



# Gorshenin *Weekly*



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## 1. TOP STORIES

### **Militants shell Novoluhanske, wound civilians**

Russia has said that it recalls its officers from the Joint Centre for Control and Coordination of the Ceasefire

*Read more in ARMED CONFLICT IN EASTERN UKRAINE*

### **Trump endorses defence budget with lethal weapons for Ukraine**

The Canadian government has authorized delivery of lethal weapons to Ukraine

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### **Polish president visits Ukraine**

Poroshenko and Duda have agreed to set up a Ukrainian-Polish commission for historical issues at the level of deputy prime ministers

*Read more in INTERNATIONAL POLITICAL*

### **IMF says no plans to send mission to Ukraine**

The IMF has noted that Ukraine should fulfil certain requirements

*Read more in ECONOMY*

## 2. ARMED CONFLICT IN EASTERN UKRAINE

### **Militants bombard Novoluhanske with rocket systems, wound civilians**

On 18 December, the Russian occupying troops fired Grad multiple-launch rocket systems on Novoluhanske (located near Svitlodarsk, Donetsk Region) from Horlivka, causing casualties among civilians and damaging residential buildings, the headquarters of Ukraine's antiterrorist operation (ATO) has reported.

Earlier on the same day, the positions of the Georgian Legion on the Svitlodarsk salient were shelled with artillery. Eight soldiers were wounded.

On 17 December, three Ukrainian soldiers were killed in a mortar attack near Zaytseve, not far from Svitlodarsk.

Four Ukrainian servicemen were killed and nine were wounded in eastern Ukraine over the past week (11-17 December), the ATO headquarters reported.

After three and a half years of the Donbas conflict, the parties were further away from the resolution of the conflict than ever, according to the deputy head of the OSCE special monitoring mission, **Alexander HUG**.

### **Russia recalls officers from joint coordination centre**

The Russian Foreign Ministry has announced that Russia recalls its officers from the

Joint Centre for Control and Coordination of Ceasefire starting from 19 December. The centre was created to ensure the ceasefire on the line of contact in Donbas. The Russian side accused Ukraine of creating a "tense moral and psychological situation" and "serious difficulties" for its representatives in the joint centre.

For its part, the General Staff of Ukraine's Armed Forces said that Russia's withdrawal from the centre jeopardizes the safety of other observers staying in the temporarily occupied areas. Therefore, the Ukrainian side will have to relocate its representatives to areas controlled by Kyiv.

MP **Dmytro TYMCHUK**, the head of the Information Resistance group, said that Russia's withdrawal from the centre was a "response" to the new powerful package of sanctions that the United States should introduce in February 2018. In addition, the expert noted that making this decision against the backdrop of the current escalation in several sectors in Donbas, President **Vladimir PUTIN** wants to draw the West's attention to the line of contact (where Moscow suggests deploying peacekeepers). At the same time, Tymchuk stressed that Russia could escalate the situation in Donbas in order to "help solve it", suggesting its own scenario for a peacekeeping mission.

Tymchuk noted that Russia's decision will escalate the situation in Donbas, but this will probably entail more anti-Russian sanctions.

The decision to create the joint centre was made at a meeting of the contact group in Minsk on 2 October 2014. The centre comprises representatives from Ukraine, Russia and the OSCE, whose task is to coordinate the ceasefire processes in Donbas.

The Russian officers who are part of the centre and stay in Ukraine have the status of regular tourists. At the end of 2015, the centre consisted of 74 Russian officers, including 34 permanently stationed in the territory controlled by Ukraine.

### **Ukrainian foreign minister, UN secretary-general discuss Donbas peacekeeping mission**

Ukrainian Foreign Minister **Pavlo KLIMKIN** and UN Secretary-General **Antonio GUTERRES** discussed prospects for a UN peacekeeping mission in Donbas during a meeting in New York on 15 December 2017. Klimkin handed over a letter containing a request for help in securing the release of Ukrainians illegally held in Russian prisons.

During the UN Security Council session on North Korea the same day, Klimkin recalled that Russia had violated the Budapest memorandum, under which Russia, the USA and the UK pledged to respect Ukraine's independence, sovereignty and existing borders in exchange for its voluntary decision to give up on the world's third biggest nuclear arsenal. He said that a result of Russia's occupation of Crimea and parts of Donbas, it now has more space to place its nuclear weapons.

The Ukrainian diplomat urged the international community to slap more sanctions against Russia. Otherwise, he said, "Russia's actions can become a time bomb and not only for Ukraine".

On 31 December, Ukraine is completing its mission in the UN Security Council where it has had the status of a non-permanent member for two years.

**Ukraine expects US sanctions on Putin's entourage to force Russia out of Donbas**

A publication of the US blacklist of Russian President **Vladimir PUTIN**'s close allies subject to sanctions, which is due in February, can force Russia to withdraw from Donbas and agree to the dispatch of peacekeepers, Ukrainian Foreign Minister **Pavlo KLIMKIN** said after a meeting with US Secretary of State **Rex TILLERSON** in New York on 15 December 2017.

During the OSCE meeting in Vienna on 14 December, Tillerson once again stressed that US sanctions on Russia would remain in place until Moscow returns control of Crimea to Ukraine and withdraws its troops from Donbas.

*Read more about US sanction policy on Russia in Gorshenin Weekly Russia.*

**Putin says Ukraine should run UN peacekeeping mission idea by militants**

Russian President **Vladimir PUTIN** has said that Moscow does not object to a UN peacekeeping mission across the entire territory of Donbas, however Kyiv should run it directly by the self-proclaimed Donetsk and Luhansk people's republics (DPR and LPR). He said this at his annual news conference on 14 December 2017.

Putin said that he did not know whether the USA should be formally included in the Normandy talks on the conflict in eastern Ukraine. He added he would not mind this. In his words, the USA is a full-fledged participant in the Minsk talks on a Donbas settlement.

He once again denied the Russian army's presence in Donbas. There are "self-sufficient military police units" capable of repelling any military assaults, he added.

At the 8th National Expert Forum at Gorshenin Institute, Ukrainian Interior Minister **Arsen AVAKOV** said that the Russian army corps 1 (Donetsk) and 2 (Luhansk) directed by the Operational Command of the Russian Southern Military District fight in Donbas under the guise of paramilitary groups. He put the total number of troops at 35,500, including career Russian servicemen, mercenaries and local residents.

**Militants submit additional lists ahead of Donbas swap - envoy**

On 18 December, the humanitarian subgroup of the tripartite contact group held a Skype conference, during which Ukraine confirmed its readiness to exchange captives with the militants before the New Year and Christmas holidays, Ukraine's representative at the talks, **Iryna HERASHCHENKO**, has said.

She said that on 14-15 December the militants sent additional lists of captives for release to the Minsk group, which may disrupt the swap.

The parties also failed to resolve the problem with verification of people who refuse to be moved to the occupied territories and have recently made the respective statements, Herashchenko added.

According to the Russian newspaper Izvestiya, the exchange of captives with the self-proclaimed Donetsk and Luhansk people's republics should take place before 25 December. The final lists should be approved by 20 December, when the contact group will hold its last meeting in Minsk this year, the newspaper reported.

The last exchange of captives in Donbas took place in December 2016.

### **Ukrainian government approves state programme for peace development in Donbas**

On 13 December 2017, the Cabinet of Ministers approved the state targeted programme for the reconstruction and development of peace in the eastern regions of Ukraine (Kyiv-controlled territories in Donetsk and Luhansk regions as well as Dnipropetrovsk, Zaporizhzhya and Kharkiv regions) in 2017-20.

The programme describes efforts to be taken in three strategic directions: reconstruction of critical infrastructure and social services; economic recovery; and development of peace and public security.

### **US Department of State: Humanitarian situation in eastern Ukraine worst in three years**

The United States continues to be deeply concerned by the escalating violence and the worsening humanitarian situation in eastern Ukraine after the shelling and seizure of civil infrastructure facilities by Russian-led forces, US Department of State spokesperson **Heather NAUERT** said on 13 December 2017.

"The humanitarian situation in eastern Ukraine is the worst it has been now in three years and it is deteriorating," she said.

### **Germany allocates 14.3m euros to improve Donbas residents' access to water**

The German government has allocated an additional 14.3m euros to UNICEF for a new project aimed at improving access to water for people living along the line of contact in Donetsk and Luhansk regions, the news and analysis website LB.ua has reported quoting the press service of the German embassy in Ukraine.

### **Japan hands cars, equipment for mine clearance to Ukraine's Emergencies Service**

Japan has handed four special vehicles and equipment for mine clearance over to the State Emergencies Service of Ukraine.

### **Ukraine extends agreement with Netherlands on MH17 probe**

On 12 December 2017, Ukrainian President **Petro POROSHENKO** signed the law to ratify the agreement between Ukraine and the Netherlands on the extension of the agreement on the international mission to protect the investigation into the crash of the Malaysia Airlines Flight 17 (MH17) in Donbas until 1 August 2018.

Under the agreement, Ukraine authorised the Netherlands to investigate the causes and consequences of the air crash.



## 3. CRIMEAN ISSUE

### US to turn back to Crimea issue - Tillerson

The United States will turn back to the issue of temporarily occupied Crimea, but the cessation of violence in Donbas remains the priority, US Secretary of State **Rex TILLERSON** said at the Atlantic Council forum in Washington on 12 December.

He recalled that the United States imposed sanctions on Russia in response to its invasion of Ukraine.

### UN mission urges Russia to respect human rights in Crimea

The UN Human Rights Monitoring Mission in Ukraine has urged Russia to uphold human rights in occupied Crimea, respect obligations that apply to an occupying power pursuant to international humanitarian law provisions, and bring officers of the Federal Security Service (FSB) involved in human rights abuses to justice, according to the UN's 20th report on the human rights situation in Ukraine.

The mission urged the Russian government to refrain from application of anti-extremism and anti-terrorism legislation to criminalise peaceful religious conduct of devout Muslims in Crimea, and immediately release all persons arrested and charged with such crimes.

The UN General Assembly will discuss a resolution on Crimea on 19 December 2017.

### Ukrainian MP: Russia may set up "alternative" Majlis in Crimea

The Russian occupying authorities in Crimea may set up an "alternative" Majlis, the self-styled Crimean Tatar government, to avoid implementing the decision of the UN International Court of Justice to lift the ban on the Majlis, Ukrainian MP **Mustafa DZHEMILYEV** has said. He is the leader of the pro-Ukrainian Majlis.

On 19 April, the International Court of Justice in The Hague issued an interim decision in the case of Ukraine vs Russia, under which Russia must respect Crimean Tatars' rights in Crimea, lift the ban on the Majlis and ensure access to education in the Ukrainian language.

### Law enforcers search house of Crimean Tatar village leader

On 12 December 2017, Russia-controlled law enforcers searched the house of **Ibraim OSMANOV**, chairman of the local Crimean Tatar executive body Majlis in the village of Urozhayne in Crimea's Sovyetskyy District. Osmanov attends all court hearings and supports the families of political prisoners.

His son and Crimean Tatar activist, **Rustem OSMANOV**, was detained in Bakhchysaray on 11 December. The same day, a court found him guilty of participation in an unauthorised rally and fined him 10,000 roubles (170 dollars).

In addition, on 18 December over 70 court sittings will be held throughout annexed Crimea concerning activists who staged one-man pickets on 14 October in response to searches and detentions of Crimean Tatars, the news and analysis website LB.ua reported.

Another detained Crimean Tatar activist **Bekir DEGERMENDZHI** was reported to feel significantly worse in custody. According to his lawyer, he requires lung ventilation.

When Degermendzhi and several other people were being arrested on 23 November, Crimean Tatar movement veteran **Vedzhiye KASHKA** felt sick and died in an ambulance on the way to hospital.

## **Ukraine joins EU sanctions against "Sevastopol governor"**

Ukraine, Montenegro, Albania and Norway have aligned themselves with EU sanctions against **Dmitriy OVSYANNIKOV** who was unlawfully elected Sevastopol governor.

## **4. INTERNATIONAL POLITICAL**

### **UKRAINE-RUSSIA**

#### **Ukrainian court jails Russian tank crewmember for 15 years**

The Artemivskyy town court of Donetsk Region has sentenced to 15 years in prison a Russian citizen who fought in Donbas on the side of pro-Russian militants, the press service of the Prosecutor-General's Office reported on 14 December.

It noted that the Russian serviced and operated a T-64-B tank that was used to attack positions of Ukraine's Armed Forces near the town of Sanzharivka in Donetsk Region. The tank killed and wounded several Ukrainian servicemen.

According to media reports, the person in question is **Ruslan GADZHIYEV**, a resident of the village of Levokumskoye of Stavropol Territory (Russia). The Security Service of Ukraine (SBU) reported about Gadzhiyev's detention and posted a video of his testimony in January 2015. In the video, he said that in December 2014 an investigator in Rostov-on-Don (Russia) offered to exempt him and other detainees held in a cell from criminal responsibility if they agree to serve as armour repairmen for the so-called Novorossiya in Luhansk Region.

#### **Russian court prolongs Ukrainian teenager's arrest until March**

On 15 December 2017, the Oktyabrskiy district court in Russia's Krasnodar prolonged the term of custody for 19-year-old Ukrainian national **Pavlo HRYB** until 4 March 2018, his father, Ukrainian officer **Ihor HRYB** has said. Pavlo was abducted by the Russian Federal Security Service (FSB) from Belarus in late August 2017.

On 13 December, the Belarusian Interior Ministry said that it had suspended its probe into Hryb's disappearance, pending necessary information from Russia.

Hryb has portal hypertension which can be aggravated by internal bleeding.

### **UKRAINE-EU**

#### **EU extends economic sanctions on Russia over aggression against Ukraine**

On 14 December 2017, European Union leaders agreed to prolong for another six

months the bloc's economic sanctions on Russia, imposed over the annexation of Ukraine's Crimea and Moscow's support for militants in eastern Ukraine.

The EU first introduced sanctions targeting a number of sectors of Russia's economy in 2014. In March 2015, EU leaders decided to connect the sanctions to the implementation of the Minsk agreements. Since then, the EU has repeatedly extended the sanctions by another six months.

### **EU envoy analyses Ukraine's implementation of association deal**

On 12 December, the head of the EU Delegation to Ukraine, **Hugues MINGARELLI**, presented the report "Ukraine and the Association Agreement: Monitoring of the Implementation from 1 December 2016 to 1 November 2017".

According to Mingarelli, Ukraine needs to make special efforts to achieve progress in issues related to customs policy, taxation, transport and job creation. At the same time, the ambassador noted progress in the field of ecology, energy, sanitary and phytosanitary requirements, as well as in the field of consumer protection.

The association agreement came into full force on 1 September 2017, but most of its provisions took effect earlier, as it partially came into force as early as 1 September 2014. Provisions concerning trade have been temporarily applied since 1 January 2016.

According to the document, Ukraine is obligated to implement 350 acts of European legislation before 2025.

### **EU mission hands 30 four-wheel drive cars over to Ukraine's National Police**

On 14 December 2017, the EU Advisory Mission Ukraine handed 30 four-wheel drive vehicles Nissan Patrol over to the National Police.

The cars will be used for patrolling in the Carpathian mountains and Polissya forests.

### **New Polish premier calls for rapprochement with Ukraine**

Presenting the programme of the Council of Ministers in the Sejm, the new prime minister of Poland, **Mateusz MORAWIECKI**, said that his government will pursue the policy of rapprochement with the countries in the region, including Ukraine.

### **Ukrainian, Polish presidents meet in Kharkiv**

The presidents of Ukraine and Poland, **Petro POROSHENKO** and **Andrzej DUDA**, held a meeting in Kharkiv on 13 December.

The parties agreed to establish a commission to resolve historical tension between the two countries. The commission will be co-chaired by the Ukrainian and Polish deputy prime ministers, **Pavlo ROZENKO** and **Piotr GLIŃSKI**.

The presidents agreed that in order to overcome the current diplomatic stalemate between the countries, it is necessary to permit exhumation of graves on both sides of

the border. They also agreed to reduce the list of persons who are prohibited from entering the countries.

The sides also discussed strategic issues of security and defence policy and coordinated efforts to counter Russia's hybrid aggression.

During the visit, Duda said that Poland opposes the construction of the Nord Stream 2 pipeline.

In addition, Poland and Ukraine agreed to introduce joint customs control at the border.

### **Estonian policeman to lead team to counter corruption in Ukraine**

The former deputy director-general of Estonia's security police and a councillor of the Estonian law office Nove, **Eerik HELDNA**, will lead an expert group on fighting corruption in Ukraine.

The group will consist of police officers and border guards and will train officers of the National Anti-Corruption Bureau of Ukraine.

The project, initiated by the EU, is financed by the Danish Development Agency and the Estonian Foreign Ministry.

### **EU mission hands over 30 SUVs to National Police**

The European Union Advisory Mission in Ukraine has handed over 30 Nissan Patrol cars to the National Police of Ukraine, Interior Minister **Arsen AVAKOV** has said. The vehicles will be used to patrol mountainous regions in the Carpathians and wooded areas in Polissya.

## **UKRAINE-COUNCIL OF EUROPE**

### **Council of Europe committee adopts mutual evaluation report of Ukraine**

The *Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism* has adopted the fifth-round mutual evaluation report of Ukraine.

The report will be made available in early 2018 after it is cleared for quality and consistency in line with the approved procedures.

## **UKRAINE-USA**

### **Trump signs US military budget bill with 350m dollars for Ukraine**

On 12 December 2017, US President **Donald TRUMP** signed into law the bill on the 700bn-dollar defence budget for 2018, which foresees the allocation of 350m dollars in military aid to Ukraine.

Under the act, the United States will provide Ukraine with defensive lethal weapons. It is the first time that the act suggests providing Ukraine with defensive means such as air defence and surface surveillance radars, naval anti-mine equipment, coastal operation

and coast guard ships.

It also projects treatment of wounded Ukrainian servicemen in US medical institutions, education and training of Ukrainian healthcare specialists and the enhancement of Ukraine's air and naval forces.

At the same time, according to the act, the second half of the funds will be allocated to Ukraine after the Pentagon head confirms that Ukraine has made progress in defence institutional reforms relative to previously established goals and objectives.

## **US House foreign affairs committee supports Ukraine Cybersecurity Cooperation Act**

The foreign affairs committee of the US House of Representatives has recommended the lower house of the US parliament to pass the Ukraine Cybersecurity Cooperation Act, the US embassy in Ukraine reported on 14 December 2017.

## **UKRAINE-CANADA**

### **Canadian government permits arms deliveries to Ukraine**

On 14 December, the government of Canada published a resolution to include Ukraine in the list of countries that are allowed to import automatic small arms from Canada. This decision created conditions for the sale of lethal weapons to Kyiv, including Javelin anti-tank systems.

Earlier, the Canadian parliamentary committee on national defence presented a report entitled "Canada's support to Ukraine in crisis and armed conflict" that, among other things, recommends supplying lethal weapons to Kyiv.

The MPs also suggested resuming the practice of providing Ukraine with images obtained with the Canadian RADARSAT system, exchanging intelligence data, facilitating the interaction of the two countries' defence industries and sending Canadian cyber-security experts to Ukraine.

In addition, the parliamentary committee proposed to waive visas for Ukrainians.

## **UKRAINE-NATO**

### **Ukraine's security supremo discusses prospects for broader cooperation with NATO**

The secretary of the National Security and Defence Council of Ukraine, **Oleksandr TURCHYNOV**, discussed Kyiv's cooperation with NATO during a visit to the Allied Joint Force Command HQ in Europe on 13 December 2017.

During a meeting with NATO Secretary-General **Jens STOLTENBERG**, he said that Ukraine was ready to further broaden and deepen bilateral cooperation with NATO and its member states. He said that Kyiv was looking forward to working with NATO to ensure that Ukrainian companies' defence output meets the alliance's standards, to opening a centre for the certification of arms and military hardware made in

Ukraine to NATO's standards, as well as to attracting investment in the development of the Ukrainian defence industry.

Stoltenberg said, for his part, that the development of a special partnership would improve general security while Ukraine's future membership of the alliance would guarantee peace and stability in Eastern Europe.

#### **UKRAINE-UAE**

##### **Visa-free travel between Ukraine, UAE to take effect on 31 December**

The memorandum between the governments of Ukraine and the United Arab Emirates on the mutual cancellation of visa requirements is taking effect on 31 December 2017.

A 30-day visa-free travel option is available to holders of biometric passports.

#### **UKRAINE-MOLDOVA**

##### **Moldova approves readmission agreement with Ukraine**

On 15 December 2017, the Moldovan parliament ratified the readmission agreement with Ukraine, which was signed in October 2017.

The document regulates issues concerning violations of migration legislation.

#### **UKRAINE-COUNCIL OF EUROPE**

##### **Venice Commission head visits Ukraine**

The president of the Venice Commission, **Gianni BUQUICCHIO**, visited Ukraine on 15 December.

During the visit, he held talks with President **Petro POROSHENKO** to discuss the formation of the Supreme Court and the creation of an anti-corruption court.

##### **Council of Europe's committee approves Ukraine's evaluation report**

The Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism has approved the Mutual Evaluation report on Ukraine.

The document will be published in early 2018, after its quality and consistency is analysed in accordance with the approved procedures.

#### **5. MILITARY AND DEFENCE**

##### **Ukraine climbs up world's biggest arms maker rating**

The Ukrainian state-owned concern Ukroboronprom climbed the rating of the world's top 100 arms makers seven steps up to the 77th seat, with sales reaching 1.06bn dollars in 2016, according to an analytical study by the Stockholm International Peace Research Institute (SIPRI).



Arms sales by the Ukrainian company grew by 25.1 percent in 2016, mostly thanks to a high internal demand because of the continuing conflict in eastern Ukraine, the inclusion of the Antonov aircraft maker into the concern, and arms exports.

Ukroboronprom exported goods worth 750m dollars in 2016.

## 6. DOMESTIC POLITICAL

### **Ukraine's ex-premier, interior minister testify against Yanukovych**

On 11 December 2017, former Ukrainian Prime Minister **Arseniy YATSENYUK** and Interior Minister **Arsen AVAKOV** testified in Kyiv's Obolonskyy district court hearing the high treason case of ex-President **Viktor YANUKOVYCH**.

In particular, Yatsenyuk presented his view of Yanukovych's relationship with the Russian leadership. He recalled the Kharkiv agreements, which prolonged the stationing of the Russian Black Sea Fleet in Ukraine until 2042, which, in his opinion, resulted in the illegal annexation of Crimea.

Yatsenyuk, who is the leader of the People's Front party, said that Ukraine appeared absolutely helpless when faced with the Russian aggression because its army was unfit for action. He stressed that Yanukovych's defence minister, security service chief and top personal guard were citizens of Russia.

Yatsenyuk recalled that Yanukovych had asked Russia to send its troops to Ukraine.

Interior Minister Avakov, for his part, said that he was aware that Yanukovych ordered law-enforcement agencies to crack down on Euromaydan protesters in 2013-14.

Yanukovych's lawyer **Vitaliy SERDYUK** showed the court an official letter from a Russian prosecutor's office, which allegedly denied that the ex-president had asked Russian leader **Vladimir PUTIN** to deploy troops to Ukraine. However, the prosecutor said that Yanukovych himself had mentioned his address to Putin and that Russia's then permanent envoy to the UN, **Vitaliy CHURKIN**, had demonstrated a copy of this address at the Security Council, and that address had been recognised as an official document by the Security Council.

### **G7 envoys voice support for anti-corruption bureau**

On 14 December, the ambassadors of the G7 countries (the United States, Canada, UK, Germany, France, Italy and Japan) issued a statement expressing their support for the National Anti-Corruption Bureau of Ukraine (NABU).

Earlier, media reported that at a meeting of the G7 ambassadors with NABU director **Artem SYTNYK** and the head of the Specialised Anti-Corruption Prosecutor's Office, **Nazar KHOLODNYTSKYY**, the diplomats asked the law enforcers not to meddle in politics.

### **New Supreme Court launched in Ukraine**

The newly created Supreme Court of Ukraine began operations on 15 December. The court's plenum made the respective decision on 30 November.

At the same time, the old Supreme Court, as well as the Higher Administrative Court, the Higher Commercial Court and the Higher Specialised Court for Civil and Criminal Cases were liquidated.

The new Supreme Court consists of the Grand Chamber, the Administrative Court of Cassation, the Commercial Court of Cassation, the Civil Court of Cassation and the Criminal Court of Cassation.

Simultaneously with the court's launch, new versions of the Commercial Procedures Code, the Civil Procedures Code and the Code of Administrative Proceedings came into force.

In addition, the institute of writ proceedings and pre-trial settlement of disputes was introduced. Courts will also use the unified judicial information and telecommunication system ("electronic legal proceedings").

### **Constitutional Court fails to elect chairman**

The Constitutional Court failed to elect its chairman on 12 December, as no candidates were nominated at the session. This is the third attempt to elect the court's head.

The term of office of the previous head of the court, **Yuriy BAULIN**, ended on 20 March.

### **Prosecutors appeal court's refusal to put Saakashvili under house arrest**

On 15 December, the Prosecutor-General's Office appealed against the court's refusal to place under house arrest **Mikheil SAKASHVILI**, the leader of the Movement of New Forces.

On 10 December, the Pechersky district court of Kyiv turned down the motion of the prosecutor's office to place Saakashvili under house arrest and decided not to apply any measures of restraint to the politician.

Saakashvili is suspected of abetting members of a criminal organisation. He is suspected of receiving 500,000 dollars from fugitive tycoon **Serhiy KURCHENKO** to organise anti-government rallies in Ukraine.

According to media reports, Saakashvili wrote a letter to President **Petro POROSHENKO** asking for de-escalation of the confrontation and sent a similar request verbally, through the ambassador of an EU country. Saakashvili changed his rhetoric after facing a threat of being extradited to Georgia, the media reported.

### **Saakashvili's supporters try to seize concert hall**

During a protest rally on 17 December, **Mikheil SAKASHVILI** called on his supporters to seize the Zhovtnevyi Palace concert hall in central Kiev and use it as their headquarters.

As the protesters arrived at the building, where a concert was taking place, they were met by National Guard officers. The activists started to use fire extinguishers



and throw rocks, injuring 32 officers. The police opened three criminal cases over the attempted seizure of the building.

The embassies of Canada, the United Kingdom and the United States condemned the attempted seizure of the concert hall by Saakashvili's supporters.

On 17 October, Saakashvili's supporters set up a tent camp outside parliament.

### **Kharkiv court arrests ex-councillor on separatism charges**

On 15 December, the Kyivskyy district court of Kharkiv ruled to arrest **Andriy LESYK**, head of the Kharkiv council of **Viktor MEDVEDCHUK**'s Ukrainian Choice movement, until 6 February without the right to be released on bail.

Earlier on the same day, the politician was detained in Luhansk Region. Lesyk was handed a notice saying that he is suspected of encroachment on Ukraine's territorial integrity and inviolability. In the spring of 2014, Lesyk posted materials on his Facebook page calling for the creation of the so-called Odesa people's republic.

On 17 May 2016, the Kharkiv city council terminated Lesyk's powers as a council member for actions contrary to his party's position. He had been elected to the council from the Revival party.

### **Top prosecutor says former party leader's status may change**

Prosecutor-General **Yuriy LUTSENKO** does not rule out that the procedural status of the former leader of the Ukrop party, **Hennadiy KORBAN**, will be changed in the future. He noted that the politician was involved in a number of criminal cases, but currently there are no grounds to declare him a suspect.

In March 2016, Korban, an ally of tycoon **Ihor KOLOMOYSKYI**, was given a suspended prison term of one and a half years. Korban was sentenced for the abduction of the head of the State Agency of Land Resources, **Serhiy RUDYK**, in 2014.

In June 2016, the court allowed Korban to leave Ukraine for treatment in Israel. The measure of restraint was changed from a 24-hour house arrest to personal recognisance. He returned from Israel to Ukraine on 13 December.

### **Charges against investment agency ex-head sent to court**

On 14 December, the Prosecutor-General's Office submitted an indictment against the former head of the State Agency for Investments and Management of National Projects, **Vladyslav KASKIV**, to the Pecherskyy district court of Kyiv. Kaskiv is suspected of appropriating 7.47m hryvnias (277,000 dollars) of budget funds in 2012.

On 12 December, detectives of the National Anti-Corruption Bureau detained four former subordinates of Kaskiv in cases concerning embezzlement under the national projects Quality Water and Olympic Hope 2022.

On 1 November, Panama extradited the former official to Ukraine under a simplified

procedure. On the same day he was released, after the Pechersky court ruled to take him into custody as a measure of restraint with the right to be released on bail of 160,000 hryvnyas (5,930 dollars). At the same time, Kaskiv's lawyers presented a certificate to the court saying that their client fully compensated damages caused to the state.

On 7 December, the Pechersky court allowed the former official to travel abroad.

### **Court acquits ex-principal of tax academy**

On 5 December, the Borodyansky district court of Kyiv Region, declared not guilty **Petro MELNYK**, the former principal of the National University of the State Tax Service. He was suspected of selling four real estate items belonging to the university to his family's company at an understated price.

In July 2013, Melnyk was detained by police officers while receiving a bribe of 120,000 hryvnyas (4,400 dollars). He escaped from house arrest in August 2013 and returned to Ukraine in April 2014. Later, the Irpin town court acquitted Melnyk, after which the Court of Appeal of Kyiv Region quashed this decision and sent the case for a re-trial.

### **Prosecutor's office completes probe into ex-minister's case**

The Prosecutor-General's Office has completed a pre-trial investigation in the criminal case against former Justice Minister **Oleksandr LAVRYNOVYCH**. He is suspected of taking part in the 2010 constitutional coup that led to the seizure of power through the expansion of the president's powers of by unconstitutional means and shrinking the powers of parliament and government.

On 15 September, the Pechersky district court of Kyiv arrested Lavrynovych for 60 days without the right to be released on bail. On 27 September, the Kyiv Court of Appeal overturned this court decision and released the ex-minister from custody.

### **Prosecutor's office closes case against ex-governor**

The prosecutor's office of Donetsk Region has closed a criminal case against the former head of the Donetsk regional state administration, **Andriy SHYSHATSKYY**, launched over his alleged participation in the activities of the self-proclaimed Donetsk people's republic, as a pre-trial investigation showed the absence of offence in his actions.

### **Eight Odesa separatists released ahead of Donbas swap**

On 13-14 December, Odesa's courts released eight pro-Russian separatists from the remand prison, including Russian citizen **Yevgeniy MEFEDOV**, who is suspected of organising riots in Odessa on 2 May 2014. The released will be exchanged for Ukrainian servicemen held in the self-proclaimed Donetsk and Luhansk people's republics, the prosecutor's office of Odesa Region reported.

In total, there are plans to exchange 10 of 38 separatists held in the Odesa remand prison.

**Odesa businessman released on bail**

Odesa businessman **Vadym ALPERIN** has been released from custody after posting bail of 21m hryvnias (760,800 dollars).

He is suspected of giving a bribe of 800,000 dollars to an officer of the National Anti-Corruption Bureau for unfreezing accounts of his companies. Alperin is also suspected of organising a criminal scheme to minimise customs payments.

**Interior Ministry puts tycoon on wanted list**

The Interior Ministry has put on the wanted list businessman **Petro DYMINSKYI**, who is the president of the Karpaty football club, several media outlets reported on 15 December.

On 7 December, the National Police declared Dyminskyi a suspect. The investigators established that on 18 August he caused a road accident, killing a female resident of Lviv Region. His guard **Andriy BORSHCH** initially admitted the guilt and said that he was behind the wheel.

On 12 December, the Pecherskyi district court of Kyiv granted the motion of the Prosecutor-General's Office, giving the green light for the businessman's detention. However, Dyminskyi has been outside Ukraine since 22 August.

On 13 December, Borshch was charged with concealing a crime.

The management of the Zik TV channel owned by Dyminskyi said that after the deadly accident, they received an inquiry from MP **Hlib ZAHORIY** of the Petro Poroshenko Bloc and his wife Kateryna asking on behalf of the presidential administration "to hand over the channel for management for three years".

**Almost 7,000 people killed in road accidents in 2016-17**

Last year, there were almost 155,000 road accidents in Ukraine, including 25,000 with casualties, the patrol police has reported. During the reporting year, 3,190 people were killed in road accidents, 32,000 more were injured.

Over January-November 2017, there were almost 146,000 road accidents, including over 24,000 accidents with casualties. During this period, 3,560 people were killed and more than 31,000 were injured.

It should be noted that new traffic rules will come into force in January. In particular, the maximum traffic speed in populated areas will decrease from 60 to 50 km/h.

**7. ECONOMY****IMF voices requirements for next tranche**

The decision to disburse the next IMF tranche to Ukraine will depend on the implementation of five key requirements. In particular, Ukraine must adopt the pension reform and state budget for 2018, create an anti-corruption court, establish an energy policy and revise the law on privatisation, the IMF office in Washington said.

At the same time, the IMF noted that the date for sending an assessment mission to Ukraine has yet to be set.

As reported, the Ukrainian parliament passed the laws on pension reform and 2018 state budget (the laws are yet to be signed by the president). However, according to the acting head of the National Bank, **Yakov SMOLIY**, the IMF still has questions to these documents.

The deputy head of the National Bank, **Oleh CHURIY**, said that next year Ukraine expects to receive two tranches from the IMF for a total amount of 3.5bn dollars.

According to the National Bank's financial stability report, Ukraine needs to begin negotiations with the IMF on a new programme before the current programme ends in 2019. It noted that the lack of financial support from international institutions would significantly complicate the refinancing of more than 20bn dollars in sovereign and publicly guaranteed debt maturing in 2018-20.

### **Ukraine applies for fresh aid from EU**

On 13 December, the head of the EU Delegation to Ukraine, **Hugues MINGARELLI**, said that Ukraine had submitted an application to the European Commission for new macro-financing assistance from the European Union. According to the diplomat, this request will be considered in the next few months.

Earlier, President **Petro POROSHENKO** said that the European Commission had started working on the fourth macro-financial assistance programme that facilitates reforms in Ukraine.

In early December, the European Commission said that it would not disburse the third tranche of 600m euros to Ukraine under the programme approved in 2015. It noted that Ukraine had failed to fulfil a number of EU requirements. In particular, Ukraine failed to lift the ban on exports of round timber, to launch a system for automatic verification of e-declarations, to adopt the law on the credit register of the National Bank and to establish a system for checking beneficial owners of companies.

### **Ukraine signs Kharkiv metro agreement with EBRD, EIB**

On 11 December, Ukraine signed an agreement with the EBRD and the EIB on the project for expanding the metro network in Kharkiv. Under the agreement, the banks should allocate a loan of 160m euros for the completion of the metro in Kharkiv. For their part, the city authorities will allocate 10m euros.

The project should increase annual passenger traffic in the Kharkiv metro by 25m people.

### **EBRD to give 150m-euro loan to Ukrzaliznytsya**

The EBRD will provide a 150m-euro loan to Ukrzaliznytsya for the modernisation and electrification of a railway line in Mykolayiv Region.

In addition, the EBRD decided to allocate a loan of 10m euros to Dnipro for the purchase of new trolleybuses and 6m euros to the municipal enterprise Kremenchuk

Municipal Energy Service Company for energy-saving projects.

### **OPIC approves 150m-dollar loan for wind farm in Ukraine**

The Overseas Private Investment Corporation, a self-sustaining US government agency, has approved a loan of 150m dollars and insurance for up to 320m dollars for the construction of a large wind power farm in Zaporizhzhya Region by EuroCape.

The total project cost is 466m euros.

### **Deficit of foreign trade in goods reaches 4.6bn dollars**

In January-October 2017, the deficit of Ukraine's foreign trade in goods totalled 4.57bn dollars, which is more than twice above the deficit recorded over the corresponding period in 2016, the State Statistics Service has reported.

Exports increased by 20.9 percent in comparison with the same period in 2016, to 35.18bn dollars, while imports grew by 27.4 percent to 39.76bn dollars.

The EU's share in exports of goods from Ukraine was 40.2 percent, imports 42.2 percent, while Russia's share was 9.3 and 13.9 percent, respectively. In total, the deficit of trade with the EU countries fell by 6 percent to 2.62bn dollars. At the same time, the deficit of trade with Russia increased by 1.9 times to 2.26bn dollars.

### **Agricultural production falls by 2.8 percent**

In January-November 2017, agricultural production in Ukraine decreased by 2.8 percent compared to the same period in 2016, the State Statistics Service has reported.

At the same time, output of plant products decreased by 3.8 percent and animal products by 0.3 percent.

### **Finance Ministry sells over 140m dollars' worth of government bonds**

At a scheduled auction on 12 December, the Finance Ministry sold government bonds to the tune of 3.86bn hryvnyas (142.1m dollars). Their maturity ranges from two months to five years, with the yield set at 15.74 to 16.30 percent.

In addition, the Finance Ministry placed foreign-currency bonds for 3.5m euros with a maturity period of 539 days and a yield of 3.95 percent.

### **National Bank raises discount rate to 14.5 percent**

The National Bank has raised the discount rate from 13.5 to 14.5 percent starting from 15 December. This decision was made due to high inflation rates that exceed the regulator's forecast.

It should also be noted that over the past few weeks the hryvnya exchange rate on the cash market increased from 26.5 to 28 hryvnias per dollar. The National Bank said that the national currency depreciated due to traditional seasonal factors - increased demand ahead of a long holiday season and the fulfilment of budget expenditures by the Finance Ministry.

### **EIB to provide 50m-euro guarantees to Oshchadbank**

On 13 December, the state-owned Oshchadbank signed a 50m-euro guarantee agreement with the European Investment Bank to provide loans to small and medium-sized businesses in Ukraine. The agreement was signed as part of the EU4Business initiative aimed at improving access to financing.

### **Russian Sberbank sells VS Bank to Ukrainian businessman**

Sberbank Europe AG (a subsidiary of Sberbank of Russia) has closed the sale of 99.92 percent in VS Bank to TAS Group of businessman **Serhiy TIHIPKO**.

According to the National Bank, as of 1 July VS Bank ranked 28th among 88 banks operating in Ukraine in terms of assets.

It was also reported that the owner of DCH Group, **Oleksandr YAROSLAVSKYY**, filed documents with the National Bank for the purchase of Prominvestbank, a Ukrainian subsidiary of Russian Vnesheconombank (VEB). At the same time, VEB's board chairman **Sergey GORKOV** said that the bank did not hold talks for the sale of the Ukrainian bank. After that, the National Bank said that they would not allow the purchase of Prominvestbank if the deal is not agreed with VEB.

According to the National Bank, as of 1 October Prominvestbank ranked 13th in terms of assets (22.43bn hryvnias or 826.1m dollars) among banks operating in the country.

### **Antitrust agency fines Kyivstar**

The Antimonopoly Committee of Ukraine has imposed a fine of 21.3m hryvnias (777,300 dollars) on the mobile operator Kyivstar due to unfair competition.

### **Court turns down appeal against Ukrtelecom nationalisation**

The Commercial Appeal Court of Kyiv has dismissed an appeal of the ESU company against the decision of the previous instance court to return 92.8 percent of shares in Ukraine's largest fixed-line operator, Ukrtelecom, to the state.

The State Property Fund said that they would not begin the process for returning Ukrtelecom's shares to the state until the cassation court considers ESU's appeal.

In 2011 the State Property Fund sold Ukrtelecom's shares to ESU, a Ukrainian subsidiary of the Austrian company EPIC, for 10.05bn hryvnias (364.1m dollars). SCM Group of **Rinat AKHMETOV** purchased ESU in 2013.



**Ukraine sets up low-cost carrier**

Infrastructure Minister **Volodymyr OMELIAN** has said that a national low-cost airline, SkyUp, has been created in Ukraine. The carrier will start performing international and domestic flights from the spring of 2018.

**8. ENERGY****Ukraine selecting partners for pipeline management**

The Cabinet of Ministers has officially started the procedure for selecting international partners for the joint management of the Ukrainian gas transport system.

According to the government's decision of 13 December, the Energy and Coal Industry Ministry and the Foreign Ministry were instructed to hold consultations with foreign operators of gas transport systems in a 10-day period.

After analysing this information, the government will prepare a tender for attracting one or several partners for the management of the pipeline system jointly with the Main Gas Pipelines of Ukraine.

**Liquefied gas from US arrives in Ukraine**

ERU Trading, a private trading company, has imported natural gas to Ukraine for the first time. This gas previously arrived in a tanker from the United States to a Polish LNG terminal and was further transported to Ukraine via Polish pipelines, the company reported on 15 December.

ERU Trading purchased the gas at the Ukrainian border and pumped it into underground storage facilities.

**Ukraine imports petroleum products for 3.7bn dollars**

In January-November 2017, Ukraine imported 7.11m tonnes of petroleum products for a total of 3.73bn dollars, including 430m dollars' worth of products in November, the State Fiscal Service has reported.

Imports from Belarus were 1.7bn dollars (the share of 45.67 percent), from Russia 1.07bn dollars (28.73 percent), from Lithuania 420.2m dollars (11.28 percent) and from other countries 533.69m dollars (14.33 percent).

In money terms, imports increased by 28.5 percent compared to the same period in 2016, while in volume terms imports grew by 6.7 percent.

In addition, Ukraine imported 925,800 tonnes of crude oil to the tune of 398.6m dollars, including crude from Azerbaijan for 333.4m dollars (the share of imports is 83.6 percent).

**Ukraine imports coal for 2.43bn dollars**

In January-November 2017, Ukraine imported 17.38m tonnes of coal worth 2.43bn

dollars, including imports worth by 279.6m dollars in November, the State Fiscal Service has reported.

In monetary terms, coal imports increased by 88.1 percent, while in volume terms imports grew by 22 percent.

The share of Russian coal in the total volume was 56.36 percent, the United States 24.84 percent, Canada 6.16 percent and other countries 12.64 percent.

Ukraine exported coal to the tune of 97.96m dollars, including exports for 54.83m dollars to Russia, 36.64m dollars to Slovakia, 2.57m dollars to Turkey and 3.93m dollars to other countries.

### **Enerhoatom grows revenue from electricity sales by 9.4 percent**

In January-November 2017, the state-owned Enerhoatom company, the operator of Ukrainian nuclear power plants, increased revenue from electricity sales by 9.4 percent compared with the same period in 2016, to 41.94bn hryvnyas (1.54bn dollars).

At the same time, the company's electricity generation increased by 7 percent compared to January-November 2016, to 78.06bn kWh.

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