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2. ARMED CONFLICT IN EASTERN UKRAINE

German, French foreign ministers visit Ukraine

French and German foreign ministers **Frank-Walter Steinmeier** and **Jean-Marc Ayrault** visited Ukraine on 14-15 September. They held meetings with Ukraine's leadership and also visited the towns of Slovyansk and Kramatorsk that were liberated from pro-Russian militants.

During the visit, the French foreign minister stressed that Ukraine needs to fulfil one of the key conditions of the Minsk agreement – to grant special status to Donbas.

For his part, the German minister said that the political package and the security package should be implemented in parallel.

Later, German Chancellor **Angela Merkel**, during a telephone conversation with Ukrainian President **Petro Poroshenko**, said that Ukraine should fulfil its part of the Minsk agreements as soon as possible to resolve the situation in Donbas. She also noted that it was important that Russia and Ukraine demonstrate their political will to reach an agreement.

Meanwhile, Poroshenko, while speaking at the Yalta European Strategy conference in Kyiv, said that Ukraine will not make "a single step forward" until Russia withdraws its troops and implements security measures. The Ukrainian president called for tougher sanctions against Russia due to the failure to meet its obligations under the Minsk agreements.

German minister says fresh Donbas truce deal reached

German Foreign Minister **Frank-Walter Steinmeier** during a meeting with Ukrainian President **Petro Poroshenko** said that an agreement had been reached to cease fire in Donbas for a week starting from 15 September.

For his part, the Ukrainian president stressed that the cease-fire introduced from 1 September was not holding, as militants continued their artillery attacks, killing and wounding Ukrainian servicemen.

According to the antiterrorist operation headquarters, on 15 September three Ukrainian soldiers were wounded and one was shell-shocked in the combat zone in Donbas. On 16 September, one Ukrainian soldier was killed and six more were wounded. On 18 September, one Ukrainian soldier was wounded.

French minister announces troops disengagement in Donbas

French Foreign Minister **Jean-Marc Ayrault** during his visit to Ukraine said that an agreement on disengagement of troops in three pilot areas in Donbas should be signed in the coming days.

However, former Ukrainian President **Leonid Kuchma**, who represents Ukraine in the trilateral contact group in Minsk, said there was no agreement on the withdrawal of units from the line of contact because the sides failed to reach compromise on the contact line itself.

He also stressed that the representatives of Russia and the separatists in the trilateral contact group opposed the creation of a subgroup for returning the border with Russia in Donbas under Ukraine's control.

European Parliament bars members from visiting Donbas

The leadership of the European Parliament has prohibited its members from visiting the antiterrorist operation zone due to security reasons.

According to the deputy head of the Ukrainian parliament, **Iryna Herashchenko**, the European Parliament's decision demonstrates double standards. She noted that the EU, despite the continuing attacks by pro-Russian militants, insisted that Ukraine must hold elections in the occupied territory.

However, Herashchenko said that three MEPs **Rebecca Harms, Michal Boni, Jaromir Stetina** will visit front-line areas in Donbas despite the ban.

Two Ukrainians released from militant captivity

Ukrainian citizens **Volodymyr Zhemchuhov**, who lost two limbs and sight, and **Yuriy Suprun**, a UN mission officer, were released from the separatists' captivity on 17 September.

They were swapped for four militants.

Over 9,500 people killed in eastern Ukraine, UN says

According to the UN, at least 9,580 people have been killed and 22,240 wounded in eastern Ukraine since the beginning of the conflict in Donbas in spring 2014.

From 16 May to 15 September 2016, the UN registered 188 victims of the conflict among civilians, of which 28 were killed and 160 were wounded.

UK to earmark 2m pounds for Donbas mine clearance

The UK will earmark 2m pounds for Donbas mine clearance by 2018, UK Foreign Secretary **Boris Johnson** said during a visit to Ukraine on 14-15 September 2016.

The UK earlier allocated 650,000 pounds to HALO Trust and 500,000 pounds to the OSCE, also for mine clearance.

3. CRIMEAN ISSUE

Russian parliamentary election held in occupied Crimea

The parliamentary election was held in Russia on 18 September. Polling stations also opened in Crimea, which was annexed by Russia in the spring of 2014.

Crimean Tatars boycotted the election, their self-styled government Majlis said.

The Ukrainian Foreign Ministry called the election in the peninsula "part of Russia's aggression against Ukraine". In addition, the ministry stressed that the conduct of the election calls into question the legitimacy of the entire Russian parliament and proves that sanctions against Russia should be stepped up.

A number of Western countries said they would not recognise the results of the election in Crimea.

Read more about the Russian election in Gorshenin Weekly Russia.

Ukraine protests against Russian leaders' visit to Crimea

The Ukrainian Foreign Ministry has sent a note of protest to Russia over the unauthorised visit by Russian President **Vladimir Putin** and Prime Minister **Dmitriy Medvedev** to annexed Crimea where they chaired the meeting of the Russian State Council presidium on 15 September 2016.

Read more about the Russian leadership's visit to Crimea in Gorshenin Weekly Russia

Ukraine complains about Russian treatment of Crimean Tatar activist

Ukrainian Foreign Minister **Pavlo Klimkin** has called on the Council of Europe and the UN to recognise the Russian treatment of a deputy head of the Crimean Tatar self-styled government Majlis, **Ilmi Umerov**, as torture. Umerov had been illegally held in a Simferopol psychiatric facility for three weeks.

Russia-controlled authorities search Crimean Tatar activist's home

On 14 September 2016, Russian law enforcers searched the home of the head of the local Crimean Tatar authority in the village of Tokulchak, **Enver Alyadinov**, the head of the Crimean Tatar self-styled government Majlis, **Refat Chubarov**, has said.

Crimean Tatar leader nominated for Sakharov Prize

The leader of the Crimean Tatar people and Ukrainian MP, **Mustafa Dzhemilyev**, has been nominated for the 2016 Sakharov Prize for Freedom of Thought, established by the European Parliament.

4. INTERNATIONAL POLITICAL**UKRAINE-RUSSIA****Russia holds parliamentary vote in consulates in Ukraine**

On 18 September, Russia held the parliamentary election voting at the Russian embassy and consulates in Ukraine.

About 10 activists, including representatives of the far-right Freedom party, tried to block the entrance to the building of the Russian embassy in Kyiv. At the same time, the protesters beat up a Russian citizen who tried to go to the polls.

In addition, a scuffle between members the ultra-nationalist Right Sector organisation and the police took place outside the Russian consulate-general in Odesa.

The Ukrainian Foreign Ministry said that the Kremlin, despite Ukraine's warnings about the impossibility of holding the election on its territory, did nothing to avoid provocative actions and thus exposed its own citizens to danger.

Earlier, around 20 people wearing balaclavas fired on the Russian embassy in Kyiv with fireworks. The protest against the elections to the Russian State Duma on the territory of Crimea was organised by the far-right group C14.

Ukraine files lawsuit against Russia with International Tribunal for Law of Sea

Ukraine has initiated arbitration proceedings against Russia over its violation of the UN Convention on the Law of the Sea in order to protect its rights of a coastal state in the sea zones abutting on Crimea in the Black Sea, the Sea of Azov and the Kerch Strait, which were violated as a result of Crimea's annexation.

The lawsuit has to do with oil and gas extraction on the Ukrainian sea shelf, the use of sea resources and pollution of the Black Sea, including during the construction of the Kerch bridge.

The national oil and gas company Naftohaz Ukrayiny earlier said that Ukraine lost access to 50bn cu.m. of gas, 3.5m tonnes of oil and 1m tonnes of gas condensate on the shelf as a result of Crimea's annexation by Russia.

Ukraine says ready to hold pre-trial talks with Russia on 3bn-dollar debt

The Ukrainian Finance Ministry has said it is ready to hold pre-trial negotiations with Russia on the so-called "Yanukovych loan" of 3.14bn dollars.

The IMF said Ukraine is negotiating the 3bn-dollar debt with Russia in good faith.

Ukraine complains to WTO about Russian restrictions on cargo transit

Ukraine has requested WTO consultations on the restricted transit of goods across Russian territory.

This is the first stage in the process of settling trade disputes within the framework of the organisation. The WTO regulations give parties to a dispute 60 days to settle the problem in the course of consultations. After 60 days, the plaintiff can demand the formation of an arbitration team that will decide on the matter.

On 1 January 2016, Russian President **Vladimir Putin** signed a decree banning direct cargo transit from Ukraine to Kazakhstan. As of 1 July, the restrictions were extended to include Kyrgyzstan. The restriction is explained by the end of a free-trade zone deal between Ukraine and Russia.

According to the Ukrainian Economic Development Ministry, the country will incur 400m dollars in losses due to the restricted transit this year.

Ukraine imposes sanctions on judges in Russia-held prisoners' cases

The National Security and Defence Council of Ukraine has decided to introduce sanctions on representatives of Russian law-enforcement and judicial bodies involved in the illegal persecution in Russia of Ukrainian nationals **Oleh Sentsov** and **Oleksandr Kolchenko**.

Russia adds Ukrainian salt to sanction list

Russian Prime Minister **Dmitriy Medvedev** has signed a resolution to extend the list of banned imports, which now includes Ukrainian edible and technical salt.

Artem Chayka, the elder son of the Russian prosecutor-general, is the owner of the Tyret salt mine, Russia's second largest salt producer.

Read more in Gorshenin Weekly Russia

Director of Ukrainian library in Moscow faces new charges

Russian investigators for the fourth time now pressed charges against the director of the Ukrainian library in Moscow, **Natalya Sharina**, whom they accuse of extremism and embezzlement, her lawyer Ivan Pavlov has said.

Earlier, the criminal case was sent back to prosecutors for additional investigation and correction of violations.

On 28 October 2015, Russian law enforcers searched the Ukrainian library in Moscow and later detained its director **Natalya Sharina**.

UKRAINE-EU

Council of EU to consider visa-free travel for Ukrainians on 11 October

The EU Justice and Home Affairs Council will consider visa liberalisation for Ukraine, Georgia and Kosovo on 11 October 2016, Ukrainian Deputy Foreign Minister **Olena Zerkal** has said.

She added that the European Parliament would consider lifting visas on Ukraine in one of the next two plenary weeks: the first and last weeks of October.

At its meeting on 26 September, the European Parliament's Committee on Civil Liberties, Justice and Home Affairs is expected to approve a report and a draft legislative resolution on visa-free status for Ukraine.

Foreign minister says EU-Ukraine summit to be held in October-November

Ukrainian Foreign Minister **Pavlo Klimkin** has said that the EU-Ukraine summit, where an announcement on visa-free travel for Ukrainians can be made, is expected to be held in October or November.

The summit was first scheduled for 19 May and then postponed until September.

Council of EU extends sanctions on Russia into March 2017

The Council of the EU has extended by six months, until 15 March 2017, its sanctions on Russian officials and organisations introduced in 2014 over Russia's aggression in Ukraine.

Read more in Gorshenin Weekly Russia

EU court upholds sanctions on Ukrainian ex-president

The EU's second-highest court has upheld financial sanctions imposed on Ukraine's ousted President **Viktor Yanukovych**, his son **Oleksandr** and a former head of the presidential administration, **Andriy Klyuyev**, by the Council of the EU.

But Yanukovych won his challenge against sanctions from March 2014 to March 2015 because EU governments did not provide enough proof of wrongdoing.

Latvia claims 50m euros believed to be stolen by Ukrainian ex-president's entourage

A court in Latvia has confiscated 50m euros, which are believed to have been

embezzled from the state budget of Ukraine and legalised through Latvian banks by Ukrainian officials during the times of ex-President **Viktor Yanukovych**. The money was confiscated in favour of the Latvian budget, the De Facto investigative show on the Latvian TV channel LTV has said.

Last summer, this money was confiscated from ABLV and Reģionālā investīciju banka. A bigger part was confiscated from PrivatBank.

The journalists said that Ukraine had not informed Latvia that this money had been stolen from the state and should be returned.

According to Ukrainian media, this money may have belonged to former National Bank of Ukraine governor **Serhiy Arbuzov**, Party of Regions ex-MP **Yuriy Ivanyushchenko** or billionaire **Serhiy Kurchenko**.

It was reported that the authorities of Antigua and Barbuda confiscated 67m dollars from the frozen accounts of former Ukrainian Prime Minister **Pavlo Lazarenko** in favour of the country's budget.

EU, Denmark earmark 16m euros for Ukraine's anti-corruption efforts

The Danish Agency for International Development Assistance has launched a programme of assistance to Ukrainian anti-corruption agencies, representatives of civil society and mass media.

It will provide consultations and training and strengthen Ukraine's ability to prevent corruption. Its material help will include IT equipment and software.

The budget of the programme is 16.34m euros. Out of this sum, the EU's contribution is 15m euros, the rest will be provided by Denmark.

Ukraine, Poland agree to establish forum on common history

The foreign ministries of Ukraine and Poland have agreed to establish a forum on the two countries' common history.

Earlier, Ukrainian President **Petro Poroshenko** and his Polish counterpart **Andrzej Duda** agreed to try and coordinate their positions on the Volyn tragedy by December.

In July, the Polish Sejm adopted a resolution which recognised the Volyn tragedy as an act of "genocide" against Rzeczpospolita II citizens by Ukrainian nationalists.

The Ukrainian parliament adopted a resolution in response, in which it called on Polish MPs not to politicise the bilateral history.

Ukrainian cabinet approves agreement to cancel visa fees for Romanians

The Cabinet of Ministers of Ukraine has approved an agreement with Romania to cancel fees for long-term visas.

In May, Romania cancelled fees for long-term national visas for Ukrainians.

UKRAINE-GEORGIA**Ukraine, Georgia agree on direct railway communication via ports**

On 13 September 2016, Ukraine and Georgia signed an intergovernmental agreement on direct railway communication via ports.

The Ukrainian Infrastructure Ministry said that the agreement was important for developing a railway route bypassing Russia. It added that a similar agreement with Bulgaria was being prepared.

The Ukrainian and Georgian railways are planning to set up a joint venture.

UKRAINE-CIS**Ukraine objects to Russia's CIS chairmanship**

Ukraine has sent a note of protest to the CIS executive committee, in which it opposed the Russian presidency in the CIS in 2017. This follows from a statement by the Ukrainian Foreign Ministry.

The Ukrainian delegation and Ukraine's ambassador to Kyrgyzstan, **Mykola Doroshenko**, were not allowed to participate in a narrow-format meeting of the Council of CIS Heads of State. The CIS executive committee also attempted to prevent the ambassador's work at an expanded-format meeting of the Council of CIS Heads of State, in particular, during the signing of the meeting's final decisions.

It bears noting that during the CIS summit in Kyrgyzstan, Doroshenko in his speech voiced Ukraine's position on two agenda items: Russia's chairmanship in the CIS in 2017 and the census in the CIS countries, in particular in Crimea, which is scheduled for 2020. In the presence of Russian President **Vladimir Putin**, the ambassador noted that Russia violated international law by annexing Crimea and supporting the military conflict in Donbas.

For his part, the Russian president noted that Ukraine failed to ratify the CIS charter and therefore cannot make proposals as to the work of CIS bodies.

UKRAINE-PACE**Ukraine may step out of PACE if it recognises Russian delegation - foreign minister**

Ukraine may stop its participation in the Parliamentary Assembly of the Council of Europe if the mandate of the Russian delegation to it is recognised despite the illegitimate elections to the Russian State Duma on the territory of occupied Crimea, Ukrainian Foreign Minister **Pavlo Klimkin** has said.

5. DOMESTIC POLITICAL**Ukrainian government sends 2017 draft budget to parliament**

On 15 September 2016, the Cabinet of Ministers approved and sent to parliament

the draft law on the state budget of Ukraine for 2017.

The document projects budget revenues of 706bn hryvnyas (27.69bn dollars) and outlays of 775bn hryvnyas (30.39bn dollars), and the budget deficit ceiling is set at 77.5bn hryvnyas (3.04bn dollars). The government forecasts economic growth of 3 percent. The maximum amount of public debt as of 31 December 2017 is set at 1,720bn hryvnyas (67.5bn dollars).

There are plans to increase the subsistence wage for able-bodied persons to 1,600 hryvnyas (62.75 dollars) on 1 May 2017 and to 1,760 hryvnyas (69.02 dollars) on 1 December 2017.

The executive director of the Bleyzer Foundation, **Oleh Ustenko**, has said at a roundtable at Gorshenin Institute that the only way for Ukraine to live through 2017 with the acceptable budget is to cut expenditures.

President enacts security council's decision on Ukraine's defence budget

President **Petro Poroshenko** has enacted the 13 September 2016 decision of the National Security and Defence Council on the financing of Ukraine's national security and defence.

Expenditures on the country's defence capability in the 2017 draft budget were increased to 129bn hryvnyas (5.06bn dollars), which is 5 percent of GDP.

Ukrainian government approves new bill on special confiscation

The Cabinet of Ministers has approved a new bill on the confiscation of citizens' assets bought using unreported incomes, and sent it to parliament.

At the same time, Prime Minister **Volodymyr Hroysman** accused MPs of "colluding with a criminal gang" to fail the vote.

According to Justice Minister **Pavlo Petrenko**, if the law is adopted, the assets of corrupt officials from ex-President Viktor Yanukovich's entourage as well as other participants in their corrupt schemes, including brokers who serviced the deals to place Yanukovich's 1.5bn dollars in Oshchadbank (state-run Savings Bank), could be claimed back in favour of the state.

Ukrainian government sets up council for fighting money laundering

The Cabinet of Ministers has set up a council for fighting the laundering of criminal proceeds, financing of terrorism and proliferation of weapons of mass destruction. It will include 30 members under chairmanship of the head of the State Financial Monitoring Service, **Ihor Cherkaskyy**.

The council is an ad hoc advisory body tasked with coordinating the efforts of other government agencies on the prevention of money laundering and drafting of proposals on the formation and implementation of government policy in this sector.

The establishment of the council is an element of Ukraine's preparation for the fifth assessment by the Council of Europe's Committee on the Evaluation of Anti-Money

Laundering Measures and the Financing of Terrorism, scheduled for March 2017.

Government appoints space agency head

The Cabinet of Ministers on 14 September appointed **Yuriy Radchenko** as acting chairman of the State Space Agency of Ukraine.

In the period from 2012 to 2015, Radchenko worked as director of the Kvant Research Institute, which is part of the state-run Ukroboronprom company.

Quotas on European-produced TV programmes come into force

The law setting a 70-percent quota for TV programmes produced in Europe, as well as the United States and Canada, came into force on 15 September. In addition, the document stipulates that Ukrainian-made content must take at least 50 percent of the broadcast time. In radio programmes, musical compositions of Ukrainian authors and performers should also take at least 50 percent of the total broadcast time.

If a programme is produced by the order or with the assistance of one or more resident entities of a state recognized by the Ukrainian parliament as an aggressor state and/or an occupier state (Russia), such a programme cannot be considered as a programme of European and Ukrainian origin.

Court lifts restrictions on public worship

The Constitutional Court of Ukraine has ruled that the provision of the law "On freedom of conscience and religious organizations", which required that permissions should be obtained from local authorities for holding public religious and other peaceful events, contradicts the constitution.

The constitutional motion was filed by the parliamentary commissioner for human rights, **Valeriya Lutkovska**.

Prosecutor's office questions primate of pro-Russian church

The Prosecutor-General's Office has questioned the primate of the Ukrainian Orthodox Church of the Moscow Patriarchate (UOC-MP), Metropolitan **Onufriy**, as a witness under the criminal investigation into the illegal imprisonment of **Oleksandr Drabynko**, aide of the former UOC-MP primate, Metropolitan **Volodymyr**. This was reported by Prosecutor-General **Yuriy Lutsenko** in the "Levyi Bereg with Sonya Koshkina" programme.

According to the prosecutor-general, the kidnapping was carried out by subordinates of ex-Interior Minister **Vitaliy Zakharchenko** at the order of former President **Viktor Yanukovych**.

At the same time, as Lutsenko said in the programme, Metropolitan Volodymyr was virtually brought to premature death by Yanukovych's entourage on the direct order of the former president. According to the investigators, he ordered

former Interior Minister Vitaliy Zakharchenko to deprive Volodymyr and Drabynko of freedom in order to force the deceased UOC-MP primate to resign in favour of a person close to Yanukovych.

Prosecutor's office ready to offer deal to former official

The Prosecutor-General's Office is ready to offer a deal with the investigators to the former head of the State Agency for Investment and Management of National Projects, **Vladyslav Kaskiv**, who has been recently arrested in Panama, since he possesses important information, Prosecutor-General **Yuriy Lutsenko** said in the "Levyi Bereg with Sonya Koshkina" programme.

It should be recalled that Kaskiv is suspected of embezzling public funds in the amount of 7.5m hryvnias (295,000 dollars) in 2012-13.

According to the Nashi Hroshi (Our Money) website, the former head of **Viktor Yanukovych's** presidential administration, MP **Serhiy Lyovochkin** of the Opposition Bloc party and MP **Ivan Fursin** of the People's Will group, a partner of businessman **Dmytro Firtash**, might be involved in the embezzlement of public funds by Kaskiv.

Prosecutor's office impounds property of former tax official

The Main Military Prosecutor's Office has impounded the property of the former first deputy chairman of the State Tax Service (during the presidency of **Viktor Yanukovych**), **Andriy Holovach**, and members of his family worth a total of 480m hryvnias (18.82m dollars).

The investigation is being conducted into an illegal reimbursement of VAT to business entities to the tune of more than 3bn hryvnias (117.65m dollars).

Law enforcers search Kharkiv mayor residence

Officers of the Prosecutor-General's Office and the Security Service of Ukraine (SBU) on 15 September searched the premises belonging to Kharkiv mayor **Hennadiy Kernes** and the mother of the former Kharkiv Region governor, MP **Mykhaylo Dobkin** of the Opposition Bloc party.

The searches were carried out under the criminal case concerning the theft of 654 hectares of land in Kharkiv's communal ownership worth 4bn hryvnias (156.86m dollars), the Prosecutor-General's Office reported.

Some 20,000 servicemen to be demobilized in September-October

Some 20,000 servicemen will be dismissed from the service under the sixth wave of mobilization in September and October, the General Staff of the Ukraine's Armed Forces has reported. The demobilized soldiers will be replaced with conscripts and contract servicemen.

Over 200,000 children recognised as displaced persons in Ukraine – UN

The UNICEF has said that as of early 2016, 215,000 children were forced to flee their homes in Ukraine. In total, more than 1.6m people in Ukraine were registered as internally displaced persons.

In 2015, 300,000 Ukrainians of all ages became displaced persons. Currently, there are 285,000 international migrants under the age of 18 years in Ukraine.

Also, the organisation reported that 200,000 children in Ukraine were left without a parent as he or she left their homes to work abroad. These parents have sent some 9bn dollars in remittances to their families in Ukraine.

6. ECONOMY**IMF gives Ukraine 1bn-dollar tranche**

The IMF on 16 September transferred the third tranche of 1bn dollars to Ukraine under the Extended Fund Facility programme.

Earlier, on 14 September, the respective decision was approved by the IMF Executive Board. Only the Russian representative voted against the decision.

It bears noting that the IMF tranche will be used to replenish the National Bank's international reserves.

According to IMF chief **Christine Lagarde**, Ukraine has made some progress in overcoming the economic crisis, but much remains to be done. At the same time, the IMF allowed Ukraine to deviate from the programme performance criteria relating to the size of its international reserves, arrears on external payments and restrictions in the foreign exchange market.

Transparency International head **Jose Ugaz** said that IMF's decision to provide another tranche to Ukraine was political. He believes that the authorities have failed to demonstrate sufficient progress in the fight against corruption.

Earlier it was expected that the IMF's tranche would total 1.7bn dollars.

IMF outlines conditions for fourth tranche to Ukraine

Ukraine needs to fulfil a number of conditions, the so-called benchmarks, in order to receive another tranche from the IMF. This follows from a copy of the new IMF-Ukraine memorandum, the Apostrof website has reported.

According to the document, Kyiv should carry out pension reform. In particular, the IMF considers it necessary to consolidate the pension legislation, which currently consists of several dozen separate documents. At the same time, in December 2016 Ukraine needs to pass a law that would provide for a gradual increase in the retirement age (the new retirement age is not specified). In addition, the IMF calls for establishing a single principle of pension payments without any benefits relating to specific professions (except military ones).

It was also recommended that Ukraine optimise the housing subsidies system and

develop a mechanism for increasing natural gas and heating rates.

In late November 2016, under the terms of the memorandum, the Ukrainian parliament should pass a law on the National Anti-Corruption Bureau, which will receive a wide range of powers allowing it not to depend on the infrastructure of other agencies.

Also, the IMF gave its forecast of Ukraine's economy for a period until 2021, according to which Ukraine's GDP may grow by 2.5 percent in 2017, 3 percent in 2018, 3.5 percent in 2019 and 4 percent in 2020 and 2021.

Government reveals list of facilities for privatization

The Cabinet of Ministers has published a list of companies that are subject to privatisation in 2016-17. The list includes more than 10 sea and river trade port, about 20 mines, more than 10 energy-generation and energy-distribution companies, as well as the United Mining and Chemical Company, the Elektrotiyazhmash plant, Odesa Portside Plant, Sumykhimprom and Turboatom.

According to the head of the State Property Fund, **Ihor Bilous**, the starting price of Odesa Portside Plant should be lowered to 150m dollars.

Government passes pension fund strategy

The Cabinet of Ministers has approved the strategy of modernization and development of the Pension Fund for a period until 2020. It introduces the possibility for citizens to receive services in any branch of the Pension Fund regardless of their place of residence.

In addition, there are plans to introduce electronic pension services and to create a unified electronic database of pension cases.

Foreign trade deficit reaches 947m dollars

The deficit of foreign trade in goods in January-July 2016 amounted to 947.4m dollars against a surplus of 485.4m dollars recorded in the same period of the previous year, the State Statistics Service has reported.

At the same time, exports of goods fell by 10.5 percent to 19.55bn dollars, while imports declined by 4 percent to 20.49bn dollars. The export-import coverage ratio was 0.95 (1.02 in January-July 2015).

Exports to the EU rose by 5 percent to 7.58bn dollars and comprised 38.8 percent of total exports. Exports to Russia fell by 32.3 percent to 1.88bn dollars and made 9.6 percent of total exports.

Imports of goods from EU countries grew by 3.1 percent to 8.98bn dollars and made 43.8 percent of total imports. Imports from Russia decreased by 40.2 percent to 2.59bn dollars and made 12.6 percent of total imports.

President signs law raising scrap metal export duties

President **Petro Poroshenko** has signed the law that increases export duties on scrap metal.

In May, Poroshenko vetoed the law whereby parliament proposed to increase the duty on exports of ferrous scrap from 10 euros to 30 euros for a period of three years. The document received a negative feedback from the EU.

At the same time, the president sent his amendments to parliament proposing that such increased duties remain in effect for no more than one year. In addition, he proposed cancelling the registration of contracts for scrap metal exports in order to liberalise foreign trade, while the April draft law suspended the use of such contracts for three years. The law with the president's amendments was passed in July.

Central bank cuts discount rate 15 percent

The National Bank has decided to lower the discount rate from 15.5 to 15 percent starting from 16 September.

The decision was made thanks to lower price stability risks in Ukraine.

It should be recalled that in August the consumer price index rose by 8.4 percent compared to the same period in the previous year.

According to the National Bank's forecasts, inflation in the fourth quarter is expected to approach 12 percent in annual terms due to a rise in public utility rates. At the same time, core inflation will continue to slow down, reflecting weakening fundamental inflationary pressures.

National Bank softens restrictions on foreign exchange market

The National Bank has passed a resolution that allows clients of banks to withdraw cash in foreign currency or precious metals from current and deposit accounts in banks and via ATMs in the amount equivalent to 250,000 hryvnyas (9,800 dollars) per day starting from 15 September. Previously, this amount was 100,000 hryvnyas (3,900 dollars).

In addition, resident companies that receive loans from non-residents will be able to buy foreign currency to pay off such debts even if they have more than 25,000 dollars of their own funds on their accounts.

At the same time, the regulator suspended the issuance of licenses for currency transfer abroad by individuals, explaining its decision by the fight against capital flight.

Deposits in Ukrainian banks exceed 29bn dollars

The amount of deposits in Ukrainian banks in late August totalled 397.34bn hryvnyas (15.6bn dollars) in the national currency and 14.03bn dollars in foreign currency, the National Bank has reported.

Deposits in the national currency fell by 2.2 percent compared to July while those in foreign currency (in dollar equivalent) increased by 0.9 percent.

Deposit Guarantee Fund seeks additional funding

The Deposit Guarantee Fund has asked the Finance Ministry to provide additional funding in the amount of 7.9bn hryvnyas (310m dollars).

The budget of Ukraine for 2016 foresees 16bn hryvnyas (627m dollars) for the fund.

Alfa-Bank to increase equity by 190m dollars

The sole shareholder of Alfa-Bank - ABH Ukraine - has decided to increase the bank's authorized capital by 5bn hryvnyas (196m dollars) to 12.52bn hryvnyas (491m dollars).

Earlier, the Antimonopoly Committee of Ukraine gave the green light to ABH Holdings S.A., which indirectly owns Alfa-Bank, to acquire 100 percent of shares in UkrSotsbank.

In addition, last week ABH Ukraine issued Eurobonds to the tune of 30m dollars. The securities maturing in 2018 pay a coupon of 7.5 percent. This is the fourth such Eurobonds issue by the company in the past six months.

Mriya's lenders agree 770m-dollar debt write-off

The lenders of Mriya, an agricultural holding company, have agreed to reduce its debt by 3.3 times to 330m dollars. In return, they will receive 50-54 percent of Mriya's shares.

Until recently, the company's debt portfolio totalled 1.1bn dollars.

According to media reports, Mriya belongs to the Hut family.

Ex-MP sells Donetsk fridge plant to Russians

The president of Nord Group, ex-MP **Valentyn Landik** of the Party of Regions has sold his stake (79.93 percent) in the Nord plant, a manufacturer of refrigeration equipment, to a Russian company named Diorit-Tekhnis, which is a distributor of Nord equipment in Russia.

The remaining 19.07 percent is held by **Andriy Landik**, the son of the ex-MP, who heads Nord's supervisory board.

The Nord plant is located in rebel-held Donetsk. In July 2016, the owners announced its closure. The company was re-registered in Kramatorsk, Donetsk Region.

7. ENERGY

Economy Ministry removes Ukrtranshaz from Naftohaz's control

The Economic Development Ministry has introduced changes to the charter of the state-run energy company Naftohaz Ukrayiny, taking over the function for the management of Ukrtranshaz and the national gas transport system.

The ministry explained that the decision was linked to the obligations under the EU's Third Energy Package.

Naftohaz said that the change of the company's charter and the re-subordination of Ukrtranshaz jeopardizes future loans for the purchase of gas for the upcoming heating season and may lead to a default on debts guaranteed by the government.

At the same time, the Energy Community said that the decision to re-subordinate Ukrtranshaz was contrary to the reform agreed with the EU and that the rejection of the approved Naftohaz restructuring plan would jeopardize the company's current arbitration cases as well as Ukraine's role as a gas transit country.

The EBRD also sharply criticized the decision by the ministry.

Later, the Economy Ministry said that the decision to re-subordinate Ukrtranshaz was suspended.

Ukraine to receive 600m-euro aid after passing energy commission law - envoy

The European Union will disburse the second tranche of 600m euros under the third macro-financial assistance programme only after the Ukrainian parliament passes the law on the National Commission for Energy and Public Utilities Regulation, according to the head of the EU Delegation in Ukraine, **Hugues Mingarelli**.

According to him, the bill will help achieve greater transparency and efficiency in the energy sector of Ukraine.

Ukrhazvydobuvannya slightly increases gas production

Ukrhazvydobuvannya, the largest gas producer in Ukraine (accounts for about 75 percent of the total gas output), in January-August 2016 increased gas production by 0.5 percent (45m cu.m.) compared to the same period in 2015, to 9.74bn cu.m.

Ukrtransnafta transfers 70m dollars to state budget

Ukrtransnafta in January-August 2016 transferred to the budget some 1.78bn hryvnias (70m dollars) in taxes, duties and dividends, which is 70 percent more than last year.

It should be recalled that the 2015 net profit of this operator of Ukraine's oil transport system was 1.36bn hryvnias (53.3m dollars).

Enerhoatom shows 1bn-dollar sales over eight month

The state-owned Enerhoatom enterprise, which runs all operating nuclear power

plants in the country, in January-August 2016 increased its revenue from electricity sales by 4.6 percent compared with the same period in 2015, to 25.99bn hryvnyas (1bn dollars), according to the company's financial statement.

However, the company decreased electricity generation by 6bn kWh compared with January-August 2015, to 51.57bn kWh. Enerhoatom's share on the Ukrainian electric power market made 51.6 percent.

Ukraine ranks 7th in the world in term of the installed capacity of nuclear power units.

8. SPORTS

Ukraine ends Rio Paralympics among top three teams

The Ukrainian team, for the first time in its history, has won the 3rd place among 176 countries at the Paralympic Games in Rio de Janeiro.

At the previous Paralympics in London in 2012, the Ukrainian team took the 4th place.

Kyiv to host 2018 UEFA Champions League final

The extraordinary UEFA congress in Athens decided to give Kyiv the right to host the final match of the 2017-18 Champions League season.

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