



Gorshenin *Weekly*

ISSUE 14 (177) 04/21/2014

CONTENT

1. Conflict in Ukraine's east...page 5

Armed conflict continues in eastern Ukraine

Shooting reported in Donetsk Region

Four-way talks on resolving Ukraine's crisis held in Geneva

Ukrainian security service says Russian special forces' role in disturbances in country's east proven

Russia repeats threat to send troops to Ukraine

Top Ukrainian prosecutor's office suspects Russian bank of funding terrorists in country's east

Ukrainian Dnipropetrovsk Region's governor sets reward for capture of Russian saboteurs

Pro-Russian separatists attack Roma community in Ukraine's eastern city

2. Crimean issue...page 8

Ukrainian parliament passes law on occupied Crimea

Putin acknowledges Russian troops occupied Crimea

Ukraine sends to European court first package of documents on dispute with Russia

Russia's Internal Troops seeking contract servicemen in Crimea

Russian president appoints acting Crimean leader

Crimea experiencing problems with water

Russia lays cable for communication services through Kerch Strait

Crimean Tatars unwilling to become Russian citizens get dismissed, says Ukrainian MP

3. International political...page 10

Ukraine-Russia

Ukraine restricts entry rules for Russians

Putin: nationalism rooted in western Ukrainians whose used to be "second-class"

Putin says may not recognize presidential election in Ukraine

Russia's FSB requests social network to disclose info on Euro-Maydan participants

Russia threatens to expand list of banned products from Ukraine

Ukraine-EU

European Parliament expresses support for Ukraine

EU Foreign Affairs Council approves 1bn-euro aid to Ukraine, cancels duties

EU to invest 100m euros in Ukrainian business

EU freezes accounts of Arbutov, Klymenko, Stavytskyi, Ivanyushchenko

Ukraine, EU to sign aviation agreement by 5 June

Czech Republic cancels visa fees for some categories of Ukrainian applicants

Ukraine-EU

USA, Ukraine sign 1bn-dollar aid deal

USA to allocate aid to Ukrainian servicemen, border guards

4. Domestic political...page 13

Parliamentary factions working on joint memorandum on settlement efforts in eastern Ukraine

Government drafts bill on amnesty for participants in mass riots in east

Government orders discussion of constitutional changes on decentralization

Parliament votes to resume army conscription

Prosecutor-General's Office investigating Defence Ministry's ex-officials

Security chiefs in Kharkiv, Dnipropetrovsk, Luhansk regions replaced

Turchynov appoints former law enforcers as advisers

Turchynov cuts National Security and Defence Council personnel

Parliament appoints National Guard commander

Law enforcers allowed to privatize accommodation in dorms

Heads replaced at two higher courts

Prosecutor's office says ex-president, former security chiefs set up terrorist organization

Ukraine asks Hague Tribunal to investigate Maydan killings

Experts investigating violence in Ukraine conclude first working session

5. Human rights...page 17

Parliament passes law on rights of deportees

Proceedings launched against former Constitutional Court judges

Supreme Court closes "gas case" against Tymoshenko

6. Media...page 18

Parliament passes law on public television

© Gorshenin Institute April 2014 All rights reserved

Parliament tightens control over National Broadcasting Council

Journalist goes missing in Ukraine

7. Economy...page 19

Ukraine to pay 9bn dollars by year's end

World Bank increases first tranche to Ukraine to 750m dollars

Finance Ministry sells government bonds worth 53m dollars

Japan to give Ukraine 1.1bn-dollar loan to modernize Bortnychi aeration plant

Finance Ministry publishes economic outlook for 2015

Ukraine cuts trade deficit fivefold

Industrial production slump accelerates in March

Agriculture output increases by 6 per cent in January-March

Parliament simplifies starting business, cancels stamps

National Bank of Ukraine bans 14 banks from foreign exchange market

Cabinet appoints new head of Treasury

National Bank of Ukraine ups discount rate to 9.5 per cent

Revenues Ministry uncovers Kurchenko's shadow schemes

Akhmetov's holding posts fall in net profit

8. Energy...page 21

Naftohaz ready to pay off debts to Gazprom at gas price of 268.5 dollars

Ukraine cannot pump gas into storage at 500 dollars per 1,000 cu.m. – Naftohaz chief

Ukraine resumes gas imports from Europe

Gazprom controls gas supplies through Slovakia's territory – Naftohaz chief

Gas supplies from Romania impossible until 2016

Ukraine cuts gas consumption in March by quarter

Ukraine can launch LNG terminal in a year – State Investment Agency

Ukrtransgaz appoints new head

Government approves schedule for raising gas tariffs

French company wants to mine uranium in Ukraine

CONFLICT IN UKRAINE'S EAST

Armed conflict continues in eastern Ukraine

Over the last week, pro-Russian activists in the east of Ukraine continued armed seizures of buildings. In particular, the separatists stormed and seized the city police department in Horlivka (Donetsk Region), with several injured reported. The protesters put up a Russian flag on the building.

At the same time, mass rallies "For United Ukraine" were held in a number of cities in the southeast of Ukraine.

According to a survey conducted by the Kiev International Institute of Sociology (ordered by the Zerkalo Nedeli weekly) in the southeast of Ukraine, only 15.4 per cent of the respondents want to join Russia, while 69.7 per cent believe it is a bad idea.

In addition, the overwhelming majority (76.7 per cent) of the respondents do not support the actions of those armed activists who capture administrative buildings in their regions. Only 11.7 per cent of the respondents support such actions.

The vice-president of Gorshenin Institute, **Oleksiy Leshchenko**, noted that residents of the southeast do not accept the idea of separatism. "They want other things, they want their government to provide jobs, decent wages and pensions, affordable health care and a good education system. Nobody wants war, they don't see what to fight for," the expert said.

Shooting reported in Donetsk Region

In the night of 20 April 2014, unknown people in four cars approached a roadblock at the entrance to Slovyansk (Donetsk Region) and opened fire at the supporters of the so-called Donetsk People's Republic, who opened fire in return, according to the Ukrainian Interior Ministry.

As a result of the shootout, three activists were killed and three were wounded, it said.

The attackers left the scene in two vehicles in the direction of Kharkiv Region. They took away the dead and wounded (their number is unknown).

Russian media reported that the checkpoint was attacked by representatives of the far-right party Right Sector. As a proof, the media claim that weapons, aerial maps, markings of the Right Sector and a business card of Right Sector leader **Dmytro Yarosh** were allegedly found in the two cars left by the attackers. At the same time, according to the news and analysis website LB.ua, as can be seen from the pictures and videos from the scene, the cars were completely burned down, so it is unclear how the found items remained undamaged.

Gorshenin Institute (@Gorshenin_eng) on Twitter

The Russian Foreign Ministry statement said the attack "proves the unwillingness of the Ukrainian authorities to restrain and disarm the nationalists and extremists", such as the Right Sector.

The Right Sector said that its activists did not take part in the shootout at the checkpoint in Slovyansk.

On its part, the Ukrainian Foreign Ministry expressed surprise at the commentary made by the Russian counterparts, which is based on unofficial information.

The deputy secretary of the National Security and Defence Council of Ukraine, **Viktoriya Syumar**, believes that the coverage of this event by the Russian media shows that Russia is conducting an information campaign to justify Russia's invasion in Ukraine.

Four-way talks on resolving Ukraine's crisis held in Geneva

On 17 April 2014, the foreign policy chiefs of Russia, the USA, the EU and Ukraine held negotiations on the Ukrainian crisis in Geneva (Switzerland).

The participants in the talks adopted a document which laid out measures to de-escalate tensions in Ukraine. In particular, it offers amnesty to separatists in exchange for their disarming and vacating occupied buildings.

A special monitoring mission of the Organization for Security and Cooperation in Europe will provide support for the implementation of these measures.

On 19 April, the Ukrainian Foreign Ministry stated that the Ukrainian side had already made a number of steps to implement the agreements reached in Geneva. More specifically, it suspended an active phase of its antiterrorist operation, made a decision to organize a discussion of amendments to the Ukrainian constitution with regard to decentralization of state powers, as well as drew up a draft law on amnesty for participants in large-scale disturbances in eastern regions of the country. You can find more details in the DOMESTIC POLITICAL section.

US President **Barack Obama** expressed scepticism regarding Russia's readiness to comply with the Geneva agreement. He also stressed that the USA had prepared new sanctions which could be imposed if Russia refused to follow the steps outlined in the document.

The EU commissioner for financial programming and budget, **Janusz Lewandowski**, also noted that the EU had already prepared new sanctions against Russia.

Ukrainian security service says Russian special forces' role in disturbances in country's east proven

Investigators of the Security Service of Ukraine (SBU) have proved the involvement of the Russian special forces in committing sabotage and disturbances in the east of Ukraine in the eight out of 12 launched criminal cases, SBU spokeswoman Maryna Ostapenko said on 18 April 2014.

Earlier, on 15 April, the SBU said that it had established the identity of the commander of a Russian sabotage unit which had been terrorizing the local population, seizing administrative buildings and destabilizing the social and political situation in Ukraine's eastern regions. He is a Russian national, an officer of a special unit of the Main Intelligence Directorate of the Russian Armed Forces' General Staff, Igor Strelkov.

On 16 April, the SBU reported that an extensive network of agents of the Russian special services, which had been developed in 2010, was acting on Ukrainian territory.

Russia denied the presence of its servicemen in Ukraine's eastern regions.

Russia repeats threat to send troops to Ukraine

On 17 April 2014, Russian President **Vladimir Putin** expressed hope that Russia would not have to send its troops to eastern Ukraine in order to defend the Russian-speaking population there. He pointed out that this possibility existed.

The president also stressed that the Russian Federation Council had provided him with the right to use the country's Armed Forces on the territory of Ukraine.

We would like to point out that the European Parliament adopted a resolution, in which it urged the Russian Federation Council to immediately revoke the mandate to use military force in Ukraine.

According to a poll conducted by the Kiev International Institute of Sociology (ordered by the Zerkalo Nedeli weekly), 71.5 per cent of residents of the southeast believe that the rights of the Russian-speaking population in Ukraine are not violated.

Half of the respondents expressed doubt that Russia fairly protects the interests of Russian-speaking citizens in their region (49.9 per cent). The other half of the respondents was divided into those who believe the opposite (32.6 per cent) and those who found it difficult to answer this question (16 per cent).

Top Ukrainian prosecutor's office suspects Russian bank of funding terrorists in country's east

The Ukrainian Prosecutor-General's Office has launched a criminal case against Sberbank Rossii (Russia's Savings Bank) on suspicion of funding separatist protests in the country's southeastern regions, Ukrainian Prosecutor-General Oleh Makhnitsky said on 15 April 2014.

He noted that 14 banks were suspected of providing funds to the separatists.

In its turn, Sberbank Rossii stated that Ukraine's law enforcers had not contacted it regarding the suspicions of funding terrorists in Ukraine's east.

Sberbank Rossii is among the biggest and most profitable banks in Ukraine. Its eponymous parent bank owns 100 per cent in Sberbank Rossii. In its turn, the

Ukrainian Dnipropetrovsk Region's governor sets reward for capture of Russian saboteurs

The team of a Ukrainian businessman and the head of the Dnipropetrovsk regional state administration, **Ihor Kolomoyskyy**, has set a reward for the capture of Russian saboteurs, as well as for surrendering weapons and voluntarily vacating administrative buildings by separatists, Dnipropetrovsk Region deputy governor Borys Filatov has said.

He said that everyone who surrenders a rifle will be paid 1,000 dollars, a machine gun, 1,500 dollars, a grenade launcher, 2,000 dollars. Capturing a Russian saboteur will be rewarded with 10,000 dollars and vacating a building with 200,000 dollars.

Furthermore, Kolomoyskyy's team paid 500,000 hryvnias (45,450 dollars) to the personnel of Mariupol's military unit, who repelled an attack of separatists in the early hours of 17 April.

Pro-Russian separatists attack Roma community in Ukraine's eastern city

Armed pro-Russian separatists have broken into the homes of the Roma community members, beat and robbed them, regardless of their sex and age, in Donetsk Region's city of Slovyansk, the Internet publication Novosti Donbassa has reported.

The separatists argue that they were fulfilling an order of "people's mayor" **Vyacheslav Ponomaryov**. Witnesses said that armed individuals had carried people's belongings into their vans.

CRIMEAN ISSUE

Ukrainian parliament passes law on occupied Crimea

On 15 April 2014, the Ukrainian parliament adopted a law on ensuring the rights and freedoms of citizens on the territory of Ukraine which had been temporarily occupied as a result of Russia's military aggression.

Under the approved law, the territory of the Autonomous Republic of Crimea and Sevastopol, the airspace over them, as well as the country's internal waters and territorial sea, including its underwater space, its bed and reserves, are considered to be temporarily occupied territories.

Russian President **Vladimir Putin** explained that NATO's expansion in Western Europe was among the reasons for Russia's annexation of Crimea.

Putin acknowledges Russian troops occupied Crimea

On 17 April 2014, Russian President **Vladimir Putin** acknowledged that the Russian military had interfered in the Crimean situation during the preparation and holding of a referendum on the status of the peninsula.

The Ukrainian Foreign Ministry believes that Putin's statement has decisively "buried a myth" about the legitimacy of the "referendum".

Ukraine sends to European court first package of documents on dispute with Russia

Ukraine has submitted to the European Court of Human Rights (ECHR) the first package of documents regarding its dispute with Russia, Ukrainian Justice Minister **Pavlo Petrenko** said on 16 April 2014.

He explained that the matter had to do with a lawsuit filed by Ukraine against Russia over large-scale violations of rights of Ukrainian citizens on the territory of Crimea, which the ECHR was currently considering.

Petrenko added that Ukraine had also submitted documents on the same issue to the European Commission of Human Rights, UN Human Rights Committee, as well as the European Committee for the Prevention of Torture.

The minister stressed that in addition to the already submitted documentation, Ukraine had evidence, which included video, that the Russian military had been involved in human rights violations in Crimea.

Russia's Internal Troops seeking contract servicemen in Crimea

Russia is recruiting contract servicemen for its Interior Ministry's Internal Troops, the Russian Interior Ministry's spokesman, **Mikhail Botsanyuk**, has said.

Russian president appoints acting Crimean leader

On 14 April 2014, Russian President **Vladimir Putin** said that the head of the Crimean government, **Sergey Aksenov (Serhiy Aksyonov)**, had been appointed as acting head of the Republic of Crimea.

Additionally, Putin appointed the former deputy commander of the Russian Black Sea Fleet, **Sergey Menyaylo**, as Sevastopol governor.

Crimea experiencing problems with water

The interim head of the Crimean Republic, **Sergey Aksenov (Serhiy Aksyonov)**, has said that Kiev decreased its delivery of water through the North Crimean canal to 5.5 cu.m. per second, while the standard delivery rate was 70 cu.m. per second. He added that the Crimean authorities intended to supply the peninsula with water from Russia's Krasnodar Territory.

In his turn, the deputy head of the Ukrainian presidential administration, **Andriy Senchenko**, stated that instead of paying off its 1.5m-hryvnya (136,000-dollar) debt for pumping in more water than allowed by the contract, Crimea was taking more water than it was authorized to.

Kherson Region's governor **Yuriy Odarchenko** said that the Crimean authorities had

seized technological facilities and that they were not serviced at the moment. He added that the canal bed had started to dry out.

Russia lays cable for communication services through Kerch Strait

The Russian telecommunications services provider Rostelekom is preparing to launch into operation an underground communications cable, which will connect Crimea with Russia through the Kerch Strait, the Russian daily Kommersant has quoted a source close to the company as saying.

Rostelekom planned to spend at least 11m-25m dollars on laying the cable under water, the newspaper added.

Crimean Tatars unwilling to become Russian citizens get dismissed, says Ukrainian MP

Crimean Tatars who live in Crimea and who refuse to adopt Russian citizenship have been dismissed from work, the former head of the self-styled Crimean Tatar government Majlis, Ukrainian MP Mustafa Dzhemilyev from the Fatherland faction has said.

In its resolution of 17 April 2014, the European Parliament expressed concern about the rights of Crimean Tatars and ethnic Ukrainians in occupied Crimea.

INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Ukraine restricts entry rules for Russians

Due to reports on possible acts of provocation at the state border as well as terrorist acts, Ukraine has "significantly tightened its border control" with regard to Russians and Ukrainians registered in Crimea, the spokesman for the State Border Service, **Oleh Slobodyan**, told the news and analysis website LB.ua on 17 April 2014.

He said that all Russians are subject to second-line control and are allowed into the territory of Ukraine after an interview with officers of the Interior Ministry and the Security Service of Ukraine.

Serhiy Astakhov, a representative of the State Border Service of Ukraine said that the temporary regulations on tighter border control at the Ukrainian-Russian border and at the administrative border with Crimea had been in place for over a month. He added that there was no specific age limit.

Russia's Aeroflot earlier quoted the Ukrainian State Border Service as saying that Ukraine had banned entry for Russian and Crimean male visitors aged 16 to 60 due to the threat of terrorism.

The Russian Foreign Ministry said that Russia was considering measures in response due to this decision of the Ukrainian authorities.

Janex Lenarčič, director of the OSCE Office for Democratic Institutions and Human

Rights (ODIHR), said that the decision to ban some Russians to Ukraine does not contradict the principles of the organization because "Ukraine is currently facing a powerful challenge to security and a serious threat to the sovereignty and territorial integrity".

Putin: nationalism rooted in western Ukrainians whose used to be "second-class"

Russian President **Vladimir Putin** has said that nationalism was rooted in western Ukraine because residents of these territories had never been full-fledged citizens of any European country. "They forgot that they used to be second-class people in these states. But it is buried in their historic memory, at the back of their mind, and somewhere in their souls. That is where this nationalism is rooted," he said.

The Foreign Ministry of Ukraine protested against Putin's statements about Ukrainians being "second-class". "Putin's derogatory tone, great-power notes and pseudo-historical conclusions reveal the true attitude of the Kremlin leadership towards Ukrainian citizens as people, as the leader of Russia has put it, of a "second-class", and clearly show what their cynical assurances of 'friendship' and 'brotherhood' are worth of," the statement reads.

The Foreign Ministry considers as absolutely inadmissible Putin's another statement about miners who, in Putin's opinion, want nothing more than "drink half a glass and go to the beach".

Putin says may not recognize presidential election in Ukraine

Russian President **Vladimir Putin** has said that the presidential campaign in Ukraine is unfair therefore legitimacy of its results is already doubtful.

For the election to be considered legitimate, Ukraine's constitution should be changed and a discussion on federalism and decentralization be held, he said.

In the opinion of **Sonya Koshkina**, editor in chief of the news and analysis website LB.ua, the election has de facto been disrupted in Donbas.

The National Security and Defence Council of Ukraine previously warned that Russia's main goal was to disrupt the 25 May presidential election.

Russia's FSB requests social network to disclose info on Euro-Maydan participants

Pavel Durov, founder of the VKontakte social network popular in post-Soviet countries, has said that he sold his stake after he refused to provide Russia's Federal Security Service (FSB) with information on the founders of Ukrainian protest groups. Durov posted this on VKontakte on 16 April.

Russia threatens to expand list of banned products from Ukraine

The Federal Service on Customers' Rights Protection and Human Well-Being

Surveillance (Rospotrebnadzor) does not rule out that it may expand the list of Ukrainian-made products which cannot be imported into Russia, its head **Anna Popova** has said.

Rospotrebnadzor's sanctions currently apply to cheese made by five Ukrainian factories and sweets by Roshen's confectionery.

According to the first deputy head of the Russian Federal Customs Service, **Vladimir Malinin**, turnover between Russia and Ukraine has dropped by almost 20 per cent since the beginning of the year.

Ukrainian Prime Minister **Arseniy Yatsenyuk** has said that Ukraine intends to complain to the WTO against the trade restrictions imposed by Russia.

UKRAINE-EU

European Parliament expresses support for Ukraine

On 17 April 2014, the European Parliament issued a resolution condemning Russia's aggression against Ukraine in Crimea and its eastern regions.

MEPs agreed that the EU should strengthen the second phase of sanctions and be ready for the third phase (economic sanctions), which must be applied immediately, particularly against Russian companies and their subsidiaries, and for all agreements with Russia to be reviewed with a view to their possible suspension.

The European Parliament reiterated its call on the Council to swiftly apply an arms and dual-use technology embargo against Russia.

It also reiterated that the association agreements with Ukraine and the other Eastern Partnership countries do not constitute the final goal in their relations with the EU, and that they may apply to become members of the Union provided that they adhere to the principles of democracy, respect fundamental freedoms and human and minority rights and ensure the rule of law.

EU Foreign Affairs Council approves 1bn-euro aid to Ukraine, cancels duties

On 14 April 2014, the EU Foreign Affairs Council approved the allocation of an additional 1bn-euro aid package to Ukraine and measures to cancel import duties on Ukrainian goods.

The trade preferences will come into force on 23 April.

EU ambassador to Ukraine **Jan Tombinski** recalled that the free trade area between Ukraine and the EU would come into force on 1 November.

EU to invest 100m euros in Ukrainian business

In 2015, the EU is going to invest 100m euros to support business development in Ukraine, including in the introduction of energy saving and other technologies, EU ambassador to Ukraine **Jan Tombinski** has said.

EU freezes accounts of Arbuzov, Klymenko, Stavytsky, Ivanyushchenko

The Council of the European Union has put an asset freeze on former Ukrainian First Deputy Prime Minister **Serhiy Arbuzov**, former Income Minister **Oleksandr Klymenko**, former Energy Minister **Eduard Stavytsky** and Party of Regions MP **Yuriy Ivanyushchenko**, "in connection with the embezzlement of Ukrainian state funds and their illegal transfer outside Ukraine".

This brings the total number of persons subject to an EU asset freeze in connection with embezzlement of Ukrainian public funds to 22.

Ukraine, EU to sign aviation agreement by 5 June

Ukraine and the EU will sign the Common Aviation Area Agreement by 5 June 2014, the transport sector coordinator of the EU office in Ukraine, **Svitlana Didkovska**, has said.

Czech Republic cancels visa fees for some categories of Ukrainian applicants

As of 22 April 2014, the Czech Republic is cancelling short-term visas for certain categories of Ukrainian citizens, the Czech Foreign Ministry has said.

According to its statement, all applicants of Czech origin, young people under 26 and pensioners over 60 will be exempt from visa fees. If applicants can prove their Czech origins, they can be issued with Czech one-year-long multi-entry visas.

UKRAINE-EU

USA, Ukraine sign 1bn-dollar aid deal

The USA and Ukraine have signed an agreement to provide the latter with a 1bn-dollar financial aid package.

The Ukrainian Finance Ministry said that it was planning to issue eurobonds worth 1bn dollars against US guarantees.

USA to allocate aid to Ukrainian servicemen, border guards

On 17 April 2014, US President **Barack Obama** approved additional non-lethal military assistance for health and welfare items and other supplies to the Ukrainian army and border guards, US Secretary of Defence **Chuck Hagel** has said.

The US Department of State said that supplies worth a total of 6.5m dollars would be sent to the Ukrainian armed forces and the State Border Service.

DOMESTIC POLITICAL

Parliamentary factions working on joint memorandum on settlement efforts in eastern Ukraine

On 16 April 2014, the Party of Regions at its extraordinary congress in Donetsk issued a resolution saying, in particular, that a referendum on the status of the

Russian language should be held simultaneously with the presidential election. Party of Regions deputies spoke in favour of a direct nationwide election of governors and autonomous budget policy within the framework of the unitary country.

Members of the Party of Regions faction said they would not take part in any parliamentary votes until the demands of its congress are met.

The parliamentary coalition offered all the political forces represented in parliament to sign a memorandum of mutual understanding on the ways of settling the situation in the east of Ukraine. However, according to interim President and speaker **Oleksandr Turchynov**, the factions failed to agree its text. In particular, the Freedom faction flatly opposes giving the Russian language the official status in the constitution.

Party of Regions faction head **Oleksandr Yefremov** said that the text of the memorandum would have to be approved with the protesters.

The Party of Regions also offered its text of the memorandum in which Russian is given the status of the second state language in the constitution.

According to Turchynov, the Ukrainian authorities are prepared to give Russian and other languages a special status in certain regions of Ukraine.

Government drafts bill on amnesty for participants in mass riots in east

On 18 April 2014, Prime Minister **Arseniy Yatsenyuk** has said that the government has drafted a bill on amnesty for armed pro-Russian demonstrators in eastern regions of Ukraine. According to the document, entitled to amnesty are those who will lay down arms and vacate the seized buildings, he said. He added that those who committed especially grave crimes would not be amnestied.

Yatsenyuk said that the bill would be registered with parliament if all factions and deputy groups, including the opposition, support this initiative.

Government orders discussion of constitutional changes on decentralization

On 17 April 2014, the cabinet has ordered a discussion of constitutional changes on decentralization of power to be held by 1 October.

The Regional Development Ministry will coordinate the discussion.

Acting Ukrainian Foreign Minister **Andriy Deshchytsya** said that residents of all regions, including Crimea, would be involved in the discussion of constitutional reform in Ukraine.

In Prime Minister **Arseniy Yatsenyuk's** opinion, the Ukrainian government is prepared to carry out constitutional reform as a result of which regional and district state administrations will be disbanded.

According to a public survey held by the Kiev International Institute of Sociology at the request of the Zerkalo Nedeli weekly, only 24.8 per cent of residents of Ukraine's southeast want Ukraine to be a federative state. Meanwhile, 19.1 per cent of southeastern residents speak in favour of the unitary state, 45.2 per cent believe

Ukraine should be a unitary state but devolve some powers to the regions and expand their rights.

Parliament votes to resume army conscription

On 17 April 2014, parliament passed a resolution on additional measures to strengthen Ukraine's defence capability due to the Russian aggression.

In it, MPs suggested that interim President **Oleksandr Turchynov** consider the expediency of resuming conscription to the Armed Forces of Ukraine.

They also recommended that the Ukrainian Defence Ministry consider opening training centres for volunteers who can be engaged in military reserve and territorial defence units.

According to Ukrainian Defence Minister **Mykhaylo Koval**, the Defence Ministry has implemented the partial mobilization plan in full. As of 2 April, 19,000 have been recruited into the army, he said.

Prosecutor-General's Office investigating Defence Ministry's ex-officials

The Prosecutor-General's Office (PGO) has launched an investigation into the activities of the Defence Ministry and the Armed Forces' General Staff, its press service has said.

According to preliminary findings, while carrying out defence reform in 2012-13, the Defence Ministry's senior officials made a number of managerial decisions which resulted in lower combat readiness of military units. In certain cases, units could no longer implement their tasks, the PGO has said.

Security chiefs in Kharkiv, Dnipropetrovsk, Luhansk regions replaced

Acting President and speaker **Oleksandr Turchynov** has appointed **Oleksandr Pyvovar** as head of the Security Service of Ukraine's (SBU) directorate in Kharkiv Region.

Hennadiy Hryshchenko was put in charge of the SBU directorate in Dnipropetrovsk Region, **Myhailo Hrek** – in Luhansk region.

Turchynov appoints former law enforcers as advisers

Acting President and speaker **Oleksandr Turchynov** has appointed former Interior Minister **Yuriy Lutsenko**, Security Service of Ukraine (SBU) ex-chief **Ihor Smeshko** and a former secretary of the National Security and Defence Council, **Volodymyr Horbulin**, as his advisers.

Turchynov cuts National Security and Defence Council personnel

On 15 April 2014, interim President and speaker **Oleksandr Turchynov** cut the number of employees of the National Security and Defence Council (NSDC) apparatus from 180 to 162.

He also approved a new structure of the NSDC apparatus.

Parliament appoints National Guard commander

On 15 April 2014, parliament appointed the head of the main department and commander of the Interior Ministry's Internal Troops, **Stepan Poltorak**, as commander of the National Guard of Ukraine.

Poltorak has been in charge of the Internal Troops Academy of the Interior Ministry.

Interim President and speaker **Oleksandr Turchynov** appointed three deputy commanders of the National Guard.

Law enforcers allowed to privatize accommodation in dorms

On 17 April 2014, parliament allowed employees of the Armed Forces of Ukraine, the Interior Ministry, the Security Service of Ukraine (SBU), the State Border Service and other uniformed agencies to privatize their accommodation in dormitories.

Heads replaced at two higher courts

Bohdan Lvov has been appointed head of the Higher Economic Court, while **Borys Hulko** has become head of the Higher Specialized Court for Civil and Criminal Cases. They have been elected by judges of the respective courts.

Prosecutor's office says ex-president, former security chiefs set up terrorist organization

The Prosecutor-General's Office (PGO) is conducting an investigation as part of the criminal proceedings against former senior officials under Article 258 Part 3 of Ukraine's Criminal Code (act of terrorism leading to loss of life), PGO spokesman **Vasyl Zorya** has said, according to a report by the news agency Interfax-Ukraine.

In particular, the investigation has found out that deposed President **Viktor Yanukovych**, former chief of the Security Service of Ukraine (SBU) **Oleksandr Yakymenko** and former Interior Minister **Vitaliy Zakharchenko** "colluded to set up a terrorist organization whose activities led to mass casualties on 20 February 2014 on Instytutska Street in Kiev, and also engaged servicemen of the SBU and Internal Troops in the organization's activities," the spokesman said.

The PGO launched six criminal cases against deposed President Yanukovych.

The agency is also conducting an investigation as part of the criminal proceedings over abuse of office by former Prosecutor-General **Viktor Pshonka**.

Ex-Prime Minister **Mykola Azarov** was put on a wanted list due to abuse of authority.

In addition, **Oleksandr Yanukovych**, the former president's elder son, was also put on a wanted list.

Ukraine asks Hague Tribunal to investigate Maydan killings

The International Criminal Court (ICC) in The Hague has received a declaration from the Ukrainian government that accepts the ICC's jurisdiction over the alleged crimes committed on Maydan (Kiev's Independence Square) during the period from 21 November 2013 to 22 February 2014.

ICC Registrar **Herman von Hebel** said that accepting the Court's jurisdiction does not automatically trigger an ICC investigation. It is for the ICC Prosecutor to decide whether or not to request the judges' authorization to open an investigation, if the Prosecutor considers that the information available establishes the existence of a reasonable basis to open an investigation.

Ukraine signed the Rome Statute (the ICC Statute) in 2000, but failed to ratify it. Justice Minister **Pavlo Petrenko** on 14 April 2014 said that the Ukrainian government had asked the Constitutional Court to determine the constitutionality of such ratification.

Experts investigating violence in Ukraine conclude first working session

The International Advisory Panel overseeing the investigation of the violent incidents during the mass protests in Ukraine has completed its first working session, the news and analysis website EU-Plus has quoted the Council of Europe's press service as saying.

The first working session was held from 9 to 11 April and, as noted by the members, was "positive and constructive". The next meeting of the Panel is to be held on 5-7 May 2014.

The International Advisory Panel was initiated in December 2013 by Secretary General **Thorbjorn Jagland** following the first reports of violence in Ukraine during the mass protests that began in Kiev on 21 November 2013. The Panel includes **Nicolas Bratza**, former president of the European Court of Human Rights, **Volodymyr Butkevych**, former judge of the European Court of Human Rights, and **Oleh Anpilohov**, member of the Kharkiv regional council.

HUMAN RIGHTS

Parliament passes law on rights of deportees

The Ukrainian parliament on 17 April 2014 adopted a law on the rights of persons deported on ethnic grounds.

The document defines the range of persons who are recognized as deportees, the mechanism for granting the status of a deportee, state guarantees to deportees and their families who have returned to Ukraine for permanent residence, and compensation for confiscated property as a result of deportation, etc.

The document relates primarily to the rights of Crimean Tatars.

Proceedings launched against former Constitutional Court judges

The Prosecutor-General's Office (PGO) has opened criminal proceedings against judges of the Constitutional Court who expanded the powers of then President

Viktor Yanukovich and reinstated the 1996 constitution, acting Prosecutor-General **Oleh Makhnitskyy** has said.

Also, he said that the PGO opened proceedings against general court judges who issued unjust decisions. The prosecutors have been instructed to investigate not only the latest events, but also other facts that had occurred before the events on Maydan (Kiev's Independence Square).

Supreme Court closes “gas case” against Tymoshenko

Ukraine's Supreme Court has closed the so-called “gas case” against the leader of the Fatherland party, **Yuliya Tymoshenko**, due to lack of evidence, Tymoshenko's defence counsel **Serhiy Vlasenko** said on 14 April 2014.

MEDIA

Parliament passes law on public television

The Ukrainian parliament on 17 April 2014 passed a law on public television and radio broadcasting.

To ensure the formation of public broadcasting, the government should establish the National Public Television and Radio Broadcasting Company of Ukraine, the document says.

It is expected that the national budget will have a separate item for the company's funding.

Parliament tightens control over National Broadcasting Council

Ukrainian MPs on 17 April 2014 passed the law that terminates prematurely the powers of members of the National Council for Television and Radio Broadcasting.

According to the document, based on the council's report, parliament can give unsatisfactory assessment of the council members' performance and dismiss them.

Journalist goes missing in Ukraine

Pro-Russian activists in Slovyansk, Donetsk region on 16 April 2014 abducted Ukrainian journalist **Serhiy Lefter**, a former employee of the First National TV Channel, who covered the events in the town on behalf of the Open Dialogue foundation. The separatists accused him of being a member of the far-right organization Right Sector and conducting espionage operations.

Dozens of journalists said they were subjected to pressure and threats from pro-Russian activists in connection with their work in Donetsk region.

ECONOMY

Ukraine to pay 9bn dollars by year's end

By the end of the current year Ukraine has to pay 9bn dollars on its foreign loans.

According to Finance Minister **Oleksandr Shlapak**, the government plans to raise these funds in foreign markets.

World Bank increases first tranche to Ukraine to 750m dollars

The World Bank has decided to increase the size of the first tranche of financial assistance to Ukraine, which is expected in May, from 500m to 750m dollars, the press service of the Ministry of Finance has reported.

Finance Ministry sells government bonds worth 53m dollars

The Ministry of Finance at a regular auction on 15 April 2014 sold government domestic loan bonds for a total on 587.7m hryvnias (53.4m dollars) and channelled the funds to the national budget.

The ministry reported that the securities (maturity of 77 days) were placed in local currency at 9.95 per cent per annum.

Japan to give Ukraine 1.1bn-dollar loan to modernize Bortnychi aeration plant

The government of Japan has decided to provide assistance to Ukraine in the amount of 150bn yens (1.5bn dollars), which includes a loan of 1.1bn dollars for modernization of a wastewater treatment plant in Bortnychi, the single system of sewage treatment facilities in Kiev, the press service of the Regional Development Ministry has said, quoting Japanese ambassador to Ukraine **Toichi Sakata**, according to a report by the news agency UNIAN.

Finance Ministry publishes economic outlook for 2015

The Finance Ministry has published draft fiscal policy guidelines for 2015, which will be used as a basis for a new state budget.

According to the document, the government is expecting slow economic growth next year. GDP in 2015 should grow by 1.7 per cent, nominal GDP is expected at 1,742bn hryvnias (158bn dollars), inflation at 5.4 per cent, producer price growth at 7.3 per cent, and unemployment rate at 7.8 per cent (based on the methodology of the International Labour Organization).

To calculate the budget parameters in 2015, the government will assume that the hryvnia exchange rate during the period will be flexible and will depend on the situation on the interbank market.

Ukraine cuts trade deficit fivefold

The merchandise trade deficit in January-February 2014 totalled 267.4m dollars, according to the State Statistics Committee.

Industrial production slump accelerates in March

Industrial production in Ukraine in March 2014 contracted by 6.8 per cent compared with March 2013, while in February and January 2014 industrial output decreased by 3.7 and 5.0 per cent year-on-year, respectively, according to the State Statistics Committee.

Agriculture output increases by 6 per cent in January-March

Agricultural production in the first quarter of 2014 increased by 6 per cent compared with the same period last year, as reported by the State Statistics Committee.

Parliament simplifies starting business, cancels stamps

Ukrainian MPs on 15 April 2014 passed a law that simplifies opening of a business. In particular, the lawmakers cancelled the registration fee and established a mechanism for registering legal entities and individual entrepreneurs by filing electronic documents without the use of digital signature.

The law also abolishes the obligation for entrepreneurs to make and use stamps.

National Bank of Ukraine bans 14 banks from foreign exchange market

The National Bank of Ukraine has temporarily disconnected 14 banks from the Agreement Confirmation System of the interbank market, the regulator's press service reported on 15 April 2014.

The reason behind the decision to exclude the banks from the market was their practice to inflate exchange rates on the foreign exchange market. According to the report, such rates produced "a destabilizing effect" on the hryvnya and "formed negative expectations".

National Bank of Ukraine chairman **Stepan Kubiv** said that these banks are now undergoing checks, and if the violations are confirmed, they can lose their licenses.

Cabinet appoints new head of Treasury

MP **Tatyana Slyuz** of the Fatherland party has been appointed head of the State Treasury, according to the government resolution of 16 April 2014.

Slyuz was head of the Treasury in 2007-10.

National Bank of Ukraine ups discount rate to 9.5 per cent

The Board of the National Bank has decided to increase from 15 April 2014 the discount rate from 6.5 to 9.5 per cent. In addition, the regulator set the refinancing rate at the double discount rate, or 19 per cent.

Revenues Ministry uncovers Kurchenko's shadow schemes

The Revenues Ministry has uncovered a number of shady schemes and seized the property and assets associated with businessman **Serhiy Kurchenko** for a total of about 1bn hryvnias (90.91m dollars), the UNIAN news agency has quoted the ministry's press service as saying.

According to the report, the investigators have launched seven criminal investigations against the managers of a number of businesses related to Kurchenko.

Earlier, Interior Minister **Arsen Avakov** said that Kurchenko's companies in 2012-13 imported into Ukraine petroleum products without 25bn hryvnias (2.27bn dollars) without clearing the customs and paying taxes and fees.

Prime Minister **Arseniy Yatsenyuk** said that closing "Kurchenko's scheme" for duty-free imports of petroleum products in April brought into the state budget nearly 1bn hryvnias (90.91m dollars).

Akhmetov's holding posts fall in net profit

The energy holding DTEK in 2013 saw a decrease in net profit by 44 per cent or 2.62bn hryvnias (roughly 239m dollars), compared with 2012, down to 3.33bn hryvnias (302.73m dollars), according to the company's report on the website of the London Stock Exchange.

DTEK's consolidated revenues during the period increased by 12.4 per cent to 92.82bn hryvnias (8.44bn dollars).

ENERGY**Naftohaz ready to pay off debts to Gazprom at gas price of 268.5 dollars**

The state-owned oil and gas company Naftohaz Ukrayiny is ready to settle natural gas debts with Russia's Gazprom in full if the price of Russian gas is agreed at 268.5 dollars per 1,000 cu.m., Naftohaz's press service said on 15 April 2014.

Currently, Ukraine's debt for Russian gas exceeds 2.2bn dollars.

Russian President **Vladimir Putin** said that Russia would "tolerate gas defaults" by Ukraine for another month and then will switch to advance payments.

The chairman of Gazprom's Board of Directors, **Viktor Zubkov**, said that the gas monopoly will decide whether to move Ukraine to upfront gas payments after it receives the European Union's response to Putin's letter concerning Naftohaz's debts.

European Commission President **Jose Manuel Barroso** has rejected the idea of Ukraine making advance payments for Russian gas supplies, as it can adversely affect the safety of Russian gas transit through the Ukrainian territory to Europe, and called for greater transparency in the gas relations between Ukraine and Russia, as follows from Barroso's letter of response to Russian President Vladimir Putin, who warned of problems in gas relations with Kiev in a letter dated 10 April 2014 sent to the leaders of 18 EU countries.

Also, the European Parliament adopted a resolution declaring that the South Stream pipeline should not be built and called on the EU to help Ukraine resolve the gas dispute with Russia.

Ukraine cannot pump gas into storage at 500 dollars per 1,000 cu.m. – Naftohaz chief

Ukraine does not have sufficient financial resources to pump Russian gas into underground storage facilities at 500 dollars per 1,000 cu.m. to support transit to Europe, according to the chairman of the state-owned oil and gas company Naftohaz Ukrayiny, **Andriy Kobolyev**.

As he said, Ukraine needs to take out twice as much gas from the underground storage facilities to cover consumption peaks in Europe than it needs to use during its own consumption peaks.

Ukraine resumes gas imports from Europe

The German company RWE on 15 April 2014 resumed gas supplies to Ukraine via Poland under a contract with Ukraine's state-owned oil and gas company Naftohaz Ukrayiny signed in 2012, providing up to 10bn cu.m. of natural gas per year; the German company's press service has reported, according to the news agency UNIAN.

According to the report, the supplies are made at European market prices plus the cost of shipping.

The company also considers it possible “to significantly increase” gas supplies to Ukraine in case it resolves the issue of gas supply through Slovakia.

Earlier, the operators of the connecting gas transport systems of Ukraine, Ukrtransgaz, and of Poland, Gaz-System SA, signed an addendum to the operating agreement which clarifies the transfer of production and technical information between the companies.

The press service of Naftohaz Ukrayiny reported that the document

outlines a simplified procedure for clearance of daily volumes of natural gas supplied to Ukraine from Poland through the gas metering station in Hermanowice.

Gazprom controls gas supplies through Slovakia's territory – Naftohaz chief

Natural gas supplies at the Ukrainian-Slovak border are unofficially controlled by Russia's Gazprom through its subsidiary Gazprom Export, according to the head of the state-owned oil and gas company Naftohaz Ukrayiny, **Serhiy Kobolyev**.

Kobolyev also said that the Slovak side had received a good discount on gas from Gazprom.

Also, according to Reuters, Slovakia at the 15 April 2014 negotiations in Bratislava suggested that the Ukrainian side use a small pipeline for transit of gas from Europe instead of the main pipeline (the latter option will allow supplying enough gas for the Ukrainian side to cover its needs). The Slovak side fears that Ukraine's using the main pipeline may lead to termination of Slovakia's agreement with Russia's Gazprom.

In addition, as suggested by the Slovak side, reverse gas supplies can be started not earlier than November, while Ukraine insists on starting supplies in July.

Naftohaz also reported that European companies which want to supply gas in the reverse direction suggest that Ukraine file a suit against the Slovak transport system operator Eustream, because it violates many provisions of the European legislation, including those of the Second and Third Energy Packages.

Gas supplies from Romania impossible until 2016

Transgaz, which controls Romania's gas transport system, says it will not be able to provide reverse gas supplies to Ukraine until 2016-17.

In an extreme case, Romania will be able to supply only small volumes of gas to Ukraine through the Szeged-Arad pipeline, which will make less than 1 per cent of domestic production.

The company noted that its priority now is to build the Iasi-Ungheni pipeline, which will supply gas from the EU to Moldova. Moldova by 100 per cent depends on gas supplies from Russia, with annual purchases of about 3.1bn cu.m.

The vice-president of Gorshenin Institute, **Oleksiy Leshchenko**, noted that over the years of independence, Ukraine has failed to find any clear algorithm of energy security and today is highly dependent on Russian gas supplies which make up almost 60 per cent of the total consumption volume.

Ukraine cuts gas consumption in March by quarter

Ukraine in March 2014 reduced consumption of natural gas by 22.9 per cent as compared with March 2013, to 4.96bn cu.m., according to the State Statistics Committee.

Gas consumption in March 2014 compared with February 2014 decreased by 17.2 per cent.

In addition, consumption of coal in March 2014 dropped by 15.6 per cent compared with March 2013, to 5.3m tonnes, and by 1.2 per cent compared with February 2014.

Russian gas imports in March 2014 amounted to 1.9bn cu.m., which is 15 per cent less than in March 2013.

Ukraine can launch LNG terminal in a year – State Investment Agency

Ukraine can put into operation an LNG terminal in one year after the respective decision is made, as announced by **Serhiy Yevtushenko**, head of the State Agency for Investment and National Projects, quoted by the newspaper Delo.

However, he noted that it would take several years to launch a ground terminal.

Ukrtranshaz appoints new head

The shareholders of Ukrtranshaz, the operator of the Ukrainian gas transport system, at a general meeting on 14 April 2014 appointed chief engineer **Ihor Lokhman** as new chairman of the board.

This is the second appointment to this position over the last two months.

Government approves schedule for raising gas tariffs

The Cabinet of Ministers on 17 April 2014 approved a schedule for increasing gas prices for households in 2015-17.

According to the government regulation, the National Energy Regulation Commission (NERC) is recommended to raise gas prices by 40 per cent from 1 May 2015, by 20 per cent from 1 May 2016 and 20 per cent from 1 May 2017. In such a way, in the course of three years, the prices will double up from the level that will be set on 1 May 2014.

In early April, the NERC raised gas prices for households 1.5 times. As a result, from 1 May the minimum tariff will be 1.089 hryvnias (0.099 dollar) per cu.m. if gas meters are used, and 1.197 hryvnias (0.109 dollar) without gas meters.

French company wants to mine uranium in Ukraine

The French company Areva wants to extract uranium in Ukraine, according to

the press service of the Ukrainian state concern Yaderne Palyvo (Nuclear Fuel).

According to its report, the representatives of Yaderne Palyvo and Areva met on 16 April 2014 to discuss the current issues of cooperation in the nuclear fuel cycle. Areva's Director for Russia and CIS **Ludovic Devos** confirmed the company's interest in the joint development of promising uranium deposits.

Areva is particularly interested in the Safonivske field in Mykolaiv Region.

Founded in July 2010, Gorshenin Weekly is a weekly digest of expert analysis covering the most important political, social and economic events in Ukraine. It is the key source of information about opinion polls carried out by the Gorshenin Institute as well as the best professional commentaries on recent developments.

Gorshenin Weekly is available in Russian and English.

Gorshenin Weekly has over 700 subscribers in the EU, the USA, Russia, Ukraine and other countries. Its regular customers are representatives of the embassies, the European Commission, the European Parliament, the US Department of State, leading international analytical centres, Ukrainian and international mass media.

If you wish to subscribe to Gorshenin Weekly please send your request to the following e-mail address: weekly@gorshenin.eu.

Our contact information:
18b Mala Zhytomyrska st.,
Kiev 01001, Ukraine
+38 044 230 4962
+38 044 230 4966 f



For more information please visit our website
<http://gorshenin.eu/>