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CONTENT

1. TOP STORIES...page 5

2. ARMED CONFLICT IN EASTERN UKRAINE...page 5

Poroshenko, Merkel, Hollande to agree "roadmap" for implementation of Minsk

Trilateral contact group holds another meeting in Minsk

Ukrainian security supremo says Russia using Donbas as test ground for new arms

3. CRIMEAN ISSUE...page 6

Russia blocs UN draft statement on Crimea

Eleven French MPs visit Crimea

Crimean conscripts to be sent to other Russian regions - rights activist

Russia to deactivate Ukrainian missile systems in Crimea - media

Crimean authorities leave fewer places for peaceful assemblies

4. INTERNATIONAL POLITICAL...page 7

UKRAINE-RUSSIA

Russia dismisses envoy to Ukraine

Over 200 Russian companies banned from Ukraine - security service

Ukraine suspends cooperation with Russian in youth policy

Foreign Ministry warns Ukrainians against travel to Russia

Russian court sentences Ukrainian Crimean resident to six years in colony

House arrest of Moscow's Ukrainian Library director extended

Antonov wins 2.9m-dollar lawsuit against Russian aviation plant

UKRAINE-EU

Ukraine, Lithuania lift mutual aviation restrictions

Project to adapt Ukrainian aviation rules to EU norms launched

UKRAINE-USA

USA provides Ukraine with drones worth 12m dollars

Trump makes new scandalous remarks on Crimea

UKRAINE-EEC

Eurasian Economic Commission suspends duties on Ukrainian ferroalloys

5. DOMESTIC POLITICAL...page 10

Ex-head of Party of Regions faction put under arrest

Ukrainian prosecutor-general signs suspicion for fugitive MP

Ukraine marks Day of Kyivan Rus Baptism

Two engineers, NATO rep killed by blast at military facility

President signs law on Ukrainian Army's Special Operations Forces

President signs law on antiterrorist operation veterans' employment

Ukrainian president approves triple increase of fines for drunk driving

Ukrainian cabinet approves list of jobs with preferential retirement

Ukrainian government dismisses State Space Agency head

New management of Ukrainian Railways approved

Procurement department head of Ukrainian Railways detained

Security service notifies seaports administration head of suspicion

Some 300,000 dollars, Hungarian passport seized from judge's house

Anti-Corruption Bureau detains ex-head of State Food and Grain Corporation

Controversial Moldovan businessman detained in Ukraine

Notorious Ukrainian con developer flees arrest

Jailer who used force against ex-PM sentenced in absentia

6. MEDIA...page 15

Journalist beaten in central Kyiv

7. ECONOMY...page 15

Fitch affirms Ukraine's long-term rating at 'CCC'

National Bank expects two IMF tranches by year end

Public debt grows to 67bn dollars

Balance of payments shows 377m-dollar surplus in June

Foreign trade deficit grows to 2bn dollars in first six months of 2016

State budget receives 11.41bn dollars over six months

National Bank cuts discount rate to 15.5 percent

National Bank declares State Land Bank insolvent

Banks obliged to report opening, closing parties' accounts

Construction volumes increase by 9.1 percent over six months

Retail sales grow by 2.3 percent over six months

Ukrspetseksport boosts net profit by 76.19 percent in first half-year

Freight traffic grows by 3.9 percent in first half-year

Boryspil airport shows 27m-dollar profit in first half-year

8. ENERGY...page 18

Naftohaz accuses Gazprom of breaching transit contract

Naftohaz granted permission to supply gas to Odesa plant

Ukrtranshaz set to recover 17m dollars from Odesa plant

Dutch company wins tender to produce shale gas in eastern Ukraine

Enerhoatom shows 44m-dollar net profit in six months

Ukrtransnafta posts 19m-dollar net profit in first half-year

Ukrnafta ends first half-year with 407,000 dollars in net loss

Turboatom receives 17m-dollar net profit in first six months

Zaporizhzhya nuclear plant starts using US fuel

Retail petrol sales decrease by 7.7 percent in June

1. TOP STORIES

Russia dismisses envoy to Ukraine

Moscow requests Kyiv's agreement for **Mikhail Babich** as new ambassador.

Read more in INTERNATIONAL POLITICAL

Court arrests ex-head of Party of Regions faction

The Prosecutor-General's Office suspects him of aiding and abetting Luhansk separatists.

Read more in DOMESTIC POLITICAL

Prosecutor-general signs notice of suspicion for fugitive MP

The Specialised Anti-Corruption Prosecutor's Office has handed the notice of suspicion over to the MP's defence and relatives.

Read more in DOMESTIC POLITICAL

2. ARMED CONFLICT IN EASTERN UKRAINE

Poroshenko, Merkel, Hollande to agree "roadmap" for implementation of Minsk

Ukrainian President **Petro Poroshenko**, French President **Francois Hollande** and German Chancellor **Angela Merkel** on 26 June 2016 agreed over the phone to step up their efforts in the Normandy Four and other formats of Donbas negotiations, the press service of the Ukrainian president has said.

In particular, they discussed the need to agree a clear roadmap for the implementation of the Minsk agreements, which would include the clause on the implementation of the security component by Russia.

During the conversation, Poroshenko said that Russia regularly violated the Minsk agreements. He said it was important for the whole of Europe to have a consolidated opinion on keeping the sanctions against Russia and tightening them if the situation in Donbas deteriorates.

The Ukrainian Foreign Ministry called on international partners to step up political and diplomatic pressure on the Kremlin to stop the dangerous escalation in Donbas.

Trilateral contact group holds another meeting in Minsk

The trilateral contact group on a peaceful settlement of the conflict in eastern Ukraine, including all four subgroups on political, economic, humanitarian and security issues, met in Minsk on 27 July 2016.

An exchange of prisoners was discussed among other issues. The press service of Ukraine's representative in the trilateral contact group, **Leonid Kuchma**, said that representatives of the self-proclaimed Donetsk and Luhansk people's republics avoided discussing the issue of Ukrainian hostages held in the areas under their control and withheld information on their whereabouts. According to the Ukrainian side, international organisations, including the OSCE, the International Committee of the Red Cross, and Doctors without Borders, have no access to prisons where the hostages are held.

Ukrainian security supremo says Russia using Donbas as test ground for new arms

The secretary of the National Security and Defence Council of Ukraine, **Oleksandr Turchynov**, has said that Russia is using Donbas as a test ground for its latest military technologies, arms and warfare tactics.

According to Russian military journalist **Arkadiy Babchenko**, by testing its latest weapons in eastern Ukraine, Russia also advertises them before sale.

3. CRIMEAN ISSUE

Russia blocs UN draft statement on Crimea

Russia has blocked the Ukrainian draft press statement of the UN Security Council over the Kremlin's decision to include Crimea into the Southern Federal District, the permanent mission of Ukraine to the UN has said.

Russia is the only member state of the Security Council which objected to the statement.

The Ukrainian Foreign Ministry expects the sanctions against occupied Crimea to be extended to Russia's Southern Federal District which now includes Crimea.

Eleven French MPs visit Crimea

Eleven French MPs headed by PACE delegate **Thierry Mariani** came to Russia-annexed Crimea on a three-day visit on 29 June 2016.

They were accompanied by the head of the Russian State Duma committee for the Commonwealth of Independent States (CIS), European integration and links with compatriots, **Leonid Slutskiy**.

This is the second time French MPs visit Russia-controlled Crimea.

The chairman of Ukraine's permanent delegation to the PACE, **Volodymyr Aryev**, said that Ukraine was deeply disappointed by reports about yet another illegal visit to Russia-occupied Crimea by a group of French MPs. He added that Ukraine regrets that the PACE has failed to set the rules which would regulate respect for international and national legislation by PACE delegates.

Earlier, Mariani submitted to the French parliament a non-binding proposal to lift European sanctions on Russia after the Minsk agreements are implemented. It was supported by both houses of the French parliament.

Crimean conscripts to be sent to other Russian regions - rights activist

As a result of inclusion into the Southern Federal District, Russia-annexed Crimea has lost the status of a special region entitled to certain exceptions, including with regard to conscription to the Russian army. Now Crimeans will be subject to conscription on equal terms with Russian nationals, the Krym.Realii news website has quoted a coordinator of the Crimean rights group, **Olha Skrypnyk**, as saying.

Previously, only contract servicemen were sent to serve outside Crimea.

She recalled that Crimeans not willing to serve in the Russian army have an option of alternative civil service.

Russia to deactivate Ukrainian missile systems in Crimea - media

Russia has decided to deactivate the Ukrainian long range surface-to-air missile systems S-300, which it seized during the occupation of Crimea, the Russian news agency RIA Novosti has quoted a source in Crimean uniformed agencies as saying.

S-300 are now in depots. They will neither be repaired nor used.

Crimean authorities leave fewer places for peaceful assemblies

The Crimean human rights group has said that the so-called Crimean council of ministers issued a resolution cutting the number of dedicated places for public events in Crimea by half, from 717 to 366.

4. INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Russia dismisses envoy to Ukraine

President **Vladimir Putin** has signed a decree to dismiss **Mikhail Zurabov** from the post of Russia's extraordinary and plenipotentiary ambassador to Ukraine.

Moscow requested Kyiv's preliminary agreement to appoint **Mikhail Babich** as new ambassador to Ukraine.

Babich used to serve in the Airborne Forces and the KGB troops. He was in charge of the Antey arms manufacturing corporation. For a short while he was an assistant to the chief of the border service of the Federal Security Service (FSB). He was an MP from 2003 to 2011. Over the past five years, he was the Russian president's envoy to the Volga (Privolzhskiy) Federal District.

According to the news and analysis website LB.ua, by nominating the knowingly unacceptable candidate combined with the non-standard procedure of appointment, Russia can be making a conscious step towards severing diplomatic relations with Ukraine, putting the blame for it on Kyiv and possibly waging an open war.

Over 200 Russian companies banned from Ukraine - security service

The Security Service of Ukraine (SBU) has said that 243 Russian companies doing business with temporarily occupied areas were banned from operating in Ukraine.

In September 2015, Ukraine introduced sanctions against 388 individuals and 105 legal entities over their involvement in the aggression against the state.

Ukraine suspends cooperation with Russian in youth policy

The Cabinet of Ministers of Ukraine has suspended the agreement on cooperation in youth policy with Russia.

Foreign Ministry warns Ukrainians against travel to Russia

The Foreign Ministry has advised Ukrainians to weigh risks against necessity when planning to travel to Russia.

The ministry is concerned about the cases of ungrounded detention of Ukrainian nationals in Russia and Russian law enforcers' inhumane attitude towards Ukrainians.

Russian court sentences Ukrainian Crimean resident to six years in colony

Russia's North Caucasian district military court in Rostov-on-Don has sentenced Ukrainian **Maksym Filatov** to six years in a high-security prison in the case on setting Simferopol's Chukurcha mosque on fire and an attempted terrorist act outside the Crimean prosecutor's office.

Filatov's case was heard by the board of three judges chaired by **Sergey Mikhaylyuk** while **Oleg Tkachenko** represented prosecution. A year ago, both were involved in the trial of Ukrainians **Oleh Sentsov** and **Oleksandr Kolchenko** accused of plotting terrorist acts in Crimea and convicted to 20 and 10 years in prison, respectively.

According to the Centre of Civil Freedoms rights group, at least 31 Ukrainian nationals, including 16 Crimean Tatars, are held in Russia.

House arrest of Moscow's Ukrainian Library director extended

Moscow's Presnenskiy court has extended the house arrest of Ukrainian Library director **Natalya Sharina**, who is suspected of extremism, until 29 August 2016.

Antonov wins 2.9m-dollar lawsuit against Russian aviation plant

The arbitration court of Russia's Samara Region has upheld the lawsuit filed by the Ukrainian state-owned company Antonov against the Russian company Aviakor-Aviation Plant. The court obliged Aviakor to pay 2.9m dollars in royalties to Antonov for using its trademark during the manufacturing and sale of aircraft.

UKRAINE-EU

Ukraine, Lithuania lift mutual aviation restrictions

The State Aviation Service of Ukraine and the Lithuanian Transport and Communications Ministry have agreed to lift mutual aviation restrictions.

From now on, Ukraine and Lithuania have no restrictions on the number of carriers, arrival and departure points and flights.

Project to adapt Ukrainian aviation rules to EU norms launched

A new Twinning project to support Ukraine's State Aviation Service in enhancing aviation safety has been launched by the EU. The project will support the harmonisation of the country's legislation in line with EU standards in all areas of the Ukrainian civil aviation sector and its integration into the EU transport system.

The project will focus on two directions: advancing the legal regulations and technical competence of the State Aviation Service with regard to airfields/airports and improving the technical potential of the State Aviation Service for maintaining airworthiness.

The project prescribes practical assistance on site by Spanish experts, as well as study tours and on-job trainings for Ukrainian specialists in the relevant institutions and organisations of Spain.

The project budget is 1.6m euros for the period of 21 months.

UKRAINE-USA

USA provides Ukraine with drones worth 12m dollars

Within the framework of the European Reassurance Initiative (ERI) programme, the US Department of Defence has supplied the Ukrainian Armed Forces with the unmanned aerial vehicles RQ-11B Raven worth 12m dollars.

This aid is non-lethal because the drones cannot be equipped with arms.

Also, the US Defence Threat Reduction Agency with the mediation of California-based Parsons Government Services provided the National Guard of Ukraine with five Ford Ranger Trucks. The USA is expected to hand eight more Ford Transit buses over to Ukraine.

Trump makes new scandalous remarks on Crimea

Asked on ABC whether he is really going to recognise Russia's annexation of Crimea, US Republican presidential candidate **Donald Trump** has said he will look into this if he is elected president in November.

"I'm going to take a look at it," he said. "But you know, the people of Crimea, from what I've heard, would rather be with Russia than where they were. And you have to look at that, also."

Trump also responded to criticism that he has been too complimentary of Russian President **Vladimir Putin**: "Wouldn't it be great if we got along with Russia?" he said.

Trump earlier suggested he could recognise Russia's claim on Crimea over Ukraine's.

UKRAINE-EEC

Eurasian Economic Commission suspends duties on Ukrainian ferroalloys

The Eurasian Economic Commission, the supranational body of the Eurasian Economic Commission of Russia, Kazakhstan, Belarus, Kyrgyzstan and Armenia, has temporarily suspended the antidumping measures against ferrosilicon manganese supplies from Ukraine until the issue is considered by the Eurasian intergovernmental council at a meeting scheduled for late August.

In May, the Eurasian Economic Commission decided to introduce an antidumping duty on Ukrainian ferrosilicon manganese for five years. The duty is 26.35 percent of the customs cost of goods.

5. DOMESTIC POLITICAL

Ex-head of Party of Regions faction put under arrest

The Pecherskyy district court of Kyiv has arrested the former head of the parliamentary faction of the Party of Regions in parliament of the seventh convocation, **Oleksandr Yefremov**, for 60 days without the option to be released on bail.

Before that, law enforcers detained the former MP on board of an Austrian Airlines aircraft.

The Prosecutor-General's Office suspects the former official of misappropriating the property of the Luhanskvuhillya company through abuse of office, taking deliberate actions with a view to changing Ukraine's territorial borders which caused human casualties and led to other grave consequences, as well as involvement with the self-proclaimed separatist Luhansk people's republic.

According to investigators, after learning about the ongoing investigation, Yefremov planned to flee to Vienna, where his son lives.

It should be recalled that in late March the Prosecutor-General's Office closed criminal proceedings against Yefremov that were launched over suspicions of incitement of ethnic hatred.

He is also involved in the case of the so-called "dictatorship laws" of 16 January 2014. The ex-official had been detained in the course of the investigation, but was released on bail a few days later.

Ukrainian prosecutor-general signs suspicion for fugitive MP

Prosecutor-General **Yuriy Lutsenko** has signed a notice of suspicion for People's

Will faction MP **Oleksandr Onyshchenko**.

At the same time, the Specialised Anti-Corruption Prosecutor's Office handed over a notice of suspicion to the MP's defence and his relatives.

Earlier, the Ukrainian parliament lifted the MP's immunity and authorised his arrest.

Onyshchenko said he was in the UK.

According to investigators, Onyshchenko organised a crime ring which engaged in machinations with gas sold by the Ukrhazvydobuvannya company, having inflicted the loss of 3bn hryvnias (121m dollars) on the state.

According to the National Anti-Corruption Bureau, one of the defendants in the case, the director of the Lvivska Universalna exchange, struck a deal with the investigation and gave an accusatory statement. Detectives said that he arranged fake tenders on the sale of gas which benefited the firms controlled by Onyshchenko.

Ukraine marks Day of Kyivan Rus Baptism

Religious events marking Day of Baptism of Kyivan Rus were held in Kyiv on 27-28 July.

The religious events were held under strict security measures due to reports that acts of provocations were being planned. No serious violations of public order were reported, according to the police. Some 16,000 believers took part in the festivities, with more than 4,000 law enforcers and National Guard fighters maintaining public order.

Meanwhile, President **Petro Poroshenko** said that Ukraine with great hope received the news that the Synod of the Constantinople Orthodox Church had created a special commission to consider granting autocephaly to the Ukrainian Orthodox Church. In his opinion, only the Patriarchate of Constantinople may ensure the unity of the Ukrainian Orthodox Church.

Two engineers, NATO rep killed by blast at military facility

Two test engineers and a NATO representative were killed in an explosion at a testing station of the state-run Ukroboronprom company in Sumy Region on 28 July. Two other employees of the station are in grave condition.

Ukroboronprom experts named three most probable causes of the ammunition explosion: a contact explosion of the warhead due to changes of the substance's chemical properties during the storage period; presence of a foreign explosive object which went off during the preparation works; violation of safety rules by workers.

Law enforcers opened a criminal case over violation of safety rules at explosive facilities resulting in loss of life.

President signs law on Ukrainian Army's Special Operations Forces

Ukrainian President **Petro Poroshenko** has signed the law regulating the legal status and application of the Ukrainian Armed Forces' Special Operations Forces.

The document allows the Special Operations Forces to take part in collecting intelligence.

President signs law on antiterrorist operation veterans' employment

President **Petro Poroshenko** has signed the law designating antiterrorist operation veterans as citizens who can enjoy additional employment guarantees.

Ukrainian president approves triple increase of fines for drunk driving

President **Petro Poroshenko** has signed the bill introducing a triple increase of the fine for drunk driving, up to 10,200 hryvnias or roughly 408 dollars and annulling a driver's license for one year. Repeat drunk driving will be punishable with a fine of 20,400 hryvnias, or 816 dollars, and a suspended driver's license for three years.

Ukrainian cabinet approves list of jobs with preferential retirement

The Cabinet of Ministers of Ukraine has endorsed a list of new jobs entitled to preferential retirement. It includes jobs in especially dangerous and difficult conditions.

Ukrainian government dismisses State Space Agency head

The Cabinet of Ministers has dismissed the head of the State Space Agency, **Lyubomyr Sabadosh**.

New management of Ukrainian Railways approved

The Cabinet of Ministers has approved the new management of Ukrainian Railways (Ukrzaliznytsya) which includes **Oleksandr Buzhor**, **Ireneusz Wasilewski**, **Marek Zalesny**, **Zeljko Marcec**, **Serhiy Mikhalchuk** and **Remigiusz Paszkiewicz**.

On 16 May, the new head of Ukrainian Railways, Polish national **Wojciech Balczun** officially took office. In his words, during the first months of his work he will focus on fighting corruption on the railway and improving passenger services. He said he was planning to establish the UZ Cargo International trademark for cargo transport.

Procurement department head of Ukrainian Railways detained

Detectives of the National Anti-Corruption Bureau of Ukraine together with prosecutors of the Special Anti-Corruption Prosecutor's Office have detained the head of the procurement planning and control department of Ukrainian Railways (Ukrzaliznytsya). The manager is suspected of taking part in a corrupt scheme to steal funds from the budget through purchases from Ukrzaliznychpostach, a

subsidiary of Ukrainian Railways. With the budget of the contract making 55m hryvnyas (2.2m dollars), the goods were overpriced by 20m hryvnyas (800,000 dollars).

Three suspects in the case were detained earlier: a deputy director of Ukrzaliznychpostach, the head of the tender committee and the head of the respective department - member of the committee. The first was remanded for 60 days and granted bail of 2.86m hryvnyas (114,000 dollars). The department head was placed under house arrest.

Because the decision on a restraint measure for the supervisor of tender participants was not made in time, he was released.

Security service notifies seaports administration head of suspicion

The Security Service of Ukraine (SBU) has handed over a notice of suspicion to the head of the seaports administration, **Andriy Amelin**. According to the agency's press service, the state-owned enterprises in February and March 2015 purchased fuels and lubricants from a private firm at a significantly inflated price. As a result, the enterprise suffered damages to the tune of 3.5m hryvnyas (140,000 dollars).

Before that, the SBU and the National Police have searched the offices of the State Aviation Service, the Seaport Administration of Ukraine and Boryspil airport. The searches were held within the framework of criminal cases on budget embezzlement.

Some 300,000 dollars, Hungarian passport seized from judge's house

Officers of the Security Service of Ukraine have carried out searches at the office and the house of a judge of the Supreme Economic Court of Ukraine, **Viktor Shvets**, who is suspected of bribery.

During the searches, the law enforcers seized 300,000 dollars in cash and IOUs to the total amount of 475,000 dollars, valuables and a Hungarian passport issued in the judge's name.

It should be recalled that Shvets was detained in March while accepting a 5,000-dollar bribe. Later, a court ruled to place him under house arrest as a measure of restraint. In June, the judge failed to arrive at the prosecutor's office for questioning. On 27 July, Prosecutor-General Yuriy Lutsenko handed him a notice of suspicion personally.

Anti-Corruption Bureau detains ex-head of State Food and Grain Corporation

Detectives of the National Anti-Corruption Bureau have detained the former acting board chairman of the State Food and Grain Corporation of Ukraine and the board chairman of the Rakitne bread bakery.

They are suspected of embezzling 50m hryvnyas (2m dollars) from the state budget.

The transaction in question was carried out in March 2015, the news and analysis website LB.ua has said. **Valeriy Tomylenko** was the acting board chairman of the State Food and Grain Corporation and **Hryhoriy Shkvyrya** was in charge of the Rakitne bread bakery back then.

In early July, Interpol detained Jupiter company owner **Viktor Babko** in Serbia. He was wanted on suspicion of embezzling state budget funds. In 2014, he signed a contract with the State Food and Grain Corporation of Ukraine and received 20m hryvnias (800,000 dollars) in advance for the future harvest, however the agrarian company did not ensure the supply by the deadline.

Controversial Moldovan businessman detained in Ukraine

Moldovan businessman **Vyacheslav Platon** suspected of involvement in the largest banking con back home has been detained in Ukraine.

He had a fake Ukrainian passport, the regular and diplomatic passports of Moldova. It is also known that he crossed the Ukrainian border using Russian passport.

According to investigators, Platon may have coordinated the withdrawal of money from Moldova's Banca de Economii, his personal benefit making 40m dollars.

Notorious Ukrainian con developer flees arrest

The owner of the Elita-Centre company and notorious con developer, **Oleksandr Volkonsky (Shakhov)**, has fled house arrest and is now wanted.

According to media reports, he went to Russia on Russian passport.

Volkonsky was released from prison in mid-April in line with the "Savchenko law", which records one day in a remand centre as two days in prison. The businessman spent 7.5 out of 15 years in a remand centre. The sentence has not been issued in his case yet.

According to law enforcers, over 383m hryvnias, or 15.32m dollars, in damages were inflicted on 1,700 people by the Elita-Centre development con. Housing was never built.

It should also be noted that a bail of 14m hryvnias (560,000 dollars) was paid for the release of notorious developer **Anatoliy Voytsekhovskyy**. The number of victims of his scam is estimated at 10,000 people.

Jailer who used force against ex-PM sentenced in absentia

The Kharkiv Kominternovskyy district court has passed a sentence in absentia on the former inspector of the Kachanivska prison who used force against former Prime Minister **Yuliya Tymoshenko** in April 2012, when she was serving her time in jail.

The inspector was found guilty of abuse of office committed on preliminary arrangement with a group of persons, and was sentenced to three years in prison.

Two other defendants in the case - the deputy chief of the Kachanivska prison and the head of the prison guard - were previously convicted under the same

article and sentenced to three years in prison.

It should be recalled that the prison officers in April 2012 used physical violence against Tymoshenko, who was serving a sentence at that time, in order to deliver her to the hospital. The ex-PM suffered minor injuries.

6. MEDIA

Journalist beaten in central Kyiv

Two unidentified men beat the head of the Ukrainian business magazine Business Censor, **Serhiy Holovnev**, in the centre of Kyiv on 25 July.

He links the incident to his journalistic activities.

Earlier, the head of the board of the anti-corruption non-governmental organization Transparency International in Ukraine, **Andriy Marusov**, was robbed and beaten in the centre of Kyiv twice during one night.

It should be recalled that journalist **Pavel Sheremet** was killed in a car explosion in the centre of Kyiv on 20 July.

7. ECONOMY

Fitch affirms Ukraine's long-term rating at 'CCC'

Fitch Ratings, a global rating agency, has affirmed Ukraine's long-term issuer default rating (IDR) in local and foreign currency at the level of 'CCC' (default is a real possibility).

Fitch estimated the country's short-term foreign and local currency IDR at 'C' (default is imminent or inevitable).

Ukrainian Finance Minister **Oleksandr Danyluk** said that there are no prerequisites for default in Ukraine or risks of hryvnya devaluation.

National Bank expects two IMF tranches by year end

The National Bank hopes to receive the next tranche from the IMF at the end of August, expecting a total of two tranches in the amount of 2.7bn dollars before the end of the year, according National Bank head **Valeriya Hontareva**.

Previously, the regulator reported that it had worsened its outlook for the growth of Ukraine's international reserves for the end of the current year from 18.7bn dollars to 17.2bn dollars, while revising upwards the forecast for the end of 2017 from 22.6bn dollars to 23.5bn dollars.

The National Bank's foreign exchange reserves in June 2016 increased by 3.3 percent to 13.981bn dollars.

Public debt grows to 67bn dollars

As of 1 July, the total amount of public and publicly guaranteed debt stood at 67.12bn dollars, which is 1.61bn dollars or 2.5 percent more than at the beginning of this year, the Finance Ministry has reported.

It should be recalled that in June the amount of debt decreased by 0.33 percent.

Balance of payments shows 377m-dollar surplus in June

The surplus of Ukraine's consolidated balance of payments totalled 377m dollars in June, which is 112m dollars less than over the same period of 2015, the National Bank has reported.

It should be noted that the surplus in May was 374m dollars.

Foreign trade deficit grows to 2bn dollars in first six months of 2016

The deficit of Ukraine's foreign trade in goods in January-June reached 1.95bn dollars, which is 23.5 percent more year on year, according to the National Bank.

Exports totalled 15.24bn dollars, a decrease of 11.9 percent, while imports shrank by 9.9 percent to 17.19bn dollars.

State budget receives 11.41bn dollars over six months

Revenues of Ukraine's state budget totalled 282.95bn hryvnyas (11.32bn dollars) in January-July 2016 (as of 25 July), which is 7.4 percent more than over the same period of the previous year, the State Treasury Service has reported.

National Bank cuts discount rate to 15.5 percent

The National Bank's board on 29 July decided to lower the discount rate by 1 percentage point to 15.5 percent.

The regulator has been lowering the discount rate for the fourth consecutive month. It has become possible to loosen the monetary policy thanks to the continuing decline in inflation, which reached 6.9 percent in annual terms by the end of June.

National Bank declares State Land Bank insolvent

The National Bank has made a decision to put the State Land Bank on list of insolvent financial institutions due to a conflict of interest.

The bank, which was established for operations with land and property rights to land plots, is fully owned by the state through the Finance Ministry

In February, the cabinet approved a strategy for the development of state-owned banks, according to which the government should exit non-systemic banks,

including the State Land Bank, either through privatization or liquidation before the end of 2017.

Banks obliged to report opening, closing parties' accounts

The National Bank of Ukraine has obliged banks to submit reports on opening and closing accounts of political parties and local branches of parties with the Accounting Chamber of Ukraine as well as with the National Agency for Prevention of Corruption.

Construction volumes increase by 9.1 percent over six months

Companies performed construction works in January-June to the tune of 24.9bn hryvnias (1bn dollars), which is 9.1 percent more than in the same period of 2015, according to the State Statistics Service.

At the same time, the volume of housing construction was 7.42bn hryvnias (296.8m dollars), while the volume of non-residential property built was 6.16bn hryvnias (246.4m dollars).

The largest construction volumes were recorded in Kyiv - 6.23bn hryvnias (249.2m dollars), which is 10.5 percent more than in the same period of 2015, and Kharkiv Region - 2.51bn hryvnias (100.4m dollars), which is 22.3 percent more than in the same period of 2015.

Retail sales grow by 2.3 percent over six months

Retail trade turnover in Ukraine totalled 52.45bn hryvnias (2.09bn dollars) in January-June, which is 2.3 percent more than in the corresponding period of 2015, according to the State Statistics Service.

Ukrspetseksport boosts net profit by 76.19 percent in first half-year

The state-run Ukrspetseksport company in January-June increased net profit by 76.19 percent compared to the same period of 2015, to 69.3m hryvnias (2.77m dollars).

Its net revenue increased by 93.1 percent to 1.38bn hryvnias (55.2m dollars), gross profit increased by 3.4 times to 923.88m hryvnias (36.95m dollars) and operating profit by 4.4 times to 90.56m hryvnias (3.62m dollars).

Freight traffic grows by 3.9 percent in first half-year

Ukrainian transport enterprises in January-June 2016 increased freight carriage by 3.9 percent compared to the same period in 2015, to 291m tonnes, according to the State Statistics Service.

At the same time, Ukraine's carriers decreased passenger transport by 6.6 percent to 2.41bn people in the first half-year.

Boryspil airport shows 27m-dollar profit in first half-year

International airport Boryspil posted a profit (before taxes) of 664.8m hryvnyas (26.59m dollars) in the first half-year, the company's press has reported.

Its profit growth was driven by a 14-percent increase in passenger traffic, which totalled 3.6m people.

8. ENERGY**Naftohaz accuses Gazprom of breaching transit contract**

The chairman of the board of the state-run energy company Naftohaz Ukrayiny, **Andriy Kobolev**, has said that Gazprom failed to stick to the terms of the transit contract by lowering pressure on the intake side of Ukraine's gas transport system.

He also said that he had sent a letter of appeal to the European Commission with a proposal to set up a monitoring group to document this fact and decide on further steps.

According to Kobolev, by these actions Russia wants to do everything possible to prove to its European partners that Ukraine cannot be a transit country.

According to Ukrtransgaz, the transit of Russian gas through the Ukrainian gas transport system on 26 July fell to 136m cu.m., which is 30 percent less than the average daily transit recorded during 1-22 July.

According to Russian media, Gazprom's decreased gas transit through Ukraine was allegedly due to small orders from European consumers and hot weather.

Naftohaz granted permission to supply gas to Odesa plant

The Economic Development Ministry has given the green light to the state-run energy company Naftohaz Ukrayiny to conclude a contract with the Odesa Portside Plant for the delivery of 45m cu.m. of gas worth 302.6m hryvnyas (12.1m dollars) in July 2016.

At the same time, the Odesa plant paid 5.4m hryvnyas (216,000 dollars) to Naftohaz to repay accumulated debts.

It should be recalled that Naftohaz's first deputy board chairman, **Serhiy Pereloma**, who is currently under investigation, also chairs the supervisory board of the Odesa Portside Plant.

It was also reported that Nortima company (affiliated with Privat Group of businessmen **Ihor Kolomoyskyy** and **Hennadiy Boholyubov**) lost the case on the privatization of the Odesa Portside Plant to the State Property Fund. Nortima asked the court to recognize the tender committee's actions as illegal, as the committee refused to recognize it as the winner in the tender for the plant's sale in 2009.

The Odesa Portside Plant showed a net loss of 243.9m hryvnyas (9.76m dollars)

in the first half-year, whereas the company ended the first half-year of 2015 with a net profit of 152m hryvnyas (6.08m dollars).

Ukrtranshaz set to recover 17m dollars from Odesa plant

Ukrtranshaz, the operator of the domestic gas transport system, has filed a lawsuit with a court to recover 434m hryvnyas (17.36m dollars) from the Odesa Portside Plant for gas consumed in June, according to Ukrtranshaz president **Ihor Prokopiv**.

Dutch company wins tender to produce shale gas in eastern Ukraine

The Dutch company Yuzgas B.V. has won a tender for a project to produce shale gas at the Yuzivska field (located within Donetsk and Kharkiv regions), where previously Shell, a Dutch-British oil and gas company, planned to carry out production.

Yuzgas was registered on 14 June 2016, with an authorized capital of 1,000 euros, specifically for the development of the Yuzivska site. The company is fully owned by the Luxembourg-based fund Emerstone Energy, which belongs to the asset management company Emerstone Capital Partners (also based in Luxembourg). Both companies were created in 2016. Emerstone does not disclose its beneficiaries or investors.

It should be recalled that starting in 2013, Shell invested a few dozen million dollars at the site exploration, but then exited the project in September 2015.

Enerhoatom shows 44m-dollar net profit in six months

The state-owned Enerhoatom enterprise in the first half-year halved its net profit compared to the same period of 2015, to 1.1bn hryvnyas (44.0m dollars).

Ukrtransnafta posts 19m-dollar net profit in first half-year

The Ukrtransnafta company in the first half-year reduced its net profit by 39 percent compared to the same period of 2015, to 474.17m hryvnyas (18.97m dollars).

Ukrnafta ends first half-year with 407,000 dollars in net loss

The Ukrnafta company has posted a net loss of 10.1m hryvnyas (404,000 dollars) for January-June 2016. In the same period of the previous year, the company showed a net profit of 3.9bn hryvnyas (156m dollars).

Turboatom receives 17m-dollar net profit in first six months

The Turboatom company ended January-June 2016 with a net profit of 430.6m hryvnyas (17.22m dollars), which is 48.6 percent less than in the same period of the last year.

Zaporizhzhya nuclear plant starts using US fuel

The fifth generating unit of the Zaporizhzhya nuclear power plant, Europe's largest nuclear facility by installed capacity, has been connected to the grid after a scheduled overhaul.

Nuclear fuel produced by the American company Westinghouse was loaded in the reactor in June. Earlier, Westinghouse fuel was loaded into two units of the Yuzhnoukrayinsk nuclear power plant.

Retail petrol sales decrease by 7.7 percent in June

Some 142,600 tonnes of petrol were sold through filling stations in Ukraine in June, which is 7.7 percent less than in the same period of 2015, according to the State Statistics Service.

Retail sales of diesel fuel and compressed gas also declined by 12.7 percent (to 94,600 tonnes) and 12.4 percent (to 5,400 tonnes), respectively.

At the same time, retail sales of liquefied gas totalled 55,200 tonnes, which is 20.3 percent more than in the same period of 2015.

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