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vol. 21, issue 30

INDEPENDENCE. COMMUNITY. TRUST

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July 22, 2016

Barbarism

Horrific car-bomb blast slays leading journalist



See story on pages 2, 3

Ukrainian police officers and security services experts examine the burnt-out wreckage of a car driven by journalist Pavel Sheremet, after he was killed by a car bomb in Kyiv on July 20. Sheremet died at the scene of injuries sustained in the blast. Police investigators said traces of explosives were found in the car. Sheremet, 44, (left) was a respected, prize-winning journalist who was exiled from his native Belarus because of his criticism of the country's authoritarian ruler, Alexander Lukashenko. He moved to Russia, but relocated to Ukraine in 2011 after Russian President Vladimir Putin also began to crack down on media freedoms. (Volodymyr Petrov)

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Засновник ТОВ "Паблік-Медіа"

Головний редактор Брайан Боннер

Відповідальна за випуск

Олена Невмержицька

Адреса видавця та засновника

співпадають: Україна, м. Київ, 01004,

вул. Пушкінська, 31А, 6-й поверх.

Реєстраційне свідоцтво

Кв № 15261-3833ПР від 19.06.09.

Передплатний індекс ДП Преса 40528

Надруковано ТОВ «Новий друк»,

02660, Київ, вулиця Магнітогорська, 1,

тел.: 559-9147

Замовлення № 13-8040

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Famed journalist slain in car bombing in Kyiv

BY ISOBEL KOSHIW AND JOSH KOVENSKY
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Ukrainians, Belarusians and Russians woke up on the morning of July 20 to the horrifying news that prominent journalist Pavel Sheremet, known for his work in all three countries, had been killed in a car-bomb blast in central Kyiv.

As the most high-profile murder of a journalist since the killing of Georgiy Gongadze in 2000, it has plunged the wider journalist community into a state of shock.

For the past several years, Sheremet worked for Ukrainska Pravda, the news website founded by Gongadze. It was the first one to report Sheremet's death.

At the time of the explosion, Sheremet was driving the car of Olena Prytula, his partner and a founding editor of Ukrainska Pravda, leading some to suspect that the killers had targeted Prytula.

Originally from Belarus, Sheremet was a prominent critic of both the Russian and Belarusian regimes. After moving to Kyiv five years ago, he devoted much of his work at Ukrainska Pravda to exposing corruption.

Sheremet hosted a weekday morning political talk show on Radio Vesti, to which he was driving when he was killed. Midway through the show, his stunned co-host Tatyana Ivanskaya had to announce his death live on air.

Sheremet's murder falls under the long shadow cast by the killing of Gongadze, whose torture and beheading sparked a wave of discontent with then-President Leonid Kuchma that partly led to the 2004 Orange Revolution.



A man lays flowers near the burnt-out car in which journalist Pavel Sheremet was killed by a car bomb early on July 20 in Kyiv. (Volodymyr Petrov)

Eyewitness reports

Eyewitnesses told the Kyiv Post that Sheremet had stopped to let a car pass on the corner of Ivana Franko Street and Bohdan Khmelnytskyi Street when the explosion occurred.

Minutes after the explosion, at 7:42 a.m., taxi driver Anatoliy Viter, who was standing opposite a nearby McDonald's drinking a coffee, rang the police on 102. By that point the car was engulfed in a cloud of smoke, he said.

Oleksandr Rotan, a waiter from the Device Club restaurant, which stands opposite the scene of the blast, ran out to rescue Sheremet. Together with other bystanders, he helped

pull the mortally injured journalist from the car.

"It sounded like a shell," Rotan said of the blast, adding that Sheremet was still alive, though unconscious immediately after the blast.

The strength of the explosion was clear from the scene of the crime. Prytula's car, a Subaru SUV, was gutted and wreckage from the car was strewn across the crossroads. There was a hole visible beneath the vehicle's driver's seat.

A remote controlled explosive device was used, according to an advisor to the Ukrainian Security Services Yuriy Tandit. The explosive device, he said, had been strapped

under the driver's seat.

After a few seconds, several bystanders rushed over to help drag the journalist from the car's smoking wreckage.

"He could barely breathe and was gasping for breath," Viter said. When asked if he was alive after being pulled from the car, Viter replied: "If you can call that alive."

Viter told the Kyiv Post that Sheremet died less than 10 minutes after being pulled from the car.

Investigation so far

Shortly after the car blast, Prosecutor General Yuriy Lutsenko said that traces of explosive had been found at the scene.

The Head of the National Police, Khatia Dekanoidze, later said that 400-600 grams of TNT had been used in the bomb.

Dekanoidze said it would be "matter of honor" for the police to investigate this case, Ukrainska Pravda reported.

Ukrainian President Petro Poroshenko has also enlisted the help of the FBI. U.S. State Department spokesman John Kirby confirmed that the FBI has begun to assist in the investigation.

Potential suspects and motives behind the murder have been circulating, but the possibilities seem endless. Tandit told journalists that at present they are considering four basic motives: Sheremet's professional activities, his relationships or personal motives, involvement of Russians authorities, or the attempted assassination of the car's owner, Prytula.

In November Prytula wrote on Facebook that her apartment was being watched by people with a "particular look." She said she was certain

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Ukrainian media in shock following assassination of respected reporter

Blast from page 2

of it, as the same had happened before the Gongadze murder. Since then, however, neither Prytula nor Sheremet made any fresh complaints, according to Ukrainska Pravda editor Sevgil Musaieva-Borovyk.

Prosecutor Lutsenko said that the investigators are probing two versions of events - an assassination and a terrorist attack with the intent of destabilizing the political situation in Ukraine.

But prominent journalist and friend of Sheremet, Bohdan Kutieпов, told the Kyiv Post at MediaHub, where people were invited to pay their respects to the slain journalist, that the assassination constituted an attack against Ukraine's entire free press, of which Sheremet was a key voice.

"It's not who did it, but what they've tried to attack," said Kutieпов. "The victim was Pavel, but also it was designed to threaten Olena (Prytula) and Ukrainska Pravda. To show that this isn't a joke."

Heartfelt messages of condolences and memories have been pouring out from journalists, officials and politicians.

"Pavel was a clever and brave man, an excellent journalist and all in all a good person. That is how we will remember him," Russian opposition leader Alexey Navalny wrote on his blog. Sheremet was also a close friend of Russian opposition leader

Boris Nemtsov, who was assassinated outside the Kremlin in February of 2015.

A courageous career

Born in Minsk in 1972, Sheremet became famous in his 20s for criticizing the increasingly authoritarian Belarusian President Alexander Lukashenko. He kept up his criticism, despite being threatened, imprisoned, and eventually exiled to Russia.

In 1995, he became editor of business newspaper *Belarusskaya Delovaya Gazeta*. In the same year he won the Belarus PEN Center's Adamovich Prize for his reporting for Russian public television station ORT. Russian TV channels were one of the only sources of critical information for many Belarusians during that period.

In 1997, Sheremet's press accreditation was revoked by the Belarusian authorities after he refused to apologize for calling the nation's rescheduled Independence Day "President Lukashenko's idea."

The following year, Sheremet and his camera crew were arrested by the Belarusian authorities for filming a feature on smuggling at the Belarus-Lithuania border. They had applied for permission, didn't receive a reply, and chose to go anyway. The authorities were angered by Sheremet showing the ease with which smugglers could cross the border. Together with another colleague,



People hold pictures of Pavel Sheremet as they attend a commemoration rally at Maidan Nezalezhnosti in Kyiv on July 20. (Volodymyr Petrov)

he was prosecuted and imprisoned for three months of their two-year sentence. His imprisonment sparked an international incident between Belarus and Russia as then-Russian President Boris Yeltsin personally demanded his release.

It was after this 1998 incident that the Committee to Protect Journalists gave Sheremet their annual International Press Freedom Award. Unable to collect the prize at the Waldorf-Astoria in New York, because of a one-year travel ban, Sheremet said in a video message at the time:

"The investigation against me and my colleagues on a pretext impossible anywhere in the civilized world, was just an example of how the government treats the mass media in Belarus. My personal experience is proof that this pressure is hard to withstand and dangerous."

From 1999, Sheremet continued to work for ORT but in Moscow (the

→ "It's not who did it, but what they've tried to attack."
— Bogdan Kutieпов, journalist

station was later renamed Russia's First Channel), as a presenter of the news program *Vremya*. At that point, Russia's democratic institutions were still active.

But in 2008, he left after writing an op-ed for Russia's *Vedomosti* newspaper titled "Russia is Heading Down the Same Path as Belarus." He later said he regretted working at the paper in the lead up to the parliamentary elections, as its coverage had been far from fair.

From 2008 until moving to Kyiv in 2011, Sheremet worked as an editor at Russian magazine *Ogoniok* and spent his last year in Moscow working as a presenter on Russian channel REN TV's *Prigovor*. It was during this period that he was stripped of his Belarusian citizenship under the pretext that he

already held Russian citizenship — though dual citizenship is not banned under Belarusian law.

Sheremet was quickly welcomed into the Kyiv journalist community, with which he had built up links over the years. Shortly after joining *Ukrainska Pravda*, he founded *Istorychna Pravda* - a sister site dedicated to Ukrainian history.

He also founded *Belarus Partisan*, a website focused on objective coverage of Belarus.

Sheremet was the author of three books and several documentaries. In 2002, he won the OSCE prize for journalism and democracy in part for his film "Wild Hunt" on persecution of the opposition by the Belarusian authorities.

In an obituary to Sheremet published by *Meduza* — a Latvia-based website run by independent Russian journalists who have fled President Vladimir Putin's crackdown on the media in recent years — Sheremet's friend, journalist Katerina Gordeeva praised his ability to revive himself after painful layoffs linked to shrinking freedom of speech.

"The biography of Pavel Sheremet is without a doubt the history of an entire generation of Russian journalists who lost their jobs because of circumstances beyond their control and the fidelity of their beliefs," wrote Gordeeva.

Kyiv Post staff writers Veronika Melkozerova, Yuliana Romanyshyn and Anna Yakutenko contributed reporting to this story. ■

Dangerous profession: Journalists killed in Ukraine since Independence

Over 50 journalists have been killed in Ukraine since the country gained independence in 1991, despite the country being considered less bound by media restrictions than its other former Soviet neighbors.

The vast majority of the murders occurred during the early years of independence, under Presidents Leonid Kravchuk (1991-1994) and Leonid Kuchma (1994-2004). Under Viktor Yushchenko (2005-2010), only two murders took place, while there were three under Ukraine's fourth president, Viktor Yanukovich (2010-2014.)

This is the second murder of a journalist under President Petro Poroshenko's term outside of the conflict zone in eastern Ukraine. But so far five Ukrainian journalists and five foreign journalists have lost their lives as a result of the war.

Ukraine is one of the most dangerous places in the world to operate as a journalist, according to Freedom House.

Below are details of some of the most notable murders of journalists:

1995: **Viktor Frelikh** was a freelancer journalist at *Molody Bukovynets* newspaper who died from poisoning by an unknown substance in Chernivtsi in 1995. He was investigating a rocket fuel leak that suppos-

edly caused an epidemic of alopecia. He had received death threats before his death.



1997: **Borys Derevianko**

was the editor in chief of the *Verchirnyya Odesa* newspaper. He was fatally shot at point-blank range on his way

to work near the newspaper's offices in 1997. The chief regional prosecutor declared the murder a contract killing. Local authorities announced that they had arrested a suspect, who confessed to killing Derevianko. However, no details about this confession were released.



1997: **Petro Shevchenko**,

a reporter for *Kyivskiy Vedomosti* newspaper, was found hanged in an abandoned building in 1997. Kyiv police

labeled Shevchenko's death a suicide, but his colleagues at the newspaper believe he was murdered because he had co-authored a series of articles, published weeks before his death, about disputes between the mayor of Luhansk and the local branch of Ukraine's Security Service.

2000: **Georgiy Gongadze** was the editor of the *Ukrainska Pravda* news website. He was kidnapped on



Sept. 16, 2000, and his headless corpse found in a forest near the town of Tarashcha in Kyiv Oblast in November of that year.

In 2013, a Ukrainian court sentenced a former police general, Oleksiy Pukach, to life in prison for the murder of Gongadze. But others implicated in the murder, including former President Leonid Kuchma, have never gone on trial.



2010: **Vasyl Klymentiev**,

the chief editor and investigative journalist of *Noviy Styl*, was abducted and is presumed dead by police. His mobile phone was found in a boat floating on the Pechenizky reservoir in Kharkiv.



2014: **Vyacheslav Veremiy**,

a journalist for *Vesti* newspaper in Kyiv, was killed in Kyiv early on Feb. 18, 2014 on his way home at night in a taxi after one of the deadliest days of the Euromaidan Revolution. A group of unknown men in balaclavas shot him at the intersection of Volodymyrska and Velyka Zhytomyrska streets. He died later in hospital from his injuries.



Chief of Ukrainian National Police Khatia Dekanoidze (C) stands at the scene of the car bombing in which journalist Pavel Sheremet was killed on July 20 in Kyiv. Dekanoidze said it was "a matter of honor" to solve the crime. (Volodymyr Petrov)

Editorials

Murdered

We at the Kyiv Post, like the rest of the nation's journalist community, were shaken by the outrageous murder of journalist Pavel Sheremet, killed in a car bombing as he was driving to host a morning radio show on July 20.

We grieve his loss, and send our condolences to his family and to our colleagues at Ukrainska Pravda, where Sheremet worked.

We grieve, but we're also angry.

We think that this murder is the latest grim chapter in a story that started nearly 16 years ago, when another Ukrainian journalist, Georgiy Gongadze was kidnapped and killed.

We are convinced that if the Gongadze murder had been properly investigated, and the ones who ordered it had been found and punished, Sheremet would have made it to his radio show.

But that never happened. The Ukrainian leadership - be it led by a wannabe-dictator like Viktor Yanukovich or self-declared democrats like Petro Poroshenko or Viktor Yushchenko - has failed every single test of its commitment to protect freedom of speech.

Between Gongadze and Sheremet, there were many others. More than 50 journalists have been killed or died suspiciously in Ukraine since the 1991 independence. Many others have been attacked, beaten up or threatened, simply for doing their work. No high-profile cases of such attacks on journalists have ended in convictions of the perpetrators.

Moreover, Ukrainian journalists who are critical of the government in recent years have been subjected to massive attacks by trolls on social media.

We must remember, too, that certain people in power endorsed the Myrotvorets website when it published the names of the journalists who got permission to enter the separatist-occupied territories in the eastern Ukraine, labelling them "collaborators."

This ongoing harassment of journalists and failure to protect the freedom of speech has effectively hung a target on every journalist in this country.

We want to hope for a fair and effective investigation of this murder, but after so many failures, it's hard to believe there will be one.

Trump dumps Ukraine

Ukraine is far from the only nation whose people are trying to fight entrenched political corruption. Despite its institutional advantages over Ukraine, America in November will make a choice between two tainted candidates: Hillary Clinton, whose obedience to wealthy interests makes her highly suspect, and Donald Trump, the narcissistic billionaire buffoon.

But it is not even a close call about who is preferential for America and Ukraine. US voters should elect Clinton and Ukrainians have every reason to hope they do.

Trump - generally ignorant in foreign policy - is shaping up as a huge fan of dictators, including Russia's Vladimir Putin, and will likely try to sell out Ukraine in exchange for better ties to Moscow and, we suspect, whatever business agreements his businesses and partners can get from the Kremlin as a payoff for such a tradeoff.

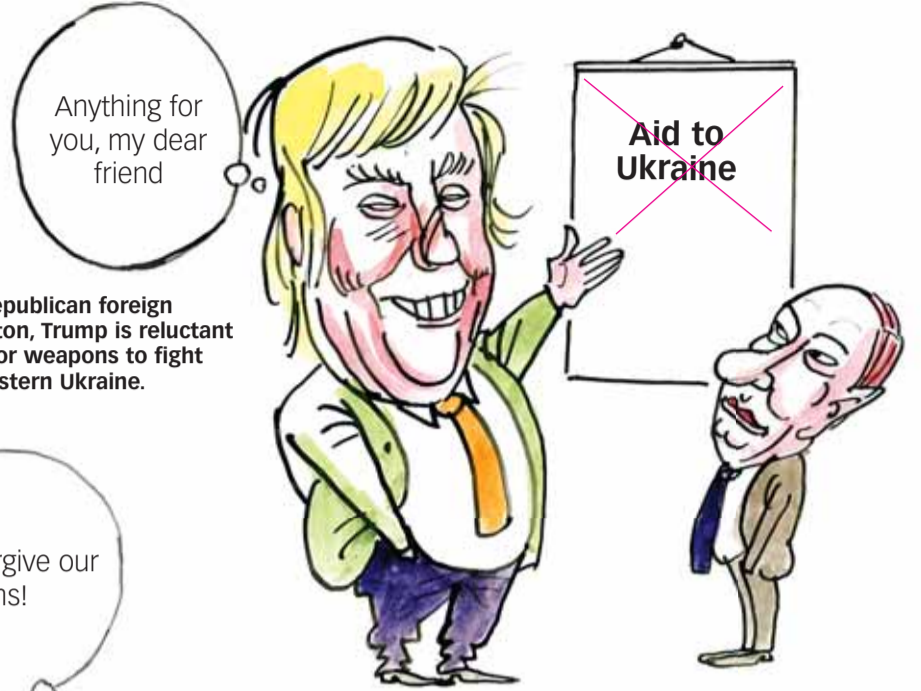
Trump's Republican National Convention, which ended on July 21, signaled disturbing capitulation on Ukraine. The Republican Party had a clear plank in its platform to support supplying Ukraine with lethal defensive weapons to prevail against Russia's war. The language got watered down to "appropriate assistance," which could mean nothing at all. Unfortunately, this change also puts the Republican position in line with that of U.S. President Barack Obama, who has refused to supply Ukraine with lethal weapons.

However, we believe that Clinton - despite and perhaps because of her failed "reset" of U.S.-Russia relations as secretary of state - now recognizes Putin as one of the greatest threats to world peace and international law.

We believe that she as president will form a bipartisan alliance to ensure that Ukraine has adequate military and financial resources to defeat Russia and that she will lead Western allies in toughening sanctions against the Kremlin. She would also strongly support NATO allies that came under attack, something that Trump wavered on in a July 20 interview with The New York Times.

Ukraine can help its American friends prevail by becoming stronger and doing more to defend itself, both militarily against the Russian threat but also in defeating the corruption that weakens society and saps the economy.

NEWS ITEM: Candidate for the U.S. presidency Donald Trump changed party policy on supplying lethal weapons to the Ukrainian armed forces during a national security committee platform meeting of Republican delegates in Cleveland on July 18-21. Unlike most Republican foreign policy leaders in Washington, Trump is reluctant to answer Ukraine's call for weapons to fight Russian-rebel forces in eastern Ukraine.



Lord, forgive our sins!



NEWS ITEM: Deputy Speaker of Parliament Oksana Syroid and Kyiv City Council member Sergiy Gusovsky spoke from the stage at a service of the Vidrozhennya Christian Center, an evangelist church, in May. Vidrozhennya is accused of being a cult that milks money from its parishioners.

What doping? I call it patriotism pills



NEWS ITEM: The International Olympic Committee has suspended the Russian athletics team from the Rio Olympics because of doping schemes that are feared to have corrupted the results of the past two Olympics.

The coalition exists. Don't you see it?



NEWS ITEM: A list of the lawmakers who have joined the parliament coalition in April has never been shown to public. Parliament Speaker Andriy Parubiy said he wasn't "in a position to demand to see such a list." The parliament's press service also failed to provide the list at the Kyiv Post's request.

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Reformer of the week

Vitaly Shabunin

Vitaly Shabunin, the head of the Anti-Corruption Action Center's executive board, warned on July 17 that there would be another attempt to sabotage the introduction of electronic asset and income declarations for officials.

The launch of electronic declarations is a key condition for Ukraine to obtain a visa-free regime with the European Union.

The National Agency for Preventing Corruption is considering launching electronic declarations in two stages, Shabunin wrote. The first stage will include judges, lawmakers and other officials and will be completed by Oct. 15.

Constitutional Court judges may want to annul the electronic declaration law to avoid having to fill out such declarations, while other officials included in the first stage may also try to block the process, Shabunin said.

According to Shabunin, top officials - including the president, prime minister and others - will have even more time to hide their assets, as they will be included only in the second stage.

Shabunin has also consistently uncovered and fought corruption schemes, and helped in the launch of the National Anti-Corruption Bureau.

— Oleg Sukhov



Anti-reformer of the week

Pavlo Demchyna

President Petro Poroshenko on July 16 appointed Pavlo Demchyna as the first deputy head of the Security Service of Ukraine and head of its anti-corruption department.

Demchyna is an ally of President Petro Poroshenko's grey cardinal Ihor Kononenko, according to Viktor Trepak (Demchyna's predecessor on the job), businessman Gennady Korban, and other sources.

According to ex-Deputy Prosecutor General Vitaly Kasko, Demchyna has protected top prosecutors arrested last year on graft charges - Oleksandr Korniyets and Volodymyr Shapakin - by helping to prosecute investigators who went after them.

Trepak, who was replaced by Demchyna, helped to arrest Korniyets and Shapakin, but quit last November, saying that his anti-corruption efforts were being blocked.

Odesa Oblast Governor Mikheil Saakashvili has accused Demchyna of running a protection racket for nut exports.

Last year Demchyna ordered employees of the security service to inspect nut exporters, which partially paralyzed their operations.

Meanwhile, Radio Liberty on July 15 published a story according to which Myroslav Prodan, a newly-appointed deputy of State Fiscal Service head Roman Nasirov, is being investigated in two abuse of power cases linked to walnut exports.

Demchyna and Prodan, an ally of Prime Minister Volodymyr Groysman, deny the corruption accusations

— Oleg Sukhov



VOX populi

WITH ANASTASIA SYDORUK



Are you ready to invest in the energy efficiency of your home?



Oleksandr Brynza,
doctor

The thing is we've got a very Soviet attitude. Back then the houses were built

with no care for energy efficiency, but we can't move into the future with such an attitude. Our country is dependent in terms of energy resources. That's why it is important to invest in energy efficient technologies.



Viktor Melnychuk,
builder

I'm ready to invest in the energy efficient technologies only if I'm sure that they are really

effective, not just called so. With our salaries we simply can't afford to waste money.



Valeria Vlasova,
student

I fully support investing in the energy efficient technologies because if we spend some money on it

now, we will profit from it later. The problem is we don't appreciate our natural resources at all, and there's becoming less and less of them. We must start paying attention to it now or it will be too late.



Alla Kryzhanivska,
retiree

I think we simply don't have a choice but to invest in it, because today's utility

bills are impossibly high. It is really hard to find the money with such small pensions, but there is no choice.



Volodymyr Topal,
retiree

I am certainly ready to invest in making my home energy efficient, and I'm already

doing it. If we don't take care of our homes ourselves, then who will?



Roman Tereshchenko,
student

I absolutely agree that we should invest in it, because with our salaries we can't

afford to pay such high utility bills. And with the latest technologies we can save up to 30% on our bills.

Soldiers, civilians in war zone see differing realities



OKSANA GRYTSENKO

KOSTIANTYIVKA, Ukraine — The high-speed train service that connects Kyiv with the war-torn Donbas always carries a very varied group of people, including Donbas residents, internally-displaced people, soldiers, government officials, workers of the international non-government organizations, and, of course, journalists.

These groups usually don't have much to do with each other during the trip: all are focused on their own worries and apprehensions about the trip, and keep their thoughts and opinions to themselves.

This six-hour train is a mobile microcosm of the entire Donbas, where people live in parallel realities, in their own information bubbles, with their own plans, and myths — it's a way of coping with the abnormal situation of war.

At the final stop in Kostyantynivka, flocks of taxi drivers patter up to the passengers with offers to take them to separatist-controlled cities by the fastest and easiest routes. "Horlovka, Donetsk, Makeyevka," the drivers shout out their itineraries, in Russian.

Also on offer are "non-stop" trips, by which (for an extra fee) drivers will take people through checkpoints without stopping (presumably having previously bribed the soldiers) or by bypassing the checkpoints and small, unguarded side roads.

It's striking to see how quickly the train passengers, lugging their huge bags, pair off with the taxi drivers and disappear in different directions. In just a few minutes the crowd of passengers and drivers has dispersed.

An entire business has been cre-

ated in the region, the business of helping people and goods pass over the separation line between the warring sides in the Donbas.

The locals feel frustrated. The pro-Ukrainian side is frustrated by the lack of political change, while the anti-Ukrainian side is upset because too many changes have occurred in their part of the country over two last years.

The first group of locals watches Ukrainian TV stations, while the second one continues to watch Russian TV, which is still widely available in the Donbas. Both groups try to limit conversations on political topics. Both sides often ask journalists when the war will stop.

One pro-Ukrainian woman, who has resettled from the occupied Donetsk to liberated Sloviansk, told me it would be probably better to live in some other Ukrainian region, since it's painful for her to see how former separatists are no long afraid to "hold their heads high," in the Donbas.

A pro-Russian man in Avdiyivka called the war "a mere money-making scheme" and described the Ukrainian soldiers "mercenaries," as they are paid for their service. But fighters on the other side are paid as well.

With the odd exception, soldiers and locals also try to avoid talking to each other.

Residents in front-line towns and villages blame the Ukrainian soldiers for bringing down shelling on their homes, while the soldiers, in turn, blame the residents for provoking the entire war by supporting separatism back in 2014.

Sitting in the trenches on the outskirts of Avdiyivka, the soldiers say that they could easily liberate the separatists' stronghold in Donetsk, but nobody gives them the order to do so. A soldiers' myth: Ukraine's army is not yet nearly strong enough to achieve such a feat. Moreover, the



A soldier walks through the abandoned district of summer houses in Avdiyivka on July 11. (Anastasia Vlasova)

soldiers also admit that many of their comrades still booze a lot, although newly imposed fines of some \$320 for drinking alcohol while on duty have made some difference.

The local state authorities also believe the soldiers' myth that the military liberation of the separatist-controlled Donbas could come soon.

Billboards proclaiming plans to "win back" the rest of the Donbas, signed by the governor of Donetsk Oblast Pavlo Zhebrivsky, emblazon the streets of Kramatorsk, the current administrative center of Donetsk Oblast. The governor doesn't elaborate on whether he is planning to storm Donetsk personally, together with his staff, or whether he has a better plan.

The billboards seem like a bitter joke for many local residents, most of whom have seen war with their own eyes. Asked to assess the work of the new Ukrainian authorities, local residents often can't even recall government officials' names.

The big, white, clean new cars belonging international organizations like the United Nations, the Organization for Security and Cooperation in Europe

of the International Committee of the Red Cross are no longer a novelty to anyone in the Donbas. Some locals are glad to see them, while others are skeptical about the foreigners' motives.

The hundreds of employees of international organizations and humanitarian missions working now in this area, many of whom are foreigners, are shocked by the locals' poverty, but also by their apathy. Unlike the local residents, they use the new names of the cities and streets imposed by the law on decommunization.

While the foreigners feel empathy for all of the locals, no matter which side they are on, they themselves live in a parallel world too. They can cross checkpoints without having to wait for hours in the sun, they can visit shops and restaurants that most locals can no longer afford.

Like the people on the train, all of these groups in the Donbas, while being physically in the same place, have wildly differing views of the causes and consequences of the war.

Unlike the people on the train, nobody there seems to know where they are going to end up. ■

Energy efficiency in Ukraine

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Biogas plant generates profits from animal, agricultural waste

BY YULIANA ROMANYSHYN
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ROKYTNE, Ukraine – For most people, manure is just an unpleasant, useless by-product of livestock farming.

Not for Ihor Reddikh. A designer of biogas stations and CEO at Zorg Biogas AG, Reddikh sees animal waste as a valuable input for his business, which can output a tidy profit.

Reddikh's most recent development – a biogas plant in the town of Rokytno in southern Kyiv Oblast – is going to bring in an estimated €2.3 million in revenues since opening in October 2015. The second biggest of its kind in Ukraine, Rokytno biogas station has a generating capacity of 2.25 megawatts and sells its power at a feed-in tariff to the local state electricity company.

Decaying industry

Rokytno, a city of 11,000 citizens in the south of Kyiv Oblast, was once most famous for its sugar refining plant. But after the Soviet Union collapsed, the sugar production sector went into long-term decline, eventually resulting in the temporary closure of the plant in 2015.

Today, the sugar refinery is a monument to the failure of the Soviet-era planned economy – the plant's vast territory is largely abandoned and derelict, with its main building standing empty in the middle. The only places on the territory that are working are the entry checkpoints and the Rokytno biogas plant. The two facilities, the sugar refinery and biogas plant, are owned by Yuriy Bondarchuk, the head of the Silgospprodukt agricultural holding.

Compared to the now-idle sugar refinery, which used to employ 600 workers, the biogas station is tiny – only 12 employees from the town of Rokytno are needed to maintain the operation of the whole plant. Almost all of the production processes work automatically.

Viktoria Bukatina is one of five people who works at the station daily as a laboratory assistant. Her job is to monitor the biomass fermentation process and check its output, and the moisture of the biomass. Before



Workers check the control system of one of two generators operating at the Rokytno biogas plant. Within the generator, internal combustion engines generate electricity from biogas. (Pavlo Podufalov)

working at the biogas plant, she was employed at the sugar refinery.

Although she has two degrees from Kyiv universities, Bukatina wants to keep working at the Rokytno biogas plant and has no intention of leaving her hometown. "I'm more of a home-body person," she says.

To build the biogas plant, the European Bank for Reconstruction and Development granted a loan of €7.1 million, while the rest of the total of €12 million in financing was provided by the owner, Bondarchuk. At the current rate, the station will pay off the loan in six years, according to Reddikh.

The biogas plant consists of four reactors of 3,600 cubic meters, half-buried under the ground, two generators with a total generating capacity of 2.25 megawatts, a two-level control station, and a biogas flare. Unoccupied land has been planted with bilberries, which will yield their first harvest this summer.

It had been assumed that the plant would operate on beet pulp – the waste from sugar production. However, the two large silage pits in front of the biogas plant are now almost empty. After the sugar refinery was closed, production was mainly reoriented to chicken droppings, cow dung from nearby farms, and byproducts from distilling. "It is worse for chicken droppings to lie and decompose on a field, as they release methane, a greenhouse gas," Reddikh says. The biogas plant

doesn't just produce power and profit – it's effectively a waste recycling plant as well, he says.

The process of extracting energy from the droppings starts at the loading stations – the only place where the unpleasant odor from the biomass is apparent. After the liquidized biological waste is loaded, it is pumped through a pipeline into a large tank, where it is blended into a uniform slurry and heated to the required temperature.

After that, the biomass is pumped into one of four digesters, where biogas is released day-and-night through anaerobic digestion by microbes. Once it is syphoned off, the biogas can be utilized for electricity or heat production. At the Rokytno plant, internal combustion engines are used to generate electricity from the gas. The energy produced at the plant can provide power for about 800 homes.

The by-product of biogas production is natural fertilizer, which is used on the fields cultivated by Silgospprodukt. "There are no waste products, only useful products," Reddikh says.

Biogas boom

Since its founding in 2006, Zorg Biogas AG has built around 60 biogas plants in 18 countries in Europe, Asia, and Africa, although only four of them are located in Ukraine. Today, Zorg has two offices, one in Ukraine and one in Switzerland.

launched and connected to the local power grid by 2019 in order to qualify for the feed-in tariff. The tariff will apply to renewable energy produced from biomass until 2030, bringing in €0.12 per kilowatt sold from 2017 to 2019. The price will then be reduced to €0.08 by 2030.

Reddikh expects the law on renewable energy to fuel growth in the market for biogas stations over the next three years. "Ukraine has woken up, although we had lost a bit of belief," Reddikh said about the development of the biomass market. "A new government has come to power, and these changes have had a good effect on us."

According to Reddikh, biogas is a promising segment of renewable energy because Ukraine has a strong agricultural sector, which in turn produces a lot of waste. Other "green" energy options are less promising, as Ukraine lacks strong, constant air currents to run wind turbines, and sunny weather for producing solar energy is not available year-round.

In Ukraine, the biogas market now consists of 15 stations and accounts for 0.01 percent of the entire energy market, but Reddikh expects it to grow because of the incentives provided by the government in the form of the feed-in tariff. However, most of the present plants have been built just to supply individual farms with power and gas.

In contrast, Germany has suspended the construction of similar stations due to a market glut – there are 9,000 biogas plants operating in that country as of today. "There is just not enough waste there (in Germany)," Reddikh said. "They even grow corn as a raw renewable resource... We (in Ukraine) are just at the beginning." ■



Chief engineer Viktor Ilto (L) of Rokytno biogas plant and its developer Ihor Reddikh, CEO at Zorg Biogas AG, walk on the territory of the station in Rokytno, Kyiv Oblast. (Pavlo Podufalov)

Company profile:

Name: Zorg Biogas AG
Founders: Ihor Reddikh and Yaroslav Babkin
Countries where operating: Switzerland and Ukraine
Annual revenues: \$15 million (2015)

Utility companies' preparations for winter at risk due to mounting debts

BY OLENA SAVCHUK
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It seemed like a miracle, at first.

The introduction of market-level pricing for natural gas in Ukraine, and the corresponding price hikes, allowed the state gas monopolist Naftogaz to quickly rid itself of its chronic debts and cleared the way for further lending to Ukraine from the International Monetary Fund.

But Naftogaz's debts didn't just disappear into thin air: they have just migrated to other parts of the market – mainly district heating companies.

One of these companies is Kyivenergo, which provides heating and hot water to the Ukrainian capital. The company has stopped its planned preparations for the winter heating season because of a sudden shortage of cash: its accounts were arrested by the state executive service after Naftogaz won court cases against the company demanding the repayment of debts.

Kyivenergo is the biggest debtor to Naftogaz, owing Hr 957 million (\$38.5 million), according to the monopolist. On top of that, the company owes Hr 372 million (\$15 million) in fines for overdue debts.

As a result, all of the cash flowing into Kyivenergo from its clients goes straight to paying the company's debts and fines, leaving nothing to pay for vital repairs to equipment, and preparations for winter – so Kyivenergo says.

Naftogaz, however, accuses Kyivenergo of blackmailing its customers. "In fact, Naftogaz was forced to lend Kyivenergo billions free of charge and without any reason in past years," the national gas company said in a press release on July 8. "Kyivenergo's expenses are included in the tariff for central heating and hot water. That means they are financed by Kyiv's residents."

In turn, Kyivenergo blames the government for the accumulated



Workers repair a burst hot water main in Kyiv on May 21, 2015. The capital's Soviet-era central heating distribution system is obsolete and needs regular repairs. (UNIAN)

debts. According to Kyivenergo, the state and other consumers owe it six times more than the energy company owes Naftogaz.

And it's not just Kyivenergo that is having problems with Naftogaz – 104 other central heating providers owned by local communities have also had their accounts arrested because they have failed to pay fines for overdue debts to Naftogaz.

As of July, the outstanding debt of these enterprises to Naftogaz is Hr 18 billion (\$726 million). The fines for overdue payments amount to more than half of that again – Hr 10 billion (\$403 million).

Chronic problem

This debt problem has existed throughout the 25 years of Ukraine's independence. Until the government started increasing gas and utility tariffs last year, Ukrainians enjoyed the cheapest utility tariffs in Europe.

That was because the state regulator set below-the-market prices

for energy. Unable to raise sufficient revenues from their customers, district heating and hot water providers turned to the state to make up the price difference for utility tariffs.

Overall, they consume 7 billion cubic meters of gas annually, which is 17.5 percent of total consumption in Ukraine.

Formerly, the government compensated Naftogaz for the shortfall in payments from local utility companies at the end of each financial year, in the form of clearing payments between the state and the gas company. The government would write off rent and tax payments that the gas company owed it.

But at the same time, Naftogaz demanded payment for fuel consumed by the local utilities companies every month, and charged fines for overdue payments. However, the energy regulator's tariff calculations did not take into account the funds needed to pay such fines. As a result, debts have been mounting at these

local energy companies for years.

Delays in payments

The debt problem did not disappear when the government increased energy prices. Indeed, it was further aggravated by delays in the payment of subsidies by the government.

The delay between the allocation of money for subsidies and actual payments being made in Kyiv can be up to three or four months, according to officials.

"This is not an issue of documents or red tape," Oleksiy Tykhonov, an adviser to the deputy head of Kyiv City Administration told the Kyiv Post. "This is an issue of a lack of money. The money is not paid at the government level, or it is diverted or blocked at lower levels."

Another issue that has created more debts was the slow movement of the state tariff regulator this year. The government increased the price of gas in May, but the regulator only set a new tariff for hot water in July.

So for two months the district heating companies had to sell hot water as if the fuel burned to heat it cost Hr 3,000 per 1,000 cubic meters, while the true cost of the gas was double that.

Meanwhile, Naftogaz is energetically using the courts to recover the debts owed to it by local utility companies.

"As of today, Naftogaz is very harshly seizing money from the accounts of communal district heating companies," Tykhonov said.

Possible solutions

District centralized heating providers across the country are now waiting for the president to sign a bill that would unfreeze their bank accounts and ban the imposition of further fines for overdue debts. If signed, the legislation would then allow the companies to prepare for the winter heating season.

However, the IMF, Ukraine's key creditor, has urged the president to veto the bill, according to lawmaker Aliona Babak, the deputy head of the parliament committee for construction, housing and utilities.

"The IMF is against any moratoriums," she told the Kyiv Post. "They think that there should be market mechanisms, and the government should pay everything on time."

An alternative, comprehensive solution to the debt problem that has been drawn up by the government could still be approved – but only after parliament convenes after the summer break. But by then, Babak says, there won't be enough time to prepare the country's centralized heating systems for winter.

"If we don't start verifying the outstanding debts, forming a registry, and confirming the sums that need to be paid from the state budget now, in summer, then in October we won't be able to do anything, because the heat power industry will have collapsed," she warned. ■



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BUSINESS ADVISER

Combination of energy efficiency and wellbeing in modern homes



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We all need a place to call home – a place to feel safe, warm and comfortable. Today, the ability to be energy efficient while ensuring we have a healthy indoor climate has become the number one challenge in our building stock. And since we spend up to 90% of our time indoors, it isn't something we should take lightly. To meet this challenge, the VELUX Group built 26 Active Houses (in partnerships) in 12 countries from 2005-2015. All buildings are based on the Active House principles of a user-centric approach to comfort, energy and environment.

The first Ukrainian home, built on the principals of Active House, has already been in operation for a year.



VELUX Ukraine is one of the organizer of this project. It is a good example of combination of energy efficiency and healthy home.



This year VELUX Group published the second Healthy Homes Barometer. During October 2015 a questionnaire was answered by 14,000 Europeans. The purpose of this year's Healthy Homes Barometer is to dig deeper into the home aspect; how does the home affect Europeans' health perceptions and home satisfaction.

As a result of this year survey we discovered there were five characteristics of a Healthy Home:

- 1. Good sleeping conditions.** Europeans whose home allows for a good night's sleep are 50% more likely to feel they have good health and feel energised. Among Europeans who feel they have optimal sleeping conditions, 51% feel they have been in excellent or very good health over the last four weeks. Where sleeping conditions are far from optimal, only 29% have felt healthy.
- 2. Comfortable indoor temperatures.** Overheating or cold homes could be the cause of nose and throat infections. That is why comfortable temperature and level of humidity are important issues of healthy homes. The percentage of Europeans suffering from a congested nose falls from 68% to 45% when comparing homes that are too cold all the time with homes that are never too cold.
- 3. Fresh air.** Europeans who never air out their homes are twice as likely to suffer from not feeling energised compared to Europeans who air out 2-4 times daily. Lack of fresh air and a poor indoor climate also hampers learning and working capabilities. In contrast, children's learning abilities rise by up to 15% if they are in a good indoor climate. Opening windows brings in fresh outdoor air and may mitigate these symptoms.
- 4. Satisfactory daylight levels.** Having enough daylight in the home almost halves the risk of not feeling energised. A total of 37% of Europeans who lack daylight in their living room never or very seldom feel energised. If daylight levels are appropriate, the percentage drops to 21%. Daylight also has a positive effect on feeling generally healthy and it reduces the risk of experiencing throat and nose infections.
- 5. Appropriate humidity levels.** Up to 60% of Europeans with mold in their home experience dryness or irritation of the throat. For Europeans who do not have this problem, this percentage falls to 43%.

Working together for healthier homes

The future of healthy homes requires that we rethink how we build and renovate buildings. Improving wellbeing at home has to be the core ambition that drives our efforts. Building design needs to move beyond just optimizing on the basis of single parameters such as temperature, and instead we should consider all the factors that drive wellbeing and health at home.

The influence of VELUX products on healthy homes:

- **Roof windows give 40% more daylight**
Having enough daylight in your home means that you will be almost twice as likely to feel energised, and it also has a positive effect on your general health and your risk of infections
- **Sun screening products protect from moonlight at night and provide good sleeping during the day**
Having a home that allows for a good night's sleep makes you more likely to feel in good health and energised
- **Comfortable indoor temperature by natural cooling**
Comfortable temperatures in your home – neither too hot, nor too cold – make you less likely to suffer from nose and throat infections.
- **Roof windows give fresh air**
Airing out your home makes you feel more energised and gives you a better chance of avoiding nose and throat infections.
- **Roof windows promote appropriate humidity levels.**
This also protects the home from mold, which makes people more likely to suffer from throat infections.

The Healthy Homes Barometer is a unique endeavour. It is the first ever attempt to explore residents' health and wellbeing in Europe. It also aims to record what, if anything, people do to improve the health conditions in their homes or what keeps them from acting correspondingly.

The Healthy Homes Barometer is a pan-European study across 14 countries asking 14,000 Europeans about their experiences, attitudes and behaviour regarding health, home satisfaction and energy consumption.

What is important to Europeans' home satisfaction?



www.velux.ua



A construction worker insulates a building in Kyiv on Oct. 15, 2014. (Volodymyr Petrov)

In face of rising tariffs, government program aims to reduce more Ukrainians' energy bills

BY ALYONA ZHUK
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When Ukraine unified household and commercial natural gas supply tariffs in April, in a bid to unlock much-needed funding from the International Monetary Fund, energy prices were expected to approximately double.

That means most Ukrainians are now paying a lot higher energy bills – more in summer than they paid last winter.

But not Galyna Matveeva, who lives in a 61-year-old building in Kyiv. She says she now spends about 60 percent less on her hot water supply and heating bills than she did two years ago.

That's because two years ago the residents of her building, with financial support from the city administration, renovated the building's heating system and heat insulated the apartment block.

Matveeva's housing cooperative was one of at least 278 ones that took part in the government's energy efficiency program. And Serhiy Savchuk, head of the State Agency on Energy Efficiency and Energy Saving of Ukraine, hopes that in 2017 that number will rise by up to five times.

However, some families' hopes to take part the government program are not likely to be realized yet. Since July 5, the "warm credits," or government supported loans from a bank to pay for energy efficiency improvements to residential buildings, have been available only to legal entities, like housing cooperatives, but not to individuals or families.

Under the present program, the

housing cooperative that represents Matveeva's building paid Hr 130,000 (\$5,200), while the Kyiv city administration provided another Hr 150,000 (\$6,000).

The housing cooperative, which manages another building in the same district, took a "warm credit." According to Matveeva, residents of that building borrowed Hr 200,000 (\$8,000) and replaced the windows in the stairwells in 2015. A month later, the government paid them Hr 80,000 (\$3,219) in compensation, and the city authorities recently ruled to compensate them another Hr 60,000 (\$2,400).

Savchuk says these warm credits are not a burden to Ukrainians. He said that if a housing cooperative takes a loan worth Hr 500,000 (\$20,120) for insulation measures, the monthly loan payment for a family would be from Hr 27 to Hr 97 (\$1.08 to \$3.90).

At the same time, every family will save up to five times more than that on its utility bills, he said.

Gennadiy Zubko, Ukraine's deputy prime minister and minister for regional development, construction, housing and utilities, said at an open cabinet meeting in early July that the average Ukrainian family uses three to five times more energy compared to the average European family.

"Energy does not benefit our people, it just doesn't reach them," he said.

He said Ukraine uses 18 billion cubic meters of gas per year to heat apartments, 2 billion of which is lost in old, leaky supply pipelines, while 7 billion leak out of the heating systems of buildings older than 25 years that have not been modernized.

"And such buildings account for more than 75 percent (of the housing stock)," he said.

The government program, he said, would help Ukrainians reduce the amount of the energy they consume.

"We need Ukrainians to understand that each Ukrainian family has a partner – the Ukrainian state," Zubko said. "We're ready to share your costs."

Roman Spivak, head of the Association on Energy Efficiency, a Ukrainian NGO, welcomed the program, although he urged the government to make the warm credits available to individuals and families immediately.

"This is a huge, huge problem," Spivak told the Kyiv Post, saying that because the provision of individual credits has been delayed, housing cooperatives have also stopped taking the loans. "They're afraid now."

Spivak says the government would have done better to subsidize about 40 percent of the loan to legal entities and families, instead of starting with subsidizing 70 percent and then, when the money ran out, cutting people out of the program.

Another measure that the government should take, according to Spivak, is to make people install gas and heating meters before applying for the utilities subsidies.

"The meters switch on peoples' brains," he said, explaining that with the meters keeping track of how much of gas or electricity a person uses, people in turn start to use much less.

However, about a quarter of Ukrainians are still without meters, he said. ■



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Kremlin seeks more control over supply of oil products

BY ISOBEL KOSHIW
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Since last autumn, Ukrainian oil traders have been required to provide guarantees to the Russian Federal Technical and Export Control Service that their end buyer would not be a military institution.

But what may seem like Kremlin measures to prevent Russian oil products from being used as fuel against the pro-Russian separatists in eastern Ukraine has also amounted to greater Russian control over the supply of oil products to Ukraine, according to industry experts.

Ukraine produces just 2 million of the 15 million tons of crude oil it needs for refining, says Alexandr Sirenko, an analyst at UPECO, a Ukrainian oil consultancy. Imported oil products are therefore vital to the economy.

Some Ukrainian oil traders began to provide the necessary guarantees to Russia, according to Sergey Sapegin of the Psykheya scientific center, even though it takes no expert to realize that it's impossible to guarantee that oil products won't be sold multiple times.

Smaller traders have been the most hurt, whereas larger traders, able to reach agreements with Russian oil giants state-owned Rosneft and privately-owned Lukoil, are still in business, said Sapegin. For instance, according to the director of energy consultancy firm Ag5, Sergey Kuyun, WOG and Lukoil have an agreement. But even if they are able to seal deals, says Kuyun, companies caught selling to the Ukrainian army will have their contracts terminated.

A second alley to consolidate control is the re-opening of the only Russia-Ukraine fuel pipeline, PrykarpattZakhidTrans, which has been closed for two years. The pipeline, which enters Ukraine through

Transneft-Druzhba carries out planned engineering works on a part of the Lopatino-Klin and Nikolskoye-Unecha oil products pipeline in July of 2015. (Transneft)



Sumy Oblast, used to supply Euro-3 diesel, a low grade of fuel that was banned in Ukraine in 2014.

Ironically, the low quality fuel that had been sitting in the pipeline was sold to the Ukrainian ministry of defense, says Sirenko of UPECO.

Russia's Rosneft will now use the pipe to supply diesel to a little known Swiss-registered company called International Trading Partners AG. The Swiss registered entity purchased the pipeline from Russia's state-owned Transneft in March 2016 with ease.

The pipeline, which runs along northern Ukraine into Hungary, was originally owned by the Russian Soviet Republic and discussions to buy it back from Russia have been going on since the collapse of the Soviet Union.

"It's very simple – what's happening is a restructuring of the market, and instead of having fuel supplied by an unrestricted amount of traders, the fuel will be supplied by one operator that is approved by the Kremlin," says Sapegin. "Also, whenever deemed necessary, the pipeline can be shut off."

Thirty-year-old German Anatolii Schafer is the only director at the company, which prior to oil trading operated in Ukraine as supplier for Kyiv North East Mining Company, according to reports by Ukraine's Biz.liga news agency. Both companies were taken to court for not paying import duties in Ukraine in 2014. Biz.Liga has linked the company to Viktor Medvechuk, the head of the presidential administration under President Leonid Kuchma.

Medvechuk is also close to Russian President Vladimir Putin. However, the links are tenuous.

It's unclear who stands behind the Swiss company, but what is clear is that they are now the proud owners of a key piece of Ukrainian infrastructure. What's also clear is that the Ukrainian Anti-monopoly Committee approved a deal, worth millions of dollars, that involved a less than transparent company. According to Sapegin, the pipeline can provide Ukraine with 100,000 tons of fuel a month, and an annual total of 1.7 million tons to Ukraine and Hungary.

"Since July 2016, we've started to see big volumes of Russian oil products being sold again: 80,000-90,000 tons. It's still not what it was in October 2015 – 170,000 tons," said Kuyun. "Before the embargo, Russia used to make up 30 percent of the market."

In this period of flux, faced with a deficit, Ukrainian traders diversified and increased imports from Belarus, Poland, Lithuania, Israel, Greece and Bulgaria. The Belarusians, who refine Russian oil, went from holding

up to 50 percent of the import market to 80 percent, said Kuyun.

But last month, the head of Russia's Transneft, Nikolay Tokarev, announced his company would be reducing its supplies of oil to Belarus by 5 million tons. They had previously agreed to supply 24 million tons of oil per year, and a large portion of that is used for the domestic market of Belarus. Sapegin said that this reduction would make Ukraine more dependent on direct imports of Russian oil products.

Ukraine cannot copy Belarusia's boom in oil refining as only one out six Ukrainian refineries is active (the Kremenchuk refinery), says Sirenko. According to him, Belarus captured the Ukrainian market by undercutting domestic refineries in 2009, and later, as Ukrainian refineries closed down, raised its prices. Neither does Russia have any interest in encouraging Ukraine to refine its own oil, according to him.

"It's more advantageous for Russia and Belarus to sell their finished product to us," said Sirenko.

While Russia has been working its influence over the Ukrainian energy market to its advantage, Ukraine, even in the face of Kremlin aggression, has been oddly acquiescent.

Ukraine has been widely criticized for not even matching Western sanctions against Russia. Sanctions on food products, long imposed by Russia on Ukraine, were only reciprocated by Kyiv as recently as January 2016.

"We find ourselves in a so-called hybrid war where we have armed fighting but still maintain some friendly relations," said Sapegin.

The topic of oil products was only raised by the post-Maidan government in April 2016: Shortly before stepping down, former Prime Minister Arseniy Yatsenyuk announced that Russian oil products would be included on a list of sanctioned Russian goods. However, the order has yet to be implemented by the government of new Prime Minister Volodymyr Groysman.

Ukraine's Economy Ministry, which is responsible for the list, could not be reached for comment by the Kyiv Post. ■

Energy Innovation: From Outer Space to Gas Well Stimulation Services



New rocket propellant technology used on "SpinSat" will be modified and tested to increase production of oil and gas wells in Ukraine.

Ukraine has a unique set of circumstances, having huge oil and gas resources and then urgent need to become energy independent. Ukraine is now attracting highly qualified specialists to develop and test new financially attractive technologies for this massive developing market. Worldwide there is also a new wave of innovations for enhanced energy recovery from existing wells. In Ukraine with so many existing wells, using downhole stimulation methods to get more oil and gas out of existing wells is a financially attractive approach because it is lower risk approach, than new drilling. Within the last ten years, "fracking" (hydraulic fracturing) technology which, in combination with horizontal directional drilling has been responsible for the shale gas revolution and has allowed the United States to become less dependent on imported oil and gas. However, environmentally safe and more economical alternatives to hydraulic fracturing are still needed throughout the world and the Ukrainian oil and gas fields are an ideal location to develop these new safer methods.

Two US based companies, Depsol Technologies and DSSP Inc.

are combining their efforts to use new award winning electricaly controlled propellants to Ukraine. Developed by DSSP for use as thrusters for small satellites in outer space, these new electric propellant offer more energy, safety and controllability, than was ever possible before now. In 2014, it became the first propellant material ever allow inside the International Space Station by NASA and later successfully deployed into orbit providing the Naval Research Laboratory's SpinSat, space weather experiment. These propellants are now also being used by Hollywood and live entertainment producers for safer pyrotechnic special effects. On the surface these propellants are green/non-toxic and completely safe from accidental ignition by flame, spark or impact. However, once at depth and under high pressure within a well bore, these electrical propellants can be easily ignited and throttled to burn faster or slower. These are the first propellants in the world that have demonstrated electric throttle control. The implementation of electric propellants for gas well stimulation services is supposed to be utilized in conjunction with most modern perforating and stimulation techniques. This will allow geologists to "adjust" the burning of these electric propellants to match the rock formation and maximize the fracture formation; thereby increasing production. The use of green, safe rocket propellants to conduct very controlled fracturing of the rock for increased production should provide a viable alternative to hydraulic fracturing methods; in particularly old existing vertical wells so common in Ukraine. Manufacturing of these new electric propellants will be conducted within Ukraine and not imported. Other details, members and plans for this this new technology remain confidential, however initial testing in Ukraine should begin next year.



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Russian President Vladimir Putin (L) talks to Rosneft President and Chairman of the Management Board Igor Sechin during a deal signing ceremony with his Venezuelan counterpart Nicolas Maduro at the Kremlin in Moscow, on July 2, 2013. (AFP)

Odesa Portside Plant's failed sale dashes bigger privatization hopes

BY JOSH KOVENSKY
KOVENSKY@KYIVPOST.COM

Mismanagement and legal challenges from oligarchs have led to zero bids in the privatization tender for the Odesa Portside Plant, halting the sale of a key state-owned Ukrainian enterprise that was set to be the centerpiece of the country's privatization program.

The State Property Fund announced its failure to find any potential bidders in a late July 18 press release, writing that "due to the absence of bids, the State Property Fund must declare the tender void."

Members of Ukraine's business community - and the government itself - blamed the lack of bids on interference from a number of the country's oligarchs, who in turn claim that the plant either belongs to them or owes them hundreds of millions of dollars. Others still said that the starting price of \$521 million for the factory was far too high to be competitive.

Many in Ukraine's investment community, as well as the government itself, viewed the plant's privatization as an opportunity for the country to strike a major blow against corruption in the state sector, and to prove that it is capable of meeting the requirements of Western business. If it is successfully sold to an outside investor instead of one of the country's rapacious oligarchs, observers say that it will prove the Ukrainian government has moved beyond the corrupt privatization schemes of past years.

"The fact that they prepared for two years and weren't able to attract buyers is a huge negative," said Nick Piazza of SP Advisors. "This is disappointing because it's one of those things that Ukraine could use as a positive."

State Property Fund Chief Ihor Bilous said in a July 19 press briefing that he hoped the auction would be rescheduled for the autumn.

"We need to find a proper starting price that would be suitable for the majority of investors," he said.

In a statement to the Kyiv Post, a State Property Fund spokeswoman said that the government's ability to set the sale price was restricted by Ukrainian legislation. The spokeswoman added that the next sale attempt could see up to a 30 percent discount.

Tender loving care

The Odesa Portside Plant, located in the Odesa oblast town of Yuzhne, 522 kilometers from Kyiv, is the country's largest ammonia-producing plant. The factory boasts clients from around the world, and is one of the few state-owned properties that generates significant profits. In 2015, the plant posted a net profit of Hr 211 million (\$8.5 million).

The factory - which has been a victim of years of alleged schemes - has been at the top of the privatization agenda since the 2014 EuroMaidan Revolution, which brought in a government that named fighting corrup-



The Odesa Portside Plant, valued at \$521 million by the Ukrainian government, failed to attract any bidders by a July 18 privatization tender deadline. (UNIAN)



State Property Fund Chief Ihor Bilous. (Pavlo Podufalov)

tion in the state sector as one of its priorities.

The U.S. Embassy, along with the IMF, International Finance Corporation, and the European Bank for Reconstruction and Development have all provided technical assistance to the government in preparing for the sale.

But members of Ukraine's business community said that in spite of the help, the government set a price far too high for any potential buyer. Ammonia prices have fallen dramatically over the past year, reducing the plant's potential profitability.

Moreover, the facility is roughly \$193 million in debt to the Dmytro Firtash-controlled Ostchem Holdings over alleged unpaid gas deliveries stretching over the period of a few years. In June, a Stockholm arbitration court ordered that any ownership transfer be frozen until the debt is repaid.

"Debts are a normal condition of a company up for sale, any investor understands that if he buys,

he will have debt obligations, he takes them together with the company," said Group DF Director Boris Krasnyansky.

Krasnyansky added that his company could claim up to \$250 million from the factory, when penalties are added in.

Scheming

Other corruption-related issues have also complicated the attempted sale.

Two officials from the plant were arrested by the National Anti-Corruption Bureau last week on allegations of embezzling money through a scheme involving overpriced gas purchases from state-run firm Ukrnafta.

The government attempted to privatize the plant in 2009 in an auction that went to Nortima, a company controlled by Privat Group owner Ihor Kolomoisky.

Though Kolomoisky claims to have outbid two other competitors in the auction with \$600 million, the State Property Fund later said that it would not recognize the purchase as legitimate. Since the latest attempt at privatization, Nortima has been fighting the case through the Ukrainian courts.

Other legal issues dog the plant as well.

One court case, filed by the tax service, alleges that the plant evaded taxes by marking artificially low costs on its books and records. In another legal filing, Naftogaz claims a debt of Hr 18 million (\$725,800) from the company over a November 2014 natural gas supply agreement in which the plant has allegedly not paid for the gas it received.

The supplier in that case - Ukrnafta - is partly controlled by Kolomoisky, who is the beneficiary of companies that control roughly 42 percent of the company's shares.

Another try?

Piazza, the Kyiv investment banker who said he spoke with many of the potential investors, said that while intimidation from the oligarchs was important, it was the pricing issue that scared away many possible investors.

"The Ukrainian pricing had no connection to global markets" Piazza said. "It's basic math."

Another issue stemmed from the government's failure to guarantee that it would abide by what was written in the facility's books and records at the time of purchase, Piazza said. Without that guarantee, potential investors would have no way of being certain regarding the financial stability of the company that they were purchasing.

Roman Topolyuk, an analyst at Concorde Capital, said that another tender could take up to "six months or more" to prepare.

"The new starting price might be set at a lower level to induce potential bidders," he wrote.

Prime Minister Volodymyr Groysman also wrote on Facebook that the government would begin to prepare a new tender.

"We will announce a new competition, for which we will prepare better," Groysman wrote. ■

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City Life

WITH ANNA YAKUTENKO
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Yoga clubs offer outdoor classes in Kyiv parks

As more and more Kyivans take up yoga, space is at a premium in yoga clubs. What better answer to the problem during summer than taking classes outside, to parks, beaches and even the roofs of buildings, instead of a stuffy gym.

Kyiv Sunrise Yogaz

Kyiv Sunrise Yogaz holds yoga training sessions at Kyiv's Botanical Gardens, the Pedestrian Bridge from Podil to Trukhaviv Island, on a rooftop near Druzhby Narodiv metro station, at Obolon Embankment and to the VDNH park. The classes are open to all people who want to try out yoga at the fresh air, regardless of their level of fitness. The trainers practice various types of yoga, so people can choose the option that suits them.

Most of the classes don't have a fixed price (training on the rooftop costs Hr 100) and people are encouraged to pay as much money as they want. Trainings sessions are mostly held in the early morning or at sunset. A detailed schedule is available at www.sunriseyogaz.com.ua.

The Sunrise Yogaz's founder will also hold the Avatar Yoga Festival on the coast of the Black Sea in the town of Koblevo in Mykolayivska Oblast, some 60 kilometers from the city of Odesa on Aug. 26-29. Tickets for the three days cost \$170-190.

Yoga Fit 30

Yoga Fit 30 holds classes in the UBK beach club on Trukhaniv Island, as well as on Obolon Embankment. One of the main yoga instructors is Yevgen Filatov, who describes his style as a dynamic compilation of hatha yoga and fitness with musical accompaniment. Attendees should wear comfortable clothes and bring their own yoga mat. Most classes are held at 10 a.m.

Those who would like to swim after a training session should have no worries about safety, as the beach near UBK has a life guard. Also nearby is a tree-house café called Skvorechnik where one can order healthy vegan food after the class.

Filatov also trains with a group at the Valencia Beach near Hydropark metro station. Classes are free but the sessions are not held on a regular basis. To attend classes and find out

Ukrainian team facing challenge at Rio games



Left: Gold medalist Ukraine's Anna Rizatdinova performs an exercise with a ball in the individual final during the Rhythmic Gymnastics World Cup in Debrecen, Hungary on March 16, 2014. Top right: Zhan Beleniuk of Ukraine wrestles with Russia's Davit Chakvetadze (R) during their men's Greco-Roman 85kg wrestling Gold medal event at the 2015 European Games in Baku on June 14, 2015. Middle right: Olga Kharlan of Ukraine reacts as she competes in the women's individual sabre final at the European championship, in Strasbourg, eastern France, on June 9, 2014. Lower right: Ukrainian gold medalist Nataliya Pryshchepa poses after winning the Women's 800m final during the European Athletics Championships at the Olympic Stadium in Amsterdam, on July 9. (AFP)

BY VERONIKA MELKOZEROVA
MELKOZEROVA@KYIVPOST.COM

Ukraine's run at this summer's Olympic Games is beginning with an unpleasant record - only 205 Ukrainian athletes will make the trip to Rio de Janeiro for the games which will run from Aug. 5 till Aug 21.

That's the lowest number since independent Ukraine first started sending its own team to the summer games, in 1996.

On the bright side, Ukraine will compete in 27 types of sports at these Olympics - the highest number ever.

Apart from a very different climate and high competition, other things are expecting Ukrainians in Brazil too, such as fears over the Zika virus and a very unstable political situation.

According to the Olympics website, athletes from more than 200 countries will compete in Rio.

However, many, and perhaps all of the athletes from one big country could well be missing from the games: In its latest report, published on July 18, the World Anti-Doping Agency WADA recommended that the International Olympic Committee disqualify all Russian track and field athletes from the games due to the confirmed widespread use of doping, which WADA said was encouraged by Russian coaches and sports officials at the 2014 Winter Olympics in Sochi.

Indeed, the IOC confirmed on July 21 that Russian track and field athletes have been banned from the competition, and more bans could follow.

This means Vira Rebryk, a javelin thrower from the Russian-occupied Ukrainian territory of Crimea, who changed citizenship in 2014 to be included in the Russian Olympics team, won't be able to take part in

more Games on page 13

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more Yoga on page 13

Ukrainian Olympians hope to win glory for homeland in Rio

Games from page 12

the games, unless she wins the right to do so in the international courts.

That seems unlikely, given the strong wording of WADA's report.

"The findings of the report show a shocking and unprecedented attack on the integrity of sport and on the Olympic Games. Therefore, the IOC will not hesitate to take the toughest sanctions available against any individual or organization implicated," said IOC President Thomas Bach, in a statement published on the IOC's website after WADA released its damning report on Russia.

Patriotic spirit

In contrast to Russia's team, Ukraine's athletes have passed all doping and other tests required for selection to take part in the Rio games.

This year the country will be represented for the first time in such sports as synchronous swimming and canoe slalom. Furthermore, three Ukrainian teams will compete for medals in fencing.

The Yellow and Blues (the name of the Ukrainian team) will also be bringing some famous sports stars to Rio. The Greco-Roman wrestling European (2014) and World (2015) champion Zhan Beleniuk will be one of them.

Beleniuk told the Kyiv Post that he was in good spirits but that his coach has forbidden him to talk to the press ahead of the games. He said that in the run-up to the games he is devoting as much of his time as possible to training.

But another Ukrainian star, the individual rhythmic gymnast Anna Rizatdinova, who has already won two golds this year at the World Cup in Lisbon and at the International Tournament in France, shared her excitement ahead of the competition in Rio.



The Ukrainian team compete in the Women's Synchronised Swimming Free Combination Final at the European Aquatics Championships in London on May 12. (AFP)

"This is like... a dream, a goal that forces to wake up every day and go to the gym. I hope to win, because I put so much effort into this, and sacrificed a lot for it - I've dedicated my whole life to professional sport," Rizatdinova told the Kyiv Post.

The gymnast said she was confident that Ukrainians would bring

home lots of medals from the Rio games. She said the Ukrainian team shares the patriotic mood of the whole country, and will do their best to bring glory to Ukraine.

"I believe that 2016 will be a breakthrough year for all of us Ukrainians," the gymnast said.

With 65 athletes, track and field

makes up the largest part of the Yellow and Blues, and includes Rivne-born Natalia Pryshepa, who on July 9 dedicated her European Championship victory in the 800 meters in Amsterdam to Ukraine.

Ukrainian fencers also will be serious competitors in Rio. The leader of the Ukrainian fencing team, Olga Kharlan, has won bronze at the European Championship in Poland in June.

"This tournament will be completely different from that of four years ago - the speed has changed and the rules have changed. The fencer's duels will be very dramatic and entertaining during these Olympics," Kharlan said in comment made to the xsport.ua news website.

Hunger Games

Former pole jumper and Head of Ukraine's Olympic Committee Serhiy Bubka said that to prepare Ukrainian athletes for the games the committee has allocated around \$2 million to the Olympic sports federations of Ukraine for proper training, and bought special equipment needed by athletes for around \$700,000.

For participating in the games every Ukrainian athlete will get a Hr 7,500 (\$300) award.

The team will fly to Rio on July 23, following a farewell ceremony on Sophiyska Square in Kyiv. In Rio de Janeiro, the Ukrainians will live and train in the Olympic village along with the other athletes.

The Olympics have turned out to be a trial for Brazil as well. UK newspaper the Financial Times

reported on July 7 that the authorities of the host city had to ask for extra financing of \$1.6 billion, bringing the total cost of the games to \$4.5 billion.

The country is in the middle of its second year of recession, according to the FT. Oxford University experts quoted by the Financial Times said that Olympic host city Rio de Janeiro is struggling with a financial crisis and now has only a limited ability to pay salaries to police or to pay to keep hospitals open.

On top of that, Brazilian President Dilma Rousseff is fending off attempts by her political foes to have her impeached.

The mosquito-borne Zika virus epidemic has also caused concerns ahead of the Rio Olympics. UK newspaper the Guardian reported earlier that more than 100 health experts have written an open letter to the International Olympic Committee asking that it postpone the competition due to the increased risk of spreading the Zika virus, which has been linked to birth defects, worldwide.

Although the Brazilian authorities have said there is little chance of contracting the Zika Virus at the time when the Olympics is being held, Brazil's winter months, the Ukrainian Health Ministry has recommended that athletes and visitors to the games take the maximum precautions. Health experts recommended that Ukrainian athletes get vaccinated against yellow fever, wear clothes that can protect them from mosquitos, and not leave the Olympic village unless there is an emergency. ■



City Life: Summer brings yoga out of doors

Yoga from page 12

the date of the next one, write to the Yoga Fit 30 account on Facebook (www.facebook.com/YogaFit30), or to Filatov directly (www.facebook.com/yevhenfilatov).

Domenica Yoga

Domenica Yoga holds outdoor morning yoga classes in Taras Shevchenko Park near Lva Tolstoho metro station. The hour-and-a-half classes are usually held every Saturday at 7 a.m. on the lawn next to the Taras Shevchenko monument, but check the schedule at www.domenicayoga.com to make sure.

Domenica Yoga's group classes are held by the trainer Domenica Kogan. Besides training in the park, classes are held in studios at 44 Saksaganskoho St. and 20 Yaroslaviv Val St. A subscription for group

classes costs Hr 280-840 per month, depending on how many classes a week a person wants to attend. A private yoga class with a trainer costs Hr 500. To book a place in a class, call +38-098-533-3212.

AcroYoga

For couples who want to exercise together, AcroKiev club offers outdoor options for acroyoga classes on Trukhaniv Island and in Taras Shevchenko Park. Acroyoga exercises combine elements of yoga with acrobatics and dance. One person acts as a base, lifting the second person above the ground and providing stability and support, while the other person takes various poses in the air. The partners exercise by balancing on each other and changing positions.

Classes in Shevchenko Park are held on Mondays, Wednesdays and



Kyiv Sunrise Yogas have regular outdoor yoga classes at various parks and beaches in Kyiv. (sunriseyogaz/facebook)

Saturdays at 6:30 p.m., on the lane behind the stage in the center of the park. The classes on Trukhaniv Island

are held near the Skvorechnick café at 7 p.m. each Sunday. Both exercising in the park and on the banks of

the Dnipro cost Hr 60 for each class. A detailed schedule is available at the www.acroyoga.kiev.ua website.

Yoga at KyivFarm

A small garden on the rooftop of the KyivFarm center offers yoga classes on Wednesdays and Saturdays at 8 a.m. The instructor, Halia Babych, has taught Hatha yoga in the Shivananda style since 2012. She describes her classes as being at a basic level, meaning that beginners are also welcome. The garden on the rooftop doesn't have a changing room, so people are encouraged to come to the classes in their training clothes.

The price of a class is Hr 80, with registration required (to book a place in the group, call +38-093-293-4692, or send a direct message to Babych on Facebook (www.facebook.com/lialia.karpa)). ■



Hedonism Music Festival

Hedonism, a beach music festival taking place on Trukhaniv Island, will feature more than 30 top-level Ukrainian and foreign artists, including Is Tropical and Hot Chip from the United Kingdom, Lake People from Germany, Sinoptik and Brunettes Shoot Blondes from Ukraine. The festival will have four stages, an art space and a sports zone.

Hedonism Festival. July 29 – Aug. 1. 6 p.m. - 6 a.m. UBK Beach Club (Trukhaniv Island, 200 meters from the Pedestrian Bridge). Hr 470

Carpathian Alliance Metal Festival

July 29 - 31



One of the biggest metal festivals is changing its location this summer. In late July, Carpathian Alliance Metal Festival will take its heavy rock to the Dnipro River in Kyiv. The organizers will welcome more than 20 bands from abroad, as well as arranging lots of surprise activities like board games and jousting. The headliner of the event will be the legendary German band Blind Guardian.

Carpathian Alliance Metal Festival. July 29 - 31. Druzhby Narodiv Park. Hr 600

July 28 - 31



Vedalife festival

During the next couple of weekends Trukhaniv Island will host a festival of Vedic culture. Indian music and dancing will help festival goers on their quest for life's meaning. While there will be plenty of vegetarian food on offer, alcohol, drugs and tobacco are banned. Festival guests have been invited from India, the United States, Thailand, and South America.

Vedalife Festival. July 28 - 31. Slavutych Resort (Trukhaniv Island). Free entrance, registration required at www.vedalife.camp.

July 23



Soccer season opening

The opening match of the soccer season, between Dynamo Kyiv and Oleksandriya FC, will be held in the Olimpiyskiy Stadium in Kyiv. It will be the first time Dynamo takes to the field as the reigning champion of the Ukrainian Super Cup – the Kyiv team won the title on July 16 in a match against Shakhtar Donetsk. Ukrainian rock bands will entertain the public before the season-opening match.

Soccer season opening. July 23. 7 p.m. Olimpiyskiy Stadium. (55 Velyka Vasylkivska St.). Hr 35 - 400

July 27



Jazz on the rooftop

This jazz evening in the Kyiv club Roof will celebrate the swing era. The best works of Benny Goodman, Cole Porter, George Gershwin, and other American jazz stars will be played on the rooftop with a view of Kyiv. In addition, Ukrainian jazz musicians Aniko Dolidze, Stas Chumakov, and Hryhorii Parshin will also play their music.

"The Swing Era" (jazz concert). July 27. 7 p. m. Roof (37/41 Sichovykh Striltsiv St.). Hr 150-350

July 23



Classical music

Kyiv Botanical Garden welcomes all to listen to the greatest works of Antonio Vivaldi, Pyotr Tchaikovsky, Johann Strauss, Wolfgang Amadeus Mozart, Johannes Brahms, Claude Debussy, Antonin Dvorak and other composers, performed by the Kyiv Virtuosi chamber orchestra. The concert will be held in a meadow surrounded by jasmine. The concert organizers will meet people at the main entrance and lead them to the site of the concert.

Classical music evening in the garden. July 23. 8 p.m. Hryshko Botanical Garden (1 Tymirazevska St.). Hr 250



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NDI-Ukraine is currently seeking to fill three positions at Program Assistant level for its Women's Political Participation Program and Political Party Program.

Interested applicants should submit CVs and motivation letters in English by email to the following email address: ukraine@ndi.org.

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Full text of the advertisement can be viewed here – www.kyivpost.com/payment/vacancy/445/



The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen democracy worldwide.

NDI-Ukraine is currently seeking two Regional Program Coordinators for its Women's Political Participation Program, who will be based in Dnipro and Ternopil.

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Seven new lawmakers enter parliament in by-elections

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Ukrainian parliamentary by-elections held on July 17 in seven constituencies met democratic standards despite there being some violations, election watchdogs have said.

The backstage winners of the election are oligarch Ihor Kolomoisky and Batkivshchyna party leader Yulia Tymoshenko – each of them getting two new representatives in parliament.

The seven seats across the country became vacant after the lawmakers elected in these districts switched to positions in the Cabinet of Ministers or were elected as city mayors in the local elections of 2015. In Volyn Oblast, the elected lawmaker, businessman Ihor Yermeyev, was killed in a horse-riding accident in 2015.

But Oleksiy Koshel, head of the Committee of Voters of Ukraine, criticized the election campaign, saying it was “meaningless.”

“The elections once again highlighted the need for full electoral reform,” he told the Kyiv Post.

Such a reform, he said, must limit political advertising and cancel the single-member district election

through which half of the parliament is now elected, and leave only a general election in which parties participate.

Meet the winners

In Dnipro, independent Tetiana Rychkova won the seat in parliament (44 percent of the votes). Before 2014, Rychkova used to run a business, but when Russia started its war against Ukraine in Donbas, she dedicated herself to raising money to buy army supplies. She was later hired by the Defense Ministry.

Rychkova was endorsed by the previous representative of this constituency, Borys Filatov, who was elected as Dnipro's mayor in October.

In Volyn Oblast, Iryna Konstankevych won with the highest result of the election - 57 percent of the vote. Konstankevych represents Ukrop - a party started in Dnipro by associates of oligarch Kolomoisky. Prior to the election, Konstankevych used to work as deputy head of a charity fund of Ihor Palytsya, Kolomoisky's ally.

Another representative of Ukrop is just ahead in the vote in Ivano-Frankivsk Oblast. Viktor Shevchenko is the director of Bugil - a company based in Yaremche that apparently owns skiing infra-



Women cast their votes in the parliament by-election in Chernihiv on July 17. (Ukrafoto)

structure. Local media reported that Shevchenko is the brother of Oleksandr Shevchenko, the director of the Bukovel Ski Resort, which is owned by Kolomoisky.

Representatives of Tymoshenko's Batkivshchyna party won two seats, meaning that the opposition faction will grow to 21 members in the Rada.

Batkivshchyna representative Ruslan Bogdan won in Poltava Oblast and Yuriy Odarchenko in Kherson Oblast. Odarchenko, a Kherson busi-

nessman, won 25 percent of the vote, ahead of the scandalous ex-head of the drug-fighting police Ilya Kiva and representatives of all the major parties.

In Chernihiv, hopes of re-election were dashed for Yehor Firsov, who was expelled from parliament for criticizing his old faction - the Bloc of Petro Poroshenko. Firsov tried to regain his seat and ran independently in Chernihiv, but lost to Maksym Mykytas, the owner of a construction company, who is close to the pres-

idential team. With the count 97 percent complete, Firsov has only 4 percent of the vote, while Mykytas is winning with 31 percent.

Serhiy Shahov, the candidate from Our Land (Nash Kray), a party seen by many observers as close to the presidential administration, won in a constituency in Luhansk Oblast.

Dirty elections

Numerous violations were recorded during the campaign and on election day.

The vote count was obstructed in constituency No. 114 in Luhansk Oblast. Most of the members of the local election committee left the office, making it impossible for the committee to accept the voting bulletins for the count. The representatives of Opora election watchdog suggested that the committee members faced pressure from the candidates and declared the incident an attempt to disrupt the election.

Violations were recorded in other districts, too.

According to the Committee of Voters, candidates were giving unrealistic promises, such as increasing salaries by three times, as well as pledging to provide things that are beyond the power of lawmakers – such as road repairs. ■



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