



# Gorshenin *Weekly*



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## 1. TOP STORIES

### **Hague prosecutor assesses armed conflict between Russia and Ukraine in Donbas**

The prosecutor described the situation in Crimea as an "international armed conflict"

*Read more in ARMED CONFLICT IN EAST UKRAINE and CRIMEAN ISSUE*

### **UN committee passes resolution on Russian occupation of Crimea**

The UN General Assembly will consider the resolution at a plenary session in December

*Read more in CRIMEAN ISSUE*

### **EU Council agrees position on visa waiver for Ukraine**

Visa-free travel for Ukraine should enter into force simultaneously with the new visa waiver suspension mechanism

*Read more in INTERNATIONAL POLITICAL*

### **IMF mission ends visit to Ukraine**

Ukraine should pass the 2017 budget consistent with the IMF programme to receive a fresh tranche

*Read more in ECONOMY*

## 2. ARMED CONFLICT IN EASTERN UKRAINE

### **ICC prosecutor: Donbas conflict international and non-international in character**

For the purpose of determining whether the otherwise non-international armed conflict could be actually international in character, the International Criminal Court's Office of the Prosecutor is examining allegations that the Russian Federation has exercised overall control over armed groups in eastern Ukraine, ICC Prosecutor **Fatou Bensouda** said in her Report on Preliminary Examination Activities on 14 November 2016.

"Additional information, such as reported shelling by both states of military positions of the other, and the detention of Russian military personnel by Ukraine, and vice-versa, points to direct military engagement between Russian armed forces and Ukrainian government forces that would suggest the existence of an international armed conflict in the context of armed hostilities in eastern Ukraine from 14 July 2014 at the latest, in parallel to the non-international armed conflict," it reads.

For the armed conflict in eastern Ukraine to qualify for an international conflict, one has to prove that Russia exercises overall control over militants, according to experts.

The ICC report also describes the events in Crimea as an international armed conflict. *Read more in CRIMEAN ISSUE*

The ICC opened a preliminary examination of the Ukraine case in April 2014.

## **OSCE records "highest" number of cease-fire violations this year**

The number of cease-fire violations recorded by the OSCE Special Monitoring Mission last week was "the highest number seen so far this year", Principal Deputy Chief Monitor **Alexander Hug** said on 17 November 2016.

In his words, the majority of violations included explosions caused by mortars, tanks, artillery and multiple-launch rocket systems near Mariupol, Maryinka and Popasna.

"Disengagement works: no cease-fire violations noted by SMM last week at Petrivske and Zolote," the OSCE SMM quoted Hug as saying on Twitter.

Disengagement in the third dedicated area, near Stanytsya Luhanska, was suspended due to continuous attacks by pro-Russian militants.

## **US envoy at OSCE says 30,000 uniformed men came to Donbas from Russia**

The Observer Mission has observed more than 30,000 individuals in military-style dress crossing just at the two checkpoints to which it has access, meaning Gukovo and Donetsk (Rostov Region), US ambassador to the OSCE Permanent Council **Daniel B. Baer** has said.

"On at least 27 different occasions, the Observer Mission has reported seeing funerary vehicles returning to Russia with a sign reading 'Cargo 200' or '200', a well-known code for Russian military casualties," he said.

## **Ukraine establishes three local military-civil administrations in east**

On 19 November 2016, Ukrainian President **Petro Poroshenko** signed a decree to establish military-civil administrations in the population centres of Zolote and Katerynivka (Luhansk Region) and in the village of Zaytseve (Donetsk Region).

The Maryinka district military-civil administration (Donetsk Region) was formed on 28 September.

The president signed the decree to establish military-civil administrations in Donbas on 5 March 2015.

## **Red Cross sends humanitarian convoy to occupied Donbas**

A mission of the International Committee of the Red Cross on 19 November sent eight lorries with humanitarian supplies to areas of Donetsk Region not controlled

by the Ukrainian government.

### 3. CRIMEAN ISSUE

#### **ICC prosecutor says events in Crimea "international armed conflict"**

The information available suggests that the situation within the territory of Crimea and Sevastopol amounts to an international armed conflict between Ukraine and the Russian Federation, International Criminal Court Prosecutor **Fatou Bensouda** said in her Report on Preliminary Examination Activities on 14 November 2016.

In her words, "this international armed conflict began at the latest on 26 February when the Russian Federation deployed members of its armed forces to gain control over parts of the Ukrainian territory without the consent of the Ukrainian Government."

A determination of whether or not the initial intervention which led to the occupation is considered lawful or not is not required, the report says.

Under the application of Russian law throughout the territory, members of the Crimean Tatar population and other Muslim residents in Crimea have also reportedly been subjected to harassment or intimidation, murder and abductions, forced conscription and so on.

International law expert **Mykola Hnatovskyy** said that the prosecutor gave official confirmation to the obvious fact. He recalled that the Geneva Conventions of 12 August 1949 interpret international armed conflict as any partial or full occupation of the territory of one state by another state even if such occupation faces no armed resistance. The expert added that although the ICC Office of the Prosecutor's statements do not have the same power as the establishment of facts by the court's chambers, as presented in their resolutions, the prosecutor's reports in practice shape the dominating discourse at the further ICC hearings of the cases in question.

On 16 November, President **Vladimir Putin** signed a resolution on Russia's refusal to take part in the Rome Statute of the International Criminal Court. *Read more in Gorshenin Weekly Russia*

#### **UN committee adopts resolution on human rights abuses in Crimea**

On 15 November 2016, the UN General Assembly Third Committee (Social, Humanitarian and Cultural) approved the draft resolution entitled "Situation of human rights in the Autonomous Republic of Crimea and the city of Sevastopol (Ukraine)" initiated by Ukraine and co-authored by 41 UN member states.

The document "condemns the abuses, measures and practices of discrimination against the residents of the temporarily occupied Crimea, including Crimean Tatars, as well as Ukrainians and persons belonging to other ethnic and religious groups, by the Russian occupation authorities."

The draft resolution was supported by 73 countries while 23 others, including Russia, Armenia, Belarus, Venezuela, India, China and Serbia, voted against it.

It is yet to be fully approved at the plenary session of the UN General Assembly in December.

## **USA imposes sanctions on six Russian Duma members from Crimea**

On 14 November 2016, the USA imposed sanctions on the members of the Russian State Duma elected in annexed Crimea, including **Ruslan Balbek, Dmitriy Belik, Ruslan Bakharev, Svetlana Savchenko, Andrey Kozlenko** and **Pavel Shperov**.

Switzerland followed the suit on 17 November. The EU introduced the same restrictive measures earlier.

At a meeting in Berlin on 18 November, the US president and the leaders of Germany, France, the UK, Italy and Spain agreed to carry on the sanctions on Russia over the situation in Ukraine.

*Read more in Gorshenin Weekly Russia*

## **Two more Crimean Tatars detained in Crimea**

Russian law enforcers on 17 November 2016 detained two Crimean Tatars after searching their houses in Bakhchysaray District of Crimea, a deputy chairman of the self-styled Crimean Tatar government Majlis, **Ilmi Umerov**, has said.

Majlis leader **Refat Chubarov** said that the Russian authorities had already detained 21 Crimean Tatars on the peninsula on suspicion of extremism and terrorism. Five of them were found guilty and sentenced to a prison term.

## **Two more Ukrainians arrested in Crimea - Russian media**

Two alleged officers of the main intelligence directorate of Ukraine's Defence Ministry - **Oleksiy Stohniy** and **Hlib Shabliy** - have been detained in occupied Simferopol, the Russian news agency RIA Novosti has reported.

The Russia-controlled Crimean "court" arrested them for two months as a measure of restraint.

## **Crimean Tatars set up spiritual directorate**

At a Kyiv congress on 19 November, Crimean Tatar Muslim organisations created the spiritual directorate of Crimean Muslims on mainland Ukraine.

The delegates unanimously backed the idea of creating a single Muslim centre - Muftiate. At the same time, **Ayder Rustamov** was elected the mufti.

Also, the congress created the Council of Ulema - the highest religious assembly - which is Muftiate's coordination and monitoring body. **Suleyman Hayrulayev** was elected head of the council.

The spiritual directorate of Crimean Muslims, which is located in Simferopol, came under control of the occupying authorities after the annexation of the peninsula, while mufti **Emirali Ablayev** was expelled from the Majlis of the Crimean Tatar people.

**Parliament allocates 1m dollars to support Crimean Tatar TV**

On 17 November 2016, the Ukrainian parliament passed the government bill on amendments to the Budget Code by booking 30m hryvnias (1.16m dollars) for the Crimean Tatar TV channel ATR as part of the general move to support TV and radio companies in Russia-annexed Crimea.

In April 2015, ATR had to move from Crimea and started broadcasting from Kyiv in June. The channel is owned by **Lenur Islyamov**.

In October 2016, ATR said that it had not received the promised budget funding and may have to move to Lithuania next year.

**4. INTERNATIONAL POLITICAL****UKRAINE-RUSSIA****Ukrainians held in Russia prepare documents to complain to ECHR**

**Stanyslav Klykh** and **Mykola Karpyuk**, Ukrainian nationals illegally convicted in Russia, have provided Ukraine's consuls with documents required for filing a motion with the European Court of Human Rights, Ukraine's consul-general in Russia's Rostov-on-Don, Vitaliy Moskalenko, has said.

In May 2016, Chechnya's Supreme Court sentenced Klykh and Karpyuk to 20 and 22.5 years in a high security prison, respectively. Russia found them guilty of participating in an illegal armed formation, murder and attempt on the lives of Russian servicemen during the Chechen war. In October, the Russian Supreme Court upheld the Chechen court's ruling.

**UKRAINE-EU****Council of EU agrees negotiating position on visa liberalisation for Ukraine**

On 17 November 2016, the Permanent Representatives Committee (Coreper) agreed, on behalf of the Council, a negotiating position on visa liberalisation for Ukraine. It confirmed the Commission proposal to provide for visa-free travel for EU citizens when travelling to the territory of Ukraine and for citizens of this country when travelling to the EU, for a period of stay of 90 days in any 180-day period.

The Council takes the view that the entry into force of visa liberalisation for Ukraine should be at the same time as the entry into force of the new suspension mechanism, it said.

Previously, the Ukrainian parliament called on the EU to cancel visas for Ukrainians.

**Hugues Mingarelli**, head of the EU Delegation to Ukraine, said that the EU had seen Ukraine carry out more reforms over the past two years than in the previous 23 years.

It should also be noted that during the meeting with Ukrainian President **Petro Poroshenko** on 16 November, the ambassadors of the G7 countries (the USA,

Canada, the UK, Germany, France, Italy and Japan) said that the president and the government have made a significant progress in stabilising and delivering reforms.

### **Ukraine, France sign defence cooperation plan**

On 16 November 2016, Ukraine and France approved the plan of cooperation between their defence offices in 2017.

### **UKRAINE-USA**

#### **Ukrainian president, Trump hold phone conversation**

On 15 November 2016, Ukrainian President **Petro Poroshenko** held a phone conversation with US President-elect **Donald Trump**.

Poroshenko congratulated Trump on his win in the presidential election. They agreed to continue contacts and hold a bilateral meeting.

Ukraine's ambassador to the USA, **Valeriy Chalyy**, said that the embassy was instructed to organize Poroshenko's visit to the USA in February 2017.

### **UKRAINE-CANADA**

#### **Ukrainian president sends bill on free trade with Canada to parliament**

Ukrainian President **Petro Poroshenko** has sent to parliament the bill on the ratification of the agreement on a free trade zone between Ukraine and Canada. The president marked it as requiring urgent consideration.

### **UKRAINE-ISRAEL**

#### **Parliament ratifies agreement with Israel on employment of Ukrainians**

On 16 November 2016, the Ukrainian parliament ratified the agreement between the governments of Ukraine and Israel on the temporary employment of Ukrainians in certain sectors of the labour market.

## **5. DOMESTIC POLITICAL**

### **Protest rallies held in Kyiv**

A number of protest rallies were held in central Kyiv on 15 November. Outside the National Bank's building, the protesters demanded the dismissal of central bank chief **Valeriya Hontareva**, while those near the parliament building demanded the recovery of deposits lost in failed banks (including Mykhaylivskyy bank).

A total of 6,500 people took part in the rallies, the National Police reported.

According to a report by the OSCE special monitoring mission, several participants in the rally outside the National Bank's office told OSCE officers that they were

promised money (260 hryvnias or 10 dollars) for taking part in the rally organized by the For Life party of **Vadym Rabinovych** and **Yevhen Murayev**.

For his part, the chairman of the Federation of Trade Unions of Ukraine, **Hryhoriy Osovyy**, said that the mass protests of trade unions in Kyiv, which were scheduled for 17 November, were postponed until early December, when parliament will consider the 2017 draft budget in the second reading.

According to the head of the Security Service of Ukraine (SBU), **Vasyl Hrytsak**, the Kyiv protests may be part of the so-called Shatun plan aimed at destabilising Ukraine. The plan was detailed in files allegedly coming from the email box associated with Russian presidential aide **Vladislav Surkov**, which was allegedly hacked by Ukrainian activists. Later, the SBU said that the documents published by the hackers were authentic.

The rallies held in Kyiv were organised to gauge the level of tension in society and check whether the authorities are resilient to destabilising factors, the Zerkalo Nedeli weekly reported.

### **Ukraine passes law on reimbursement to defrauded depositors**

On 15 November 2016, the Ukrainian parliament adopted the presidential bill on reimbursement to defrauded depositors, including those of bankrupt Mykhaylivskyy Bank.

Next day, President Petro Poroshenko signed the document.

Mykhaylivskyy Bank's fraud case affected 14,000 people. The total amount of reimbursement to be paid to its depositors is 1.2bn hryvnias (46.51m dollars).

According to an opinion poll conducted by Gorshenin Institute, about 80 percent of Ukrainians do not trust banks, 12.7 percent do trust banks and 7.3 percent are undecided.

### **Ukrainian parliament refuses to ratify EU convention on gender-based violence**

On 17 November 2016, parliament refused to ratify the Council of Europe Convention on preventing and combating violence against women and domestic violence because it contains such notions as "gender" and "sexual orientation".

The draft ratification resolution is to be revised.

Earlier, parliament gave first reading to two bills on combating domestic violence, which were also rid of the notions of "gender" and "sexual orientation".

### **Ukrainian Constitutional Court starts considering bill on language policy**

On 17 November 2016, the Constitutional Court started considering the 2012 law on language policy, according to which the Russian language was given regional status in 13 regions of Ukraine, which effectively makes it a state language.

The law, passed in 2012, was authored by Party of Regions MPs **Vadym Kolesnichenko** and **Serhiy Kivalov**. After President **Viktor Yanukovich** fled the country, parliament ruled it null and void. However **Oleksandr Turchynov**, who was acting parliament speaker at the time, refused to approve its cancellation. In six months, 57 Ukrainian MPs asked the Constitutional Court to review the draft law.

### **Venice Commission to review Ukraine's bill on Constitutional Court**

The draft law on the Constitutional Court of Ukraine has been referred to the Venice Commission for review, according to the website of the Ukrainian president.

The document describes changes to the structure, powers and selection procedure of the Constitutional Court. It also introduces an additional mechanism for the protection of human rights and freedoms, that is an institute of constitutional appeal.

### **President gives testimony in Maydan case**

Ukrainian President **Petro Poroshenko** on 18 November gave testimony in the case of crimes against Euro-Maydan activists.

A number of incumbent high-ranking officials were also questioned under the same case.

### **President exempts religious organisations from charity taxes**

Ukrainian President **Petro Poroshenko** on 18 November signed the law exempting religious organisations from taxes on charitable activities.

On the same day, the president held a meeting with representatives of the All-Ukrainian Council of Churches and Religious Organisations, during which he noted the importance of the creation of the Single Ukrainian Autocephalous Orthodox Church.

### **Ex-governor creates new political movement**

The former governor of Odesa Region, **Mikheil Saakashvili**, has announced the creation of the Movement of New Forces.

The constituent assembly of initiative groups was held on 19 November.

### **Democratic Alliance elects new leadership**

At a 19 November congress, the Democratic Alliance party elected the new leadership. MP **Viktoriya Ptashnyk** of the Self-Help party and Kyiv city council member **Vasyl Hatsko** were elected co-chairpersons of the party (earlier, the party was chaired by MP **Svitlana Zalishchuk** of the Petro Poroshenko Bloc party and **Vasyl Hatsko**).

Earlier, Zalishchuk and MP **Mustafa Nayem** of the Petro Poroshenko Bloc party were expelled from international delegations during the faction's meeting. The faction

cited the MPs' membership in Democratic Alliance as the reason behind the decision.

### **Cabinet accepts resignation of National Police chief**

The Cabinet of Ministers on 16 November dismissed the head of the National Police, **Khatia Dekanoidze**.

Dekanoidze resigned on 14 November.

**Vadym Troyan**, who previously worked as Dekanoidze's first deputy, was appointed acting head of the National Police.

Troyan was deputy commander of the Azov volunteer police regiment. From October 2014 to March 2016, he was the chief of the Kyiv Region police.

### **Acting Odesa customs head appointed**

The head of the State Fiscal Service, **Roman Nasirov**, has appointed **Oleksiy Vasylenko** as acting head of the Odesa customs. He will manage the customs until the end of 2016. A competition for the position will be announced in January 2017.

It should be recalled that after the resignation of Odesa Region governor **Mikheil Saakashvili** on 14 November, his ally **Yuliya Marushevskya** tendered her resignation as head of the Odesa customs.

### **Anti-corruption bureau opens cases against judge, two MPs**

The National Anti-Corruption Bureau of Ukraine (NABU) on 17 November opened three criminal cases over illegal enrichment, based on analysis of electronic declarations.

Two cases were opened against MPs and one against a judge.

The cases were opened based on a parliamentary inquiry and respective analytical checks.

It was also reported that the NABU was conducting a probe into illicit enrichment by the acting head of the State Geology and Subsoil Service, **Mykola Boyarkin**.

### **Parliament committee postpones decision on lifting MP's immunity**

The procedural committee of Ukraine's parliament on 16 November postponed its decision on lifting the immunity of MP **Vadym Novinskiy** of the Opposition Bloc faction and launching criminal proceedings against him. The respective motion was submitted by the Prosecutor-General's Office.

The committee said that it would make the final conclusion after the Prosecutor-General's Office eliminated all risks in its motion, so that there would be no chance of the decision being appealed in court.

It should be recalled that Novinskiy is among those suspected of exerting pressure on the Ukrainian Orthodox Church of the Moscow Patriarchate for the purpose of removing deceased Metropolitan **Volodymyr** from the post. In particular, he is charged with depriving Volodymyr's personal assistant **Oleksandr Drabyenko** of liberty.

### **Prosecutors search Lviv city council, Kryvyy Rih mayor's office**

The Prosecutor-General's Office on 15 November conducted searches at the Lviv city council. The law enforcers seized documents proving that a land plot of 23 hectares worth 140m hryvnyas (5.43m dollars) was rented out in September 2015. Three months later, the land plot was sold for 52m hryvnyas (2.02m dollars).

On 17 November, the Prosecutor-General's Office conducted searches at the offices of Kryvyy Rih's administration under a criminal investigation into embezzlement of budget funds.

### **Audit chamber chief placed under house arrest**

The Kyiv Solomyansky district court on 18 November placed the head of the Audit Chamber, **Roman Mahuta**, under round-the-clock house arrest until 16 January 2017. The court also ordered him to wear an electronic monitoring device and give in his international passports.

The day before, detectives of the National Anti-Corruption Bureau and a prosecutor of the Specialized Anti-Corruption Prosecutor's Office issued a notice of suspicion to Mahuta over abuse of power. He is suspected of facilitating privatization of an employer-provided flat by a member of the Audit Chamber.

According to an opinion poll conducted by Gorshenin Institute, the majority of Ukrainians - 63.4 percent - believe that anti-corruption reform is the top priority for Ukraine.

### **Court recovers hunting grounds rented by ex-prosecutor's son**

The Kyiv economic court has overturned the decision made by the Kyiv regional administration to rent out 15,300 hectares of hunting grounds in Fastiv District for a period of 25 years to the Ukrmistobudproekt company, which is linked to **Artem Pshonka**, son of former Prosecutor-General **Viktor Pshonka**, the press secretary of the prosecutor-general, **Larysa Sarhan**, has reported.

### **Pro-Russian politician allowed to fly to Moscow despite ban**

The chief of the Security Service of Ukraine, **Vasyl Hrytsak**, has confirmed media reports that Ukraine's leadership issued special permission to the leader of the Ukrainian Choice movement, **Viktor Medvedchuk**, to perform direct flights to Moscow despite the fact that direct air travel between Russia and Ukraine is prohibited.

According to Hrytsak, the permission was given to Medvedchuk because he

represents Ukraine in the subgroup on humanitarian issues in the trilateral contact group in Minsk.

Medvedchuk uses a Falcon 900 aircraft with the tail number P4-GEM, which is registered on the island of Aruba (the Netherlands).

## **6. ECONOMY**

### **IMF urges Ukraine to pass budget consistent with programme**

In order to receive the fourth tranche of the IMF loan, Ukraine must fulfil a number of requirements, particularly, to adopt the 2017 state budget consistent with the IMF cooperation programme. This follows from the IMF's statement issued following its mission's visit to Kyiv on 3-17 November.

The IMF notes that to safeguard competitiveness, the Ukrainian government should ensure that that minimum wage increases are consistent with improvements in labour productivity.

The IMF believes that the Ukrainian authorities should focus on "accelerating reform of the large and inefficient state-owned enterprise sector, improving the business environment, and tackling corruption to attract investment and raise the economy's potential".

In addition, Ukraine needs to continue fiscal consolidation to ensure debt sustainability supported by pension reform.

According to the IMF's report, the country should maintain a cautious monetary policy targeted at further reducing inflation and rebuilding international reserves within a flexible exchange rate regime.

At the same time, IMF experts believe that achieving sustainable economic growth in Ukraine will not be an easy task. However, they forecast the country's economic growth at 1.5 percent in 2016 and 2.5 percent in 2017.

As was reported, Ukraine expected to receive another tranche of 1.3bn dollars from the IMF before the end of this year. However, majority of the experts interviewed by Gorshenin Institute said that Ukraine faces risks of not receiving the loan this year.

### **Ukraine's GDP grows 1.8 percent in third quarter**

Ukraine's GDP in the third quarter grew by 1.8 percent compared with the same period in the previous year, the State Statistics Service has reported.

Compared with the previous quarter, GDP growth was 0.4 percent.

### **Foreign trade surplus reaches 654m dollars**

The surplus of Ukraine's foreign trade in commodities totalled 654.1m dollars in January-September 2016, which is 4.7 times less than the surplus recorded over the same period of the previous year, the State Statistics Service has reported.

Exports of goods and services decreased by 7.8 percent to 32.03bn dollars, while imports declined by 0.8 percent to 31.38bn dollars.

It should be noted that exports to CIS countries shrank by 18.8 percent to 6.89bn dollars and decreased from 24.6 to 21.5 percent of total exports. Imports fell by 21.8 percent to 6.46bn dollars and decreased from 26.1 to 20.6 percent of total imports.

Exports to EU countries increased by 3.3 percent to 11.44bn dollars, increasing from 32.1 to 35.7 percent of total exports. Imports increased by 4.9 percent to 13.83bn dollars, growing from 41.7 to 44.1 percent of total imports.

### **Ukraine exports agricultural products worth 10bn dollars**

Ukrainian exporters in January-September 2016 supplied agricultural products to foreign markets to the tune of 10.4bn dollars, which is 2 percent more than in the same period of 2015, the Agriculture Ministry has reported.

Over the reporting period, the surplus of trade in agricultural products was 7.6bn dollars.

### **Ukrainian farmers harvest more than 60m tonnes of grains**

As of 18 November, Ukrainian farmers harvested 60m tonnes of grain and leguminous crops on the area of 13.4m hectares (93 percent of the forecast) with an average yield of 4,490 kilogrammes per hectare.

The Agrarian Policy Ministry forecasts a grain harvest of 64m tonnes.

The highest harvest was recorded in 2014, when farmers harvested 63.9m tonnes of grain. The harvest was 63m tonnes in 2013 and 60m tonnes in 2015.

### **Central bank transfers 543m dollars in profit to budget**

The National Bank of Ukraine has transferred to the state budget the second tranche of 14bn hryvnyas (542.64m dollars) from its profit earned over the past year, the State Treasury Service has reported.

The National Bank transferred the first tranche from the previous year's profit in the amount of 10bn hryvnyas (387.6m dollars) in October.

### **Government approves EBRD loan for Oshchadbank**

The Cabinet of Ministers has authorized the supervisory board of state-owned Oshchadbank to agree a 50m-euro loan with the European Bank for Reconstruction and Development (EBRD). The EBRD's board of directors made the decision to provide the loan on 4 October.

### **Parliament sets up road fund**

The Ukrainian parliament on 17 November established the state road fund as part of

the special fund of the state budget.

The authors of the initiative estimate that the fund's budget will reach 40bn hryvnias (1.55bn dollars) over the year.

MPs also established a transition period for filling the fund, noting that the fund will be filled with excise taxes and import duties at 50 percent in 2018, 75 percent in 2019 and 100 percent in 2020.

### **Government approves bill on privatization of distilleries**

The Cabinet of Ministers on 16 November approved a draft law on the privatization in the alcohol industry.

There are plans to divide distilleries of the state-run Ukrspyrt company into two groups (alcohol and liqueur production).

### **Property fund puts up for sale Kherson thermal power plant**

The State Property Fund of Ukraine has announced an auction for the sale of Kherson thermal power plant. The starting price of the state-owned stake is 155m hryvnias (6m dollars). The auction is scheduled for 22 December.

### **DCH Group announces plans to buy Odesa Portside Plant**

DCH Group, whose beneficiary is **Oleksandr Yaroslavskyy**, has announced plans to buy the Odesa Portside Plant.

It should be recalled that in October the Cabinet of Ministers approved the terms of the repeat auction for the sale of 99.567 percent of the Odesa Portside Plant's shares and the starting price of this stake at 5.16bn hryvnias (200m dollars).

As was reported, the total debt of the Odesa Portside Plant makes 283m dollars.

### **World Bank allocates 40m dollars for clinics in Dnipropetrovsk Region**

The World Bank has allocated 40m dollars to Dnipropetrovsk Region. The money will be used to open 39 clinics and emergency care departments in three hospitals in the region, the head of the Dnipropetrovsk regional state administration, **Valentyn Reznichenko**, has said.

### **Popular file sharing, torrent sites shut down**

A popular Ukrainian file sharing service, Ex.ua, has decided to close down.

The website's owners said they were against the law on state support of cinematography, which was passed by the Ukrainian parliament on 22 September (the document has not been signed by the president yet). The law

provides for blocking pirated content online.

In addition, Ukraine's largest torrent tracker Torrents.net.ua also suspended operations.

Earlier it was reported that the National Police had closed a number of pirate online cinemas the, which included FS.to, BrB.to, FS.ua and CxZ.to.

## **7. ENERGY**

### **Russia initiates gas talks with EU, Ukraine**

Russia fears that Ukraine will not be able to fulfil the terms of natural gas transit to Europe during the winter season due to insufficient gas reserves in its underground storage facilities and therefore has initiated trilateral consultations with the EU's participation. This follows from a statement by Russian Energy Minister **Aleksandr Novak**.

He said that Moscow and Brussels were discussing the date of the visit to Russia of the vice-president of the European Commission, **Maros Sefcovic**.

According to estimates by the Russian side, it was necessary to pump at least 17bn cu.m. into Ukrainian underground storage facilities before the start of the heating season.

According to the state-run Ukrtransgaz company, as of 16 November gas reserves in Ukrainian underground storage facilities were 14.12bn cu.m. The state-run energy company Naftohaz Ukrainy said that this amount would be enough to make supplies to consumers and survive the winter season.

### **Parliament asks EU to prevent building gas pipelines bypassing Ukraine**

The Ukrainian parliament on 15 November passed a resolution in which it expressed concern about plans to build transit gas pipelines bypassing Ukraine.

Parliament considers that the implementation of these projects, as well as the provision by the European Commission of additional transit pipeline capacities to Russia's Gazprom, conflicts with the EU's energy security strategy, which provides for the diversification of energy supply sources and routes. According to the resolution, it also threatens the energy security of countries in Central and Eastern Europe.

### **New gas transport operator issues shares**

The National Securities and Stock Market Commission on 14 November registered the issue of shares by the newly-created national operator of the gas transport system called Main Gas Pipelines of Ukraine.

## **Steel companies cut gas consumption by 18 percent**

Ukrainian metallurgical enterprises in January-October 2016 reduced natural gas consumption by 18 percent compared to the same period in 2015, to 1.4bn cu.m., according to the Ukrmetalurhprom association.

At the same time, electricity consumption increased by 4 percent to 10.6bn kWh.

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