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TOP NEWS

Separatists have occupied the State Regional administrations and Ukrainian Security Service premises in the Eastern regions

The Ukrainian leadership said that the separatist unrest in the East of Ukraine had been paid by Putin and Yanukovich.

You can find more details in the section "DOMESTIC POLITICAL".

Ukraine's top security agency accuses Russian agents of role in special operation to disperse Maydan

In its turn, the Federal Security Service of Russia detained Ukrainian citizens suspected of preparing terrorist acts in Russia.

You can find more details in the sections "INTERNATIONAL POLITICAL" and "DOMESTIC POLITICAL".

Russia unilaterally terminates agreements with Ukraine on Black Sea Fleet in Crimea

After Moscow had unilaterally terminated the so-called Kharkiv agreements on the stationing of its Black Sea Fleet in Crimea, the price of Russian gas for Kiev rose to 485 dollars per 1,000 cu.m.

You can find more details in the sections "INTERNATIONAL POLITICAL" and "ENERGY".

INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Russia unilaterally terminates agreements with Ukraine on Black Sea Fleet in Crimea

On 2 April, Russian President **Vladimir Putin** signed a law approved by the lower house of the Russian parliament, State Duma, which terminated the Russian-Ukrainian agreements on the stationing of the Russian Black Sea Fleet in Crimea.

Additionally, Russia unilaterally terminated the following agreements: on the terms of dividing the Black Sea Fleet (signed in Kiev in 1997), on the status and conditions of the Black Sea Fleet's stationing on Ukrainian territory (signed in Kiev in 1997), on the mutual payments related to the division of the Black Sea Fleet and its stationing in Ukraine (Kiev, 1997), as well as on the terms of the Black Sea Fleet's stationing on the territory of Ukraine, or the so-called Kharkiv agreements which had been signed in Kharkiv in 2010.

Ukraine does not recognize the unilateral termination of these agreements by Russia and intends to challenge its decision in international courts.

We shall remind you that the Kharkiv agreements envisioned a 100-dollar discount on the price of Russian gas for Ukraine.

Russia to suspend cooperation with Ukraine until debts paid off, says premier

Russia's cooperation with Ukraine in the gas sector, "just like in other sectors", is impossible without clearing the Ukrainian gas debts, Russian Prime Minister **Dmitriy Medvedev** said on 3 April.

We would like to point out that the Ukrainian state-run oil and gas company Naftohaz Ukrayiny owes Russia's Gazprom over 2.2bn dollars. This amount includes March gas deliveries to Ukraine.

Ukrainian Prime Minister **Arseniy Yatsenyuk** said that Ukraine was ready to pay off its gas debt to the Russian Federation. At the same time, he noted that the 500-dollar gas price offered by Russia was unacceptable. (You can find more details in the section "ENERGY").

Russia decreases number of troops massed on Ukrainian border

On 4 April, the Ukrainian Foreign Ministry said that the number of Russian troops massed on the Ukrainian-Russian border had dropped to 10,000-15,000 people.

At the same time, the ministry still views the situation as threatening.

Ukraine mobilizes 19,000 servicemen

Ukraine has mobilized 19,000 people for the army, thus fulfilling 85 percent of the mobilization plan, the secretary of the Ukrainian National Security and Defense Council, **Andriy Parubiy**, has said.

Russian security service detains 25 so-called terrorists from Ukraine

The Russian Federal Security Service (FSB) has detained 25 Ukrainian citizens over reports that the far-right Ukrainian party Right Sector's members and Maydan activists intended to stage terrorist attacks in seven Russian regions on 14-16 March, the FSB reported on 3 April.

The FSB also said that the detained had been instructed by the Security Service of Ukraine (SBU) how to organize terrorist acts in Russia.

For its part, the SBU dismissed these reports as nonsense. The Right Sector party also challenged the reliability of the FSB statements.

Ukraine's private pro-opposition TV channel 5 Kanal quoted relatives of the detained Ukrainians as saying that the men had gone to Russia to earn money by making photo albums for schools.

We would like to point out that on 3 April, SBU head **Valentyn Nalyvaychenko** said that the FSB had been involved in the process of dispersing Maydan. You can find more details in the section "DOMESTIC POLITICAL".

Ukrainian companies continue delivering military equipment to Russia

Some companies of the Ukrainian defence industry and, in particular, the Kiev plant Arsenal, continue delivering military equipment to Russia, the head of the Military and Political Studies Centre, **Dmytro Tymchuk**, has said.

Russia continues insisting on Ukraine's federalization

Ukraine has not achieved real progress in the preparation of federalization amendments to the Ukrainian constitution a month after the Ukrainian parliament had set up a commission for drawing up a relevant draft law, the Russian Foreign Ministry has said.

In the opinion of Russian diplomats, the commission should organize regular discussions of the draft law with independent experts and public organizations.

We shall remind you that Russia demanded that Ukraine become a federation and that Russian be made a second state language. Russian Foreign Minister **Sergey Lavrov** said that Moscow was ready to participate together with Western partners in the search for "joint recommendations" to help Ukraine's process of reforming the state.

In his turn, Ukrainian Prime Minister **Arseniy Yatsenyuk** stated that the Ukrainian authorities would independently decide on the fate of constitutional reform without the Kremlin's "advice". He also expressed his categorical opposition to Ukraine's federalization. "The Russian idea on federalization is an idea of how to destroy Ukraine," he added.

The prime minister also said that the Russian authorities should grant Ukrainian the status of a second official language on the territory of the Russian Federation, since the Ukrainian-speaking community was the second largest on the territory of Russia.

The Ukrainian Foreign Ministry also offered the Kremlin a plan for turning the Russian state into a confederation and for introducing there from five to 10 official languages.

Ukraine introduces restrictions on stay of Russian citizens

On 7 April, the Ukrainian State Border Service started to implement a norm prohibiting Russian citizens from staying on Ukrainian territory for over 90 consecutive days out of every six months.

The decision was made following a government order of 1 April, which had been issued in response to the same restrictions imposed by Russia starting from 1 January 2014.

Ukrainian journalist declared persona non grata in Russia

On 2 April, a crew of the Ukrainian private pro-opposition TV channel 5 Kanal was detained for five hours at the Russian border and then released.

The channel's journalist, **Oleh Kryshtopa**, said that the Russian border guards had not given them an explanation for their detention, only saying that Kryshtopa was a persona non grata in Russia.

Ukraine not to pay off Tymoshenko-linked energy company's debt to Russia

Kiev's economic court has overruled the verdict handed down by Ukrainian judges under which Ukraine was obliged to pay the Russian Defence Ministry 3.2bn hryvnyas (290.91m dollars) for the debt accrued by the corporation United Energy

Gorshenin Institute (@Gorshenin_eng) on Twitter

Systems of Ukraine (UESU) and demanded that Moscow repay Kiev the 38m hryvnyas (3.45m dollars) the latter had already paid. This was reported by the publication Pervaya Instantsyya.

The Kiev economic court ruled that the Ukrainian government did not owe anything to Russia due to the fact that the originals of the official letters guaranteeing payments for the corporation, which were the main evidence in this case, did not exist. We would like to point out that when handing down previous verdicts in the case, the courts relied on copies of these documents notarized by the Security Service of Ukraine.

We shall remind you that in January 2013, the Supreme Economic Court ruled that the Ukrainian government should pay off the UESU debt to the Russian Defence Ministry. The corporation, which was run by former Ukrainian Prime Minister **Yuliya Tymoshenko** in the 1990s, accrued the debt after it had failed to deliver products to the Russian Defence Ministry. The deliveries were part of an agreement guaranteed by the Ukrainian cabinet, which was headed at the time by **Pavlo Lazarenko**.

Ukraine's new authorities find no agreements between deposed president, Russia's Putin on 15bn-dollar loan

The Ukrainian presidential administration and other agencies of the executive branch of power have no information about the agreements between the deposed Ukrainian president, **Viktor Yanukovych**, and Russian head of state, **Vladimir Putin**, on a 15bn-dollar loan to Ukraine, the press service of the Ukrainian Cabinet of Ministers has said.

The Ukrainian authorities asked the Security Service of Ukraine to provide it with information about the agreements.

Ukraine finds fault with Russian products

The Ukrainian State Service for Consumer Rights Protection has found that a number of Russian producers who sell their candy, cheese, and fish in Ukrainian stores do not meet the requirements of the Ukrainian legislation on labels, the agency's press service reported on 1 April.

As a result, the service started to take measures for confiscating these products from stores.

The Russian Federal Service for Supervision of Consumer Rights Protection and Human Welfare said that its Ukrainian counterpart had violated international agreements.

We shall remind you that last year, Russia's federal service found the same fault with the labeling of the Ukrainian candy produced by **Petro Poroshenko's** Roshen corporation. As a result, it banned Roshen's deliveries to Russia. Ukraine is trying to solve this problem through the World Trade Organization.

Ukrainian presidential front-runner's corporation resumes production in Russia

The Roshen corporation, which is owned by Ukrainian businessman and current presidential front-runner, **Petro Poroshenko**, will resume the operation of its Russian factories in Lipetsk and the Sentsovo village after a two-week halt, the Kapital newspaper has reported.

At the same time, Roshen said that the Lipetsk factory's accounts remained frozen.

As previously reported, Roshen's accounts in Russia were frozen due to a lawsuit involving the Lipetsk candy factory and the Moscow-based company Rot Front over the right to use the name Swallow for their candy.

On 25 March, the Russian intellectual property court ruled that Roshen's Lipetsk factory had to pay the Moscow company Rot Front 212m rubles (6m dollars) of compensation for the illegal use of the Swallow brand, the Pervaya Instantsyia publication has reported.

Ukraine to challenge transfer of Odessa oil processing facility to Russian bank in court

The Ukrainian Interior Ministry will challenge in court the transfer of the Odessa oil refinery to the Russian bank VTB by Ukrainian businessman **Serhiy Kurchenko's** VETEK group of companies in order to return the facility into Ukraine's ownership, Ukrainian Interior Minister **Arsen Avakov** has said.

The VTB bank believes that the potential nationalization of the plant might destroy the trade and economic ties between the two countries.

As previously reported, the Odessa oil refinery was transferred to the Russian bank as a collateral for a 300m-dollar loan, which the VETEK group of companies had taken to purchase this facility from the Russian company Lukoil.

UKRAINE-NATO

NATO promises to help Ukraine ensure security

NATO has promised to provide Ukraine with concrete assistance to enhance the country's ability to ensure its security, as well as to promote reforms for boosting the Ukrainian defence capabilities, a statement made by the Ukraine-NATO commission, which convened on 1 April, has read.

During the meeting, the foreign ministers of the NATO member states also condemned Russia's illegal military intervention into Ukraine.

Ukrainian Foreign Minister **Andriy Deshchytsya** said that Ukraine had asked NATO to supply it with military and technical assistance, such as radars and equipment for border patrol.

NATO Secretary-General **Anders Fogh Rasmussen** said that in addition to cooperation on several programmes, the alliance was ready to increase the number of joint exercises. "There is also a possibility of stationing mobile army units in Ukraine, if the need arises," he added.

The alliance also promised Ukraine help with the implementation of reforms and with enhancing its defence capabilities.

We would like to point out that on 1 April, the Ukrainian parliament passed a draft law authorizing the access of armed military units of foreign countries to the territory of Ukraine to participate in drills in 2014.

Additionally, 16 Ukrainian officers took part in the NATO exercises on cooperation in crisis situations, which were held in Bulgaria. As its American commanders explained, the drills had been planned before the Crimean crisis.

It is also to mention that according to the Czech President **Milos Zeman**, Western countries will have to undertake serious steps, up to sending NATO troops, in a case is Russia attempts to conquer the Eastern Ukraine.

Russia warns Ukraine against joining NATO

The prospects for developing cooperation between Russia and Ukraine, including in the economic area, will depend on whether Kiev orients its foreign policy towards NATO membership, the Russian Foreign Ministry has said.

German Foreign Minister **Frank-Walter Steinmeier** believes that Ukraine has no chances to become a NATO member. At the same time, he said that Kiev's closer cooperation with the alliance within the framework of the Ukraine-NATO commission was possible.

We would also like to point out that NATO has suspended its cooperation with Russia.

UKRAINE-EU

European Parliament approves trade benefits for Ukraine

On 3 April, the European Parliament approved the introduction of trade preferences for Ukraine by the EU.

This decision should be still approved by the European Council.

MEP **Pawel Zalewski**, who delivered a report on the issue, believes that the system will be implemented this month.

Ukrainian Prime Minister **Arseniy Yatsenyuk** said that the European market would open for Ukrainian products on 15 May.

For his part, Russian Prime Minister **Dmitriy Medvedev** stated that Russia would adopt measures to protect its agricultural market using the procedures of the World Trade Organizations if Ukraine exists from the Commonwealth of Independent States or if it signs the part of the EU association agreement forging closer economic ties.

CRIMEAN ISSUE

Over 1,500 Ukrainian servicemen leave Crimea

Some 1,579 servicemen and staff members of the Ukrainian Armed Forces and their family members have left Crime for mainland Ukraine by 6 April 2014, the Ukrainian Defence Ministry's press service has said.

A Russian shot dead a Ukrainian officer

On 6 April, a Russian soldier shot dead a Ukrainian officer who has kept to the loyalty oath to the people of Ukraine. This was reported by the Ministry of Defence of Ukraine.

It also became known that Russians have beaten a Ukrainian captain and took him away to a disposition of a Russian base.

Russia ready to give military equipment remaining in Crimea back to Ukraine

Russia is ready to give the remaining military equipment of the Ukrainian Armed Forces back to Ukraine, the Russian Foreign Ministry has said.

Ten Russian tanks were deployed to Crimea instead of 40 Ukrainian tanks, which left it.

Crimea included in Russia's Southern Military District

On 2 April 2014, Russian President **Vladimir Putin** issued a decree making Crimea a part of the Southern Military District.

The Southern Military District includes Northern Caucasus and the southern regions of Russia.

Russian prime minister visits Crimea

On 31 March 2013, Russian Prime Minister **Dmitriy Medvedev** chaired a cabinet meeting in Crimea recently annexed by Russia.

He said that Russia would establish a ministry for Crimean affairs. The new ministry will be headed by **Oleg Savelyev** who has been the deputy economic development minister of Russia.

The Ukrainian Foreign Ministry expressed its protest to Russia over the Russian prime minister's visit to Crimea, which was not agreed with Kiev.

Russia introduces visas for foreigners' travelling to Crimea

Foreigners will need to apply for a Russian visa at one of diplomatic or consular offices of the Russian Federation to be able to visit Crimea, its Foreign Ministry has said.

Citizens of a number of countries, including Ukraine, do not need a visa to enter Russia.

Yanukovych confirms having asked Putin to send troops to Ukraine

Deposed Ukrainian President **Viktor Yanukovych** has confirmed that he asked Russian President **Vladimir Putin** to send troops to Ukraine. He said he was trying "to protect the lives of Ukrainian citizens".

Commenting on the Russian troops' deployment in Crimea and on Ukrainian border, Putin earlier said that the incursion had been requested by Yanukovych, whom the Kremlin still considers the incumbent president of Ukraine.

Sonya Koshkina, editor in chief of the news and analysis portal LB.ua, suggested that Crimea would only rejoin Ukraine when Putin's regime collapses.

Tatars join Crimean government

The Crimean parliament at its extraordinary meeting on 4 April 2014 appointed **Lenur Islyamov**, the owner of the Crimean Tatar TV channel ATR, as deputy head of the Crimean cabinet.

Also, the deputy head of the self-styled Crimean Tatar government Majlis, **Zaur Smirnov**, was appointed as head of the committee for interethnic relations and deported citizens.

On 1 April, Majlis voted to delegate its two representatives to the Crimean government.

Majlis head **Refat Chubarov** said that this decision did not mean that Crimean Tatars recognized the Crimean authorities as legitimate. It had to do with an attempt to solve many problems faced by Crimean Tatars in their new life after the peninsula was occupied by the Russian troops, he said.

The Ukrainian Foreign Ministry said that it had received with understanding the decision of the Crimean Majlis to cooperate with the new Crimean authorities.

Majlis starts preparations for referendum

The Crimean Tatar self-styled government Majlis has launched preparations for a referendum seeking to determine the will of the Crimean Tatar people, a member of the newly-established group organizing the referendum, **Abduraman Egiz**, said on 3 April.

According to some media reports, the Crimean Tatars are planning to announce the start of a procedure for setting up a national territorial autonomy of the Crimean Tatar people in Crimea.

Members of Crimean Party of Regions to join One Russia

The majority of members of the Crimean office of the Party of Regions will join the local branch of Russia's One Russia ruling party, Crimean parliament head **Vladimir Konstantinov** (Volodymyr Konstantynov) has said.

One Russia has been Russia's ruling party for over 10 years.

Gazprom to build gas pipeline to Crimea

Russia's Gazprom is going to build a gas pipeline to Crimea, the Russian newspaper Vedomosti has quoted its source in the Russian Energy Ministry as saying.

According to the newspaper, two projects are being considered: a 400-km pipeline from Krasnodar to Sevastopol, which would cost 1bn dollars, or a 100-km pipeline from Anapa, where the sea sector of the South Stream gas pipeline starts, to Crimea, which would cost 200m to 300m dollars.

Crimea switches to Russian taxes

The Russian Finance Ministry has prepared a roadmap to move Crimea and

Sevastopol to Russian taxes, the Russian business daily Kommersant has said.

Self-proclaimed Crimean prime minister **Sergey Aksenov** (Serhiy Aksyonov) demanded that Crimean companies stop transferring any taxes to Kiev immediately.

Earlier, the Ukrainian Revenues and Levies Ministry said that it put in force a new taxation framework for Crimean companies. According to it, businesses located in Crimea may re-register themselves in any region of Ukraine or Kiev.

Russian Central Bank threatens Ukrainian banks in Crimea with suspension

The Russian Central Bank has threatened Ukrainian banks in Crimea, which are failing their commitments, with suspension, the first deputy head of the Russian Central Bank, **Aleksey Simanovskiy**, has said.

According to media reports, Ukrainian postal offices and Savings Bank (Oshchadbank) offices in Crimea no longer make money transfers to other regions of Ukraine.

Ukrainian Social Policy Minister **Lyudmyla Denysova** said that the self-proclaimed Crimean authorities were obstructing the payment of pensions to Ukrainians living on the peninsula.

Crimean rating hits default level

The international rating agency Standard & Poor's has cut Crimea's long-term rating from CCC to D, while on the national scale it dropped from uaB- to D. However, the agency later recalled the ratings at the request of the Crimean authorities.

The rating was cut after Crimea had missed a payment of 12m dollars on its bonds.

Russia trying to seize control over Crimean sky – State Aviation Service

Since 3 April 2014, Russia has been making attempts to unilaterally take control of air navigation services in Simferopol District, the State Aviation Service of Ukraine has said.

Ukraine earlier banned any civil flights to Crimea.

The European organization for the safety of air navigation, Eurocontrol, has banned any flights to Crimea annexed by Russia.

The national Belarusian airline Belavia said it was cancelling flights to Simferopol in the summer 2014. The company issued a statement that this decision was taken due to low demand for this destination.

Crimea cancels some trains to Ukraine

As of 1 April 2014, Crimean Railway has cancelled some suburban trains connecting Crimea annexed by Russia to mainland Ukraine, the press service of Prydniprovskaya Railway has said.

According to Ukrainian Railway, in March, the number of train passengers from Crimea to mainland Ukraine dropped by 40 percent compared with the same period of last year. Passenger traffic between Crimea and Russia decreased by 21-23 percent.

Ukrainian postal service stops delivering mail to Crimea

Crimean postal offices refuse to receive mail from Ukraine, the Ukrainian state-owned postal company Ukrposhta has said.

Therefore, Ukrainian mail to Crimea is delivered through Russia at international rates.

The German Deutsche Post and the Czech Ceska Posta stopped to deliver letters and parcels to Crimea.

Ukraine postpones launch of Lybid communications satellite due to Crimea's annexation

The launch of Ukraine's communications satellite Lybid scheduled for late April has been postponed until summer, the Interfax-Ukraine news agency has quoted a source in the rocket and space industry as saying.

Work on the ground infrastructure of the satellite control station has been done at the National centre for the control and testing of spacecraft in Yevpatoriya. Its staff was moved to mainland Ukraine on the order of the space agency. However, the ground infrastructure effectively remained in the hands of Russia.

ELECTION

Over 20 candidates registered for presidential election

On 3 April 2014, the Central Electoral Commission finished considering the applications for registration as presidential candidates. The commission has received as many as 46 applications, however half of them were rejected. Out of 23 candidates who will run in the presidential election, seven were nominated by parties, 16 are self-nominated.

Party candidates include Fatherland's **Yuliya Tymoshenko**, Freedom's **Oleh Tyahnybok**, Communist Party's **Petro Symonenko**, Civic Position's **Anatoliy Hrytsenko**, **Oleksandr Klymenko** of the Ukrainian People's Party, **Vasyl Kuybida** of the People's Movement of Ukraine, and **Oleh Lyashko** of the Radical Party.

Self-nominated candidates include unaffiliated MP **Petro Poroshenko** (also supported by the UDAR party), a former head of the Kharkiv regional state administration, **Mykhaylo Dobkin** (also supported by the Party of Regions), Party of Regions MPs **Serhiy Tihipko** and **Oleh Tsaryov**, former Deputy Prime Minister **Yuriy Boyko**, former First Deputy Prosecutor-General **Renat Kuzmin**, the head of the all-Ukrainian Jewish Congress and businessman **Vadym Rabynovych**, a former head of the Foreign Intelligence Service, **Mykola Malomuzh**, former Social Policy Minister **Natalya Korolevska**, a former head of the Antimonopoly Committee of Ukraine, **Vasyl Tsushko**, Right Sector leader **Dmytro Yarosh**, Maydan activists **Olha Bohomolets** and **Zoryan Shkiryak**, ex-MP **Valeriy Konovalyuk**, and businessmen **Volodymyr Saranov** and **Andriy Hrynenko**.

The presidential election in Ukraine is scheduled for 25 May.

The cost of the presidential election, due to changes to the law on presidential elections, decreased by 790m hryvnias (71.82m dollars) down to 1.17bn hryvnias (106.36m dollars).

Poroshenko, Klitschko ask Tymoshenko to drop election bid

MP **Petro Poroshenko** has called on former Prime Minister **Yuliya Tymoshenko** to abandon her presidential ambitions.

He recalled that UDAR party leader **Vitaliy Klitschko** changed his mind and said that he would not run but would support Poroshenko. "Vitaliy Klitschko stepped over his ambitions not to put the country's unity in danger. Yuliya Tymoshenko should also understand that after so many deaths on Maydan, we have found ourselves in a new country which deserves a new mentality and new politicians," Poroshenko said.

Klitschko also urged Tymoshenko to step out of the presidential run in favour of Poroshenko.

Tymoshenko said that she would not drop her bid. In her opinion, "the president of Ukraine should be selected not in political backrooms by agreeing a single candidate but solely relying on an open choice of people."

According to the director of the Gorshenin Institute's political programmes, **Yevhen Kurmashov**, if Klitschko had not left the run, he would have had a very high chance of making it into the runoff together with Poroshenko. "And there the two of them could have turned it into a formality, or they could have gone until the end to agree already after the election," he said.

Lutsenko not to run for Kiev mayor

Former Interior Minister **Yuriy Lutsenko** has said he will not run for Kiev mayor in the 25 May election.

He said that he would not want to compete with his friend, the leader of the UDAR party, **Vitaliy Klitschko**.

In Lutsenko's opinion, the likeliest candidate for the post is either Klitschko, or Fatherland faction MP **Lesya Orobets**.

The current head of the Kiev city state administration, **Volodymyr Bondarenko**, is also running for the mayor's post.

Klitschko's, Poroshenko's parties to run for Kiev city council together

Vitaliy Klitschko's UDAR and **Petro Poroshenko's** Solidarity will run for the Kiev city council together in the election scheduled for 25 May.

It is to note that according to the media, on the eve of Klitschko's declaration that he would refrain from running for presidency and that he would support Poroshenko, the politicians had a meeting with businessman **Dmytro Firtash** in Vienna.

NSDC to set up staff to prevent presidential election disruption

A staff to be set up under the aegis of the National Security and Defence Council (NSDC) will work to prevent any disruption of the Ukrainian presidential election, NSDC Secretary **Andriy Parubiy** has said.

He added that Russia would spare no effort to disrupt the presidential election in Ukraine. (Read more in DOMESTIC POLITICAL)

Deposed President **Viktor Yanukovych** said that scheduling the presidential election in a hurry would result in further destabilization in Ukraine and consecutively a split of the country. He added that the legitimacy of this election was highly doubtful because, in his opinion, the country's current leadership had come to power in an illegal manner.

DOMESTIC POLITICAL

Pro-Russian activists occupying State Regional Administrations and Ukrainian Security Service buildings

On 6 April, separatists occupied State Regional Administrations in Donetsk and Kharkiv and took by assault the Security Service of Ukraine (SSU) in Lugansk. On 7 April, SSU in Donetsk region was also occupied.

The activists claimed the need for federalization of Ukraine and a possible inclusion of the regions into Russian Federation. The number of the demonstrators was 2000 people in each city.

Minister of Interior **Arsen Avakov** said that Russian President **Vladimir Putin** and former president **Viktor Yanukovych** ordered and paid the new round of separatist unrest in the East of Ukraine.

According to the First Deputy Prime Minister **Vitaliy Yarema**, since the end of February there have been about 320 separatist rallies in Ukraine, with about 242,000 citizens having participated in such gatherings. Fifteen separatist leaders have been already arrested, he added.

According to the SBU, the separatists are planning to hold large-scale rallies in the south-eastern regions on 1 and 9 May in order to destabilize the situation.

President of the Gorshenin Institute **Vadym Omelchenko** says that the separatism issue is being excessively actualized in the interests of certain groups. "Massive negative PR gives birth to inductive psychosis, and there can be no logic, analysis, discussions in such a state," he said. According to the expert, under such circumstances, one must not make any strategic decisions. "We need a serious information policy to stop the psychosis and unclench the spasm of mutual phobias," the expert noted.

Security chiefs report on Maydan killings

Former Ukrainian President **Viktor Yanukovych** personally ordered the mass murders of people on Maydan (Kiev's central square) during 18-20 February 2014, when over 100 people were shot dead, Head of the Security Service of Ukraine

(SBU) **Valentyn Nalyvaychenko** reported on 3 April.

He also informed that there are grounds to believe that several groups of officers of Russia's Federal Security Service (FSB) took part in "planning and carrying out" the so-called counterterrorism operation in Kiev on 18-20 February.

According to Interior Minister **Arsen Avakov**, the police have identified all the participants in the shooting of Maydan activists. As he said, the operation on Instytutska Street was carried out by a group of armed Berkut riot police officers led by Maj **Dmytro Sadovnyk**.

Earlier, the Prosecutor's Office reported that security agencies have detained 12 people in the Maydan shooting case, including the head of the sniper group. Nalyvaychenko also noted that Berkut officers who have not been arrested and Alpha officers (special forces of the Ukrainian security service) who were also involved in the crime are now hiding in Crimea.

Avakov also announced that the police have identified the individuals involved in the kidnappings, beatings and killings of people during Euro-Maydan protests.

At the same time, deposed President **Viktor Yanukovych** said that the shots were fired from the buildings controlled by the opposition. However, he noted that he did not give orders to security officers to shoot at the protesters.

Former Interior Minister **Vitaliy Zakharchenko** and former head of the Security Service of Ukraine **Oleksandr Yakimenko** in their interview for Russian journalists also denied Berkut's involvement in the shooting on people on Maydan, and accused the representatives of the former opposition of the killings.

Right Sector activist starts shooting in central Kiev

Member of the radical Right Sector movement **Andriy Kozyubchuk** on 31 March started shooting in the centre of Kiev, wounding three people.

The shooter was detained by police. He is charged with an attempted premeditated murder, which stipulates a punishment of up to 15 years in prison or life sentence.

On 1 April, the Ukrainian parliament approved a resolution to urgently disarm illegal paramilitary groups.

Cabinet approves local government reform concept

The cabinet on 1 April approved a concept of reforms for local governments and territorial authorities in Ukraine.

According to Deputy Prime Minister **Volodymyr Hroysman**, during the first stage of the reforms, which covers 2014, the parliament will adopt amendments to the constitution and a number of necessary laws. During the second stage (2015-2017), this reform will be implemented in practice.

It is planned that Ukraine will have three-level local governments (region-district-community). At the regions level, there will be prefectures instead of regional administrations. Such prefectures will perform the function of control over compliance with legislation and will coordinate the work of authorities. Regional

councils will form their executive committees, which will represent local executive power. The same system will be established at the level of districts and territorial communities.

The concept provides for the transfer of some part of proceeds from nationwide taxes (including taxes on corporate profit and individual income) to territorial communities.

According to Prime Minister **Arseniy Yatsenyuk**, the local governance reform should become a priority for the government.

Government starts liquidation of tax police

The government on 1 April dismissed Chief of the Tax Police **Andriy Golovach** in connection with the liquidation of the service.

It is planned to replace the Tax Police with the Financial Investigation Service or the so-called Financial Police. Besides the Tax Police, it will also include several units of the Interior Ministry and Security Service that will combat economic crime.

Government appoints new CEO of railways firm

The government on 1 April appointed **Borys Ostapyuk** as new director-general of Ukrzaliznytsya (Ukrainian Railways).

Previously Ostapyuk worked as deputy director-general at Ukrzaliznytsya, after which he was appointed as head of the Donetsk Railways.

Over the last year Ukrzaliznytsya was headed by **Serhiy Bolobolin**.

The Prosecutor-General's Office opened criminal proceedings against officials of state-run enterprise Ukrzaliznychpostach (a division of Ukrzaliznytsya), which specializes in material support of railway transport. The case was launched after law-enforcement agencies uncovered abuse in public procurement procedures.

According to media reports, the companies controlled by **Oleksandr Yanukovych**, the former president's son, in 2013 received one third of all orders from Ukrzaliznychpostach.

Court arrests Petro Melnyk

Petro Melnyk, former principal of the National University of State Tax Service and ex-MP of the Party of Regions, was detained in Kiev on 1 April, after he arrived in Ukraine from London.

The court ruled to impose on Melnyk a pre-trial restraint measure in the form of arrest and set a bail for him in the amount of 22.8m hryvnyas (2m dollars).

In July 2013 Melnyk was caught taking a bribe. He was placed under house arrest for two months, but he soon escaped and hid at his relatives' house in the United States.

Court acquits ex-Defence Minister Ivashchenko

The Kiev Pecherskyy district court on 4 April freed former Defence Minister **Valeriy Ivashchenko** from criminal liability and gave him the status of non-convicted.

Ivashchenko was arrested in 2010. He was accused of making an illegal decision on selling the property of the Feodosiya ship engineering plant. In 2012, the ex-minister was sentenced to five years in prison, after which the Court of Appeal replaced the punishment with a conditional (suspended) sentence and released him from custody. In 2013, the High Specialized Court for Civil and Criminal Cases also gave him a conditional sentence of five-year imprisonment.

Turchynov replaces regional security service chiefs

Interim President **Oleksandr Turchynov** on 3 April appointed heads of Security Service (SBU) directorates in Poltava, Khmelnytskyy, Lviv, Cherkasy and Ivano-Frankivsk regions. In particular, **Oleksandr Kryvych** was appointed to head the Poltava regional SBU directorate, **Oleksandr Bondaruk** became head of the Khmelnytskyy Region SBU, **Viktor Andriychuk** was appointed as head of the Lviv Region SBU, while **Mykola Naydych** and **Oleh Kotlyar** became SBU chiefs in Ivano-Frankivsk and Cherkasy regions, respectively.

On 4 April, **Yuriy Artyukhov** was appointed head of SBU's main directorate for Kiev and Kiev Region.

Ukraine blocks accounts of Yanukovych's former allies

The State Financial Monitoring Service has blocked personal accounts of **Oleksandr Yefremov**, head of the parliamentary faction of the Party of Regions. According to the MP, the agency blocked his accounts under the article "Financing of Terrorism".

As was also reported, the State Enforcement Service has blocked the accounts and property of the Seventh Kilometer market (a large wholesale and retail market near Odessa), which belongs to the sphere of influence of **Yuriy Ivanyushchenko**, a close ally of **Viktor Yanukovych**.

In addition, the Economic court of Kiev has arrested the account of oil and gas company Golden Derrick, which is affiliated with former ministers **Eduard Stavvyskyy** and **Mykola Prysyazhnyuk**.

ECONOMY**Finance Ministry to draw 13bn dollars in foreign loans in 2014**

Ukraine by the end of the current year may receive up to 13bn dollars, according to the Finance Ministry.

At the same time, according to the revised budget, foreign loans this year should reach 84.15bn hryvnias (7.65bn dollars).

As news agency Interfax-Ukraine reported, citing a senior official in the EU, if Kiev signs an agreement with the IMF, the EU will provide Ukraine with 850m euros before June.

Obama signs law on aid to Ukraine and sanctions against Russia

US President **Barack Obama** on 3 April signed a law on granting loan guarantees to Ukraine in the amount of 1bn dollars and imposing sanctions against the persons involved in the violation of the sovereignty and territorial integrity of Ukraine.

In addition, Obama signed a document, which allows increasing fund allocations for provision of information by the United States to people in Ukraine and surrounding regions.

It is also became known that the United States suspended a number of joint projects with Russia and will redirect the respective funding to Ukraine.

World Bank develops reforms for Ukraine's financial sector

The mission of the World Bank, which worked in Kiev from 24 to 28 March, has developed a programme of action to reform the financial sector of Ukraine, according to the press office of Ukraine's National Bank.

The programme envisages provision of a loan up to 1bn dollars to Ukraine. The World Bank group has declared its readiness to lend Ukraine a total of 3bn dollars.

27bn dollars stolen from state budget in 2013 – justice minister

Justice Minister Pavlo Petrenko has said that the loss of the Ukrainian budget in 2013 due to corruption of the previous government amounted to 300bn hryvnias (27.27bn dollars).

According to Deputy Minister of Revenues and Taxes **Ihor Bilous**, earlier the ministry's departments in the regions at orders from above were forced to fulfil in advance tax revenue plans by any means.

Budget deficit doubles in two months year on year

The state budget deficit in Ukraine in January-February 2014 amounted to 5.28bn hryvnias (0.48bn dollars), which is 2.3 times more than in January-February 2013, according to the Finance Ministry.

Balance of payments deficit exceeds 4bn dollars

The overall balance of payments in Ukraine in January-February 2014 showed a deficit of 4.1bn dollars against a surplus of 1.7bn dollars a year earlier, according to the National Bank of Ukraine.

Ukraine's public debt up by 11.73bn dollars due to devaluation

Ukraine's public debt has risen by 129bn hryvnias (11.73bn dollars) due to the devaluation of the Ukrainian hryvnya, Finance Minister **Oleksandr Shlapak** said on 2 April.

Industrial products sales down by 3.4 percent

Sales of industrial products in Ukraine in January-February 2014 amounted to

170.31bn hryvnyas (15.5bn dollars), which is 3.4 percent less than in the same period of 2013, according to the State Statistics Service.

Incomes of Ukrainians up by 5.3 percent

The nominal income of Ukrainian households in 2013 increased by 5.3 percent compared with 2012 to 1.53tn hryvnyas (139.04bn dollars), according to the State Statistics Service.

The average annual income of Ukraine's population in 2013 amounted to 26,200 hryvnyas (2,380 dollars) or about 2,200 hryvnyas (200 dollars) per month.

Hryvnya continues to lose value

The US dollar rate on the interbank market on 4 April rose to UAH/USD 11.5000-11.6500. The euro exchange rate set at the level of UAH/EUR 15.7590-15.9705.

In addition, on 4 April, the National Bank changed the official exchange rate: the dollar rate was set at 11.60 hryvnyas, the euro rate at 15.97 hryvnyas.

Population withdrew USD 9 billion from banks since the beginning of the year

Since the beginning of 2014, the overall outflow of resources from the banking system of Ukraine has amounted about UAH 100 billion (USD 9 billion), or 15% of all the accounts, Zerkalo Nedeli publication reports.

Devaluation has helped formally bridge this gap - via foreign exchange rates differences, the foreign exchange deposits portfolio of the banks has increased almost by UAH 40 billion (USD 3.6 billion) - as well as did the National Bank via its refunding that has amounted already almost to UAH 50 billion (USD 4.55 billion.).

Over the last six weeks, the National Bank of Ukraine issued commercial banks more than 21.5bn hryvnyas (1.95bn dollars) in loans for the purpose of maintaining liquidity and covering the outflow of deposits, according to news and analysis website Hubs.

The largest amount of 9bn hryvnyas (818m dollars) was granted to Privatbank, Ukraine's largest bank, which is controlled by the governor of Dnipropetrovsk Region, **Ihor Kolomoyskyy**. Bank Delta owned by **Mykola Lahun** and US company Cargill received 4bn hryvnyas (367m dollars).

State-run Ukrgazbank received from the National Bank 1bn hryvnyas (91m dollars).

Kiev, Donetsk and Dnipropetrovsk regions provide 40 percent of GRP

The largest gross regional product (GRP) in 2012 was recorded in Kiev (275.7bn hryvnyas or 25bn dollars or 18.9 percent of Ukraine's total), followed by Donetsk Region (170.8bn hryvnyas or 15.5bn dollars or 11.7 percent of Ukraine's total) and Dnipropetrovsk Region (148bn hryvnyas or

13.5bn dollars or 10.1 percent of the total figure), according to the State Statistics Service.

Railway cars sales to Russia fall by 85 percent

Ukrainian railway carriage companies in January-February 2014 sold to Russia 700 cars, which is 85 percent less compared to the same period in 2013, according to Russian business daily Kommersant, which cited data from agency Infoline-Analytics.

In monetary terms, the drop was even larger (-88.5 percent), as the average price of a car went down from 75,000 to 57,000 dollars.

Ukraine stops sugar exports to Asia and Crimea

Ukrainian sugar producers have been forced to stop sugar exports to Asian countries because of problems with transit through the territory of Russia, as reported by Association "UkrTsukor".

In addition, after Crimea was annexed by Russia, Ukrainian companies stopped supplying sugar to the peninsula.

US charges Firtash with creating corruption scheme

The US Department of Justice has accused Ukrainian businessman **Dmytro Firtash** of bribing Indian officials to gain access to minerals, in particular to titanium deposits, according to a press release from the US agency dated 2 April.

The Ukrainian businessman and a number of Indian officials are allegedly involved in creating an international corruption scheme.

According to Firtash, Ukraine has become a field of confrontation between the largest geopolitical centres of influence of the modern world – the United States and Russia. "I have found myself in the midst of this conflict," he said.

The businessman was detained in Austria on 12 March at the request of the US Federal Bureau of Investigation. Firtash is suspected of bribery and criminal conspiracy. Investigation into the case started in 2006. He was later released on a bail of 125m euros. Firtash may be extradited to the United States.

According to news and analysis website Ukrayinska Pravda, the conviction of Firtash by the United States and the confiscation claims mean not only the total failure for the businessman, but also serious problems for his shadow partners, including Russian oligarch **Arkadiy Rotenberg**, former head of the Ukrainian presidential administration **Serhiy Lyovochkin** and former energy minister Yuriy Boyko.

On 2 April, the Economic Court of Dushanbe (Tajikistan) confiscated sewing factory Guliston, in which 95 percent is owned by Firtash. Guliston was confiscated on the lawsuit issued by the agency for combating

corruption and financial control, which stated that Tajikistan's laws were broken during the privatization procedures.

German prosecutors investigate activities of Kurchenko's fuel stations - media

The prosecutor's office in Gera (Germany) is conducting an investigation on suspicion of money laundering and tax evasion by companies owned, according to preliminary information, by Ukrainian businessman **Serhiy Kurchenko**, Deutsche Welle reported, quoting the press service of the German prosecutor's office.

According to the broadcaster, the matter concerns the activities of companies Sparschwein Gas GmbH and Sparschwein Gas Handels GmbH & Co.KG, which run a network of 170 gas stations selling LPG for vehicles in Germany.

Also, Kurchenko, who is considered a close ally of ex-president **Viktor Yanukovych**, has been put on international wanted list. The Interior Ministry suspects his group of stealing 33,000 tonnes of gasoline belonging to state-run energy company Naftohaz Ukrayiny, which transferred the fuel to Kurchenko's companies for storage.

ENERGY

Russian gas price for Ukraine grows to 485 dollars

Head of Russia's Gazprom **Alexey Miller** on 1 April said that the price of Russian natural gas for Ukraine has risen by 117 dollars to 385.5 dollars per 1,000 cu.m. The price increase resulted from the abolition of the discount provided under the so-called December agreements in 2013.

Miller on 3 April announced that due to the cancellation of the Kharkiv agreements of 2010, the price of gas for Ukraine in April would increase by further 100 dollars to 485 dollars. He explained that this resulted from the elimination of the zero duty on gas for Ukraine and return of the 30-percent duty.

Russian Prime Minister **Dmitry Medvedev** said that Russia would try to recover from Ukraine the money forgone due to the introduction of the special duty (11.4bn dollars). According to the Russian government's head, since the Kharkiv agreements extended the stay of the Russian Black Sea Fleet in Crimea only from 2017, all the benefits were provided to Ukraine in advance.

Prime Minister of Ukraine **Arseniy Yatsenyuk** believes that Russia will go further in pressuring Ukraine in gas issues, and will limit or even stop gas supplies to Ukraine.

Energy Minister **Yuriy Prodan** does not rule out asking the Stockholm arbitration court to settle the issue with the Russian gas price, if there is no progress in the negotiations with Gazprom.

Ukraine increases tariff for Russian gas transit by 10 percent

Head of Gazprom **Alexey Miller** has reported that the tariff of Russian gas transit through Ukraine to the EU has increased by 10 percent in the second quarter.

Head of the Fatherland faction **Serhiy Sobolev** expressed confidence that the decision does not comply with the current conditions. According to Sobolev, Ukraine should significantly increase the tariff for Russian gas transit.

Ukraine wants to build pipeline to Poland

Ukraine wants to build a new gas pipeline to Poland, Energy Minister **Yuriy Prodan** has said.

In addition, he confirmed that Ukraine would continue building an LNG-terminal near Odessa for imports of liquefied gas. He also said that Ukraine would resume reversed gas supplies from Poland and Hungary, and in the future Ukraine will import gas through Slovakia and Romania.

Naftohaz ready to hold auction for gas supplies from Europe

State-run energy company Naftohaz Ukrayiny will buy the entire supply of natural gas from Europe until the government cancels zero VAT for gas imports performed by private companies, according to Naftohaz's CEO **Andriy Kobolev**.

As Kobolev said, the zero VAT rate on gas imports allows private companies to sell fuel on the Ukrainian market at inflated prices. He added that the zero rate must be kept exclusively for Naftohaz because the company does not have sufficient working capital to pay the tax.

He also said that Naftohaz intends to hold an auction for the right to supply gas from Europe to Ukraine.

At the same time, Polish state-owned company Gaz-System, which operates the country's gas transport system, said it received no orders for gas supplies to Ukraine from Europe through Poland's territory in the second quarter of 2014.

Ukraine increases gas price for consumers

The National Energy Regulation Commission on 31 March decided to increase from 1 April 2014 the maximum price of natural gas by 29 percent to 4,020 hryvnias (365 dollars) per 1,000 cu.m. for industrial consumers and by 64 percent to 4,020 hryvnias (365 dollars) for public organizations.

The commission says the decision was due to the expected increase in the price of gas imported from Russia by more than a third.

In addition, on 3 April, the commission approved the raise in gas tariffs for households from 1 May on average by 56 percent. Under the new rules, the

tariffs will range from 108.9 to 364.5 kopecks per cubic meter if a gas meter is used, and from 119.7 to 401.1 kopecks if no gas meter is used.

Finance Minister **Oleksandr Shlapak** noted that higher gas prices will affect only 20 percent of households who consume the largest volumes of gas and have sufficient incomes to pay the new price. On her part, Minister of Social Policy **Lyudmyla Denysova** explained that low-income families will receive benefits from the government and will pay the previous low rates.

According to the agreements with the International Monetary Fund, gas tariffs for households are expected to increase gradually to market levels over the next four years.

Heating tariffs to increase by 40 percent from 1 July

The government has recommended that the National Public Utilities Regulation Commission from 1 July should raise heating supply tariffs by 40 percent on average, according to Finance Minister **Oleksandr Shlapak**.

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