



# Gorshenin *Weekly*

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## TOP-NEWS

### **Russian troops amass on Ukraine's eastern border**

Ukraine pulled Internal Troops staff from Crimea

See more detail in sections "SITUATION IN CRIMEA" and "FOREIGN POLICY"

### **Russia says to terminate deals with Ukraine on Black Sea Fleet**

The Russian gas price will grow up to 480 dollars per 1,000 cu.m. after the termination of the Kharkiv agreements.

See more detail in sections "FOREIGN POLICY" and "ENERGY"

### **IMF to lend to Ukraine up to 18bn dollars**

The Ukrainian parliament has adopted the amendments to the 2014 state budget, as well as the law to prevent the financial disaster.

See more detail in section "ECONOMY"

## SITUATION IN CRIMEA

### **Ukraine pulls troops from Crimea**

On 28 March, the servicemen of the Internal Troops of Ukraine stationed in Crimea withdrew to the continental part of the country.

The Ukrainian Interior Ministry reported that 1,100 soldiers would continue carrying out their service in military units of the Ukrainian National Guard.

As previously reported, the number of Ukrainian soldiers in Crimea was estimated at 18,000. An MP of the Fatherland party, **Hennadiy Moskal**, said that 80 percent of Ukrainian servicemen had switched to Russia's side since many of them had property and family left in Crimea.

### **Russia agrees to hand military equipment left in Crimea over to Ukraine**

Russia has agreed to hand Ukraine its military equipment that is still left in Crimea, Ukrainian Defence Minister **Mykhaylo Koval** said on 27 March.

On 28 March, Russian President **Vladimir Putin** ordered Russian Defence Minister **Sergey Shoygu** to start transferring to Ukraine weapons and military equipment from the Ukrainian military bases in Crimea which had switched to the side of the Russian army.

We would like to point out that the Russian flag was flown over all 193 Ukrainian military bases located on Crimean territory. Furthermore, the Russian flag was raised over the 51 out of 61 ships that had been part of the Ukrainian fleet.

Ukrainian Deputy Defence Minister **Leonid Polyakov** said that Ukraine would demand

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in court that Moscow reimburse it for the losses inflicted on it as a result of damaging and destroying Ukrainian equipment in Crimea.

## **Ukraine's territorial integrity backed by UN General Assembly**

On 27 March, the UN General Assembly adopted by the majority of votes a resolution which supported the territorial integrity of Ukraine and declared invalid the Crimean referendum on status of the peninsula.

The document was approved by 100 member states, 11 voted against the resolution, and 58 abstained.

Such countries as Armenia, Belarus, Bolivia, Cuba, North Korea, Nicaragua, Russia, Sudan, Syria, Venezuela, and Zimbabwe voted against the resolution.

## **G7 expresses support for Ukrainian sovereignty**

The leaders of Canada, France, Germany, Italy, Japan, the UK, and the USA, as well as the presidents of the European Council and the European Commission have expressed their support for Ukraine's sovereignty and territorial integrity. This is laid out in the Hague declaration, which was adopted by the G7 member states on 24 March.

We would like to point out that the majority of Senators of the U.S. Congress on 27 March passed a draft law on supporting Ukraine. The document was adopted as "a response to the Russian invasion" in addition to visa and financial sanctions against Russia.

## **Crimean ethnic minorities report rights violations, says OSCE**

The Organization for Security and Cooperation in Europe (OSCE) has received complaints from Crimean ethnic minorities about violations of their rights by the self-declared Crimean authorities, OSCE High Commissioner on National Minorities **Astrid Thors** has said.

Given these reports, the commissioner expressed concern with the possibility of a massive flow of refugees from Crimea to other regions of Ukraine.

## **Foreign minister denies Ukraine considers rebuilding nuclear weapons stockpile**

Ukraine is not considering the issue of rebuilding its stockpiles of nuclear weapons and affirms its commitments of a nuclear-free state, Ukrainian acting Foreign Minister **Andriy Deshchytsya** has stated.

UN Secretary-General **Ban Ki-moon** cautioned against using the Ukrainian crisis as a reason for procuring nuclear weapons. He also acknowledged that the reliability of the guarantees provided to Ukraine under the Budapest memorandum had been "seriously undermined" by the developments in Crimea.

We shall remind you that under the Budapest memorandum, which was signed in 1994, the USA, the UK, and Russia undertook the obligation to respect the independence, sovereignty, and territorial integrity of Ukraine in exchange for Kiev's agreement not to proliferate nuclear weapons.

## **Ukraine's interim president dismisses Crimean envoy**

On 26 March, interim Ukrainian President **Oleksandr Turchynov** dismissed **Serhiy Kunitsyn** from the post of permanent presidential representative in Crimea for the "improper performance of his duties".

Earlier, on 24 March, Kunitsyn said that he had decided to resign from his post because he was ashamed of the developments in the peninsula. He also criticized the actions of the Ukrainian authorities in response to the Crimean situation.

## **Crimean parliament approves nationalization of Ukrainian state-run companies**

On 26 March, the Crimean parliament decided to nationalize the Ukrainian state-run companies that are located on the Crimean territory.

However, on 27 March, the Crimean first deputy prime minister, **Rustam Temirgaliyev**, said that the Crimean authorities had imposed a moratorium on the privatization of the republican assets and on the allocation of land. He added that the ban would remain in place until a general plan on developing the territory of the Crimean Republic is approved.

## **Russia laying Internet cables to Crimea through Kerch Strait**

Russia has started to lay fiber-optic cables through the Kerch Strait to provide Crimea with phone connection and Internet access, which have been supplied by continental Ukraine, the Ukrainian paper Kapital has reported, quoting its sources from Ukrainian telecommunications services providers.

Furthermore, Russia has been moving very fast to introduce its rules in the peninsula's telecommunications sector.

## **Crimean residents unwilling to become Russian citizens should obtain residence permits**

Crimean residents who do not want to receive Russian citizenship should apply to registration agencies for residence permits until 19 April and pay a fee of 2,000 rubles (56 dollars), the head of the Russian Federal Migration Service's Department for Registration and Passport Work, **Aleksandr Aksenov**, has said.

The Russian Federal Migration Service's representative, **Viktoriya Gichko**, also said that all Crimean residents who had no Crimean registration should leave Russia and then re-enter the peninsula in order to "legally apply for a residence permit".

We would like to point out that Russian President **Vladimir Putin** said that the Russian authorities should know who among Russian citizens had been granted citizenship by other countries and that those citizens who failed to disclose this information should be held responsible.

## **Russian military still holding Ukrainian soldier captive**

Captain II rank **Vyacheslav Demyanov** is still held by Russian military in Sevastopol, the Ukrainian Defence Ministry's press-office has said.

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Earlier, a few Ukrainian soldiers, including the commander of the Belbek aviation brigade, Col **Yuliy Mamchur**, had been released.

## **Crimean authorities announce "black list" of Ukrainians banned from entering peninsula**

The Crimean parliament has published a list of 320 Ukrainian nationals considered personae non gratae on the territory of the peninsula. Among them are members of the Ukrainian government, heads of military directorates, and lawmakers.

## **Crimean self-styled government preparing to set up national autonomy on peninsula**

The self-styled government of the Crimean Tatar people, Majlis, has started the legal preparation for setting up a national Crimean Tatar autonomy in Crimea, its leader **Refat Chubarov** said on 29 March.

He also said that in the current situation in Crimea, the Majlis leadership has to meet Russian President **Vladimir Putin**.

News and analysis portal LB.ua, quoting its own sources, reported that two thirds of the Majlis tend to start seeking compromise with the new Crimean leaders and delegate Crimean Tatars to government.

## **INTERNATIONAL POLITICAL**

### **UKRAINE-CIS**

#### **Russia continues to amass troops on Ukrainian border**

On 28 March 2014, the Foreign Ministry of Ukraine made a statement that Russia continued amassing and regrouping its armed forces on the Ukrainian border. According to the ministry, the military contingent in Crimea is strengthening its positions on the administrative border with Kherson Region.

According to Ukrainian diplomats, the Russian Federal Security Service (FSB) is taking efforts to further destabilize the situation in the southeastern regions.

The head of the Centre for Military and Political Research, **Dmytro Tymchuk**, said that as of 29 March, there were 50,000 Russian troops in the areas bordering Ukraine. Although the total number of Russia's military hardware in the border areas is decreasing, he added that the newest Russian T-90 tanks continue to arrive.

On 25 March, CNN TV quoted its sources as saying that US intelligence officials warned the White House that the likelihood that Russian troops would invade Ukraine was greater than previously thought. According to the US intelligence assessment, there were over 30,000 Russian servicemen on the border with Ukraine.

According to CNN, members of the House Armed Services Committee sent a classified letter to President **Barack Obama**, in which they said there was "deep apprehension that Moscow may invade eastern and southern Ukraine, pressing west to the Dniester region and also seek land grabs in the Baltics."

The Russian Foreign Ministry denied reports that Russia had been concentrating its troops in the areas bordering on Ukraine.



Russian Foreign Minister **Sergey Lavrov** said that Russia was not planning to cross the border into Ukraine.

UN Secretary-General **Ban Ki-moon** said that Russian President **Vladimir Putin** had assured him that Moscow was not planning any military actions, but shared concerns about some radicals' movements in the border regions.

## **Ukraine completes deployment of combat units on border with Russia**

On 24 March 2014, the secretary of the National Security and Defence Council of Ukraine, **Andriy Parubiy**, said the deployment of combat army units in the border areas in the north, east and south of Ukraine was complete.

He added that 10,000 had been mobilized into the Ukrainian Armed Forces.

The State Border Service of Ukraine has said that since 25 March, the ships and boats of the Odessa maritime detachment have been patrolling the state border, territorial sea and the exclusive maritime economic area of Ukraine. It also said that the Kerch coast guard detachment was protecting the maritime border from its new deployment base in Mariupol.

It was reported that the 2014 Spring Shower military exercise would be held in four districts of Kharkiv Region in March-April.

Ukrainian officials repeatedly said that if invaded by Russia, the eastern and southern regions of Ukraine would be defended using military means.

## **Russia seeking to rescind Black Sea Fleet deals with Ukraine**

On 28 March 2014, President **Vladimir Putin** sent a motion to the Russian State Duma to rescind a number of agreements with Ukraine on the stationing of the Black Sea Fleet. In his opinion, after Russia has annexed Crimea, these agreements have no sense.

The same day, the Russian Foreign Ministry sent a note to the Ukrainian embassy in Moscow to notify it about Russia's intention to rescind the fleet agreements.

The Ukrainian Foreign Ministry said that by cancelling the agreements with Ukraine on the stationing of the Black Sea Fleet, the Russian fleet would find itself on the wrong side of the law. Ukrainian Energy and Coal Industry Minister **Yuriy Prodan** said that Russia would have to go to an international court to have the agreements cancelled.

Russia and Ukraine signed the basic agreement on the terms of the Russian Black Sea Fleet stationing in Ukraine in 1997. The document regulated the terms of lease by the Russian fleet in Ukraine, set the rent at 98m dollars, and said that the fleet would be stationed in Ukraine by 28 May 2017.

However, in April 2010, Ukraine and Russia signed the so-called Kharkiv agreements, under which the stationing of the Russian base in Crimea was prolonged by 25 years, starting from 2017, with a possible extension by a further five years. In exchange, Ukraine received a 100-dollar discount per 1,000 cu.m. of Russian gas. (Read more about the price of gas in ENERGY.)

## **Russia wants to disrupt presidential election set for 25 May – Parubiy**

**Andriy Parubiy**, secretary of the National Security and Defence Council of Ukraine, has said that Russia's main goal for today is to prevent Ukraine from holding the presidential election on 25 May 2014 and to destabilize the situation in the country.

According to Russia's permanent representative to the OSCE in Vienna, **Andrey Kelin**, Russia considers the 25 May presidential election in Ukraine as illegitimate. He said that the planned election was in contrary to the 21 February agreement between then President **Viktor Yanukovich** and the opposition leaders, according to which an election should have been held in late 2014.

## **Russia to insist on federalization of Ukraine – Lavrov**

Russian Foreign Minister **Sergey Lavrov** said that Russia would insist on the federalization of Ukraine and making Russian a state language "because it is what the southern and eastern regions of the Ukrainian state press for".

The Ukrainian Foreign Ministry stressed that the "magisterial and ultimatum-like tone of all these statements shows that Russia as a real aggressor does not need any settlement". At the same time, the Ukrainian ministry suggested the Russian side "before dictating its own ultimatum conditions to a sovereign and independent state, to pay attention to the disastrous situation with and full deprivation of rights of its own ethnic minorities, including Ukrainians".

Head of the US State Department **John Kerry** said that the issue of Ukraine's federalization should be addressed by the Ukrainian government.

Pro-Russian rallies up to 2,000 people continue in a number of southern and eastern cities of Ukraine.

## **Ukroboronprom stops arms supplies to Russia**

The state-owned concern Ukroboronprom has stopped to supply Russia with arms and military hardware, the Zerkalo Nedeli weekly had quoted its director-general **Yuriy Tereshchenko** as saying on 28 March 2014.

Tereshchenko was the third to have been appointed to this post over the past month.

Ukroboronprom unites around 125 Ukrainian companies of the defence industry.

## **Ukraine reduces embassy staff in Russia**

Ukraine is going to reduce the number of its embassy employees in Russia because "the level of bilateral relations between Ukraine and the Russian Federation, taking into account the well-known events, had dropped significantly," the spokesman for the Ukrainian Foreign Ministry, **Yevhen Perebyynis**, said on 27 March 2014.

He said that the consular service would not be affected.

According to Russian Deputy Foreign Minister **Grigoriy Karasin**, the contacts between the two countries' foreign ministries would continue.

## **Russian Foreign Ministry sends note of protest to Ukraine**

On 25 March 2014, the Russian Foreign Ministry sent a note of protest to the Ukrainian embassy in Moscow after the State Border Service of Ukraine allegedly denied entry to Ukraine for the crews of the Russian Aeroflot airline which arrived at Kiev Boryspil airport from Moscow.

The State Border Service of Ukraine confirmed that one pilot was indeed denied entry at law enforcers' request. Other crew members were allowed entry, however the crew chief decided that no-one would leave the plane.

## **Security Service of Ukraine deports Russian spin doctor Igor Shuvalov**

The Security Service of Ukraine (SBU) has decided to deport Russian spin doctor **Igor Shuvalov**, its press service said on 28 March 2014.

"This decision was taken due to the actions of the Russian citizen which are damaging to the national security due to his interference in the media sphere of our state and [incitement of] separatist sentiments," it said.

Shuvalov used to consult a former head of the presidential administration, **Serhiy Lyovochkin**, and oversee **Viktor Yanukovich's** information policy. According to media reports, he and some people from Lyovochkin's team resumed their work for Inter TV after leaving the channel in late 2013.

## **Russia accuses Ukraine of encroaching on rights of Germans, Czechs, Hungarians**

The Russian Foreign Ministry has said that Ukraine has been encroaching on the rights of ethnic minorities, including the Germans, Czechs and Hungarians, and called on the UN and the OSCE to protect them, according to its statement dated 28 March 2014.

The Foreign Ministry accused Ukraine of "totally ignoring the interests of Russian-speaking residents of Ukraine". The evidence of this, according to the Russian Foreign Ministry, is the suspension of Russian TV broadcasts in Ukraine.

The Ukrainian Foreign Ministry, on its part, said it was concerned by the escalation of racism, fascism, xenophobia and anti-Semitism in Russia.

## **Russia increases monitoring of Ukrainian meat, dairy products**

Russia has increased laboratory monitoring of meat and dairy products of four Ukrainian companies, the Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhozadzor) has said.

It said this had to do with violations of the veterinary and sanitary regulations and the Customs Union standards.

The companies in question are the Tekhmolprom milk company, the Pyryatyn cheese factory and two meat-processing companies Elitex and Agroproduct.

Russia does not rule out that it might replace Ukrainian products with those made in Belarus.

## **Ukraine recalls its ambassador from Belarus**

On 24 March 2014, the Ukrainian Foreign Ministry invited its ambassador to Belarus, **Mykhaylo Yezhel**, for consultations to Kiev and sent a note to Belarus over the statements made by President **Alyaksandr Lukashenka**.

A day earlier, Lukashenka said "Crimea is part of the Russian territory." He suggested that the Ukrainian authorities made many mistakes which resulted in the loss of Crimea.

On 28 March, Lukashenka said that by its actions in Crimea, the Ukrainian leadership acknowledged that this territory is not Ukrainian. In particular, he expressed his surprise by the fact that Ukraine pulled its army out from the peninsula.

At the same time, the Belarusian president stressed that he saw no reasons not to recognize the incumbent authorities in Ukraine. He added that he was eager to become a mediator in dialogue between Ukraine and Russia.

On 29 March, a meeting took place between acting president **Oleksandr Turchynov** and Lukashenka, where the Ukrainian interim president said that it was ultimately important that "no third party threatens Ukraine from the territory of Belarus".

Earlier Ukraine recalled its ambassador to Armenia for consultations to Kiev and handed the Armenian ambassador to Ukraine a note of protest after Armenia has recognized the annexation of Crimea by Russia. The Foreign Ministry sent a similar note to Kazakhstan.

## **UKRAINE-EU**

### **Ukrainian government approves package of laws for EU visa-free travel**

On 26 March 2014, the Cabinet of Ministers approved the bills and legal acts required for the start of the second phase of visa-free travel introduction between Ukraine and the EU.

According to Prime Minister **Arseniy Yatsenyuk**, Ukraine will start to issue biometric passports required for visa-free travel by the end of 2014.

EU Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fule** said that the EU would speed up the introduction of simplified visa regulations for Ukrainians.

### **Crimeans cannot travel to EU on Russian passports**

The EU has banned the issuance of all types of European visas, including Schengen ones, to Crimean residents by all embassies and visa centres of EU countries on the Russian territory, the Russian news agency ITAR-TASS has quoted the press service of the European Commission as saying.

The agency said that Crimean residents would have to apply for visas at EU countries' embassies in Ukraine using their Ukrainian passports.

## Ukraine can sign Open Sky agreement with EU by early June

Not later than 5 June 2014, Ukraine is going to sign an agreement on the single aviation space with the EU, thus opening its national aviation market to foreign companies, the head of the State Aviation Service of Ukraine, **Denys Antonyuk**, has told UNIAN.

He said that the European side promised it would finish working on the text of the agreement soon.

## DOMESTIC POLITICAL

### Deadline for nominating Ukraine's presidential candidates passes on 30 March

30 March was the last day for the presidential candidates' submission of applications to the Central Electoral Committee (CEC).

Among the candidates registered are: the leader of the Fatherland party, **Yuliya Tymoshenko**, unaffiliated MP **Petro Poroshenko**, the head of the far-right Freedom party, **Oleh Tyahnybok**, the leader of the Communist Party of Ukraine, **Petro Symonenko**, the former deputy prosecutor-general, **Renat Kuzmin**, unaffiliated MP **Anatoliy Hrytsenko**, as well as the leader of the radical movement Right Sector, **Dmytro Yarosh**, and others.

The Party of Regions convention approved the former governor of Kharkiv Region, **Mykhaylo Dobkin** - who is known to support federalization of Ukraine - as its candidate for presidency. According to editor in chief of LB.ua news portal **Sonya Koshkina**, **Rinat Akhmetov** is backing this decision.

Additionally, Party of Regions MPs **Serhiy Tyhypko** and **Oleh Tsaryov**, as well as the former deputy prime minister, Party of Regions MP **Yuriy Boyko**, will also stand for president as self-nominated candidates.

Prime Minister **Arseniy Yatsenyuk** and former Interior Minister **Yuriy Lutsenko** have already backed Tymoshenko's presidential bid.

For his part, Tyahnybok did not rule out the possibility of striking a deal with the Right Sector leader.

The UDAR party decided to support Poroshenko's candidacy for president. Its leader **Vitaliy Klitschko** said that he would run for Kiev mayor.

Lutsenko believes that the "creators of the **Viktor Yanukovych** regime - the Firtash-Lyovochkin clan - have already developed a plan to return to power". He added that the "live broadcast on Inter TV channel (live report on the UDAR and Fatherland conventions) - is a very telling fact".

We would like to point out that the results of a poll conducted by the SOCIS center, the Kiev International Institute of Sociology, the Rating sociological group, and the Razumkov Centre on 14-19 March suggest that almost a quarter of the Ukrainian population (24.9 percent) will vote for Poroshenko in the presidential election slated for 25 May. The leader of the UDAR party, **Vitaliy**

**Klitschko**, comes second with 8.9 percent, and Yuliya Tymoshenko follows him with 8.2 percent of votes.

It is to remind that the early presidential elections will be held on 25 May.

## **Ousted Ukrainian president's statement published by Russian mass media**

In his address to the Ukrainian people, which was carried by the Russian news agency ITAR-TASS on 28 March, ousted Ukrainian President **Viktor Yanukovich** has called for an all-Ukrainian referendum on status of each region of the country instead of a presidential election.

Yanukovich said that the current developments in Ukraine were a coup d'etat staged by the opposition with weapons from terrorist groups and with support from some Western states.

Furthermore, he asked the Party of Regions to relieve him of his duties of its "honorary head" and to expel him from the party.

The same day, 28 March, the Ukrainian Prosecutor-General's Office launched a criminal case against Yanukovich over his calls for the regions of the country to hold separatist referendums.

We shall remind you that this is already the fifth criminal case opened against the ousted president.

For her part, the Fatherland party leader, **Yuliya Tymoshenko**, expressed doubt that the statement published in the press had been made by Yanukovich.

## **Ukrainian parliament appoints new acting defence minister**

On 25 March, the acting Ukrainian defence minister, **Ihor Tenyukh**, tendered his resignation, which was accepted by parliament.

The LB.ua news and analysis website quoted Tenyukh as saying that he had resigned as a result of criticism over his handling of the situation in Crimea. He said that this criticism was unjustified and that his actions as defence minister had been adequate.

The former defence minister added that the country's top leadership had not heeded all his recommendations. In particular, Tenyukh explained that he was ready to issue an order to use weapons against the Russian military, but he was not allowed to do that.

The same day, 25 March, parliament appointed Col-Gen **Mykhaylo Koval** as acting defence minister.

Prior to this appointment, he served as first deputy head of the Ukrainian Border Service. When Russia invaded Crimea on 5 March, Koval was abducted near Yalta, but was released on the same day.

We would also like to point out that on 25 March Turchynov signed a decree on appointing the former defence minister, MP **Oleksandr Kuzmuk**, as presidential defence adviser.

## **Ukraine's interim president signs document on National Guard's chief directorate**

On 28 March, interim Ukrainian President **Oleksandr Turchynov** approved a resolution on the chief military directorate for the National Guard of Ukraine.

We shall remind you that parliament created the 60,000-strong National Guard on 13 March.

## **Ukrainian government allocates 173m dollars to military**

On 23 March, the Ukrainian government issued an order to allocate from the reserve fund of the state budget 1.9bn hryvnyas (172.2m dollars) for the needs of the military and 17.2m hryvnyas (1.56m dollars) for holding military exercises.

It is planned that the defence and security expenditures in 2014 will amount overall to 52.41bn hryvnyas (4.76bn dollars) or 3.4 percent of GDP, which is 15.6 percent up compared to 2013.

We would like to point out that as of 28 March, over 60m hryvnyas (5.45m dollars) has been transferred by businesses and individuals to the accounts of the Ukrainian Defence Ministry as part of the media campaign "Support the Ukrainian Army".

## **Ukrainian parliament approves law on welfare for mobilized servicemen**

On 27 March, the Ukrainian parliament approved a bill amending a law on mobilization, which envisions increased social welfare guarantees for mobilized servicemen.

Furthermore, Ukrainian citizens aged 40-55 years will be given an opportunity to serve in the army.

The law also resolves the issues with the conscription of private businessmen without them suspending their business activities.

## **Ukraine's deposit guarantee fund has new head**

On 27 March, **Vasyl Pasichnyk** was appointed as new managing director of the Ukrainian Deposit Guarantee Fund. He replaced **Olena Sharova** on this post, who had been dismissed.

Pasichnyk already served as the fund's managing director in 2010-11. Previously, he also occupied the position of the National Bank of Ukraine's deputy governor.

## **Ukrainian parliament passes law on publishing mandatory state procurement reports**

On 25 March, the Ukrainian parliament adopted a law which makes it mandatory for state-run and housing maintenance companies, as well as their branches, to publish reports on signed contracts on purchased goods and services.

## **Ukraine's MPs simplify public information access**

On 27 March, the Ukrainian parliament passed a law to amend the legislation on access to public information.

The document envisions a substantial expansion of the information categories which citizens have the right to access. Under the amendments, the executive branch agencies have to publish all their decisions.

## **Ukrainian parliament amends state procurement law**

On 25 March, the Ukrainian parliament passed a bill on amending a state procurement law.

In particular, the document makes it mandatory for companies to make public the information on the procurement of products for their own funds.

## **Ukraine's Party of Regions adopts group management style**

On 29 March, the Party of Regions held a congress, during which it changed its form of management. Now it will be run by an extended presidium instead of a single leader.

According to the Lb.ua news and analysis website, the presidium consists of the following members: **Oleksandr Vilkul, Mykhaylo Dobkin, Oleksandr Yefremov, Borys Kolesnikov, Oleksandr Ledida, Dmytro Shentsev, Vadim Novinskiy, and Volodymyr Rybak.**

Additionally, the congress decided to expel from the party deposed President **Viktor Yanukovych**, the former chairman of the National Bank of Ukraine, **Serhiy Arbuzov**, the former minister of revenues and levies, **Oleksandr Klymenko**, former Energy and Coal Industry Minister **Eduard Stavvytskyy**, as well as former Donetsk Region's governor **Andriy Shyshatskyy**.

## **Ukrainian police shot dead far-right group's member**

On 25 March, the Ukrainian police shot dead a member of the far-right organization Right Sector, **Oleksandr Musychko**, also known as **Sashko Bilyy**, while trying to detain him after a fight in the western Ukrainian city of Rivne.

The police said that Muzychko had shot himself when he was being arrested, but Right Sector denied this report. The Rivne branch of the organization said it intended to take revenge against Ukrainian Interior Minister **Arsen Avakov** for the murder of their leader.

On 27 March, Right Sector representatives demanded during a popular assembly at Kiev's Independence Square that Avakov be dismissed. After this, people in balaclavas and with truncheons in their hands went to the parliament building. The activists brought tires, banged on the parliament doors, broke the glass on the doors, and demanded the dismissal of the interior minister.

Parliament set up an ad hoc commission for investigating the circumstances under which Muzychko had died. Three activists from the Maydan, including Right Sector's member, were invited to serve on the commission.



The Gorshenin Institute's vice-president, **Oleksiy Leshchenko**, said that Ukrainians did not currently support actions undertaken by the radicals.

"Many analysts point out that radical actions, including those of the Right Sector representatives, were directed against the Ukrainian statehood and benefited the forces interested in destabilizing the situation in Ukraine," the expert added.

## MEDIA

### **Zurab Alasania appointed National TV company chief**

The Ukrainian government on 25 March appointed **Zurab Alasania** as director-general of the National Television Company of Ukraine.

Alasania is the founder of the Kharkiv-based internet portal "Media-Port", and cooperates with the Hromadske TV project.

According to the cabinet's press service, he was nominated to the post by representatives of the media community.

### **Ukraine stops broadcasting Russian TV channels**

A Kiev court on 25 March ruled to suspend broadcasting of Russian channels, such as NTV Mir, RTR Planeta and Channel One, included in packages of Ukrainian service providers.

As was reported on 27 March, Volia, a major cable company in Ukraine, suspended broadcasting of the above channels.

In a statement issued on 27 March, **Dunja Mijatovic**, Representative on Freedom of the Media of the Organization for Security and Cooperation in Europe, said that such restrictions can be appropriate if they are aimed at "protection of fundamental values".

On his part, Director-General of Channel One **Konstantin Ernst** urged Ukraine to cancel the decision on temporary suspension of broadcasting of the Russian channels.

### **Journalist reveals Russia's instructions for covering events in Ukraine**

Special correspondent of Russian newspaper Kommersant **Ilya Barabanov** on 28 March posted on Tweeter a copy of "recommendations" for the news programmes of Russian TV channels.

As can be seen from the published materials, journalists, in particular, are instructed to explain that "over the 23 years of being part of independent Ukraine, Crimea has been mainly on the downward path through the fault of the Kiev authorities" and "the purpose of the Russian authorities now is to ensure the emergence of a new way of life on the peninsula and bring Crimea to the Russian standards of quality of life."

Journalists were also encouraged to draw the attention of TV viewers to "the atmosphere of lawlessness and rising chaos" in Ukraine, as well as to the growing problems of the Ukrainian economy.

## ECONOMY

### IMF ready to give Ukraine 18bn-dollar loan

The mission of the International Monetary Fund (IMF) and the Ukrainian government have agreed on a new stand-by programme for a total of 14-18bn dollars and a period of two years, IMF mission head **Nikolay Gueorguiev** announced on 27 March.

The mission's decision is to be approved by the IMF Board of Directors in April. The first tranche of the loan can be transferred in April provided that the Ukrainian government stabilizes the economy and continues monetary policy reforms, particularly by keeping a flexible exchange rate.

As estimated by Finance Minister **Oleksandr Shlapak**, the first tranche of the new IMF programme should reach 3bn dollars. He noted that half of the money will be channelled into the gold and currency reserves of the National Bank while the second half will be used for closing the national budget gap.

According to Gueorguiev, the IMF programme will unlock other sources of funding, which, together with the fund's money, will bring Ukraine up to 27bn dollars over the next two years.

On the same day, 27 March, European Commission Spokesman **Simon O'Connor** said that the EU welcomed the agreement between the IMF and Ukraine and was ready on its part to provide Ukraine with 1.6bn euros as soon as possible.

In addition, according to Japan's Prime Minister **Shinzo Abe**, after reaching agreement with the IMF, Ukraine can expect 1.5bn dollars from the Japanese government. Also, 1.1bn dollars of that amount will be provided under a low interest rate, he added.

It was also reported that the European Bank for Reconstruction and Development was ready to increase investment in Ukraine up to 1bn euros.

### Parliament passes budget amendments

The Ukrainian parliament on 27 March passed a law to amend the state budget for 2014, projecting a decrease of 24.7bn hryvnias (2.25bn dollars) in revenues and a decline of 23.8bn hryvnias (2.16bn dollars) in expenditures. The deficit is expected at 68.5bn hryvnias (6.23bn dollars).

The document also suggests increasing the maximum amount of national debt by the end of 2014 to 664bn hryvnias (60.36bn dollars) and reducing provision of government guarantees by half to 25bn hryvnias (2.27bn dollars).

In addition, the law freezes key social indicators (subsistence level at 1,176 hryvnias [107 dollars] and minimum wage at 1,218 hryvnias [111 dollars]), reduces the amount allocated for payment of pensions by 3.56bn hryvnias (323.64bn dollars), and cuts financing of almost all ministries and agencies.

The law contains a provision introducing a pension fund levy on non-cash transactions for purchase and sale of foreign currency.

According to government's forecasts, GDP in 2014 will decline by 3 percent while inflation rate will reach 12-14 percent.

According to Prime Minister **Arseniy Yatsenyuk**, Ukraine is on the verge of bankruptcy, and the total fiscal gap makes 289bn hryvnyas (26.27bn dollars).

### **Parliament adopts financial rescue law**

The Ukrainian parliament on 28 March passed a law preventing a financial disaster and creating grounds for economic growth in Ukraine.

The document provides for implementation of a number of anti-crisis measures, such as higher taxes, excise taxes and fees, cutting benefits for state employees, lower pensions and social benefits, downsizing government and law-enforcement agencies, which, according to the cabinet's estimates, may increase the budget revenues by 44bn hryvnyas (4bn dollars) a year.

This law, together with amendments to the state budget, is part of the financial aid package to be supported by the International Monetary Fund and other international lenders.

### **Ukraine's public debt reaches 53 percent of GDP**

The total state debt of Ukraine has exceeded 800bn hryvnyas (72,73m dollars) and makes 53 percent of GDP, Prime Minister **Arseniy Yatsenyuk** said on 27 March.

### **Hryvnya rate to stay at 10.50 UAH/USD by year's end – Finance Ministry**

Finance Minister **Oleksandr Shlapak** forecast that the average hryvnya exchange rate by the end of this year will be 10.5 UAH/USD.

On 28 March, the highest quotes for the Ukrainian currency market reached 11.30 UAH/USD while the official rate was 10.85 UAH/USD.

On 28 March, the National Bank of Ukraine imposed several restrictions on operations of commercial banks; in particular, purchase of cash foreign currency has been limited to 15,000 hryvnyas (1,360 dollars) per individual per day.

### **Average pension grows to 137 dollars in 2013**

The average pension in Ukraine in 2013 increased by 112 hryvnyas (10 dollars) to 1,508.5 hryvnyas (137.14 dollars), according to the Pension Fund's budget fulfilment report.

### **Average salary in Ukraine up to 290 dollars**

The average salary in Ukraine in February amounted to 3189 hryvnyas (290 dollars), which is 1.3 percent more than a month earlier, according to the State Statistics Service.

## **Banks' assets on rise in February**

The assets of Ukrainian banks in February 2014 rose by 5.74 percent compared to January 2014 to 1,290bn hryvnyas (117.27m dollars), according to the National Bank.

## **Foreign capital in Ukraine's banking system down**

The share of foreign capital in the Ukrainian banking system (banks' authorized capital) in February 2014 decreased to 33.9 percent (against January), according to the National Bank.

At the same time, the share of overdue loans in Ukrainian banks in February 2014 grew to 8.4 percent compared to January.

## **Ukrainians transfer from abroad 4.7 percent of GDP in 2013**

Money transfers from abroad to Ukraine in 2013 increased by 13.4 percent to 8.5bn dollars, according to the National Bank. The ratio of remittances to GDP increased to 4.7 percent.

The share of remittances in the form of labour remuneration was 66.2 percent while transfers from migrant workers made 5.7bn dollars.

Most of the money came to Ukraine from Russia (2.7bn dollars). Transfers from the EU countries (mostly from Germany, Greece, Cyprus and Italy) totalled 2.3bn dollars and remittances from the United States were 740m dollars.

## **Ukraine cuts special duty on imported cars**

The Interagency Commission on International Trade has decided to reduce the amount of special duties on imports into Ukraine of passenger cars with gasoline engines. This decision was published in government newspaper Uryadovyy Kurier on 28 March.

According to the decision, the duties will be reduced by one third every 12 months. The Ukrainian special duty is a matter of dispute in the World Trade Organization. Complaints against Ukraine were heard from Japan, followed by the European Union and Russia.

## **ENERGY**

### **Price of Russian gas to reach 480 dollars in April – cabinet**

The government in the revised 2014 budget has increased the price of Russian natural gas from 268.5 to 480 dollars per 1,000 cu.m. starting from April, according to Prime Minister **Arseniy Yatsenyuk**.

As reported, Russia has denounced the Ukrainian-Russian agreements on the Black

Sea Fleet in Crimea, including the Kharkiv agreements that provide a discount on Russian gas for Ukraine in the amount of 100 dollars per 1,000 cu.m.

At the same time, Ukrainian Energy Minister **Yuriy Prodan** said that Ukraine will pay for Russian gas the amount stipulated by the contract with Russia.

Prodan also said that Kiev will work to increase the tariff for transit of Russian gas through the Ukrainian territory.

## **Ukraine warns Europe about possible problems with Russian gas supplies**

The European Commission has received a letter from Ukrainian Energy Minister **Yuriy Prodan** warning about possible problems in the gas relations between Kiev and Moscow starting from 1 April, when the price of Russian gas for Ukraine is expected to rise, as reported by spokesman of the EU Commissioner for Energy **Joseph Hannon**.

According to the European Commission's representative, the EU and Ukraine, thanks to a relatively mild winter, keep in storage about half of the gas accumulated for the winter season.

He also stated that the European Commission will spare no effort to accelerate reverse gas supplies from Europe to Ukraine.

As noted by Vice President of the Gorshenin Institute **Oleksiy Leshchenko**, about 70 percent of the Russian gas supplied to Europe passes through the territory of Ukraine. The expert expressed confidence that when the emotions subside, Russia will be able to build a pragmatic relationship with Ukraine.

## **Ukraine can supply from EU up to 25bn cu.m. of gas annually – PM**

Prime Minister **Arseniy Yatsenyuk** said that it is technically possible to supply from the EU to Ukraine up to 25bn cu.m. of natural gas a year. He estimated that such gas will be cheaper than gas from Russia.

According to Energy Minister **Yuriy Prodan**, Ukraine can receive up to 12bn cu.m. of gas per year through the territory of Slovakia.

Slovak Prime Minister **Robert Fico** said that his country is ready to help Ukraine organize the reverse gas supplies, but not ready to pay for it. He also underlined that the priority for Bratislava is guaranteed and safe deliveries of Russian gas through Ukraine to Slovakia.

## **Russia says ready to set up trilateral consortium for Ukraine's gas pipeline**

The Russian State Duma is ready to support the creation of a German-Russian-Ukrainian consortium to upgrade the Ukrainian gas transport system, according to Chairman of the Duma's Committee on Energy **Ivan Grachev**.

## Gas price for households to go up by 50 percent in May

The natural gas tariff will increase by 50 percent for Ukraine's population starting from 1 May and by 40 percent for heating providers from 1 July, according to **Yuriy Kolbushkin**, an official of the state-run energy company Naftohaz Ukrayiny.

According to Prime Minister **Arseniy Yatsenyuk**, about 30 percent of Ukrainians will receive monthly gas subsidies of up to 500 hryvnyas (45 dollars).

According to **Nikolay Gueorguiev**, head of the International Monetary Fund's mission in Ukraine, gas tariffs for households, according to the agreements between the Ukrainian government and the IMF, will be rising to market levels over the next four years.

## Cabinet appoints new energy firm head

The Ukrainian government on 25 March appointed **Andriy Koboлев** as board chairman of the state-run energy company Naftohaz Ukrayiny. Koboлев previously worked at the company.

Former head of Naftohaz **Yevhen Bakulin** was arrested on suspicion of embezzlement on a large scale. The court put Bakulin in custody and set a bail at 1.5bn hryvnyas (136.36m dollar).

## Naftohaz reveals forecast deficit for 2014

The current deficit of the state-run energy company Naftohaz Ukrayiny, due to the increase in the price of Russian gas expected by the government, will reach 33.4bn hryvnyas (3.04bn dollars), according to Prime Minister **Arseniy Yatsenyuk**.

The revised 2014 budget provides the right to the government to issue bonds for 33bn hryvnyas (3bn dollars) in exchange for additional shares of Naftohaz Ukrayiny.

Naftohaz's chief **Andriy Koboлев** expects completion of the company's reorganization in 2015. He does not rule out an IPO of the company's shares.

## Former energy minister put on wanted list

The Interior Ministry has announced wanted former Energy Minister **Eduard Stavytskyy**, Prosecutor-General **Oleh Makhnitskyy** said on 24 March.

Stavytskyy is suspected of large-scale theft of the state property and involvement in illegal purchase and sale of liquefied natural gas.

## **Ukraine to resume purchases of nuclear fuel from US**

Ukraine plans to resume purchase of nuclear fuel from U.S. company Westinghouse (purchase was stopped under the presidency of **Viktor Yanukovych** – ed.), according to Energy Minister **Yuriy Prodan**.

## **Neutron generator built in Kharkiv**

Ukraine and the United States have completed the construction of a neutron-generating unit at the Kharkiv Physics and Technical Institute, according to the press service of the Foreign Ministry of Ukraine.

The USA has helped implement the project in exchange for removal of weapon-grade uranium from Ukraine. Under the bilateral agreements with the USA, Ukraine has also received an equivalent amount of low-enriched uranium and related equipment.

## **Electricity commission raises cost of power generation by nuclear plants**

The National Electricity Regulatory Commission from 1 April increases the tariff for electricity production by nuclear power plants by 20.5 percent to 27.82 hryvnyas per kilowatt-hour, according to the press service of state-owned company Enerhoatom.

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