city is situated in the group of settlements (Perevalsk, Bryanka, Stakhanov), which constitutes the core of the Alchevsk-Stakhanov agglomeration of the population settlement pattern, and plays a dominant role as one of the inter-regional centers to attract labour resources.

Table 1. Comparison of the territory and population of the city with the Luhansk 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 (persons per km ²)
City	49	0.008	115,900	0.248	2,365.31
Oblast	26,683	4.421	2,381,900	5.095	89.27
Ukraine	603,500	100.000	46,749,170	100.000	77.46

Table 2. Comparison of main characteristics of the city with characteristics of the oblast, Ukraine and competing cities

	Alchevsk	Luhansk oblast	Ukraine	Rubizhne	Severodonetsk	Lysychansk
Territory, km ² :	49	26,683	603,500	34	58	96
Population, persons:	115,900	2,381,900	46,749,170	62,700	124,500	125,800
Employed residents, persons:	52,300	1,054,600	20,680,000	24,000	45,700	40,200

Registered jobless, persons:	999	82,400	90,3500	1,759	1,723	1,464
Labour resources, persons:	53,299	1,137,000	21,583,500	25,759	47,423	41,664
Employed residents in the sector not belonging to agriculture, hunting, forestry and fish industry, industry, construction, transportation and communications, persons:	8,096	274,700	10,286,300	5,090	10,435	8,506

Table 3. Functional characteristics of competing cities

City	Function (%)		
	Population	Labour	Services
Alchevsk	0.248	0.254	0.078
Rubizhne	0.134	0.116	0.049
Severodonetsk	0.267	0.221	0.101
Lysychansk	0.269	0.194	0.083

Note: Population Function – permanent residents of the city as percentage to the population of the country; Labour Function – taken jobs in the city as percentage to the total number of taken jobs in the country; Services Function – the same as the Labour Function, however not in the area belonging to the agriculture, forestry, industry, construction, transportation and communication sectors.

The city of Alchevsk is a city of oblast significance. It is an independent and self-governed administrative and territorial unit within the Luhansk oblast.

As compared with its competing cities, the city of Alchevsk has fewer residents than Severodonetsk and Lysychansk and more residents than Rubizhne.

The number of the unemployed in the city of Alchevsk is smaller than the same indicator in the competing cities. The number of employed population is bigger and constitutes 45.1% of the total city residents.

According to the all-round assessment of social and economic development of regions in the Luhansk oblast for 2006, the city of Alchevsk ranks the first. Its competing cities have lower ratings, with Rubizhne ranking 9th, Severodonetsk ranking 3rd, and Lysychansk ranking the 14th.

According to the rating evaluation of development of regions for nine months of 2007, the city of Alchevsk retains its position and ranked the first again. The ratings for its competing cities are: 8th ranking for Rubizhne, 11th ranking for Severodonetsk, and 10th ranking for Lysychansk.

II. POPULATION

In 2006, the city population constituted 115.9 thousand, or 4.9% of the oblast population. Starting with 1996, a downward population tendency has been observed.

The most noticeable drop of the number of population was observed in 1998-1999. In the subsequent years this process slowed down.

Table 4. City residents in 1996-2006 (thousand persons)*

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Alchevsk	124.0	122.2	120.4	120.2	120.0	119.2	118.3	117.6	117.0	116.6	115.9
Decrease rate, %	-1.5	-1.5	-0.2	-0.2	-0.2	-0.7	-0.8	-0.6	-0.5	-0.3	-0.6

* city residents as of December 31

Chart 1. Changes in population dynamics (persons)

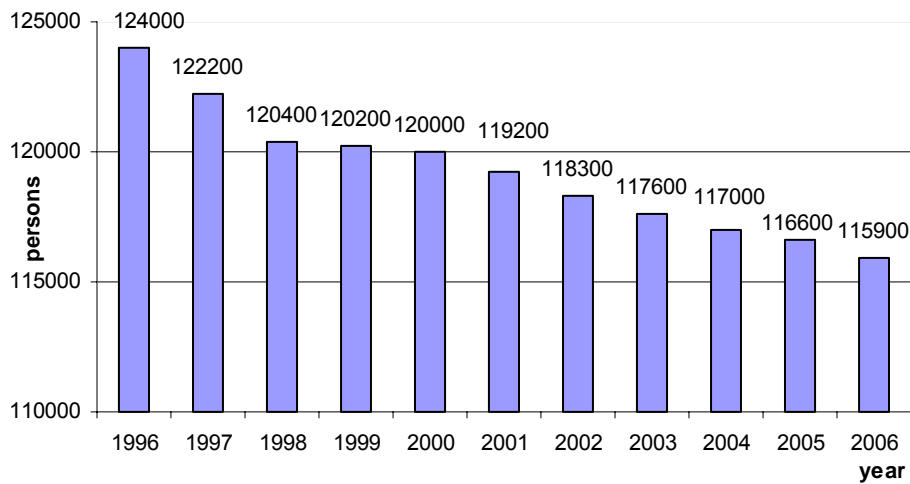
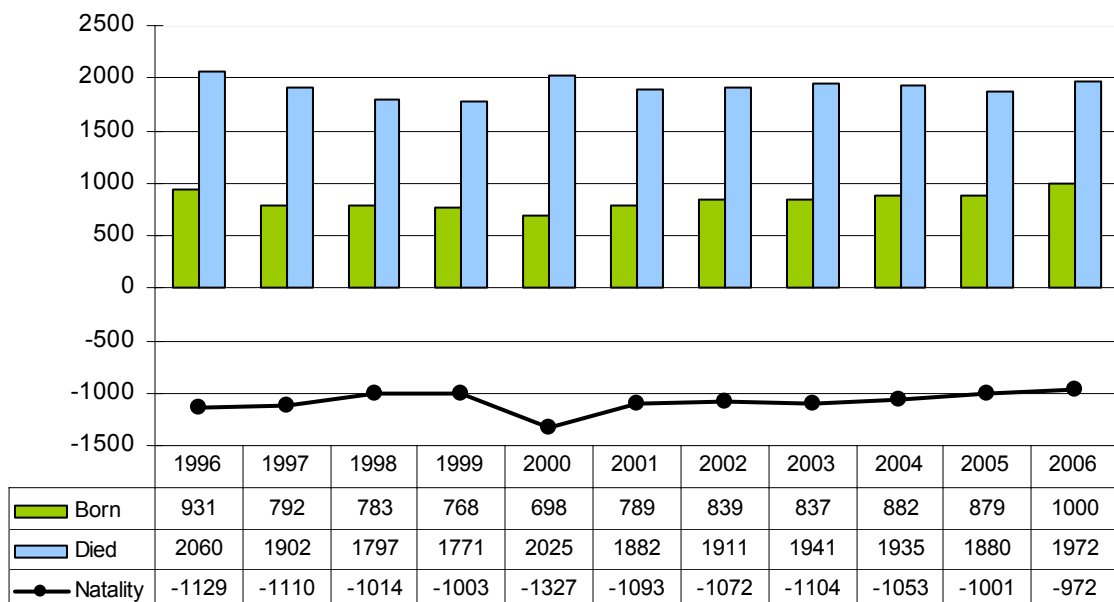


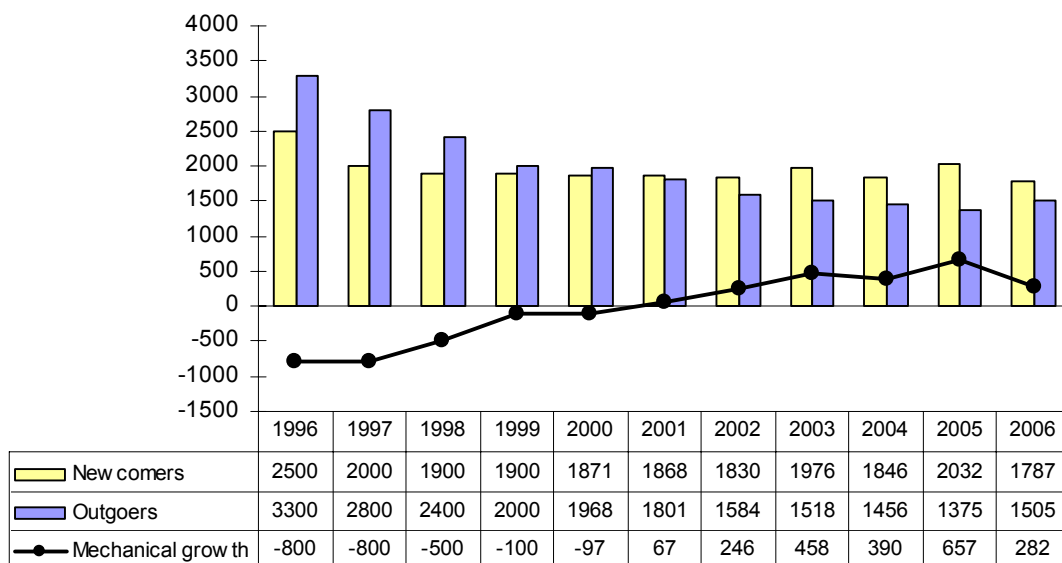
Chart 2. Demography statistics for newly-born and deceased persons in the city (persons)



Starting with 2001, one could observe a slight upward tendency for the new-borns. Deviations in the death rate are also insignificant.

One should mention that the year of 2006 was characterised by the highest level for the natality indicator.

Chart 3. Demography statistics for newcomers and outgoers in the city (persons)



After 2001, the number of newcomers has been exceeding the number of outgoers.

In 2006, the number of outgoers decreased by 2.2 times as compared with 1996.

Table 5. Age structure of main groups of city residents as of December 31

	1996		2001		2006	
	Persons	%*	Persons	%*	Persons	%*
Males of 0-14	11,289	9.10	8,621	7.23	7,179	6.19
Females of 0-14	10,827	8.73	8,060	6.76	6,556	5.66
Males and females of 0-14 together	22,116	17.84	16,681	13.99	13,731	11.85
Males of 15-24	10,776	8.69	10,445	8.76	9,857	8.50
Females of 15-24	8,853	7.14	9,912	8.32	9,715	8.38
Males and females of 15-24 together	19,629	15.83	20,357	17.08	19,572	16.89
Males of 25-44	16,534	13.33	17,287	14.50	17,089	14.74
Females of 25-44	18,037	14.55	17,713	14.86	17,310	14.94
Males and females of 25-44 together	34,571	27.88	35,000	29.36	34,399	29.68
Males of 45-59	9,980	8.05	8,952	7.51	11,003	9.49
Females of 45-59	13,288	10.72	11,168	9.37	13,568	11.71
Males and females of 45-59	23,268	18.76	20,120	16.88	24,571	21.20
Males over 60	8,298	6.69	9,341	7.84	7,713	6.65
Females over 60	14,894	12.01	17,112	14.36	15,452	13.33
Males and females over 60 together	23,192	18.70	26,453	22.19	23,165	19.99
«Age index»	104.87		158.58		168.71	

* to the total population of the corresponding sex

Note:

Age index =	Population over 60
	Population under 14 inclusive

According to the 2001 Population Census, females constitute the majority of the city population - 54%, with males taking up 46%. Such a correlation remains till present.

As to the Age Index, it has considerably increased and has risen by 64 points as compared with 1996. The average age of city residents is 39 years old.

Chart 4. Distribution of population by age categories in 2006 (persons)

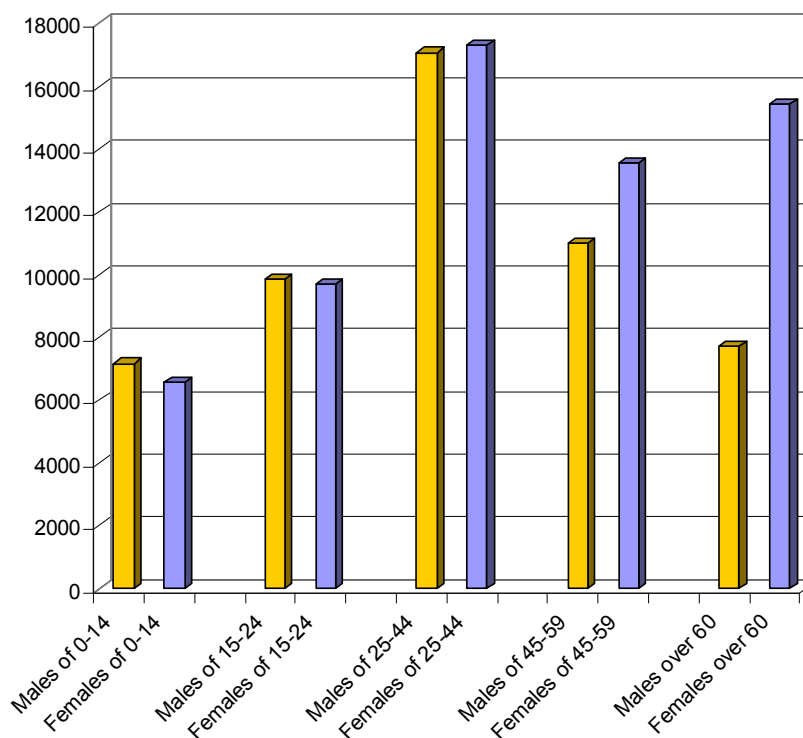


Table 6. Educational level indicators

	Absolute indicator, persons	Structure, %	Structure in Ukraine for urban population, %
Primary comprehensive education	12,688	11.1	
Basic comprehensive secondary	15,403	13.5	25.0
Completed comprehensive secondary	42,859	37.6	34.8
Primary higher	19,496	17.1	
Basic higher	739	0.7	21.3
Completed higher	15,526	13.6	16.6
Uncompleted higher	549	0.5	
Persons without primary comprehensive education	6,110	5.4	
Persons who did not indicate their education	388	0.3	
Illiterate	131	0.2	
Total population over 60 according to eth 2001 Census data	113,889	100.0	

Chapter Resume:

The analysis of demographic changes testifies to the fact that despite the upward trend for the number of the new-borns and mechanical growth, the overall demographic situation in the city remains complicated. The dynamics of the sex structure for the city residents shows the prevalence of females in the total number of residents. The surplus of the number of females over males starts at the age of 25, whereas at the age of 60 and more the number females doubles the number of males.

The number of residents under 14 years old has considerably decreased. The category of city residents aged 15 to 25 has also been decreasing, although at a lower rate.

III. HOUSING

Table 7. Progress in supply of housing

	2000	2001	2002	2003	2004	2005	2006
Inhabited buildings total, buildings	8,325	8,356	8,382	8,394	8,407	8,419	8,427
including:							
- private houses	7,259	7,297	7,329	7,354	7,367	7,379	7,387
Inhabited dwellings total, houses	48,861	49,442	49,361	49,295	49,495	49,331	49,372
including:							
- in private houses	7,259	7,297	7,329	7,354	7,367	7,379	7,387
% of dwellings connected to the central water supply	95.0	95.0	95.0	95.0	95.0	95.0	95.0
% of dwellings connected to the central gas supply	94.0	94.0	94.0	94.0	94.0	94.0	94.0
% of dwellings connected to the central sewage system	95.0	95.0	95.0	95.0	95.0	95.0	95.0
% of dwellings connected to district heating	94.0	94.0	94.0	94.0	94.0	94.0	94.0
Number of dwellings per 100 residents	41	41	41	41	42	42	42

Table 8. New housing put into operation

	2000	2001	2002	2003	2004	2005	2006
Newly-constructed residential buildings total, buildings	38	31	26	12	13	12	8
including:							
- private houses	38	31	26	12	13	12	8
- % of private houses	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Newly-constructed dwellings total, dwellings	38	31	26	12	13	12	34
including:							
- in private houses	38	31	26	12	13	12	8
- % of private houses	100.0	100.0	100.0	100.0	100.0	100.0	23.5

Table 9. Supply of housing

	2000	2002	2003	2004	2005	2006
Total residential floor space in the city, 1,000 m ²	2,589.10	2,674.00	2,678.60	2,677.50	2,670.20	2,689.10
Floor space per capita, m ²	21.58	22.60	22.78	22.88	22.90	23.20
Floor space per capita in the Luhansk oblast, m ²	21.26	21.93	22.23	22.52	23.62	23.10
Floor space per capita in Ukraine, m ²	20.84	21.49	21.83	22.08	22.38	

Starting with 2000, the construction of housing in the city, for the most part, has been performed by private developers. In 2002, they put into operation 3.7 thousand m² of residential floor space, with 3.9 thousand m² in 2001, 3.6 thousand in 2002, 1.2 thousand m² in 2003, 4.6 thousand m² in 2004, 2.8 thousand m² in 2005, and 8.2 thousand m² in y 2006.

In addition to that, in 2003, the city performed a reconstruction of the dormitory of the Alchevsk Metallurgical Plant and put into operation 3.8 thousand m² of its floor space. A 26-apartment residential building ordered by the Nika-Holding Ltd. Company of the total residential floor space of 3.9 thousand m² was put into operation in 2006 (reconstruction of the former dormitory).

The per capita supply of housing in the city in 2006 constituted 23.2 m². The same indicator for the oblast constitutes 23.1 m² per capita.

Connections of the housing stock to the district heating and gas and water supply systems constitute 94-95%.

In 2007, 43 private houses of the total residential floor space of 4.3 thousand m² were put into operation (reconstructed). In addition to that, a 65-apartment building of the total residential floor space of 8.1 thousand m² (newly-built) ordered by the Novi Tekhnolohiyi [*new technologies*] Ltd. Company, a 16-apartment building of the total residential floor space of 2.5 thousand m² (newly-built) ordered by the Premium-Sehment Ltd. Company, and a 34-apartment building of the total residential floor space of 4.4 thousand m² (reconstructed former dormitory) ordered by the Almaks Ltd. Company were put into operation.

Chapter Resume:

The construction of housing in the city is performed by private developers as ordered by private companies. The construction of private houses is not a widespread phenomenon. The construction of upon orders of private companies started in 2006 and includes both the reconstruction of the existing buildings and construction of new ones.

IV. EMPLOYMENT AND INCOME

IV.A. EMPLOYMENT

Employment is understood as participation of population in labour activities who perform socially significant work, which provides them with compensation. Full employment means availability of jobs for practically all working age population, whereas partial employment may offer part-time employment opportunities or may be the reason for unemployment during the off-season period.

Therefore, supply of jobs to the population is one of the priority areas for local government authorities where efforts should be focused on ensuring labour productive full-time employment, creating conditions for returning the unemployed to labour activities, and preventing mass unemployment. A number of events of organisational and informational nature, such as round table discussions, “Employers’ Days”, “Vacancy Exhibition Fairs”, “Presentations of Professions”, etc. are held for the unemployed and employers in the city.

Aiming at providing incentives for employers to retain the existing jobs and create new ones, increase the number of employees, improve efficiency of their companies, an All-Ukrainian Competition to select the best employer of the year is held annually. This event is organised to acknowledge those employers who made major contributions in increasing the domestic production and salaries of employees.

The current government efforts are aimed at supporting productive labour in freely chosen professions through state regulation of the labour market, continuous expansion of employment opportunities in the city, creation of new jobs for at least 1,550 citizens, and better social support to the unemployed who are registered at the state employment agency.

Table 10. General employment dynamics tendencies (number of jobs)

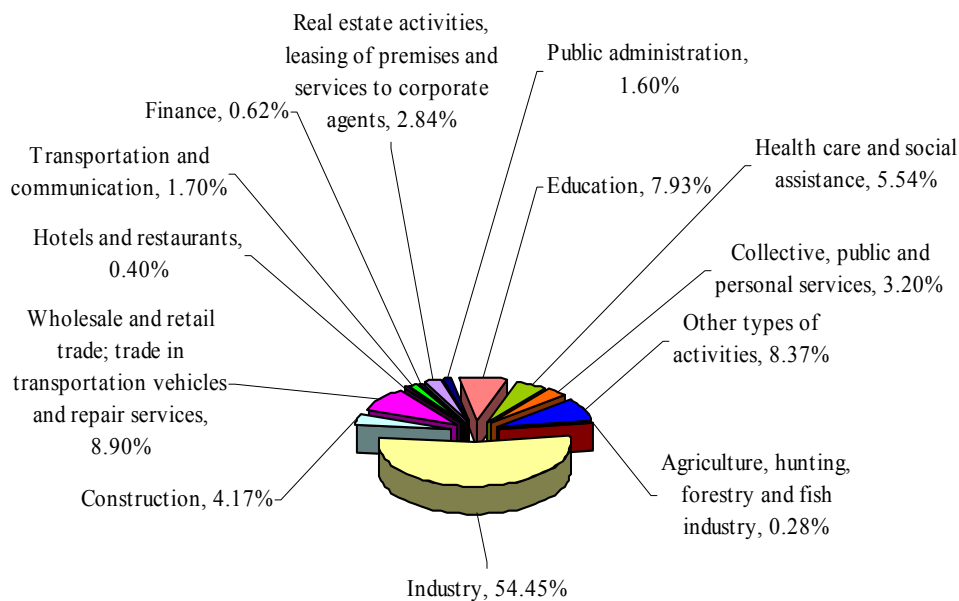
	2000	2001	2002	2003	2004	2005	2006
city of Alchevsk	50,900	51,400	51,600	52,400	52,500	52,500	52,300
Luhansk oblast	999,200	950,000	988,100	978,700	1,019,800	1,054,400	
Ukraine	21,268,500	21,015,500	20,091,200	20,163,300	20,295,700	20,680,000	

Table 11. Employment by major types of activities

	2001		2004		2005		2006	
	persons	structure, %	persons	structure, %	persons	structure, %	persons	structure, %
Agriculture, hunting, forestry and fish industry	51	0.10	106	0.20	133	0.25	145	0.28
Industry	29,969	58.31	28,269	53.85	28,101	53.53	28,476	54.45
Construction	1,227	2.39	1,541	2.94	2,024	3.86	2,183	4.17
Wholesale and retail trade; trade in transportation vehicles and repair services	3,831	7.45	4,627	8.81	4,968	9.46	4,654	8.90
Hotels and restaurants	161	0.31	242	0.46	293	0.56	209	0.40
Transportation and communication	1,267	2.46	1,079	2.06	1,098	2.09	888	1.70
Finance	143	0.28	163	0.31	185	0.35	329	0.62
Real estate activities, leasing of premises and services to corporate clients	1,134	2.21	1,550	2.95	1,565	2.98	1,487	2.84
Public administration	685	1.33	740	1.41	829	1.58	836	1.60

Education	3,836	7.46	3,910	7.45	4,249	8.09	4,147	7.93
Health care and social assistance	2,085	4.06	2,782	5.30	2,786	5.31	2,897	5.54
Collective, public and personal services	987	1.92	1,280	2.44	1,474	2.81	1,673	3.20
Other types of activities	6,024	11.72	6,211	11.83	4,795	9.13	4,376	8.37

Chart 5. Employment by types of activities in 2006



Chapter Resume:

The city of Alchevsk is an industrial city. Metallurgical and chemical recovery companies, companies operating in the light and food industry sectors, machine building, polygraphic, wood-processing, construction and assembly companies are located on its territory.

Industrial production takes more than 95% in the structure of the locally manufactured gross product. Therefore, a considerable part of the employed population (54.5%) works at industrial companies in the city. One can observe a gradual increase in employment in such sectors as finance, construction, health care and services. In general, the total number of employed persons increased by 1.75% as compared with 2001, while the employment in the industrial sector decreased by 5%. This correlation is caused by the re-equipment and technical renovation of city forming enterprises. Implementation of modern technologies makes the abovementioned companies reduce the number of their employees. At the same time, employment in other sectors increases.

IV. B. SALARIES

Employment, as well as salaries, are the main indicators of the quality of living. The recently introduced increased minimum salary and social assistance levels caused an upward trend for population's income. In other words, the income of residents is growing by the year together with the increase of their salaries (from 23.6% to 25.7% over the last 3 years).

By the level of the 2006 salaries in the Luhansk oblast, Alchevsk occupied the 3rd place, with its salaries being 15.4 % higher than the average salaries in the oblast.

Chart 6. Dynamics of average salaries in the city

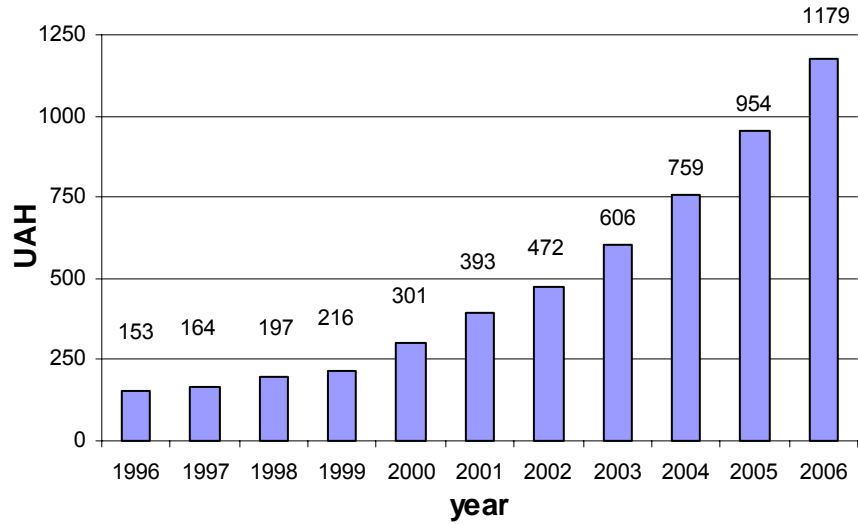


Table 12. Average salaries (nominal values)

	2000	2001	2002	2003	2004	2005	2006	2001/ 2000	2002/ 2001	2003/ 2002	2004/ 2003	2005/ 2004	2006/ 2005
	UAH							Relative indicator, %					
city of Alchevsk	301.0	393.0	472.0	606.0	759.0	954.0	1,179.0	30.56	20.10	28.39	25.25	25.69	23.58
Luhansk oblast	232.0	320.0	393.3	473.5	595.8	805.0		37.93	22.91	20.40	25.82	35.11	
Ukraine	230.0	311.0	376.4	462.3	589.6	806.0		35.22	21.02	22.82	27.55	36.70	

Chart 7. Nominal average salaries in the city of Alchevsk as compared with salaries in the Luhansk oblast and Ukraine

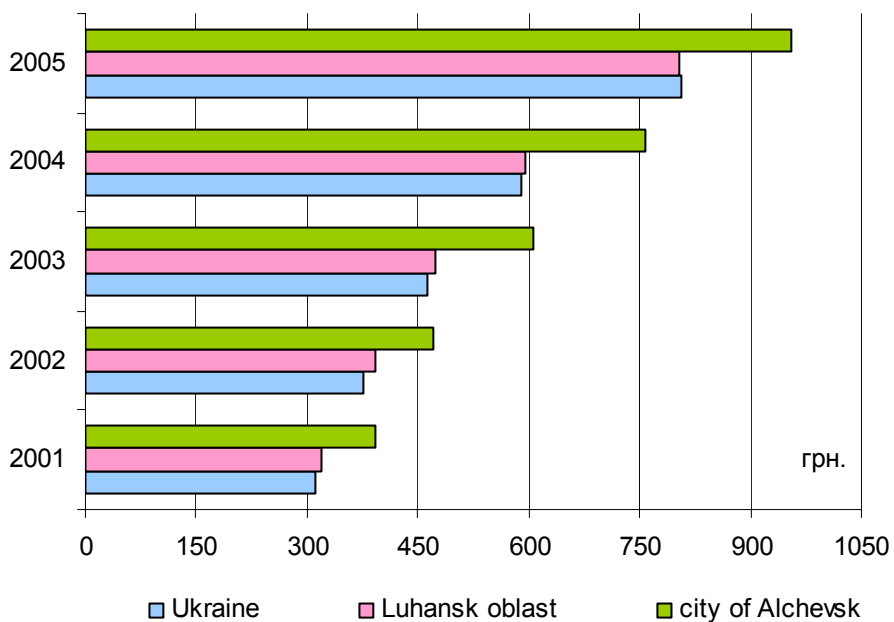
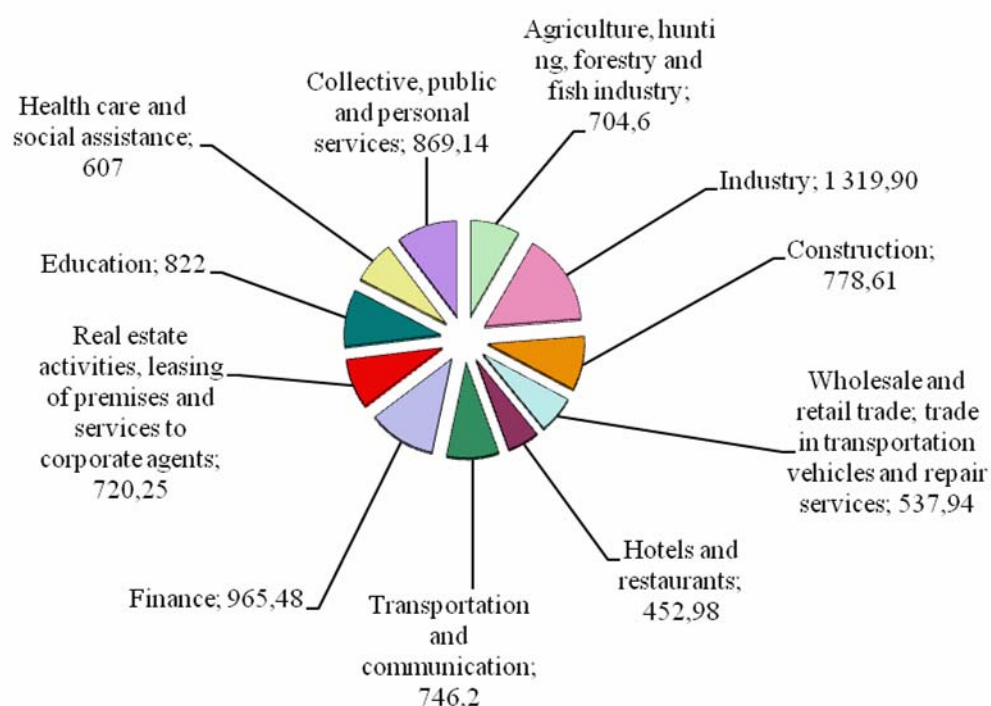


Table 13. Salaries by types of activities (UAH)

	2001	2002	2003	2004	2005	2006	2005/ 2004, %	2006/ 2005, %
Agriculture, hunting, forestry and fish industry	265.85	323.61	370.04	351.89	474.56	704.60	134.86	148.47
Industry	444.40	551.61	713.71	896.28	1,110.95	1,319.90	123.95	118.81
Construction	300.16	316.33	394.65	505.08	759.92	778.61	150.46	102.46
Wholesale and retail trade; trade in transportation vehicles and repair services	166.54	185.41	251.15	318.21	442.71	537.94	139.13	121.51
Hotels and restaurants	129.40	171.76	272.56	270.14	372.90	452.98	138.04	121.47
Transportation and communication	202.87	247.70	289.45	377.64	493.86	746.20	130.78	151.10
Finance	219.84	191.22	244.12	371.97	604.71	965.48	162.57	159.66
Real estate activities, leasing of premises and services to corporate clients	219.29	260.12	329.61	375.65	490.03	720.25	130.45	146.98
Education	256.20	287.00	362.40	477.00	652.10	822.00	136.7	126.10
Health care and social assistance	171.50	225.20	264.30	329.80	457.20	607.00	137.10	132.80
Collective, public and personal services	167.18	211.13	242.80	338.29	378.36	869.14	111.84	229.71

Chart 8. Average salaries by sectors in 2006 (UAH)



Chapter Resume:

The average 2006 salary in the city reached the 1,179 UAH level. This is a 3 times increase as compared with 2001. The analysis of the general average salary increase in the city shows that the growth rate over the last couple of years constitutes 25% and was caused, for the most part, by increased salaries in city-forming enterprises (Alchevsk Metallurgical Plant Open Joint-Stock Company (OJSC) and AlschevskKoks [*Alchevsk coke*] OJSC). Salary increase also took place in such sectors as transportation and communication, finance, education, health care, and real estate services and activities. Salaries in the trade and restaurant and hotel sectors are traditionally low. Salaries in these sectors exceed the minimum salary level by a narrow margin.

IV. C. UNEMPLOYMENT

Unemployment is a social and economic situation when some part of active working age population can not find the jobs they are able to perform. Unemployment is caused by disproportions in the excessive number of residents who are willing to find jobs over the number of available vacancies matching the training and qualifications of those who want to fill in these vacancies.

The unemployed persons are considered to be those who are of a working age, who are looking for jobs, who are registered at the employment agency, and who do not have a real opportunity to get jobs according to their education, qualifications and professional skills. Redirection of national policies at the development of the domestic market and creation of favourable conditions for small and medium-sized enterprise development are the potential ways to fight unemployment or to reduce its levels. The city is experiencing unemployment problems and the dynamics illustrated on Charts 14 and 15 shows the way the issue is being resolved. The labour market remains complicated in the city, although the unemployment indicators have a steady downward tendency.

Active economic processes and upward trend of industrial output, which started to shape up four years ago, caused a gradual decrease of the labour market. The city still has a tendency to attract the labour force from the neighbouring cities and towns.

At the beginning of 2007, the unemployment level constituted 1.44 %.

Table 14. Level of registered unemployment as of December 31 (%)

	1999	2000	2001	2002	2003	2004	2005	2006
city of Alchevsk	5.80	5.30	5.00	2.50	2.19	1.67	1.29	1.44
Luhansk oblast	3.60	3.90	3.20	3.20	2.90	2.50	2.30	
Ukraine	4.20	4.10	3.60	3.70	3.50	3.50	3.10	

Chart 9. Unemployment level as compared with indicators for the Luhansk oblast and Ukraine

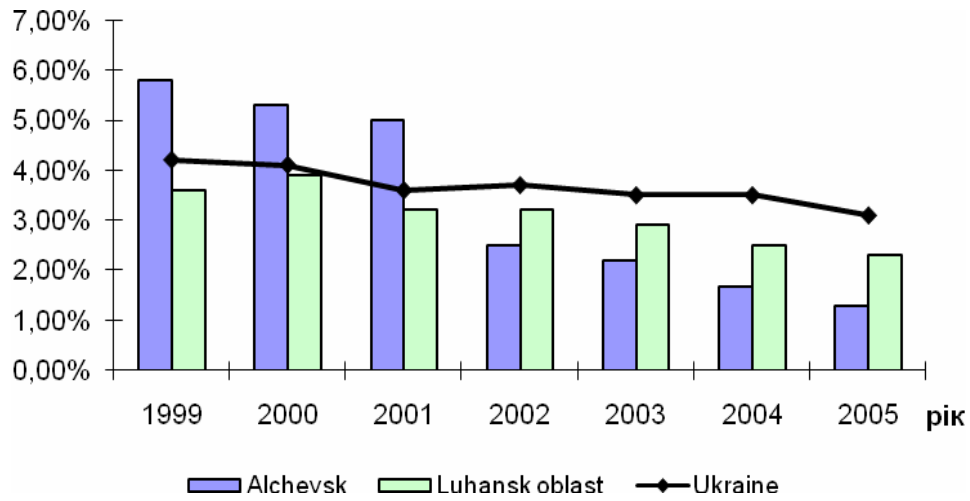


Table 15. Number of jobless per vacancy as of December 31 (number of registered jobless divided by the number of vacancies)

	1999	2000	2001	2002	2003	2004	2005	2006
city of Alchevsk	36	17	16	7	5	4	2	3
Luhansk oblast	11	9	8	6	6	4	4	
Ukraine	24	17	11	9	7	6	5	

Chart 10. Dynamics of jobless per vacancy as compared with similar indicators for the Luhansk oblast and Ukraine (persons)

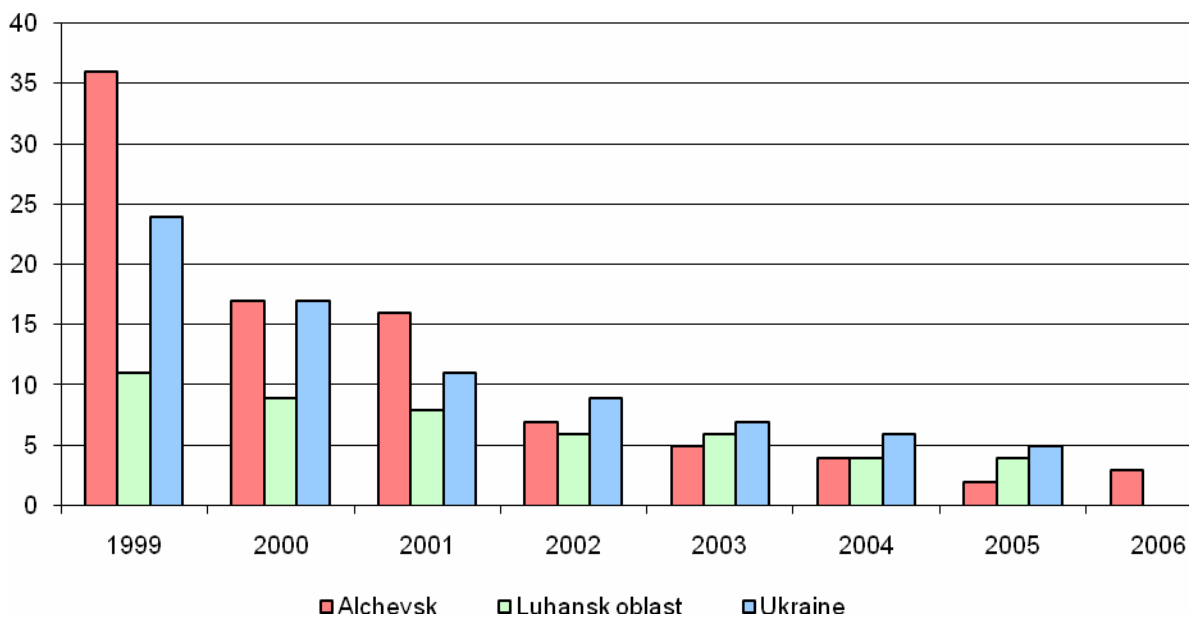


Table 16. Registered jobless by their educational level

	1999		2000		2001		2002		2003		2004		2005		2006	
	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %
Basic comprehensive secondary	145	4.12	128	4.58	101	4.92	65	3.85	53	3.17	17	1.52	26	3.01	16	1.66
Completed comprehensive secondary	685	19.47	550	19.66	410	19.97	299	17.72	275	16.47	216	19.27	169	19.54	167	17.31
Vocational	1,276	36.27	1,020	36.47	760	37.02	618	36.63	528	31.62	366	32.65	250	28.90	297	30.78
Basic higher	877	24.93	685	24.49	492	23.96	444	26.32	555	33.23	317	28.28	249	28.79	277	28.70
Completed higher	535	15.21	414	14.80	290	14.13	261	15.47	259	15.51	205	18.29	171	19.77	208	21.55

Table 17. Registered jobless by the duration of their unemployment period

	1999		2000		2001		2002		2003		2004		2005		2006	
	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %	per-sons	struc-ture, %
Up to 1 month	170	4.83	196	7.01	236	9.54	180	10.67	170	11.56	121	10.79	75	8.67	129	13.37
1-3 months	387	11.00	392	14.02	320	12.94	370	21.93	317	21.56	289	25.78	219	25.32	297	30.78
4-6 months	528	15.01	510	18.23	484	19.57	412	24.42	428	29.12	323	28.81	224	25.90	238	24.66
7-9 months	457	12.99	334	11.94	299	12.09	324	19.21	231	15.71	193	17.22	128	14.80	116	12.02
10-12 months	396	11.26	321	11.48	270	10.92	264	15.65	178	12.11	117	10.44	122	14.10	109	11.30
13-18 months	669	19.02	620	22.17	584	23.62	107	6.34	103	7.01	66	5.89	77	8.90	59	6.11
19-24 months	348	9.89	201	7.19	144	5.82	19	1.13	33	2.24	8	0.71	13	1.50	14	1.45
25-36 months	360	10.23	93	3.32	66	2.67	9	0.53	8	0.54	4	0.36	5	0.58	3	0.31
Over 36 months	203	5.77	130	4.65	70	2.83	2	0.12	2	0.14	0	0.00	2	0.23	0	0.00

The average unemployment period in 2004 constituted 7.0 months, with 7.3 months in 2005 and 2006.

Table 18. Age structure of registered jobless (persons)

	1999	2000	2001	2002	2003	2004	2005	2006
15-17 years old	10	10	12	12	12	6	4	4
18-27 years old	851	651	690	462	462	397	286	469
28 years old – pre-pension age	90	110	111	80	80	65	65	73
Other categories	2,567	2,026	1,240	1,133	916	653	510	453

* Pre-pension age: females aged from 53 to 55; males aged from 58 to 60.

Table 19. Comparison table for the structure of registered jobless (%)

	1999	2000	2001	2002	2003	2004	2005	2006
Registered at the employment agency for more than 6 months	69.16	60.74	57.95	42.98	37.76	34.61	40.12	31.19
18-27 years old	24.19	23.27	33.61	27.39	31.43	35.41	33.06	46.95
28 years old – pre-pension age	2.56	3.93	5.41	4.74	5.44	5.80	7.51	7.31
Higher education	40.14	39.29	38.09	41.79	48.74	46.57	48.55	50.26
Females	69.00	71.00	77.00	67.00	69.00	71.00	70.00	69.00
Disabled persons	0.10	0.10	0.20	0.20	0.70	2.10	3.60	0.10

The level of female employment remains a problem. However, at the time when the labour market used to be characterised by the lack of vacancies for females, there were either no women to fill in such vacancies as gas-cutters, electric welders, turners, seamstresses, and nurses, or their qualifications did not meet the professional requirements.

By the age structure of registered jobless, the biggest share is represented by persons who are 18 – 27 years old. This means that companies are unwilling to hire young and inexperienced persons without qualifications and skills. In order to support the unemployed with their self-employment or launching their own businesses, the city provides them with unemployment benefits (in 2006 such assistance was provided to 62 persons), offer them employment opportunities at additional vacancies, which were created with the help of subsidies given to employers (37 persons in 2006), offer professional training upon the recommendation of the employment agency (up to 9% of the total jobless registered at the employment agency).

Chapter Resume:

In 2006 the unemployment level increased from 1.29% to 1.44% as compared with the previous year. This was caused by the labour force laid off at the city-forming enterprises due to their technical renovation. By their age structure, most of the unemployed are represented by the age of 18-27 years old and the jobless with higher education. This tendency has an upward trend. The percentage of unemployed females remained high throughout the whole year and was about 70 %.

V. ECONOMY

V.A. BUSINESS ENTITIES

Business activities play one of the most important and decisive roles in the social and economic development of the city. As of December 31, 2006, 2,321 business entities were registered in the city (ЄДРПОУ - Unified State Registrar of Ukraine). 999 companies constitute 43% of the total number of legal persons, including 802 small business companies (80%).

The number of all local business entities in the Unified State Registrar of Ukraine increased 1.7 times as compared with 1996 and that of small business increased 1.5 times.

Table 20. Registered business entities (legal persons) as of December 31 (entities)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Legal persons (all entities in the unified State Registrar of Ukraine)	1,330	1,452	1,572	1,649	1,770	1,831	1,892	1,975	2,083	2,236	2,321
including business entities (legal persons)	625	651	711	793	796	802	811	826	909	945	999
including small businesses	532	555	620	695	699	701	703	706	730	757	802

As of December 31, 2006, the number of physical persons (represented by entrepreneurs) constituted 4,055, which is 1.6 times more as compared with 1996.

Table 21. Registered business entities (physical persons represented by entrepreneurs) as of December 31 (persons)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Physical persons (entrepreneurs)	2,530	2,605	2,686	2,772	2,856	2,997	3,050	3,102	3,216	3,529	4,055

Table 22. Registered business entities per 1,000 residents (entities)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Legal persons											
Alchevsk	10.73	11.88	13.06	13.72	14.75	15.36	15.99	16.79	17.80	19.18	20.03
Luhansk oblast						12.89	13.66	14.57	15.37	16.24	
Ukraine					17.14	18.34	19.49	20.68	21.73	22.90	
Physical persons											
Alchevsk	20.40	21.32	22.31	23.06	23.8	25.14	25.78	26.38	27.49	30.27	34.99

Chart 11. Dynamics of the number of registered business entities (legal persons) per 1,000 residents (entities)

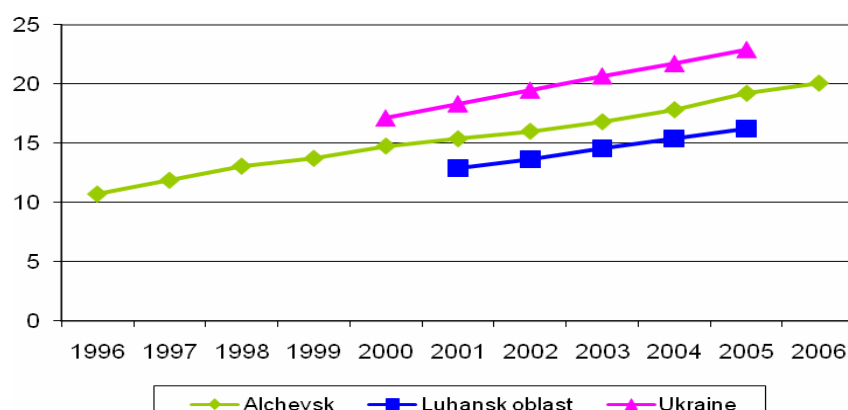


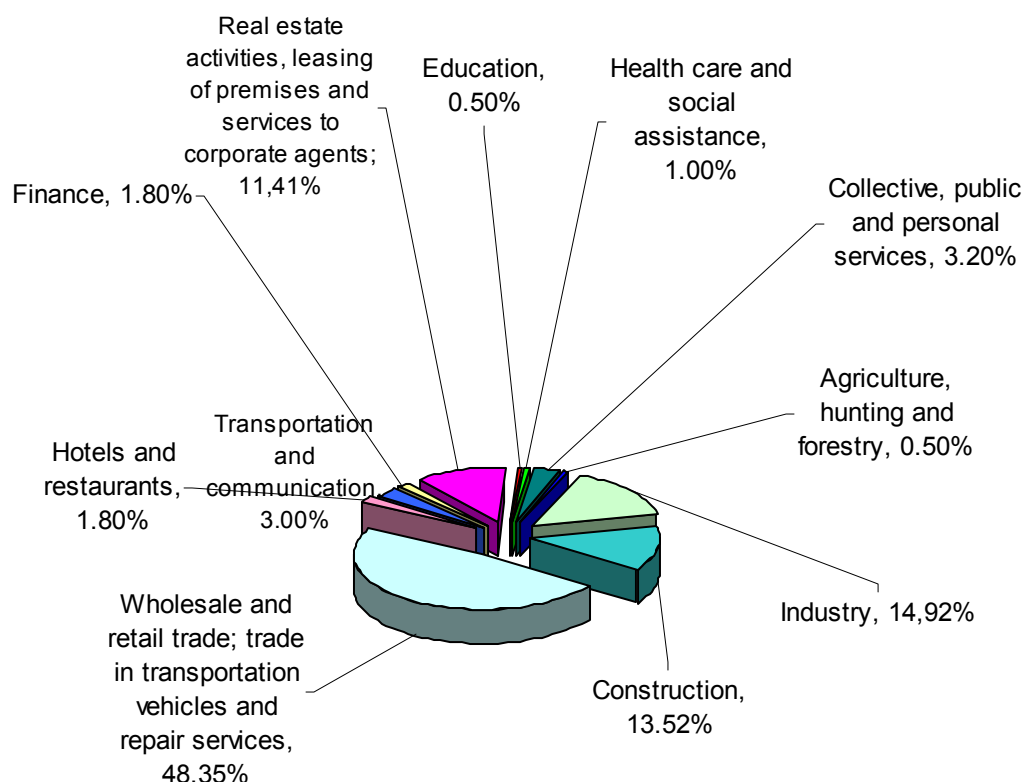
Table 23. Registered business entities by types of activities (entities)

Types of activities	1998	1999	2000	2001	2002	2003	2004	2005	2006		
									Total	Including	
										big and medium-sized	small
Agriculture, hunting and forestry	1	3	3	2	2	2	6	8	5	1	4
Industry, including:	122	123	117	132	138	142	141	143	149	23	126
<i>extractive industry</i>	2	2	2	4	4	5	5	6	5	1	4
<i>processing industry</i>	117	116	112	125	131	134	133	133	139	19	120
<i>generation and distribution of electricity, gas and water</i>	3	5	3	3	3	3	3	4	5	3	2
Construction	49	58	50	68	74	75	90	114	135	26	109
Wholesale and retail sale; trade in transportation vehicles and repair services	405	462	454	422	407	420	471	462	483	131	352
Hotels and restaurants	25	22	21	20	23	23	24	23	18	1	17
Transportation and communication	26	28	30	24	28	29	24	33	30	5	25
Finance	6	8	6	8	8	6	7	5	18	1	17
Real estate activities, leasing of premises and services to corporate agents	42	54	73	84	84	85	99	111	114	6	108
Education	6	6	7	6	7	6	8	8	5	-	5
Health care and social assistance	3	5	4	2	6	6	6	8	10	-	10
Collective, public and personal services	26	24	31	34	34	32	33	30	32	3	29
TOTAL	711	793	796	802	811	826	909	945	999	197	802

The table demonstrates the distribution of business entities by types of activities. Of the 999 registered business entities in 2006, the biggest share is represented by companies engaged in trade – 483 entities (48.3%). Industrial enterprises constitute 15%, construction companies take up – 13.5%, companies engaged in real estate activities occupy – 11.4%, transportation and communication companies constitute – 3%, and other companies represent – 8.8%.

One should mention the changes that took place over the last couple of years in the structure of business entities. As compared with 1998 the number of construction companies has increased 2.8 times, the number of companies operating in the retail and wholesale trade and services sectors increased by 19 %, the number of companies in the finance sector increased 3 times, and the number of health care institutions increased 3.3 times.

Chart 12. Distribution of business entities by types of activities in 2006



Most of the local enterprises are represented by small businesses (80%). As of January 01, 2007, these companies offer employment opportunities to more than 4 thousand persons. In addition to that, small businesses in the city are represented by physical persons (entrepreneurs). The number constitutes 4.1 thousand persons.

Being the most dynamic and most mobile sector of the local economy, small businesses determine the rate for the economic growth and create a competitive environment.

In 2006, 850 new jobs were created in this sector. The total amount of proceeds from the small business area to the city budget constituted 11.7 million UAH.

Table 24. Volume of sales of products and services by types of activities in current prices (thousand UAH)

	2001	2002	2003	2004	2005	2006
Agriculture, hunting, forestry and fish industry	525.3	524	602.1	2,631.5	5,807.6	7,515.9
Industry, including:	2,510,108.0	2,682,838.3	3,863,420.1	6,113,618.7	6,699,643.9	9,536,445.1
<i>extractive industry</i>	1,448.9	0	2,255.0	1,180.2	1,014.5	111,832.6
<i>processing industry</i>	2,487,020.7	2,660,569.0	3,836,684.1	6,086,180.7	6,660,628.1	9,374,508.0
<i>generation and distribution of</i>	21,638.4	22,269.3	24,481.0	26,257.8	38,001.3	50,104.5

<i>electricity, gas and water</i>						
Construction	26,753.3	32,469.8	32,402.2	64,943.4	109,553.6	457,171.0
Wholesale and retail sale; trade in transportation vehicles and repair services	955,443.7	2,451,890.4	1,584,258.3	3,368,049.7	2,933,720.9	3,013,514.8
Hotels and restaurants	51,667.2	1,252.3	23,307.7	3,015.2	4,675.2	4,170.4
Transportation and communication	9,900.9	11,018.6	755,173.9	20,868.8	65,059.7	50,454.5
Finance	297,657.1	372.0	400.3	627.2	17,535.2	15,098.0
Real estate activities, leasing of premises and services to corporate agents	40,392.5	37,076.2	18,375.4	23,454.3	32,971.6	253,061.0
Education	3,174.5	1,606.3	1,812.6	1,897.0	1,954.9	84.0
Health care and social assistance	14.0	20.8	207.9	69.6	795.3	1,177.1
Collective, public and personal services	2,182.1	3,049.8	3,852.4	4,554.7	8,986.3	15,888.5
TOTAL	3,897,818.6	5,222,118.5	6,283,812.9	9,603,730.1	9,880,704.2	13,354,580.3

The city industrial sector accounts for the biggest amount of the 2006 sales and constitutes 71.4% of the total sales of products and services in the city. This is explained by the fact that the industrial sector, which includes two city-forming enterprises, such as the Alchevsk Metallurgical Plant OJSC and AlchevskKoks OJSC, takes a leading position in the city economy.

The volume of sales of products and services in the trade sector constitutes 22.6% of the overall sales in the city, with 3.4% for the construction sector, 0.4% in the transportation and communication sector, 1.9% in the real estate sector, and 0.3% in other sectors of the city economy.

Table 25. Companies in the city by the number of their employees (entities)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
0 (self-employed persons)	2,530	2,605	2,686	2,772	2,856	2,997	3,050	3,102	3,216	3,529	4,055
	80.19%	80.01%	79.16%	78.66%	78.12%	78.89%	79.00%	78.97%	77.96%	78.86%	80.23%
1-20 employees	525	550	604	646	684	684	688	693	778	820	877
	16.64%	16.89%	17.80%	18.33%	18.71%	18.00%	17.82%	17.64%	18.86%	18.32%	17.35%
21-100 employees	74	75	77	80	90	92	97	105	97	96	92
	2.35%	2.30%	2.27%	2.27%	2.46%	2.42%	2.51%	2.67%	2.35%	2.15%	1.82%
101-500 employees	21	21	21	21	21	21	21	23	29	25	25
	0.67%	0.64%	0.62%	0.60%	0.57%	0.55%	0.54%	0.59%	0.70%	0.56%	0.49%
501-1,000 employees	3	3	3	3	3	3	3	3	3	3	3
	0.10%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.07%	0.07%	0.06%

1,001-5,000 employees	1	1	1	1	1	1	1	1	1	1	1
	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%
More than 5,000 employees	1	1	1	1	1	1	1	1	1	1	1
	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%

The following enterprises operate in the city: one company whose number of employees constitutes more than 5,000 (this is the Alchevsk Metallurgical Plant OJSC with 20,370 employees), one company with the number of its employees ranging from 1,001 to 5,000 (this is the AlchevskKoks OJSC with 3,716 employees), three companies with the number of their employees ranging from 501 to 1,000 (these are: the Alchevsk Housing and Utilities Company with 613 employees, the AlchevskTeploComunEnerho [*Alchevsk communal district heating and energy*] company with 548 employees, and the AlchevskPasTrans [*Alchevsk passenger transportation*] Communal Enterprise with 513 employees), twenty-five companies with the number of its employees ranging from 101 to 500 (these include: the Alchevsk Water Supply and Sewage Communal Company, DonbasDomnaRemont [*Donbas blast furnace repairs*] Joint Company, UkrEnerhoChorMet #1 [*Ukrainian energy and ferrous metals*] Joint Company, Bulat-S Small Enterprise, AlchevskSpetsOdyahServis [*Alchevsk working clothes services*] Closed Joint-Stock Company (CJSC), UkrAhroTrade [*Ukrainian Agricultural trade*] State-Owned Enterprise, Steel Shots Factory, Ltd., KhimMontazh [*chemical assembly*], Ltd., Edykt Small Private Company, Alchevsk Affiliation of the LuhanskVoda [*Luhansk water*] Company, Enerhiya [*energy*], Ltd., Lorhus, Ltd. Private Company, Budivelnik [*builder*] – 2004, Ltd., ElektroMontazh [*electrical assembly*] Construction Unit - 450, MekhanoMontazh [*mechanical assembly*] Construction Unit – 212, and other. In addition to that, 92 companies with the number of their employees ranging from 21 to 100, 877 companies with the number of their employees ranging from 1 to 20, and 4,055 private entrepreneurs operate in the city.

Small companies with the number of their employees ranging from 1 to 20 constitute the biggest share of small businesses in the city economy.

Characteristics of the city industry

The industrial sector takes the leading position in the city economy and plays one of the leading roles in the economy of the oblast. One fifth of products manufactured in the city is represented by the Alchevsk enterprises, including 100 % of agglomerate, cast iron, steel, finished steel and coke, more than half of sulphuric acid, one third of cast iron and steel moulding, and one fourth of cereals.

The city industrial sector is represented by the following industries:

- ferrous metallurgy;
- coke production;
- chemical industry;
- wood processing;
- construction materials production;
- machine building;
- light industry;
- food industry;
- polygraphic industry;
- other industries.

The prevailing industries are: ferrous metallurgy and coke production (their share constitutes 99.1% in the overall industrial output).

Ferrous metallurgy is represented by the following companies: Alchevsk Metallurgical Plant OJSC (its main types of products are: cast iron, steel, and finished steel), Steel Shots Factory, Ltd. (steel shots), Spektr [*spectrum*] Company of the Blind and Deaf (metal processing).

Coke production is represented by the AlchevskKoks OJSC (blast furnace coke, sulphuric acid, ammonium sulphate).

Chemical industry is represented by the Alchevsk Carbide Factory OJSC (lime).

Wood processing industry is represented by the Construction Materials Factory (windows and doors).

Construction materials production is represented by the PromBudVuhillya [*industrial and construction coal*], Ltd. (concrete products).

Machine building is represented by the UkrChorMet #1 Joint Company (repairs of metallurgical equipment), DonbasDomnaRemont Joint Company (metallurgical equipment repairs), KhimMontazh, Ltd. (metallurgical equipment repairs), Olan Small Private Company (agricultural machinery repairs).

Light industry is represented by the AlchevskSpetsOdyahServis CJSC (working clothes).

Food industry Gesson, Ltd. (confectionery), UkrAhroTrade State-Owned Enterprise (buckwheat).

Polygraphic industry is represented by the Alchevsk Printing House OJSC (printed products).

Other industries are represented by the HidroMekh Small Company (processing of metal leftovers and ferrous scrap metal), EnerhoSplav [*energy melting*], Ltd. Scientific and Manufacturing Company (processing of metal leftovers and nonferrous scrap metal).

Brief characteristics of main industrial enterprises

Alchevsk Metallurgical Plant OJSC

This is a leading metallurgical enterprise in the Luhansk oblast and one of the biggest metallurgical enterprises in Ukraine. The history of the plant originates in 1895 from the moment the first blast furnace was built at the metallurgical enterprise of the Donetsk-Yuryivka Metallurgical Society, whose founder was Oleksiy K. Alchevskyi.

The plant produces a wide variety of metallurgical products which meet international standards, such as: agglomerate, cast iron, steel, and finished steel. The products of the plant are in high demand not only on the Ukrainian market, but abroad as well. In 2006, the share of this company in the overall sales of industrial products in the city constituted 72%.

A large-scale technical re-equipment and introduction of new technology and equipment has been performed at the enterprise since the second half of 2003. Continuous Casting Machine (CCM) #1, the first stage of the oxygen-converter plant, and CCM #2 were put into operation. The construction of a combined-cycle plant designed for the generation of electricity using the low-calorie discharge metallurgical gas as fuel. The plant has 9 quality certificates for finished steel, which is its end product. In 2006, the company was the winner of the 2006 Best National Product of the Year All-Ukrainian Competition. This award was given to the company for its continuous casting slabs. The high evaluation of the performance of the company testifies to the fact that the efforts aimed at introduction of new technologies yields good results in the competitiveness of manufactured products and access to new markets.

AlchevskKoks OJSC

This is one of the biggest coke production and chemical recovery enterprise not only in Ukraine, but also in the CIS countries. The construction of the factory started in 1927, whereas already in 1929 the company began to produce its first coke.

The products of the company include: blast-furnace coke, ammonium sulphate, sulphuric acid, and crude benzol. In 2006, the share of the company in the sales of industrial products constituted 25%.

The AlchevskKoks OJSC is also engaged in its technical re-equipment. The first stage of the 10-BIC Coke-Oven Battery was put into operation. The battery is equipped with the dry coke quenching unit. The use of such technologies will allow to reduce the emission of air pollutants and improve the sanitary and hygiene work conditions. The company designed and introduced the automated process control system (APCS), which includes the Coke APCS for the 10-BIC Coke-Oven Battery and the APCS for dry coke quenching. These systems are interrelated and envision the automated exchange of the necessary information. The company's products (blast-furnace coke) were acknowledged as one of the best products at the All-Ukrainian 100 Best Ukrainian Products Competition. This also testifies to the proper level of technical re-equipment of the enterprise.

Steel Shots Factory, Ltd.

This enterprise is the only producer of steel shots in Ukraine. The enterprise was founded in 2003. The manufacturing facilities of the factory allow the company to produce at least 22 thousand tons of spherical acute-angled processed steel a year. The manufacturing processes are based on best international experience and the technological cycle meets European standards. In 2004, the company purchased a packaging line for packing the shots. The line is the same as can be found at similar companies in the rest of the world. The quality of the products allows the factory to retain the leading positions among peers and to successfully compete at the world markets. The products of the company enjoy high demand in Ukraine, CIS countries and abroad.

Alchevsk Carbide Factory, Ltd.

The factory was put into operation in 2002. Nowadays, the company's products (lime) are in demand throughout Ukraine.

Alchevsk DonbasDomnaRemont Joint Company

The metallurgical equipment repair factory was founded in 1938. Over the time of its history, the company made a significant contribution in repair and reconstruction technologies for huge metallurgical companies and units.

Alchevsk UkrEnerhoChorMet #1 Joint Company

The company was founded in 1931. It performs repairs works, manufacture and assembly of steam boilers, steam and hot water pipes; industrial pipelines for blast-furnace, coke, ferroalloy and natural gases.

AlchevskSpetsOdyahServis CJSC

This is a modern sewing company with new equipment imported from foreign countries. The company was created in 1962. The main products of the company are working clothes, which are used at city enterprises and beyond. The company constantly introduces new technologies and the qualifications of its technical staff and workers are growing by the year.

Alchevsk Printing House OJSC

The company was founded in 1929 as the Alchevsk City Print Shop. The main types of activities include printing newspapers, forms and posters. Over the years of its history, the company has considerably changed its technological processes to produce printing products. Presently, the company has completely switched over to offset printing. However, the equipment of the enterprise, for its most part, has morally and physically depreciated and need to be replaced.

Gesson, Ltd.

This is one of the leading producers of confectionery. The company was founded in 1997. The manufacturing processes at the enterprise are based on 'home-style baking' recipes use to produce high-quality products of natural ingredients and [process them on the high-technology Italian and Ukrainian equipment. Confectionery products manufactured at the Gesson Company successfully compete on the oblast market. The management of the company see their future in expanding the variety of products and opening a network of company-owned stores and a café.

UkrAhroTrade State-Owned Enterprise

This is a factory to produce buckwheat and was founded in 2001. The UkrAhroTrade Enterprise has modern equipment and its technological processes meet all standards. This enables the company to manufacture their products from the environmentally-clean and highest quality grain. The company has managed to secure its proper position on the food market in Ukraine. The UkrAhroTrade is successfully developing its foreign markets and their products sell well in the CIS countries. In June 2004, the company received an international award and a gold medal for high quality of its business practices.

Midas, Ltd.

Midas, Ltd. was founded in 1996. The company is engaged in the purification of potable water and production of the Zolota Rosa [*golden dew*] potable water. The company uses high technology imported equipment for water purification. The company's products are in high demand on the oblast market.

Chapter Resume:

The economic growth in the city began as early as in 2000. The subsequent years were characterised by the stabilisation of the economy and financial revival of the city infrastructure.

In 2006, the former economic development environment was faced with a new and decisive factor of economic growth associated with increased energy costs.

Nevertheless, the city economy has preserved its positive trend, despite the increased costs for energy resources, and the growth rate of industrial products output in 2006 constituted 110.6% in compared prices.

Based on the estimated 2007 performance, the growth rate of industrial products output will reach 114.8 % as compared with the corresponding period of the last year.

Table 26. Structure of exports of goods (thousand USD)

	2001	2002	2003	2004	2005	2006
Livestock and livestock products	-	-	-	-	-	-
Phytogenic products	11.3	13.6	200.8	1,140.6	1,151.4	1,581.3
Oils and animal fats	-	-	-	-	-	-
Ready-made hot food	-	-	-	-	-	-
Mineral products	3,770.4	3,199.4	3,317.9	2,411.9	2,380.3	2,622.2
Products of chemical industry and related industries	2,689.4	1,547.2	4,062.4	4,360.5	4,673.0	3,713.0
Polymeric materials, plastic and caoutchouc	-	-	-	-	-	-
Raw leather and fur and goods made of them	-	-	-	-	-	-
Wood and products made of	-	-	-	-	-	-

	2001	2002	2003	2004	2005	2006
wood						
Stuffs of wood or other fibre cellulose materials	-	-	-	-	-	-
Textiles and textile goods	-	-	-	-	-	-
Footwear, hats, umbrellas	-	-	-	-	-	-
Goods made of stone, gypsum, cement, ceramics, and glass	-	-	-	-	-	-
Non-precious metals and goods made of them	139,782.7	197,957.0	239,463.9	506,781.3	534,173.3	1,158,381.1
Mechanic equipment; machines and units; electrical equipment and parts; sound and image recording and playing devices	400.2	49.0	138.6	105.6	43.7	245.3
Transportation vehicles and road equipment	-	65.7	-	-	-	56.0
Optical devices for photography and cinematography; medical and surgery devices; watches; musical instruments	-	-	-	-	3.5	-
Miscellaneous manufactured goods	-	13.9	-	-	-	-
TOTAL	146,654.0	202,855.8	247,183.6	51,4799.9	542,425.2	1,166,598.9

In 2006, the volume of exports of goods in the city constituted 1,166.6 million USD, or 38.9% of the total oblast volume. This represents the more than 2 time increase as compared with 2005.

Metallurgical industry products (finished steel and steel shots) are the main products to be exported. Their share constitutes 99% in the total overall of output and the output of chemical industry (fertilizers).

City enterprises export their products to almost all countries in the world. The main exporters are: the Alchevsk Metallurgical Plant OJSC, AlchevskKoks OJSC, and Steel Shots Factory, Ltd. Foreign countries take the biggest share of exports with 94.9 %, whereas the CIS countries account only for 5.1 %.

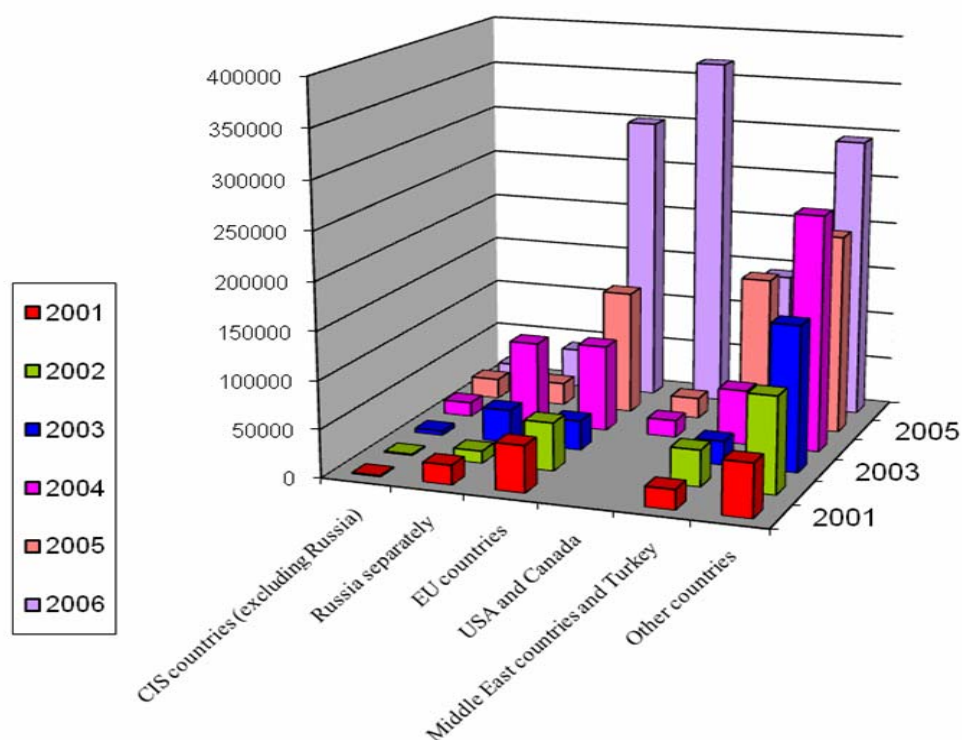
The biggest amounts of exports are made to European countries, such as Germany and Hungary, as well as to the USA.

In 2007, the total volume of exports is expected to reach 1,200 million USD.

Table 27. Geographic structure of exports (thousand USD)

	2001	2002	2003	2004	2005	2006
CIS countries (excluding Russia)	1,408.4	1,452.7	4,710.4	14,949.3	21,090.1	17,736.2
Russia separately	20,390.1	12,775.2	34,779.0	87,179.2	23,642.3	41,429.7
EU countries	48,583.7	50,160.5	30,730.0	90,634.9	130,152.8	300,822.4
USA and Canada	-	-	-	17,976.6	21,595.0	368,562.5
Middle East Countries and Turkey	20,748.3	37,980.9	24,907.7	57,480.9	157,138.1	143,636.4
Other countries	55,523.5	100,486.5	152,056.5	246,579.0	208,806.9	294,411.7
TOTAL	146,654.0	202,855.8	247,183.6	514,799.9	562,425.2	1,166,598.9

Chart 13. Geographic structure of exports (thousand USD)



The analysis of the geographic structure of exports in 2006 shows an increase of export transactions with Russia, EU countries, USA and Canada coupled with the decrease of exports with the Middle East countries and Turkey.

Table 28. Structure of foreign direct investments by source country (thousand USD)

	2006		Total, since 1990	
	absolute	% of the total	absolute	% of the total
Germany	-	-	-	-
Cyprus	6,590.5	90.99%	64,533.0	90.25%
Austria	-	-	-	-
Great Britain	-	-	-	-
Netherlands	-	-	1,053.5	1.47%
USA	-	-	-	-
Russia	-	-	1.7	0.002%
France	-	-	-	-
British Virginia Islands	-	-	-	-
Switzerland	-	-	1,053.6	1.47%
United Kingdom	-	-	1,779.8	2.49%
Denmark	-	-	2,411.3	3.37%
Poland	-	-	19.4	0.03%
Sweden	-	-	0.8	0.00%
Serbia and Montenegro	652.8	9.01%	652.8	0.91%
Other countries	-	-	-	-
TOTAL	7,243.3	100.00%	7,1505.9	100.00%

In 2006, the total volume of foreign direct investments constituted 71.5 million USD and was characterised by an upward trend.

In 2006, the city proper received 7.2 million USD of foreign direct investments. These investments, for the most part, were channelled to the reconstruction of the city-forming enterprises, such as the Alchevsk Metallurgical Plant OJSC and AlchevskKoks OJSC.

One can observe a steady upward trend for capital investments in the city. In 2006, 2,210.3 million UAH of capital investments received from various sources were spent. About 96% of all capital investments were made in capital assets including 94% in capital construction, with the remaining funds going to purchases of machinery and equipment. By the source of funds, the biggest share (93%) is represented by company's own funds. The biggest share in investment made in the city is represented by the Alchevsk Metallurgical Plant OJSC (70.5%) and AlchevskKoks OJSC (24.1%).

Chapter Resume:

Despite the growth of the total volume of capital investments in the city, one should mention that this growth is concentrated predominantly at the companies, which yield most of the city budget revenues. Most of enterprises in the city still need investment funds including foreign direct investments. The attraction of investments in the city economy would create conditions both to increase the volume of industrial output and to get additional sources of funding to assist local governments in resolving social and economic issues.

V.B. MAJOR EMPLOYERS

Table 29. Major employers

№	Enterprise, organisation, institution	Type of activities (main)	Number of employees in 2006
1	Alchevsk Metallurgical Plant OJSC	manufacture of metallurgical products: agglomerate, cast iron, steel, rolled iron	20,370
2	AlchevskKoks OJSC	manufacture of chemical recovery products: blast furnace coke, sulphuric acid, ammonia sulphate	3,716
3	Alchevsk Housing Maintenance Oblast Communal Company	residential housing stock maintenance services	613
4	AlchevskTeploKomunEnerho Communal Company	district heating services	548
5	AlchevskPassTrans Communal Company	passenger transportation services	513
6	DonbasDomnaRemont Joint Company	repairs of metallurgical equipment	376
7	UkrVtorChorMet Joint Company	repairs of metallurgical equipment	319
8	Alchevsk Affiliation of the LuhanskVoda Company	distribution of water	351
9	Alchevsk Water Supply and Sewage Communal Company	water supply and sewage	302

№	Enterprise, organisation, institution	Type of activities (main)	Number of employees in 2006
10	Bulat – S Small Enterprise	retail trade, catering services	290
11	Steel Shots Factory, Ltd.	manufacture of metallurgical products: steel shots	204
12	Supply Department of the Alchevsk Metallurgical Plant OJSC	soft drink production, catering services	180
13	AlchevskSpetsOdyah-Servise CJSC	manufacture of garments	170
14	UkrAhroTrade State-Owned Enterprise	buckwheat production	170
15	KhimMontazh, Ltd.	repairs of metallurgical equipment	123
16	Edykt Small Private Company	retail trade, manufacture of confectionery products	113
17	ElektroMontazh Construction Unit – 450	construction	168
18	MekhanoMontazh Construction Unit – 212	construction	136
19	Budivelnyk – 2004 Ltd.	construction	126
20	Prestyzh, Ltd.	retail trade	87
21	Bistro Communal Enterprise	catering services	70
22	Alchevsk Road Maintenance Section Communal Enterprise	road maintenance services	68
23	Enerhosplay, Ltd. Scientific and Manufacturing Company	processing of metal waste and non-ferrous scrap metal	64
24	Gesson, Ltd.	manufacture of confectionery products	63
25	Mechanical Unit Communal Enterprise	construction	55
26	DomenBud [<i>blast furnace construction</i>] Joint Company	construction	54
27	HydroMech Small State-Owned Company	processing of metal waste and ferrous scrap metal	49
28	Alkar, Ltd.	lime production	48
29	Spektr Company of the Blind and Deaf	manufacture of hardware and joinery	46
30	ZenelHosp [<i>greenery plantation</i>] Company	territory improvement services	46

V.C. CITY ECONOMY

Table 30. City budget revenues

A. 2003

	Personal income tax	Profits tax for communal enterprises	Local taxes and fees	Land fee (tax)	Proceeds from leasing communal property	Total tax collections
Total collections from taxes and fees, million UAH	60.65	0.27	2.50	7.13	0.45	80.41
including collections to the city budget, million UAH	45.50	0.19	2.50	4.30	0.45	56.20
Per capita revenues in the city of Alchevsk, UAH	386.90	1.62	21.26	36.56	3.83	477.89
Per capita revenues in Ukraine, UAH	285.01		12.49	42.84		1,145.00

B. 2004

	Personal income tax	Profits tax for communal enterprises	Local taxes and fees	Land fee (tax)	Proceeds from leasing communal property	Total tax collections
Total collections from taxes and fees, million UAH	54.22	0.097	2.60	7.56	0.56	76.0
including collections to the city budget, million UAH	40.70	0.060	2.60	4.50	0.56	52.40
Per capita revenues in the city of Alchevsk, UAH	347.86	0.510	22.22	38.46	4.79	447.86
Per capita revenues in Ukraine, UAH	280.53		11.79	48.69		1,341.0

C. 2005

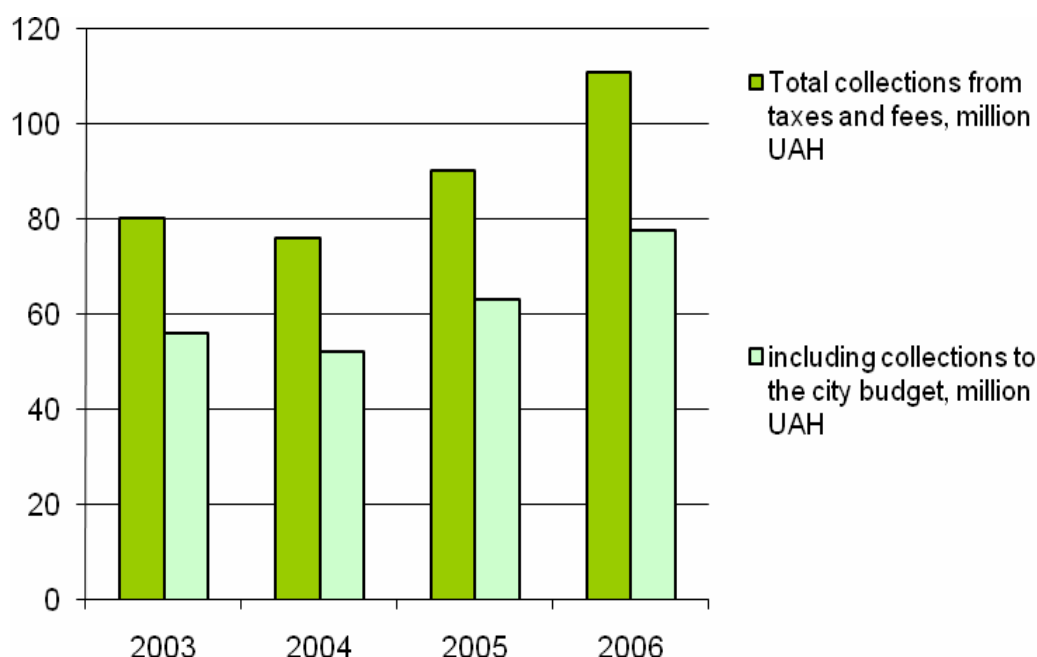
	Personal income tax	Profits tax for communal enterprises	Local taxes and fees	Land fee (tax)	Proceeds from leasing communal property	Total tax collections
Total collections from taxes and fees, million UAH	67.92	0.18	2.70	7.67	0.59	90.21
including collections to the city budget, million UAH	51.00	0.11	2.70	4.20	0.59	63.30

Per capita revenues in the city of Alchevsk, UAH	437.39	0.94	23.16	36.02	5.06	542.88
Per capita revenues in Ukraine, UAH	370.60		12.80	58.14		2,097.69

D. 2006

	Personal income tax	Profits tax for communal enterprises	Local taxes and fees	Land fee (tax)	Proceeds from leasing communal property	Total tax collections
Total collections from taxes and fees, million UAH	86.12	0.16	2.90	8.44	0.68	110.82
including collections to the city budget, million UAH	64.60	0.08	2.90	4.30	0.68	77.80
Per capita revenues in the city of Alchevsk, UAH	557.38	0.69	25.02	37.10	5.87	671.27

Chart 14. Dynamics of taxes and fees in the city of Alchevsk



Chapter Resume:

Personal income tax represents the largest share in the overall structure of city budget general fund revenues – 81.6%. Budget collections from this tax constituted 64.6 million UAH. The actual collections were at 101.7 % of the planned indicators.

Another significant source of funds for the local budget is the land fee, whose share in the total budget revenues constitutes 8%. In 2006, the collections from this tax constituted 6.3 million UAH, which is 100.2% of the planned indicator.

Other sources of revenues constitute 10.4 % in the overall city budget and their actual amounts constitute 104.4% of the planned indicators.

In 2006, the city budget collected 159.8 million UAH including 107.0 million UAH to the general fund and 52.8 million UAH to the special fund.

Collections to the city budget general fund from own and assigned sources of revenues constituted 79.2 million UAH, which constitutes 101.9 % of the approved annual plan.

The 2006 local budget expenditures constituted the following amounts:

- General fund – **107,288.150** thousand UAH, or 98.7% of the annual plan taking into account the 2006 amendments, which is 26,879.478 thousand UAH more than in 2005.
- Special fund – **50.462.773** thousand UAH, or 90.6% of the annual plan taking into account the 2006 amendments, which is 29,976.493 thousand UAH more than in 2005.

As compared with 2005, funds channelled to education increased by 27.9% or 7.5 million UAH, health care – by 29.7%, or 5.1 million UAH, social assistance (taking into account the subvention from the State Budget) – by 48% or 4.1 million UAH, culture and arts – by 913.2 thousand UAH or 43.5%, physical culture and sports – by 346.6 thousand UAH or 46.2%, and local government bodies – by 3.5 million UAH or 94.6 %.

In 2006, the State Budget provided the city with the following subventions: to provide certain types of social welfare to mothers and children in the amount of 4,446.948 thousand UAH (or 100% of the planned amount); to provide preferences and subventions to the population in the amount of 16,433.928 thousand UAH (or 96.7% of the planned indicator); to the social and economic development of regions, to perform accident and man-made disaster prevention activities in the housing and utilities sector in the amount of 2,156.994 thousand UAH (or 88.5% of the planned indicators); to make payments specified in the Law of Ukraine “On Restructuring the Salary Debt Envisioned by Article 57 of the “Law of Ukraine “On Education”, to Teachers, Scientific Research Workers and Other Categories of Employees of Educational Establishments” in the amount of 623.300 thousand UAH (or 100% of the planned indicator); to support orphaned children and children without parents, family-type children’s house children and adopted children in the amount of 3.843 thousand UAH (or 52% of the planned indicator); to conduct elections of National Deputies to the Verkhovna Rada of Ukraine, local councils and city mayors in the amount of 69.561 thousand UAH (or 100% of the planned indicator); to purchase trolley-buses for the city public transportation company in the amount of 549 thousand UAH (or 100% of the planned indicator); and additional subsidies to reduce actual disproportions caused by different financial capacity of budget-financed institutions in the amount of 1,551.200 thousand UAH (or 100% of the planned indicator).

Table 31. Land plots in the city suitable for construction

Available land plots in the city suitable for business purposes

Address, brief description, purpose	Owner (owners with the identification of their share)	Area (m ²)
Land plot located near the site at 128-b Lenin St. Potential use: construction of the car service center	City territorial community in the person of the Alchevsk City Council	approximately 130
Land plot located on the crossroads of the Lenin and Sarmatska Streets. Potential use options:	City territorial community in the person	approximately

Address, brief description, purpose	Owner (owners with the identification of their share)	Area (m ²)
- construction of the shopping center;	of the Alchevsk City Council	10,000
- construction of shopping and office premises;		2,860
- construction of sports and entertainment facilities		2,860
Land plot located in the neighbourhoods of the Metalurg Cinema House in the Gorkyi St. Potential use: construction of shopping facilities	City territorial community in the person of the Alchevsk City Council	approximately 10,000
Land plot located in the neighbourhoods of Secondary School #7. Potential use: construction of sports facilities or a set of open-air sports grounds	City territorial community in the person of the Alchevsk City Council	approximately 8,000
Land plot located at 1 Metalurgiv Ave. Potential use: construction of a residential building with built-in shopping and administrative facilities	City territorial community in the person of the Alchevsk City Council	approximately 10,000

The Land Reform on the territory of the city of Alchevsk started in 1992. Overcoming the state monopoly on land ownership and creating multi-owner land-ownership environment remain the main principles of the Land Reform.

The Luhansk Oblast Council by its Resolution #21/15 of December 9, 2005 approved a Program for Land Relations in the Luhansk Oblast for 2006–2010. The Program sets forth the main areas of the land reform and serves as the foundation to prepare a Program for the Development of Land Relations for 2007–2010 on the Territory of the City of Alchevsk.

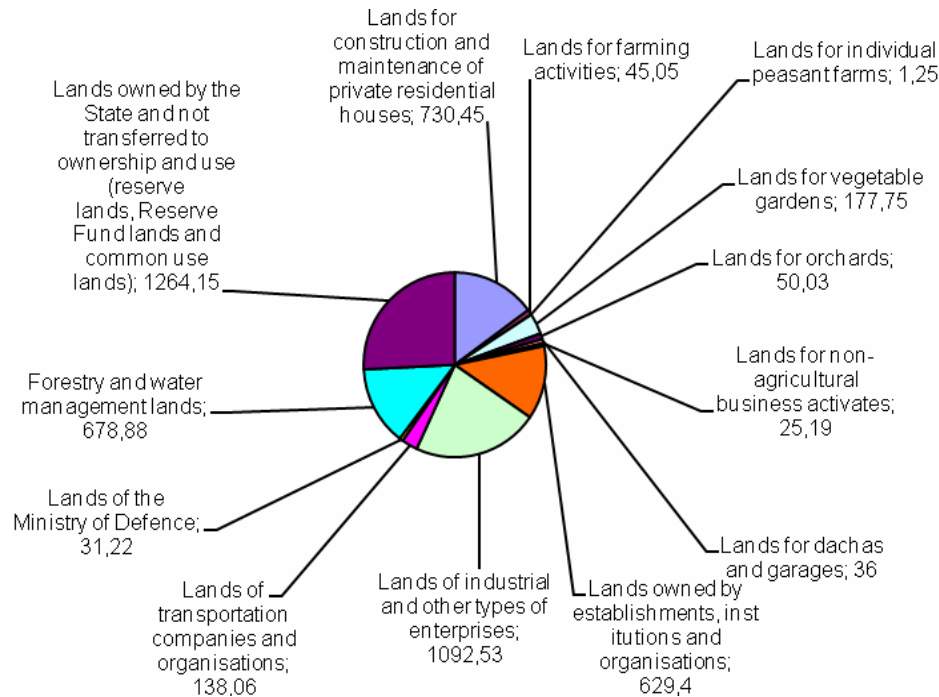
According to the State Statistics Reports, the land resources of the city of Alchevsk cover the area of 4,901 hectares and consist of the following lands:

- lands for construction and private households – 730.4471 hectares;
- lands for private farms – 45.0461 hectares,
- lands for individual household agricultural activities – 1.2511 hectares;
- lands for vegetable gardens – 177.7478 hectares;
- lands for fruit orchards – 50.0325 hectares;
- lands for dachas and construction of garages – 36.0039 hectares; and
- lands for non-agricultural business activities – 25.1887 hectares

Lands owned by establishments, institutions and organisations constitute 629.3975 hectares; lands of industrial and other enterprises constitute 1,092.5341 hectares; those of transportation companies and organisations amount to 138.0633 hectares, lands owned by military organisation constitute 31.2176 hectares, and forestry and water industry lands constitute 678.8798 hectares.

Lands owned by the state, which were not transferred to ownership or use (reserve lands, lands of the reserve fund, and general use lands), occupy 1,264.1530 hectares.

Chart 15. Distribution of land resources of the city of Alchevsk (hectares)



Since the beginning of the Land Reform, inventory of lands was performed on the territory totalling 3,052.0002 hectares, which constitutes 62.27% of the city territory.

At the same time, lands plots of the total area of 117.1936 hectares were transferred to individual ownership to those persons who have the right to privatise land plots, with 34 land plots of the total area of 1.8643 hectares being privatised through the buy-out procedures.

Citizens received 1,685 land ownership titles, with 324 titles for the permanent use of land plots given to legal persons and 861 land lease agreements concluded.

VI. PUBLIC ACCOMMODATION FACILITIES AND INFRASTRUCTURE

The current system of educational establishments in the city is represented by the following institutions:

- Donbas State Technical University attended by 16,195 students;
- Institute for Economy and Management (Higher Business School) attended by 600 students;
- Industrial Technical School of the Donbas State Technical University attended by 1,127 students;
- two professional lyceums and a higher vocational school attended by 1,690 students.

The city comprehensive educational establishments are represented by 16 schools (including two specialised schools), 4 gymnasiums (grammar schools), and 2 training and upbringing centers attended by 9,285 pupils.

The city's 25 infant schools train 3,456 children.

The city has retained the network of its out-of-school educational establishments, which currently includes 7 institutions attended by 3,218 students.

In 2006, the city spent 252,891.82 UAH for capital repairs of comprehensive and infant schools. In 2007, 3,603,833.77 UAH were budgeted for capital repairs of educational establishments.

Table 32. Graduates of educational establishments – secondary and higher (persons)

Type and name of the educational establishment (secondary schools – total)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Secondary schools	2,041	2,015	2,325	2,340	2,403	2,512	2,329	2,412	2,652	2,035	2,207
Donbas State Technical University (DSTU)	754	1,357	1,256	1,492	2,276	1,949	2,003	1,498	3,315	4,296	4,432
Institute for Economy and Management – Higher Business School	476	603	257	115	224	171	122	155	210	258	218
Industrial Collegium of the DSTU	271	225	216	284	350	293	341	325	370	316	361
Alchevsk Professional Lyceum	309	134	261	164	147	163	207	198	246	198	212
Higher Vocational School #40	192	181	176	189	166	196	206	219	258	248	254
Alchevsk Professional Trade and Cooking Lyceum	183	133	211	159	155	156	161	151	140	148	180

Table 33. Capacity of hospitals

Medical institution	Number of beds
Alchevsk City Hospital	430
Medical and Sanitary Unit of the Alchevsk Metallurgical Plant OJSC	220
Alchevsk Maternity House	200
Alchevsk City Children Hospital	100
Alchevsk TB Dispensary	160
Alchevsk Mental Hospital	120
Alchevsk Oncological Dispensary	110
Alchevsk Dermatovenerologic Dispensary	50
Alchevsk TB Sanatorium #1	60
Alchevsk NB Sanatorium #2	50

The capacity of the city medical treatment facilities is 950 beds.

The total supply of hospital beds per 10 thousand residents constitutes 146.3beds.

The planned capacity of out-patient clinics and polyclinics in the city constitutes 2,128 visits per shift.

The supply of medical personnel per 10 thousand residents constitutes:

- physicians – 35.8;
- paramedical personnel – 91.7; and
- junior paramedical personnel – 40.1.

In 2007, the city spent 213.8 thousand UAH of the local budget funds to perform capital repairs of external water supply and sewage systems. Aiming at saving energy resources, the city installed heat meters in some buildings. Three movable mini-power stations worth of 17.6 thousand UAH were

purchased to provide uninterrupted power supply in case of emergency outages.

In addition to that, in 2007, the city used the City of Alchevsk Development Funds to perform reconstruction works of the main building of the city hospital and repair soft and hard roofs of the main and surgery buildings.

Two VAZ - 21214 Niva cars were donated to the service section of the city hospital.

In 2007, the city spent 165.1 thousand UAH of local budget funds to purchase equipment for the city laundry.

Table 34. Consumption of energy (per year)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Electricity (million kWh), including:	1,215.8	1,405.4	1,331.8	1,434.5	1,481.0	1,383.8	1,491.4	1,390.2	1,421.0	1,520.6	1,640.3
- residents	81.9	85.3	71.7	68.8	70.8	67.0	51.0	62.5	96.2	84.0	98.9
- enterprises	1,115.8	1,306.9	1,260.1	1,365.7	1,397.7	1,316.8	1,440.4	1,327.7	1,324.8	1,408.2	1,541.4
Design capacity of transformers (thousand kWh)	33.8	33.8	33.8	33.8	33.8	33.8	33.8	102.4	102.4	102.4	101.7
Gas, total (million m ³)	866.7	818.6	766.3	781.0	788.4	695.5	603.8	669.1	673.1	662.9	612.2
including:	141.8	136.4	113.4	110.7	102.8	81.1	88.3	100.5	43.4	80.6	73.1
- residents											
- enterprises	724.9	682.2	652.9	670.3	685.6	614.4	515.5	568.6	586.4	582.3	539.1
Design capacity (thousand m ³ /hour)	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8
Potable water (thousand m ³)	17,928	15,490	14,073	11,858	11,075	9,868	9,464	8,710	7,817	7,169	6,689
Design capacity (thousand m ³ per day)	15,426	16,077	16,102	16,102	16,315	16,578	16,578	16,603	17,924	17,935	17,935
Heating, total (thousand Giga calories), including:	511.0	494.0	413.0	370.3	338.5	233.3	282.3	302.4	261.0	263.0	257.7
ATKE Company	435.0	470.4	372.0	332.2	332.9	225.4	244.6	265.6	231.7	232.1	226.0
Design capacity, total (Giga calories/hour)	400.3	400.1	399.7	399.2	399.4	365.1	359.7	358.7	358.7	353.5	356.6
including:	387.4	386.6	386.3	354.0	354.4	353.7	347.2	352.5	352.5	347.5	347.8
ATKE Company											

Water supply and sewage

The water supply and sewage services in the city are provided by the Alchevsk Water Supply and Sewage Communal Company, whose services are rendered to 41,438 customers, including 21,742 customers (or 52.5%) equipped with cold water meters. In 2006, the company provided its customers with 6.7 million m³ of water.

The city of Alchevsk does not have its own sources of water. At the moment, the city gets its water from the Slovianoserbskyi Water Pipeline, which gets its water from the Yashynovska, Lopaskinska, Krasnolymanska and Khoroshevska water well groups. The main water supply to the city is done from the pumping station of the third elevation through the two d 800 mm and d 1,200 mm water conduits. The fourth elevation pumping station is situated in the southern part of the city of Alchevsk. The water from this station is transferred through the d 700 mm water conduit to the AlchevskKoks OJSC, Alchevsk Metallurgical Plant OJSC, and to the rest of the city.

City residents have 24-hour water supply.

The water distribution system of the city is 283.1 km long and represents a classical ring distribution system consisting of steel and cast iron pipes of diameters ranging from 50 mm to 500 mm.

The reliability of the 283.1 km long city main water distribution networks is one of the key indicators of the stable performance of the whole water supply system and is characterised by the following requirements:

- utilisation of the corrosion-resistant pipe materials;
- pressure adjustment in the networks;
- liquidation of factors causing secondary water pollution within the water pipes; and
- timely repairs and replacement of broken pipes.

The first stage of the water distribution system in the city of Alchevsk was put into operation in 1907 and by the end of 2007 it consists of 283 km of water conduits.

Due to the lengthy operational time of water distribution networks and constant lack of funds for their repairs and renovation, 78.4% (or 221.94 km) of water pipes are in the worn-out and broken condition.

The state sanitary and epidemiological monitoring of the proper quality of water in the centralised commercial and potable water distribution systems and how it meets the potable water hygiene standards includes the evaluation of the quality of potable water according to the sampling results. The water in the city water distribution networks meets the ГOCT 2874-82 Potable Water Standards.

The first stage of the city sewage system was put into operation in 1907.

The present gravity-flowing city sewage system, which collects drain waters from the developed parts of the city, consists of a number of complicated ground-based and underground engineering structures and communications.

The 171.4 km long sewage networks of the city include pipes of diameters ranging from 25 mm to 600 mm and collectors ranging from 400 mm to 1,500 mm in their diameter, made, for the most part, of asbestos cement and ceramics.

Due to the lengthy operational time of sewage networks, most of them are in the worn-out and broken condition - 64.2% (110 km).

The sewage system of the city of Alchevsk has a general eastward direction where water treatment facilities occupying 43 hectares are located.

The treatment facility receives drain waters from the cities of Alchevsk and Perevalsk.

The first stage of treatment facilities of the city of Alchevsk with the capacity of 16 thousand m³/day was put into operation in December of 1965. The second stage of the Alchevsk treatment facilities with the capacity of 53 thousand m³/day was put into operation in December of 1986.

The total capacity of the treatment facilities constituted 69 thousand m³/day.

Presently, the treatment facilities are in the unsatisfactory condition caused by worn out equipment leading to emergency situations, which can cause unwanted environmental consequences:

- excessive pollution of the Siverskyi Donets river;
- contamination of the neighbouring lands of the village of Mykhaylivka;
- aggravation of sanitary and epidemiological conditions in the region.

Given the fact the equipment is morally and physically depreciated, and aiming at improving the sanitary condition of the city, an investment project called “Reconstruction of the City of Alchevsk Treatment Facilities” was prepared in 2003.

The Reconstruction of the City of Alchevsk Treatment Facilities Project lays out the principal process flow sheet for drain water treatment, implementation of unique engineering solutions with safe electrochemical disinfection allowing to perform high quality drain water treatment and water reuse for production purposes.

The project envisions the reconstruction of the existing facilities, construction of new ones (construction of ЧИЗО blocking units and aftertreatment filters).

In 2006, the city performed the works worth of 378.83 thousand UAH to implement the City of Alchevsk Treatment Facilities Project, with the works worth of 1,028.95 thousand UAH performed in 2007.

Power supply

The city’s power supply network is served by the Alchevsk Rayon Electricity Supply Network Company, which is part of the Sergovska Affiliation of the Luhansk Energy Union, Ltd.

The total length of overhead transmission lines constitutes 1,045 km, with that of cable lines being 363 km. The company serves 243 substations with the total transforming voltage of 101.7 thousand kilowatt.

In 2006, the consumption of electricity in the city constituted 1,640.3 million kWh including 98.9 million kWh of residential consumption.

Gas supply

Gas supply services to city residents are provided by the Alchevsk Inter-Regional Gas-Supply Authority, which is part of the LuhanskGas Ltd. Company through its high-, medium- and low pressure gas pipes of the total length of 278.6 km, as well as through in-yard connections with the total length of 63.5 km.

The general condition of the gas supply system meets the ДБН В.2.5-20-2001 “Gas Supply” requirements and Gas Supply Safety Rules in Ukraine.

The city operates 25 stationary gas-regulating stations including 23 units managed by the Alchevsk Inter-Regional Gas-Supply Authority, 69 cabinet distribution units (with 28 managed by the Authority and 76 cathode stations protecting underground gas pipes from electrochemical corrosion.

The city has connected 46.6 thousand dwellings to the gas supply system (apartments and one-apartment residential houses) including 7.1 thousand private houses. In 2006, 612.2 million cubic meters of gas were supplied to customers including 73.1 million m³ to residents. The level of gas supply constitutes 94%.

Heat supply

The AlchevskTeploComunEnerho [*Alchevsk heat and energy*] Communal Company provides services to 25 boiler-houses which generate and supply heat to residential buildings and industrial companies. The main sources of heat supply are two district boiler-houses: Zavodska and Skhidna.

The overall design capacity is 347.8 Giga calories/hour, natural gas consumption – 34,000 thousand m³, the 2006 total output of heat energy – 263.1 thousand Giga calories, heat supplied to consumers – 226 thousand Giga calories, and heat energy losses – 31.4 Giga calories.

The total length of heat distribution networks (double-pipe calculation) constitutes 117.4 km, with the depreciation of heat distribution networks being 70 %.

The company is taking constant efforts to introduce energy saving technologies. In 2006, the energy-saving saving rate constituted about 100 thousand UAH.

Table 35. Public transportation

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Passengers carried, thousand	109,900	109,200	96,300	96,200	84,400	81,900	79,400	78,200	77,300	76,900	76,500
Total length of routes, km	75.0	75.0	75.0	75.0	75.2	75.2	75.2	75.2	75.2	76.8	76.8
Number of electric transportation routes	9	9	9	9	9	9	9	9	9	9	9
Passenger turnover, million passengers/km	25.0	25.0	24.0	24.0	23.5	23.0	22.5	22.0	21.5	21.0	21.0

The city of Alchevsk has a widely developed network of automobile and electric transportation. There are 24 routes in the city served by the Alchevsk PassTrans Communal Enterprise (CE) and private companies. Public transportation services are provided by 70 trolley-buses, 15 buses and 126 route taxis. In 2006, transportation services were provided to 76.5 thousand passengers including 38.3 thousand carried by trolley-buses, 2.7 thousand by buses, and 35.5 thousand by route taxis. Since 1996, one could observe a downward trend for the number of passengers carried. This situation can be explained by the fact that the number of city resident is decreasing too.

Six traction substations supply of the total capacity of 10.8 thousand kWh electricity for transportation services. The company has two trolley-bus depots for technical maintenance and repairs of the rolling stock. The total length of the aerial contact line is 76.74 km.

Because of the difficult financial situation of the Alchevsk PassTrans CE, its property is in the unsatisfactory technical condition, especially the company's rolling stock, whose operational life has already expired. In other words, 92.2% of it need to be written off. The physical and moral depreciation of trolley-buses inevitably lead to larger and lengthier repair works and breaks in service. Huge load on trolley-buses and excessive operation hours lead to increased number of capital repairs.

The aerial contact line is 71.2% depreciated, including 27.3 km in need of capital repairs and replacement of contact wires.

Aiming at ensuring the stable public transportation services, improved service quality, increased share of electric transportation in the total city passenger services, and priority development of environmentally friendly electric public transportation, the City Council passed its Resolution #22/43 of September 27, 2007 approving the City Public Electric Transportation Development Program for the Period of 2007-2015".

VII. ENVIRONMENT

VII.A. ATMOSPHERE

Table 36. Air pollution

Month	1996			2000			2005			2006		
	SO ₃	NO _x	Dust	SO ₁	NO _x	Dust	SO ₃	NO _x	Dust	SO ₃	NO _x	Dust
January	0.2250	0.03150	0.5350	0.1279	0.01963	0.3729	0.2888	0.0186	0.3267	0.2588	0.0171	0.2786
February	0.2280	0.03013	0.4860	0.2073	0.02404	0.4357	0.1935	0.0127	0.3156	0.3271	0.0194	0.3159
March	0.3061	0.03210	0.5901	0.1090	0.01362	0.3946	0.3621	0.0406	0.4033	0.3483	0.0181	0.3900
April	0.1681	0.01478	0.6154	0.2490	0.03369	0.0450	0.4100	0.0242	0.3781	0.3344	0.0226	0.3844
May	0.1691	0.01392	0.7350	0.2019	0.04137	0.3973	0.4431	0.0241	0.4281	0.3950	0.0271	0.4767
June	0.3261	0.03928	0.6026	0.2877	0.03937	0.5270	0.4150	0.0219	0.4825	0.3939	0.0260	0.4522
July	0.2565	0.02877	0.7618	0.2462	0.04556	0.5281	0.4269	0.0219	0.4294	0.4375	0.0256	0.4431
August	0.2283	0.00983	0.5950	0.2577	0.04646	0.4987	0.4569	0.0262	0.4311	0.3428	0.0244	0.4090
September	0.2293	0.01918	0.6536	0.2663	0.05300	0.4213	0.3339	0.0193	0.3650	0.4013	0.0274	0.5319
October	0.1367	0.01533	0.4589	0.2511	0.05370	0.3894	0.3600	0.0243	0.3456	0.3628	0.0274	0.4011
November	0.1671	0.01871	0.3314	0.2344	0.05690	0.3544	0.2584	0.0178	0.5850	0.3250	0.0266	0.3361
December	0.2050	0.02189	0.4443	0.1750	0.05520	0.3119	0.2942	0.0158	0.2871	0.3569	0.0238	0.4007
Maximum acceptable level	0.5	0.085	0.5	0.5	0.085	0.5	0.5	0.085	0.5	0.5	0.085	0.5

Alchevsk is one of the big industrial centers in Ukraine. The concentration of huge industrial potential in the city leads to great amounts of emissions in the atmosphere. This causes the pollution of the air and water basins and land resources, causes hazardous effects on public health, flora and fauna, and leads to misbalances of the environmental systems of the region.

Implementation of the nature-preserving policy in the city should be focused on liquidation of consequences and elimination of causes of misbalances in the environmental system.

The city has adopted the Environment – 2010 Project, which identifies the priority areas in improving of environmental conditions in the city.

The survey of the environmental situation in the city shows that the joined efforts of city companies, organisations and government bodies managed to stabilise the situation with emissions of environmental pollutants, however there still are excessive amounts of some polluting ingredients.

According to the data of the City Atmosphere Monitoring Laboratory of the State Hydrometeorological Center of Ukraine and the City Sanitary and Epidemiological Station (see Table 36), the amounts of dust (1996, 2000, 2005, and 2006) exceed the acceptable indicators. The SO and NO ingredients stay within the norm.

Chapter Resume:

As before, companies from the metallurgical sector remain the main air pollutants in the city, which emitted about 100.0 thousand tons of hazardous substances in the atmosphere in 2006.

The technical re-equipment and reconstruction currently performed by the Alchevsk Metallurgical Plant OJSC, and AlchevskKoks OJSC envision significant amounts of funds to be invested in environment preservation activities. For instance, in 2006 only, the companies spent more than 300.0 million UAH for this purpose.

Based on the last year results, by the implementation of environment preservation programs, the Alchevsk Metallurgical Plant OJSC became the leading company in the metallurgical sector. About 2 billion UAH are planned to be invested in the implementation of this program, which will allow to significantly decrease emissions of pollutants into the city environment.

VII.B. SOLID WASTE MANAGEMENT

Table 37. Amount of waste produced (for 2006) and cost of disposal

Type of waste	Amount (tons)	Value (thousand UAH)
Mixed domestic waste	20,880	-
Compostable waste	6,120	-
Street garbage	2,520	-
Other plastics	5,040	-
Glass	2,520	-
Other non-compostable waste	10,800	-
Bricks	1,080	-
Electrotechnical waste	360	-
Garbage from markets	1,080	-
Paint, pitch, glues	-	-
Drain waters (thousand m ³)	-	-
Rain water (thousand m ³)	-	-

The numbers of solid waste collection sites, containers, their type and capacity are the following:

- sites – 9,
- containers – 45, capacities – 1.1 m³ and 0.75 m³.

The cleaning of dwellings owned by the city and the state is performed on a scheduled and by-apartment basis, while private housing is cleaned on the by-street basis. The city has allocated 360 parking sites for garbage trucks and specialised vehicles.

The sanitary cleaning of the city is performed by the KomunTrans, Ltd. The company has 7 specialised transportation vehicles for removal of solid waste.

The number of accumulated waste on the city landfill reaches 3.3 million m³, with its area being 20 hectares.

VIII. TOURISM

Table 38. Number of visitors

	2004	2005	2006
Alchevsk	5,160	6,687	3,798
Rayon			
Oblast	35,673	41,985	0
Ukraine	1,448,000	0	0
Rubizhne			
Severodonetsk			
Lysychansk			

Table 39. Capacity for placement of visitors in hotels, guest houses, holiday camps, etc.

Facility	Number of beds	Annual fullness, %
Yuvileynyi Hotel	181	30.8

Table 40. Capacity of cultural and sports facilities

Facility	Visitor placement capacity	Events or entertainments which attract most of visitors
Stal [<i>steel</i>] Stadium	9,000	National, oblast and city level competitions; city cultural and public events
Stadium of Children and Youth Sports School (CYSS) #2	3,000	National, oblast and city level competitions
Palace of Sports of the Alchevsk Metallurgical Plant OJSC	1,500	National, oblast and city level competitions
Sports Center of CYSS #1 (subordinated to the Main Department for Education)	1,000	National, oblast and city level competitions
Sports Center of CYSS# 2 (subordinated to the Main Department for Education)	200	Oblast and city level competitions
Alchevsk Swimming Pool (subordinated to the Main Department for Education)	200	City level competitions
Sports Gym of the Donbas State Technical University	300	City level competitions
Stadium of the Culture and Leisure Park	2,000	Oblast and city level competitions

Facility	Visitor placement capacity	Events or entertainments which attract most of visitors
Sports grounds of comprehensive educational establishments		City level competitions
Metalurg Palace of Culture	1,030	Amateur concerts, arts festivals, anniversaries, tours of theatres and popular performers, Christmas events
Khimik Palace of Culture	480	Concerts, anniversaries of enterprise shops, theatre performances, entertainment shows, Christmas events
Center of Children and Youth Art	440	Prolisok [<i>snowdrop</i>] Children Art Festival, concerts, Christmas events
Talent Leisure and Culture Center of the Donbas State Technical University	575	Entertainment events, shows, Christmas events
Myr Cinema House	430	Popular film shows
Reading rooms of city libraries	312	Literary soirees and other events

IX. CITY DEVELOPMENT GOALS

Table 41. Planned investment activities in the city up to 2008

Project	Estimated value (million UAH)	Source of financing
Program for Privatisation of the Communal Property of the Territorial Community of the city of Alchevsk	0.04	city budget
Small Business Support and Development Program in the City of Alchevsk for 2007	0.78	0.12 million UAH - city budget 0.66 million UAH – support fund in case of unemployment
City of Alchevsk Employment Program for 2007	0.04	support funds in case of unemployment
Pancreatic Diabetes Program (1999-2007)	1.20	city budget
Integrated Target Program of TB Prevention in the City of Alchevsk (2006-2010)	13.60	city budget
Maternal and Infant Health Program for 2007-2011	12.50	city budget
Cardiovascular and Vascularcerebral Disease Prevention and Treatment Program in the City of Alchevsk for 2007-2010	3.40	city budget
City Cultural Heritage Passportisation Program for 2007-2010	0.03	city budget
Short-Term City of Alchevsk Social Assistance Program for 2007	0.80	city budget
Child Crime and Homeless Children Prevention Program for 2007-2009	0.01	city budget
Social Assistance to Families, Children, Youth and Females for 2005-2010	26.90	city budget
Program for Professional Training in Comprehensive Educational Establishments Subordinated to the Main Department for Education of the Alchevsk City Council for 2007-2010	5.00	city budget
Investment and Innovation Activities in the City of Alchevsk for 2007-2008	4818.80	16.4 million UAH - city budget 20 million UAH - State Budget 10 million UAH – private funds of developers 4772.4 million UAH – company funds

Project	Estimated value (million UAH)	Source of financing
Reconstruction of the City Hospital Main Premises Investment Project	8.00	3.5 million UAH – State Budget
		4.5 million UAH - city budget

Project	Estimated value (million UAH)	Source of financing
Construction of the Integrated Waste Water Treatment System (IWWTS) Investment Project	12.00	4.4 million UAH - city budget
		3.2 million UAH - oblast budget
		4.4 million UAH - State Budget
Environment 2010 Program	835.00	804.3 million UAH – funds of the Alchevsk Metallurgical Plant OJSC
		25 million UAH – funds of the AlchevskKoks OJSC
		7.5 million UAH - city budget (Environmental Protection Fund)
IT Program for Local Government Bodies, Utility Companies, Budget-Financed Institutions and Organisations for 2007-2009	0.55	0.3 million UAH - city budget
		0.25 million UAH – funds of utility companies
City Passenger Transportation Development Program for 2007-2011	31.80	15.9 million UAH - State Budget
		9.54 million UAH - city budget
		6.36 million UAH – private investments
Housing and Utilities Sector Reform Program for the Period of 2004-2010	512.90	359.03 million UAH - State Budget
		102.58 million UAH - city budget
		51.29 million UAH – private investments

Project	Estimated value (million UAH)	Source of financing
City Electric Transportation Development Program for 2007-2015	29.30	14.65 million UAH - State Budget
		8.79 million UAH - city budget
		5.86 million UAH – private investments
City of Alchevsk Potable Water for 2006-2020	130.30	91.21 million UAH - State Budget
		26.06 million UAH - city budget
		13.03 million UAH – private investments

X. ADDITIONAL INFORMATION

X.A. SCIENTIFIC ACTIVITIES

The Donbas State Technical University (DonSTU) is the organisation engaged in scientific activities in the city. The University consist of the Scientific Research Department and the Parameter Scientific Research and Design Institute. The University accounts for 25% of fundamental research and 4.5% of applied research in the oblast. The scientific projects designed by the DonSTU are widely implemented not only at the city and oblast companies, but in the whole Ukraine as well.

The University's 675 inventors and engineers including 21 doctors of sciences and 300 PhDs are involved in scientific research and design activities.

Table 42. Number of specialists (researchers, technicians), who performed scientific and research activities (persons)

	Total					
	2001	2002	2003	2004	2005	2006
Oblast	3,246	3,301	2,805	2,530	3,665	4,751
City	282	242	269	253	269	675
Share of city specialists, %	8.7	7.3	9.6	10.0	7.3	14.2

	Including persons with scientific degrees											
	Doctor of Sciences						Ph.D.					
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006
Oblast	65	67	75	79	177	261	307	341	393	394	762	405
City	13	14	10	10	12	21	56	82	84	85	89	300
Share of city specialists, %	20.0	20.9	13.3	12.7	6.8	8.0	18.4	24.1	21.4	21.6	11.7	21.3

Over 2002-2006, the University performed 282 scientific research works worth of 8.5 million UAH including 137 works financed by the budget worth of 6.1 million UAH and 145 works financed by the social fund worth of 2.4 million UAH.

The University pays a considerable attention to increasing the scope of contractual scientific research ordered by enterprises, companies and other market-based entities.

The effectiveness of joint activities of scientists and private business entities can be illustrated by the following examples:

Alchevsk Metallurgical Plant OJSC:

- implementation of agglomerate production technologies with placement of metallised steelmaking scrap in the furnace charge (the annual saving rate constitutes 7.9 million UAH),
- production of tone year of crane operations constitutes 17.5 thousand UAH),
- implementation of technologies of using iron flux in steelmaking (the annual saving rate constitutes 37.9 million UAH),

AlchevskKoks OJSC:

- autonomous systems for dust-free coke drawing (98% improvements of the current system).

Chapter Resume:

The main areas of scientific and research activities of the University are: improvements of machinery and technologies of coal production and use; cast iron, steel and rolled metal making, utilisation of recycled recourses; creation of highly effective systems for purification of lubricants; energy saving technologies for electric drive control systems; development of environmentally friendly technologies of utilisation mechanical rubber good scrap; domestic and commercial utilisation of mine waters, etc.

The main task of the innovation policy of the University is to ensure a balanced interaction of the scientific, technical and manufacturing potential of the city. The innovation activities and best scientific projects enabled the city to implement modern competitive technologies.

X.B. INNOVATION ACTIVITIES

City companies are actively engaged in the implementation of new technological processes, with such city-forming companies as the Alchevsk Metallurgical Plant OJSC and AlchevskKoks OJSC companies playing a leading role in this effort. These companies are performing large-scale technical re-equipment. Introduction of new manufacturing technologies supports the increased competitiveness of locally manufactured products and expansion to new markets. The city-forming companies are actively implementing advanced experience and practices of international companies, make decisions to improve the efficiency of their manufacturing processes, environmental protection efforts and labour safety.

Table 43. Share of companies active in the innovation sphere as compared with all companies (%)

	2000	2001	2002	2003	2004	2005	2006
City	12.0	12.5	13.8	10.3	6.7	3.4	7.4
Oblast	18.8	15.5	13.1	9.4	8.4	6.0	7.4

Chapter Resume:

The dynamics presented above testifies to the fact that share of innovation companies is almost the same as the similar average indicator for the oblast.

XI. MAIN CHARACTERISTICS OF THE CITY

Particularities of the settlement of the territory

Alchevsk was founded as a settlement in 1895 with the construction of a metallurgical plant. A railway settlement near the station of Yuryivka, the village of Vasylivka and the hamlet of Dovzhyk of the Yekaterynoslav Province served as the foundations of the future city.

The presence of the railway, mines with high-quality coal, limestones, as well as the proximity to the Kryvyi Rih iron stones supported the development of chemical recovery and metallurgical enterprises. Therefore, upon the initiative of Oleksiy Alchevskyi, a famous Ukrainian industrialist and a banker, a Donetsk-Yuryivka Metallurgical Society (DYuMS) was created in 1895, which built a metallurgical plant near the railway station of Yuryivka in 1896. The plant employed not only local peasants, but also residents of the neighbouring provinces. The workers settled in the village of Vasylivka and the hamlet of Dovzhyk.

Along with the construction of the plant they started to build barracks for workers (the New and Old Colonies) and residential buildings for company management (Administrative Colony). The construction of housing for newly-hired workers took place on sites located next to the premises of the plant. The so-called Old Colony built, for the most part, in 1888 was represented by one-storeyed stone houses with high density site development. The former village of Yuryivka was turned in 1905-1907 into the city center (presently, this is a part of the Old City). This area included all administrative and trade institutions, however, it was represented by low-value site development whose stone buildings did not exceed 1/3 of all buildings, with other buildings represented by wooden and beaten cobwork buildings.

The most valuable housing stock was concentrated in the so-called Administrative Colony, which was built for the engineering and technical staff and management of the plant. Most of its houses had two floors and were connected to electricity and heating.

The construction of the Zhylivka district, former New Colony and the present Gorkyi Town, began in 1910-1911 after the Board of Directors of the Zhylivka mines was set up. This area was a typical suburban territory with small private houses, made, for the most part, of wood and wattle and daub. This part of the city was deprived of any beautification works. Its streets, both in the center and uptown were not paved and there were no water-supply and sewage systems.

As time went on, the villages began to merge. In 1901, the name of the train station was changed from Yuryivka to Alchevske. This name gave the name of the future city of Alchevsk.

During 1910-1914, the metallurgical company and the railway station continued to grow. The railway station and the village of Vasylivka had about 20 trading facilities and commercial warehouses with kerosene, oil and wood. Copper and cast iron founding workshops were opened near Vasylivka, whereas a big private slaughterhouse of the 17,000 heads of cattle a year was opened near the metallurgical plant. Alchevsk church for the community and a private commercial school were opened. The Alchevsk hospital had 75 beds. In 1913, the city housing stock constituted 38,000 sq.m.

In the beginning of 1920 the city of Alchevsk became a rayon center of the Luhansk Poviats of the Donetsk Province and was granted the status of the city.

According to the 1926 census data, the population of Alchevsk was only 16 thousand. The housing stock of the city reached 90-95 thousand sq.m.

In 1929, the Kyiv Affiliation of the State Authority of the Interior (NKVD) of the Ukrainian Soviet Socialist Republic (USSR) developed the first master plan for Alchevsk (the city of Voroshylovsk in those times). During the years of the pre-World War II five-year-plan periods Alchevsk turned into a huge industrial center in the Donbas region. The image of the city was formed up by two giant plants: the metallurgical plant and chemical recovery (built in 1929) plant. A rapid increase of the local population caused the economic growth of the city. In 1939, the population of the city reached 52.8 thousand.

Starting with 1932, the city began actively engaged in the construction of multi-storeyed buildings; cultural and public infrastructure facilities; improvements of streets and squares; water, sewage and gas network laying, and street lighting. The city built a beautiful park on the site of the former market and cosy public gardens near the metallurgical plant office and the main post office.

During the World War II, Alchevsk was heavily ruined. The biggest enterprises, such as the metallurgical and chemical recovery plants suffered most.

The present-day Alchevsk is a modern industrial city with wide avenues and streets, green parks and public gardens, beautiful residential buildings, cultural, public infrastructure and medical treatment facilities and a modern stadium. In fact, the after the war, city was built anew.

Economic Profile

Alchevsk is an industrial city and produces 25% of the total volume of industrial output in the oblast. Economic growth of the city started in 2000. The subsequent years were characterised by stabilisation of economy and strengthening of the financial situation of city companies.

Metallurgical sector constitutes 73.5% of the city industrial output, with coke production taking up 25.6%, food industry taking up 0.3%, machine building – 0.3%, light industry – 0.1%, and other sectors – 0.2%.

In 2006, the following growth rate was observed: 114.4% in the metallurgy sector, 103.5% in the chemical recovery sector, 113.1% in machine building sector, and 112.6% in the polygraphic industry. In 2006, companies from the industrial sector focused their efforts on elimination of negative factors associated with increased energy prices, however the overall city economy preserved its upward trend and the total industrial output growth rate in the city constituted 110.6% by 2005.

The 149 industrial companies in the city include 2 big enterprises, 21 medium-sized enterprises, and 126 small companies.

In 2006, the city performed construction works worth of 293.6 million UAH, which is 40.7% more than in 2005. Construction works are performed by 42 companies in the city.

In 2006, the city preserved its upward trend for the indicators of pre-tax profit, which constituted 587.6 million UAH. 73.4% of all city companies (or 138 companies) were profitable and received 405.9 million UAH of profits, whereas 26.6% (or 50 companies) operated at a loss.

As of January 01, 2007, accounts receivable constituted 1,904.8 million UAH including 324.4 million UAH of late payments.

As of January 01, 2007, accounts payable constituted 2,923.8 million UAH including 661.2 million UAH of late payments.

By the end of 2006, the cumulative volume of foreign direct investments constituted 71.5 million USD (616.9 USD per capita).

In 2006, the volume of exports constituted 1,166.6 million UAH, with the growth rate being 207.4%. The per capita volume of exports was 10,065.6 USD. The foreign trade balance constituted +964.4 million USD with the per capita foreign trade balance being +8,321 USD.

Communal Property Owned by the Territorial Community

As of January 10, 2007, the ownership of the territorial community includes the following:

- 26 utility companies;
- 8 health care institutions;
- 49 educational establishments;
- 2 social services units;
- 5 cultural establishments;
- 1 sports facility; and
- 1 radio broadcasting facility.

The total value of property owned by the local territorial community constitutes 1,815.8 million UAH. As of January 10, 2007 legal and physical persons rented 341 items of communal property with the total floor space of 40.5 thousand sq.m.

Telephone communication

Telephone communication services are provided by City of Alchevsk Electrical Communication Shop #1 of the Luhansk Affiliation of the UkrTeleCom OJSC. As of January 01, 2007, the number of telephones constituted 36.7 thousand, or 32 telephones per 100 residents. The Electrical Communication Shop offers the following types of services: local and long-distance telephone calls, Internet services and e-mail.

Trade and services

As of January 01, 2007, trading activities in the city were performed by 456 stores, 203 kiosks, 139 catering companies, 3 markets, 85 drug stores, 55 wholesale warehouses, and 10 gas stations. The services sector is represented by 603 companies including 369 public infrastructure companies. Over 2006, the total volume of commercial companies from the wholesale and retail sector and catering sector constituted 241.4 million UAH, with the volume of sales of services being 78.2 million UAH.

Culture

In 2007, the city conducted more than 100 various holidays. These include entertainment events dedicated to national holidays and anniversaries, jubilees of companies, institutions and educational establishments in the city, professional holidays, such Day of Metallurgists, Teachers' Day, All-Ukrainian Day of Cultural and Amateur Art Workers, Day of Medical Workers, etc.

The city conducted the 6th Open Festival of Young Vocalists dedicated to Ivan Alchevskyi, a famous opera singer and a son of city founder Oleksiy Alchevskyi. The festival participants included 26 young vocalists from three countries: Ukraine, Russia and Belarus. The event lasted for five days and gave the city residents an opportunity to enjoy opera and chamber music and voices of young singers.

The students body of the two city children music schools and an arts school consists of 975 pupils. Ninety-three pupils became winners of oblast, regional, national and international competitions. After the oblast performance art competition, the Alchevsk Children Music School named after Ivan Alchevskyi was selected as the best one. The Alchevsk Children Music School is widely known outside the city. The school pupils took part in and became prize-winners of competitions held in Russia, France, Czech Republic, Macedonia, India, and Japan. Folk instrument groups, groups of violinists, accordion players, children choirs and groups participating in city events and concerts were set at musical schools.

55 amateur art societies, hobby clubs, work in city cultural establishments involving more than 2 thousand residents to their activities. Nine amateur groups have the status of People's or Exemplary Societies. These include: the Metallurgist Folk Dance Group, Young Metallurgist Folk Dance Group (Palace of Culture of the Metallurgical Plant), Prometheus People's Photo Club, Brigantine People's Theatre of Donbas State Technical University, Mriya [*dream*] Exemplary Dance Group (Center for Children and Youth Art) and others.

There are 8 public libraries in Alchevsk including two company-owned libraries, and six libraries, which are part of the Centralised Library System Communal Company. The total number of visitors constitutes 35 thousand. The library holdings constitute 476.6 volumes. The Central City Library was equipped with six computers linked to the Internet. The information needs of city residents are met thanks to the Internet resources. The libraries have database in the city history, natural history, and cultural events. The works to create an electronic catalogue and mediateque are underway.

Political parties and religious organisations

As of December 01, 2007, there were 69 registered political parties with 147 local affiliations in the city.

Presently, the following parties are active in their public and political activities: Alchevsk City Affiliation of the Communist Party of Ukraine, Alchevsk City Affiliation of the Party of Regions, Alchevsk City Affiliation of the Socialist Party of Ukraine, Alchevsk City Affiliation of the Party of the Batkivschyna [*Motherland*] All-Ukrainian Union.

There are the following religious organisations in the city of the Ukrainian Orthodox Church of the Moscow Patriarchate: Sisterhood of the Saint Martyr Great Princess Yelizaveta, the Community of the Saint Nicholas Cathedral, the Community of the Church of the Intercession, the Community of the Saint George Church, and the Vsetsarytsya Virgin Mary Community.

There are also other communities in the city: the Divine Grace Evangelical Church, Luhansk Oblast Affiliation of the Sapphire International Christian Community, the Renaissance Christian Church Religious Organisation, the Evangelical Mercy and Virtue, the Proslavlennya [*glorification*] Complete Gospel Christian Church, the Baptist Community, the Second Advent Christian Community, the Jehovah's Witnesses Community, the Luhansk Oblast Charity Organisation for Medical and Social Rehabilitation of Persons Released from Prison and Homeless Persons, the Mishpakha Alchevsk City Judaic Religious Community, the Krishna Community, the Saint Seraphim Sadovskyi Parish, and the Christ the Saviour Church.

Table 44. List of vacant premises owned by the community as of December 1, 2007

№	Location	Type of ownership	Total space, m ²	General purpose of premises	Premises owner
1	City of Alchevsk, 2 Donetska St.	city owned	318,0	boiler house	AlchevskTeploKomunEnerho Communal Company
2	City of Alchevsk, 14 Kirova St	«	364,0	boiler house	«
3	City of Alchevsk, 33-a Metalurgiv Ave.	«	280,0	heat distribution point	«
4	City of Alchevsk, 54-a Metalurgiv Ave.	«	200,0	heat distribution point	«
5	City of Alchevsk, 44-a Hmyri St.	«	298,0	heat distribution point	«
6	City of Alchevsk, 13-a Metalurgiv Ave	«	100,0	heat distribution point	«
7	City of Alchevsk, 1 Chernyshevskoho St.	«	154,0	boiler house	«
8	City of Alchevsk, 9 Internatsionalna St.	«	149,0	boiler house	«

9	City of Alchevsk, 27 Industrialna St.	«	1,266,0	manufacturing shop	Construction Materials Factory Communal Company
10	City of Alchevsk, 27 Industroialna St.	«	828,0	administrative and accommodation premises	«
11	City of Alchevsk, 5 Belinskoho St.	«	42,3	basement	Alchevsk Housing Maintenance Oblast Communal Company
12	City of Alchevsk, 11 and 41-a Lenin St.	«	32,9	3 rd entrance, semi-basement	«
13	City of Alchevsk, 18 Tevosyana St.	«	1,926.4	administrative premises	«
14	City of Alchevsk, 1 Chervonykh Partyzan St.	«	700,0	workshops	Alchevsk Mechanisation Communal Company
15	City of Alchevsk, 85-a Lenin St. (Secondary School #2)	«	359,0	greenhouse	Main Department fro Education of the Alchevsk City Council
16	City of Alchevsk, 7 Stanisalvskoho St. (Secondary School #7)	«	58,6	greenhouse	«
17	City of Alchevsk, 35 Gagarin St. (Secondary School #16)	«	45,0	back office	«
	TOTAL		7,121,2		