



# Gorshenin *Weekly*

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## 1. TOP STORIES

Normandy Four meeting leaves key issues unanswered  
The issues of control over the border and return of hostages remain unsettled.  
Read more in INTERNATIONAL POLITICAL.

Italian Senate ratifies EU-Ukraine association agreement  
Only two EU member states have not ratified the EU-Ukraine association agreement so far. Read more in INTERNATIONAL POLITICAL.

## 2. ARMED CONFLICT IN UKRAINE'S EAST

### Normandy Four meeting leaves key issues unsettled

The foreign ministers of the Normandy Four countries, including Germany, France, Ukraine and Russia, met in Berlin on 12 September 2015. According to an Interfax-Ukraine report, all participants in the meeting agreed that it was necessary to reach and implement an agreement on the withdrawal of light and heavy weapons from the line of contact as soon as possible.

Ukrainian Foreign Minister **Pavlo Klimkin** has said that control over the border and return of hostages remain the critical issues. In his words, Russia and the self-proclaimed Donetsk and Luhansk people's republics, which it supports, reject the idea of setting up a working group on border issues.

German Foreign Minister **Frank-Walter Steinmeier** has mentioned a notable progress in the political process and said that it was "key to the implementation of Minsk [peace agreements]". The contact group, which is due to meet in Minsk on 22 September, will focus on some difficult issues such as the modality and time framework of local elections, constitutional changes and a special status for Donetsk and Luhansk.

### Ukrainian president rules out carrying Minsk agreements over into 2016

President **Petro Poroshenko** has said that the Minsk agreement must be completed in 2015 and should not be prolonged.

However, **Denys Pushylin**, a representative of the self-proclaimed Donetsk people's republic, suggested that the sides should discuss moving the deadline for the implementation of the Minsk deals until later.

### Normandy Four leaders agree to meet

The presidents of Ukraine, France and Russia and the German chancellor have agreed to meet in Paris in early October 2015.

### UN monitoring mission publishes report on situation in Donbas

According to the 11th report released by the UN Human Rights Monitoring Mission in Ukraine, 7,883 people were killed and over 17,610 wounded as a result of the conflict in eastern Ukraine from mid-April 2014 to 15 August 2015.

The UN has registered the incidents of summary execution of civilians by pro-Russian illegal armed groups in Donbas. In particular, over the reported period from 16 May to 15 August 2015, the UN Human Rights Monitoring Mission in Ukraine has learned about two incidents of summary execution of civilians by members of separatist armed groups.

The report also reads that the mission has been told about other incidents when civilians and captured Ukrainian soldiers were killed by the militants.

### **OSCE not to monitor elections in Ukraine's self-proclaimed republics**

On 9 September 2015, the head of the Office for Democratic Institutions and Human Rights election observation mission in Ukraine, **Tana de Zulueta**, said that her team will not monitor the elections scheduled by the self-proclaimed Donetsk and Luhansk people's republics because the mission only arrives on the invitation of member states, which neither of the republics is.

The Donetsk separatists have scheduled their election for 18 October, while the Luhansk ones for 1 November.

### **Ukraine receives no proposals to exchange captured Russian officers for Sentsov, Kolchenko**

Ukrainian President **Petro Poroshenko** has said that he has not received any proposals to exchange Ukrainian director **Oleh Sentsov** and activist **Oleksandr Kolchenko**, who are illegally held in Russia, for Russian Main Intelligence Directorate officers **Aleksandr Aleksandrov** and **Yevgeniy Yerofeyev** detained in Ukraine.

The head of state added that he did not think it would be a fair exchange.

Earlier, the head of the Centre for the Release of Prisoners of the Officers' Corps, **Volodymyr Ruban**, said that a proposal came in to exchange Sentsov and Kolchenko for Aleksandrov and Yerofeyev.

### **Ukraine to partially recognize The Hague jurisdiction**

Foreign Minister **Pavlo Klimkin** has handed the statement on Ukraine's recognition of The Hague jurisdiction with regard to crimes committed on the country's territory after 20 February 2014 over to **Herman von Hebel**, the current registrar of the International Criminal Court.

## **3. CRIMEAN ISSUE**

### **Russia holds election in annexed Crimea**

On 13 September 2015, Russia had a single polling day to elect local authorities, including in two districts in Crimea, namely in Kerch and Simferopol District. During the municipal elections, voters will elect two councillors to the Dzhankoy and Saky city councils each, and one each to the Feodosiya and Bilohirsk city councils.

The Ukrainian Foreign Ministry protested over the election held by the occupant authorities in Crimea.

### **Former Italian premier visits Crimea**

Former Italian Prime Minister **Silvio Berlusconi** came to Crimea to meet Russian President **Vladimir Putin**.

Berlusconi in fact violated the rules of entry to the temporarily occupied territory, thus showing his disrespect for the state sovereignty of Ukraine.

The Ukrainian Foreign Ministry protested over Berlusconi's visit to Crimea.

### **Ukrainian tycoon's assets in Crimea to be auctioned off**

**Anna Anokhina**, the so-called minister of property and land relations of Crimea, has said that 42 assets owned by **Ihor Kolomoyskyy**, including the Foros sanatorium and a chain of 32 filling stations owned by Privat Group, will be auctioned off in late September.

## **4. INTERNATIONAL POLITICAL**

### **UKRAINE-RUSSIA**

#### **Russian Investigations Committee opens cases against Ukraine's top brass, politicians**

The head of the Russian Investigations Committee, **Aleksandr Bastrykin**, has said that Ukrainian Prime Minister **Arseny Yatsenyuk** fought in Chechnya against Russia in the 1990s. The allegations were dismissed as absurd in Ukraine. One of the leaders of Chechen rebels, **Akhmed Zakayev**, said Yatsenyuk had not fought in Chechnya. Chechen leader **Ramzan Kadyrov** also said there was no information to confirm that Yatsenyuk fought alongside Chechen militants in the 1990s.

The Russian Investigations Committee also opened criminal cases against Ukrainian Defence Minister **Stepan Poltorak**, Chief of General Staff **Viktor Muzhenko**, Ground Troops Commander **Anatoliy Pushnyakov**, acting National Guard Commander **Mykola Balan** and Ukrainian parliament MP **Oleh Lyashko**.

The head of the Russian Investigations Committee's department for mass media, **Vladimir Markin**, has said that Russia is preparing a tribunal on war crimes in Donbas.

#### **Russia building large military base on Ukrainian border**

Russia is building a large military base 20 km from the border with Ukraine near the town of Valuyki, Belgorod Region. According to Reuters, it will include nine barracks for 3,500 soldiers, ammunition and arms depots stretching over the area of 6,000 sq.m., a spacious training complex, a hospital for 50 patients which can expand in case of a large number of casualties, the headquarters with a communication hub and a residential area of 1,000 apartments. The total area of the compound is 300 ha. The base will be used for training artillerymen, air defence, tank and APC drivers.

## UKRAINE-EU

### **Italian Senate ratifies EU-Ukraine association agreement**

The upper house of the Italian parliament, the Senate, has ratified the EU-Ukraine association agreement.

The EU-Ukraine association agreement is expected to come into force on 1 January 2016 if ratified by all 28 members of the EU by then. So far 22 EU member states have already completed the ratification, while the work is still in progress in Belgium, the Netherlands, the Czech Republic and Italy. Greece and Cyprus have not launched the process yet.

### **EU refuses to set date for visa-free travel for Ukrainians**

Commissioner for European Neighbourhood Policy and Enlargement Negotiations **Johannes Hahn** has no forecasts as to when Ukrainians will be able to visit the EU visa free.

### **Brussels hosts Ukraine-EU-Russia talks on free trade**

Brussels hosted the Ukraine-EU-Russia talks on free trade on 7 September 2015.

European Commissioner for Trade **Cecilia Malmstrom** has described the meeting as fruitful. She confirmed that the EU-Ukraine free trade agreement would come into force on 1 January without any additional delays.

Meanwhile, the European Commission said in a press release on the talks that the sides decided to continue technical work to produce by October a plan containing solutions to issues raised by Russia.

It was announced that the next trilateral talks would be held in November 2015 and that it was planned to sign an agreement acceptable to all sides by the year-end.

The EU-Ukraine free trade deal should have taken effect on 1 January 2015, however it was delayed by one year on Russia's request. The free trade deal came into force only for Ukraine, as decided by the EU.

### **Poland approves 100m-euro loan for Ukraine**

Ukraine will use the loan to pay for the export of goods and services, in particular to modernize its road infrastructure and build checkpoints on the Ukrainian-Polish border.

## UKRAINE-NATO

### **NATO secretary-general to attend Ukrainian security council's meeting**

Ukrainian Foreign Minister **Pavlo Klimkin** has said that NATO Secretary-General **Jens Stoltenberg** will attend a meeting of the National Security and Defence Council of Ukraine for the first time in the history of NATO and Ukraine.

Stoltenberg is planned to arrive in Ukraine in late September to check on a military exercise at the Yavoriv training range.

## **NATO not planning to send peacekeepers to Ukraine**

NATO Deputy Assistant Secretary General for Political Affairs **James Appathurai** has said that the alliance is not planning to send peacekeepers to the conflict zone in eastern Ukraine but is ready to provide its comprehensive support, including consultations and training for Ukrainian servicemen.

In June 2015, Ukrainian President **Petro Poroshenko** signed the law authorizing peacekeepers' entry to Ukraine.

## **5. DOMESTIC POLITICAL**

### **Parliament to consider constitutional amendments after local elections**

Ukrainian President **Petro Poroshenko** on 6 September said that parliament will put to vote the amendments to the constitution following the local elections, which are scheduled for 25 October, but before the end of the current year.

### **President sees no reason to replace premier**

Ukrainian President **Petro Poroshenko** has said that there is no information that **Arseniy Yatsenyuk** may be dismissed from the post of prime minister any time soon. At the same time, Poroshenko noted that some reshuffling might take place in the government.

### **President says coalition with opposition bloc impossible**

Ukrainian President **Petro Poroshenko** has said that the scenario under which the Opposition Bloc joins the parliamentary coalition has no chance to be considered even theoretically.

### **Former EP president to lead mission to reform Ukrainian parliament**

**Pat Cox**, ex-president of the European Parliament (EP), head of the EP's needs assessment mission which works on a road map to reform the Ukrainian parliament, has been appointed head of the respective mission.

### **Infrastructure Ministry appoints head of aviation service**

The Infrastructure Ministry has appointed **Eduard Dyomin** as acting head of the State Aviation Service of Ukraine, replacing **Denys Antonyuk** who was dismissed by the cabinet.

The Prosecutor-General's Office notified Antonyuk that he was suspected of abusing power, and the court ruled on the measure of restraint for him in the form of house arrest.



It should be noted that Antonyuk's dismissal from the post of aviation service head was initiated by the head of the Odessa regional state administration, **Mikheil Saakashvili**.

### **Former justice minister, National Bank head declared wanted**

The Security Service of Ukraine (SBU) has put on the wanted list ex-Justice Minister **Olena Lukash**. The court issued a ruling that permits Lukash's arrest for the purpose of bringing her to court.

The Prosecutor-General's Office reported that the former head of Ukraine's National Bank, **Ihor Sorkin**, was also declared wanted and that the official was suspected of embezzling a stabilization loan of 800m hryvnyas (about 36.4m dollars).

### **Court grants motion to access accounts of fugitive tycoon's company**

The Kiev Pecherskyy district court has issued a ruling granting access for the Prosecutor-General's Office to the accounts of a Swiss company linked to business entities of Ukrainian businessman **Serhiy Kurchenko**.

### **President signs law revealing media owners, banning Russian ownership**

The law requires mass media organizations to disclose information about their real owners and to provide information about their ultimate beneficiaries.

Russian citizens or companies are viewed as representatives of the aggressor country and are banned from owning media in Ukraine.

### **Security service arrests employment service head**

The Security Service of Ukraine (SBU) has detained the head of the State Employment Service (central office), **Yaroslav Kashuba**, suspecting him of taking a bribe.

### **Former Ukrtransnafta head declared wanted**

The Interior Ministry has launched criminal proceedings against the former head of the Ukrtransnafta company, **Oleksandr Lazorko**, and put him on the wanted list.

Ukrtransnafta operates Ukraine's oil transport system and is by 100 percent owned by the state-run energy company Naftohaz Ukrayiny. However, the company for a long time was governed by the management associated with Ukrainian tycoon **Ihor Kolomoyskyy**, particularly Ihor Lazorko.

**Security service prevents attempt on interior minister**

Officers of the Security Service of Ukraine (SBU) and the Military Prosecutor's Office have reported that they have prevented the murder of Interior Minister **Arsen Avakov**, as well as a series of other high-profile murders in Kiev and Kharkiv. According to the security service, among the leaders of the criminal group was the commander of the Slobozhanshchyna battalion.

**Local elections campaign launched in Ukraine**

The deputy chairman of the Central Electoral Commission, **Andriy Mahera**, has said that during the local elections to be held on 25 October 2015, Ukrainian citizens will elect members of 10,778 local councils. This figure includes 22 regional councils, the Kiev city council, 144 councils of cities/towns of regional subordination, 213 councils of cities/towns of district subordination, 462 district councils, 83 district councils in cities, 567 town councils and 9,127 village councils.

**6. ECONOMY****IMF board to decide on status of Russian loan to Ukraine**

IMF Managing Director **Christine Lagarde** has said that "it is up to the IMF board" to determine the designation of Ukraine's debt of 3bn dollars to Russia.

It should be recalled that Ukraine and Russia are at odds as to the classification of the mentioned loan. Kiev considers the bond a private debt while Moscow insists on the sovereign status of the securities (one country's debt to another) and refuses Ukraine's restructuring of the debt.

If Ukraine declares default on the debt, Moscow will demand that the IMF freeze the credit programme for Kiev.

**Creditors want to renegotiate restructuring deal with Ukraine**

A group of creditors holding Ukrainian bonds that mature in 2015 are seeking to change the terms of the Ukrainian debt restructuring agreement.

According to the Bloomberg news agency, a group of bondholders owning Ukraine's shortest-dated international debt said that the agreement was biased against them. The group is represented by the law firm Shearman & Sterling LLP.

It should be recalled that earlier the Prosecutor-General's Office arrested the accounts of former Ukrainian First Deputy Prime Minister **Serhiy Arbuzov**, in which he kept domestic government loan bonds for the amount of nearly 2bn dollars and 1.2bn hryvnias (around 54.5m dollars).

**World Bank praises reforms in Ukraine**

The director of the World Bank for Ukraine, Belarus and Moldova, **Qimiao Fan**, has positively assessed reforms that are being carried out in Ukraine, noting that the World Bank sees the first signs of stabilization of the Ukrainian economy.

**Cabinet introduces public reporting for treasury service**

Ukrainian Prime Minister **Arseniy Yatsenyuk** has said that starting from 15 September, the State Treasury Service will make its reports available to the public.

The prime minister also announced the Open Budget project starting in 2016. Under the project, every Ukrainian citizen will be able to obtain information about government spending.

**Deflation reaches 0.8 percent in August**

Consumer prices in Ukraine in August 2015 decreased by 0.8 percent compared with July 2015, according to the State Statistics Service.

It should be noted that Ukraine shows deflation for the second consecutive month.

**Cabinet allocates 0.95bn dollars for Deposit Guarantee Fund**

The Ukrainian government has allocated 21.5bn hryvnyas (0.95bn dollars) for the Individuals Deposit Guarantee Fund which makes payments to clients of insolvent banks.

According to the fund's managing director, **Kostyantyn Vorushylin**, over 2014-15, the fund's own revenues amounted to 11.5bn hryvnyas (0.5bn dollars), funds provided by the National Bank totalled 20.2bn hryvnyas (0.9bn dollars) and those given by the Finance Ministry were 30.1bn hryvnyas (1.3bn dollars).

**7. ENERGY****Ukraine resumes electricity imports from Russia**

On 6 September, Ukraine resumed imports of electric power from Russia.

**Ukraine resumes coal supplies from conflict zone**

Ukrainian Deputy Prime Minister **Valeriy Voshchevskyy** has said that Ukraine has resumed supplies of coal from rebel-controlled areas of Donbas.

The press service of DTEK, an energy holding owned by **Rinat Akhmetov**, said that the company continues to supply coal to Ukrainian power plants from the security operation zone.

However, the transport minister of the self-proclaimed Donetsk people's republic, **Semen Kuzmenko**, when commenting on the deputy prime minister's statement, said that "not a single carriage of coal is being sent to Ukraine now". Earlier, pro-separatist media reported that the rebels suspended coal supplies to Ukraine until Kiev unblocks supplies of fuel and spare parts for locomotives to the territories under their control.

## **Ukrainian premier calls on EU to stop expansion of Nord Stream**

Ukrainian Prime Minister **Arseniy Yatsenyuk** has urged the European Union to stop the Nord Stream-2 project which envisages the construction of a gas pipeline with the capacity of 55bn cu.m. running from Russia to Germany via the Baltic Sea.

According to the prime minister's forecasts, Ukraine may lose 2bn dollars due to the Nord Stream-2 project, in addition to the 1.5bn dollars Ukraine already lost due to the first thread of the Nord Stream pipeline.

Slovak Prime Minister **Robert Fico** also criticized the agreement on the construction of Nord Stream-2.

## **Negotiations on Turkish Stream frozen**

Russia and Turkey have failed to achieve any progress in the negotiations on the Turkish Stream gas pipeline project because of the absence of a government in Turkey.

The intention to build the Turkish Stream gas pipeline were announced after the failure of the South Stream project which was supposed to supply Russian natural gas to Europe bypassing Ukraine.

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