



# Gorshenin *Weekly*

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## 1. TOP STORIES

### **Ukraine imposes sanctions on Russia**

Ukraine publishes list of people and companies affected by sanctions  
*Read more in INTERNATIONAL POLITICAL*

### **Parliament supports restructuring public, government-guaranteed debt**

With the constitutional majority of votes, parliament has voted in favour of restructuring Ukraine's public debt in line with agreements reached with the IMF.  
*Read more in DONESTIC POLITICAL*

### **Donetsk separatists to go on with 18 October election**

The self-proclaimed Donetsk People's Republic is planning to hold an election on 18 October.  
*Read more in ARMED CONFLICT IN EAST UKRAINE.*

### **Parliament permits MP Mosiychuk's arrest**

With 262 votes for, the Ukrainian parliament has authorized the arrest of Radical Party MP Ihor Mosiychuk.  
*Read more in DOMESTIC POLITICAL*

## 2. ARMED CONFLICT IN EAST UKRAINE

### **Donetsk separatists to go on with 18 October election**

On 16 September 2015, the leader of the self-proclaimed Donetsk People's Republic (DPR), **Oleksandr Zakharchenko**, confirmed that the DPR was still planning to hold a local election on 18 October.

He added that the breakaway region had nothing to do with local elections planned to be held in Ukraine.

Ukrainian President **Petro Poroshenko** has said, for his part, that any attempt to hold on 18 October an unlawful "fake election", which is not in line with Ukrainian laws and OSCE criteria, will be interpreted as Russia torpedoing the Minsk agreements reached on 12 February 2015.

According to the Zerkalo Nedeli weekly, during its meetings in Minsk the trilateral contact group, which includes Ukraine's representatives, has been actively discussing a special law on elections in the areas of Donbas not controlled by Ukraine.

### **Contact Group fails to agree withdrawal of arms in Donbas**

**Denys Pushylin**, the representative of the self-proclaimed Donetsk People's Republic (DPR) at the Minsk talks, has said that the subgroup for security issues of the contact group for settling the Ukraine conflict has failed to agree the text of an agreement on the withdrawal of arms smaller than 100 mm from the line of contact.

**Militants lists conditions of transferring border control to Ukraine**

One of the leaders of the self-proclaimed Donetsk People's Republic, **Denys Pushylin**, has said that they will transfer control over the border to Ukraine when it implements constitutional reform agreed with Donetsk and Luhansk, as a result of which Ukraine will become a federative state.

He also added that the border issue is the last clause of the Minsk agreements which will be discussed after all other clauses are implemented.

However, Ukraine insists that elections in occupied territories can be held and followed by constitutional reform only after Russian troops leave and Ukraine restores control over the state border.

**Social Policy Ministry makes head count of refugees**

As of 14 September 2015, Ukraine has registered 1,483,119 internally displaced persons from Donbas and Crimea. Almost 490,500 families were assigned monetary assistance. A total of 2.2bn hryvnias (or 101.7m dollars) has been paid to internally displaced persons.

Volunteers believe the real figure of such persons to be much higher.

**Over 1,000 people missing in Donbas conflict**

**Laurent Corbaz**, the ICRC's head of operations for Europe and Central Asia, has said that due to the conflict in east Ukraine the ICRC is searching 380 Ukrainians who were officially declared missing.

Corbaz added that several thousand people could be missing.

**Russia transfers 2.5bn roubles to Donetsk separatists every month**

Every month Russia transfers 2.5bn roubles (37m dollars) to the self-proclaimed Donetsk People's Republic (DPR) so that it can pay pensions, Bloomberg has quoted a source in the DPR administration as saying.

**Yet another Russian "humanitarian convoy" enters Donbas**

A column of over 100 lorries of the Russian Emergencies Ministry carries over 1,200 t of cargo, as Russia says.

Ukraine objects to Russian "humanitarian convoys" illegally crossing the border in the sectors not controlled by Ukraine.

**3. CRIMEAN ISSUE****Turnout in Russian election in Crimea reaches 20 per cent**

The chairman of the so-called Crimean electoral commission, **Mykhaylo Malyshev**, has said that the voter turnout in the election to the so-called Crimean state council, made 20 per cent.

On 13 September 2015, local elections were held in two Crimean constituencies – Kerch and Simferopol District – within the framework of the single election day in Russia.

The Ukrainian Foreign Ministry has voiced its protest and said that by holding elections in occupied Crimea, Russia has violated the international law.

### **EU not recognizes Russian "election" in Crimea**

Spokesperson for EU Foreign Affairs and Security Policy **Maja Kocijancic** has said that the EU does not recognize and condemns the election organized by Russia in temporarily occupied Crimea.

### **Parliament officially names date of Crimean occupation**

The Ukrainian parliament has officially stated that the temporary occupation of the Autonomous Republic of Crimea and Sevastopol began on 20 February 2014.

Parliament also said that Crimea is an integral part of the Ukrainian territory where its constitutions and laws apply.

### **European Commission ex-president expects no quick progress in Crimea issue**

Former European Commission President **Jose Manuel Barroso** has said that Russia will not return Crimea to Ukraine any time soon. Barroso added that a military solution to the Crimea problem would be a dead end.

He is confident that Europe did not give up on Crimea and will keep its course to not recognize the Crimea annexation and to provide strong support for Ukraine.

## **4. INTERNATIONAL POLITICAL**

### **UKRAINE-RUSSIA**

#### **Ukraine introduces sanctions against Russia**

On 16 September 2015, Ukrainian President **Petro Poroshenko** signed a decree to enforce the decision of the National Security and Defence Council to impose personal special economic sanctions.

The list includes 388 individuals and 105 legal entities. The list of individuals includes Sergey Naryshkin, Sergey Shoygu, Dmitriy Kiselev, Ramzan Kadyrov and others. Among the companies are Aeroflot, the Bank of Moscow, the TV companies such as NTV, RTR-Planeta and Channel One, the Kaspersky Laboratory and others.

The original list also included three BBC journalists. Later Poroshenko enforced the NSDC decision to exclude the European journalists from the sanction list.

#### **EU extends sanctions against Russia**

The EU's decision to extend by six months the sanctions against 149 Russian nationals and 37 Russian companies has come into force.

The decision of the Council of the EU to extend the sanctions against individuals and legal entities whose actions posed a threat to Ukraine's territorial inviolability, sovereignty and independence came into force on 15 September 2015.

The individuals on the list are banned from entering the EU and their assets in Europe are frozen.

### **Russian court extends Savchenko's arrest by six months**

The Donetsk city court of Russia's Rostov Region has upheld an appeal filed by the Russian Prosecutor-General's Office to extend **Nadiya Savchenko's** arrest until 15 March 2016.

The Moscow city council refused to consider a complaint filed by Savchenko's defence with regard to her immunity as a PACE delegate. The court and investigation do not recognize her immunity because she was elected to the PACE after the criminal investigation had been started in Russia.

Nadiya Savchenko's defence will appeal to the European Court of Human Rights against the ruling of the Moscow city council which stopped proceedings on the appeal and against the Basmany court which refused to release Savchenko to attend a PACE session.

### **Parliament denounces agreement with Russia to complete two nuclear units**

The Ukrainian parliament has at the second attempt managed to pass a law cancelling the agreement with Russia on the completion of two power generating units at the Khmelnytsky nuclear power plant. Now that the agreement with Russia has been cancelled, Ukraine may sign a new one with another contractor.

### **Ukraine stops aircraft construction projects with Russia**

The Cabinet of Ministers of Ukraine has removed the Antonov aircraft construction concern from the Russian-Ukrainian joint company United Aircraft Construction Corporation-Antonov (UACC-Antonov).

UACC-Antonov Ltd was established in 2011. Its statutory capital was divided on the parity basis between the Russian and Ukrainian corporations. The company is headquartered in Moscow.

The company has been working on the An-70, An-124 and An-140 programmes.

### **Ukraine-EU**

#### **Czech parliament ratifies EU-Ukraine association agreement**

On 17 September 2015, the lower house of the Czech parliament ratified the EU-Ukraine association agreement.

To have the agreement finally ratified by Italy and the Czech Republic, the

presidents of these countries are yet to sign it. In Belgium, the lower house of the Federal Parliament has already approved the agreement, while vote by the Senate is pending.

Greece and Cyprus have not signed the agreement yet.

### **Ukraine - NATO**

#### **Ukraine taking part in NATO drill in Hungary**

Some 1,800 soldiers from 14 countries are taking part in the 2015 Brave Warrior military exercise.

### **5. DOMESTIC POLITICAL**

#### **Parliament approves debt restructuring deal**

The Ukrainian parliament has passed a package of draft laws on restructuring the country's public debt.

Earlier, Prime Minister **Arseniy Yatsenyuk** said that the failure to pass the debt restructuring package would mean default for Ukraine.

#### **Parliament allows arrest of Radical Party MP Mosiychuk**

The Ukrainian parliament has voted in support of the criminal prosecution and arrest of MP **Ihor Mosiychuk** of the Radical Party.

It should be noted that the motion for the arrest to arrest MP Mosiychuk was filed by the Prosecutor-General's Office. Speaking in the parliament chamber, Prosecutor-General **Viktor Shokin** played a controversial video featuring the mentioned Radical Party member.

For his part, Radical Party leader **Oleh Lyashko** said that his party's member was stripped of deputy immunity in gross violation of the parliamentary regulations, since the subject matter should have been reviewed by the procedural committee. However, he said that he would not cover Mosiychuk if he indeed committed a crime.

At the same time, Lyashko demanded that parliament should pass laws on the president's impeachment and on ad hoc investigative commissions, and start a procedure for the impeachment of President **Petro Poroshenko**.

On 18 September 2015, the Pechersky district court of Kiev ruled on the preventive detention of MP Mosiychuk until 15 November.

The prosecutor's office said that Mosiychuk faced up to 12 years in prison.

#### **President says no need for new round of mobilization**

Ukrainian President **Petro Poroshenko** has said that he decided not to carry out and not to declare mobilization provided that the cease-fire actually holds in the antiterrorist operation area.



**Parliament dismisses deputy premier**

After several failed attempts, the Ukrainian parliament has managed to dismiss **Valeriy Voshchevskyy**, a member of the Radical Party, from the post of deputy prime minister.

Earlier, the Radical Party announced its withdrawal from the parliamentary coalition.

MPs made four attempts but did not gather enough votes to pass a draft resolution on the dismissal of Health Minister **Aleksandr Kvitashvili**.

It should be added that before the vote in parliament, Kvitashvili announced his decision to resign and said that he had tendered his resignation letter.

**Main electoral body identifies polling stations for local elections in Donbas**

The deputy head of the Central Electoral Commission's secretariat, **Serhiy Dubovyk**, has said that local elections will be held only at 35 per cent of polling stations in Donetsk Region and 30 per cent in Luhansk Region.

Dubovyk noted that the elections cannot be called and held at 1,562 polling stations in Donetsk Region and 1,033 polling stations in Luhansk Region.

**Parliament raises minimum, living wages**

The Ukrainian parliament has increased minimum wage from 1,218 hryvnyas to 1,378 hryvnyas and living wage from 1,176 hryvnyas to 1,330 hryvnyas, thus raising both figures by 13.1 per cent.

It should be noted that the new social standards, minimum and living wages, will take effect as of 1 December 2015.

**6. ECONOMY****Nestle to make investment in Ukraine**

Nestle's director for Ukraine and Moldova, **Ansgar Bornemann**, has announced the company's decision to invest about 100m hryvnyas (4.6m dollars) in projects in Ukraine by the end of 2015.

Nestle is the world's leading food and beverage company.

**Ukraine exports 7.7bn dollars worth of agricultural products over seven months**

Agrarian Policy and Food Minister **Oleksiy Pavlenko** has said that in January-July 2015, Ukraine supplied agricultural products to foreign markets worth a total of 7.7bn dollars, which accounts for 35 per cent of the country's foreign exchange earnings.

It should also be noted that the surplus of trade in agricultural products amounted to 5.6bn dollars.

### **US company buys Ukrainian start-up for 150m dollars**

The founders of Snapchat, a popular mobile app, have purchased the Odessa-based start-up Looktery.

The Ukrainian developers have created a mobile video messenger with real-time face modification filters and video Emojis.

The deal is worth about 150m dollars.

### **World Bank gives Ukraine 500m dollars**

The Board of Executive Directors of the World Bank on 15 September 2015 approved the allocation to Ukraine of 500m dollars under the Programmatic Financial Sector Development Policy Loan.

The loan is aimed to strengthen the capacity of the Deposit Guarantee Fund and to help stabilize the banking sector through conducting diagnostics of the country's largest banks and implementing recapitalization and restructuring plans for those banks that are found to be undercapitalized.

It should be noted that the interest rate on this loan agreement will be 1 per cent per annum, which will allow the existing debts, for which Ukraine pays an average of about 8 per cent in servicing costs, to be replaced.

The loan is provided for 17 years.

### **Ukraine shows surplus in foreign trade - statistics agency**

The State Statistics Committee of Ukraine has reported that the surplus of foreign trade in January-July 2015 totalled 1.412bn dollars, which is twice as much as in the same period of the previous year (673.7m dollars). Exports amounted to 21.68bn dollars (34.8 per cent down compared to last year) and imports were 20.268bn dollars (37.8 per cent down).

It is also necessary to note that the volume of exports to EU countries was 7.156bn dollars, or 33.9 per cent less than in January-July 2014. Exports to the eurozone countries made 33 per cent of the country's total exports. Imports amounted to 8.588bn dollars (drop of 27.2 percent), or 42.4 per cent of Ukraine's total imports.

At the same time, the volume of Ukrainian exports to Russia in January-July 2015 amounted to 2.8bn dollars while imports from Russia were 3.5bn dollars. The deficit of foreign trade with Russia amounted to 711.5m dollars.

### **EBRD appraises Ukrainian agribusiness**

The European Bank for Reconstruction and Development has appraised the Ukrainian agricultural sector at 13.5bn dollars.

The EBRD, which has invested over 1bn dollars in Ukraine's agro-industrial complex over the last five years, notes that, despite the loss of control over several territories, Ukraine in the 2014/2015 marketing year retained its global leadership in exports of sunflower oil and ranked third in supply of grains.

### **Karpatyhad files 3bn-dollar lawsuit against Ukraine**

The Karpatyhad gas company has filed a lawsuit worth 3bn dollars against Ukraine. The company insists it was subjected to discriminatory taxation.

It should be noted that Karpatyhad, which is associated with former Energy Minister **Yuriy Boiko** and tycoon **Dmytro Firtash**, is a party to the joint operation agreement with the state-run Ukrhazvydobuvannya company.

### **Finance and Credit Bank put under temporary administration**

Temporary administration has been introduced at Finance and Credit Bank after the National Bank of Ukraine on 17 September 2015 recognized the institution insolvent.

The Deposit Guarantee Fund took the bank under control.

## **7. ENERGY**

### **Premier accuses energy minister of disrupting coal purchases**

Ukrainian Prime Minister **Arseniy Yatsenyuk** has accused Energy and Coal Industry Minister **Volodymyr Demchyshyn** of disrupting the preparations for the heating season, particularly the organization of coal supplies to thermal power stations.

It should be recalled that Energy Minister Demchyshyn joined the government as a candidate from the Petro Poroshenko Bloc.

### **Ukraine stocks up 15bn cu.m. of gas in underground storage**

The Ukrtransgaz company has reported that natural gas is being accumulated at the optimal operating rate, 49m cu.m. per day, and as of 15 September, gas reserves in underground storage facilities totalled 15.1bn cu.m.

### **Donetsk separatists refuse to supply coal to Ukraine**

The head of the self-proclaimed Donetsk People's Republic (DPR), **Oleksandr Zakharchenko**, has issued a decree banning coal supplies from the DPR to Ukraine effective from 15 September 2015.

## **Naftohaz, Gazprom approve winter gas arrangements**

Natural gas supply from Russia on a prepaid basis may resume from 1 October 2015.

It should be noted that Gazprom and Naftohaz Ukrayiny agreed to drop from the agreement the "take or pay" provision for the next two quarters.

Gazprom and Naftogaz have agreed to supply gas to Ukraine, the head of the Russian company **Alexey Miller** said.

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