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1. TOP STORIES**Committee of Permanent Representatives in EU agrees visa waiver suspension mechanism**

The document which blocked visa-free travel for Ukrainians has been sent to the European Parliament for approval.

Read more in INTERNATIONAL POLITICAL

Ukrainian parliament lifts opposition MP's immunity

He is suspected of complicity in the abduction of Metropolitan Volodymyr's aide.

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2. ARMED CONFLICT IN EASTERN UKRAINE**UN says over 9,000 killed, more than 22,000 wounded in conflict in eastern Ukraine**

The UN Human Rights Monitoring Mission in Ukraine has said in its 16th report that 9,730 people were killed and 22,720 were wounded in the conflict area in Donbas from mid-April 2014 to 15 November 2016.

Some 3,060 officers of uniformed agencies have been killed and 10,750 wounded since the beginning of the anti-terrorist operation in Donbas, according to Ukraine's Defence Ministry.

Contact group for Donbas conflict meets in Minsk

The trilateral contact group (Ukraine, Russia and the OSCE) for a settlement of the Donbas conflict held a meeting in Minsk on 7 December. The meeting participants instructed the subgroup on economic issues to organise the signing of a protocol that would unblock operations of the Popasna Water Service Company in Luhansk Region.

At the same time, Ukraine's representatives in the humanitarian subgroup proposed releasing 42 Ukrainian prisoners, whose detention was confirmed by the separatists, in exchange for the release of 228 persons from the lists provided by the self-proclaimed Donetsk people's republic. However, the separatists rejected the proposal, saying that they were ready to release only eight people.

According to Ukrainian media, MP **Nadiya Savchenko** of the Fatherland party held a secret meeting with the separatist leaders in Minsk on 7 December. The meeting participants discussed ways to force Ukrainian authorities to hold direct talks with the militants. As reported, families of the prisoners may be used to apply pressure on the authorities. According to reports, the meeting was organised by the Russian Federal Security Service (FSB) with the assistance of the Russian Embassy in Belarus.

Meanwhile, the Fatherland party said that Savchenko had not coordinated her actions with the party, adding that direct negotiations with terrorists and their leaders were unacceptable.

Ukraine re-launches TV tower to broadcast to east

Ukraine has put the repaired TV tower on the Karachun hill back to work. The tower located near Ukraine-controlled Slovyansk, Donetsk Region was destroyed by pro-Russian militants in July 2014.

Once the tower transmitters are installed, it is expected to relay Ukrainian TV and radio signals to the entire territory of Donetsk Region, both government- and rebel-controlled areas.

Red Cross delivers 190 tonnes of humanitarian aid to occupied Donbas

On 7 December 2016, the International Committee of the Red Cross mission delivered 190 t of humanitarian aid to militant-controlled areas of Donbas.

3. CRIMEAN ISSUE

Two Ukrainians die in Crimean, Russian jails

The Crimean human rights group has said that two Ukrainian nationals have died in Crimean and Russian penitentiary institutions over the past six months. These were **Valeriy Kerimov**, who was moved from a correctional facility in Crimea to penal colony No 1 in Russia's Republic of Adygeya, and **Serhiy Hlynnyanyk**, who was kept in remand centre No 1 in Simferopol. Both died because of the absence of medical help, rights activists said.

According to the group, at least 2,200 Ukrainian convicts, including 240 women, have been relocated to Russia from Crimea over the period of the occupation.

Russian FSB detains Pro-Ukrainian activist in Crimea

The Russian Federal Security Service (FSB) on 8 December 2016 searched the house of pro-Ukrainian activist **Volodymyr Balukh** in Rozdolne, Crimea, after which he was detained.

The occupying authorities repeatedly persecuted Balukh in the past, implicating him in both administrative and criminal offences.

It should be noted that the Ukrainian prosecutor's office is investigating 88 cases of human rights violations in occupied Crimea related to restriction of citizens' rights based on political beliefs, as well as ethnic and religious origin.

Russia accuses Crimean journalist of separatism calls

The investigations directorate of the Russian Federal Security Service (FSB) has charged **Mykola Semena**, a journalist of the Krym.Realii website, with calls for violating the territorial integrity of the Russian Federation. Semena wrote an article entitled "Blockade as the first step towards the liberation of Crimea".

It should be recalled that Semena was arrested on 19 April after a search at his flat in Simferopol. On the same day, he was released on his own recognisance, but the FSB opened a case against him for violating the anti-extremist legislation.

It should be recalled that Krym.Realii, a Radio Liberty project, repeatedly drew attention of the Russian prosecutor's office. In May, the Russian communications watchdog, Roskomnadzor, blocked the website for posting an interview with one of the leaders of the Majlis, the self-styled government of the Crimean Tatar people. Later, the interview was removed and the website was unblocked.

Crimean court extends arrest of suspects in Hizb ut-Tahrir case

Simferopol's Kyivskyy district court has extended the arrest of Crimean Muslims suspected of involvement with the Hizb ut-Tahrir group banned in Russia.

Arsen Dzhepparov, **Muslim Aliyev** and **Vadym Siruk**, who are in a psychiatric hospital where they were subjected to a forensic test, will be remanded in custody until 8 February 2017. The arrest of **Uzeyir Abdullayev** and **Emil Dzhemadenov** was extended until 11 March 2017.

Previously, a Russia-controlled court extended the arrest of **Teymur Abdullayev**, **Ayder Saledinov** and **Rustem Ismailov**, who are also accused of involvement with the group banned in Russia.

Human rights activists consider them to be political prisoners.

4. INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Ukrainian national convicted in Russia transferred to colony

On 5 December 2016, Ukrainian national **Mykola Karpyuk** convicted in Russia was transferred from a remand centre in Chechnya to a colony in Vladimir.

On 26 May, the Supreme Court of Chechnya recognised Karpyuk and **Stanislav Klykh** guilty of taking part in the warfare against Russia's government troops in Chechnya in 1994-96 and sentenced them to 22.5 and 20 years in jail, respectively.

At the same time, the Ukrainian consul was not allowed to visit the detained man. Ukraine's Foreign Ministry voiced protest over the ban.

Moscow court extends arrest for two Ukrainian "saboteurs"

Moscow's Lefortovskiy district court has extended the arrest of Ukrainian

nationals **Yevhen Panov** and **Andriy Zakhatey** until 7 March 2017. Both are suspected of plotting acts of sabotage in Crimea.

Ukrainian accuses Russian law enforcers of torture

Ukrainian citizen **Yevhen Panov**, who is kept in a Russian prison on charges of planning sabotage acts in Crimea, has filed an appeal with Russia's Investigations Committee complaining about torture applied by law enforcers, according to his lawyer **Dmytro Dinze**.

He said that torture against him was used during six days after his detention, and that Russian investigators applied such actions to force necessary testimony from him.

UKRAINE-EU

EU institutions agree mechanism which blocked visa-free travel for Ukrainians

On 7 December 2016, the Permanent Representatives Committee in the EU (Coreper) confirmed, on behalf of the Council, the compromise text agreed with the European Parliament on a regulation to revise the **suspension mechanism** which can be applied to all existing **visa liberalisation agreements**. The agreement was reached between the Council, Parliament and Commission on the same day.

The regulation was submitted to the European Parliament for a vote at first reading, and to the Council for adoption.

On 8 December, the European Parliament Committee on Civil Liberties, Justice and Home Affairs approved the relevant bill.

On 14 December, the European Parliament will debate the visa waiver suspension mechanism. The vote will be held the next day.

This issue was the requisite condition to the positive decision on visa liberalisation for Ukraine and Georgia.

Netherlands puts conditions to EU-Ukraine association agreement

The EU-Ukraine association agreement should not create a defence guarantee for Ukraine or be a step towards its eventual membership of the bloc, Dutch Prime Minister **Mark Rutte** has said in an interview with Financial Times.

The decision should be taken at the Brussels summit of the European Council on 15-16 December.

"If we do not get this, we will put a law to parliament the next day, which will state that we will not ratify the association agreement," Rutte said.

EU to give Ukraine 600m euros after it cancels ban on wood export

The European Union is going to issue Ukraine with the second tranche of

microfinancial assistance, 600m euros, once its parliament adopts a new bill that cancels the moratorium on the export of raw wood, EU Delegation to Ukraine head **Hugues Mingarelli** has said.

The diplomat said this can happen in early 2017.

According to a statement from the EU Delegation in Ukraine, the present ban on exports of round timber from Ukraine contradicts the country's international obligations under the WTO and the EU-Ukraine Association Agreement. It is noted that the present ban was introduced in the interest of certain groups and does not prevent illegal logging and smuggling of timber.

The opponents say that abolition of the timber export moratorium will lead to an environmental disaster in the country.

UKRAINE-USA

US Senate approves 350m dollars in military aid to Ukraine

On 8 December 2016, the US Senate adopted the annual defence budget bill for 2017, which foresees 350m dollars in assistance to Ukraine.

The bill was earlier adopted by the House of Representatives.

To enter into force, it has to be signed by the US president.

Senators ask Trump to boost support for Ukraine

Twelve Republican Party senators and 15 Democratic Party senators have addressed US President-elect **Donald Trump** in an open letter, asking him to boost support for Ukraine.

They said the USA should not recognise the annexation of Crimea and keep sanctions on Russia intact.

UKRAINE-CANADA

Ottawa to give Ukraine over 8m Canadian dollars to modernise police

The government of Canada will allocate 8.1m Canadian dollars through an international technical aid project to advance the Ukrainian police and provide them with up-to-date equipment, the Ukrainian Interior Ministry has said.

UKRAINE-NATO

NATO-Ukraine Commission holds meeting in Brussels

The NATO-Ukraine Commission held a meeting at the level of foreign ministers in Brussels on 8 December.

According to NATO Secretary-General **Jens Stoltenberg**, the event once again confirmed support for Ukraine by its allies. The meeting participants discussed the

illegal annexation of Crimea, Russia's aggressive actions in Donbas, and the importance of the Minsk agreements, as well as the reform of the Armed Forces of Ukraine and bringing them in compliance with NATO standards.

UKRAINE-COUNCIL OF EUROPE

Venice Commission approves constitutional court bill

At a meeting on 9 December, the Venice Commission approved the draft law on the Constitutional Court of Ukraine. In its statement, the commission noted that the draft law was a significant step forward in the implementation of European standards in the constitutional justice.

The draft law was submitted to parliament by MPs, members of the presidential council for judicial reform, to implement the amendments to the constitution concerning justice reform which entered into force on 30 September 2016.

The draft law describes the structure and functions of the Constitutional Court, the status of judges, sets out grounds and procedures for lodging appeals with the court, as well as procedures for reviewing cases and executing court rulings.

UKRAINE-UN

Ukraine to chair UN Security Council in February 2017

Ukraine will assume the presidency of the UN Security Council in February 2017.

Ukraine is one of the 10 non-permanent members of the UN Security Council.

5. DOMESTIC POLITICAL

Ukrainian parliament lifts opposition MP's immunity

On 8 December 2016, the Ukrainian parliament upheld the prosecutor-general's motion to partially lift Opposition Bloc MP **Vadym Novinskiy**'s immunity from prosecution. Thus he may now be prosecuted for criminal offences.

The Prosecutor-General's Office (PGO) did not request an authorization to have him arrested, therefore law enforcers will not be able to detain him.

On 6 December, the Ukrainian parliament's procedures committee concluded that the PGO's motion to have Novinskiy prosecuted did not contain enough evidence and left it up to the parliament speaker to decide whether it should be put to vote.

The PGO suspects Novinskiy of complicity in the restriction of freedom of the archbishop of Pereyaslav-Khmelnytsky and Vyshneve of the Ukrainian Orthodox Church of the Moscow patriarchate, **Oleksandr (Drabynko)**, which was carried out by an organized crime ring led by ex-President **Viktor Yanukovych**, former Interior Minister **Vitaliy Zakharchenko** and former Kyiv police chief **Valeriy Koryak**.

Ukraine's anti-corruption agency to check MP's allegations of corruption in parliament

The National Anti-Corruption Bureau of Ukraine is holding a pre-trial investigation into the bribery of MPs during the voting for the dismissal of the heads of the Prosecutor-General's Office and the Security Service of Ukraine (SBU) and appointment of a new prosecutor-general, as it was alleged by People's Will group MP **Oleksandr Onyshchenko** on the air of the state-owned Russian TV channel Rossiya 1.

Onyshchenko said that, acting on the instruction from President **Petro Poroshenko**, he offered and handed bribes over to MPs to make sure they vote as the presidential administration says.

The pro-opposition Ukrainian news website Strana.ua has made public an audio recording, which it had allegedly received from Onyshchenko. The audio allegedly contains his conversation with the secretary of the People's Will group, **Oles Dovhyi**. According to Onyshchenko, Dovhyi acted as an intermediary between him and President after his departure from Ukraine. According to the website, the recording was made in London in September 2016. The male voices on the audio are heard discussing ways how to "settle the problems" between Onyshchenko and the Ukrainian authorities.

Earlier, Onyshchenko said that he had recordings of Poroshenko's conversations with his entourage, which allegedly expose corruption among senior Ukrainian officials. He said that he had made the files available to Russian and US special services.

Onyshchenko is suspected of inflicting the losses of 3bn hryvnias (117m dollars) on the state by means of gas fraud. On 5 July, parliament authorised Onyshchenko's prosecution, detention and arrest. Shortly before the vote, Onyshchenko fled from Ukraine. On 8 August, he was put on a national wanted list.

Lawyer presents evidence of Ukrainian ex-president's temporary asylum in Russia

Vitaliy Serdyuk, the lawyer of ousted Ukrainian President **Viktor Yanukovych**, has provided the Prosecutor-General's Office of Ukraine with the official statement on the ex-president's status in Russia. According to it, Yanukovych was granted temporary asylum for one year on 26 November 2015. It was later extended by another year, until November 2017.

On 9 December, the Swiss government extended the freezing of Viktor Yanukovych's 70m dollars for another year, until 2018.

Ex-president fails to appear for questioning

On 5 December, former Ukrainian President **Viktor Yanukovych** failed to arrive at the Prosecutor-General's Office of Ukraine for questioning, sending his lawyer **Vitaliy Serdyuk** instead.

The ex-president's failure to arrive for questioning gives grounds to launch

proceedings against him in absentia.

On 28 November, the Kyiv Svyatoshynskyy district court questioned Yanukovych via a video link from Russia as a witness in the murder of 48 Euro-Maydan activists on 20 February 2014. During the video conference, Prosecutor-General **Yuriy Lutsenko** accused the ex-president of high treason.

Later, the ex-president's lawyer said that the procedure of issuing a written notice of suspicion, which is required by the Criminal Procedural Code, had been violated. Meanwhile, the Prosecutor-General's Office said the lawyer's actions were a PR stunt, adding that Yanukovych remained a suspect.

Ukrainian ex-premier's Kyiv property arrested

On 8 December 2016, the Kyiv police searched a flat in the city's Darnytskyi district in which they found things which investigators believe to belong to former Prime Minister **Mykola Azarov**. There were icons and religious books dating back to the 19th century, original paintings by **Ilya Repin** and **Vasiliy Tropinin**, silverware, collectible coins, personal arms awarded to Azarov, a Cossack sabre, awards and congratulatory letters from the Russian leadership.

According to the police, the found valuables cost more than 5m dollars.

Three land plots and a piece of real estate owned by the ex-prime minister were impounded within the framework of the investigation against him.

Court suspends Ukraine's Audit Chamber head

Kyiv's Solomyanskyi district court has suspended Audit Chamber head **Roman Mahuta**.

On 17 November 2016, detectives of the National Anti-Corruption Bureau of Ukraine and a prosecutor of the Specialised Anti-Corruption Prosecutor's Office declared Mahuta a suspect in the case of abuse of authority during the privatization of an office-owned flat. On 18 November, the Solomyanskyi district court placed him under house arrest until 16 January 2017.

Ukrainian prosecution says 53 MPs' declarations fail to pass check

The Prosecutor-General's Office has said that it has checked the e-declarations of half of Ukrainian MPs and sent its findings on 53 of them to the National Agency for Preventing Corruption.

All these MPs can be prosecuted only for an administrative offence because the difference between the declared and factual property is less than 250 minimum wages (15,000 dollars). Other violations found in the declarations (for example, late submission) also constitute administrative offences.

The National Anti-Corruption Bureau of Ukraine opened seven new criminal cases following the check of officials' e-declarations in addition to the previous three.

Ukraine holds elections in 41 territorial communities

Elections have been held in 41 united territorial communities in 13 Ukrainian regions.

These elections are the final stage for the unification of local communities and gaining powers by new self-governing bodies.

It should be noted that according to a survey conducted by Gorshenin Institute, Ukrainians are quite favourably disposed towards the idea of decentralisation of power, with 62.4 percent having positive attitude in varying degrees, 23.2 percent having negative feelings about it and 12.8 percent finding it difficult to answer.

Selection commission names state secretaries of ministries

The commission for senior civil service issues has elected state secretaries for the Infrastructure Ministry (**Andriy Halushchak**), the Economy Ministry (**Oleksiy Perevezentsev**), the Culture Ministry (**Rostyslav Karandeyev**), the Information Policy Ministry (**Artem Bidenko**), the Interior Ministry (**Oleksiy Takhtay**), the Energy Ministry (**Maksym Nemchynov**), the Defence Ministry (**Oleksandr Dublyan**), the Ministry for Occupied Territories (**Serhiy Zlakoman**), the Justice Ministry (**Hanna Onyshchenko**), the Regional Development Ministry (**Maksym Malashkin**), the Health Ministry (**Nataliya Sholoyko**), the Ministry of Social Policy (**Viktor Ivankevych**), and the Foreign Ministry (**Andriy Zayats**).

Acting Health Minister **Ulyana Suprun** said that there were systemic errors in the tender procedure and opposed the appointment of the state secretary in the ministry because of a conflict of interests and the secretary's possible involvement in corruption schemes.

Infrastructure Minister **Volodymyr Omelyan** also criticised the system of selection of state secretaries.

Prosecutor's office detains former head of energy company

Officers of the Kyiv prosecutor's office on 7 December detained the ex-chairman of the board of KyivEnerhoHoldynh company, **Yuriy Bondar**, under the case of embezzlement of public funds on a large scale. He is charged with illegal alienation of Kyivenerho's shares worth more than 77m hryvnias (at that time, some 10m dollars) in 2007.

Parliament allows dismissal of contract servicemen

The Ukrainian parliament on 6 December allowed dismissal of military personnel who signed contracts until the end of the special period and have served for at least 24 months.

Earlier, President **Petro Poroshenko** vetoed a similar draft law.

Also, on 6 December, parliament amended its resolution dated 6 May 2014 and cancelled its recommendation to the government to equate payments to conscripts and contract servicemen during the special period.

6. MILITARY AND DEFENCE**Ukraine joins top 10 arms exporters**

Based on performance in 2011-15, Ukraine ranked 9th among the world's major arms exporters, according to a report by the Stockholm International Peace Research Institute. Ukraine accounts for 2.6 percent of world exports of major weapons.

At the same time, according to the research, the state-run Ukroboronprom company in 2015 rose from the 92nd to the 81st place in the world ranking of arms manufacturers, with its sales reaching 870m dollars.

Ukraine signs contracts to receive defensive weapons worth 1.5bn dollars - president

President **Petro Poroshenko** has said that Ukraine has signed more than 40 contracts for receiving various defensive weapons to the tune of 1.5bn dollars.

It should be recalled that since the beginning of the conflict in Donbas, Ukraine has been seeking arms supplies from Western countries. Western countries refuse to provide lethal weapons, but have been supplying defensive armaments to Ukraine.

7. ECONOMY**IMF says another tranche to Ukraine unlikely in 2016**

The IMF considers it unlikely that the board of directors will make a decision to provide another tranche to Ukraine before the end of the current year under the Extended Fund Facility programme, according to the director of the IMF's communications department, Gerry Rice.

At the same time, he said that the IMF expected Kyiv to implement a number of conditions, including the adoption of the 2017 state budget.

According to forecasts by the head of Ukraine's National Bank, **Valeriya Hontareva**, Kyiv may receive a loan of 1.3bn dollars from the IMF in January-February 2017.

Meanwhile, Ukrainian parliament speaker **Andriy Parubiy** expects MPs to adopt the 2017 state budget on 22 December.

International reserves fall to 15.27bn dollars in November

As of 1 December, Ukraine's international reserves totalled 15.3bn dollars, which is 1.6 percent less than as of 1 November, the National Bank has reported.

The drop in the reserves occurred due to heightened political tension, external public debt payments and the revaluation of reserve assets, the press service of the regulator reported.

However, over the past 12 months, the international reserves have increased by 16 percent.

Parliament passes bill raising minimum wage to 119 dollars

The Ukrainian parliament on 6 December adopted a draft law that doubles the minimum wage to 3,200 hryvnyas (119 dollars) from 1 January 2017.

The document also unblocks unification of social insurance funds.

At the same time, according to the news and analysis website LB.ua, the draft law contains a number of contradictory provisions. In particular, it extends the restriction on the maximum size of pensions at the level of 10,740 hryvnyas (398 dollars) until 31 December 2017 and keeps restrictions on payments to working pensioners.

National Bank keeps interest rate at 14 percent

The National Bank of Ukraine has left the discount rate unchanged at 14 percent per annum.

According to the regulator's press service, the decision was due to the need to eliminate inflationary risks in order to achieve inflation targets in 2017-18. In particular, the National Bank considered the need to neutralise effects from the possible doubling of the minimum wage to 3,200 hryvnyas in 2017. According to the regulator's estimates, increased income of some Ukrainians will encourage their consumption, which can add 1 percent to the inflation index next year.

Inflation slows down to 1.8 percent in November

Inflation in Ukraine in November slowed down to 1.8 percent against the previous month, the State Statistics Service has reported.

Since the year's beginning, consumer prices have risen by 11.4 percent. Prices of hot water and heating (+22 percent), electricity (+60 percent), natural gas (+42 percent), milk (+7.3 percent) and butter (+6.6 percent) showed the highest growth.

It should be noted that the National Bank of Ukraine has kept its forecast for consumer price inflation at the level of 12 percent as of the end of 2016. In addition, the regulator expects that inflation in 2017 and 2018 will amount to 8 percent (+/-2 percentage points) and 6 percent (+/-2 percentage points), respectively.

S&P affirms Ukraine's rating

The Standard & Poor's rating agency has affirmed the sovereign ratings of Ukraine at the level of 'B-/B' and the rating in local currency at the level of 'uaBBB-' with a stable outlook.

Fiscal service collects 25bn dollars into consolidated budget

The State Fiscal Service has collected 676.8bn hryvnyas (25.06bn dollars) into the consolidated budget during the first 11 months of 2016, which is 154.7bn hryvnyas (6.1bn dollars) more than over the same period of 2015.

Central bank transfers 524m dollars to budget

The National Bank of Ukraine on 6 December transferred the third and final tranche of 14.16bn hryvnyas (524.44m dollars) from its 2015 profit to the state budget.

It should be recalled that the first tranche of 10bn hryvnyas (370.37m dollars) was transferred in October, while the second tranche of 14bn hryvnyas (518.52m dollars) in November. In such a way, the Finance Ministry received 38.16bn hryvnyas (1.41bn dollars) in the National Bank's profit.

Inflation slows down in November

The annual inflation rate (against November 2015) has slowed down to 12.1 percent (from 12.4 percent recorded one month earlier), the State Statistics Service has reported.

Since the beginning of 2016, consumer prices in Ukraine have increased by 11.4 percent, particularly by 1.8 percent in November compared with October.

Deposit Guarantee Fund's resources drop by 45 percent over 11 months

The financial resources of the Deposit Guarantee Fund decreased by 45.4 percent in January-November to 7.69bn hryvnyas (284.81m dollars).

EU bans poultry imports from Ukraine due to bird flu

The European Union has banned imports of Ukrainian poultry and related products due to avian flu cases recorded in Kherson Region.

Exports of eggs to Hong Kong were banned due to the same reason.

India introduces duties on Ukrainian rolled steel

The government of India has introduced protective duties against Ukrainian hot-rolled flat steel products until mid-2019.

Earlier, India introduced sanctions against Ukrainian cold-rolled carbon flat products.

Odesa Portside Plant sale postponed due to lack of bids

The deadline for submitting bids in the repeat auction for the sale of 99.57 percent in Odesa Portside Plant at a starting price of 5.16bn hryvnyas (191m dollars) ended on 6 December.

The State Property Fund said that the auction did not take place because no bids were received.

According to media reports, DCH Group of **Oleksandr Yaroslavskyy** and Ukrnaftoburinnya company affiliated with **Ihor Kolomoyskyy** and **Vitaliy Khomutynnyk** took an interest in the repeat auction.

Prime Minister **Volodymyr Hroysman** accused the property fund of failing to manage state property and called for the dismissal of the agency's head, **Ihor Bilous**.

Previously, the state-run energy company Naftohaz Ukrayiny said that from 1 to 30 November, Odesa Portside Plant's gas debt increased by 3.5 times to 524.2m hryvnyas (19.41m dollars). At the same time, one of the conditions for the company's sale was the repayment of its debt to Naftohaz by the buyer before the end of 2016.

In addition, the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in September confirmed that Odesa Portside Plant's debt to Ostchem Holding Limited (part of **Dmytro Firtash's** Group DF) for gas supplies, including penalties and fines, totalled 251m dollars.

Government cancels liquidation of Ukravtodor

The Cabinet of Ministers on 7 December abolished the liquidation the state joint-stock company Automobile Roads of Ukraine (Ukravtodor), which was launched in the summer of 2015 under the road sector reform.

President **Petro Poroshenko** on 8 December signed three laws creating the road fund and changing the public roads management system.

8. ENERGY

Stockholm arbitration completes Naftohaz vs Gazprom hearings

The Stockholm arbitration on 5 December completed hearings on the lawsuit of the state-run energy company Naftohaz Ukrayiny against Russia's Gazprom company concerning the natural gas transit contract.

According to Naftohaz's commercial director **Yuriy Vitrenko**, the court was hearing legal advisers, witnesses and experts over two weeks.

It should be recalled that a few weeks ago arbitration hearings were held in a dispute concerning the gas price and the use of the take-or-pay formula.

The arbitration ruling on the gas purchase contract is expected by April, while the decision on the gas transit contract should be made before June 2017.

Trilateral gas talks yield no result

Representatives of Ukraine, Russia and the EU held gas negotiations in Brussels on 9 December. During the talks, the parties discussed gas transit

from Russia through Ukraine to the EU and the purchase of gas by the state-run energy company Naftohaz Ukrayiny from Russia's Gazprom company. The vice-president of the European Commission for Energy Union, **Maroš Šefčovič**, the energy ministers of Ukraine and Russia, as well as heads of Naftohaz and Gazprom took part in the meeting.

Following the meeting, Naftohaz head **Andriy Kobolev** said that the parties had failed to reach any substantive agreement. According to the official, gas purchases under the contract between Gazprom and Naftohaz are impossible without a supplementary agreement that would define the terms of gas purchases on a prepaid basis and delivery points outside rebel-held areas of Luhansk and Donetsk regions.

For his part, Russian Energy Minister **Aleksandr Novak** said that Ukraine was ready to buy from 1.5bn to 4bn cu.m. of gas from the Russian Federation this winter.

At the same time, Šefčovič noted that Ukraine and Russia were close to an agreement on the so-called "winter package" and expressed confidence that the tripartite dialogue would continue.

Earlier, Naftohaz said that they expected the gas price under the contract with Gazprom to be 200-210 dollars in the first quarter.

Kyiv court orders Gazprom to pay 6.4bn-dollar fine

The Kyiv Economic Court on 5 December ruled to fully satisfy the claims of the Antimonopoly Committee of Ukraine for the recovery of a fine and penalties totalling 171.8bn hryvnias (6.4bn dollars) from Russia's Gazprom company for a direct violation of the Ukrainian antimonopoly legislation.

For its part, Gazprom filed a suit against the ruling with the Stockholm arbitration.

At the same time, following the trilateral gas talks in Brussels on 9 December, Russian Energy Minister **Aleksandr Novak** said that European Commission Vice-President **Maroš Šefčovič** had assured that Ukraine would not recover penalties. He added that those were only his verbal assurances and they still needed to be confirmed legally.

Naftohaz demands administrative procedures on OPAL pipeline

The state-run energy company Naftohaz Ukrayiny has asked the German energy market regulator, Bundesnetzagentur, to apply the general procedures for making administrative decisions to the settlement agreement between this institution, Russia's Gazprom company and its affiliates, to amend the decision on the OPAL pipeline (an extension of the Nord Stream pipeline bypassing Ukraine).

Naftohaz insisted on being summoned to participate in the administrative procedure and officially present its position as well as on being granted access to the text of the settlement agreement and the decision of the European Commission dated 28 October 2016.

It should be noted that the Polish state company PGNiG appealed the European Commission's decision to expand Gazprom's access to the OPAL pipeline.

Naftohaz also said that they would appeal the decision.

Ukraine, Poland agree cooperation rules for gas interconnector project

The Ukrainian company Ukrtranshaz and the Polish company Gaz-System S.A. on 8 December signed an agreement setting out the rules of cooperation for connecting the two countries' gas transport systems through the future Poland-Ukraine gas interconnector.

Earlier, presidents **Petro Poroshenko** and **Andrzej Duda** ordered the acceleration of building the Ukraine-Poland gas pipeline.

Ukraine withdraws 1.7bn cu.m. of gas from storage facilities

Over the two months of the 2016-17 heating season, Ukraine has withdrawn 1.7bn cu.m. from underground storage facilities, according to Ukrtranshaz, operator of Ukraine's gas transport system.

As of 10 December, there were 13.04bn cu.m. of gas in underground storage facilities, which is 15.6 percent (2.4bn cu.m.) less than on the same date in 2015.

During the first 10 days of December, Ukraine withdrew 474.12m cu.m. from storage facilities and imported 546.8m cu.m., while domestic production over the period totalled 560.4m cu.m.

According to estimates by the state-run energy company Naftohaz Ukrayiny, there should be 7-8bn cu.m. left in underground facilities by the end of the heating season, with the minimum required volume being 5bn cu.m.

Naftohaz buys 1.8bn cu.m. of gas using EBRD loan

The state-run energy company Naftohaz Ukrayiny in August-October bought 1.8bn cu.m. of natural gas using the loan provided by the European Bank for Reconstruction and Development (EBRD). Among the suppliers are Axpo Trading, CEZ, Engie, Eni Trading & Shipping, RWE Supply & Trading and Uniper Global Commodities.

The total value of 30 signed contracts is 334m dollars, including 300m dollars provided under the credit line and 34m dollars of Naftohaz's own funds. The weighted average price of the contracts at the delivery point is 185 dollars per 1,000 cu.m.

It should be recalled that in October 2015 Ukraine and the EBRD signed a three-year revolving credit agreement for 300m dollars.

This year, Naftohaz attracted 500m dollars for buying gas from the International Bank for Reconstruction and Development, which is part of the World Bank.

Companies' debts to Naftohaz reach 896m dollars

As of 29 November, gas debts of Ukrainian companies to the state-run energy company Naftohaz Ukrayiny amounted to 23bn hryvnyas (851.85m dollars).

Ukraine imports 6.7 tonnes of oil products

Ukraine imported 6.66m tonnes of petroleum products to the tune of 2.91bn dollars in January-November 2016, which is 18.7 percent less than over the same period of 2015, the State Fiscal Service has reported.

In particular, Ukraine imported oil worth 1.63bn dollars from Belarus, 458.1n dollars from the Russian Federation, 318.8m dollars from Lithuania and 505.8m dollars oil worth from other countries.

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