

Gorshenin *Weekly*



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1. TOP STORIES**Dutch government takes more time to negotiate association deal with Ukraine**

The Netherlands wants to make sure that the association agreement will not give Ukraine the right to apply for EU membership

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Read more in DOMESTIC POLITICAL

2. ARMED CONFLICT IN EASTERN UKRAINE**OSCE records 8,000 cease-fire violations in Donbas over last week**

The OSCE Special Monitoring Mission (SMM) has registered 8,000 cease-fire violations in the antiterrorist operation area in Donbas over the past week, SMM Principal Deputy Chief Monitor **Alexander Hug** has said.

In his words, the number of cease-fire violations in the conflict area has increased by 40 percent compared with the previous week.

Five Ukrainian servicemen have been killed in Donbas over the week.

There is a need to revise the Minsk agreements signed on 12 February 2015 in order to facilitate the actual implementation of the document rather than its theoretical performance, the Zerkalo Nedeli weekly reported, citing the director of the National Institute for Strategic Studies and a presidential aide, **Volodymyr Horbulin**. In his words, the document risks encroaching on the territorial integrity and sovereignty of Ukraine because its clause 4 speaks of the need to launch negotiations on a special status of Donbas, clause 9 says Ukraine's control over the border may be restored only after local elections, while clause 11 says the constitution should be changed with regard to a special status.

The expert said that it would not make any sense to hold local elections in Donbas before restoring control over the state border. Horbulin also believes the Normandy format of negotiations on Donbas should be expanded to include the USA, EU and the UK.

Disengagement near Ukraine's Stanytsya Luhanska disrupted yet again

The disengagement of troops and weapons near Stanytsya Luhanska in eastern Ukraine, which was scheduled for 2 November 2016, has been disrupted by pro-Russian militants' fire attacks, the head of the Ukrainian group at the Joint Centre for Coordination and Control of Cease-fire, **Borys Kremenetskyy**, has said.

He recalled that, according to the agreements, the disengagement may only be held after full seven days of cease-fire.

At a meeting in Minsk on 21 September, participants in the trilateral contact group signed an agreement on the disengagement of troops and weapons near three population centres along the line of contact – Petrovske, Zolote and Stanytsya Luhanska. By now, the disengagement has been completed near Petrovske and Zolote.

US ambassador to Ukraine **Marie Yovanovitch** said that the disengagement in Donbas would improve security, which is a precondition for holding local elections.

Ukraine wants OSCE police mission in Donbas to number up to 20,000

Ukraine has suggested that an armed police mission in Donbas should include 18,000-20,000 members, **Gernot Erler**, special representative of the German government for the OSCE chairmanship in 2016, said during his visit to Kyiv on 3 November 2016.

He said that it would be difficult to find such number of people with relevant training.

Erler recalled that the OSCE had had no experience in forming any armed missions and that it would require consent from all 57 member states.

Speaking on the air of **Sonya Koshkina** "Levyi Bereg" talk show, Ukrainian Foreign Minister **Pavlo Klimkin** agreed that it would be difficult to form the mission considering Russia was a member of the OSCE and could block the decision. He also spoke against Russia's participation in the police mission.

Luhansk militants now charging "customs duty" on arriving visitors

As of 28 October 2016, Luhansk separatists have started charging visitors to the occupied territory in line with the "law" signed by the leader of the self-proclaimed Luhansk people's republic, **Ihor Plotnytskyy**.

Vans and buses with up to 30 seats will have to pay a "customs duty" of 2 euros. Buses with larger capacity and lorries of up to 20 t will pay 5 euros.

3. CRIMEAN ISSUE**Crimean Tatar activist served indictment by FSB**

On 2 November 2016, the Russian Federal Security Service (FSB) served a

deputy chairman of the Crimean Tatar self-styled government Majlis, **Ilmi Umerov**, with an updated indictment. According to his lawyer Emil Kurbedinov, it includes the conclusions of an examination which allegedly confirmed that his client's actions could be described as extremism.

It should be recalled that the Federal Security Service suspects Umerov of making public calls for and actions aimed at the violation of Russia's territorial integrity.

In August, a Russia-controlled district court in Simferopol put Umerov into in-patient care for three weeks for a psychiatric test.

Russian FSB orders six Crimean Tatars to undergo mental test

Russian investigators have ordered six Crimean Tatars, who are suspected of involvement with the Hizb ut-Tahrir radical organization banned in Russia, to undergo a mandatory in-patient mental test, lawyer Emil Kurbedinov has said.

4. INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Hackers publish alleged emails from Russian presidential aide's reception office

The cyber alliance of Ukrainian hacking groups has said it has gained access to pochta_mg@mail.ru, a mailbox allegedly used by **Maria Vinogradova**, who works in the reception office of Russian presidential aide **Vladislav Surkov**.

Some emails from the dump deal with Ukraine's Kharkiv. For example, the report, dated 29 April 2015 and entitled "Set of measures X", says that the majority of residents of Kharkiv Region were not happy with the central authorities, and offers various options how to destabilize the situation in the area. According to the e-mail message received in June, the situation in the city changed dramatically and the previous plan lost its relevance.

On 25 October, the alliance published a 1Gb dump of the prm_surkova@gov.ru (Surkov's reception office) mailbox, covering the period from 2013 to 2014. It contains detailed reports on the situation in Ukraine, Abkhazia, reports on the funding allocated to the self-proclaimed Donetsk and Luhansk people's republics, on Surkov's meetings, and so on.

A day earlier, the CyberHunta hacking group said it had gained access to Surkov's emails. One of them allegedly contained a document outlining the set of measures aimed at destabilizing the social and political situation in Ukraine while another one described steps on establishing a republic in Transcarpathian Region.

The Security Service of Ukraine (SBU) said that the document on the Transcarpathian plan matched the documents they had earlier confiscated from local separatists "to dot".

Russia embargoes salt imports from Ukraine

Russia has banned salt imports from countries which supported the Western sanctions, including from Ukraine, as of 1 November 2016.

According to the Russian Federal Customs Service, in 2015 Russia imported from Ukraine 864,200 t of salt worth 40.8m dollars, or 49.1 percent of the total salt imports.

UKRAINE-EU**Dutch government requests extra time to decide on Ukraine**

The Dutch government has requested extra time, until 15 December 2016, from parliament to decide whether to ratify the EU-Ukraine association agreement, Dutch Foreign Minister **Bert Koenders** has said in his letter to lawmakers.

At the same time, Dutch Prime Minister **Mark Rutte** said that the Netherlands would hold additional negotiations to work out a formula which would take into consideration the concerns of those citizens who voted against the ratification at the April referendum. In his words, the Netherlands wants a confirmation that the association agreement will not make Ukraine automatically entitled to claim EU membership, that it will not oblige EU member states to guarantee it security or financial support, and that it will not give Ukrainians free access to the European labour market. What is more, Rutte believes that the EU must demand that Ukraine work harder on fighting corruption.

Rutte earlier said that his government had planned to make up its mind on the EU-Ukraine association agreement by 1 November.

The Ukrainian Foreign Ministry said it was working with the EU on a document which would interpret the EU-Ukraine association agreement.

Germany gives 72m-euro aid to Ukraine

Germany will provide Ukraine with an additional financial aid of 72m euros for economic and regional development, energy efficiency and, assistance to internally displaced persons, according to Ukraine's Economic Development Ministry.

Thus, the amount of Germany's non-repayable financial aid to Ukraine has grown to 325m euros.

UKRAINE-USA**Putin, Yanukovich reportedly discuss payments to US consultant**

Russian President **Vladimir Putin** has held a secret meeting with fugitive Ukrainian President **Viktor Yanukovich** to discuss the recent reports saying that **Paul Manafort**, former campaign chief of US presidential candidate **Donald Trump**, had received 13m dollars in "black cash" from the Party of Regions, Newsweek has reported, citing sources in US intelligence services.

The meeting took place near Volgograd, shortly after The New York Times published an article about the cooperation between Trump's campaign manager and Yanukovych.

According to the report, Yanukovych assured Putin that there existed no documentary evidence of illegal payments to Manafort, but the Russian president told his entourage that he did not believe the former Ukrainian president.

It bears noting that the Specialised Anti-Corruption Prosecutor's Office returned the case concerning the so-called "black ledger" of the Party of Regions for revision to the National Anti-Corruption Bureau of Ukraine.

Ukrainians may have notable impact on US election outcome – envoy

The Ukrainian diaspora in the USA, which numbers over 1.5m people, may have a notable impact on an outcome of the US presidential election, Ukraine's ambassador to the USA, **Valeriy Chalyy**, has said.

He added that big Ukrainian communities were clustered in battleground states such as Ohio, Pennsylvania and Florida.

Myroslava Gongadze, chief of Voice of America's Ukrainian Service, has said in an interview with the news and analysis portal LB.ua that the Ukrainian community traditionally favoured the Republicans, however **Donald Trump's** statements that he is ready to make friends with Russian President **Vladimir Putin** upset the Ukrainians. Now, according to her, many of them say they are ready to support Democratic candidate **Hillary Clinton**, hoping that the policy of sanctions and the strengthening of NATO in the region will continue and that Ukraine may be granted arms supply.

UKRAINE-UK

Ukrainian parliament ratifies memorandum of defence cooperation with UK

On 2 November 2016, the Ukrainian parliament ratified the intergovernmental agreement with the United Kingdom on defence cooperation.

In 2017, the UK will train 5,000 Ukrainian servicemen to NATO standards. British instructors have already trained 2,500 Ukrainian servicemen.

UKRAINE-ALBANIA

Ukraine, Albania sign agreement on visa-free travel

At a meeting in Tirana on 4 November 2016, Ukrainian Foreign Minister **Pavlo Klimkin** and his Albanian counterpart **Ditmir Bushati** signed the intergovernmental agreement on visa-free travel.

UKRAINE-MOLDOVA**Ukraine, Moldova launch talks on corridor for Russian troops pullout**

Moldova Defence Minister **Anatol Salaru** has said that Ukraine is ready to create a "green corridor" for the withdrawal of Russian troops and weapons from Dniester Region.

He added that Chisinau will ask international institutions to put pressure on Moscow and ensure that the "evacuation process" begins as soon as possible.

Russia keeps some 1,200 servicemen in Moldova's breakaway Dniester region and has no plans to pull out its troops from the country.

Ukraine recalls Moldova envoy for consultation

On 31 October 2016, Ukraine recalled its ambassador Ivan Hnatyshyn from Moldova to Kyiv for consultation.

This happened after the first round of the Moldovan presidential election on 30 October, in which Socialist Party candidate **Igor Dodon** received over 48.7 percent of votes.

Dodon earlier said that Crimea belonged to Russia.

During his election campaign, he pledged to restore full-fledged economic relations with Russia, have the EU association agreement cancelled through a referendum and develop the country while relying on the Orthodox faith as "the moral fibre of Moldovans".

If Dodon wins the presidential election, Ukraine may tighten transit of Moldovan goods to the Russian market through its territory, the news and analysis website LB.ua reported.

According to the website, the Socialist candidate is a proponent of the idea of federalization of Moldova and is rather inclined to settle the Dniester conflict using a Russian scenario.

5. DOMESTIC POLITICAL**Ukrainian government sends reworked budget to parliament**

The Ukrainian government on 4 November 2016 sent the reworked draft budget for 2017 to parliament. Macroeconomic indicators have not been changed.

The draft budget is based on the forecast that in 2017, GDP will grow by 3-4 percent, inflation will reach 8.1 percent, unemployment 8.6 percent, the state debt 66.8 percent of GDP, and the exchange rate of 27.2 hryvnias per dollar.

The reworked budget includes a twofold increase of minimum wage as of 1 January 2017, up to 3,200 hryvnias.

The budget should be given the second reading by 20 November and the third reading by 1 December.

Higher minimum wage to put strain of 1.5bn dollars on Ukraine's budget - minister

According to Social Policy Minister **Andriy Reva**, a twofold increase of minimum wage, up to 3,200 hryvnias (125 dollars), will require an additional 38bn hryvnias (1.5bn dollars) to be drawn into the budget.

In his words, the money is expected to be raised by pulling the economy from the shadow.

G7 ambassadors hope for due check of Ukrainian officials' e-declarations

The G7 ambassadors in Ukraine in a joint statement have commended the Ukrainian government on completing the first phase of submissions to the e-asset declaration system and said the system is functioning as intended. However, they added that it is important for the National Agency for the Prevention of Corruption (NAPC) to have the capacity, resources, and independence to review the declaration data appropriately and administer the e-asset declaration system.

NAPC head **Natalya Korchak**, for her part, said that her experts have not yet started checking the registered declarations because the declaration system has not been connected to public registers and needs to be advanced. In her words, she expects the NAPC to receive funding for these works no earlier than next year. It has already been earmarked in the 2017 state budget, she added.

The National Anti-Corruption Bureau of Ukraine has received 20 requests to check officials' e-declarations.

Prosecutor-General **Yuriy Lutsenko** said he was going to check whether MPs who declared over 100,000 dollars in cash paid due taxes.

According to the ex-deputy chief of the Security Service of Ukraine, **Viktor Trepak**, despite a large positive effect, e-declarations pose big risks, as authorities can use them as an instrument to punish opponents, Zerkalo Nedeli writes.

The first phase of submissions to the e-asset declaration system finished in Ukraine on 30 October. Around 120,000 public officials holding responsible and especially responsible positions have reported their incomes.

Ukrainian parliament gives up on pay rise

The Ukrainian parliament on 1 November 2016 issued a resolution which cancels its recent decision to increase MPs' salaries 2.5 times to over 40,000 hryvnias (1,540 dollars).

Saakashvili resigns as Odesa Region governor

The head of the Odesa regional administration, **Mikheil Saakashvili**, has announced his resignation.

He said that he was tired of unfulfilled promises and deceit by Ukrainian President **Petro Poroshenko**.

Earlier, the head of the main directorate of the National Police in Odesa Region, **Giorgi Lortkipanidze**, a close ally of Saakashvili, also resigned.

In addition, it was reported that the Centre of Administrative Services in Odesa had ceased its operations.

Director of National Television Company resigns

The director-general of the National Television Company of Ukraine (NTCU), **Zurab Alasaniya**, submitted a letter of resignation on 1 November.

According to Alasaniya, he had to resign because the Finance Ministry had decided to fund Eurovision-2017 from the budget of the National Public Television of Ukraine (NPTU). As a result, taking into account all payments, the NPTU, which should unite all public broadcasting companies, will have only 193m hryvnias (7.42m dollars) for development out of the earmarked total of 1.2bn hryvnias (46.15m dollars).

Later, the cabinet backed the proposal for the full financing of the NTCU and Eurovision while revising the draft budget for 2017.

The government also approved the resignation of Alasaniya. The decree on his dismissal will be issued by the State TV and Radio Broadcasting Committee.

Ukrainian parliament allows foreign contracts to be signed by email, invoice

The Ukrainian parliament on 3 November passed a law that allows exporters of services to enter into foreign contracts not only in writing, but also in the electronic form.

If the president signs it, Ukrainian exporting companies, including the IT sector, will be able to sign contracts with foreign clients by email through offer and acceptance, in electronic form or simply by sending an invoice.

According to the draft law, an invoice will be considered a primary document which can be signed by hand or using a digital signature.

The document also prohibits banks from demanding translation of contracts into the Ukrainian language if they are drafted in English.

Ukrainian parliament safeguards business from checks until 2018

On 3 November 2016, the Ukrainian parliament adopted the bill which prolongs the moratorium on scheduled checks of businesses until 31 December 2017.

Unscheduled checks can still be held if they are authorised by the Cabinet of Ministers, the State Regulatory Service or court, or upon written consent of the business to be inspected.

Ukraine will introduce an electronic register which will list all checks, their reasons and initiators, their details and conclusions.

The moratorium was first introduced in late 2014.

Parliament introduces penalties for TV channels

The Ukrainian parliament on 1 November passed a law introducing a system of fines for TV channels and providers of programme services.

The document binds the size of such fines to the amount of license fees (previously, the amount of fines was set by the National Television and Radio Broadcasting Council at its sole discretion).

In particular, a fine equalling 25 percent the license fee can be imposed on a TV channel for calls for war or violent change of the constitutional system, incitement of racial, national or religious hatred.

In addition, the law imposes a fine of 10 percent of the license fee for broadcasting programmes painting a positive image of government agencies of the aggressor state or justifying the occupation of Ukraine's territory, films and programmes featuring people who have been put on the "black list".

President vetoes two laws on environmental assessment

President **Petro Poroshenko** has vetoed the law on strategic environmental assessment, which is one of Ukraine's commitments under the Association Agreement with the EU.

Also, the president vetoed the law on environmental impact assessment.

The draft law on environmental impact assessment regulates relations between a business entity and government authorities, while the draft law on strategic environmental assessment regulates relations of public bodies.

These laws meet European standards, and that is why Poroshenko's decision came as a surprise for the EU, the team leader for energy and environment of the Support Group for Ukraine in the European Commission said during a roundtable at Gorshenin Institute. The expert stressed that environmental assessment is a European standard without which investments in Ukraine will be limited, and expressed the hope that the veto issue will be resolved in the near future.

Bill on High Council of Justice passes first reading

The Ukrainian parliament on 3 November passed in the first reading a presidential draft law, which provides for the establishment of the High Council of Justice.

Changes to the constitution concerning judicial reform, which entered into force on 30 September, provide for the reorganization of the High Council of Justice.

According to an opinion poll conducted by Gorshenin Institute, the level of confidence in Ukrainian courts is extremely low. Only 4.7 percent trust courts, with 89.3 per cent distrusting them.

Constitutional court starts reviewing law on expelling parliamentary candidates from party lists

The Constitutional Court on 3 November began to examine the constitutionality of the law on exclusion of parliamentary candidates from party lists after elections, which is also known as the law on "party dictatorship".

Ukraine starts issuing plastic ID-cards

Starting from 1 November, Ukrainian citizens will be able to receive passports in the form of plastic ID-cards instead of paper documents. In January, Ukraine started to issue such cards to those who receive a passport for the first time.

The first Ukrainian passport is issued free of charge. Citizens who want to replace their old paper passports will have to pay an administrative fee of 279 hryvnyas (10.73 dollars).

Issuance of biometric internal passport is among the EU's requirements for granting Ukraine visa-free travel.

Prosecutor's office asks parliament to scrap MP's immunity

The Prosecutor-General's Office (PGO) has requested parliament to lift the immunity of MP **Vadim Novinskiy** of the Opposition Bloc party. Prosecutor-General **Yuriy Lutsenko** made a statement to this effect on 3 November.

Parliament speaker **Andriy Parubiy** forwarded the PGO's motion to the procedural committee.

Novinskiy is among those (along with former President **Viktor Yanukovych**, former Interior Minister **Vitaliy Zakharchenko**, etc.) suspected of exerting pressure on the Ukrainian Orthodox Church for the purpose of removing then Metropolitan **Volodymyr** from the post. In particular, he is charged with depriving Volodymyr's personal assistant **Oleksandr Drabynko** of liberty.

In addition, according to the Prosecutor-General's Office, the MP in September-December 2013 was complicit in committing a "crime against the will, honour and dignity of a person, as well as in a crime related to official activities".

At the same time, the Security Service of Ukraine said that on 4 November the politician left for Greece in his personal aircraft.

Novinskiy is one of the richest people in Ukraine. He owns Smart-Holding, which consists of a number of enterprises. Among his assets is a large stake in the steel company Metinvest and the agricultural company HarvEast, the oil and gas company Regal Petroleum, Kherson Shipyards, as well as the Black Sea Shipyards.

Yanukovych granted Ukrainian citizenship to Russian businessman Novinskiy in May 2012.

Prosecutor's office says ex-president suspect under eight criminal cases

Ousted Ukrainian President **Viktor Yanukovych** is a suspect in eight criminal cases, the head of the special investigations directorate of the Prosecutor General's Office, **Serhiy Horbatiuk**, has said.

Meanwhile, Prosecutor-General **Yuriy Lutsenko** plans to combine all the episodes concerning Yanukovych into one case and send it to the court before the end of the year. He intends to use the procedure of investigation in absentia.

According to the prosecutor-general, over a dozen of incumbent MPs are involved in the cases against the former president.

A week ago, the Prosecutor-General's Office established a directorate for solving crimes committed by criminal organisations, which will deal with the cases against Yanukovych.

Anti-corruption bureau says fugitive MP has Greek passport

The National Anti-Corruption Bureau of Ukraine (NABU) has established that **MP Oleksandr Onyshchenko** has a Greek passport, and thus, can freely travel abroad. This follows from a ruling by the Kyiv Solomyanskyi district court issued on 19 October.

According to the document, NABU detectives asked the court to arrest the MP in absentia with an option to be released on bail of 1.6bn hryvnias (61.54m dollars). The ruling said that the law enforcers had been unable to establish the MP's whereabouts.

It should be recalled that Onyshchenko is suspected of inflicting losses of 3bn hryvnias (120m dollars) on the state via manipulations on the natural gas market. The Ukrainian parliament voted for launching criminal proceedings against the MP, his detention and arrest.

It also became known that the Kyiv Economic Court of Appeals had terminated the agreement on joint production between the state-run company Ukrhazvydobuvannya and company Natural Resources+, which belongs to Onyshchenko.

State reserve's offices searched

The Prosecutor-General's Office, jointly with the Security Service of Ukraine, on 31 October conducted searches at the offices of the State Reserve Agency of Ukraine. The prosecutor's office suspects the agency's officials of fraudulent actions in organizing auctions for the purchase of 17,000 tonnes of diesel fuel to the tune of 257m hryvnias (10m dollars).

Former court chairman suspected of corruption flees Ukraine - media

The former chairman of the Supreme Economic Court, **Viktor Tatkov**, who is suspected of "illegal assignment of cases", has left Ukraine for medical treatment abroad, Ukrainian media have reported, citing sources in the Prosecutor-General's Office.

Earlier, the Prosecutor-General's Office said that Tatkov and his deputy **Artur Yemelyanov** were suspected of illegal interference in operations of the automated case assignment system. The court ruled that he may be released on a bail of 1.5m hryvnyas. The Ukrainian parliament on 29 September dismissed Tatkov from the post of judge under the law on vetting.

According to media reports, during the presidency of **Viktor Yanukovych**, Donetsk natives Tatkov and Yemelyanov created a so-called system of "Donetsk justice" in Kyiv courts.

6. ECONOMY

IMF mission begins work in Ukraine

An IMF mission arrived in Ukraine on 3 November to complete the review of the reforms programme approved in March 2015. The mission plans to work in Kyiv for two weeks.

Ukraine expects to receive the fourth tranche of 1.3bn dollars from the IMF before the end of the year.

In 2017, Ukraine expects to raise 7.6-7.7bn dollars, including 5.4bn dollars from the IMF. In 2018, Ukraine plans to receive 2.9bn dollars from the IMF. The international reserves are expected to grow to 17.5bn dollars by the end of 2016 and to 27.8bn dollars by the end of 2018.

IMF improves outlook on gross external debt

The IMF forecasts that the ratio of Ukraine's gross external debt to its GDP in 2016 will increase to 141.3 percent from 136.4 percent (previously expected at 152.3 percent) and will decrease to 136.3 percent (previously expected at 140.3 percent) in 2017.

The IMF kept other macro forecasts for the current and following years unchanged. In particular, Ukraine's economy is expected to grow by 1.5 percent in 2016 and by 2.5 percent in 2017. Inflation is expected to reach 13 percent in 2016 and 8.5 percent in 2017, while the current account balance should be "minus" 1.5 percent of GDP and "minus" 2.1 percent of GDP, respectively.

At the same time, the National Bank of Ukraine forecasts that Ukraine's economy will grow by 1.1 percent in 2016, while the regulator has worsened the GDP growth forecast for 2017 to 2.5 percent from 3 percent.

Foreign trade deficit almost doubles

The deficit of foreign trade in goods in Ukraine in January-September 2016 totalled

4.25bn dollars, which is 1.8 times more than over the same period of 2015, the National Bank has reported.

At the same time, exports of goods fell by 9.7 percent to 23.77bn dollars, imports dropped by 2.3 percent to 28.01bn dollars.

Exports to the EU increased by 3.3 percent to 7.69bn dollars and were 32.4 percent of total exports, while imports from the EU grew by 7.3 percent to 10.48bn dollars and made 37.4 percent of total imports.

Treasury account balance reaches 620m dollars

As of 1 November 2016, the balance on the single account of the State Treasury Service totalled 15.87bn hryvnyas (620m dollars), which is 17.8 percent more than as of 1 October 2016, the treasury has reported.

Compared to October 2015, the balance fell by 2.7 times.

At the same time, the treasury reported that over January-October 2016 the state budget of Ukraine received 488.4bn hryvnyas (18.85bn dollars) in revenues, which is 5.1 percent less than the budget target.

Banks' losses reach 448m dollars over nine months

The total loss of operating banks in January-September 2016 fell by 4.4 times compared to the same period last year and was 11.6bn hryvnyas (447.7m dollars). Banks' revenues decreased by 4.4 percent to 140.1bn hryvnyas (5.41bn dollars), while expenses dropped by 23.2 percent to 151.8bn hryvnyas (5.86bn dollars).

Money transfers to Ukraine reach 1.9bn dollars over nine months

The volume of cash inflows to Ukraine from abroad over the first nine months totalled 1.88bn dollars, while cash outflows from Ukraine were 268m dollars, the National Bank has reported.

Ukraine produces 1m tonnes of sugar

Sugar production in Ukraine as of 1 November totalled 1.04m tonnes, which is 29.6 percent more than in the same period of 2015, according to the National Association of Sugar Producers (Ukrtsukor).

Auction for Odesa Portside Plant scheduled for 14 December

The State Property Fund of Ukraine has scheduled the auction for the sale of 99.57 percent of shares in Odesa Portside Plant for 14 December 2016.

The starting price of the block of shares makes 5.16bn hryvnyas (198.46m dollars).

The property fund was unable to sell the Odesa plant in July due to the lack of bidders. At the first auction, the starting price for 99.57 percent of Odesa Portside

Plant was set at 13.18bn hryvnyas (507m dollars).

As was reported, the total debt of Odesa Portside Plant exceeds 280m dollars. Of this amount, 251m dollars is owed to **Dmytro Firtash's** Group DF (together with interest payments).

Antitrust agency orders port to cancel dredging tender

The Antimonopoly Committee of Ukraine (ACU) on 3 November obliged the Yuzhne branch of the Seaports Administration of Ukraine to cancel the results of the tender for dredging works in the Yuzhnyy port. According to the board's decision, none of the proposals from the bidders meet the requirements of the project owner.

On 30 September, the antimonopoly committee started reviewing a complaint from the company Van Oord Ukraine, in which it noted that the ordering side had violated terms of the tender for works in the Yuzhnyy port. The Ukrainian office of the Dutch company insisted on recognizing as illegal and cancelling the ordering side's decision to turn down Van Oord Ukraine's qualifying offer and declare Jan De Nul Ukraine as the winner of the tender.

Court impounds businessman's property worth 46m dollars

The Kyiv Pecherskyy district court has impounded movable and immovable property of businessman **Oleh Bakhmatyuk**, as well as his cash kept on current accounts in Financial Initiative Bank and VAB Bank to the tune of 1.2bn hryvnyas (46.15m dollars).

The asset freeze was ordered due to an overdue loan of VAB Bank whereby Bakhmatyuk acted as a guarantor.

The executive service has launched respective proceedings.

Alfa-Group closes deal for purchase of Ukrsotsbank

Luxembourg-based ABH Holdings S.A. has completed the acquisition of 99.9 percent of shares in the public company Ukrsotsbank (UniCredit Bank) from UniCredit Group. In return, the Italians received a minority stake of 9.9 percent in ABHH.

ABH Holdings owns Alfa-Bank branches in Ukraine, Russia, Belarus and Kazakhstan, as well as Amsterdam Trade Bank in the Netherlands. Alfa-Group, which includes ABH Holdings, is one of the largest financial and industrial groups in Russia.

Chinese company buys solar farm from ousted officials

China's CNBM International Corporation has become the owner of almost 100 percent in Neptune Solar. This company owns a solar power station in Mykolaiv Region. This follows from a statement on the website of the National Securities and Stock Market Commission.

At the same time, Austria-based Activ Solar GmbH of the fugitive ex-head of the National Security and Defence Council, **Andriy Klyuyev**, and his brother, MP **Serhiy Klyuyev**, has ceased to be a shareholder of Neptune Solar.

7. ENERGY

Parliament passes law on restructuring heating companies' debts

The Ukrainian parliament on 3 November passed a government-drafted law providing for the restructuring of debts of heat supplying and generating companies and water service companies for consumed electric energy and natural gas that accumulated as of 1 July 2016. These companies will be allowed to repay their debts in instalments over five years. Penalties on debts accrued as of 1 July will be written off.

It should be recalled that the previous law on writing off penalties of heating providers, which was passed by parliament in July, was vetoed by the president.

As of 1 July 2016, heating providers' debts for natural gas were 18.7bn hryvnias. Late payment penalties made another 4.5bn hryvnias.

Currently, accounts of 104 heating providers, including Kyivenerho, are frozen because of the debts accumulated due to untimely payments.

Ukraine boosts gas transit by 20 percent over 10 months

Ukraine in January-October increased natural gas transit to Europe and Moldova by 19.7 percent compared to the same period of 2015, to 65.3bn cu.m., the state-run company Ukrtransgaz has reported. In October transit increased by 33.8 percent to 8.3bn cu.m.

However, Ukraine in January-October reduced gas imports by 1.9 times to 7.87bn cu.m. In October 2016, imports totalled 1.54bn cu.m., which is 36 percent less than in October 2015.

Gas production in Ukraine increased by 0.9 percent to 16.66bn cu.m.

Government bars Yuzgaz from developing gas field

The Cabinet of Ministers on 2 November decided that Dutch company Yuzgaz B.V. cannot take part in the production sharing agreement on the Yuzivska field in Kharkiv and Donetsk regions.

Initially, Shell was supposed to develop the Yuzivska field, but the company withdrew from the project. Later Yuzgaz B. V. won a competition to attract an investor for the development of this shale gas field, which was organised by Nadra Yuzivska, an entity controlled by the state-owned Nadra Ukrayiny company.

According to media reports, Yuzgaz B.V. was founded six weeks before the end of the competition. It was founded with the authorised capital of only 1,000 euros by the investment fund Emerstone Energy, which belongs to Emerstone Capital Partners with the authorised capital of 31,000 euros. It should be noted that oil

and gas business is not mentioned among activities in its charter. All these companies were registered in 2016. Their official representative and one of the owners is businessman **Yaroslav Kinakh**, a Canadian citizen. Previously, he headed the EBRD representative office in Ukraine.

According to estimates by Nadra Ukrayiny, possible resources of the Yuzivska field exceed 3,000bn cu.m. of conventional fuel, while base-case and optimistic scenarios project annual production of 10bn and 20bn cu.m. of fuel, respectively.

Protective arch to cover Chornobyl nuclear reactor in November

The operation to slide a protective arch over the fourth power unit at the Chornobyl nuclear power plant started on 3 November. The arch will be put into its intended place by 29 November.

The funds for the construction of the new confinement were collected by donor countries participating in the Chornobyl Fund "Shelter", which is managed by the EBRD.

After the arch covers the destroyed unit of the Chornobyl nuclear power plant, a new stage will begin to transform the "Shelter" facility into an ecologically safe system, which involves the dismantling of unstable structures and extraction of radioactive waste and fuel-containing materials.

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