



# Gorshenin *Weekly*

**ISSUE 87 (250) 12/28/2015**

## CONTENT

### **1. TOP NEWS...page 5**

#### **2. ARMED CONFLICT IN EAST UKRAINE...page 5**

Militants capture village close to Mariupol

Trilateral contact group on Donbas meets again in Minsk

Donetsk separatists refuse to exchange prisoners by year-end

Putin appoints new Russian envoy to contact group

Yet another Russian "humanitarian convoy" enters Ukraine's Donbas

Ukrainian court allows Luhansk rebel leader to be tried in absentia

#### **3. CRIMEA ISSUE...page 7**

Russia says ready to buy Ukrainian electricity for Crimea

Russian agencies allowed to collect Crimeans' debts to Ukrainian banks

Russia says over 2m passports issued to Crimeans

#### **4. INTERNATIONAL POLITICAL...page 7**

##### **SANCTIONS AGAINST RUSSIA**

EU prolongs sanctions against Russia

USA extends sectoral sanctions against Russia

##### **UKRAINE-RUSSIA**

Russian upper house passes law to suspend free trade with Ukraine

Tripartite consultations on Ukraine-EU free-trade deal held in Brussels

Russian premier signs resolution on sanctions against Ukraine

Ukrainian parliament authorizes government to introduce sanctions against Russia

Russia threatens Ukraine with introduction of visas

Savchenko's arrest extended until April

Russia bans Ukrainian pork imports

Ukrainian Literature Library director to remain under house arrest until end of January

## UKRAINE-MIDDLE EAST

Ukraine, Israel plan to sign free trade deal

### **5. DOMESTIC POLITICAL...page 10**

Ukrainian parliament passes 2016 budget

Ukrainian parliament passes changes to Tax Code

Parliament calls early mayoral election in Kryvyi Rih

Parliament sends judicial reform draft to Constitutional Court

Parliament approves public procurement reform

Prosecutor's office completes formation of anti-corruption unit

Courts puts Ukrainian party leader under arrest

Parliament unseats several Mps

MP quits Petro Poroshenko Bloc

Anti-corruption forum held in Kiev

Ukraine approves admission of foreign troops in 2016 drills

Finance ministry granted access to citizens' secret banking information

Parliament empowers president to appoint National Guard chief

Poroshenko signs several laws

### **6. ECONOMY...page 14**

EIB provides 400m-euro loan for agriculture projects

Chinese bank to give 50m-dollar loan to Ukrtelecom

Russian Sberbank's subsidiary to boost authorized capital by 206m dollars

Central bank decides to liquidate several banks

Ukrainian banks post 2.4bn dollars in losses

Government allocates 216m dollars for depositors of bankrupt banks

Ukroboronprom reports 76m-dollar profit

Saudi Arabia to purchase 30 An-178 aircraft from Ukraine

Parliament passes law on capitalization of banks

## 7. ENERGY...page 16

Ukrenerho launches new transmission line

World Bank to give 200m-dollar loan to Naftohaz

Gazprom, Naftohaz talk over terms of gas supplies

Antitrust agency declares Gazprom monopolist on gas transit services market

Tycoon pays 130m-dollar debt to Naftohaz

## 1. TOP NEWS

### **Pro-Russian militants seize Kominternove**

OSCE observers have come under fire near Kominternove village

*Read more in ARMED CONFLICT IN EAST UKRAINE*

### **Russia imposes sanctions against Ukraine over free-trade deal with EU**

The Ukrainian parliament has given the green light to the Cabinet of Ministers to impose tit-for-tat sanctions against Russia

*Read more in INTERNATIONAL POLITICAL*

### **Parliament passes 2016 state budget**

MPs have adopted changes to the Tax Code

*Read more in DOMESTIC POLITICAL*

## 2. ARMED CONFLICT IN EAST UKRAINE

### **Militants capture village close to Mariupol**

On 22 December 2015, pro-Russian militants on armoured vehicles entered the village of Kominternove located in the so-called grey zone, 24 km from Mariupol, the antiterrorist operation HQ has said.

The Information Resistance group said that Russian army units came to Kominternove together with the separatists.

Members of the OSCE monitoring mission on 27 December came under fire near the village of Kominternove, with no casualties reported.

"The Gorshenin Institute shares the opinion of those Ukrainian and Russian experts who are concerned over a possible step-up in activities by illegal armed groups of the self-proclaimed Donetsk and Luhansk people's republics and active-duty units of the Russian army in the east of Ukraine," the president of the Gorshenin Institute, **Vadym Omelchenko**, said in a comment for Gorshenin Weekly.

"As a matter of fact, in recent years, Russia's foreign policy is primarily a factor that regulates its domestic policy, particularly by consolidating the public around the authorities by creating the image of an external enemy. This allows distracting people from economic woes and the authorities' responsibility for their flawed economic policies," the expert said.

"Many factors in this logic point to a possible escalation in Donbass, even a direct intervention of Russian troops on the Ukrainian territories that have strategic importance for the sustenance of Crimea and Donbass," the Gorshenin Institute president said.

## **Trilateral contact group on Donbas meets again in Minsk**

On 22 December 2015, the Belarusian capital Minsk hosted this year's last meeting of the trilateral contact group (Ukraine, the OSCE, Russia) on a Donbas settlement. Its participants agreed that a "full and unconditional cease-fire" should be introduced in the antiterrorist operation area as of 23 December.

Despite the reached agreements, pro-Russian militants continued provoking Ukrainian servicemen, including by using the Grad multiple-launch rocket systems, the antiterrorist operation HQ has said.

## **Donetsk separatists refuse to exchange prisoners by year-end**

The self-proclaimed separatist Donetsk people's republic (DPR) has ruled out a possibility of exchanging "all for all" prisoners with the Ukrainian authorities by the end of 2015, so-called DPR ombudsperson **Darya Morozova** has said in a statement.

Ukraine's representative at the humanitarian subgroup of the trilateral contact group, **Iryna Herashchenko**, said that the militants promised to let the International Red Cross Committee see the hostages.

## **Putin appoints new Russian envoy to contact group**

Russian President **Vladimir Putin** has appointed former State Duma speaker **Boris Gryzlov** as Russia's representative at the contact group on Donbas settlement.

The politician is known for his repeat statements in favour of the unity of Ukraine and Russia, according to the news and analysis website LB.ua.

## **Yet another Russian "humanitarian convoy" enters Ukraine's Donbas**

The 48th Russian "humanitarian convoy" illegally crossed the Ukrainian border on 24 December 2015.

Earlier, the leader of the self-proclaimed separatist Luhansk people's republic, **Ihor Plotnytskyy**, said that in 2016 Russia would no longer send "humanitarian convoys" to the rebel-held areas of Donbas.

## **Ukrainian court allows Luhansk rebel leader to be tried in absentia**

Acting on the Security Service of Ukraine's (SBU) motion, the Kiev Pecherskyy district court authorized proceedings against the leader of the self-proclaimed Luhansk people's republic, **Ihor Plotnytskyy**, to be held in absentia.

He is facing charges under three articles of the Criminal Code concerning false imprisonment or abduction, terrorist activities and illegal trafficking of people across the border, including taking Ukrainian Armed Forces Snr Lt **Nadiya Savchenko** a hostage, who was later moved across the border to Russia.

## 3. CRIMEA ISSUE

### **Russia says ready to buy Ukrainian electricity for Crimea**

Russian Deputy Energy Minister **Andrey Cherezov** has said that Russia is ready to buy electricity from Ukraine for the needs of annexed Crimea.

### **Russian agencies allowed to collect Crimeans' debts to Ukrainian banks**

On 23 December 2015, the Russian State Duma adopted the bill allowing credit agencies and legal entities to collect Crimeans' debts to Ukrainian banks which stopped operations on the peninsula after it was annexed by Russia.

### **Russia says over 2m passports issued to Crimeans**

The head of the Russian Federal Migration Service, **Petr Yarosh**, has said that over 2m residents of annexed Crimea were issued Russian passports in 2014-15. Over 145,000 Crimeans received Russian passports this year.

## 4. INTERNATIONAL POLITICAL

### **SANCTIONS AGAINST RUSSIA**

#### **EU prolongs sanctions against Russia**

On 21 December 2015, the Council of the EU prolonged economic sanctions against Russia over its aggression against Ukraine until 31 July 2016.

The Committee of Permanent Representatives in the EU earlier agreed the extension of sanctions against Russia.

The sanctions were initially introduced in July 2014 in response to Russia's actions in east Ukraine.

#### **USA extends sectoral sanctions against Russia**

The USA has extended sectoral sanctions against Russia, which were introduced in 2014 in response to its aggression against Ukraine.

In particular, the sanction list was extended to include the Ukrainian subsidiaries of Sberbank of Russia and VTB. Russia's Genbank, Verkhnevolzhskiy Bank and Krayinvestbank, and Sevastopol Maritime Bank were also put on the list.

Crimean wine makers such as Novyy Svet, Massandra, Magarach, the Azovskiy liquors and vodka distillery were also affected by the sanctions. A film studio in Yalta, Universal Avia and the Nizhnyaya Oreanda sanatorium are on the list as well.

Personal sanctions were rolled out against a representative of Luhansk separatists at the Minsk talks, **Vladyslav Deyneho**, former Ukrainian Interior

Minister **Vitaliy Zakharchenko** and former Ukrainian Education and Science Minister **Dmytro Tabachnyk**.

Visa and MasterCard no longer work with banks operating in Crimea.

## UKRAINE-RUSSIA

### **Russian upper house passes law to suspend free trade with Ukraine**

On 25 December 2015, the Russian Federation Council passed the law suspending the free trade agreement with Ukraine as of 1 January 2016.

On 16 December, the Russian president signed a decree to suspend free trade with Ukraine as of next year.

### **Tripartite consultations on Ukraine-EU free-trade deal held in Brussels**

Ukraine, Russia and the European Union held the last round of the tripartite consultations at the technical level in Brussels on 21 December, with the talks yielding no results.

It should be noted that the meeting took place after Russian President **Vladimir Putin** had issued a decree suspending the free-trade area agreement between Russia and Ukraine from 1 January 2016.

According to the European Commission, Putin's decree was an element of pressure used during the past negotiations.

### **Russian premier signs resolution on sanctions against Ukraine**

On 21 December 2015, Russian Prime Minister **Dmitriy Medvedev** signed a resolution to slap Ukraine with sanctions as of 1 January 2016 over the launch of a free trade zone between Kiev and the EU.

Belarusian President **Alyaksandr Lukashenka** has said that not only Russia but other members of the Eurasian Economic Council were interested in introducing protective measures after a free trade zone between Ukraine and the EU becomes operational.

### **Ukrainian parliament authorizes government to introduce sanctions against Russia**

On 24 December 2015, the Ukrainian parliament approved the government bill authorizing the Cabinet of Ministers to mirror sanctions against Russia as of next year.

Restrictive measures will be in addition to the already existing ones.



## **Russia threatens Ukraine with introduction of visas**

Russian Federation Council speaker **Valentina Matviyenko** has said that Russia will consider introducing visa regulations with Ukraine unless the Ukrainian authorities change their "destructive course in relations with Russia".

## **Savchenko's arrest extended until April**

Rostov Regional Court of the Russian Federation has dismissed the appeal of lawyers of Ukrainian pilot, MP and member of the Ukrainian delegation to PACE **Nadia Savchenko** to the decision of a Russian Donetsk city court to extend the period of her arrest till April 16, 2016.

The defence of the Ukrainian MP called in an astronomer from Moscow, **Olga Vozyakova**, who examined the video from the battle scene and determined the solar elevation angle during the incident. According to her research, the pilot had been captured long before the Russian journalists were killed.

It should be noted that it is the second week of Savchenko's hunger strike.

## **Russia bans Ukrainian pork imports**

The Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhozadzor) has banned Ukrainian pork imports as of 1 January 2016.

It quoted the deteriorating situation with African hog cholera in Ukraine as the reason.

## **Ukrainian Literature Library director to remain under house arrest until end of January**

Moscow's Presnensky District Court ruled to extend the house arrest of Ukrainian Literature Library director **Natalya Sharina**, who has been accused of circulating extremist materials, until January 28.

## **UKRAINE-MIDDLE EAST**

### **Ukraine, Israel plan to sign free trade deal**

Ukrainian President **Petro Poroshenko**, who came to Israel on a state visit on 22 December 2015, met his Israeli counterpart **Reuven Rivlin** and Prime Minister **Benjamin Netanyahu**.

A number of agreements, including an intention to reach a free trade deal in the first half of 2016, were signed.

The head of state delivered an address to the Knesset.

**5. DOMESTIC POLITICAL****Ukrainian parliament passes 2016 budget**

The Ukrainian parliament passed the 2016 state budget on 25 December 2015.

The government said that the document was in line with the IMF conditions which Ukraine should meet to be issued another tranche of the loan.

The budget revenues are set at 595.1bn hryvnyas (24.69bn dollars), spending at 667.7bn hryvnyas (27.71bn dollars), with the deficit capped at 83.7bn hryvnyas (3.47bn dollars), or 3.7 per cent of GDP.

The real GDP in 2016 is expected to grow by 2 per cent, the nominal one to reach 2,260bn hryvnyas (93,780bn dollars) against the 12-percent inflation.

By 31 December 2016, the total amount of the state debt and the government-guaranteed debt should not exceed 1,950bn hryvnyas (80.91bn dollars) at the exchange rate of 24.1 hryvnyas per dollar.

Minimum wage is expected to increase from 1,380 hryvnyas (57.26 dollars) to 1,550 hryvnyas (64.32 dollars).

Defence spending is booked at 113.6bn hryvnyas (4.71bn dollars), or 5 percent of GDP or 17 percent of all state spending.

Some 74m hryvnyas (3.07m dollars) is booked in the budget for the Anti-Corruption Prosecutor's Office and 486m hryvnyas (20.17m dollars) for the National Anti-Corruption Bureau, which will see them through the year. The EU insisted that these items be included in the budget as a condition to visa-free travel for Ukrainians in 2016.

There is 40m hryvnyas (1.66m dollars) booked for the Crimean Tatar self-styled government Majlis and the Crimean Tatar TV channel ATR.

The state budget was adopted based on the new tax framework.

Fatherland, Self-Help and the Opposition Bloc did not support the budget bill.

**Ukrainian parliament passes changes to Tax Code**

On 24 December 2015, the Ukrainian parliament passed the bill on amendments to the Tax Code.

It sets the unified social tax at 22 percent instead of the current 41-percent rate, the individual income tax at 18 percent instead of 15 and 20 percent. Parliament also cancelled the 3.6-percent unified social tax charged on employees' salaries.

The simplified taxation system and the terms of VAT payment by agricultural producers were also changed to differentiate VAT amounts with regard to the types of sold products.

Royalties on the production of gas to be sold to industrial customers was lowered from 55-28 percent to 29-14 percent depending on the depth of

extraction (deeper than and over 5 km). The existing royalty on the production of gas to be sold to households will remain the same, 70 percent, until 1 April 2016. From 1 April to 31 December 2016 it will be lowered to 50 percent.

Under the amended Tax Code, excise duties on alcohol, alcohol distillates and alcohol-containing drinks will be brought to 50 percent, up to 105.8 hryvnyas (4.39 dollars) per litre, on beer and wine (except for natural grape wine) to 100 percent, up to 2.48 hryvnyas per litre, low-alcohol drinks to 300 percent, and tobacco to 40 percent, up to 318.26 hryvnyas (13.21 dollars) per 1,000 cigarettes.

Parliament also passed the bill obliging state-owned companies to transfer at least 30 percent of their annual profit to the state budget, and the bill cancelling the import duty, which equalled 5-10 percent in 2015.

### **Parliament calls early mayoral election in Kryvyy Rih**

The Ukrainian parliament on 23 December passed the law on holding an early mayoral election in the city of Kryvyy Rih on 27 March 2016.

Before the vote, the interim special commission reported that it cannot make a decision on the lawfulness of the past election.

It should be noted that earlier, on 22 December, MPs of the Self-Help party and protesters from Kryvyy Rih blocked parliament's work, demanding an early election of the city's mayor.

As it was reported earlier, **Yuriy Vilkul**, a representative of the Opposition Bloc party, was announced the winner of the mayoral election in Kryvyy Rih. The runner-up was a candidate of the Self-Help party, **Yuriy Myloboh**, who lost with a margin of 752 votes. The latter did not admit his defeat, saying that the election was rigged.

### **Parliament sends judicial reform draft to Constitutional Court**

The Ukrainian parliament has sent to the Constitutional Court for analysis the amendments to the Constitution concerning the judicial reform, which were drafted by the presidential administration.

The project provides for transferring the functions of creation and liquidation of courts from the president to parliament, as well as creating a new judiciary body, the Supreme Council of Justice, which will be entrusted with the selection of judges for all courts in Ukraine.

It should be noted that during an opinion poll conducted by the Gorshenin Institute, almost half of the respondents (47.6 percent) said that holding of the judicial reform was among priorities. Moreover, Ukrainians stressed the importance of the anti-corruption reform (63.4 percent), the vetting of officials (52.2 percent), the security sector reform (48.2 percent), the tax reform (42.3 percent), etc. You can find more information about the results of the poll on the Gorshenin Institute website.

**Parliament approves public procurement reform**

The Ukrainian parliament has adopted a law on state electronic procurement, which stipulates that a special electronic auction system, ProZorro, will be used to perform public procurement in the country.

This form provides for holding all public procurement procedures in the electronic format. In addition, all related information will be automatically disclosed after each auction is completed.

According to the Economy Ministry, the law would save the state up to 4.5bn hryvnias (194.5m dollars) in 2016.

**Prosecutor's office completes formation of anti-corruption unit**

The Prosecutor-General's Office of Ukraine has completed the formation of the Specialized Anti-Corruption Prosecutor's Office, appointing the chief prosecutor, two deputy prosecutors and heads of all departments.

**Courts puts Ukrainian party leader under arrest**

The Dniprovskyy district court of Kiev on 28 December granted the petition filed by the prosecutor's office and changed the measure of restraint for the leader of the Ukrop party, **Hennadiy Korban**, from house arrest to detention in custody until 25 February, inclusive.

The trial lasted for more than 24 hours and was accompanied by riots.

Earlier, Korban was brought to Kiev for a medical examination because there were suspicions that Dnipropetrovsk doctors unreasonably prohibited investigative actions with him under the respective criminal cases.

Also, it should be noted that the politician was taken to the Amosov Institute of Cardiovascular Surgery, where he underwent a minimally invasive heart surgery, after which the doctors allowed transporting him to the court. Later, the politician refused to undergo any medical surgeries at the institute.

It should be recalled that on 31 October, the law enforcement officers detained Korban in the course of a special operation aimed at the elimination of an organized crime group in Dnipropetrovsk. He was notified that he was suspected of committing several crimes, including kidnapping and embezzlement. On the night of 6 November, the Pecherskyy district court of Kiev ruled to place the politician under house arrest, as a measure of restraint, until 31 December.

Businessman **Ihor Kolomoyskyy**, which is associated with Ukrop, said the case of Korban was moderated by "third parties from outside offices", who were using "convenient district courts" and judges intimidated with vetting and re-qualifications, according to the news and analysis website LB.ua.

**Parliament unseats several MPs**

The Ukrainian parliament has terminated ahead of time the parliamentary authorities of **Mykola Martynenko** (People's Front party) and **Zlata Ohnyevich** (Radical Party).

Martynenko filed a statement renouncing his mandate after he was accused of corruption, while singer Ohnyevich said that she did not see how she could develop culture in parliament.

They were replaced by **Vadym Podbereznyak** and **Tetyana Yuzkova**, respectively.

Parliament also terminated the parliamentary authorities of unaffiliated MP **Borys Filatov**, who was elected mayor of Dnipropetrovsk.

**MP quits Petro Poroshenko Bloc**

MP **Mykola Tomenko** has left the Petro Poroshenko Bloc faction in protest against the adoption of the 2016 state budget, which, according to him, is "directed against people".

**Anti-corruption forum held in Kiev**

On 22 December, Kiev hosted the Second Anti-Corruption Forum initiated by the governor of Odessa Region, **Mikheil Saakashvili**.

During the event, it was decided to create the civil movement For Cleansing Ukraine.

**Ukraine approves admission of foreign troops in 2016 drills**

The Ukrainian parliament on 25 December adopted a draft law on the admission of foreign military in four exercises to be held in 2016 (Partnership for Peace, Rapid Trident, Sea Breeze and Maple Arch).

Petro Poroshenko signed the law on 26 December.

**Finance ministry granted access to citizens' secret banking information**

The Ukrainian parliament has provided the Finance Ministry the right to access citizens' information covered by bank secrecy for the purpose of monitoring social payments in order to control the execution of the budget legislation.

This law will allow verifying recipients of state aid, all social payments and pensions paid to citizens, not "dead souls", the Finance Ministry said.

**Parliament empowers president to appoint National Guard chief**

The Ukrainian parliament on 24 December voted for a law that transfers to the

president the authority to appoint the commander of the National Guard of Ukraine.

The same law allows foreigners and persons without citizenship to serve in the National Guard under contracts, and specifies the main functions and the structure of the National Guard.

### **Poroshenko signs several laws**

President **Petro Poroshenko** has signed a law abolishing the additional import duty of 5-10 percent from 1 January 2016.

He also signed a new version of the law on science.

In addition, the president approved the laws on the reform of state and municipal print media and on journalists' access to sittings of parliamentary committees.

## **6. ECONOMY**

### **EIB provides 400m-euro loan for agriculture projects**

The government has approved the borrowing of 400m euros from the European Investment Bank (EIB) for projects in Ukraine's agrarian sector.

### **Chinese bank to give 50m-dollar loan to Ukrtelecom**

Ukrtelecom, a telecommunications company, and China Development Bank have signed an agreement on strategic partnership under which the company will receive a loan of 50m dollars for the network upgrade. The loan is to be repaid in 2022.

### **Russian Sberbank's subsidiary to boost authorized capital by 206m dollars**

Sberbank of Russia has decided to increase the authorized capital of its Ukrainian subsidiary by 2.4 times to 8.17bn hryvnyas (352.9m dollars).

According to the National Securities and Stock Market Commission, the capital increase will be performed through a private placement of additional shares, the proceeds from which will be funnelled into the creation of reserves.

According to the National Bank, as of 1 October 2015 Sberbank ranked fifth among 123 operating banks in Ukraine, with 53.75bn hryvnyas (2.52bn dollars) in total assets.

### **Central bank decides to liquidate several banks**

The National Bank of Ukraine on 21 December, at the proposal of the Deposit Guarantee Fund, issued a resolution on revoking the banking license and liquidating of the All-Ukrainian Bank of Development, in which 100 percent of

the shares belong to **Oleksandr Yanukovych**, the son of the former Ukrainian president.

It should be recalled that the National Bank in 2014 decided to recognize Yanukovych's bank as distressed and then as insolvent, after the EU Council imposed sanctions against Oleksandr Yanukovych, in particular, through freezing its assets in order to protect the interests of depositors and other creditors of the bank. In October 2015, Oleksandr Yanukovych demanded compensation for the bank from Ukraine and filed a lawsuit with the European Court of Human Rights.

In addition, on 25 December, the National Bank's board decided to declare Ukrinbank and Sofiyevskyy bank as insolvent.

### **Ukrainian banks post 2.4bn dollars in losses**

The National Bank of Ukraine has reported that the total losses of operating Ukrainian banks, excluding insolvent ones, amounted to 57.3bn hryvnyas (2.4bn dollars) as of 1 December 2015, including a loss of 1bn hryvnyas (41.8m dollars) incurred in November.

### **Government allocates 216m dollars for depositors of bankrupt banks**

The Deposit Guarantee Fund on 22 December received a tranche of 5bn hryvnyas (216.1m dollars) from the Finance Ministry.

The received funds will be used to pay guaranteed amounts to depositors of insolvent banks.

In total, the fund received 41.5bn hryvnyas (1.79bn dollars) from the ministry in 2015.

### **Ukroboronprom reports 76m-dollar profit**

The state-run Ukroboronprom concern earned a profit of 1.63bn hryvnyas (76.3m dollars) over the nine months of 2015.

In particular, the company produced and repaired more than 7,000 pieces of hardware and weapons (manufactured 673 armoured vehicles and 1,830 units of missile and artillery weapons).

It should be noted that over the same period of 2014, Ukroboronprom posted 348m hryvnyas (26.9m dollars) in losses.

### **Saudi Arabia to purchase 30 An-178 aircraft from Ukraine**

The state-run Antonov enterprise and Taqnia Aeronautics on 17 December signed a memorandum on the supply of 30 An-178 multipurpose aircraft to Saudi Arabia, the press service of the Ukrainian company has reported.

Antonov is part of the state-run Ukroboronprom concern.

**Parliament passes law on capitalization of banks**

The Ukrainian parliament has adopted a law on capitalization and restructuring of banks which provides for relaxation of requirements due to the devaluation of the hryvnya.

This draft law is among the measures envisaged by the comprehensive programme for the development of the financial sector until 2020, adopted in the spring of 2015.

**7. ENERGY****Ukrenerho launches new transmission line**

The national energy company Ukrenerho has launched into operation a high-voltage transmission line (750 kV) from the Rivne nuclear power plant to the Kiev substation, which will allow delivering electricity from the two western nuclear power plants (in Rivne and Khmelnytsky) to central regions of Ukraine, where a deficit of electricity is observed.

In 2008, the construction project was financed by the European Investment Bank and the EBRD for a total amount of 300m euros.

**World Bank to give 200m-dollar loan to Naftohaz**

The Board of Directors of the International Finance Corporation (World Bank Group) has approved the allocation of trade financing for up to a year of 200m dollars for the purchase of natural gas by the state-run energy company Naftohaz Ukrayiny from French energy company ENGIE.

**Gazprom, Naftohaz talk over terms of gas supplies**

The head of the state-run energy company Naftohaz Ukrayiny, **Andriy Kobolev**, and the head of Russia's Gazprom, **Aleksey Miller**, met in Berlin on 23 December to discuss the terms for the purchase of Russian natural gas by the Ukrainian side in the first quarter of 2016, as well as the transit of gas through Ukraine's territory from Russia to Europe. The details of the meeting were not reported.

Earlier, Ukrainian Energy Minister **Volodymyr Demchyshyn** said that Kiev was ready to buy gas from Gazprom only if the Russian side would reduce its price to below 200 dollars per 1,000 cu.m.

**Antitrust agency declares Gazprom monopolist on gas transit services market**

The Antimonopoly Committee of Ukraine has conducted an investigation and found out that Russia's Gazprom holds a monopoly position in the market for natural gas transit through the territory of Ukraine and that it repeatedly violated the terms of the contract with the state-run energy company Naftohaz Ukrayiny in 2009-15.



The committee said that Gazprom might be fined for up to 30 percent of its turnover for the violation of the monopoly legislation of Ukraine.

It should be noted that the cost of Gazprom's gas transit services in the period from 2011 to 2014 amounted to 10.5bn dollars.

### **Tycoon pays 130m-dollar debt to Naftohaz**

The state-run energy company Naftohaz Ukrayiny has received 3bn hryvnyas (129.7m dollars) of debt from Ukrainian businessman **Dmytro Firtash's** Ostchem Group, which is a parent company for several large chemical plants in Ukraine.

At the same time, the sides made a mutual decision on the debt of 1bn hryvnyas (43.2m dollars) owed by Ostchem's two other enterprises, Severodonetsk Azot Association and Stirol Concern, which halted production because they are located near or in the antiterrorist operation area in Donbass. According to the agreement, the debt must be repaid in equal instalments over 24 months after the end of hostilities.

As Ostchem reported, the total debt had accumulated before Firtash bought those chemical enterprises.

**Founded in July 2010, Gorshenin Weekly is a weekly digest of expert analysis covering the most important political, social and economic events in Ukraine. It is the key source of information about opinion polls carried out by the Gorshenin Institute as well as the best professional commentaries on recent developments.**

**Gorshenin Weekly is available in Russian and English.**

**Gorshenin Weekly has over 1000 subscribers in the EU, the USA, Russia, Ukraine and other countries. Its regular customers are representatives of the embassies, the European Commission, the European Parliament, the US Department of State, leading international analytical centres, Ukrainian and international mass media.**

**If you wish to subscribe to Gorshenin Weekly please send your request to the following e-mail address: [weekly@gorshenin.eu](mailto:weekly@gorshenin.eu).**

**Our contact information:**  
18b Mala Zhytomyrska st.,  
Kiev 01001, Ukraine  
+38 044 230 4962  
+38 044 230 4966 f



For more information please visit our website  
<http://gorshenin.eu/>