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New Ukrainian cabinet

TOP NEWS**Russia's upper house of parliament approves sending troops to Ukraine**

The Russian military have seized Ukrainian weapons and gained control over Crimea, the media have reported.

You can find more details in the section "SITUATION IN CRIMEA".

Ukraine forms new government headed by Arseniy Yatsenyuk

Deposed Ukrainian President **Viktor Yanukovych** has said that he considers the new government illegitimate.

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

Ukraine applies for IMF assistance

The gold reserves of the National Bank of Ukraine have shrunk by 5bn dollars, while the country's bank system has been experiencing a reduction in assets due to withdrawal of deposits.

You can find more details in the section "ECONOMY".

SITUATION IN CRIMEA**Russia approves sending troops to Ukraine**

On 1 March, the Russian Federation Council (parliament's upper house) granted President **Vladimir Putin** the authority to use the Russian Armed Forces on the territory of Ukraine.

We would like to point out that it was the Russian head of state who sought such an authorization from the Federation Council. In his address, Putin stressed that the current situation in Ukraine posed a threat to the lives of Russian citizens, "Russian compatriots", and personnel of the Crimean contingent of the Russian Armed Forces.

The speaker of Russian Federation Council, **Valentina Matviyenko**, explained that the decision to send troops to Ukraine was based, among other factors, on reports about Russian casualties in Crimea. However, the Russian consul to Crimea, **Vyacheslav Svetlichnyy**, did not confirm this information.

On the same day, 1 March, the Russian president's press secretary, **Dmitriy Peskov**, said that Putin had not decided on the use of the Russian Armed Forces in Ukraine yet. He added that the Russian head of state "will make his decision considering how the situation will unfold".

We would like to stress that in his phone conversation with US President **Barack Obama**, Putin said that "if violence spreads further to eastern regions of Ukraine and Crimea, Russia retains the right to protect its interests and the Russian-speaking population that lives there".

Ukrainian Armed Forces put on full combat readiness

The Ukrainian interim president, speaker **Oleksandr Turchynov**, has said that the permission to send military to Ukraine, which the Russian Federation Council granted to President **Vladimir Putin**, can be actually considered a declaration of war. He also accused Russia of staging acts of provocation to justify sending troops.

Ukrainian Prime Minister **Arseniy Yatsenyuk** urged Russia to resolve the conflict diplomatically, considering "the manifold superiority of the Russian Armed Forces over the Ukrainian Armed Forces".

On 1 March, the Ukrainian acting defence minister, **Ihor Tenyukh**, said that the Ukrainian Armed Forces were put on full combat alert.

The Ukrainian National Security and Defence Council (NSDC) also ordered a military mobilization on the entire territory of the country.

NSDC Secretary **Andriy Parubiy** said that Ukraine had stepped up security measures at power plants, airports, and other strategic infrastructure facilities.

Additionally, we learned that the Ukrainian authorities had closed the country's airspace for military aircraft.

On 2 March, the Ukrainian parliament adopted a resolution which demanded that the Russian president refrained from sending troops to Ukraine.

At the same time, Ukrainians MPs also approved a request to the parliaments of the countries that serve as guarantors of Ukraine's security under the Budapest memorandum (the Memorandum on Security Assurances in connection with Ukraine's accession to the Treaty on the Non-Proliferation of Nuclear Weapons - editor), the UK and the USA, as well as to international organizations, to ensure the country's territorial integrity.

In its turn, the Ukrainian Foreign Ministry also asked the EU, the USA, and NATO to consider all possible mechanisms for protecting the Ukrainian territorial integrity.

We would like to point out that large-scale protests against Russia's military aggression were held in a number of Ukrainian cities, including in Dnipropetrovsk, Donetsk, Zaporizhzhya, Odessa, Kharkiv, and Kiev.

Pro-Russian rallies were also organized in certain Ukrainian cities.

G8 countries, international organizations harshly criticize Russian actions in Ukraine

On 2 March, the G8 countries - the USA, Germany, France, the UK, Italy, Canada, and Japan - suspended the preparation for the G8 summit in Russia's Sochi, which was scheduled to take place in June 2014, and condemned the Russian actions in Ukraine. The leaders of these countries believe that Russia has committed an obvious violation of the Ukrainian sovereignty.

The EU member states also denounced the decision of the Russian Federation Council.

On 1 March, the UN Security Council held a session, during which representatives of a

number of states and, in particular, the USA and the UK, condemned Russia for sending troops to Ukraine.

Following a meeting of defence ministers of the NATO member states on 2 March, the alliance secretary-general, **Anders Fogh Rasmussen**, urged Russia to immediately withdraw its troops from Ukraine and to give up its plans to invade any of the country's regions.

In his turn, the official representative of the Chinese Foreign Ministry, **Qin Gang**, said that China was deeply concerned with the current situation in Ukraine and urged the interested parties to aspire for political resolution of their disagreements by means of dialogue and negotiations on the basis of respect for international law and norms of international relations in order to ensure peace and stability in the region.

We would like to point out that on 2 March, the German governmental spokesperson, **Georg Streiter**, said that the Russian president had agreed during his phone conversation with German Chancellor **Angela Merkel** to set up a group for investigating the situation in Crimea. The group will be led by the Organization for Security and Cooperation in Europe.

The Ukrainian acting foreign minister, **Andriy Deshchytsya**, did not rule out a possibility that the Russian Black Sea Fleet would have to leave Crimea, the Ukrainian business daily Kommersant Ukraina has reported.

In the opinion of the Gorshenin institute experts, the conflict in Crimea threatens stability of the whole region and is not a local Ukrainian-Russian crisis any more. At the same time, experts stress that the Crimean crisis may spark a wave of self-determination by other CIS member states. Politics could be substituted by military force, the experts add.

Crimean parliament forms new government

On 27 February, the Crimean parliament voted to dismiss the Crimean cabinet headed by **Anatoliy Mohylyov**. The leader of the Russian Unity party, **Serhiy Aksyonov**, was appointed as new head of the Crimean government.

Aksyonov said that **Viktor Yanukovych** remained the country's legitimate president and that he intended to obey his orders. He also temporarily took control over the Interior Ministry's agencies and asked Russian President **Vladimir Putin** to help Crimea restore peace on its territory.

In his turn, the Ukrainian interim president, speaker **Oleksandr Turchynov**, issued a decree declaring that Aksyonov's appointment as head of the Crimean Cabinet of Ministers was illegitimate.

We would also like to point out that Turchynov appointed the former Crimean prime minister, **Serhiy Kunitsyn**, as the president's permanent representative in the autonomy.

Crimean parliament approves referendum on autonomy status

On 27 February, the Crimean parliament voted in favour of holding a referendum on Crimea's status. It is scheduled for 30 March.

Gorshenin Institute (@Gorshenin_eng) on Twitter

We would like to stress that Donetsk officials also decided to hold a referendum on the future of Donbass.

In its turn, the Ukrainian Prosecutor-General's Office said that the decision to hold these referendums was illegitimate.

The session of the Crimean parliament was held in the building occupied by armed people, who call themselves "the self-defence of Russian-speaking citizens". Russian flags were flown over the building of the Crimean parliament.

Furthermore, the media reported that the decision on holding a referendum was made in the absence of a quorum.

Russian military gain control over Crimea's chief strategic facilities

Crimean activists have started to form self-defence units "to counter the political developments in Kiev". Representatives of the people's militia said that they would closely cooperate with the peninsula's law enforcers.

Starting from 27 February, masked armed individuals with guns in their hands and with no identifying insignia have begun to seize the main strategic facilities in Crimea, set up checkpoints at the entry into the autonomy, and organize armed patrols in the Crimean administrative center, Simferopol. Furthermore, according to the Ukrainian mass media, the military have been blocking the Ukrainian military units and detachments of the State Border service in Crimea.

The Ukrainian leaders said that there were representatives of military units of the Russian Black Sea Fleet among the troops. Ukrainian Prime Minister **Arseniy Yatsenyuk** stated that Russia had violated the basic terms of the agreement on the Black Sea Fleet's stationing in Crimea. He urged the Russian authorities to pull out the troops from the autonomy back to their permanent deployment sites.

In his turn, the Crimean "prime minister", **Serhiy Aksyonov**, admitted that the Russian Black Sea Fleet's military had been involved in the protection of important Crimean facilities.

We would like to point out that the Russian side denied reports on the presence of its troops in Crimea, except for those stationed there under the agreement on the Black Sea Fleet.

The Ukrainian mass media reported that over 6,000 fighters of the Russian special-purpose forces had been dispatched to Crimea.

Quoting its source from the Defence Ministry, the Interfax-Ukraine news agency reported that under the threat of using weapons, the Russian military in Crimea have been seizing rifles, pistols, and ammunition from the military units of the Armed Forces of Ukraine. They also offered the Ukrainian military to lay down their arms and switch to the side of "the legitimate Crimean authorities".

New chief of Ukraine's navy defects in Crimea

On 2 March, the newly appointed navy commander-in-chief, **Denys Berezovskyy**, swore allegiance to the new Crimean government.

The Ukrainian National Security and Defence Council said that Berezovskyy had been

earlier dismissed from his post. Furthermore, a criminal case was opened over his treason.

DOMESTIC POLITICAL

Yanukovych stresses his legitimacy

On 28 February, deposed Ukrainian President **Viktor Yanukovych** held a news conference in Russia's Rostov-on-Don, during which he said that he still considered himself a legitimately elected president of Ukraine.

As previously reported, Yanukovych was ousted from the post of president by the decision of the Ukrainian parliament.

We would like to point out that the USA and the EU said that they did not recognize Yanukovych as the Ukrainian head of state.

Russian Prime Minister described the credibility of the Ukrainian leader as "virtually worthless," which, according to **Dmytry Medvedev**, does not negate Viktor Yanukovych's right to serve as the constitutionally elected president.

In the opinion of the Gorshenin Institute experts, one of the problems is that, due to unclear reasons, Russian President **Vladimir Putin** viewed the ousting of Ukrainian President **Viktor Yanukovych** as his personal defeat in Ukraine.

You can find more details about Kiev's reaction in the section "CRIMINAL CASES AGAINST FORMER OFFICIALS".

Ukraine launches presidential election campaign

On 25 February, the Ukrainian Central Electoral Commission (CEC) announced the launch of a campaign for a snap presidential election.

The election is scheduled for 25 May.

The CEC said that presidential candidates can register until 4 April.

The head of the opposition parliamentary party UDAR, **Vitaliy Klitschko**, declared his intention to participate in the election.

He also said that the leader of the opposition Fatherland party, **Yuliya Tymoshenko**, also intended to run for president. In Klitschko's opinion, it is a strange situation when two opposition politicians compete with each other.

According to information at the disposal of **Sonya Koshkina**, the editor in chief of the LB.ua news and analysis website, UDAR refused to participate in the formation of the new government because of Tymoshenko's decision.

We would like to point out that earlier Tymoshenko addressed Ukrainian MPs with a request not to consider her candidacy for the post of prime minister, adding that she had accepted an offer of German Chancellor **Angela Merkel** to undergo medical treatment in German clinic Charite.

In his turn, Ukrainian Prime Minister **Arseniy Yatsenyuk** said that he would not take part in the presidential race.

We also would like to draw your attention to the fact that Kharkiv Region's former governor, **Mykhaylo Dobkin**, also announced his intention to run for president.

The head of the far-right Freedom party, **Oleh Tyahnybok**, unaffiliated MP **Petro Poroshenko**, as well as an MP of the Party of Regions, **Serhiy Tihipko**, might also participate in the presidential election, LB.ua has reported.

Deposed Ukrainian President **Viktor Yanukovych** stated that he had no intention to take part in the May election because he considered it illegal.

Ukrainian parliament forms new coalition

On 27 February, Ukrainian speaker **Oleksandr Turchynov** announced about the formation of a parliamentary coalition called European Choice.

He said that the new coalition united 250 people from the Fatherland, UDAR and Freedom factions, as well as from the newly created parliamentary group Economic Development, which is headed by **Anatoliy Kinakh**, and from **Ihor Yermeyev's** Sovereign European Ukraine.

Ukrainian parliament passes new law on cabinet of ministers

On 27 February, the Ukrainian parliament adopted a new law on the cabinet of ministers, which envisages a redistribution of powers between the country's president and its prime minister in favour of the latter.

Under the law, a prime minister is appointed by parliament following the presidential nomination. The president must present the nomination to parliament based on the proposals of a coalition of parliamentary factions no later than 15 days after receiving such a proposal. Following the nomination, parliament appoints cabinet members, except for a prime minister, defence minister, and foreign minister.

The document also lays out the following three reasons for the cabinet dismissal: after parliament passes a no-confidence motion, after a prime minister's dismissal, and after a prime minister's death.

We would also like to point out that the Ukrainian parliament passed a draft law which granted the cabinet authority to set up, reorganize and disband ministries and other executive agencies. Previously, only the president was entitled to do so.

We shall remind you that on 21 February parliament reenacted the constitution of 2004, which restored the parliamentary-presidential system of government.

Ukrainian parliament approves new cabinet members

On 27 February, the Ukrainian parliament voted for appointing **Arseniy Yatsenyuk** as prime minister and approved new members of the cabinet of ministers.

You can find detailed information about the cabinet members in the appendix of the Gorshenin Weekly.

Furthermore, parliament approved an action plan for the new government. Among the key objectives and tasks of the cabinet of ministers is the preservation of the Ukrainian territorial integrity and sovereignty, the signing of the association agreement with the

EU, the development of comprehensive and good-neighbourly relations with Russia, the stabilization of the financial situation in the country, the resumption of negotiations on receiving financial assistance with the EU and the IMF, the fulfillment of all the requirements for securing such aid, as well as combatting corruption.

In his turn, deposed Ukrainian President **Viktor Yanukovych** said that parliament and its decisions were illegitimate.

German Foreign Minister **Frank-Walter Steinmeier**, Polish Foreign Minister **Radoslaw Sikorski**, as well as their French counterpart **Laurent Fabius** issued a joint statement, in which they expressed their support for the new Ukrainian cabinet of ministers and its pursuit of required reforms.

US Secretary of State **John Kerry** also welcomed the appointment of the new Ukrainian government.

We would like to stress that on 28 February, Russian Deputy Prime Minister **Dmitriy Rogozin** announced that the work of the Russian-Ukrainian industrial group had been suspended until "a legitimate government is formed in Kiev".

Ukraine's interim president makes new appointments

On 24 February, the Ukrainian interim president, parliamentary speaker **Oleksandr Turchynov**, issued an order to appoint an MP of the far-right Freedom party **Oleh Makhnitskyy** as acting prosecutor-general.

Turchynov also reshuffled the Security Service of Ukraine and the Interior Ministry.

Furthermore, the interim president dismissed on 26 February **Andriy Klyuyev** from the post of presidential administration head. He also sacked Klyuyev's deputies.

Oleh Rafalskyy was appointed as new head of the presidential administration. Previously, he served as deputy head of the presidential administration.

Maydan's commandant becomes Ukraine's security supremo

On 27 February, the Ukrainian interim president, parliamentary speaker **Oleksandr Turchynov**, issued an order to appoint an MP of the Fatherland party, the commander of the Maydan Self-Defence militia, **Andriy Parubiy**, as secretary of the National Security and Defence Council of Ukraine (NSDC).

The former Ukrainian prosecutor-general, **Oleksandr Medvedko**, has been appointed as first deputy secretary of the Ukrainian National Security and Defence Council (NSDC). Journalist **Viktoriia Syumar** became the NSDC deputy secretary.

Additionally, Turchynov approved new NSDC members on 28 February.

Ukrainian president appoints new governors

On 2 March, the Ukrainian interim president, parliamentary speaker **Oleksandr Turchynov**, appointed new heads of regional state administrations.

We would like to point out that billionaires **Ihor Kolomoyskyy** and **Serhiy Taruta** have become the governors of Dnipropetrovsk and Donetsk regions, respectively.

Ukrainian parliament dismisses constitutional court's head, four judges

On 24 February, the Ukrainian parliament adopted a resolution which envisages the dismissal of the following judges of the Constitutional Court of Ukraine (CCU) for violating the oath of judges: the CCU chairman **Vyacheslav Ovcharenko**, **Anatoliy Holovin**, **Mykhaylo Kolos**, **Mariya Markush** and **Oleksandr Pasenyuk**. Their original appointment had been based on the parliamentary quota.

The document also said that the CCU decision of 30 September 2010 to reenact the 1996 constitution was illegal.

Parliament also tasked the new prosecutor-general with launching a criminal case over the decision to return to the 1996 constitution and with punishing those responsible for it.

In their turn, the CCU judges asked the Council of Judges to repel the parliament ruling.

The CCU statement said that the conclusion of parliament on the violation of the constitution by certain CCU judges was not in line with either constitutional norms or Ukrainian laws, that the resolution was illegal and that it could not be enforced.

Ukrainian parliament sets date for mayoral elections in Kiev, other cities

The Ukrainian parliament has set the date for holding snap elections of Kiev's mayor and its city council for 25 May.

Additionally, parliament decided that snap mayoral elections should be held on the same day in 26 Ukrainian cities, including in Odessa, Mykolayiv, Kherson, and Chernivtsi.

As previously reported, Ukraine's snap presidential election is scheduled to take place on the same day.

Ukrainians, international community condemn language law revoking

The general public in different Ukrainian regions has harshly criticized the parliament decision of 23 February to repeal the 2012 law on the status of regional languages.

Furthermore, a number of European countries, such as Bulgaria, Hungary, Poland, Romania, Luxembourg, and Russia, also negatively evaluated the repeal of the law.

In its turn, the European Parliament issued a resolution on 27 February, in which it stressed that the Ukrainian parliament and new government should respect the rights of minorities, including in the language area.

We shall remind you that the language law, which was introduced by the Party of Regions, envisaged the possibility of two official languages in the regions where the number of minority representatives exceeded 10 percent.

The newly appointed presidential representative in Crimea, **Serhiy Kunitsyn**, said that the interim president, speaker **Oleksandr Turchynov**, would veto the revocation of the law.

In his turn, Ukrainian Prime Minister **Arseniy Yatsenyuk** tasked a relevant ministry with drawing up a new draft law on languages.

Ukraine's party supportive of ex-president elects new leader

On 28 February, the political council of the Party of Regions made the party's first deputy chairman, former parliamentary speaker **Volodymyr Rybak**, the party leader.

The decision was made since the party leader, former Prime Minister **Mykola Azarov**, is unable to fulfil his duties.

The LB.ua news and analysis website reported that Azarov's whereabouts were unknown. Deposed Ukrainian President **Viktor Yanukovych** is the party's honorary leader.

We shall remind you that the Party of Regions has experienced a massive exodus of its members in protest against the use of force against Maydan participants.

As many as 78 MPs quit the 205-member Party of Regions parliamentary faction.

CRIMINAL CASES AGAINST FORMER OFFICIALS

Ukraine launches official extradition procedure against Yanukovych

On 25 February 2014, the Prosecutor-General's Office opened criminal proceedings over crimes committed during the mass protests in Kiev. A court issued a warrant to detain and deliver deposed President **Viktor Yanukovych** so that he could be put in custody.

On 26 February, Prosecutor-General **Oleh Makhnitskyy** said that Yanukovych was put on international wanted list.

Two days later, Yanukovych gave a news conference in Russia's Rostov-on-Don during which he said that he had had to leave Ukraine due to threats to him and his family.

A day earlier, on 27 February, Russian mass media shared Yanukovych's statement in which he said that he had asked the Russian authorities to "protect him against the extremists" who seized power in Ukraine.

The Russian news agencies ITAR-TASS and RIA quoted a source in the Russian government as saying that Yanukovych was guaranteed safety in Russia.

On 28 February, Makhnitskyy said that Ukraine launched an official extradition procedure against the deposed president.

Prosecution issues instruction to detain Klyuyev, Zakharchenko, Pshonka

On 28 February 2014, the Prosecutor-General's Office of Ukraine demanded that the Interior Ministry and the Security Service of Ukraine detain within 10 days individuals involved in the mass murder of protestors in central Kiev on 18-22 February 2014.

Wanted are the former chief of the Security Service of Ukraine, **Oleksandr Yakymenko**, former Interior Minister **Vitaliy Zakharchenko**, former Deputy Interior Minister **Viktor Ratushnyak**, the former commander of the Kiev regiment of Berkut riot police, **Serhiy Kussyuk**, the former chief of the Interior Ministry's Internal Troops, **Stanislav Shulyak**, former Prosecutor-General **Viktor Pshonka**, the former head of the presidential administration, **Andriy Klyuyev**, the former deputy head of the presidential administration, **Andriy Portnov**, former Justice Minister **Olena Lukash**, and the deputy commander of the Security Service of Ukraine's special-purpose unit Alfa, **Oleh Prysyazhnyy**.

In its resolution of 27 February, the European Parliament said that "the authorities under President **Yanukovych** clearly violated the law by authorizing the security forces to use live ammunition against the protestors and by deploying snipers" against the protestors. Those who committed crimes against the citizens of Ukraine and who misused the power of the state should face independent trials, MEPs concluded.

Health Ministry puts protests' death toll at 94

According to the Health Ministry's official reports as of 28 February, 88 people have died as a result of the clashes between the protestors and police since 30 November 2013. Of them, 83 people died from 18 to 28 February 2014.

Six participants in civil confrontation died in the regions, including two in Crimea, two in Khmelnytsky Region and two in Cherkasy Region, the Health Ministry said.

Ukrainian parliament calls on International Criminal Court to probe Yanukovych's crimes

On 25 February 2014, the Ukrainian parliament issued a statement to the International Criminal Court (ICC) saying that Ukraine recognizes the jurisdiction of this court over crimes against humanity committed by government officials from 21 November 2013 to 22 February 2014.

In particular, the statement mentions deposed President **Viktor Yanukovych**, former Prosecutor-General **Viktor Pshonka** and former Interior Minister **Vitaliy Zakharchenko**.

The ICC stated that only the ICC Prosecutor can make a decision on initiating an investigation and that only the ICC Prosecutor may do this with regard to specific individuals. It also followed that, "in any event, Ukraine is not a party to Rome Statute – the Statute under which the ICC was established – and thus the ICC does not have jurisdiction to try Yanukovych and his conspirators."

Yanukovych said that he had never ordered police to open fire against the demonstrators.

Prosecutor-General's Office investigates economic crimes by former officials

The Prosecutor-General's Office is investigating economic crimes in which over 30 former high-ranking officials, including former Prime Minister **Mykola Azarov**, were involved. First Deputy Prosecutor-General **Mykola Holomsha** made this statement on 26 February.

HUMAN RIGHTS**Parliament rehabilitates political prisoners on ECHR resolutions**

With its 28 February 2014 law, the Ukrainian parliament rehabilitated the individuals convicted from 1 February 2010 to 1 March 2014 under various articles of the Criminal Code of Ukraine to implement the resolutions of the European Court of Human Rights (ECHR).

Rehabilitation applies to those individuals whose appeals were considered by the ECHR which concluded that Article 18 of the Convention for the Protection of Human Rights and Fundamental Freedoms was violated.

Court closes office abuse case against Tymoshenko

The Kharkiv Kievskyy district court, acting on the prosecutor's request, has closed criminal proceedings against former Prime Minister **Yuliya Tymoshenko** over abuse of office when she was the director of the United Energy Systems of Ukraine due to absence of crime in the act.

The Prosecutor-General's Office earlier said that it would review all criminal cases against former Prime Minister Tymoshenko.

INTERNATIONAL POLITICAL**UKRAINE-EU****European Parliament gives Ukraine prospect of EU membership**

On 27 February 2014, the European Parliament passed a resolution on Ukraine saying that signing the association agreement between Ukraine and the EU is "not the final goal in EU-Ukraine cooperation" and Ukraine may apply to become a member of the EU.

The resolution says that the association agreement can be signed "as soon as the new government is ready to do so". MEPs also called on Ukraine to carry out judicial and electoral reforms to meet requirements to signing the association agreement.

The European Parliament called on the Council to authorize the Commission to speed up the visa dialogue with Ukraine and stressed that the swift finalization of the visa liberalization agreement between the EU and Ukraine is "the best way to respond to the expectations of Ukrainian civil society".

Ukrainian Prime Minister **Arseniy Yatsenyuk** said that Ukraine was ready to sign the association agreement with the EU whenever the EU is ready but would insist on visa-free travel to Europe for Ukrainian citizens.

Elmar Brok, chairman of the European Parliament Committee on Foreign Affairs, said that the EU and Ukraine can sign the association agreement this summer and it can be ratified by 28 EU member states in 2015.

European Parliament calls on Ukraine to hold parliamentary election

The European Parliament has suggested that an early election to the Ukrainian parliament should be organized swiftly after the presidential elections and before the end of the year, it said in a resolution on 27 February 2014.

Interim President and speaker **Oleksandr Turchynov** earlier said that parliamentary elections should be held after the early presidential elections for a complete renewal of authorities.

Switzerland to probe Yanukovych for money laundering

A Swiss prosecutor has opened a money-laundering investigation into deposed Ukrainian President **Viktor Yanukovych** and his son **Oleksandr**, Reuters quoted the prosecutor's office in Geneva as saying in a statement on 28 February.

On 28 February, the Swiss government ordered the freezing of the assets of 20 Ukrainians, including deposed President **Viktor Yanukovych** and his son **Oleksandr**, former Prime Minister **Mykola Azarov**, former First Deputy Prime Minister **Serhiy Arbuzov**, former head of the presidential administration **Andriy Klyuyev** and former Prosecutor-General **Viktor Pshonka**, Switzerland's financial markets authority FINMA said in a statement.

The government published a list of the 20 people concerned on its website.

Liechtenstein followed Switzerland's suit and froze bank accounts of 20 Ukrainian citizens, **Daniel Thelesklaf**, managing director of the International Centre for Asset Recovery, has said.

The Austrian Foreign Ministry said that this country's authorities froze the accounts of 18 Ukrainian citizens from Yanukovych's entourage.

The US Department of the Treasury's Financial Crimes Enforcement Network earlier called on financial institutions to be on the look-out for potentially suspicious transfers of financial assets by Ukraine's fugitive deposed President Viktor Yanukovych or members of his inner circle.

In its resolution on 27 February, the European Parliament called for the enactment of the targeted sanctions as agreed by the Foreign Affairs Council and urged the member states to implement their own anti-money-laundering legislation to stop the flow of embezzled money from Ukraine.

Over the three years of Yanukovych's presidency, 70bn dollars were transferred from Ukraine to offshore accounts, Prime Minister **Arseniy Yatsenyuk** has said.

UKRAINE-RUSSIA**Russia puts forward conditions of mediation in Ukrainian situation**

Russia is ready to cooperate with the West on settling the situation in Ukraine under the "peace agreement" of 21 February 2014, the Russian Foreign Ministry said in a statement on 27 February.

Russia was annoyed that Ukraine was not fulfilling this agreement.

Earlier Russian Foreign Minister **Sergey Lavrov** said that scheduling the presidential election for 25 May runs contrary to this agreement.

On 28 February, deposed Ukrainian President **Viktor Yanukovych** also said the agreement should be respected.

The Ukrainian Foreign Ministry said that Yanukovych had refused to sign the ad hoc bill reinstating the 2004 constitution therefore he "bears entire responsibility for not respecting the agreement".

Poland also said that Yanukovych had violated the 21 February agreement.

On 21 February, Viktor Yanukovych and opposition leaders **Arseniy Yatsenyuk**, **Vitaliy Klitschko** and **Oleh Tyahnybok** signed an agreement on overcoming the crisis in Ukraine. The agreement was witnessed on behalf of the EU by Polish Foreign Minister **Radoslaw Sikorski** and his German colleague **Frank-Walter Steinmeier**, and **Eric Fournier**, director for Continental Europe of the French Foreign Ministry. Russia's representative **Vladimir Lukin** did not sign the document.

The parties to the agreement agreed to reinstate the 2004 constitution within two days; then create a coalition and form a new government during 10 days; hold constitutional reform in September 2014 to balance the president's powers; and hold a presidential election not later than in December 2014.

ECONOMY**Stepan Kubiv appointed new head of National Bank**

Parliament on 24 February sacked chairman of the National Bank **Ihor Sorkin** and appointed MP **Stepan Kubiv** of Fatherland party to the post.

New government reports on state of Ukrainian economy

Ukraine is facing the deepest economic, political and social crisis since it gained independence, Prime Minister **Arseniy Yatsenyuk** has said.

According to the new government's action programme, as of February, the government's balance on the single treasury account decreased to 4.3m hryvnias and unpaid payment orders totaled 10bn hryvnias.

The document says that total external debt at the end of 2013 reached 140bn dollars or about 80 percent of GDP, including short-term debt of 65bn dollars.

According to the Finance Ministry, as of 26 February, Ukraine's total public and publicly guaranteed debt in January 2014 increased by 148m dollars or 0.2 percent to 73.22bn dollars. At the same time, the ministry notes that the foreign exchange reserves of the National Bank declined to 15bn dollars from 17.8bn dollars.

As reported by the Finance Ministry, Ukraine needs 35bn dollars of foreign aid to conduct modernization of the economy and carry out reforms.

Moody's, a global rating agency, noted that uncertainty with regards to provision of financial assistance to Ukraine reduces the likelihood that the country will be able to effectively solve its structural problems.

At the same time, investment group Franklin Templeton, the largest holder of Ukrainian debt securities (the group has accumulated Ukrainian securities worth 7bn dollars), considers the risk that Ukraine will stop servicing its debt as low.

Deposed President **Viktor Yanukovych** said that the destabilization of the economy started due to Ukraine's losing Russia as an important partner. However, he laid all the blame for the difficult situation in the country on the new government and those "who commands them from Maydan," as well as representatives of the United States who, according to Yanukovych, supported Maydan.

Ukraine plans to secure IMF loan

The Ukrainian authorities have requested support from the IMF, according to IMF Managing Director **Christine Lagarde**.

She said that the IMF is ready to respond and in the coming days will send an IMF fact-finding team to Kiev to undertake a preliminary dialogue with the authorities.

At the same time, Lagarde believes that any discussions about the volumes of the potential international aid to Ukraine are premature, and there is nothing critical in the Ukrainian economy, that is worthy of panic at the moment.

Finance Minister **Oleksandr Shlapak** said that Ukraine expects to receive 15bn dollars from the IMF under the new credit programme.

Earlier, Prime Minister **Arseniy Yatsenyuk** did not rule out increasing gas tariffs for households as part of the reform programme proposed by the IMF.

US, EU plan to provide financial aid to Ukraine

U.S. Secretary of State **John Kerry** said the United States is considering various possibilities of providing support to Ukraine, particularly in the form of loan guarantees to the amount of 1bn dollars.

In addition, a group of US experts has arrived in Ukraine to provide advice on immediate economic reforms.

European Commissioner for Financial Programming and Budget **Janusz Lewandowski** said that in order to receive aid from the EU, the new Ukrainian authorities should negotiate with the IMF on a new loan as soon as possible. At the same time, he said the EU is ready to provide Ukraine with more than 1bn euros.

EU High Representative for Foreign Affairs **Catherine Ashton** said that the EU is discussing the possibility of granting Ukraine short- and long-term loans as part of financial aid.

Also, EU Commissioner for Enlargement and Neighbourhood Policy **Stefan Fule** said that the EU is ready to cooperate with Russia in the question of supporting Ukraine.

On 27 February, the European Parliament called for convening at the earliest possible time an international donor conference for financial assistance to Ukraine.

In addition, MEPs stated their intention to request the European Commission and EU External Action Service to consider allocation of additional resources for Ukraine as soon as possible.

Putin orders consultations on financial assistance to Ukraine

Russian President **Vladimir Putin** has instructed the Russian government to continue contacts with Ukrainian partners for the development of trade and economic relations between Russia and Ukraine, presidential spokesman **Dmitry Peskov** said.

According to Peskov, Putin also gave instructions to hold consultations with foreign partners, including the IMF, on the provision of bailout to Ukraine, including consultations on this issue with the G8 countries.

Finance Minister **Oleksandr Shlapak** said that the new Ukrainian government hopes to receive a credit facility from Russia.

Situation in banking system controllable – National Bank head

The situation in the banking system is controlled and manageable, according to head of the National Bank **Stepan Kubiv**.

He said that the priority steps in overcoming the currency crisis will include provision of hryvnya to banks in order to protect the interests of depositors, obtaining loans from foreign creditors, development of a plan of economic reforms in conjunction with other government agencies.

On 28 February, the interbank foreign exchange market closed at UAH/USD 9.6-10.5.

At the same time, the National Bank set the official exchange rate for 3 March at UAH/USD 9.69.

Fitch keeps Ukraine's rating unchanged

Global rating agency Fitch has affirmed long-term foreign currency issuer default rating (IDR) for Ukraine at “CCC” and long-term local currency IDR at B- with the negative outlook. Fitch notes that Ukraine's ability to service its obligations will depend on whether it can obtain funding from the IMF and the EU.

Default risk on Ukraine's Eurobonds decreases to 46 percent

Credit default swaps (CDS) on Ukrainian loans fell to 946 basis points from 1220 points as of 21 February, according to analytical firm CMA.

The current level of CDS means that the cost of insurance against default on bonds for investors owning Ukrainian obligations worth 10m dollars fell to 274,000 dollars a year, which reduces the cost of borrowing for Ukraine.

According to the company, the risk of default on Ukraine's Eurobonds as of 24 February fell to 46.42 percent, while on 21 February the risk was 55.22 percent.

As news agency UNIAN reported earlier, on 19 February CDS on Ukraine's loans rose to 1,299 basis points, the highest level since the end of 2009.

Budget deficit totals 1.6bn hryvnias in January

The budget deficit in January 2014 was 1.6bn hryvnias, which makes 2.5 percent of the annual target of 71.61bn hryvnias, according to the Finance Ministry.

Ukrainians withdraw 3.1bn dollars from deposits in one week

Ukrainian households from 17 to 21 February withdrew about 7 percent of their bank deposits. The peak was on 18-20 February, when depositors took out about 30bn hryvnias (3.1bn dollars) from financial institutions, according to National Bank head **Stepan Kubiv**.

On 28 February, the National Bank limited withdrawal of foreign currency deposits to the amount of 15,000 hryvnias (in equivalent) per day.

Finance Ministry raises 150m dollars through local bond auction

At a local bond auction on 26 February, the Finance Ministry attracted to the national budget 1.5bn hryvnias (150m dollars).

The funds were raised through placement of bonds in local currency with maturity of five years at 11.5 percent per annum, satisfying one single bid.

Earlier, five-year bonds were placed at 14.25 percent per annum.

Ukraine suspends privatization – media

The State Property Fund has suspended privatization of all objects, the Ukrainian News agency reported citing its own sources.

Russia again voices complaints about Ukrainian food products

The Russian Federal Veterinary and Phytosanitary Monitoring Service has expressed concern about the ability of its Ukrainian counterpart to monitor the quality of products entering the Russian market in connection with the recent political changes in the country.

This was reported by the press service of the Russian agency following a phone conversation between the heads of the Russian and Ukrainian phytosanitary

services **Sergey Dankvert** and **Volodymyr Horzheyev** respectively, according to news agency UNIAN.

ENERGY

Ukraine may lose gas discount over debt – Gazprom

Ukraine's debt arrears for the supply of Russian gas have reached 1.55bn dollars, Gazprom's representative **Sergey Kupriyanov** has said.

According to Kupriyanov, Ukraine may lose its gas discount due to the scale of the debt.

He added that Russia had lent Ukraine 3bn dollars so that it could pay off its gas debt.

Former Ukrainian Energy Minister **Eduard Stavytsky** said that it was difficult to pay the debt off due to problems with the payment of utility bills.

Ukraine cuts purchase of Russian gas

Ukraine cut the purchase of Russian gas from 146m cu.m. to 28m cu.m. per day on 24 February, Reuters has quoted its source in the gas industry as saying.

According to then acting Energy Minister **Eduard Stavytsky**, Ukraine cut the purchase of gas from Russia due to a decrease in internal consumption as a result of warm weather in late February, the Kommersant Ukraina business daily has said.

In January 2014, Ukraine lowered the import of gas by 20.5m cu.m. down to 2,47bn cu.m., or 0.8 percent less than during the same period of 2013, the press service of the Ukrainian Energy Ministry said on 26 February.

EU ready to finance modernization of Ukrainian gas transport system

The EU is ready to provide financial assistance to Ukraine to help it modernize its gas transport system, European Commissioner for Energy **Guenther Oettinger** said in an interview with the German Focus magazine.

In his words, the EU may use the funds of international financial organizations such as the European Bank for Reconstruction and Development.

ANNEX

NEW UKRAINIAN CABINET

- Prime Minister **Arseniy Yatsenyuk**
- First Deputy Prime Minister **Vitaliy Yarema** (law-enforcement and uniformed agencies)
- Deputy Prime Minister **Oleksandr Sych**
- Deputy Prime Minister for Regional Development **Volodymyr Hroysman**
- Minister of the Cabinet of Ministers **Ostap Semerak**

- Health Minister **Oleh Musiy**
- Interior Minister **Arsen Avakov**
- Infrastructure Minister **Maksym Burbak**
- Finance Minister **Oleksandr Shlapak**
- Social Policy Minister **Lyudmyla Denisova**
- Justice Minister **Pavlo Petrenko**
- Culture Minister **Yevhen Nyshchuk**
- Economic Development Minister **Pavlo Sheremeta**
- Ecology Minister **Andriy Mokhnyk**
- Youth and Sport Minister **Dmytro Bulatov**
- Energy Minister **Yuriy Prodan**
- Education Minister **Serhiy Kvit**
- Agricultural Policy Minister **Ihor Shvayka**
- Acting Defence Minister **Ihor Tenyukh**
- Acting Foreign Minister **Andriy Deshchytsya**

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