



Gorshenin *Weekly*

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PROGRAMME
VI National Expert Forum
"Key Issues of the Year"

12 October 2016
Parus Business Centre
2 Mechnykov Street, 2nd floor, Kyiv

Online streaming will be available on the site: LB.ua

09:00 - 10:00 – Registration of participants and guests

10:00 - 10:15 – Opening ceremony

10:15 - 11:45 – Discussion Panel "DECENTRALISATION AND STATE INTEGRITY"

Questions for discussion:

- Building an effective governance model under decentralisation;
- Ways to resolve the crisis in Ukraine;
- Competitive advantages of the regions. How should Ukrainian regions implement their potential best?
- Decentralisation: a wrong way or a real answer to the problems in Ukraine?
- Future of Donbas as part of Ukraine.

PANEL DISCUSSION PARTICIPANTS:

Oleg Syniutka, head of the Lviv Oblast State Administration

Yuriy Garbuz, head of the Luhansk Oblast Military and civil Administration

Roman Bezsmertny, Extraordinary and plenipotentiary Ambassador of Ukraine, Vice Prime Minister of Ukraine for Administrative and Territorial Reform in 2005

Ivan Miklos, Co-chairman of Strategic Advisory Group for Support of Ukrainian Reforms (SAGSUR)

PANEL EXPERTS: **Viktoriya Ptashnyk**, MP; **Vira Nanivska**, chairwoman of the Anna Yaroslavna Collegium; **Yuriy Hanushchak**, director of the Territory Development Institute; **Vitaliy Kulyk**, director of the Centre for Civil Society Studies; **Mariya Repko**, deputy director of the Centre for Economic Strategy; **Taras Chornovil**, political expert.

DISCUSSION PANEL MODERATED BY: **Sonya Koshkina**, editor in chief at LB.UA

11:45 - 12:00 – Coffee break and informal networking

12:00 - 13:15 – Discussion panel "COMPONENTS OF ENERGY SECURITY"

Questions for discussion:

- Components of the energy security of Ukraine. Own energy sources, energy efficiency and diversification of energy supplies.
- Reform of the natural gas and electricity market.
- Ukraine's international cooperation to reform the energy sector.
- Implementation of the standards and principles of the 2nd and 3rd energy packages.

PANEL DISCUSSION PARTICIPANTS:

Maksym Tymchenko, director general at DTEK

Olga Belkova, member of the Ukrainian Parliament, deputy head of the Verkhovna Rada Committee for Fuel and Energy Complex, Nuclear Policy and Nuclear Security

Karel Hirman, Expert on energy sector at the Strategic Advisory Group for Support of Ukrainian Reforms (SAGSUR)

Serhiy Chekh, advisor to Minister of Energy and Fuel Industry of Ukraine

Torsten Wollert, head of the Support Group for Ukraine, European Commission

PANEL EXPERTS: **Oleh Ustenko**, executive director of the Blazer Foundation; **Valentyn Zemlyanskyy**, energy expert of the Centre of World Economy and International Relations of the National Academy of Sciences of Ukraine; **Yuriy Korolchuk**, executive director of the Centre for Energy Strategies; **Anton Antonenko**, vice-president of DiXi Group; **Ivan Plachkov**, president of the All-Ukrainian Energy Assembly; **Yuriy Sakva**, vice-president of the All-Ukrainian Energy Assembly; **Vasyl Kotko**, president of the Energy Association of Ukraine; **Dmytro Rohozin**, vice-president of the Energy Association of Ukraine; **Krzysztof Rogulski**, energy expert (Poland).

DISCUSSION PANEL MODERATED BY: **Oleksandr Kharchenko**, Director of Energy studies Centre

13:15 - 14:00 – Break and buffet lunch. Informal networking

14:00 - 15:20 – Discussion panel "UKRAINE IN EUROPE AND THE WORLD"

Questions for discussion:

- How will the elections in the USA, Germany and France affect the situation around Ukraine?
- Prospects of the Minsk process. Is there an alternative to the Minsk negotiation format and the Minsk agreements?
- Ukraine-NATO cooperation. If not membership, then what?
- Visa-free travel for Ukraine. Is there a light in the end of the tunnel?
- Ukraine-EU Association Agreement.

PANEL DISCUSSION PARTICIPANTS:

Pavlo Klimkin, Minister of Foreign Affairs of Ukraine
Ryszard Czarnecki, Vice-President of the European Parliament
Isabelle Dumont, Ambassador of French Republic to Ukraine
Juris Poikāns, Ambassador of Latvian Republic to Ukraine
Michael Emerson, Associate Senior Research Fellow, Centre for European Policy Studies (CEPS) (Brussels)
Ihor Kohut, Director of the USAID RADA Programme

PANEL EXPERTS: **Markiyan Lubkivskyy**, ambassador to the Republic of Croatia (2006-09), coordinator of the Justice movement; **Bohdan Yaremenko**, chairman of the Maydan of Foreign Affairs foundation; **Oleksandr Sushko**, director of the Institute for Euro-Atlantic Cooperation; **Mykhaylo Pashkov**, co-director of foreign policy and international security programmes of the Razumkov Centre; **Veronika Movchan**, research director of the Kyiv Institute for Economic Research and Policy Consulting; **Olesya Yakhno**, political expert; **Ihor Solovey**, director of the WORLD department, LB.ua; **Serhiy Sydorenko**, editor of the Yevropeyska Pravda website.

DISCUSSION PANEL MODERATED BY: **Dmytro Ostroushko**, director of international Programmes at the Gorshenin Institute.

14:20 - 15:30 – Closing of the VI National Expert Forum. Final address by a Gorshenin Institute representative

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Ukraine becomes CERN associate member

1. TOP STORIES**Ukraine, militants pull out troops in two front-line areas**

The withdrawal of forces in Stanytsya Luhanska was disrupted due to continued attacks by the militants

Read more in ARMED CONFLICT IN EASTERN UKRAINE

Russia presses official espionage charges against Ukrainian journalist

The Ukrainian Foreign Ministry has advised Ukrainians against visiting Russia

Read more in INTERNATIONAL POLITICAL

Ukraine extends moratorium on farmland sale by another year

As agreed with the IMF, the Ukrainian parliament was to pass the law on farmland market by the end of 2016.

Read more in ECONOMIC.

2. ARMED CONFLICT IN EASTERN UKRAINE**Disengagement of troops completed in Petrovske, Zolote**

The OSCE monitoring mission has confirmed that the Ukrainian army and pro-Russian militants have simultaneously pulled out troops and hardware near Petrovske on 7 October.

On 1 October, the disengagement of forces took place near Zolote.

At the same time, the withdrawal of forces in Stanytsya Luhanska scheduled for 9 October was disrupted because of continued cease-fire violations by the separatists, the Ukrainian Defence Ministry said.

The tripartite contact group in Minsk reached an agreement on the disengagement of forces in three areas, particularly in Petrovske, Zolote and Stanytsya Luhanska. The disengagement was conditioned by the observance of the complete cease-fire for seven days.

It should be noted that residents of these settlements held several protest rallies against the withdrawal of the Ukrainian troops, fearing that their towns may be taken over by the pro-Russian militants.

In general, the situation remains tense in eastern Ukraine. The Defence Ministry reported that over the past week the militants fired on the positions of Ukrainian forces more than 300 times, killing three Ukrainian servicemen.

US, Russian officials discuss disengagement of troops in Ukraine's Donbas

Assistant Secretary of State for European and Eurasian Affairs at the US Department of State **Victoria Nuland** met Russian presidential advisers **Vladislav Surkov** and **Yuriy Ushakov** in Moscow on 5 October 2016.

They discussed the situation in Donbas and further steps towards the implementation of the Minsk agreements.

Read more in Gorshenin Weekly Russia.

Over 170 Ukrainian servicemen killed in Donbas in 2016

Since the beginning of 2016, the Russian occupying troops have violated a cease-fire in Donbas on more than 12,000 occasions, as a result of which 173 Ukrainian servicemen got killed, Ukrainian Defence Minister **Stepan Poltorak** told the chief of the Swedish Defence Staff, Lt-Gen **Dennis Gyllensporre**, in Stockholm on 6 October 2016.

He added that 6,000 Russian servicemen were illegally staying on Ukrainian territory.

According to the UN, as of 15 September 2016, 9,580 people have been killed since the beginning of the conflict in eastern Ukraine.

3. CRIMEAN ISSUE**Russia deploys S-400 Triumf missile system in Crimea**

Russia has deployed on combat duty the S-400 Triumf anti-aircraft missile system in occupied Crimea, the Russian Defence Ministry's Southern Military District has said.

The system uses long-range and medium-range missiles to destroy aircraft, cruise and ballistic missiles.

Pantsir-S, a combined short to medium range surface-to-air missile and anti-aircraft artillery weapon system, was also put on combat duty there.

Ukraine calls for international sanctions on judges who issued ban on Majlis

The Ukrainian parliament has issued a resolution in which it called on international organizations and foreign parliaments to consider personal sanctions against Crimean and Russian judges who recognized the self-styled Crimean Tatar government Majlis as an extremist organization and banned its operation in Russia.

Ukrainian MPs asked the UN to adopt relevant measures to prevent repressions against the Crimean Tatar people.

Ukraine can impose sanctions on organizers of Russian elections in Crimea

The Ukrainian Ministry for Temporarily Occupied Territories has said it is going to initiate sanctions against the organizers of the elections to the Russian State Duma in Crimea.

The ministry said that the sanctions may target 1,500 people.

The Kyiv-controlled prosecutor's office of the Autonomous Republic of Crimea earlier opened criminal cases against citizens elected to the Russian State Duma in annexed Crimea.

Ukrainian prosecution resumes probe into Crimean Tatar deportation in 1944

Ukrainian prosecutors have resumed an investigation into the deportation of Crimean Tatars and representatives of other ethnicities from Crimea in 1944.

4. INTERNATIONAL POLITICAL**UKRAINE-RUSSIA****Ukraine demands immediate release of Ukrainian journalist arrested in Russia**

The Ukrainian Foreign Ministry has demanded that Ukrainian journalist **Roman Sushchenko** and all other Ukrainian political prisoners held in Russia be immediately released.

It should be noted that on 7 October Russian investigators officially charged Sushchenko with espionage.

The Ukrainian journalist was detained in Moscow on 30 September. On 1 October, a court in Moscow remanded him in custody for two months within the framework of an espionage case.

European Parliament calls on Putin to release Ukrainian journalist

The European Parliament has issued a statement in which it called on Russian President **Vladimir Putin** and the EU leadership to take measures to ensure the release of Ukrainian journalist **Roman Sushchenko**.

Foreign Ministry advises Ukrainians against visiting Russia

The Foreign Ministry has advised Ukrainians against visiting Russia or crossing its territory in transit.

The ministry said that Ukraine's capacity to ensure proper security for its citizens in Russia is currently limited.

The Ukrainian consul has not been allowed to see Ukrainian journalist **Roman Sushchenko** arrested in Moscow yet.

Ukrainian parliament speaker suggests visas for Russians

Parliament speaker **Andriy Parubiy** has suggested Ukraine should introduce visas for Russians in response to its journalist's arrest in Moscow.

The **Petro Poroshenko** Bloc and the Opposition Bloc refused to support the initiative while the People's Front, Self-Help, the Radical Party and Fatherland approved it.

President **Petro Poroshenko** did not share his opinion on the matter, saying it is up to parliament to decide.

Russian spy reportedly caught by Ukrainian security service

An agent of the Main Intelligence Directorate of Russia's General Staff, who is a Ukrainian citizen, was detained in Rivne on 8 October, the Security Service of Ukraine (SBU) has reported.

The SBU noted that the suspect was tasked with recruiting one of the senior officers of the Ground Troops HQ of Ukraine's Armed Forces to obtain secret documents.

Ukraine objects to summary judgment on Russia's 3bn-dollar lawsuit

On 7 October, the Ukrainian Finance Ministry filed with the English Court its evidence in response to the application for summary judgment issued by Russia on 28 July 2016 in the proceedings relating to the 3bn-dollar 5-percent notes issued by Ukraine and taken up as to 100 percent by the Russian Federation in December 2013. Ukraine insists on presenting a full case.

"As Ukraine's evidence demonstrates, Russia is the true counterparty to the transaction which now seeks to extract payment despite both its illegitimate actions against Ukraine, which caused Ukraine to enter into the transaction, and the devastating damage Russia has inflicted and continues to inflict on Ukraine, its economy and its people in the period since then," the Ukrainian Finance Ministry said.

Russia's reply evidence is due to be provided on 4 November 2016, before the application goes to a hearing before the English Court in January 2017.

Stockholm court to decide on Ukraine-Russia gas contract by April 2017

The Arbitration Institute of the Stockholm Chamber of Commerce will issue its ruling on the gas contract between Ukraine and Russia by the end of March 2017, the national oil and gas company Naftohaz Ukrayiny has said.

It is expected to issue its decision on the transit contract by the end of June.

The first dispute is currently in the stage of oral proceedings, while preparations for them are under way in the second case.

Ukrainian church in Moscow Region to be demolished

The Moscow regional court has decided to leave unchanged the resolution to demolish the St Trinity church of the Kyiv-run Ukrainian Orthodox Church in Noginsk. The verdict will come into force on 3 October. The church will be demolished within the period of four months at the expense of the Kyiv eparchy.

UKRAINE-COUNCIL OF EUROPE

Ukraine reports on reforms within Council of Europe Action Plan for Ukraine

On 3 October 2016, the Ukrainian delegation reported on the results of reforms which receive systematic support from the Council of Europe Action Plan for Ukraine 2015-17.

The presentation, which was made at the Council of Europe HQ in Strasbourg, and the following debates were held in the framework of four working groups: human rights strategy, penitentiary and police reform, judicial reform and fight against corruption.

Council of Europe to allocate 45m euros to support reforms in Ukraine

Foreign Minister **Pavlo Klimkin** has said that the Council of Europe will allocate 45m euros to support reforms in Ukraine.

He said that the Council of Europe Action Plan for Ukraine was its biggest ever package of aid to a member state.

UKRAINE-WORLD

Ukrainian president accepts credentials from four ambassadors

Ukrainian President **Petro Poroshenko** has accepted credentials from Swedish ambassador **Martin Hagström**, Norwegian ambassador **Ole Terje Horpestad**, Belarusian ambassador **Ihar Sokal** and Kuwaiti ambassador **Rashid Hammad Al-Adwani**.

5. DOMESTIC POLITICAL

Ukrainian parliament increases defence spending

On 6 October 2016, the Ukrainian parliament amended the law on the 2016 state budget to allocate additional 7.17bn hryvnias (275.77m dollars) to the security and defence needs.

In particular, the Defence Ministry will receive additional 3.8bn hryvnias (146.15m dollars), the National Police 2bn hryvnias (76.92m dollars), the State

Border Service 964m hryvnyas (37.08m dollars), the Security Service of Ukraine (SBU) 129m hryvnyas (4.96m dollars), the State Guard Directorate 51m hryvnyas (1.96m dollars), the State Emergencies Service 50m hryvnyas (1.92m dollars), and the State Special Transport Service 5.4m hryvnyas (207,690 dollars).

Parliament has also allocated additional 1.5bn hryvnyas (57.69m dollars) to officials' salaries.

Ukraine spends 6,700 dollars on each serviceman per year, compared to 500,000 dollars in the United States, 80,000 dollars in the Baltic States and 90,000 in Poland, Defence Minister **Stepan Poltorak** said in an interview with the "Levyi Bereh with **Sonya Koshkina**" programme.

Autumn conscription campaign starts in Ukraine

A total of 14,000 persons, aged 20 to 27, will be called up into the Ukrainian army in the course of the autumn conscription campaign which began on 4 October 2016.

This campaign was endorsed by President **Petro Poroshenko**'s decree in March 2016. It will consist of two stages: conscripts will be checked by a call-up commission and then sent to units.

The General Staff said that none of the conscripts would be sent to the antiterrorist operation area.

Ukrainian parliament passes antiraider bill to protect property

The Ukrainian parliament has passed the bill which advances state registration of rights to immovable property and protection of ownership in order to prevent raider attacks.

The bill says that any changes to the charter, management or statutory fund of a company must be notarized.

Ukrainian parliament passes bills on environmental assessment

On 4 October, the Ukrainian parliament passed the bill on strategic environmental assessment which Ukraine committed to adopt under the association agreement with the EU.

The same day, MPs passed the bill on environmental impact assessment.

Both documents are expected to adapt the existing Ukrainian laws to European regulations.

The bill on environmental impact assessment regulates relations between an economic entity and government agencies while the bill on strategic environmental assessment does the same for public offices, **Serhiy Vykhryst**, an expert at Gorshenin Institute, has said at a round table.

On 4 October, parliament passed the bill which relieves those who voluntarily surrender radioactive materials to the state from criminal responsibility.

President vetoes law on placement of prisoners

Ukrainian President **Petro Poroshenko** has vetoed the law introducing the obligation to place convicts in prisons located close to their places of residence.

Ukrainian president appoints Mykolayiv regional governor

Ukrainian President **Petro Poroshenko** has appointed MP **Oleksiy Savchenko** from the Petro Poroshenko Bloc as head of the Mykolayiv regional state administration with a three-month probation.

He was shortlisted for the post which has been vacant ever since previous Mykolayiv regional governor **Vadym Merikov** resigned after his first deputy head found himself in the heat of a corruption scandal.

Roshen senior legal adviser **Yuriy Buhlak** will be sworn in as a new MP to replace Savchenko as next on the Petro Poroshenko Bloc list.

The selection board for senior public service has shortlisted **Ihor Hundych** and **Yuliya Svitlychna** as heads of the Zhytomyr and Kharkiv regional state administrations respectively. Both are currently the acting heads of the respective regional state administrations.

Ukrainian MPs grade own work "below expectations" - Gorshenin Institute

Members of the Ukrainian parliament have quite critically assessed their own performance, with only 18.2 percent of the respondent MPs positively grading their work (2.6 percent viewing it as "excellent" and 15.6 percent as "good") and 40.3 percent giving a negative assessment (32.5 percent as "poor" and 7.8 percent as "very poor"). More than 40 percent called parliament's work "satisfactory" (41.6 percent).

This follows from an opinion poll among Ukrainian MPs conducted by Gorshenin Institute in late September 2016.

Almost 38 percent of the MPs rated work of the new government headed by **Volodymyr Hroysman** as "good" or "excellent" (5.2 percent as "excellent" and 32.5 percent as "good"). Another 32.5 percent of the MPs said that the cabinet's work was "satisfactory", 19.5 percent said it was "poor" and 10.4 percent as "very poor".

Slightly fewer MPs approved of the work of President **Petro Poroshenko** (36.4 percent). At the same time, the president received twice as much "excellent" grades as the government. In particular, 10.4 percent of the respondents assessed the president's performance as "excellent", 26.0 percent as "good", 31.2 percent as "satisfactory", 22.1 percent as "poor" and 10.4 percent as "very poor". Thus, the president's work received more positive feedback ("good" or "excellent" - 36.4 percent) than negative ("poor" and "very poor" - 32.5 percent).

Pro-presidential faction head withdraws proposed amendments to e-declaration law

The head of the Petro Poroshenko Bloc's parliamentary faction, **Ihor Hryniv**, has said that due to a massive public outcry he withdrew the draft law introducing changes to the law on e-declaration, which intended to classify some information concerning officials' income, as well as gifts and pieces of art they own.

Ukrainian Constitutional Court requested to check judicial reform

On 6 October 2016, the Constitutional Court received the Supreme Court's motion asking it to check the compliance of certain provisions of judicial reform with the constitution.

Supreme Court chairman **Yaroslav Romanyuk** has suggested that, in particular, the provisions of the constitution which identify the subject authorized with liquidating courts have been violated. The constitution authorizes the president, not parliament, for this, whereas the new law on judiciary states the opposite, he explained.

Judicial reform in Ukraine took off on 30 September.

Dismissed judges challenge Ukrainian parliament's decision

Fifteen out of 28 judges dismissed by the Ukrainian parliament on 29 September 2016 over breach of oath have challenged their dismissal with the Supreme Administrative Court, according to reports by Ukrainian media.

The judges are believed to have been involved in illegitimate rulings against the activists of the pro-European, anti-government protests, known as Euro-Maydan, in November 2013-February 2014.

Fugitive official said released on bail from Panama prison

The former head of the State Agency for Investment, **Vladyslav Kaskiv**, has been released from a Panama prison on a bail of 600,000 dollars, the Prosecutor-General's Office of Ukraine has reported. However, he may not travel outside Panama City.

In Ukraine, Kaskiv is suspected of embezzling public funds in the amount of 7.5m hryvnyas (288,000 dollars) in 2012-13.

The Prosecutor-General's Office also said that Former Finance Minister **Yuriy Kolobov**, who was detained in Spain in March 2015, has a residence permit in that country. Earlier, Spain refused to extradite the Ukrainian ex-official.

Prosecutor's office launches probe against former riot police chief

The Prosecutor-General's Office has opened an investigation in absentia against the former commander of the Berkut riot police company, **Dmytro Sadovnyk**,

Ukrainian media have reported.

Also, under proceedings in absentia, investigations were launched against 20 former Berkut officers on the wanted list.

In late September 2014, a judge of the Kyiv Pecherskyy district court, **Svitlana Volkova**, issued a ruling to release Sadovnyk from custody, after which he escaped. According to the Prosecutor-General's Office, the former Berkut chief is hiding in occupied Crimea.

Former Berkut officers are accused of killing 39 Euro-Maydan activists in central Kyiv on 20 February 2014.

Former justice minister's case passed to court

The Prosecutor-General's Office on 7 October passed over the indictment against former Justice Minister **Oleksandr Lavrynovych** to the Kyiv Shevchenkivskyy district court.

He is suspected of embezzling a total of 8.5m hryvnias (327,000 dollars) in budget funds while procuring services of law firm Skadden (USA).

6. ECONOMY

Parliament extends moratorium on farmland sales for one year

The Ukrainian parliament on 6 October extended the moratorium on sales of farmland until 2018.

The moratorium allows owners to lease or bequeath their land plots.

On 3 October, the head of the IMF mission in Ukraine, **Ron van Ruden**, said that the existing moratorium undermines the development of the agricultural sector and makes it impossible to use land as collateral for loans.

It should be noted that according to the Ukraine-IMF memorandum, parliament before the end of the year must adopt a law on farmland trade, which is expected to pave the way to a free market of land.

IMF may provide Ukraine with 1.3bn dollars in 2016, 5.4bn dollars in 2017

Ukraine may receive 1.3bn dollars in 2016 and 5.4bn dollars in 2017 from the IMF in case it successfully implements its economic programme, according to the updated schedule of the EFF programme's second review. It is planned that the funds will be allocated on a quarterly basis. The largest tranche (2bn dollars) may be disbursed in the first quarter of 2017.

According to the memorandum between Ukraine and the IMF, the Ukrainian government in September was supposed to adjust parameters of social programmes, including the formula for calculating subsidies, and to submit to parliament a draft law on farmland trade. Parliament should adopt rules tightening the rules for launching bankruptcy procedures, as well as the legal

provisions for freezing bank accounts and enforcing judgments for payment of debts on internal transactions.

In October, the Ukrainian government pledged to ensure e-declaration of assets and income of officials and to open access to such data for the public; to revise regulations for the introduction of a temporary mechanism for quarterly adjustment of natural gas and heating energy rates if such rates deviate from the full cost level by 10 percent or more. In addition, the cabinet must approve the classification of all state-owned enterprises.

The memorandum stipulates that in November parliament should pass amendments to the Ukrainian legislation extending the powers of the National Anti-Corruption Bureau.

In December, changes to the pension legislation (providing for gradual adjustment of the retirement age) should be presented, as well as the law on privatisation. Laws providing for the merger of customs and tax services into a single entity are also to be revised in December.

In addition, according to the memorandum, parliament should adopt a package of health reform laws by the end of 2016.

IMF advises raising retirement age for "privileged" groups in first place

The IMF has advised that Ukraine should start raising the retirement age for the categories which are eligible for early retirement, the director of the IMF's European Department, **Poul Thomsen**, has said.

At the same time, he said that Ukraine's macroeconomic performance was "very impressive".

Finance Minister **Oleksandr Danyluk** confirmed that by the end of the year the government will decide on the model of pension reform which may provide for a gradual increase in the retirement age.

Meanwhile, Social Policy Minister **Pavlo Rozenko** said that Ukraine will not raise the retirement age until the living standards in Ukraine increase.

According to the Ukraine-IMF memorandum, pension reform is a "cornerstone" of the programme of structural changes in the country.

Finance Ministry presents tax reform draft

Finance Minister **Oleksandr Danyluk** at a government meeting on 5 October presented a draft of the new tax reform.

The document provides for substantial changes concerning value added tax (introduces a single register for reimbursement, automation of VAT reimbursements).

The reform also introduces a single treasury account for tax payments, eliminates the tax police, introduces accelerated corporate profit tax amortisation, tax holidays for new businesses and gives businesses the right to

transfer losses during reorganisation procedures. It is also planned to introduce a new softened business taxation system and exempt tuition fees from personal income tax.

The draft also projects transforming the State Fiscal Service into a service-oriented agency.

International reserves grow to 15.5bn dollars

As of 4 October, the international reserves of Ukraine totalled 15.5bn dollars, the National Bank has reported.

The reserves grew thanks to a tranche from the IMF and proceeds from the sale of bonds issued against US guarantees.

Treasury account balance drops to 518m dollars

The balance on the single treasury account, after rising by 2.3 times in August, decreased by 43.3 percent in September to reach 13.47bn hryvnyas (518m dollars) as of the beginning of October, the State Treasury Service has reported.

The achieved level is 3.5 times below the balance recorded a year ago and one-third higher than in 2014.

At the same time, according to the National Bank, the balance of banks' correspondent and transit accounts fell by 9.8 percent in September to 42.66bn hryvnyas (1.64bn dollars).

Budget revenues underfulfilled by 6 percent over nine months

In January-September, state budget revenues totalled 407.53bn hryvnyas (15.67bn dollars), which is 6 percent less than the budget target, the State Treasury Service has reported

At the same time, the state budget in September received 46.35bn hryvnyas (1.78bn dollars) in revenues, which is 6.8 percent less than the planned figure.

Inflation reaches 1.8 percent in September

Inflation in Ukraine in September was 1.8 percent compared to deflation of 0.3 percent recorded in August, the State Statistics Service has reported.

Since the beginning of the year, inflation has totalled 6.4 percent. Compared to September 2015, consumer prices rose by 7.9 percent.

EIB gives Ukraine 200m euros for public transport

The board of directors of the European Investment Bank (EIB) on 23 September decided to provide a 200m-euro loan to finance the renewal of urban public transport in 20 medium-sized cities.

It should be recalled that on 20 September parliament ratified an agreement with the EIB on the allocation of a 400m-euro loan for agriculture.

One in 10 bank branches closed since year's start

The number of branches of commercial banks in Ukraine in January-September declined by 9.7 percent compared with the beginning of the year, to 10,720 units, the National Bank has reported.

In 2015, the number of branches of Ukrainian banks decreased by 21.3 percent.

Court unfreezes Odesa Portside Plant's accounts

The Odesa Commercial Court of Appeals has upheld the appeal of the Odesa Portside Plant and cancelled the decision on freezing the company's funds, the State Property Fund has reported.

Natural gas supplies to the plant resumed in 4 October. The company resumed operations on the same day.

The plant's accounts were frozen as an interim measure under the suit of the Ukrhaz company, which demanded that more than 100m hryvnias (3.85m dollars) be recovered from the plant for natural gas supplies.

7. ENERGY

Antitrust agency files 3.3bn-dollar suit against Gazprom

The Antimonopoly Committee of Ukraine has filed a lawsuit with the Kyiv Economic Court demanding forced collection of fines and penalties in the amount of 85.97bn hryvnias (3.31bn dollars) from Russia's Gazprom company for violations of antitrust laws.

Earlier, the Supreme Court of Ukraine confirmed the ruling of the Kyiv Economic Court to recognise Gazprom as a monopoly on the Ukrainian gas transit market and impose a fine on the company for abusing its monopoly position.

Ukraine cuts gas consumption, imports over nine months

Ukraine in January-September reduced natural gas consumption by 11 percent to 19.1bn cu.m., according to the Ukrtransgaz company.

At the same time, gas imports halved to 6.3bn cu.m.

The volume of gas stored in Ukraine's underground facilities as of 6 October was 14.5bn cu.m.

Ukraine boosts gas transit by 18 percent over nine months

Ukraine in January-September increased natural gas transit to Europe and

Moldova by 17.8 percent compared to the same period in 2015, to 57bn cu.m., the Ukrtransgaz company has reported.

In September, gas transit increased by 12.9 percent to 6.8bn cu.m.

Ukraine imports oil products worth 2.2bn dollars over nine months

Ukraine in January-September imported 5.21m tonnes of petroleum products to the tune of 2.21bn dollars, according to the State Fiscal Service.

The share of imports from Belarus was 59.8 percent, Russia 13.8 percent and Lithuania 9.4 percent.

Meanwhile, Ukraine exported some 191,200 tonnes of oil products worth 65.3m dollars.

Ukraine imports 11.7m tonnes of coal over nine months

Ukraine in January-September imported 11.7m tonnes of coal worth 1.39bn dollars, which is 16.8 percent less compared to the same period of 2015, according to the State Fiscal Service.

The share of imports from Russia was 48.8 percent, imports from the USA made 10.6 percent and Australia 5 percent.

Also, Ukraine exported 416,800 tonnes of coal worth 34.5m dollars.

DTEK starts importing thermal coal from Poland

The DTEK company of **Rinat Akhmetov** has begun importing gas coal from Poland due to the shortage of generating capacities. In total, some 100,000 tonnes of Polish coal will be supplied to the Dobrotvir and Burshtyn thermal power plants by the end of October.

Ukrenerho cuts power transmission by 11 percent over eight months

The Ukrenerho company in January-August reduced transmission of electricity by 11.1 percent compared to the same period of 2015, to 71.5bn kWh.

The cost of Ukrenerho's electricity transmission services increased by 45.1 percent to 4.1bn hryvnias (157.2m dollars).

It bears noting that on 5 October the Cabinet of Ministers passed a resolution on reconstructing four substations of Ukrenerho in Kharkiv and Dnipropetrovsk regions to the tune of 150m euros. The repairs will be carried out under a Ukrainian-German project for the construction and development of infrastructure in eastern Ukraine worth a total of 500m euros.

Ukraine becomes CERN associate member

Ukraine has become an associate member of the European Organisation for Nuclear Research (CERN).

This status makes it possible for Ukrainian scientists to work as CERN officers and participate in its programmes.

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