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Arch covers destroyed Chornobyl unit

1. TOP STORIES**Ukraine holds missile tests near Crimea**

Earlier, Russia warned it would shoot down Ukrainian missiles and destroy launch facilities

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Arch seals Chornobyl's destroyed reactor

The new confinement is set to block radiation from the destroyed generating unit for 100 years

Read more in ENERGY

2. ARMED CONFLICT IN EASTERN UKRAINE**Talks on Minsk “road map” yield no results**

The foreign ministers of the Normandy Four (Ukraine, France, Germany and Russia) met in Minsk on 29 November 2016 to discuss the “road map” for the implementation of the Minsk agreements.

According to Ukrainian Foreign Minister **Pavlo Klimkin**, the sides achieved no progress in approving the “road map” due to Russia's stance, in particular on the issue of the deployment of an OSCE armed mission in Donbas and on handing it control over the Ukrainian-Russian border. Klimkin also offered the Russian side to reach compromise and release 110 Ukrainian hostages by the end of 2016.

German Foreign Minister **Frank-Walter Steinmeier** said that the sides in Minsk agreed only that the number of areas for the disengagement of troops must be increased from three to seven, and that the Red Cross must get access to prisoners and facilitate their exchange. He added that the sides were not ready yet for a deal that would envisage local elections in Donbass.

For his part, French Foreign Minister **Jean-Marc Ayrault** said the talks should be continued as there was no alternative to the Minsk agreements.

Let us recall that during the Normandy Four summit in Berlin on 19 October an agreement was reached that by the end of November the respective foreign ministers should agree the basis for the “road map” to implement the Minsk deal.

According to an opinion poll conducted among Ukrainian MPs by Gorshenin

Institute, only a third of MPs believe that the Minsk agreements are the only way to settle the conflict in Donbas. Furthermore, according to the poll, under the present circumstances and if the situation in the east remains unchanged, there is no chance that the Ukrainian parliament will pass any bills implementing these agreements.

Ukraine suspends water supplies to Luhansk rebels

The Luhansk Energy Union on 1 December disconnected from the grid units of the Petrovske pumping plant, which supplies water to the so-called Luhansk people's republic (LPR) in the direction of Luhansk.

The cessation of supplies occurred due to an electricity debt of 124m hryvnias (4.59m dollars) owed by the Popasna district water utility. This debt accumulated because the LPR had failed to pay the company for water supplies.

Over 2,000 Ukrainian troops killed in antiterrorist operation

Some 2,150 Ukrainian troops have been killed during the antiterrorist operation (ATO) in Ukraine's Donbas, including 691 mobilized soldiers, the Ukrainian Defence Ministry has reported.

The number of non-combat deaths is 487 troops.

Some 7,090 soldiers were injured.

3. CRIMEAN ISSUE

Putin recognizes Ukrainian ranks for defected troops in Crimea

Russian President **Vladimir Putin** has signed a decree recognizing as valid all military and education documents issued by Ukraine to Ukrainian servicemen that lived in Crimea and signed up for military service in the Russian Federation after Crimea was annexed by Russia in spring 2014.

Canada introduces sanctions against Russian MPs elected in Crimea

Canada has introduced sanctions against 15 Russian nationals, including six MPs elected to the Russian Duma in Crimea.

Earlier, the sanctions against Duma MPs from Crimea were introduced by the EU, USA and Switzerland.

Ukraine detains ship that entered Crimean port

The State Border Service of Ukraine on 30 November detained a cargo ship under the flag of Tanzania which had attempted to illegally enter a port in Crimea. The ship was loaded with 3,000 tonnes of soda ash.

Two administrative offence reports were filed against the ship's captain and chief officer.

The news and analysis website LB.ua reported that over two and a half years of Russia's annexation of Crimea, Ukrainian law enforcers have detained only four vessels that had illegally entered Crimean ports. In total, more than 600 floating crafts, including 260 foreign merchant ships, were spotted in Crimean ports during this period.

Another Crimean Muslim assigned psychiatric screening

Crimean Muslim **Vadym Siruk**, accused by the Russian authorities of involvement with the Hizb ut-Tahrir organization, has been assigned a psychiatric screening, his wife **Anna Bohacheva** said on 1 December 2016.

This is the fifth time a Crimean Muslim is forced to undergo psychiatric assessment. The deputy head of the Crimean Tatar self-styled government Majlis, **Ilmi Umerov**, had to undergo a similar procedure.

Poroshenko signs law on Crimean Tatar TV financing

On 2 December 2016, Ukrainian President **Petro Poroshenko** signed a decree earmarking 30m hryvnyas (1.11m dollars) from the state budget to finance the Crimean Tatar TV channel ATR.

Ukraine starts TV tower construction to broadcast in Crimea

On 2 December 2016, Ukraine started the construction of a 150-metre high TV tower for broadcasting Ukrainian channels to occupied Crimea.

The occupying authorities of Crimea threatened to jam signal from the new Ukrainian TV tower.

4. MILITARY AND DEFENCE

Ukraine holds missile tests near occupied Crimea

On 1-2 December 2016, Ukraine tested new missiles for the S-300 air defence systems. The tests were held in Kherson Region and over the Black Sea, on the administrative border with Russia-annexed Crimea.

Earlier, Ukraine issued a NOTAM about the activation of dangerous zones in Crimea's airspace in connection with planned fire practice. In response, the Russian Defence Ministry said they will shoot down Ukrainian missiles and destroy launch facilities in case there is a threat to Russian facilities in Crimea. Russian media said that the air defence troops in Crimea were put on high alert. Russia also re-deployed the S-300-BM air defence systems there.

Ukraine then reduced the missile launch zone over the Black Sea. The Rosaviatsiya (Federal Agency for Air Transport) said that the "new zones are in neutral waters and do not overlap with Russia's territorial waters".

According to the secretary of Ukraine's Security and Defence Council, **Oleksandr Turchynov**, Russia, by using threats to deploy missiles, was trying to put the hybrid war against Ukraine into an active phase.

He also pointed out Russia's yet another aggressive step, that is the deployment of two motorised infantry divisions on the border with Ukraine. *Read more in Gorshenin Weekly Russia*

US Congress approves defence budget with 350m dollars of military aid to Ukraine

The US Congress has approved the National Defence Authorization Act for Fiscal Year 2017, which envisages allocation of military aid worth 350m dollars to Ukraine.

The bill also provisions a direct ban to use any of the allocated funds for any bilateral military-to-military cooperation between the governments of the United States and the Russian Federation “until the Russian Federation has ceased its occupation of Ukrainian territory and its aggressive activities that threaten the sovereignty and territorial integrity of Ukraine and members of the North Atlantic Treaty Organization”.

The bill will now be sent to the Senate.

Ukraine, USA plan Sea Breeze-2017 drill

Ukraine and the USA have held a conference in Odesa to plan the Sea Breeze-2017 military exercise. The event was also attended by representatives of Georgia, Poland, Azerbaijan, the Netherlands, Romania, Canada, the UK, Bulgaria, Moldova and Turkey.

The drill will combine theoretical and practical exercises on the process of planning and conducting operations in line with NATO standards, a leadership course, tactical medicine training, etc.

In July 2016, Odesa and Mykolayiv regions hosted the Sea Breeze-2016 Ukrainian-US drill.

Ukraine gains access to NATO's logistics base

On 1 December, representatives of Ukraine and NATO in Luxembourg signed an agreement that gave Kyiv access to the logistics base of NATO's Support and Procurement Agency, the organisation's major body that integrated logistics and procurement and provides joint international solutions to its stakeholders.

It should be noted that on 30 November the state-run Ukroboronprom company held Day of Ukraine's Defence Industry at the NATO headquarters in Brussels.

On 23 November, Ukraine started disposal of 1m anti-personnel mines under the agreement with NATO.

Ukraine, Poland sign military cooperation deal

On 2 December 2016, Ukrainian and Polish defence ministers **Stepan Poltorak** and **Antoni Macierewicz**, respectively, signed an intergovernmental agreement on military cooperation.

The deal envisages cooperation in defence policy, logistical support of the armed forces and military infrastructure, modernization, production and supply of military hardware, cooperation in the defence industry, joint operations by special operation forces.

Let us recall that during the NATO summit in Warsaw in July 2016, Ukraine and Poland signed a protocol on military cooperation. The countries are already cooperating within the framework of the intergovernmental agreement between Lithuania, Poland and Ukraine on the creation of a joint military unit Lithuanian–Polish–Ukrainian Brigade (UkrPolLitBrig).

Ukrainian Defence Ministry sets up centre to counter cyber threats

The Ukrainian Defence Ministry has started to set up an operative centre for cyber threats. The centre is created with the use of US assistance, Deputy Defence Minister **Oleksandr Dublyan** has said.

The centre is being set up within the framework of the first stage of defence reform.

Earlier, the National Coordination Centre for Cyber Security was set up under the auspices of the National Security and Defence Council of Ukraine.

Ukraine up to 15th place in militarization index

Ukraine has moved up from the 23rd to 15th position in the Global Militarization Index by the Bonn International Centre for Conversion.

Before the Russian aggression, Ukraine's defence spending was on average slightly above 1 percent of GDP. In recent years, Ukraine has been spending 5 percent of GDP on defence needs.

Ukraine's rocket maker has electricity debts written off

On 2 December 2016, Ukrainian President **Petro Poroshenko** signed a decree writing off the electricity debt worth 400m hryvnias (14.81m dollars) of the Makarov Pivdennyi Machine-Building Plant (also known as Pivdenmash or Yuzhmash).

The funds will be sent to the state budget as a payment of tax arrears and restructured income tax by coal extraction companies.

Yuzhmash is Ukraine's sole producer of booster rockets and satellites. The company is among the world's top five booster rocket makers.

5. INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Ukraine records illegal use of drilling rigs by Russia

Representatives of the Military Prosecutor's Office and the State Border Service of Ukraine have recorded facts of illegal use of Ukrainian drilling rigs in the Black Sea,

captured by Russia during its annexation of Crimea.

According to the Prosecutor-General's Office of Ukraine, Russia's Pytlivy frigate appeared near one of the rigs when a Ukrainian vessel approached and reported that it was there to monitor the movement of ships near the rig.

Ukraine scraps media agreement with Russia

On 30 November 2016, the Ukrainian government decided to terminate the agreement with the Russian Federation on cooperation in TV and radio broadcasting of 1998, and in the media sector of 2000.

Russia's Duma recognizes Ukrainian-Polish declaration as hostile

On 30 November 2016, Russia's State Duma passed a resolution condemning the joint Ukrainian-Polish declaration of memory and solidarity, which condemns the role of the Ribbentrop-Molotov pact of 23 August 1939 in triggering World War II.

Russia says two Ukrainian servicemen detained in Rostov Region

Two Ukrainian border guards **Oleksiy Yatsun** and **Bohdan Bilozerov** have been allegedly detained in Rostov Region (Russia), the RIA Novosti news agency reported on 30 November citing the Federal Security Service in Rostov Region. Other media reported that the detainees were **Oleh Danylyuk** and Bohdan Bilozerov.

The Border Service of Ukraine described these reports as an element of the hybrid warfare aimed at discrediting the Ukrainian military. The Ukrainian agency explained that Danylyuk was demobilised in April 2016. The second "deserter" was a convict wanted by Ukrainian law-enforcement agencies.

It should be recalled that as a result of a special operation on 20 November, Ukraine's Security Service detained two former Ukrainian servicemen on the administrative border with Crimea. These servicemen joined the Russian army after the annexation of Crimea.

Russian court prolongs arrest of Ukrainian journalist

The Moscow Lefortovskiy district court has extended the arrest of Ukrainian journalist **Roman Sushchenko** until 20 January 2017.

The French correspondent of the Ukrainian state-run news agency Ukrinform, Roman Sushchenko, was detained in Moscow on 30 September on espionage charges. On 1 October, he was arrested for two months. On 7 October, he was officially charged with espionage. Kyiv slammed Sushchenko's arrest as a provocation and dismissed the charges as trumped-up.

Russia receives request to hand over two Ukrainian prisoners

The Russian Justice Ministry has received and is considering a request by Ukraine

to have Ukrainian nationals **Mykola Karpyuk** and **Stanislav Klykh** sent back home.

A Chechen court sentenced Karpyuk and Klykh to 22.5 and 20 years in prison, respectively, over their alleged involvement in warfare against the Russian troops during the first Chechen war.

UKRAINE-EU

European Parliament to consider visa suspension mechanism in January 2017

The European Parliament plans to consider the EU's visa suspension mechanism, which enables it to temporarily reintroduce visa requirements for third-country nationals, in its first reading on 18 January 2017.

Earlier, the Permanent Representatives Committee agreed the introduction of visa-free travel for Ukraine after a general visa suspension mechanism is approved.

Ukraine, Sweden agree stance on sanctions against Russia

Swedish Foreign Minister **Margot Wallström** met Ukrainian President **Petro Poroshenko** during her visit to Kyiv on 28 November 2016.

According to the Ukrainian presidential press service, the sides coordinated their positions on the sanctions against the Russian Federation, the ratification of the Ukraine-EU association agreement and visa-free travel for Ukrainians.

Ukraine, Poland condemn EU's OPAL decision

Ukrainian President **Petro Poroshenko** met his Polish counterpart **Andrzej Duda** during his visit to Warsaw on 2 December 2016.

The sides signed a joint declaration in which they called on the European Commission to revise its decision on allowing Gazprom to boost gas supplies to Europe bypassing Ukraine.

The two presidents pointed out that the decision undermined the principles of the Energy Community agreement, along with the rules of competition, and creates additional threats to energy security of central and eastern Europe. The presidents also stressed that the decision created real risks for uninterrupted gas transport between Poland and Ukraine, and the redirection of gas flows between other countries.

In addition, the presidents agreed that the construction of the Ukraine-Poland gas interconnector should start as soon as possible.

It should also be noted that Poroshenko and Duda decided to create the Ukrainian-Polish Institute of Neighbourliness in the near future.

6. CRIME

Court questions ousted president as witness in Euro-Maydan case

Kyiv's Svyatoshynskyy district court on 28 November questioned former Ukrainian President **Viktor Yanukovych** via video link from Rostov-on-Don (Russia) as a witness in the case of five former Berkut riot police officers, who are accused of killing 48 Euro-Maydan activists in Kyiv on 20 February 2014.

During the questioning, the former president said that he did not give orders to use weapons against Maydan activists from 30 November 2013 to 18 February 2014. At the same time, he acknowledged that Berkut exceeded its authority during the dispersal of a student rally on Maydan on the night of 30 November 2013, noting that the law enforcers were "provoked by the radicals".

Yanukovych also said that he had no contact with Russian presidential aide **Vladislav Surkov** and did not remember whether Surkov had come to his residence in Mezhyhirya during the Maydan protests. In addition, he said that he did not remember whether he had phone conversations with Russian President **Vladimir Putin** on the night of 19 February 2014, before the killings on Maydan started.

The prosecutors insisted that Yanukovych had had at least 54 phone conversations with the leader of the Ukrainian Choice movement, **Viktor Medvedchuk**, who is believed to be Putin's personal friend. However, the ex-president said that he did not remember that as well.

Also, Yanukovych did not rule out that the then head of the presidential administration, **Serhiy Lyovochkin**, was involved in the crackdown on a student rally on Independence Square on 30 November 2013. He noted that during the Maydan events, a rogue group worked inside the then ruling Party of Regions and allegedly destroyed the coalition under pressure from oligarchs. In particular, he said that the group was supported by businessman **Dmytro Firtash** and Lyovochkin.

During the questioning, Yanukovych also admitted that servicemen of Russia's Black Sea Fleet played an important role in the decision to hold a referendum on Crimea's secession from Ukraine. He said that he personally was against holding such a referendum in Crimea.

Prosecutor accuses ousted president of high treason

During a court hearing on the killing of Euro-Maydan activists, Ukrainian Prosecutor-general **Yuriy Lutsenko** informed ousted President **Viktor Yanukovych** by video conference that he was suspected of high treason.

It is alleged that on 1 March 2014, while being on the territory of the Russian Federation, Yanukovych committed high treason by filing a written request to Russian President **Vladimir Putin** to use the Russian army on the territory of Ukraine. According to the Prosecutor-General's Office, this resulted in the loss of Crimea by Ukraine, which inflicted losses worth over 1,080bn hryvnias (40bn dollars) on the state.

Former internal troops commander questioned in Euro-Maydan case

Kyiv's Svyatoshynskyy district court on 2 December questioned the former commander of the Ukrainian internal troops, **Stanislav Shulyak**, as a witness in the case of five former Berkut riot police officers accused of killing protesters in Kyiv in February 2014. The questioning was conducted via video link with a Rostov-on-Don court (Russia).

According to Shulyak, he ordered to engage the special unit Omega after 18 February, when five officers of the internal troops died from gunshot wounds. The ex-commander also said that special forces from four other cities were additionally employed on Maydan in January 2014.

At the same time, he noted that he had received no reports concerning the use of firearms by internal troops on 18-20 February 2014.

The Prosecutor-General's Office said that Shulyak provided false information during the questioning.

It should be recalled that Shulyak was put on the wanted list in the summer of 2015. He was charged with abuse of power resulting in grave consequences, as well as desertion. Currently he lives in Russia-occupied Crimea.

Former senior policeman charged with protest crackdown

The Prosecutor-General's Office has said that the ex-deputy head of the public security department and chief of a department of Ukraine's Interior Ministry is suspected of bribing law enforcers for dispersing protests with the use of force and special means in the period from December 2013 to February 2014.

Security Service accuses MP of high treason

The Security Service of Ukraine (SBU) on 1 December said that an investigation had been launched into the commitment of high treason by Ukrainian MP **Oleksandr Onyshchenko**. According to the SBU, he received Russian citizenship in order to dodge criminal liability and agreed to cooperate with Russian authorities with the aim of destabilising the situation in Ukraine.

For his part, Onyshchenko said that he had provided materials compromising Ukrainian President **Petro Poroshenko** and his entourage to US and Russian special services. According to Ukrainian media reports, the MP was recording his conversations with the president using his wristwatch.

According to the Zerkalo Nedeli weekly, Onyshchenko has four sets of records compromising the Ukrainian president and his entourage. In particular, these materials concern bribing of MPs, redistribution of cash flows, distribution of shadow dividends in the gas sector, as well as attempts to take over the 112 Ukrayina TV channel.

The news and analysis website LB.ua, citing a senior official in the presidential administration, said that Onyshchenko had stepped up his public activities abroad in an attempt to protect himself from criminal cases in Ukraine.

It should be recalled that Onyshchenko is suspected of creating schemes to steal natural gas produced by the Ukrhazvydobuvannya company and causing damages of 3bn hryvnias (111.11m dollars) to the state. In July, the Ukrainian parliament lifted his immunity and gave the green light for his arrest.

Austrian prosecutor confirms Spain asked to extradite Ukrainian oligarch

Austria has received an official request to extradite Ukrainian billionaire **Dmytro Firtash** to Spain, Deutsche Welle has reported.

According to the procedure, if the prosecutor's office sees no circumstances that prevent the extradition of the suspect, the case is handed over to a court. If the court approves the extradition, the Austrian Justice Ministry has the final say in the process.

In Spain, Firtash is accused of money laundering.

A Vienna court is also set to consider the extradition request filed by the USA, where Firtash is accused of giving bribes worth 18.5m dollars to get a permission to mine for titanium in India.

7. DOMESTIC POLITICAL

Government approves insurance healthcare blueprint

The Cabinet of Ministers on 30 November approved a blueprint for health care financing reform establishing a model of national joint health insurance with 100-percent coverage.

According to the blueprint, insurance premiums should be collected through the general taxation system and accumulated in the state budget. Insurance payments for medical treatment of individuals will not be tied to the size of their contributions.

The transition to the new financing model will take three years and the system will be finally introduced in 2020.

Hospital districts to be created in Ukraine

The Cabinet of Ministers on 30 November issued a decision establishing hospital districts in Ukraine.

There should be at least one intensive care hospital in one district, according to the document. Also, there should be at least 200,000 residents in a district to have a second-level hospital or 120,000 residents for only a first-level hospital. Another condition is that one should be able to travel to an intensive care hospital from any point of the district within 60 minutes.

The cabinet should approve the list of districts by a separate resolution before 1 February 2017.

Prosecutor-general appoints chief of general inspectorate

Prosecutor-General **Yuriy Lutsenko** has appointed **Volodymyr Uvarov** as head of the general inspectorate of the Prosecutor-General's Office. This agency will investigate crimes committed by prosecutors.

He was appointed to the post for three months. After that, if Uvarov shows good results, a five-year contract will be signed with him.

Uvarov worked in law-enforcement agencies for over 20 years. Recently, he was engaged in research and teaching activities.

Ukraine appoints head of asset recovery agency

Deputy Justice Minister **Anton Yanchuk** has been announced winner in the competition for the post of chairman of the national agency for detection, search and management of assets received from corruption and other crimes.

In February, the government passed a resolution establishing the national asset recovery agency. This agency was among the requirements of the European Union for the introduction of visa-free travel for Ukrainians.

Justice Ministry refuses to appoint vetting department head

Deputy Justice Minister **Hanna Onyshchenko** has said that 23-year-old **Hanna Kalynchuk** will not be appointed as acting director of the vetting department, although earlier her appointment was announced by Justice Minister **Pavlo Petrenko**. She stressed that she was strongly against appointing a person who had caused such a negative public reaction.

At the same time, she denied the statement by the former head of the department, **Tetyana Kozachenko**, who said that the department's work had been blocked for more than a week. According to Onyshchenko, from 1 December the agency is supervised by **Serhiy Petukhov** in line with "distribution of responsibilities".

Top prosecutor says probe requested against anti-corruption chief

Prosecutor-General **Yuriy Lutsenko** said on 1 December that he had received a letter from the National Anti-Corruption Bureau of Ukraine (NABU) with a request to "bring to justice" the head of the Specialised Anti-Corruption Prosecutor's Office (SAPO), **Nazar Kholodnytskyy**. Lutsenko noted that he would not deal with the case because his authority in this matter was limited.

For its part, the NABU refuted Lutsenko's statements, noting that he might have meant the complaint prepared by the agency's detectives in response to Kholodnytskyy's inaction in the case of Ukraine International Airlines.

It should be recalled that the NABU and SAPO were created a year ago and operate in conjunction. Their task is to fight corruption among high-ranking officials.

Government bans heating bills based on floor space

The Cabinet of Ministers on 30 November passed a resolution according to which payments for heating in houses without heat meters will be charged based on the average rate for houses with heat meters, not under standard rates based on floor space.

Earlier, it was reported that some Kyiv residents had received abnormally high heating bills.

8. ECONOMY**International reserves fall to 15.3bn dollars**

As of the end of November 2016, Ukraine's international reserves totalled 15.3bn dollars, which is 1.4 percent less than a month earlier, the National Bank has reported.

According to the head of the National Bank, **Valeriya Hontareva**, the current forecast for the year-end reserves of 17.5bn dollars will be revised, as Ukraine is unlikely to receive the fourth tranche of 1.3bn dollars under the IMF's EFF programme in 2016.

She added that the present situation is not critical, but next year it could become a threat to the country's financial stability.

It should be recalled that the IMF decided not to provide another tranche to Ukraine until the state budget is passed.

Public debt declines to 68.35bn dollars in October

The total public and publicly guaranteed debt of Ukraine decreased by 0.4 percent to 68.35bn dollars in October. In hryvnya terms, the total debt amount as of the end of October was 1,740bn hryvnias, which is 2.3 percent less than at the beginning of the month.

It should be noted that next year Ukraine has to repay more than 1bn dollars to the IMF and 1.6bn dollars in other foreign debts.

Ukraine's GDP grows by 1.2 percent over 10 months

Ukraine's GDP grew by 1.2 percent in January-October 2016, the Economic Development Ministry has reported.

At the same time, the ministry kept its economy growth forecast for the current year at 1 percent.

Consolidated budget deficit reaches 1bn dollars

The deficit of the consolidated budget of Ukraine in January-October 2016 totalled 26.87bn hryvnias (995.2m dollars). At the same time, the state budget deficit over

the period was 60.3bn hryvnias (2.23bn dollars), the State Treasury Service has reported.

Minimum wage, pension raised from 1 December

The minimum wage in Ukraine increased from 1,450 hryvnias (53.7 dollars) to 1,600 hryvnias (59.26 dollars) on 1 December 2016, while the minimum pension grew from 1,130 hryvnias (41.85 dollars) to 1,250 hryvnias (46.3 dollars). At the same time, the subsistence minimum for able-bodied persons, like the minimum wage, increased from 1,450 hryvnias (53.7 dollars) to 1,600 hryvnias (59.26 dollars).

Earlier, Prime Minister **Volodymyr Hroysman** initiated doubling the minimum wage to 3,200 hryvnias (118.52 dollars) starting from 1 January 2017. According to the National Bank's estimates, the initiative will lead to a 23-percent increase in the average nominal wage in 2017. At the same time, the regulator expects that it will not affect the rate of inflation.

Wage arrears grow above 72m dollars

The total arrears of wages in October decreased by 0.8 percent, but grew by 4.3 percent since the beginning of the year, reaching 1.96bn hryvnias (72.59m dollars) by 1 November, the State Statistics Service has reported.

Households' utilities debt reaches 625.93m dollars in October

The debt of Ukraine's population for housing, public utilities and electricity supplies in October amounted to 16.9bn hryvnias (625.93m dollars), the State Statistics Service has reported.

During the reporting month, households paid 3.6bn hryvnias or 133m dollars (56.9 percent of the bills accrued during this period) for housing and public utilities and 1.8bn hryvnias or 66.67m dollars (86.6 percent of accrued amounts) for electricity supplies.

The average bill for utilities, including electricity supplies, was 851.2 hryvnias (31.53 dollars) per one client account in October.

It should be noted that according to the state-run energy company Naftohaz Ukrainy, companies' gas debts to Naftohaz as of 29 November totalled 23.5bn hryvnias (870.37m dollars).

Some 600m-dollar dividends repatriated since June

About 600m dollars in dividends has been transferred abroad since 8 June, when the regulator gave the green light to repatriation of dividends accrued to foreign investors for a period of 2014-15, the National Bank has reported.

EBRD to invest 400m euros in Ukraine in 2016

The European Bank for Reconstruction and Development (EBRD) will invest 400m euros in Ukraine in 2016, which is 2.5 times less than in the previous year, EBRD President **Suma Chakrabarti** said at a meeting with Prime Minister **Volodymyr Hroysman** in Kyiv on 29 November.

According to EBRD's chief economist **Serhiy Huriyev**, this year's amount of projects was reduced partially because last year the EBRD opened a 300m-dollar credit line for the state-run energy Naftohaz Ukrayiny to purchase natural gas, while next time Naftohaz will receive assistance of 500m dollars from the World Bank.

Ukravtodor loses 220m-dollar World Bank loan

The World Bank has decided to temporarily take away 220m dollars from the loan portfolio of Ukraine's road agency Ukravtodor. This was reported by the World Bank director for Belarus, Moldova and Ukraine, **Satu Kahkonen**, during a meeting with Ukravtodor head Slawomir Nowak in Kyiv on 2 December.

According to Kahkonen, it was a forced step, because currently the World Bank's money is not used fast enough, thus burdening the country's economy and making no room for new projects.

EIB approves 150m-euro loan for Ukrzaliznytsya

The European Investment Bank (EIB) on 23 November approved a 150m-euro loan for Ukrzaliznytsya, Ukraine's state-run railway company, to modernise 250 km of railways in southern regions.

The total project cost is 314m euros. The second part of the loan will be provided by the EBRD.

It was also reported that Ukrzaliznytsya's management approved a five-year plan to upgrade its rolling stock to the tune of 108bn hryvnias (4bn dollars).

Property fund sells state-run bank to Chinese investors

The State Property Fund of Ukraine on 30 November sold 99.99 percent of shares in the Ukrainian Bank for Reconstruction and Development (UBRD) to the Chinese company Bohai Commodity Exchange (BOCE). Only one company filed a bid to participate in the auction, and the bank was sold to it at a starting price of 82.8m hryvnias (3.07m dollars).

BOCE is the biggest spot commodity exchange in China with an annual turnover of 1,000bn dollars.

In early October 2016, the UBRD held the 100th place among 100 operating Ukrainian banks in terms of assets. Its assets total 118.72m hryvnias (4.4m dollars).

Russian businessman buys 52.93 percent in Ukrainian bank

A co-owner of VS Energy International Group and the president of Russia's CSKA football club, **Yevgeniy Giner**, in November 2016 purchased 52.93 percent of shares in the First Investment Bank (PINbank).

PINbank was founded in 1997. According to the National Bank, as of 1 October the bank held the 53rd place among 100 operating Ukrainian banks in terms of assets (45.7m dollars).

Ukrhazbank gives 37m dollars to Agrarian Fund

The Agrarian Policy Ministry has agreed a loan agreement worth 1bn hryvnyas (37.04m dollars) between the Agrarian Fund and Ukrhazbank. The interest rate under the agreement is 21.5 percent.

Ukrainian aircraft maker to become joint-stock company

The state-run Antonov enterprise will be transformed into a joint-stock company in accordance with the respective order issued by the Economic Development Ministry as part of the defence industry reform. In addition, the government ordered corporatization of state-owned enterprises Civil Aviation Plant 410, Chuhuyev Aviation Repair Plant and Karpaty Production Association.

As part of the strategy, the state-run Ukroboronprom company will create five clusters with the possibility to engage private companies. In particular, there will be aviation, armour, ship-building, high-precision weapons, radar station and communication clusters.

Ex-deputy minister to head Boryspil airport

The nomination committee has announced **Pavlo Ryabikin** winner in the competition for the post of director of Ukraine's largest airport, Boryspil.

Previously, he held the post of deputy transport minister of Ukraine and worked on infrastructure projects at the Kyiv city administration.

It should be recalled that in 2015 the head of the Ukrayina aviation company, **Yuriy Solonchuk**, won the competition for the post of Boryspil airport director, but his appointment was not approved by the cabinet.

9. ENERGY**Naftohaz receives state guarantees for gas loan**

The Cabinet of Ministers on 30 November approved 500m-dollar state guarantees for the state-run energy company Naftohaz Ukrayiny to draw a loan from the World Bank for natural gas purchases.

The funds will be provided in the form of a revolving credit line (the loan can

be repaid and drawn again) for almost a year at less than 3 percent.

Gas reserves reduce by 1.1bn cu.m. since heating season start

Natural gas reserves in Ukraine's underground storage facilities reduced by 7.7 percent (1.14bn cu.m.) to 13.62bn cu.m. since the launch of the heating season, which started on 13 October, to 1 December, according to the Ukrtranshaz company.

The Naftohaz Ukrayiny company considers that Ukraine has sufficient gas reserves to pass through the heating season, noting that there are technical capabilities to import more gas in the event of a severe winter.

It should be recalled that Russia initiated trilateral gas talks (Ukraine, Russia and the EU), fearing that there is not enough gas in Ukraine's storages to go through the winter.

According to experts interviewed by Gorshenin Institute, generally, all the parties are interested in holding such talks. At the same time, Ukraine can do without Russian gas, as it has sufficient gas reserves, they noted.

Ukraine cuts gas imports by 41 percent

Ukraine in January-November 2016 reduced imports of natural gas by 41.2 percent (or 6.6bn cu.m.) compared to the same period in 2015, to 9.42bn cu.m., the Ukrtranshaz company has reported.

In particular, Ukraine in November imported 1.28bn cu.m. from Slovakia, 158.6m cu.m. from Hungary and 107.4m cu.m. from Poland.

It should be recalled that Ukraine stopped buying gas from Russia over a year ago.

According to the vice-president of Gorshenin Institute, **Oleksiy Leshchenko**, the fact that Naftohaz does not buy gas from Russia's Gazprom, and buys it from European suppliers, points to at least three things: "First, Gazprom has lost its 'gas lever' to apply pressure on Ukraine. Second, the terms of such gas supply contracts are closer to market conditions as compared to take-or-pay provisions offered by Gazprom. Third, the political component in gas relations has been factored out."

Gas output in Ukraine exceeds 18bn cu.m.

Natural gas production in Ukraine in January-November increased by 0.8 percent compared to the same period in 2015, to 18.32bn cu.m., the Ukrtranshaz company has reported.

Ukraine boosts gas transit to Europe

Natural gas transit through Ukraine's gas transport system in January-November increased by 22 percent compared to the same period of the

previous year, to 73.5bn cu.m., the Ukrtranshaz company has reported.

In November 2016, transit volumes reached 8.5bn cu.m., which is 46 percent more than in November 2015.

French company Engi to store gas in Ukraine

During a Ukraine-France economic forum held in Paris on 28 November, France's energy company Engi and Ukraine's company Ukrtranshaz signed an agreement for transport and storage of French gas in Ukrainian underground facilities.

Ukraine increases coal production by 1.8 percent

Production of energy and coking coal in Ukraine in January-November 2016 rose by 1.8 percent compared to the same period of the previous year, to 37m tonnes, the Energy Ministry has reported.

It should be recalled that coal production in Ukraine in 2015 dropped by 1.6 times compared to 2014, to 39.76m tonnes, due to the hostilities in Donbas.

Ukrenerho cuts electricity transmission by 9.5 percent

Ukrenerho, the operator of Ukraine's power grids, in January-October 2016 reduced transmission of electricity through main networks by 9.5 percent compared to the same period of 2015, to 90.3bn kWh, according to the company.

At the same time, the cost of electricity transmission services increased by 33 percent to 5.51bn hryvnias (204.07m dollars).

Paris court orders Ukraine to pay 112m dollars to Russian company

The court of appeal in Paris on 29 November upheld two arbitration decisions obliging Ukraine to pay 112m dollars, as well as interest, to the Russian company Tatneft.

The Russian firm is suing Ukraine because of the Ukrtatnafta company, which was established on the basis of the Kremenchuk refinery in 1994. Some 18.3 percent in the refinery belonged to entities affiliated with Tatneft and another 28.78 percent to the Ministry of Property of Tatarstan. Later, after the arrival of new shareholders affiliated with Privat Group, the share of the Tatarstan shareholders in the company was reduced almost to nothing as a result of trials.

Tatneft said that the company had been subject of a hostile takeover and filed a lawsuit against Ukraine in 2008 based on the Russian-Ukrainian agreement on investment protection.

Arch covers destroyed Chornobyl unit

The installation of a new confinement facility over the ruined fourth reactor of the Chornobyl nuclear power plant was completed on 29 November. The arch is 165 metres long, 260 metres wide and 110 metres high. Its total weight with the equipment makes 31,000 tonnes.

It took 12 years to complete the project.

The main function of the new confinement is to prevent the spread of radioactive substances from under the Shelter facility.

It is planned to seal the facility in November 2017 and to begin dismantling unstable structures inside. It is projected that the new facility will be used over a period of 100 years.

Funds for the construction of the new confinement, which cost 1.42bn euros, were collected by donor countries of the Shelter Fund and are managed by the EBRD.

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

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