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1. TOP STORIES

MH17 shot down by Buk from Russia, Joint Investigation Team concludes

According to the investigation the aircraft was hit by a 9M-38 missile launched from territory controlled by pro-Russian militants.

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2. ARMED CONFLICT IN EASTERN UKRAINE

International investigation concludes Russia, militants involved in MH17 tragedy

The Malaysia Airlines Flight 17, which was downed over Donbas in 2014, was hit by a Russian-made Buk surface-to-air 9M38-series missile brought from Russia. The shot was made from the area of Pervomayske, Donetsk Region, which was controlled by pro-Russian militants at the time. After the tragedy, Buk was brought back to Russia, the international Joint Investigation Team has concluded. It presented its findings in The Hague on 28 September 2016.

The report says that the investigation identified 100 persons who could be involved in the downing of the aircraft and the transportation of the Buk system.

It also says that the international group continues investigating the chain of command, in particular who ordered to bring the Buk to Donbas and who issued an order to down the Boeing.

Ukrainian President **Petro Poroshenko** said that the investigation conclusions offered an irrefutable proof of Russia's and militants' involvement in the air crash.

Russia did not recognize the legitimacy of the MH17 report.

The Malaysia Airlines MH17 Boeing-777 flying from Amsterdam to Kuala Lumpur was downed on 17 July 2014, killing all 298 people on board. There were passengers from 10 countries, with the majority, 196, coming from the Netherlands.

Ukraine says militants breach truce in three pilot areas

Pro-Russian militants have failed to fulfil the agreement on the separation of troops in three areas on the line of contact, according to Ukraine's representative in the tripartite contact group, **Leonid Kuchma**.

In addition, he said that on 30 September the militants disrupted the tripartite contact group's meeting in the video-conference format, which was supposed to discuss the implementation of the separation of troops in Donbas.

According to Kuchma, the militants' failure to comply with the agreements reached in Minsk is aimed at derailing the whole negotiation process.

Earlier, it was reported that the militants of the self-proclaimed Luhansk people's republic barred OSCE observers from visiting the Pervomaysk-Zolote area in Luhansk Region.

The conflict in eastern Ukraine may last for decades, **Joerg Forbrig**, expert of the German Marshall Fund of the United States, said in a comment to the news and analysis website LB.ua. The pundit noted that the situation can turn into a frozen conflict, as it happened in Moldova's Dniester Region, or Georgia's Abkhazia and South Ossetia.

Forbrig said that if the situation continues to develop in this way, the West is likely to begin to curtail its financial aid to Ukraine aimed at stabilizing the situation in Donbas. Also, he did not rule out that in this case sanctions against Russia may be lifted.

Donbas rebels hold local election primaries

The occupying authorities in the areas of Donbas uncontrolled by the Ukrainian government held "primary local elections".

The self-proclaimed Donetsk people's republic said that some 369,620 people took part in the primaries, while the self-proclaimed Luhansk people's republic reported a turnout of 50,000 people.

Ukrainian parliament unlikely to implement Minsk deal - survey

According to a survey held among Ukrainian MPs by Gorshenin Institute, only a

third of MPs (32.5 percent) consider the Minsk agreements the one and only solution to the Donbas conflict. In the meantime, almost two thirds (59.7 percent) of the respondents are of the opposite opinion.

The survey found that in the current conditions – if the situation in the east remains as is – none of the bills which would put the Minsk agreements into life had a chance of adoption.

Only a quarter (24.7 percent) of MPs who took part in the poll are ready to vote for the bill on elections in some areas of Donetsk and Luhansk regions under the Ukrainian law. At the same time, some 57.1 percent of MPs are against adopting this law. Another 18.2 percent of the respondents found it hard to give a definite answer.

Only 15.6 percent of MPs would vote for granting special status to some areas of Donetsk and Luhansk regions, with 63.6 percent voting against and 20.8 percent of those undecided.

The militant amnesty law has the lowest chance to be passed, with 11.7 percent supporting the bill, 61.0 percent voting against and 27.3 percent undecided.

According to a survey by the Razumkov Centre, the share of Ukrainians who think positively of the results of the Minsk agreements is 11.9 percent. Ukrainians were rather critical (38.5 percent) than supportive (34 percent) of the idea of amnesty for all participants in separatist movements.

Over 3,000 pieces of Russian military hardware deployed in Donbas – president

There are more than 3,000 units of Russian military hardware, including 700 tanks, 1,250 artillery systems, 1,000 armoured personnel carriers and 300 multiple-launch rocket systems in the conflict zone in Donbas, Ukrainian President **Petro Poroshenko** said in an interview with the US television channel CNN.

Asked to comment on a widely spread opinion among Russian citizens, including President **Vladimir Putin**, that "there are no Russian servicemen in eastern Ukraine", Poroshenko said that Ukrainian servicemen detained 22 Russian paratroopers in Donbas in August 2014 alone.

According to Ukraine's Defence Ministry, currently there are between 6,000 and 7,000 servicemen of the Russian Armed Forces in eastern Ukraine.

Man in court over "UK first" Ukraine terror offences

UK national **Benjamin Stimson** has been remanded in custody on suspicion of terrorist activities in eastern Ukraine to appear at the Old Bailey on 7 October.

3. CRIMEAN ISSUE

Russian Supreme Court upholds ban on Crimean Tatar self-styled government

On 29 September 2016, the Russian Supreme Court dismissed an appeal against the ban on the activities of the Crimean Tatar self-styled government Majlis.

On 26 April, the Russia-controlled supreme court of Crimea recognized the Majlis an extremist organization and banned its operation.

The Ukrainian Justice Ministry plans to appeal against the Russian ban on the Majlis to the European Court of Human Rights.

The US Department of State said that the USA does not recognize the legitimacy of the Russian Supreme Court's ruling to uphold the ban of Crimean Tatars' self-governing body, the Majlis. It reiterated its call on Russia to return control of the peninsula to Ukraine.

Freedom House described the ban as a "travesty of justice".

In an exclusive comment to the news and analysis website LB.ua, Majlis deputy head **Ilmi Umerov** said he expected a new wave of repression against Crimean Tatars after the Russian ban comes into force.

Crimean Tatar activist fined for taking part in Majlis assembly

On 28 September 2016, the Russia-controlled court in Crimea's Bakhchysaray fined a deputy head of the Crimean Tatar self-styled government Majlis, **Ilmi Umerov**, 750 roubles (11.72 dollars). An administrative offence report was filed against the activist.

Several hours earlier, he said that he was summoned to report to court within 15 minutes.

Chancellor Angela Merkel said that Germany was ready to accept Umerov for treatment. Umerov is known to have diabetes and heart problems.

Russian court puts Crimean Tatar leader's son on three-year probation

At a secret meeting in mid-September, Astrakhan's Sovetskiy district court put **Khayser Dzhemilyev**, the son of Crimean Tatar leader **Mustafa Dzhemilyev**, on three-year probation, lawyer **Nikolay Polozov** has said.

He also said that on 30 September a court refused to uphold an appeal to release him on parole. He was expected to be released on 26 November.

Dzhemilyev was detained in May 2013 on the scene of builder **Fevzi Edemov's** murder in the backyard of the Dzhemilyev's house in Crimea. He was shot in the head. Police opened a criminal case against Khayser on the charges of "first-degree murder". His defence insisted that he pulled the trigger inadvertently.

After Russia occupied Crimea, its investigative bodies decided to renew the case. Kyiv's court of appeal concluded that it was the case of reckless homicide and thus Khayser should be released from custody.

The European Court of Human Rights, for its part, ruled that Dzhemilyev Jr should be released, however Russia refused to comply.

In September 2014, Dzhemilyev was transferred from the Crimean remand centre to Russia's Krasnodar Kray. The local court sentenced him to five years in prison.

Later, the Russian Supreme Court cut his term to 3.5 years.

Russian court extends Crimean Tatar activist's arrest until January 2017

On 29 September 2016, a Russia-controlled court in Simferopol extended the detention of a deputy head of the Crimean Tatar self-styled government Majlis, **Akhtem Chyyhoz**, until 8 January 2017.

Chyyhoz was arrested by the Crimean authorities on charges of organizing "mass riots" outside the Crimean parliament on 26 February 2014.

Ten persons missing in Crimea on political, ethnic motives - UN

The search for 10 persons who disappeared in Crimea under circumstances suggestive of political or ethnic motivation remains inconclusive, the Office of the UN High Commissioner for Human Rights has said.

The right to peaceful assembly has been further curtailed by the de facto authorities, and people continue to be interrogated and harassed by law-enforcement agents for expressing views that are abusively deemed "extremist", it said.

On 28 September, unidentified individuals pushed **Dilyara Misiratova**, chief of department at the Semashko hospital, into a car in Simferopol and drove her away in unknown direction. Misiratova's sons are engaged in Ukraine's antiterrorist operation in Donbas.

Ukraine opens cases against seven Russian Duma MPs elected in Crimea

The Ukraine-controlled Prosecutor's Office of the Autonomous Republic of Crimea has opened criminal cases against seven persons elected to the Russian State Duma from annexed Crimea, including Crimean "prosecutor" **Natalya Poklonskaya**.

As reported earlier, Poklonskaya stepped down as prosecutor due to her election to the State Duma.

4. INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Ukrainian journalist arrested in Moscow on espionage charges

The Russian Federal Security Service (FSB) detained Ukrainian journalist **Roman Sushchenko** in Moscow on 30 September. Sushchenko is a Paris correspondent of the national news agency Ukrinform.

On 3 October, the FSB issued an official statement in which it said that the Ukrainian journalist was a staff officer of the Main Intelligence Directorate of Ukraine's Defence Ministry. On the same day, it was reported that Moscow's Lefortovo court on 1 October arrested Sushchenko on espionage charges for two months.

The Ukrinform news agency said that their journalist was on vacation and travelled to Russia to see his relatives. At the same time, the news agency added that in violation

of all international rules, the Russian side did not inform anyone of his arrest: neither his wife, nor diplomatic missions, nor his employer.

According to the public monitoring commission, the Ukrainian journalist is held in the Lefortovo remand prison. The organisation also said that he was put under psychological pressure, while the investigator did not allow him to call his wife and tell her about the arrest.

In an exclusive comment to the news and analysis website LB.ua, journalist's wife **Anzhela Sushchenko** said that her husband's relatives in Moscow did not disclose information about the circumstances of the journalist's disappearance, saying they had signed a pledge of secrecy.

According to the Ukrainian Foreign Ministry, the Ukrainian journalist's arrest shows that "official Moscow has unleashed a war not only against Ukraine, but also against the whole democratic world, whose fundamental values are human rights and freedoms".

The ministry also said that trips to Russia could be dangerous for Ukrainian citizens.

UKRAINE-EU

European Parliament committee votes in favour of cancelling visas for Ukrainians

The European Parliament's Committee on Civil Liberties, Justice, and Home Affairs on 26 September 2016 included Ukraine in the list of countries for which the EU waives visas and backed the opening of negotiations with the Council with a view to reaching a first reading agreement on the plans, and approved the composition of the negotiating team.

The negotiating team will be headed by British MEP **Claude Moraes** and will include **Mariya Gabriel**, rapporteur on Ukraine.

It will be up to the European Parliament to have a final say on visa-free travel for Ukrainians. The decision will be considered adopted if it is supported by a simple majority of votes. If the decision is adopted, it will next have to be voted on by the Council of the EU.

Ukraine, European Council coordinate steps to complete ratification of association deal

During a meeting in Kyiv on 28 September 2016, Ukrainian President **Petro Poroshenko** and European Council President **Donald Tusk** coordinated their positions on a completion of the ratification of the EU-Ukraine association agreement.

They also discussed the schedule of political dialogue between Ukraine and EU top-ranking officials until the end of the year, including a tentative date of the next summit.

EU postpones third tranche of assistance to Ukraine until 2017

The EU has postponed its third tranche of microfinancial assistance to Ukraine, 600m euros, until the next year, Ukrainian Deputy Finance Minister **Yuriy Butsa** has said.

European Commission agrees higher quotas on some Ukrainian goods

The European Commission has approved higher quotas for Ukraine exports and sent them for approval to the European Parliament.

According to Ukraine's Deputy Prime Minister for European and Euro-Atlantic Integration **Ivanna Klympush-Tsyntsadze**, trade preferences are worth around 200m euros.

At the beginning of the year, Ukraine's exports were subject to the following quotas: on wheat, 950,000 t (can be increased by 100,000 t), barley, 250,000 t (+350,000 t), corn, 400,000 t(+650,000 t), honey, 5,000 t(+3,000 t), tomatoes, 10,000 t (+5,000 t), grape and apple juices, 10,000 t (+500 t), huller barley and processed grain, 6,300 t (+7,800 t), and oats, 4,000 t (+4,000 t).

Ukraine, Luxembourg sign tax treaty

Ukraine and Luxembourg on 30 September 2016 signed an agreement on the avoidance of double taxation.

UKRAINE-ISRAEL**Ukraine, Israel to accelerate free trade talks**

Petro Poroshenko and **Reuven Rivlin**, the presidents of Ukraine and Israel respectively, have agreed to broaden economic cooperation and speed up talks on a free trade zone, the Ukrainian president's website has said.

5. DOMESTIC POLITICAL**Judicial reform launched in Ukraine**

Judicial reform has begun in Ukraine, as changes to the constitution concerning the judicial system and the law on the judiciary and status of judges entered into force on 30 September.

The new legislation abolishes the system of supreme specialised courts (economic, administrative, civil and criminal courts), as they will be replaced by the Supreme Court. The judiciary system will consist of local and appeals courts, as well as the Supreme Court.

Anti-corruption cases will be addresses by the Supreme Anti-Corruption Court, which will be formed via an open competition. There will also be a separate supreme court for intellectual property cases.

Judges will be appointed for life, not for five-year periods as before. At the same time, judges will be appointed by the president as advised by the High Council of Justice, whose members will be replaced. Previously, only parliament could appoint a judge. However, the president is stripped of the right to form courts, as this will be done by parliament.

The new law also partially cancels judicial immunity. Earlier, a judge could not be detained until parliament gives its consent for that, while now no parliament consent is required to detain a judge during or immediately after the commission of a serious crime. In other cases, the decision of the High Council of Justice will be needed to detain a judge.

The law introduces professional advocacy in courts, which means that suspects in courts will be defended only by lawyers who have professional certificates. Currently, people without lawyer's licences but with legal expertise can represent others' interests in courts.

According to the constitutional amendments, prosecution bodies lose the oversight function and will deal only with public prosecution in courts and procedural aspects of pre-trial investigations.

President appoints 104 judges

President **Petro Poroshenko** on 26 September appointed 104 judges of local general courts in 21 regions for a period of five years.

On 29-30 September, the president dismissed three judges for violation of oath, including the judge of Kyiv's Pecherskyy district court, **Oksana Tsarevych**. Tsarevych was in the panel of judges who considered the first case of **Yuriy Lutsenko**. She was also the investigating judge in the case of the murder of ex-MP **Yevhen Shcherban**, whereby charges were brought against former Prime Minister **Yuliya Tymoshenko**.

In addition, at the extraordinary plenary session on 29 September the Ukrainian parliament dismissed 29 judges for violation of oath. At the same time, parliament refused to dismiss four judges.

On 22 September, parliament dismissed 400 judges.

It was also reported that the High Judicial Qualifications Commission suspended from office the judge of Kyiv's Pecherskyy district court, **Serhiy Vovk**, for two months. He is known for sentencing Lutsenko to prison.

Ukrainian government transfers Penitentiary Service's functions to Justice Ministry

On 22 September 2016, the Cabinet of Ministers of Ukraine transferred the functions and authority of the State Penitentiary Service, which is being liquidated, to the Justice Ministry.

Ukrainian president's party wants officials' income statements to be partially classified

Ihor Hryniv, the leader of the Petro Poroshenko Bloc faction in parliament, has registered a bill which says that some information in officials' income statements must be classified. In particular, it says that the information about cars, gifts and available money should not be open.

Top Ukrainian prosecutor suggests axing National Anti-Corruption Bureau's authority

Prosecutor-General **Yuriy Lutsenko** has suggested that he should be given the right to decide which cases should be investigated by the National Anti-Corruption Bureau of Ukraine (NABU) or other law-enforcement agencies. In his words, the NABU is not big enough to tackle all cases of high-profile corruption.

The NABU and the Specialized Anti-Corruption Prosecutor's Office criticized Lutsenko's initiative.

Ukrainian Interior Ministry initiating new bills on police rights

The Interior Ministry is going to present to parliament a new package of laws expanding the authority of police in line with the principle summed up as the "presumption that police are always right", Interior Minister **Arsen Avakov** has said.

These changes were initiated after two police patrol officers were shot dead by a malefactor in Dnipro on 25 September 2016.

The suspected killer is **Oleksandr Puhachov**, a member of the former Tornado volunteer battalion of the special patrol police. Law enforcers detained him when he was looking for urgent medical assistance in a hospital under false documents. He was remanded in custody as a preventive measure of restraint.

President approves increased spending on uniformed agencies

President **Petro Poroshenko** has enacted the decision of the National Security and Defence Council (NSDC) to increase funding of uniformed agencies and ordered the government to submit to parliament a draft law introducing respective amendments to the 2016 state budget in a one-week term.

According to the document, the funding of the Defence Ministry should be increased by 3.8bn hryvnias (146m dollars), the Main Intelligence Directorate by 175m hryvnias (6.7m dollars), the National Police by 2bn hryvnias (77m dollars), the State Border Service and other law-enforcement agencies by 782.7m hryvnias (30m dollars), the Security Service of Ukraine by 128.5m hryvnias (4.9m dollars) and the State Guard Directorate by 51m hryvnias (2m dollars).

The present 2016 budget law allocates 55.6bn hryvnias (2.1bn dollars) for the Defence Ministry, 1.1bn hryvnias (42m dollars) for the Main Intelligence Directorate, 14.8bn hryvnias (569m dollars) for the National Police, 5.5bn hryvnias (212m dollars) for the State Border Service, 5.5bn hryvnias (212m dollars) for the Security Service of Ukraine and 602m hryvnias (23m dollars) for the State Guard Directorate.

President signs demobilization decree

President **Petro Poroshenko** has signed a decree dismissing servicemen called up during the last (sixth) wave of mobilisation.

Some 20,000 servicemen will be dismissed from the army during the demobilization by the end of October.

After that, only contractor servicemen will remain at the front line in Donbas.

President vetoes law on early discharge of contract servicemen

President **Petro Poroshenko** has vetoed the law that allows servicemen who signed contracts "until the end of the special period" in Ukraine to terminate their contract during this special period.

The General Staff of Ukraine's Armed Forces said that the law created conditions under which there might be negative consequences for the national defence, in particular in the antiterrorist operation area.

Ukraine starts issuing biometric IDs

The law that ensures the transition to biometric IDs came into force on 1 October.

In particular, the document introduces an obligation for Ukrainian citizens to receive passports after reaching 14 years of age.

New Ukrainian IDs will be issued in the form of plastic cards. Information in new IDs will be provided in the Ukrainian and English languages.

IDs of Ukrainians who have reached the age of 18 will have contactless electronic media containing digital signatures.

Cabinet approves procedure for creating displaced persons database

The Cabinet of Ministers on 22 September approved the procedure for the creation, maintenance of and access to the unified database of internally displaced persons.

As of early August 2016, according to official data, there were 1.75m displaced persons from Donbas and Crimea in Ukraine.

Ousted president said signed "decree" on citizenship renunciation for 590 prosecutors

Former Ukrainian President **Viktor Yanukovich** signed "decrees" following his flight to Russia's Rostov-on-Don. This follows from a letter by the Russian Prosecutor-General's Office that was presented by Ukrainian Prosecutor-General **Yuriy Lutsenko**.

The letter says that the Ukrainian Prosecutor-General's Office has no right to open treason cases against Crimean prosecutors because Viktor Yanukovich on 21 March

2014 signed a "decree" on the renunciation of Ukrainian citizenship by 590 public prosecutors.

It should be recalled that Yanukovich was deprived of the presidential post on 22 February 2014, when the Ukrainian parliament passed a resolution on his self-removal from the office.

Court extends arrest of embattled ex-MP

The Kyiv Pecherskyy district court has ruled to keep in custody **Oleksandr Yefremov**, the former head of ousted President **Viktor Yanukovich's** Party of Regions parliamentary faction, for another 60 days until 24 November.

The Prosecutor-General's Office suspects Yefremov of misappropriating the Luhanskvuhillya company's property, committing deliberate actions aimed at changing the boundaries of Ukraine, which led to the deaths and other serious consequences, and organising a terrorist organisation (the so-called Luhansk people's republic).

Court orders removing ex-ecology minister from wanted list

The Kyiv Pecherskyy district court has obliged the Prosecutor-General's Office to remove from the wanted list **Mykola Zlochevskyy**, ecology minister under the presidency of **Viktor Yanukovich**. Zlochevskyy is suspected of illicit enrichment.

The court concluded that the former official had been notified of suspicion in violation of the procedures.

Earlier, the Prosecutor-General's Office also opened a criminal case over activities by the gas company Esko-Pivnich (part of Burisma Holding), which is affiliated with the ex-minister.

It should be noted that the Main Military Prosecutor's Office has completed the investigation against Yanukovich-era Defence Minister **Mykhaylo Yezhel**. He is suspected of abuse of office in the period of 2011-12.

Prosecutor's office suspects ousted president's ally of Odesa market illegal takeover

The Prosecutor-General's Office has drafted a suspicion notice against former MP **Yuriy Ivanyushchenko** of the Party of Regions, who was a close ally of ex-President **Viktor Yanukovich**, and his two accomplices over the appropriation of shares in the authorized capital of the Seventh Kilometre market in Odesa. They are suspected of extorting property and forging official documents.

A week ago, the chief executive officer of Al Sayegh Group (UAE), **Abdul Jabbar Al Sayegh**, said that he had become the market's owner.

Prosecutor caught demanding 200,000-dollar bribe

Law enforcers have detained a prosecutor of the Prosecutor-General's Office and a

lawyer who are suspected of demanding a bribe of 200,000 dollars for closing criminal proceedings and lifting an attachment of seized property.

It was also reported that the main investigation department of the Prosecutor-General's Office detained a deputy mayor of Kherson and a member of the city council while taking a bribe of 80,000 hryvnias (3,000 dollars).

Babi Yar victims commemorated in Kyiv

A memorial ceremony commemorating the victims of the Babi Yar massacre was held in Kyiv on 29 September. This year marks the 75th anniversary of the tragedy.

The events honouring the memory of the Babi Yar victims were attended by the presidents of Hungary and Germany, the president of the European Council and Ukrainian authorities.

According to various estimates, from 100,000 to 200,000 people were executed and buried in Babi Yar by the Nazis during the occupation of Kyiv in 1941-43. Of them, two-thirds were Jews. In addition, among the massacre victims were Romas, Ukrainian nationalists, Soviet prisoners of war and members of the underground.

According to President **Petro Poroshenko**, Ukraine lost 60 percent of its Jewish population during the Second World War.

While speaking at the parliamentary hearings devoted to the 75th anniversary of the Babi Yar tragedy, **Rivlin** accused members of the Organization of Ukrainian Nationalists of aiding the German Nazis in the mass murder of Jews during World War II.

According to the first deputy speaker of the Ukrainian parliament, **Iryna Herashchenko**, the Israeli president voiced incorrect and undiplomatic assessments with respect to certain tragic pages of Ukraine's history.

6. ECONOMY

Ukraine receives 1bn dollars against US government guarantees

Ukraine has received 1bn dollars from the sale of five-year Eurobonds issued against the guarantees of the US government.

The first issue of 1bn-dollar Eurobonds against the US government guarantees was carried out in May 2014. Ukraine received the second tranche of government guarantees one year later, in May 2015.

It was expected that Ukraine would receive the third tranche in the autumn of 2015. However, the US tied its disbursement to the implementation of reforms in Ukraine, including anti-corruption ones, as well as the IMF's decision to continue the programme.

Ukraine drops to 85th place in competitiveness ranking

Ukraine has lost six positions and dropped to the 85th place in the new Global Competitiveness Report published by the World Economic Forum.

The authors of the report note that among the biggest challenges for business in Ukraine are corruption, political instability, inflation, inefficiency of state power, lack of access to financing, instability of power, tax rates and tax administration.

According to a study entitled "Economic Freedom of the World: 2016", which was conducted by the Canada-based Fraser Institute, Ukraine has lost seven positions, taking the 135th place in the ranking.

State budget surplus reaches 270m dollars in August

A state budget surplus of 7bn hryvnyas (269m dollars) was recorded in August, the State Treasury Service has reported.

Over the first eight months, the state budget showed a deficit of 42.94bn hryvnyas (1.65bn dollars).

It should be recalled that the ceiling deficit in the 2016 state budget makes 83.69bn hryvnyas (3.22bn dollars) or 3.7 percent of the forecast GDP.

Ukraine's international reserves grow to 14.5bn dollars

As of 27 September, Ukraine's international reserves totalled 14.5bn dollars and were expected to reach 15.5bn dollars by the end of September thanks to the placement of Eurobonds against US government guarantees, the National Bank has reported.

In September, the reserves increased by 400m dollars after Ukraine received another tranche from the IMF.

Finance Ministry sells 193m dollars' worth of government bonds

The Finance Ministry at the 27 September auction sold government bonds to the tune of 5.03bn hryvnyas (193m dollars).

The principal amount of outstanding government bonds makes 549.88bn hryvnyas (21.15bn dollars), with the National Bank holding bonds worth 367.01bn hryvnyas (14.12bn dollars) or 67 percent of the total amount.

Property fund expands privatization list, specifies deadlines

The State Property Fund, in pursuance of the cabinet's resolution, has expanded the list of facilities subject to privatization and specified privatisation deadlines in 2016.

In particular, Turboatom, Ukrpapierprom, the Ukrainian Bank for Reconstruction and Development, Azovmash, President Hotel, Zaporizhzhya Aluminium Plant and Zaporizhzhya Titanium-Magnesium Plant were added to the privatization list.

Car imports up 24 percent over seven months

Imports of passenger cars in Ukraine increased by 24 percent in January-July to 41,000 pieces, according to the State Statistics Service.

The total cost of cars imported in the country was 730.4m dollars, which is 68 percent more than in the same period of 2015.

Banks show 254m-dollar loss over eight months

Losses of commercial banks operating in Ukraine amounted to 6.6bn hryvnyas (254m dollars) in January-August, which is 6.8 times less than in the same period of 2015, according to the National Bank.

At the same time, banks showed a profit of 2.7bn hryvnyas (104m dollars) in August.

Regulator liquidates State Land Bank

The National Bank, at the proposal of the Deposit Guarantee Fund, has decided to revoke the banking license of and eliminate the State Land Bank.

The Finance Ministry owns 100 percent of shares in the bank, which was created in 2012 to provide credit support to agricultural enterprises and implement respective state programmes. After the bank received the banking licence, it carried out almost no activities stipulated by its charter. In July, the regulator declared the bank insolvent.

Court refuses to revise aluminium plant's nationalization

The Supreme Economic Court has granted the lawsuit filed by the Prosecutor-General's Office of Ukraine against Russian investors for the failure to fulfil provisions of the contract for the sale of Zaporizhzhya Aluminium Plant and returned 68 percent of the company's shares to the state.

The controlling stake in the company was held by the AvtoVAZ-Invest company (Russia) and VELBAY HOLDINGS LIMITED (Cyprus), which is controlled by **Oleg Deripaska's** Rusal (Russia), one of the world's largest aluminium producers.

In March, the Supreme Court confirmed the legitimacy of the demands to return the company's shares to the state as the investor failed to fulfil its obligations. After that, the controlling interest, which makes 68.01 percent of the total number of shares, was transferred to the account of the State Property Fund of Ukraine.

Court allows bank to recover petroleum from fugitive tycoon

The Kyiv Dniprovskyy district court has given the green light to the state-run Oshchadbank (Savings Bank) to recover collateral from Ksandro Enterprise LTD (British Virgin Islands) to cover the debt of 8.4m dollars.

The collateral includes 10,560 tonnes of petroleum worth 10.4m dollars and 2,330 tonnes of diesel fuel worth 2.1m dollars. The fuel was used as collateral under the contract on a stand-by letter of credit between Brokbusinessbank of businessman **Serhiy Kurchenko** (a close ally of **Oleksandr Yanukovych**, son of ex-President **Viktor Yanukovych**) and Oshchadbank signed in 2014.

Earlier, the International Commercial Arbitration Court at the Chamber of Commerce of Ukraine decided to collect the collateral under the contract concluded between Oshchadbank and Ksandro Enterprise.

The collateral was stored at a Feodosiya oil-supply firm (Crimea).

USA lifts restrictions from Antonov Airlines

The US Department of Transportation has cancelled its foreign-airline restrictions on the number of cargo flights for the Ukrainian airline Antonov Airlines. The decision was made pursuant to the open skies agreement between Ukraine and the USA signed on 14 July 2015.

7. ENERGY

Naftohaz's claims to Gazprom grow to 28.3bn dollars

The total claims lodged by the state-run energy company Naftohaz Ukrayiny against Russia's Gazprom company under the lawsuit in the Stockholm arbitration rose from 26.6bn dollars to 28.3bn dollars as of 31 July 2016. This follows from the annual report of the Ukrainian company.

In particular, Naftohaz's claims on the gas supplies contract totalled 18.1bn dollars. Of this amount, 14.2bn dollars was accumulated due to the price Ukraine paid for gas from 20 May 2011 to October 2015. At the same time, claims on the transit contract totalled 10.2bn dollars.

Gazprom's counter claims to Naftohaz total 38.7bn dollars. This amount relates to the gas supplies contract, including 29.2bn dollars in "take or pay" sanctions for 2012-14 and the third quarter of 2015, while 2.2bn dollars relates to the disputable gas price in the fourth quarter of 2013 and the second quarter of 2014.

The new information in the report is that Gazprom presented additional claims in Stockholm in July 2016. Specifically, the Russian company wants to recover from Naftohaz overpayments for transit services in previous periods in case the Ukrainian company wins the lawsuit on the price of Russian gas.

On 25 September, the Arbitration Institute of the Stockholm Chamber of Commerce started the process in the Naftohaz vs Gazprom case.

Ukraine grows gas reserves to 14.21bn cu.m.

The volume of natural gas stored in Ukraine's underground facilities totalled 14.21bn cu.m. as of 29 September, a daily increase of 0.34 percent, according to the Ukrtranshaz company. The storage facilities are filled by 45.9 percent.

In June, the state-run energy company Naftohaz Ukrayiny said that Ukraine would start the 2016-17 heating season with 14bn cu.m. of gas in underground storage facilities. However, the government decided to pump in additional 3bn cu.m., expecting cold weather during the season.

Electricity suppliers allowed to raise rates every month

The National Energy and Public Utilities Regulatory Commission has given the green light to suppliers of electric power to raise electricity prices on a monthly basis, although by no more than 3 percent, starting from 1 January 2017.

The commission said that such changes were introduced due to the transition to market electricity prices for industrial consumers.

NATO to finance liquidation of nuclear dump near Zhytomyr

Ukraine will start the liquidation of a radioactive waste burial at the Vakulenchuk site in Zhytomyr Region in the coming days, using financial aid from NATO.

The burial will be liquidated under the NATO Trust Fund project for the disposal of radioactive waste at former Soviet military facilities. The project was initiated by Ukraine in 2010. Its first stage started on 1 January 2016, during which the territory was examined and radioactive contamination maps were drawn up.

The total amount of the project is 950,000 euros, of which Ukraine has already received 848,000 euros.

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