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Minsk Is Dead Now What?

Russia's renewed military offensive in eastern Ukraine provides the latest evidence that the Kremlin violates the Minsk II peace agreement at will. At least 27 Ukrainian soldiers have been killed in two weeks. Russia is behaving belligerently in other ways, too. The prospects of a third peace deal are dim after the first two versions failed spectacularly in a war that has taken nearly 7,000 lives in 15 months.



See Story on Page 2

Ukraine's President Petro Poroshenko uses an elevator at the presidential residence in Minsk, Belarus, on Feb. 12 during a meeting aimed at ending Russia's war against Ukraine. The peace agreements reached in winter may have slowed Russia's war against Ukraine, but did not stop it, as recent deadly Kremlin-separatist attacks show. (AFP)

Inside:

News → 2, 5, 17-19 | Opinion → 4
Business → 6-16 | Lifestyle → 20-22
Employment/Real Estate/Classifieds → 23

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Russia may launch 'full-scale' invasion

BY ALLISON QUINN
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The Minsk II peace agreement reached in February, in critical condition from the start, may have taken its dying breath on June 3. Russian-separatist forces launched a renewed assault on the western Donetsk suburb of Maryinka, discarding hopes for a durable peace in eastern Ukraine.

World leaders condemned Russia for what Ukrainian Prime Minister Arseniy Yatsenyuk described as the Kremlin "ordering its terrorists" to wage new attacks on Ukrainian forces.

Ukrainian President Petro Poroshenko went further on June 4, warning of a possible "full-scale" Russian invasion but assuring the nation it will be able to defend itself. The president also told Parliament he will not discard the Minsk accords and he refused to declare a state of war.

At least five Ukrainian troops were killed and 39 were wounded in the all-day battle along the 450-kilometer (280-mile) front line, which began when nearly 1,000 Russian-separatist forces attempted to surround Ukrainian soldiers in and seize more territory.

Taking the city and Krasnohorivka north of it would create a "choke point" in Ukraine-held Pisky and Adviiivka, north and northwest of Donetsk, according to military commanders.

Ukraine's General Staff redeployed withdrawn artillery to fight off the latest advance – de-facto admitting that it would respond to persistent Russian violations of the Minsk deal in kind.

World leaders keeping using diplomatic means, analysts said, despite the fact that Russia is using "peace" as a tool to conquer more territory. Kremlin forces now control more than half of the Donbas in Donetsk and Luhansk oblasts, the president said.

The only alternative to diplomacy is declaring war on Russia – "and then there'd be no going back," said Vitaly Bala, head of the Situations Modeling Agency think tank. "Any declaration of war would have to take place only



A firefighter extinguishes a blaze at a market in Russian-controlled Donetsk after shelling between Ukrainian forces and Russian-separatist forces on June 3. (AFP)

if it would improve the situation in a number of areas, not just militarily. You have to consider the economic situation and international affairs as well. If it wouldn't improve things in those areas, it would be counterproductive."

Kyiv is reluctant to declare a state of war because it would mean formally renouncing the Minsk truce that it has tried hard to obey, according to Bala.

Moscow feels no need to live up to

any agreement. "Moscow's violations of the original (September) Minsk cease-fire enabled it to take over 500 square kilometers of additional Ukrainian territory," an Atlantic Council report stated in May.

Ukraine has completely or partially lost control of 28 cities and towns since Feb. 18, three days after the latest cease-fire went into force, according to a Cabinet of Ministers resolution published on May 5. That brings the

total number of municipalities under Russian control to 169.

The very public way in which Russia has disregarded the Minsk agreement prompted the U.S. State Department on June 3 to pledge to "raise the price" of new territorial acquisitions for Russia.

Russia's latest stunt follows a pattern of earlier attacks meant to gain leverage over Ukraine in diplomatic talks, said Volodymyr Fesenko → 18

WHEN IT'S NOT JUST BOX

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Interested organizations should check UNFPA website for partnership requirements: www.unfpa.org.ua/news/494.html



Leaders Talk: Legal minds prefer excellence



VLADISLAV KOCHKAROV
Managing Partner at Prove Group

Could you please give a brief introduction of yourself and provide an overview of your company?

After obtaining a university degree in law, as well as an economics degree, and following significant working experience (14 years in tax law in the civil service), including being appointed as a Director of the Legal Department of the Ministry of Income and Fees, I decided to undertake a new challenge, and opened the Prove Group.

The Prove Group law company entered the legal market as a “boutique” firm showing dynamic growth, unifying specialists in different law fields, and providing services to leading national companies, local and international investors as well as to well-known figures in business and political circles. Main activity directions included such practices of law as tax, customs, criminal proceedings, and other fields of private and commercial law.

We believe that background matters. Our internal value is a team and profundity of its competence. The heads of the practices are attorneys with more than 15 years of professional experience.

You were the Director of the Legal Department of the Ministry of Income and Fees. Why did you decide to quit to open your own business?

Yes, I know what you mean, usually another approach is observed — when legal professionals go to work for the government. But in my case, I was searching for the additional possibility of self-realization and my profession helps me to adapt.

I even think that it's more difficult for the ones who go into the civil service, because of the existence large inert structures and because you have to get used to the system. So they

need to go there not alone, but with their team of associates. Nevertheless, the profession itself can adapt, as it is still connected with two unchanged constituents — people with their problems and the law.

How difficult was to open a company during the crisis?

Currently, in my opinion, the Chinese phrase “May you live in interesting times” sounds relevant. There are various ways to perceive what is happening. Of course, the present crisis, which affected the number of customers and, accordingly, on the profitability of law firms. But we try to look to the future positively, through the development of new areas of planning to increase our customer base and, as a consequence, profits for the law firm. Traditionally, times of change significantly increases the amount of conflict, including business vs. state, so a law firm that will be at the origins of this trend and develop practices to help protect and restore the rights and interests of the business (financial, reputational, in particular with respect to personal safety) to provide services to protect officials of enterprises, owners of businesses within criminal pre-trial or trial proceedings will remain in demand and, consequently, will obtain positive results from working in such difficult conditions.

If you look ahead five years, how do you see the future of the Prove Group?

It is difficult to forecast something now. However, I'm sure that the Prove Group will be in the top 50.

We have created a new department, called “Government Relations”, which is absolutely new practice in our market. We are working on analysing and estimating the effects of legislation — a kind of ‘healthy’ lobbying. I consider it to be truly a progressive decision, and as a step to the future.

Who do you most admire as a business leader and why? Do you have any role models?

I absolutely admire the synergy which appears during the work of high-qualified professionals who have different strategies and coherent plans, who cooperate with each other as an orchestra. As a result — we will see that our client is satisfied.

And this is when harmony arrives.

Business itself is a rather boring thing, a series of documents, and there is no particular magic. However, when professionals work systematically, strategy and unique results occur, which is admired both by colleagues and clients.

As for role models, I can say that the Pepeliaev Group is a very interesting example of development for us.

What's the most important management lesson you have learnt?

All the important lessons I learn come through my daily work. The legal profession creates many opportunities to release potential and get satisfaction from your job. It does not matter who you are — a civil servant, an in-house lawyer, or a managing partner at a law firm — the flexibility of the specialization provides an opportunity for individual self-realization.

What will be future trends in the demand of legal services?

GR — the legal service provided in terms of government relations is the permanent trend we now follow. Also, the Prove Group has invented a new program “A lawyer — here and now” — when we provide a service within just 1 hour from Kiev, 7 days a week, 24 hours a day. I consider it to be a trend, as this service is really easy to use and important.

What inspires you?

I am inspired every day by the possibility for permanent interpersonal relationships, and communications. Many clients have a different picture of the world in their mind, but what they have in common is that they all come with problems, and exactly this possibility of helping them out is what I enjoy the most.

“The art of speaking in court” is a book I reread from time to time for continuous motivation, because you can find in there everything needed to be a court lawyer.

Moreover, I always find new energy from playing tennis, as physical development is important, plus tennis is an emotional kind of sport. And of course, I enjoy enormously spending some time with my family outdoors.

EBA SUMMER FUN FEST



Lots of things change throughout life... Daily routines change, activities change, people change... However, family values remain for good. Perfection is created by the values which people hold and live. We all have our own roots never to be forgotten, and their influence should never be underestimated!

The European Business Association, known mostly for its merits in the business sphere, also recognises the importance of family values too. We know that sharing a nice time

with your family is highly important! The thing which we usually call “harmony” lies in combining successfully your time on work and family, never ignoring the latter.

For this purpose the Association organizes from time to time some special events with families. Last year the EBA Summer Fest was extremely popular, gathering together various families. This time the tradition of celebrating summer comes back.

The main family event of the season — the EBA Summer Fun Fest will take place on June 13, at Puscha Congress Hotel at 12:00 (till about 17:00).

All EBA members are welcome to join!

We have prepared a lot of fresh air activities and outdoor entertainment for you, your families and friends!

Namely, you will have a chance to have a wonderful time participating in:

- Active games;
- Archery;
- Golf for kids and adults;
- Handmade toys creation;
- Decoupage workshop;
- Floral workshop;
- Remote controlled car racing;
- Trampoline and bicycle cars for kids;
- Special playing zone for babies;
- Face painting;
- Art workshop;
- Workshop of Danylo Panov (finalist of “Master chief” TV show);
- Creative photo zones etc.

All guests will be treated with snacks and drinks from our event partners Puscha

Congress Hotel, Coca-Cola, Danone, Carlsberg and Nestle!

Please note that registration is obligatory.

To sign up, please email us at events@eba.com.ua

You are welcome to invite your families and friends! Please kindly register each participant, including kids, so that everyone will have a personal entry ticket. We look forward to meeting you very soon!

PARTNERS



Editorials

Find happiness

The worst thing about growing older – something all of us are doing – is the people one loses along the way. Another harsh realization for many of us, as time goes by, is that some humans are evil and organize societies bent on conquering others and committing genocide.

This brings us to the lessons of the past and how they can help us live today and create a better future, to the extent humanly possible, in Ukraine.

The Ukrainian Jewish Encounter sponsored a two-day conference in Kyiv called "The Seduction of Propaganda: Mass Violence in Ukraine in the 20th and 21st Centuries." The aim was "comprehending the totalitarian past – defending a democratic future."

Speakers, including leading journalists and academics, explored how three 20th century genocides took place at least partly on Ukrainian soil: The Nazi-driven Holocaust against mainly Jews, but also others, during World War II; the 1932-33 Holodomor against mainly Ukrainians, but also others; and the World War II mass deportation of Crimean Tatars, in which many died on the way to Josef Stalin-ordered exile in Central Asian republics.

These three events that collectively killed more than 10 million people had common features. They were preceded by massive Nazi or Soviet propaganda campaigns aimed at dehumanizing the victims and justifying murder and other crimes against them: Jews, Ukrainians and Crimean Tatars. While death is a natural part of life, murder is the ultimate violation of life.

Today, Russia has been mounting a venomous propaganda campaign of hatred against Ukrainians and Western allies in revving up the Russian mood for imperial conquest and to take their minds off a shrinking economy and a growing dictatorship.

The response to Russia's warmongering from Ukraine and the West has been wholly inadequate. Until "Putinism" is destroyed, the Russian president will remain a threat to his neighbors, international law – and lives.

While ruminating over these dark events, however, it's important to keep living – to find beauty in nature and in each other, or in whatever brings smiles and contentment. Especially in summer, Ukraine offers plenty of possibilities for good companionship under warm blue skies, at shashlyk gatherings or in music festivals and frolicking in rivers, lakes and seas. These breaks from the routine workaday world help us find happiness and purpose in life.

The will to live happily must triumph over grief in order for civilization to survive. Living life to the fullest can be our way of honoring everyone who died from natural causes and the millions killed by totalitarian regimes and other crimes against humanity. At the same time, we must remain strong and united in defeating those who threaten peace today and who will in the future.

Guard your life, stuff

In the last two months alone, Kyiv Post staff members have suffered the following crimes: a computer was stolen from an unzipped bag while the person and a colleague dined on the dark terrace of the Prego restaurant on Shevchenko Boulevard. A cell phone was taken from a purse while the owner looked the other way. A wallet was lifted in a crowded metro car. A mountain bike was stolen from a residence. And, in the worst incident, one of us was beaten and robbed while walking home late at night.

We don't imagine that we are exceptional or that anybody targeted us for being journalists. The truth, more likely, is that we simply joined a growing number of victims in what appears to be an upsurge in violence and petty theft on Kyiv's streets. Some of the crimes against us were not reported to police and, in general, we don't have a lot of faith in official statistics.

What we see are more menacing people roaming the streets at all hours, looking for vulnerable or inattentive people. The more clever ones hang out at tightly packed, unlit street terraces, waiting for someone to drop their vigilance for a second or carelessly put their possession within a thief's reach.

In this hot-house environment, some politicians are talking about relaxing restrictions on gun ownership among civilians. Absent effective police, prosecutors and courts, this would be a prescription to bring unchecked bloodshed and more crime on the already desperate streets of urban Ukraine.

These are sober reminders that we are living in a nation in which many people have no respect for property or even lives. This is a society that is deeply troubled now and is still not regulated by rule of law or, in too many cases, individual consciences.

The economic despair that many citizens are experiencing will inevitably enlarge Ukraine's criminal underclass and drive more people to steal and beg.

The worst consequences of the crimes, however, are their effect on the majority of good and peaceful citizens. Being victimized tends to deepen cynicism and cause the law-abiding to look at all strangers as potential criminals.

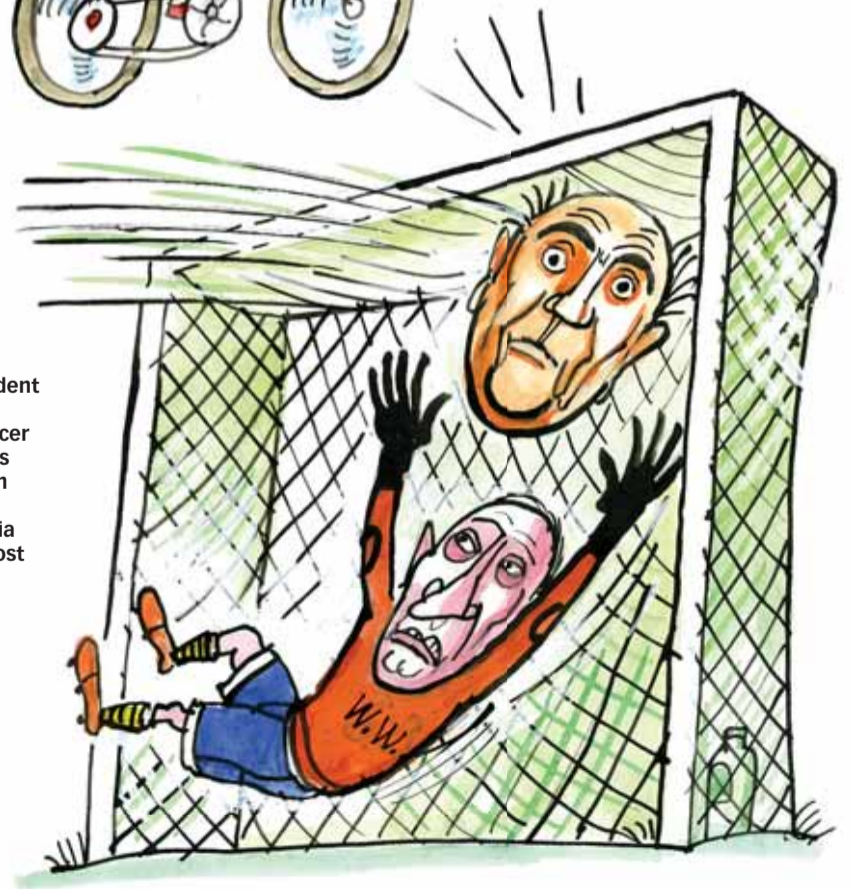
We'll try not to become cynical and will try to remember that money and material goods are greatly overvalued in life. Nonetheless, we will take better care in guarding our safety and possessions more closely.

NEWS ITEM: On June 2, a Russian state-owned military enterprise published a report on flight MH17 flight that was allegedly shot down by a rocket launched by Russian-separatist forces in Ukraine's Donbas on July 17. The report claims the Buk rocket belonged to Ukraine's army. Previously, Russia's propaganda line was that the plane was downed by a Ukrainian Su-25 fighter jet.



NEWS ITEM: On May 30, Ukraine's Ecology Minister Ihor Shevchenko wrote a Facebook post complaining about a bike race that took place in the center of Kyiv. The minister's car got stuck in a traffic jam caused by the race.

NEWS ITEM: As FIFA's president of 17 years, Sepp Blatter resigned and the world soccer regulating body's executives were arrested on corruption charges, doubts have been voiced about whether Russia will maintain the right to host the 2018 World Cup.



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Poroshenko: 'People are not happy with all of us'

BY ALYONA ZHUK
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Ukraine's President Petro Poroshenko is not happy with the achievements of his year-long presidency. He says the country will stick to the Minsk II peace agreement and stay on the path of European Union integration, despite a possible "full-scale" invasion by Russia in the eastern Donbas. In his state of the nation address in Parliament on June 4, Poroshenko did not mention Russian-annexed Crimea.

He said the country has only started doing its "tough homework" on costly and painful reforms. "Whether I'm satisfied with the work of the government? I'm not. Neither with

my work nor the work of Parliament. But most importantly – the people are not happy with all of us," he said.

What troubles Poroshenko the most is corruption.

Fighting corruption

The Anti-Corruption Bureau has been established. Poroshenko on April 16 appointed ex-prosecutorial investigator Artem Sytnyk as its head. Now the agency has to hire personnel, and Poroshenko expects it to be fully operational by October.

Poroshenko asked Parliament to pass a witness protection law and another to allow plea-bargaining with the aim of getting bribe-takers to testify against those perpetuating bigger illegal schemes.

Another anti-corruption step is

deregulation by cancelling required certificates and licenses

"One of the main sources of corruption is now the state-owned enterprises," Poroshenko added.

Privatization

Most state-owned firms should be sold. "These factories and plants bring nothing to the budget, except for losses, with very few exceptions," Poroshenko said. He noted that lawmakers have to define the rules for the sales as well as the list of enterprises to be sold.

"There are still 1,800 enterprises left. Not more than 200 of them are vital for the state," Poroshenko said.

De-oligarchization

Using the word "oligarch" 11 times in his speech, Poroshenko again empha-

sized the importance of reducing their influence on Ukraine as another step in fighting corruption.

"Private business should manage its own companies, but not graze in the state companies, nor feed on the budget flow," he said. "Yes, authorities need to be engaged in dialogue with the large-scale businesses, because they provide jobs. But business can't talk to the state in the language of ultimatums."

This process can be successful only with busting up monopolies, Poroshenko said, adding that Ukraine's current losses from "cartel agreements" range from 10 to 22 percent of gross domestic product. "About 40 percent of goods and services are being sold on monopolized markets," he said.

Another way to decrease the clout

of business moguls is to have the state finance political parties.

State procurement

Poroshenko marked real progress in fighting corruption in state procurement.

"Kickbacks have decreased, many schemes were closed, transparency has increased, and social control has become more solid," he said.

He said the Defense Ministry and Ukroboronprom, the state arms exporter, provide the most effective electronic procurements, which helped save more than Hr 130 million.

Rates

Poroshenko said the poor need to receive subsidies before the winter season to help them cope with → 11

Reform Watch

Editor's Note: The Kyiv Post tracks the progress made by Ukraine's post-EuroMaidan Revolution leaders in making structural changes in the public interest in six key areas: economy & finance, security & defense, energy, rule of law, public administration and land. This coverage is supported by the International Renaissance Foundation. Content is independent of donor.

Andriy Andrushkiv: Ukraine's politicians stall reforms in bid to 'reshuffle a corrupt system'

Overview

Against the backdrop of deteriorating living standards, local elections scheduled for Oct. 25 will be a major popularity test for the current leadership. It has taken the post-EuroMaidan Revolution government a year to get in gear. Many people are losing patience. A big risk is that political forces close to the disgraced President Viktor Yanukovich may attempt a come-back, according to pro-President Petro Poroshenko lawmaker Volodymyr Ariev.

Prime Minister Arseniy Yatsenyuk also called for urgency. "People have to feel real change – otherwise there will soon be real changes in the offices of power," he told Cabinet members on May 27.

Analyst Anders Aslund said "the window of opportunity is closing."

It's not just rhetoric.

Andriy Andrushkiv of the Reanimation Package of Reforms said that progress has slowed only two weeks before Parliament goes on a 45-day summer break.

His assessment of the Parliament controlled by the ruling coalition of Poroshenko, Yatsenyuk and others?

"They are trying to reshuffle a corrupt system to serve their own needs," Andrushkiv said. "The government wants to keep the Interior Ministry as a political instrument of leverage while the president wants to stay in control over both the prosecution and courts."

Major changes are needed in 18 areas, Andrushkiv said, while parliament so far has adopted only 44 of the more than 150 laws for which the group is pushing. Without reducing the politicization of the police force, courts, prosecutor's office and public administration, "we will never get the needed investment and development," he said.



Andriy Andrushkiv talks with other civic activists at an event on St. Sophia's Square on April 25 in downtown Kyiv. His reform platform includes more than 70 organizations and think tanks under its umbrella. (Platforma/facebook)

1 Economy & finance

It's a gross forecast: Ukraine's gross national product is expected to plunge 9 percent amid 45 percent inflation this year, according to the latest International Monetary Fund estimate.

2 Rule of law

Poroshenko promised to install a judicial system based on rule of law in his June 4 State of the Nation address. A revamped police force will start work in Kyiv. Their success while serving under old Interior Ministry rules is questionable, Andrushkiv said.

A now-abandoned proposal approved by the Venice Commission would have reduced political control over the force. Police chiefs would have to be chosen by commissions com-

posed of legal experts, local authorities and human rights organizations. "It would have resulted in a police force that we could trust, a force that would protect us," Andrushkiv said.

Instead, the ruling coalition's police law increases political control over law enforcement. In this version, the Interior Ministry preserves much of its Soviet-era bureaucracy.

Parliament appointed Yuriy Terentyev head of the Antimonopoly Committee on May 19, replacing the much-criticized Mykola Barash. His mission, according to Yatsenyuk, is to reduce monopolies in the state energy sector "for gas, electricity, oil and fuel."

Igor Bilous, former head of State Fiscal Service fired in March after suspicion of corruption, was replaced by Roman Nasirov. Yatsenyuk gave him three months to make progress.

Suspicion of corruption didn't prove an impediment to Bilous's career.

He was appointed head of the State Property Fund.

3 Defense & security

On May 26, Poroshenko launched a new national security strategy to defeat Russian aggression. The goal is integration with the European Union and NATO membership.

On May 12, the Parliament also adopted conditions for martial law, which may be needed if Russia escalates its war.

Two big downsides: invasion of privacy and inability to change government while in a state of martial law.

Yegor Sobolev, a member of the Parliament, said the inability to change the president or Parliament is a big drawback since representatives could prove to be a "government of losers" in wartime.

4 Public Administration

Ukravtodor, the state agency responsible for 51,000 kilometers of roads, is considered ineffective. On June 2, Parliament voted to give local authorities the right to co-finance road repairs.

Oleksandr Kava, a transportation expert and advisor to the Ministry of Infrastructure, said the new law won't lead to substantial improvements because local governments don't have enough money. "Where should a village council find money for...roads?" he said.

On June 2, Verkhovna Rada speaker Volodymyr Groisman made parliamentary sessions available online in audio and video format. Readouts are also accessible, all by visiting rada.gov.ua.

As of June 1, all special state pen-

sions for lawmakers, ministers, judges, customs agents and others were eliminated.

5 Energy

On May 27, Yatsenyuk demanded that privately-owned regional gas distribution companies offer to install meters free of charge. He threatened to revoke their licenses if they didn't comply. Some 1.5 million households have applied for utility subsidies.

On May 20, Yatsenyuk announced an anti-monopoly campaign in the energy sector. He ordered Energy Minister Volodymyr Demchyshyn to approve and submit to Parliament legislation to have the electricity grid meet European Union standards and bust up monopolies.

To improve energy efficiency, on May 9 Parliament passed two laws on energy modernization. They introduce legal and financial prerequisites for new investment opportunities and protect the rights and interests of business through measures that reduce utility costs of state and municipal entities.

Ukraine uses two to three times more energy to heat than in Western Europe and energy efficiency is a fraction of the EU average, according to data of International Institute of Business in Kyiv.

6 Land

On May 12, Parliament adopted a bill expanding the list of state and municipal lands that are not subject to privatization. Pro-presidential lawmaker Andriy Gordeev and author of the bill said the measure was motivated by inefficient use of land. Last year, only 450,000 out of two million hectares were irrigated.

Real Estate

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Kyivans withdraw savings from banks to buy property



A young couple looks across the Dnipro River in Kyiv at the left bank residential skyline on May 31. (Pavlo Podufalov)

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BY ILYA TIMTCHENKO
TIMTCHENKO@KYIVPOST.COM

As they have done in past crises, Ukrainians are pulling their savings out of banks in order to invest in real estate. Property is seen as a relatively safe investment, especially compared to keeping deposits in banks, which aren't lending at attractive interest rates anyway.

There's still not enough money or credit to go around. Builders say demand dropped threefold in 2014 compared to the previous year.

Russia's war, which has contributed to Ukraine's recession and the sharp hryvnia devaluation, are the big reasons.

"The biggest regulator that affects the purchasing of an apartment is the price," said Valeriy Kodetskyi, general manager of UDP, a leading residential property developer in Kyiv. "Buyer's demand is falling down right in front of our eyes."

Companies like UDP, have been trying to make it easier for buyers to purchase apartments. Some investors are cutting prices while others are offering five-year loans.

About half of UDP's customers who purchase apartments pay the entire amount upfront, while the other half opts for installments. "It's searching for

a compromise, considering the difficulty of the market," Kodetskyi says.

But UDP is not willing to lower its prices in hryvnia terms.

Colliers International, a global real-estate services company, says that most people seeking apartments are not ready to offer substantial price cuts because of poor economic conditions in the country.

As for the consumer side, prospective buyers are not confident in the future, which makes it difficult for them to invest. "This is the biggest problem," Kodetskyi said. Part of his pitch is to assure potential clients that things are going to get better.

Maksym Mikitas, president of Ukrbud, a state-owned residential property developer, agrees that fear of the future is the biggest factor. According to him, many Kyivans do not lack money to invest in an apartment. On average, a square meter for a standard, or economy class, apartment costs about Hr 14,000. Apartments at this rate are within the possible range of many potential buyers in the city, he said, but they fear uncertainty.

UDP's Kodetskyi blames the government for such hardships. They are not doing enough to send a message to builders and buyers that will enhance the interest of investing within →7



Kyivmiskbud President Ihor Kushnir speaks with the Kyiv Post on June 3 from his office in downtown Kyiv. (Volodymyr Petrov)

Lack of lending contributes to real estate woes

→ **6** the country. "There is a lack of qualified (government) managers," the UDP founder says. "Instead of simplifying everything, it is becoming more difficult."

In 2014, UDP operated with 211,300 square meters of apartment space, selling around 600 apartments, 1.5 times less than the previous year.

The general trend in market demand decreased by three times in 2014. "This is because the dollar went up three times," said Ihor Kushnir, president of Kyivmiskbud, one of the nation's biggest real estate developers with 300 employees serving up to 500 contracts each month.

However, last year the company operated 302,000 square meters of apartment space, 18 percent higher than in 2013.

→ **Buying property with cash gains favor amid credit crunch**

"Apartments are bought either by refugees (from eastern Ukraine) or by people that don't believe in the bank system and take out their savings to invest into square meters," Kushnir says.

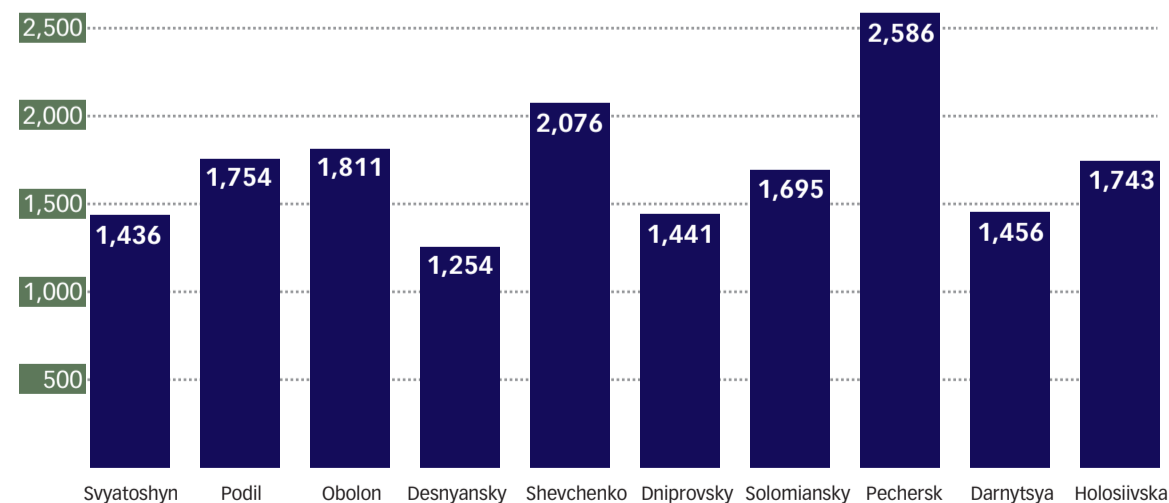
"Real estate is related mainly to the situation in the east, and not so much with the economic situation," UkrBud's Mikitas says.

For example, recently many people were afraid that the war in Ukraine's east would escalate after the first days of the May holidays, Mikitas said. But once they didn't see any substantial Russian aggression, their confidence in the hryvnia went up, and thus in the apartment sector as well.

Overall, some industry experts expect the political and economic conditions to stabilize. "We are observing a light recovery of the market," Mikitas said.

Kyiv Post staff writer Ilya Timchenko can be reached at timchenko@kyivpost.com.

Average prices on secondary real estate market in Kyiv districts, \$ per square meter



Source: Ukrainian Trade Guild

Pechersk takes the prize as the most expensive district in Kyiv for used homes, at more than \$2,500 per square meter, while the left bank's Desnyansky district is the cheapest, at roughly half the cost of Pechersk.

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BUSINESS ADVISER

COMBATING CURRENCY RESERVATIONS IN LEASE AGREEMENTS



ALEXANDER BORODKIN

Partner, Vasil Kisil & Partners

With economic downfall starting early last year and resulting currency rate fluctuations many more parties to commercial contracts have suddenly noticed that such contracts contain certain clauses on adjusting the payments to some exchange rate of so-called hard currency, usually euro or US dollar. It has long ago become common market practice in Ukraine to adjust payments by hard currency fluctuations. But in times when such fluctuations comprised 5-10% over the contract term, relevant clauses may have indeed satisfied their goal of making the price more relevant to the market. In situation when the national currency has lost more than 250% over one year, while the market remained almost the same or grew only nominally, in local currency, the disproportion became evident. The formal grounds to overcome the currency clauses appeared to be not so evident.

First of all we are discussing the local Ukrainian contracts with no direct foreign element in price formation. Like real estate leases, for example. What can tenant do when the landlord refuses to renegotiate?

The Ministry of Economic Development and Trade of Ukraine has shortly after subsequent local currency devaluation wave made another attempt to explain that local prices inside Ukraine should be in hryvnias with even recalculation of imported components thereof in hryvnias as well. However, more basic laws, like the Civil Code and the Commercial Code still contain provisions allowing the parties to define the price equivalent in foreign currency and adjust consecutive price payments by the effective currency exchange rate at the time of payment.

Failing to invalidate the currency clause as such, the affected parties began studying their force-majeure clauses. At the first glance, the revolution in Kyiv, exit of Crimea and military actions in Eastern Ukraine looked like classical force-majeure events. On several occasions some persons have even managed to get confirmative certificates on the same from the offices of the Ukrainian Chamber of Trade and Industry. But the connection between all those events and the party's inability to pay is rather questionable. The point is whether the party physically cannot or merely does not want to pay. No mentioned circumstances actually created any obstacle to address the bank and initiate the payment. Even the earlier court practices showed that neither decrease in the payer's income, nor the financial crisis as such constitute force majeure circumstances. Besides, force majeure clauses do not usually release the parties from obligation to pay; they merely release from liability for non-payment and extend the time for payment. Thus, the force-majeure clause did not effectively help either even to those, who managed to obtain the confirmative certificates.

Being unable to overcome solely currency clause, the affected parties started looking for the ways to get rid of the contract in whole with a perspective to renegotiate it for the future. Provided there are no due reasons for invalidation, like missing essential conditions or non-compliance with notary certification or state registration or other more or less evident drawbacks, attention was paid to the grounds for termination. For example, lease regulations provide for quite few such grounds for the tenant: poor quality of the leased property or the landlords failure to conduct capital repair. Apparently, none of them worked. The contracts are not that generous in letting the tenant get out of the lease. In many cases they directly forbid unilateral termination. Moreover, according to the Commercial Code, the lease agreement may be terminated only on grounds, set out by law, read — not merely the contract. A more creative approach was to make the landlord terminate the contract. Landlords used to have more grounds for termination: for non-payment, non-timely payment, improper use or other. But in circumstances when the landlords understood they would not get another lease in the nearest months at all, not even speaking about the better lease conditions, they preferred to wait. Besides, non-payment or other misconduct does not release the tenant of duty to pay or contractual liability for such non-payment or misconduct. Practically, several months of such confrontation often led to opening a more sincere negotiations and finding compromise, at least temporarily.

On several most desperate occasions some legal advisors have even given a more unconventional solution. Hardship. The law provides that the agreement may be changed or amended in case of material change in circumstances, which the parties were guided by when making such agreement. To qualify as material the change in circumstances should lead to a situation, in which, if known, the parties would not have made the agreement or would have made it on other conditions. Technically, the parties should agree on termination of the agreement or its change. If they do not agree, one of the parties may claim termination before the court. In order to terminate the agreement due to hardship the plaintiff has to prove, and the court has to establish, the following pre-conditions: (i) at the time of entering into the agreement the parties did not anticipate such change in circumstances. Some courts even rule that the plaintiff should prove that the parties were sure that such change in circumstances would not happen; (ii) change of circumstances is influenced by the reasons, which the disadvantaged party could not eliminate after their occurrence with all reasonable care and effort, expected from such party; (iii) further performance of the agreement would alter the balance of the parties' property interests, and the damaged party would lose the benefit, which it aimed at achieving when making the agreement; (iv) the agreement, or business practice, does not assume that the disadvantaged party bears the change of circumstances risk. The weak point here is the latest requirement. Even if the parties have not explicitly agreed that hardship provisions do not apply or that the payer bears the risk of currency fluctuations, the currency reservation as such speaks of the party contractually obliged to bear that risk. The idea behind the hardship approach, thus, was to show that the agreement in general becomes useless in new market conditions and the affected party terminates its business in general and not only the payments under one particular agreement. Another weak point is that the agreement would be terminated only with the court decision entering into effect. Practically this could take months, for which the affected party formally has to pay.

Anyway, practical goal of all the above approaches is to bring the parties to the table and renegotiate the contractual terms with change of the market situation. Before that — *pacta sunt servanda*... unless the parties agree otherwise.



Vasil Kisil & Partners

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Expats to Watch

Belgian expat in Lviv wants to change residential sector

BY ILYA TIMTCHENKO
TIMTCHENKO@KYIVPOST.COM

The Belgian general manager of property developer TPF Ukraine, Filip Schelfhout, has set out to make the company a "change maker" in western Ukraine's residential real estate industry.

Based in Brussels, TPF entered Ukraine in 2013 and has about 30 office employees and 150 on-site workers. It operates in 57 countries.

TPF is now working on the Belgian Village project, a nine-block residential district occupying 2.8 hectares that offers 360 apartments in downtown Lviv. Apartment prices are selling in the range of \$45,000-\$90,000. The developer is also about to break

Filip Schelfhout (comunicatemedio.ro)

Age: 52

Nationality: Belgium

Job: TPF Ukraine general manager

How to succeed: "Taking into account what happened last year, you have to be crazy... What we have witnessed last year was unbelievable."

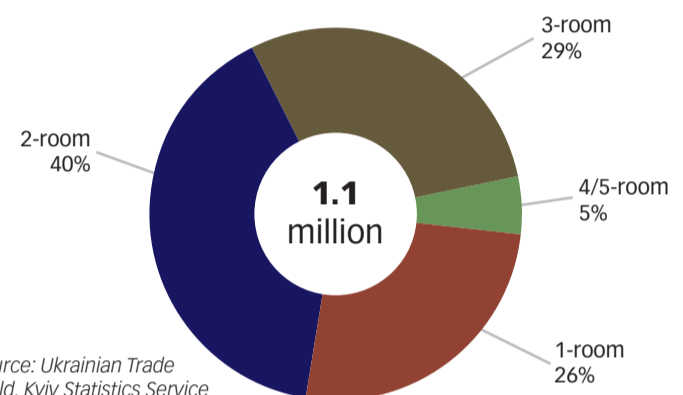


ground on an additional 400-apartment project.

The majority of western Ukraine's residential high-rise buildings are extremely out-of-date, still being built

in a "post-Soviet style" known for inefficiency and inconvenience, Schelfhout told the Kyiv Post by Skype. Certain spaces are too big, whereas others are too small.

Number of apartments in Kyiv, beginning of 2014



There were 77,000 more apartments in Ukraine's capital at the start of 2014 than in 2005. Two-room flats are the most common.

What's available in Kyiv from \$60,000-\$200,000

| Number of rooms in apartment | Price | | |
|------------------------------|---|---|--|
| | \$ 60,000.00 | \$ 100,000.00 | \$ 200,000.00 |
| 1 room | Economy*, high quality, good location | Business*, better location, larger space | Elite*, studio, fully furnished |
| 2 room | economy, average, suburbs or residential area | economy, good location in need of renovations or in shell condition, further from city center | business or elite, good location, starting at 70-80 square meters |
| 3 room | economy, modest, suburbs or residential area | economy, ~70 square meters, renovated, residential area | business, older houses in center, new buildings far from city center, or elite, often in shell condition |

*Realtors usually divide apartments in these three classes, often simplifying the price range, which causes methodology discrepancies among experts. It is important to evaluate all the factors defining property class, such as infrastructure, location and condition. Overall, the quality of housing defines the class.

Source: Valion, Kyiv Post research

It is still possible to buy a 1-2 room apartment for as little as \$20,000-\$40,000, but buyers should be aware of the risks and problems.

→ 'If you can't stand competition, then don't come to a market like this one.'

— Filip Schelfhout

He ridicules Ukrainian builders who sell shells of apartments that he deems are only 70-80 percent completed.

"You just receive concrete walls, no flooring... That means that within the first year you will never have one weekend when there is no drilling around your ears," Schelfhout said.

But Lviv is being closely watched

by investors. Many new developments have sprouted up during the past year. In addition to Kyiv and Lviv-based developers, the expatriate expects to see an inflow of foreign investors in Ukraine's west beginning next year.

The idea of more competition does not frighten him. In fact, he supports new market players copying his → 10

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Kyiv Mayor Vitali Klitschko (R) has been visiting developers on lots over the last year as part of his campaign to stamp out illegal construction projects. However, journalists have raised questions about his ties to developers in a project called Sunny Riviera, a high rise complex that critics say is being built too close to the Dnipro River. Klitschko denies any association with the project. (UNIAN)

Radio Free Europe/Radio Liberty cites Poroshenko, Klitschko ties in deals

BY OLENA GORDIENKO
GORDIENKO@KYIVPOST.COM

A recent Radio Free Europe/Radio Liberty investigation suggests that Kyiv Mayor Vitali Klitschko's ties with real estate developers aren't in keeping with his promise to wipe out illegal construction projects.

The report focuses on Sunny Riviera, a residential complex on the Dnipro River shore. The project is still under way despite complaints that it is being constructed too close to shore. The deal, moreover, hides a complicated ownership structure leading to friends, business partners and current colleagues of the mayor, according to the report.

Klitschko has denied any involvement in the project or wrongdoing.

Kyiv's mayor is not alone in engaging in questionable real estate projects, according to RFE/RL, which also alleged that President Petro Poroshenko began building on a plot he owned without obtaining all the necessary permits.

As a result, a nearby UNESCO-protected fortress wall was partially destroyed. A criminal case was opened and construction was suspended in 2013. However, the case was closed in November 2014, five months into Poroshenko's presidency.

Kyiv prosecutors say they found no criminal violations and Poroshenko has not commented publicly. His spokesman, Svyatoslav Tseholko, could not immediately be reached by the time this edition of the Kyiv Post went to print.

Some critics, however, say that the two examples suggest that non-transparent land and real-estate transactions are still taking place.

"Developers have always comprised the Kyiv economic elite and

→ Critics say land, real estate deals may violate zoning laws

have always been present in the Kyiv city administration," Igor Tyshchenko, an urban researcher at the CEDOS think tank, told the Kyiv Post. "This is clear and everyone knows that. This is very bad... Municipal officials should not have business interests in the city."

Cases in point: Maksym Mykytas, besides being the Kyiv administration deputy from Klitschko's UDAR party, is also director of Ukrbud, the state developer behind the Sunny Riviera project.

The owner of the land on which Sunny Riviera is being built is Mykhailo Stolar, father of Vadym Stolar, a city councilman and business partner of Klitschko's close ally and deputy mayor, Ihor Nikonov.

Besides the murky ownership structure, Sunny Riviera is in apparent breach of zoning laws. Regulations require that construction must be at least 100 meters from the river's shore. Sunny Riviera is built only 50 meters away, jutting into one of the few public beaches of Kyiv's eastern bank.

The territory's land designation was changed by former Mayor Leonid Chornovetsky in 2007, when numerous outrageous land schemes were taking place. Local anger was heightened when its construction caused cracks

in the walls of the nearby Patriarchal Cathedral of the Resurrection.

According to RFE/RL's investigation, Ukrbud – which has denied any wrongdoing – is engaged in non-transparent activities, fraud in documents, land grabs and ties between land owners and Kyiv's city administration.

Sunny Riviera has been bogged down in litigation.

An appeals court ruled in the developer's favor this week regarding the legality of the ownership of the land. But an investigation continues into suspicion of document fraud and non-compliance with court orders.

Nevertheless, Tyshchenko thinks the situation is slowly improving and Kyiv's administration is becoming more transparent and responsive – at least when it comes to new construction projects.

After the EuroMaidan Revolution that toppled President Viktor Yanukovich, Tyshchenko said that "it is becoming almost impossible to start constructing some unsanctioned building from scratch or develop a territory in some unauthorized, aggressive way like building in a green zone, or ruining cultural or architectural heritage. Any murky scheme becomes public very quickly. Any process like that would trigger conflict and the community will stop it."

Such was the case with the proposed Le Boulevard shopping mall project in the east bank's Osokorky district.

The Kyiv administration suspended construction seven months into the project after protests and bloody clashes in May.

Klitschko denied its developer, Sky-Bud, leasing rights and commenced construction of a park on the site instead, saying that business has to take public interest into account.

Kyiv Post staff writer Olena Gordienko can be reached at gordienko@kyivpost.com.

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BUSINESS ADVISER

UKRAINE: NEW INVESTMENT OPPORTUNITIES FOR FOREIGN COMPANIES



IHOR KUSHNIR

Kyivmiskbud chairman and president, an Honored Economist of Ukraine, Candidate of Legal Science

Ukraine today should develop proposals for government and parliament concerning the optimization of investment legislation and climate. Indeed, the volume of residential construction is severely plunging, newly-built residences are not being bought, and contracts on the secondary market are dormant.

On the other hand, there is significant demand for housing and commercial real estate. More than 1 million Ukrainian families currently are on a waiting list to buy a house, according to official data. To eliminate the line using existing market instruments, the state will need more than 100 years to tackle the problem. And how many Ukrainians who do not have a roof over their heads require housing! Thus, there is a place where Western investors can park their money — in real estate. It's also worth noting that despite the ongoing armed conflict in the east of Ukraine, and severe deterioration of the economic situation since the beginning of the year, Ukraine placed in the top 100 of the World Bank's 2015 Ease of Doing Business rating, rising 16 spots to 96th place.

Contributing to this was the reduction in licensing procedures and implementation of a new state registration system of real estate property rights. The government promises to steadily implement economic reforms. So Ukraine is not only expected to preserve its place in the doing business ranking, but also improve its position.

Chinese company CITIC Construction Co., Ltd was one of the first that agreed to invest in the Ukrainian real estate market. It is ready lend Ukraine \$15 billion.

The company plans to use these funds to resolve the problem of affordable housing in the country. However, even this amount of money cannot help builders conclusively provide housing to the public. Furthermore the Affordable Housing Program is currently frozen, while the Regional Development Ministry is developing an alternative variant.

Also, the government lately succeeded in raising €700 million of foreign investment, of which €500 million came from the state-owned German bank KfW. An additional €200 million is from the European Investment Bank. These funds will be used to alleviate the humanitarian crisis in Ukraine, and rebuild regions affected by the armed conflict. Government understands well that capital investment in construction can contribute not just to solving social problems, but also significantly boost market demand in the whole sector of interrelated fields — from producing building materials, furniture and household appliances, up to housing maintenance and utilities. This invokes a well-known expression: where there is a construction worker, there are 10 subcontractors at work. Attracting funds in construction moreover simultaneously solves the housing problem in Ukraine because it promotes internal demand for products made by a majority of domestic industries, facilitates an increase in the employment rate, and reduces the state's dependence from external factors. And although consumer funds in all developed countries are the main source of capital investments in residential construction, foreign investment could help, for example, create an affordable market of rental housing in Ukraine, which is well developed in the West. And for a company that invests funds in such construction, real estate leasing would be a stable long-term asset.

Industry experts agree that today is the most profitable time for investing in Ukrainian real estate because of low prices, a loyal Kyiv city government and state toward foreign investors, and their readiness to cooperate. For example, the city government states that it is ready to provide land parcels for the construction of private kindergartens. Another promising field in terms of getting returns on investment, is space for industrial facilities and logistics companies. Investments in residential real estate is a win-win situation any time. Additionally, job creation and boosting state coffers with tax revenues is the best way today to support the country, which aspires so much to become a part of Europe.

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BUSINESS ADVISER**HOW TO AVOID UNILATERAL INCREASE OF LEASE PAYMENTS FOR LAND LEASE?****MYKOLA STETSENKO**Managing Partner,
Avellum Partners

Recently, in light of significant currency exchange fluctuations, the municipal authorities often increase the lease payments under the land lease agreements.

As a matter of practice, the municipal authorities increase the lease payments by first increasing the normative valuation of the land and then, as a result of such increase, adopt a decision to increase the lease payments under the existing lease agreement. While court practice on this is inconsistent, such actions of the municipal authorities do not strictly comply with Ukrainian law. We would like to shed some light on this situation and give some advice on how to handle it.

Who can change amount of lease payment?

First of all, one should distinguish between (1) the municipal authorities' decisions to change the normative valuation of the land plot, and (2) its decision to unilaterally change the amount of the lease payments due to change of the normative valuation of the land plot. Powers of the municipal authorities to adopt the first group of decisions are expressly provided for in the law, while legal grounds to make the second group of decisions are usually absent.

Generally, the land lease agreement with the municipal authorities is not different from any other land lease agreement. Therefore, any term of such land lease agreement, including the amount of the lease payments, may be amended only in writing upon the mutual consent of

the parties. If parties cannot reach an agreement, their dispute must be resolved in court.

For the sake of completeness, we must mention that the increase of the normative valuation of the land plot provides the municipal authorities with valid legal grounds to initiate negotiations on the increase of the lease payments.

In practice, there may be a situation when the municipal authorities may lawfully unilaterally change the amount of the lease payments under the land lease agreement. It is possible when the amount of the lease payment is fixed not as a particular sum in hryvnia, but only as a percentage to the normative valuation of the land plot. In such instance, if the municipal authorities within their power lawfully increase the normative valuation of the land plot, the amount of the lease payments increases automatically without any need to enter into the supplemental agreement or to notify the tenant about such change. As a result, the municipal authorities may demand to pay increased amount of the lease payments without any reservations.

On the other hand, if the parties identified the amount of the lease payment in the agreement as (1) a fixed amount in hryvnia or (2) a fixed amount in hryvnia, with reference to percentage to the normative valuation of the land, the amount of the lease payment will not change automatically due to increase of the normative valuation. Therefore, the municipal authorities may not change it unilaterally and must initiate negotiations with the tenant.

Recommendations for real estate developers

Real estate developers should identify the lease payments as a fixed amount in hryvnia at the stage of entering into the land lease agreement with the municipal authorities.

Municipal authorities review and increase normative valuation of the land plots for construction quite often. Each time after the municipal authority adopts a decision to increase the normative valuation of the land plot, they will be forced to initiate the negotiations with the tenant regarding the increase of the lease payments. If the tenant does not agree to increase the lease payments, the municipal authorities will have to file a claim to settle this dispute in court. Until the court decision requires a tenant to enter into the amendment agreement to the land lease agreement to increase the amount of the lease payments, the tenant will be able to lawfully pay lower lease payments.

Recommendations for tenants of agriculture lands

Situation with tenants of agricultural land is different. Failure to agree the new amount of lease payment may give competitors an opportunity to take over certain land plots. Furthermore, if municipal authorities change the normative valuation of all land plots in a certain area, the tenant will have to amend lease agreements with a great number of individual owners, who own the land plots in such area.

Therefore, tenants of the agricultural land plots should identify lease payments in the land lease agreement only as a percentage to the normative valuation of the land plot, without identifying it in a fixed sum in hryvnia. In this case each time, when the normative valuation of a particular land plot or all land plots in a certain area increases, the amount of the lease payments will increase automatically without the need to enter into any supplemental agreements.

Normative valuation of agricultural land plots is increased far more rarely than valuation of land plots for construction. Therefore, it is unlikely that the tenant will expose itself to the risk of significant increase of costs for the land lease, but at the same time it will save costs on preparation of a number of supplemental agreements to the land lease agreements (in case of multiple land lease agreements with individuals) and will ensure validity and absence of risks to its lease rights to the land plot.

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The comments above do not constitute legal advice or opinion, and should not be regarded as a substitute for detailed advice in individual cases.



Construction of The Renaissance Hotel near Zoloti Vorota in Kyiv has stalled for years. The building, shown on Oct. 17, 2013 in the picture, is owned by ISTIL Group owner and Kyiv Post publisher Mohammad Zahoor. (Anastasia Vlasova)

No way but up for Ukraine's hotel and tourism industries

BY KYIV POST

A recent conference in Kyiv on the Ukrainian and Belarus tourism industries concluded that things are so bad for Ukraine's market that the only direction is up.

But at least the situation provides strong investment opportunities.

The seventh annual HTL roundtable Ukraine+ was held in Kyiv on May 21 and offered more than 30 industry experts the opportunity to assess current market conditions for the hotel, tourism and leisure industries in Ukraine and Belarus. Participants

included real estate experts, hotel developers, and representatives from financial institutions and investment companies.

A survey presented by PKF hotel-experts indicated that the percentage ratio of branded to unbranded hotels in Ukraine is 26 percent to 74 percent, leaving room for huge development potential.

But there was no running away from the fact that most hotels in Ukraine are empty, and the low rates they are being forced to charge are making operations increasingly difficult.

Experts say that comparable

European cities run at above 70 percent occupancy rates, while Kyiv is now at around 30 percent. However things are looking a little better in the western part of the country, particularly in Lviv, farthest away from the fighting in the east.

Michael Widmann, managing partner of PKF hotelexperts Vienna, closed the conference by grimly commenting on the Ukrainian market: "With revpar (revenue per available room) levels down below € 30 in Ukraine and slightly above €30 in Kyiv according to recently published STR Global data for 2014, hotel operation cannot really get worse."

Developer: 'Just give people normal interest rates'

→ 8 idea. "If you can't stand competition, then don't come to a market like this one, because it's volatile like hell," he said.

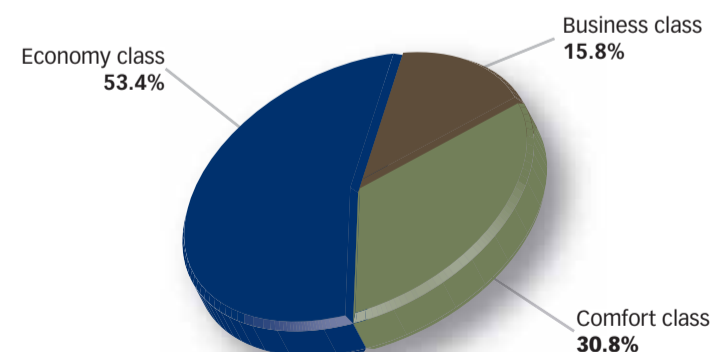
Western Ukraine's eight oblasts, with a combined population of 11 million, are more than enough to keep this manager busy, and he does not plan to branch out into other parts of Ukraine.

Because of the hryvnia currency's fluctuation and inflation, many Ukrainians in the Lviv region have secured their money by purchasing apartments rather than putting it in a savings account.

Providing a guarantee for residential real estate investors is a must, Schelfhout says. Many developers ask for down payments ahead of time, while investors don't know where their money is going. When an economic crisis hits, the developer can't guarantee the down payments.

"That's why you see so many unfinished buildings," he said.

But the main problem is corruption. Schelfhout believes that things are actually worse now than in 2013. While many top-officials are truly fighting for change, it's the people under them that are causing all the trouble. "The prob-

Supply of new residential apartments, end of 2014

Source: Ukrainian Trade Guild

More than half of the new apartments last year in Kyiv were in the economy class, which are usually smaller and have fewer amenities.

lem is the middle management of the officials," he said.

One thing the government can do is to help banks reduce extremely high loan interest rates. "Just give people normal interest rates," he says.

Schelfhout has no plans to leave Ukraine despite the huge losses TPF suffered because of the hryvnia's

devaluation without providing a dollar figure. Spending five days a week in Lviv and weekends in Belgium to visit his family, Schelfhout sees potential in Ukraine. "I am here for the long ride," he said.

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How transfer pricing works in Ukraine

Transfer pricing is the methods and procedures that prevent tax base erosion concerning the sale of goods and services to related companies that pay their taxes at considerably lower rates or those that are residents of low-tax jurisdictions.

When did changes to transfer pricing legislation take effect?
The latest changes to the TP law took effect on Jan. 1 following a parliamentary vote in December. Another set of amendments passed the first of two readings in the legislature in April but haven't been adopted yet.

WHAT WILL BE CONTROLLED?

ALL TRANSACTIONS THAT EXCEED A THRESHOLD OF **HR 1 MILLION OR 3% OF TAXABLE INCOME.**

WHICH COMPANIES WILL BE CONTROLLED?

NON-RESIDENTS OF UKRAINE

- Companies which are non-residents of Ukraine and are related parties to a taxpayer.
- Transactions with non-residents of jurisdictions included in list which approved by KMU.

HOW IT WOULD BE CONTROLLED?

The tax authority will audit transactions to verify compliance with the "arms length" principle and identify price deviation using one of six methods:

6 methods

1. Quoted price of goods on commodity exchange
2. Comparable uncontrolled price (CUP) method
3. Resale price method
4. Cost plus method
5. Profit split method
6. Net profit (margin) method

HOW PRICES WILL BE COMPARED?

COMPANIES WILL REPORT TRANSACTION PRICES TO THE TAX AUTHORITIES.

The Law requires that the Ukrainian taxpayers, upon the request of tax authorities, prepare transfer pricing documentation, which should contain all the data about the group of taxpayers, its related parties, the market situation, as well as the conditions (including commercial) of controlled operations.

PRICE 1

EXCHANGE QUOTATIONS

PRICE 3

MARKET PRICES

PRICE 2

SALE PRICE

FORMS OF CONTROL:

- Tax audit.** Its duration can not exceed the term of 30 months.
- Tax monitoring**

WHAT DOCUMENTS WILL BE REQUIRED?

- Information about contractors;
- For holding structures - information on all related companies;
- Descriptions of transactions, the terms of contracts;
- Description of goods / services;
- Factors that have influenced the formation and elements of the price;
- Other analytical information.

WHEN THE TRANSFER PRICING REPORT SHOULD BE SUBMITTED?

BY MAY 1 of the following year

PENALTIES?

In case reduced prices are identified - additional charge of tax liabilities.

Failure to submit the transfer pricing report - Hr 128,000 (\$6,073).

Failure of including certain transactions in the report - a fine equaling 5% of the transaction amount.

Failure to submit supporting documents - a fine equaling 3% of the transaction amount but not more than Hr 256,000 (\$12,147).

For years, one big way that companies evaded taxes was by taking advantage of loopholes in Ukraine's transfer pricing rules. The government lost up to \$12 billion yearly on uncollected taxes. But a comprehensive bill on transfer pricing takes aim at the tax dodgers. It took effect in September 2013, but Jan. 1 changes force certain categories of companies to file related transactions by May 1 of the following year with the tax authorities. All transactions that exceed Hr 1 million or 3 percent of taxable income during a calendar year meet the criteria. The authorities then try to assess whether transactions among affiliated enterprises are set at artificially high or low levels, according to a definition by the Organization for Economic Cooperation and Development.

Source: Baker Tilly

After year as president, Poroshenko gives road map for Ukraine's future

→ **5** the rising price of utilities. "We must increase subsidies for villagers first of all," he said.

Interior Ministry

Poroshenko said he's happy with Eka Zguladze, who was appointed deputy interior minister in December. Zguladze is working on a pilot project to create a new traffic police force. Poroshenko said the new road patrols in Kyiv will hit the streets later this month.

"We have started passing bills regulating reforms of the Interior Ministry. They separate forcible functions from political ones and set up a municipal guard and new traffic police," Poroshenko said.

Judicial reform

Judicial reform, according to the president, is the most difficult of all.

However, new rules on judicial appointments is in place, Poroshenko

noted. He championed transparent appointments to the High Council of Justice, the body that hires, fires and disciplines judges.

He raised alarm bells, however, when he said this he hopes the justice council "fires more than 300 of judges."

Military reform

The country should increase its defense capabilities, which includes the purchase of the latest weapons.

With the help of volunteers and the Ministry of Defense, Ukraine has at least 50,000 soldiers involved in the war. In total, Ukraine's army has at least 250,000 soldiers and the country has spent Hr 19.2 billion upgrades.

"Ukrainian soldiers are often fighting today with the 20th century weapons against the Russians equipped with 21st-century arms," Poroshenko said. "Our most important task is to re-equip

our army, because they already have demonstrated their fighting spirit."

Ukraine's defense will also align with NATO standards.

NATO membership

Poroshenko wants the country to join the NATO military alliance, a move favored by most Ukrainians, he said. Ukraine has approved its National Security Strategy through 2020 with the aim of joining NATO, Poroshenko said.

At the end of his speech, Poroshenko asked Parliament to strip all lawmakers of immunity from prosecution, as well as to limit the immunity of judges.

He will review everyone's work performance by autumn.

"We'll put the work of each minister under a microscope," Poroshenko says.

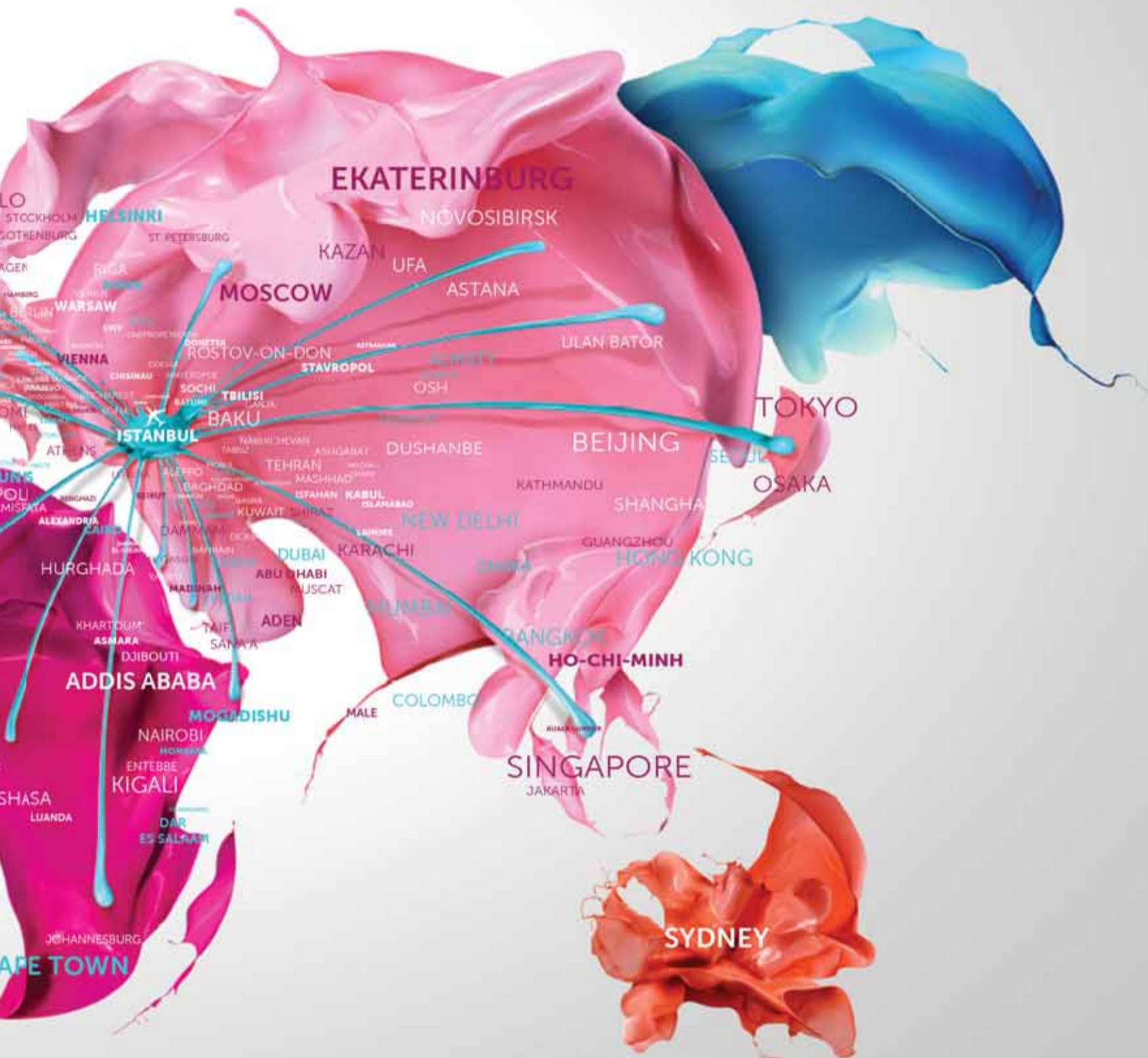
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Ukraine's President Petro Poroshenko speaks to lawmakers during his annual address to Parliament in Kyiv on June 4. (Mykola Lazarenko)

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WIDEN YOUR WORLD

TURKISH AIRLINES



Pavlenko hopes for \$450 million by selling state agriculture firms

BY OLENA GORDIENKO
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There's one way to eliminate corruption and mismanagement at state-run enterprises. Sell them to investors and watch as private owners turn around -- or close -- the mostly unprofitable and poorly managed businesses.

Agriculture Minister Oleksiy Pavlenko plans to do just that by selling 75 percent of the 571 state-owned enterprises on his balance sheet and fetch up to \$450 million.

Only 20 enterprises turned a profit last year, the minister said, while the rest are money-losing. Some 200 are undergoing bankruptcy proceedings.

By the end of this year, he wants to earn Hr 1 billion (\$45 million) for the first 150 companies, he told journalists in Kyiv on May 21. "This would include cultivation of these lands, reconstruction of the complexes, jobs, taxes and prosperous villages," Pavlenko said.

Combined, the ministry's enterprises hold 1.1 million hectares of land, 91 percent of which is arable, according to Maksym Martynyuk, head of Ukraine's State Agency for Land Resources.

Much of it isn't cultivated, and what is, is usually leased to farmers under the table, costing the state \$4-5 billion in lost yearly revenue, he said at a discussion in Kyiv on May 21.

"Privatization of these enterprises is the most effective way to bring these lands out of the shadow economy," Martynyuk said.

Eventually, the agriculture ministry plans to keep no more than 10 enterprises. Other companies will have to be "re-organized" during the sale process, according to the minister, because



Agriculture Minister Oleksiy Pavlenko spoke to international partners, investors and officials at the opening of AGRO-2015 exhibition in Kyiv on June 3. Agriculture needs investment both in new projects and state-owned enterprises on sale. (Kostyantyn Chernichkin)

they no longer do what their company name says.

He cited about 30 state firms that should either cultivate silkworms or produce silk. An inspection found that none of them do this.

"At best, their land and immovable property have been adapted for crop planting or livestock farming, at the worst -- they do not function at all and have a debt that constantly grows," Pavlenko wrote.

For example, one silk producer in Kyiv Oblast used its plant to run a vehicle parking lot and car repair shop.

Giorgi Vashadze, co-founder of the Georgian Innovation and Development Foundation, who is currently advising Pavlenko's team, agrees that privatization is the best option. There's a case to be made for selling now at cheaper prices during an economic crisis.

"When we were starting our reforms in Georgia we understood that maybe

we could sell (state enterprises) for more money in five years, but if the economy doesn't recover in the nearest future we might lose even what we have," Vashadze told the Kyiv Post. "It's better to have new jobs in the nearest future...than to keep them for free. Those enterprises are also providing money flows for corrupt officials."

The privatization procedure should also be completely redesigned to ensure transparency and competition.

Holding electronic auctions would be a good decision, Vashadze said.

There is another obsolete Ukrainian regulation that does not serve Pavlenko's goals.

A law currently is in place that lists 177 state-owned agricultural enterprises that cannot be sold. Serhiy Kaspirzhny, deputy head of state ownership management department at the economy ministry, said a new bill with a revised list has already been submitted to parliament.

"This law's philosophy was formed in the 1990s; now the situation has changed fundamentally," he said.

Foreign investors, except for Russians, will be able to bid for entities that do not have land on their balance sheets.

The ones that have land will be transferred to current and former employees at no cost. Some 100,000 citizens would benefit from it, Pavlenko said. They, in turn, would presumably cultivate the farmland or lease it to investors who would.

Certain measures to prevent abuses during the land ownership transfer still have to be developed.

"It's reasonable to limit the area of land plots (given away per person) with the average land plot size in the district," Martynyuk of Surveying Service said. "Otherwise, we might reach some astronomical sizes when giving out land."

It's also important to limit the number of potential beneficiaries entitled to plots, to avoid more people making land claims the closer the date approaches to land deed transfers, Martynyuk said.

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Supply of business accelerators drying up

BY BOZHENA SHEREMETA
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Not only are foreign investors hard to find in Ukraine. Homegrown business accelerators are scaling back on investments in technology startups.

Investors bankrolled only \$40 million in Ukrainian IT projects last year, only half as much as in 2013.

In the beginning of 2014, Eastlabs, one of the country's four main accelerators, stopped making new investments.

Eveline Buchatskiy, a managing partner at Eastlabs, declined to comment on the firm's official status and didn't confirm the suspension in activities. Instead she said early-stage investment money is lacking worldwide, especially for Ukraine due to the war.

"This is not an isolated Eastlabs issue. The vast majority of accelerators in countries other than the U.S., that do not provide incentives either through direct public funding or co-investment with private investors have shut down," Buchatskiy says.

In 2013, Ukrainian startups could enjoy attention from as few as four business accelerators: GrowthUP, WannaBiz, Happy Farm and Eastlabs.

Founded in 2012, Eastlabs has 12 tech companies in its portfolio. Investment conditions usually were

\$20,000 in return for 15 percent of equity.

Happy Farm was founded in the same year. It was active throughout 2013, but hasn't made an investment since spring 2014. It provided money alone or in partnership with venture funds to more than 40 tech startups. No investments were announced this year so far, leaving the industry wondering about the downturn.

"We don't plan to leave Ukraine, but we are opening new offices in Kazakhstan, Azerbaijan and Tajikistan, where our projects enjoy huge demand," said Anna Degtereva, Happy Farm's chief executive officer.

According to Degtereva, Happy Farm is also organizing a tech conference to be held this October in San Francisco.

"Our colleagues just suspended their public relations activities," said Vadym Rogovsky, managing director at Odesa-based WannaBiz accelerator.

WannaBiz has been on the market for three years, offering mentorship as well as up to \$50,000 in return for 5-15 percent of equity.

According to Rogovsky, WannaBiz also acts as an incubator since the majority of startups with which it works only receive mentorship. A business accelerator also provides small



Representatives from Hashtag, a Ukrainian startup that developed a hashtag tracking tool for marketers, at a display for visitors at the Happy Farm business accelerator in Shchaslyve village in December. (Anastasia Vlasova)

amounts of capital in return for equity.

Unlike the other accelerators, WannaBiz staked five deals in 2014-2015 worth \$125,000, compared with two deals each worth \$50,000 in 2012-2013. Even though the total amount of deals rose, separately the investment amounts were smaller than those before the EuroMaidan Revolution and

the economic crisis.

"Currently only a handful of accelerators are left on the Ukrainian market. Among the major ones, GrowthUP and WannaBiz are the most active," said Denis Dovgopoliy, president of GrowthUP in Kyiv.

The firm was the first IT-oriented accelerator in Ukraine when it

appeared 10 years ago. By the end of 2013, more than 350 startups had passed through its company development course. Given its long-term presence on the market and expansive business network, Dovgopoliy said it stands out among other accelerators.

However, GrowthUP did not start directly investing until 2013. Before that, it would cover expenses such as office rent, trips abroad, including to Silicon Valley, in exchange for 5 percent of equity.

Almost 20 startups have received financing since 2013 from the accelerator's venture capital fund. It invests \$25-50,000 for the 5 percent of equity it receives in return.

Dovgopoliy said short-term planning is to blame for the scaling back. Two or three years are not enough for an accelerator to make a profit. In this line of business, it is important to understand that the return on investment comes within 5-10 years at the earliest, otherwise the accelerator might fail soon, GrowthUP's president said.

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New fish agency chief wants to take bait away from rotten inspectors

BY OLENA GORDIIENKO
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In the case of Ukraine's fishing industry, the rot may have started from the head, but it has reached all the way to the tail.

Can reform start the same way?

That's what the new chief of the state fish agency, Yarema Kovaliv, is pledging after more than a month on the job.

His predecessor, Oleh Nikolenko, was fired after an internal investigation by the Agriculture Ministry suspected him of causing \$9.4 million in losses to the state, including \$8 million from a fishing vessel and embezzlement of \$1.4 million from bank accounts of the Sevastopol port.

At the local level, the existing "Soviet administration system" of fishing industry polices "does not allow for efficient use of fish resources...and promotes corruption, extortion, bribery," according to an industry development paper published by the Agriculture Ministry.

The report calls the agency an "organized crime group."

Kovaliv, who last had a non-executive role at the Arricano real estate firm, sees an agency that is rotten to its core everywhere he looks.

Appointments of officials are bribe-driven, artificial fishing quotas are set to extract bribes from fishermen, unlawful fees are extorted for use of aquatic resources, public funds get embezzled, corrupt public procurement schemes persist, and statistical data is falsified.

"Wherever you dig there is an established system of getting profits," Kovaliv told the Kyiv Post at his office on May 19, referring to the agency's practices.

He wants to make electronic registries of fishing ships open to the public, as well as all fishing quotas. "It's a 'quick-win' situation. This can be done in a matter of weeks," Kovaliv said.

Over the next three months he plans to reduce staff and dismiss corrupt department heads, reorganize the agency and enforce control over poaching.

Appointed on April 8, the Ivano-Frankivsk native wants to change the



A member of the Ukrainian civic group Hunters and Fishermen stocks the Dnipro River with silver carp in November in Zaporizhya Oblast. There are no reliable current estimates of the fish supply in Ukrainian waters, while the state practice of re-stocking fish has always been another form of corruption in Ukraine. (UKRINFORM)

→ Official: Extortion, embezzlement and kickbacks are common in fishing industry

"business as usual" approach that since 1991 saw all but 11 of Ukraine's 250 ocean vessels – once Europe's largest fleet – either get scrapped, embezzled or fall into foreign ownership, Kovaliv

said. Only one vessel currently fishes under the Ukrainian flag.

Not a single kilogram of 37,200 tons of fish caught in the ocean last year reached the domestic market.

"I understand that at some point the fish inspection or me personally will become enemies for many people. But I will only react to constructive critics," Kovaliv said.

What belongs to Ukraine's fishing fleet is outdated and energy consuming, and the current system "does not encourage officials towards modernization and improvement of fishery legislation. Officials...are bound to keep the running of corruption schemes that bring them illegal profits at any cost," the ministry report says.

As a maritime state with 8.6 million hectares of water bodies, of which 890,000 hectares are inland waters, Ukraine imported 88 percent of the fish it consumed in 2014, according to the agriculture ministry.

In 1991, at the dawn of independence, 95 percent of consumption was from domestic production.

The share of unregulated turnover of fish products on the national market exceeds 70 percent, according to various experts cited by the agriculture ministry. Likewise, no one knows how many fish are left in Ukrainian waters.

The agency and its inspection bodies have been contributing to fish poaching by either turning a blind eye or

Types and area of water bodies in Ukraine

| No. | Water bodies | Area (hectares) | Comment |
|-------------------------|---------------------|--------------------|------------------------------------|
| 1. | Inland waters | 200,000 | Ponds, rivers and reservoirs |
| 2. | Dnipro cascade | 690,000 | Six biggest reservoirs |
| 3. | Estuaries and lakes | 410,000 | Fresh and salt |
| Total: | | 1.3 million | Working area of 1 million hectares |
| 4. | Black Sea | 5.5 million | Territorial waters |
| 5. | Azov Sea | 1.8 million | Ukrainian part of the sea |
| Total sea area: | | 7.3 million | |
| Aggregate total: | | 8.6 million | |

Source: Ministry of Agrarian Policy and Food of Ukraine

As a maritime state with the largest system of surface water created by human activity in Europe, according to the U.N's Food and Agriculture Organization, Ukraine consumed 12 percent of its own fish products in 2014, whereas in 1991, at the dawn of independence domestic consumption was 95 percent.

fishing themselves, Kovaliv said.

"Fish inspection is the quintessence of bribery," he quoted Prime Minister Arseniy Yatsenyuk as saying.

However, there is little choice for an ordinary inspector who earns Hr 1,500 (\$65) per month, Kovaliv said. The agency's 2015 budget of Hr 59.6 million (\$2.6 million) is not enough to cover fuel costs for inspectors to go on raids.

Thus, reorganizing fish inspection is among his first priorities. He hopes to trim the staff of 5,000 people in the next two years, and hire professionals at higher salaries.

The greatest challenge is finding qualified personnel with integrity.

"Experience and honesty are very often incompatible in this sphere," Kovaliv said, adding that he has already fired the heads of the Zaporizhya fish protection unit, Enerhodar sub-unit of Zaporizhya Oblast, Donetsk Oblast, while investigations are underway in

Mykolaiv and Ivano-Frankivsk.

The agency's shortcomings are also reflected on the fish market.

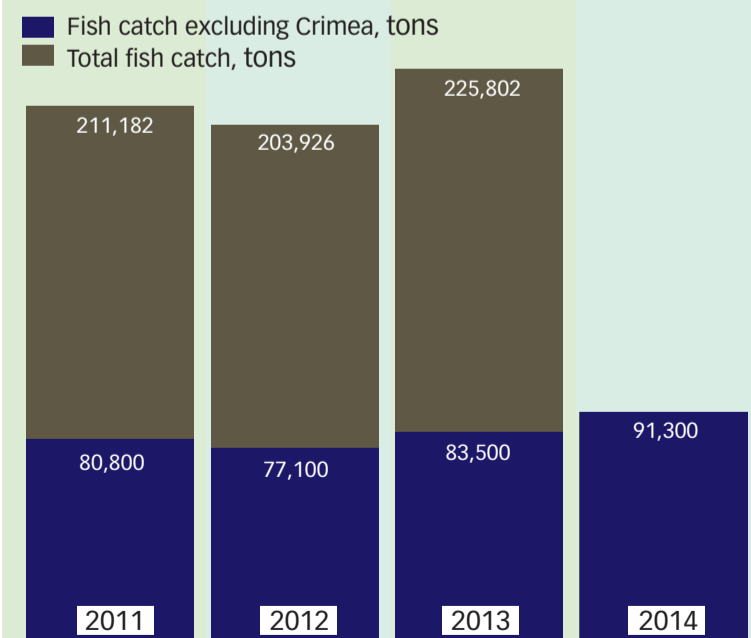
According to Food and Agriculture Organization of the United Nations, Ukraine has the largest artificial water body system in Europe, consisting of 2,780 freshwater ponds, with a total area of more than 2,230 square kilometers.

Yet last year 8.9 tons of fish was caught in inland waters, three times less than in 1991. The aquaculture industry, which includes fish farming, yielded 24,400 tons of fish in 2014, six times less than in 1991.

Production could benefit from slashing some of the 10 certificates that are required to lease a lake to fish and creating a "one-stop shop" for the procedure to reduce opportunities for corruption, Kovaliv said.

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Domestic fish extraction, 2011-2014



Source: State Agency of Fisheries of Ukraine, State Statistics Service of Ukraine

After Russia annexed Crimea in March 2014, Ukraine's fish harvest plunged by 60 percent after losing the Black Sea peninsula.

CEO Watch

Editor's Note: The Kyiv Post puts the spotlight on leading members of our community in CEO Watch, Executives To Watch and Expats To Watch.

Quick service brings fast success for Nova Poshta

BY ILYA TIMTCHENKO
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The red-and-white logo of leading domestic express delivery firm Nova Poshta is becoming ubiquitous. Its nationwide network of 1,800 branches has spread to nearly 800 cities and towns.

The secret to its success: Meeting consumer demand to ship packages quickly within Ukraine, much the same way that others do internationally.

It bucked the deep recession last year, growing by 20 percent over the previous one, shipping more than 60 million parcels along the way. It was a phenomenal achievement, despite the shuttering of 180 offices in occupied Crimea and parts of the war-weary oblasts of Donetsk and Luhansk.

"We accepted the tragic losses of 2014 as external factors that cannot prevent us from reaching our strategic goals," co-founder Vladyslav Klimov told the Kyiv Post in an interview.

Russia's invasion cost Nova Poshta 20 percent of its turnover for 2014. Kremlin-backed separatists ransacked some of the branches in Donbas and used the company's name to illegally conduct business.

Otherwise, growth would've exceeded 30 percent and improved upon figures for 2013.

"We lost a lot of money. In Donetsk we built our first most modern terminal. We didn't even have

Vladyslav Klimov

Age: 40

Nationality: Ukraine

Job: Nova Poshta co-founder

How to succeed: "Think about the consumer first. The company needs to be extroverted, needs to work on its reputation to gain trust to itself and its brand. In regards to the inside of the company, the introverted side, you can succeed if you constantly improve the management... You need to create the product that the client wants, something they will pay money for."

time to finish it," said co-founder Volodymyr Popereshniuk during a lecture at the Kyiv School of Economics on May 21.

Innovation and client-oriented service are driving growth at the firm, key factors that let it thrive during the prolonged economic downturn. Once summer starts, plans are to have 200 shops open primarily inside shopping centers that handle parcels of up to 15 kilograms. Nova Poshta has also set up self-use automatic parcel terminals at Privatbank branches totaling 60 so far.

It's all designed to make the firm's services conveniently accessible to customers near their homes and workplaces.

"Development is the medicine against a crisis," Popereshniuk said. "If you are dynamic, if you are moving, it is easier for you to live through any crisis."

Employing more than 15,000 workers, the express delivery firm plans to grow by at least 30 percent this year. After starting networks in Moldova and



Nova Poshta co-founder Vladyslav Klimov urges job seekers to take risks in their careers at the Kyiv Post Employment Fair on May 16 in the Ukrainian Chamber of Commerce and Industry in downtown Kyiv. (Anastasia Vlasova)

Volodymyr Popereshniuk

Age: 40

Nationality: Ukraine

Job: Nova Poshta co-founder

How to succeed: "Never stop. I am very glad that one of our values was always being humble. If you do not bring benefit (to society) then no one will pay you money."

Georgia on the back of the Crimea and Donbas closures, the founders are in the process of opening one in Belarus.

Nova Poshta's roots start at the Kharkiv Aviation Institute where Popereshniuk and Klimov developed a friendship as students. Klimov became an engineer for Antonov, a state-owned airplane manufacturer.

Popereshniuk joined his family's confectionary business where the entrepreneur got the idea to start a package delivery service. His family constantly faced problems having their products delivered on a timely basis to customers.

So in 2001, using their combined savings of \$6,000, they opened the business in Poltava Oblast in the central part of the country.

Not everything went smoothly. Their first order came only after two weeks, and it was unprofitable for the first 6 years. The two co-founders dealt with a lot of skepticism, said Popereshniuk.

Today the company is a business success story.

It had Hr 1.6 billion in sales last year while servicing around 300,000 corporate clients and 7 million private ones. Two years ago, the company had 20 percent market share, according to the Ukrainian Association of Direct Marketing. Popereshniuk believes it is now closer to 30-50 percent.

Though they consider Ukraine's state-owned Ukrposhta postal service a competitor, it isn't a direct rival. Nova Poshta focuses on express delivery while Ukrposhta mostly delivers regular mail, and also distributes media publications and pensions.

Not sitting still, the company rebranded in 2014 and started a money transfer service under the trademark Forpost.

Personal improvement also has contributed to success. In 2004 Popereshniuk pursued a master's in business administration at the International Institute of Business in Kyiv. A year later, his partner followed suit since both felt they lacked management skills. The pair also visited trade fairs in Asia and toured the U.S. to observe how logistical giants UPS and FedEx operate.

"All of this was cemented with the deep conviction that U.S., European and Asian companies are multifold times more effective and productive than our company," Klimov said.

Their main challenge this year is to keep improving customer service as their business grows. "Often corporations... forget that their ultimate goal

is to satisfy customer demand," Klimov said.

"Learning from everyone" and being humble is the solution, according to Popereshniuk. "If you do not bring benefit (to society) then no one will pay you money."

The Ukrainian customer is demanding, which forces the company to make improvements in quality and service, Klimov said.

Currently, Nova Poshta offers door-step and office delivery, as well as pick-up service at branches.

Rozetka, Prom.ua and practically all of the leading players of e-commerce in Ukraine are Nova Poshta's clients. Assortment, storage, package labeling are also available as a Nova Poshta service. "E-commerce, with its many demands, teaches us a lot and forces us to change," Klimov said.

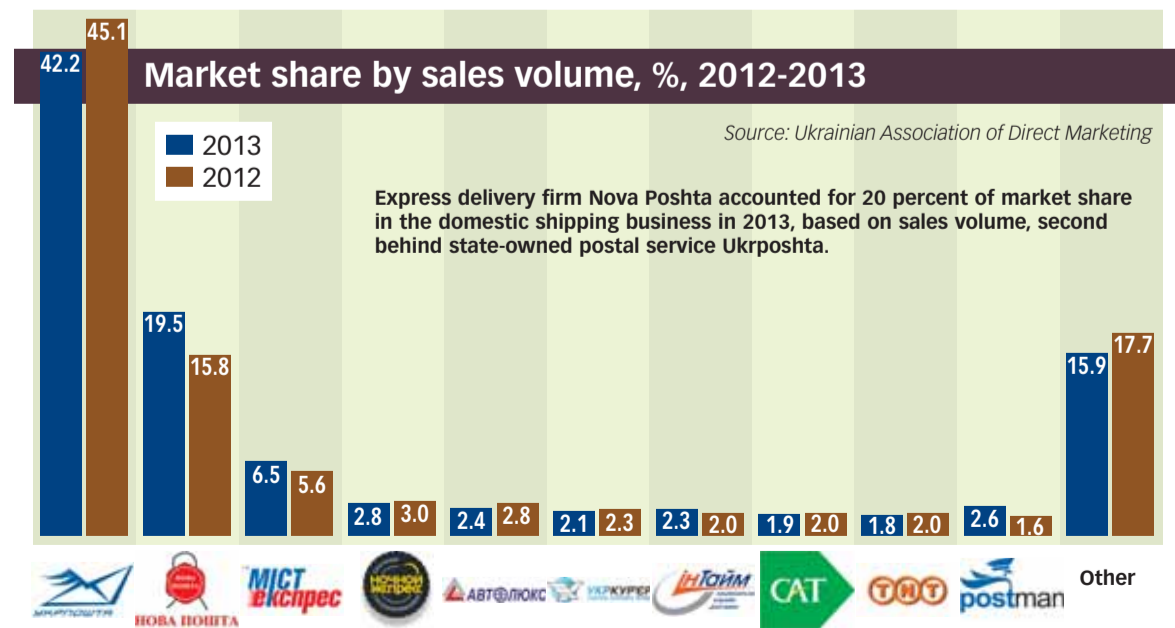
To develop further, Nova Poshta is thinking about advancing to planes and even drones for delivery. Deliveries are now done by trucks and vans.

Both founders want to see minimal government involvement in the business environment. "They (state-officials) need to come and create the conditions and that's it," Popereshniuk said.

Changes have only started to happen and the business environment is already benefiting from them, Klimov said. "People began to listen to businesses, the influence of business became stronger," he said.

Klimov believes Ukraine is destined for success. "Ukrainians just need to learn a little how to control themselves via voting, and how to publicly control the government via businesses," he said.

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Saakashvili, showman ex-president and reformer, takes over in Odesa Oblast

BY OLEG SUKHOV
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French aristocrat Duc de Richelieu, a czarist Russia governor, turned the city of Odesa on the Black Sea from a provincial backwater into a thriving metropolis in the early 19th century.

Another foreigner, former Georgian President Mikheil Saakashvili, faces a similarly daunting challenge after being appointed oblast governor last week.

Saakashvili must reduce the Black Sea port city's pervasive corruption and turn it into an outpost against Russian imperialism. Some think the fate of Ukraine's reforms will depend on Saakashvili's performance in the oblast with 2.4 million people.

"We'll set an example for the rest of Ukraine to follow," Saakashvili, 47, told reporters on May 30.

Saakashvili, president of Georgia from 2004-2013, turned the Black Sea nation into one of the most attractive places for doing business. But he also suffered a big setback when Russia invaded Georgia and took away its control of Abkhazia and South Ossetia regions in 2008. He lost popularity and elections two years ago, however, and is a fugitive on corruption charges.

"If Odesa falls, God forbid, then Georgia may also be wiped off the map," Saakashvili, a graduate of Columbia University and Kyiv's Shevchenko University, said in an interview with BBC published on June 1.

Vitaly Ustimenko, an Odesa activist, praised Saakashvili's appointment and said that he will be popular if he makes inroads against corruption. "In Kyiv, you don't even realize how big this problem is in Odesa," Ustimenko said by phone. "There's more corruption here than in the rest of Ukraine."

Saakashvili's predecessor, Ihor Palytsa, made little progress in fighting corruption following his appointment in May 2014, Ustimenko said. He is an ally of billionaire Ihor Kolomoisky, who governed Dnipropetrovsk Oblast and was forced out by President Petro Poroshenko in March.

Another challenge that Saakashvili

faces is Kremlin-supported separatism and terrorism. A key part of his job will be to stop Russian encroachment.

Another threat comes from Moldova's Kremlin-backed breakaway republic of Transnistria nearby. Tensions have increased after Ukraine on May 21 terminated a treaty that allowed Russia to send its troops and military supplies through Ukraine to Transnistria. Russia has 3,000 troops in the republic, according to the Information Resistance group.

Some speculate that Russia could try to create a land bridge through Odesa linking its separatist proxies in Donbas with its Transnistria foothold. Vyacheslav Tseluiko, an expert at the Center for Army, Conversion and Disarmament Studies, said that Russia could send subversive groups to Odesa Oblast from Transnistria.

If Saakashvili succeeds, he may turn Odesa into a global tourist destination. He has compared the city with the Georgian port of Batumi, which became a thriving tourist destination under his presidency. He called Odesa's potential is "10 times more than that of Batumi."

"Odesa can be turned into a world-class miracle," Saakashvili said. "I have been heartbroken and wondered how they managed not to develop this breathtaking place."

Saakashvili's team and powers are being closely watched.

"If he has a carte blanche, there's a high chance that there will be results," political analyst Vitaliy Bala of the Situation Modeling Agency said.

Ukrainian media reported on June 1, citing sources at the Presidential Administration, that former Georgian Prosecutor General Zurab Adeishvili would be appointed Odesa Oblast's top prosecutor.

Saakashvili told Georgia's Rustavi-2 TV channel on May 31 that he would fire 24 of the region's 27 district heads. He also said that he would launch a competitive hiring process to eliminate cronyism.

"Both Saakashvili and Poroshenko staked their all," Bala said. "They have become hostages of that success."

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President Petro Poroshenko presents ex-Georgian President Mikheil Saakashvili as the newly appointed governor of Odesa Oblast in Odesa on May 30. (president.gov.ua)



Political scientist Vladyslav Hrynevych displays a Russian-separatist banner, which calls to "beat the fascist beast," at an international seminar titled "The Seduction of Propaganda: Mass Violence in Ukraine in the 20th and 21st Centuries" in Kyiv on June 3. (Volodymyr Petrov)

Russia retains Soviet propaganda tools in its war against Ukraine

BY ALYONA ZHUK
ZHUK@KYIVPOST.COM

Some of the greatest crimes against humanity of the 20th century – Josef Stalin's Holodomor and deportation of the Crimean Tatars, as well as Adolf Hitler's Holocaust – wouldn't be possible without powerful propaganda.

Propaganda is how totalitarian regimes mobilize their societies to commit and justify mass murder.

Russia's annexation of Crimea and war against Ukraine would likewise not be possible without dehumanizing Kremlin propaganda that paints Ukraine and its Western allies as enemies. Russia's modern-day propaganda is similar to Soviet propaganda as President Vladimir Putin recycles similar rhetoric and symbols for today's war.

These were some of the main themes brought forward by speakers at a conference entitled "The Seduction of Propaganda: Mass Violence in Ukraine in the 20th and 21st Centuries." It was held on June 2-3 in Kyiv and June 4 in Lviv, organized by the Ukrainian Jewish Encounter, which seeks to promote understanding between the two peoples.

According to Volodymyr Viatrovych, head of the Ukrainian Institute for National Memory, Russian propaganda resembles the Soviet World War II variety.

"Why? Because the Soviet myths about the war were crucial in forming Soviet identity, and they've lasted even after the Soviet Union collapsed," Viatrovych told the Kyiv Post. "For modern Russia, which has openly said it wanted to recreate something like the Soviet Union, the Soviet myths have again become the ideological platform."

Vladyslav Hrynevych, a political scientist who specializes in the history of World War II, also said that there

is a lot of the Soviet mentality in Russian propaganda. To illustrate the similarity, he showed several leaflets and banners designed by Russians and Kremlin-backed separatists that resemble their Soviet predecessors. They include swastikas and other Nazi symbols in Ukrainian yellow-and-blue colors to describe Ukrainian leaders as "fascist bastards."

Meanwhile, Russia is symbolized by bears, Soviet emblems, images of Red Army soldiers and allusions to Christian Orthodoxy – traditional symbols of "Russkiy Mir," or the Russian world. Russians are illustrated as heroes helping southeastern Ukrainians to rise up and defeat the Kyiv-based "monsters," who are not even human.

And that is another old trick – dehumanization, Hrynevych said. "To kill another person, one needs to hate them first," he said.

Adrian Karatnycky, a senior fellow at the Atlantic Council and co-director of its Ukraine in Europe initiative, told the Kyiv Post that the symbols of dehumanization have always been used "to make them seem less human, and therefore more worthy of attack. Their use of anti-Semitism, attacks against Ukraine for being fascist, attacks for having Jewish presence in the Ukrainian leadership, both real and fictional, western influence, foreign agents – these are all the themes of Stalin's propaganda," Karatnycky said.

Peter Pomerantsev, a London-based television producer and author of a book on the Russian weaponization of information, said that Russians don't really believe there are fascists in Ukraine.

"They might say it, because that's what you have to say in order to play a role in society," he added. The main point of current Kremlin propaganda is to "make you passive and with the sense that the state is everywhere," he said.

Yevgeny Kiselyov is a former Russian journalist who has been working for Ukrainian television for about seven years. In his words, most of Russia's media adopt methods from the textbook on "special propaganda," a Soviet-era military discipline. He vividly recalls the blue book and sees examples of it on Russian television.

One example he gives is Russia's coverage of the downing of flight MH-17 on July 17. All 298 people on board were killed, the majority Dutch nationals.

Russian media offered many conflicting versions of the disaster in order to confuse audiences and shroud the most obvious account, according to Kiselyov. Western investigations have shown that the plane was downed using a Russian-supplied surface-to-air missile in separatist-held territory.

Ukraine so far has avoided using propaganda, Karatnycky said.

"Ukrainians are the victims in this war. This is foreign-backed aggression, constructed by the Russian state and implemented with its resources, so it's almost natural to be tempted to react with anger to the other side," he told the Kyiv Post. "But I think it's important to detach the deep emotion that is associated with this life-and-death situation, and to retain your humanity and understand that not everyone on the other side or in another country shares the views of its leadership."

Viatrovych said that propaganda campaigns are unlikely in Ukraine, because totalitarian control of society – including state control of the media – is required.

"We can't build an authoritarian Ukraine that will defeat Russian propaganda, because then, after killing the dragon, we will turn into a dragon ourselves," he said.

Kyiv Post staff writer Alyona Zhuk can be reached at zhuk@kyivpost.com

Russia brazenly operates in open at eastern front

→2 of the Penta Centre for Political Studies.

“Russia is acting very cynically and maliciously, launching these attacks to pressure Kyiv and then blaming it on Ukrainian forces to try and sway the international community. Publicly, they say ‘yes, we will cooperate, we want peace.’ But then they stab Ukraine in the back with these provocations,” Fesenko said.

At the same time, the attacks show that Russia wants Western sanctions removed, Fesenko said.

Russia has stepped up its belligerence on a range of other issues as well – hitting 89 Europeans with a travel ban and accusing Ukraine of downing the Malaysian Airlines MH17 flight in July. Russia also blamed Kyiv for the failure of recent peace talks involving Russian-led separatists on June 1.

“Yesterday, Russia broke up the meeting of the trilateral contact group, and today Russia ordered its terrorists to launch a military operation,” Yatsenyuk told journalists on June 2.

The meeting of the trilateral contact group – involving Ukraine, Russia and the Organization for Security and

Cooperation in Europe – failed to take place, with Ukrainian media, citing anonymous sources, saying that Russia had left the negotiating table.

Irina Gerashchenko, Ukraine’s representative in the group, wrote on her Facebook page that the “negotiations were difficult. The Ukrainian side is rightfully and firmly defending Ukraine’s position. And not everybody likes that.”

The spike in fighting has come just ahead of the Group of Seven summit on June 7-8, when Russia’s war against Ukraine will dominate the agenda.

Whatever Russian President Vladimir Putin’s aim, he is no longer concealing Russian involvement.

The brazenness is clear in a report by international monitors published on May 29, in which members of the OSCE’s mission to Ukraine reported seeing fighters wearing Russian military uniforms and military vehicles with Russian license plates in occupied parts of Donetsk.

Monitors “spoke to two women, both wearing military uniforms, with caps with the Russian Federation Armed Forces insignia. They said that they were from Kramatorsk. During



From left, Russian President Vladimir Putin, German Chancellor Angela Merkel, French President Francois Hollande and Ukrainian President Petro Poroshenko arrive at the presidential residence in Minsk on Feb. 11 during a meeting aimed at halting a 10-month war in Ukraine where dozens were killed in the latest fighting. (AFP)

the conversation with the two women a vehicle with Russian number plates stopped next to the OSCE vehicles and two armed men, similarly dressed, exited the car and ordered the women to stop the conversation with the SMM,” said the report published on May 29.

Perhaps more damning is the OSCE report published on June 3, which lays out all the evidence necessary to indicate the Russian-separatist forces launched the attack on Maryinka, and that they were not simply responding to an assault by Ukrainian forces.

The night before the offensive, monitors witnessed separatist forces moving heavy weaponry toward the area where fighting broke out, including banned battle tanks and heavy artillery, according to the report.

Monitors attempted to contact separatist leaders but “either they were unavailable or did not wish to speak” to the OSCE, the report said.

The attack on Maryinka has sparked fears that nearby towns are about to fall to the separatist forces, and local residents have described an atmosphere of sheer panic.

“The locals said (Kremlin-separatist Alexander) Zakharchenko would seize Krasnohorivka by 3 a.m. Civilians are streaming out with their bags. Firing just resumed again. The doors are shaking. Grads are being used. Mortars just came down with a bang. Nearby,” Oksana Chorna, a volunteer working with soldiers out east, wrote on her Facebook page.

“This will be the hardest night,” she said. “Pray for the kids.”

Russian-separatist forces continue attacking Ukrainian positions along most of the 450-kilometer (280-mile) front line using artillery and tanks banned by the February Minsk peace agreements, as well as by multiple-rocket launch systems. A regimental-sized enemy force of up to 1,000 soldiers assaulted the western Donetsk suburb of Maryinka on June 3, supported by artillery, rocket fire and tanks. At least five Ukrainian soldiers were killed before the attack was repelled. Russia now controls more than half of the Donbas, or more than 26,608 square kilometers of land. Ukraine has lost control of 28 municipalities since Feb. 18, bringing the total number to 169 under Russian control. Ukraine also does not control 410 kilometers of its border with Russia. More than 6,400 people have been killed and 2.1 million uprooted from their homes in Russia’s 15-month-old war. (Source: Ministry of Defense of Ukraine)

At least 2,154 soldiers killed in Russia's war against Ukraine

BY OLENA GONCHAROVA
GONCHAROVA@KYIVPOST.COM

A bloody battle in Donetsk Oblast's Maryinka claimed the lives of at least four Ukrainian soldiers on June 3, and one more elsewhere on the front line. They are among the 27 soldiers killed since mid-May.

Ukraine's army repelled the June 3 assault by Russia-separatist forces in a 12-hour battle involving artillery on both sides. The government still controls Maryinka and Krasnohorivka, west of the occupied stronghold of Donetsk.

Yuriy Biryukov, a military advisor to President Petro Poroshenko, said some 39 Ukrainian servicemen were wounded over the past 24 hours.

Ukrainian Prime Minister Arseniy Yatsenyuk blamed Moscow for the latest fighting. "Russia has once again violated the 'ceasefire' agreement... Its terrorists began a military operation."

At least 6,417 people, including 626 women, have been killed and 15,962 wounded since mid-April when the Moscow-engineered invasion of Donbas began.

Read the full story at www.kyivpost.com

Casualties mount in Russia's war against Ukraine (through June 4)

| | |
|---|-----------|
| Civilians killed | 4,268 |
| Civilians wounded | 9,396 |
| Soldiers killed | 2,154 |
| Soldiers wounded | 6,566 |
| Displaced people from Donetsk, Luhansk oblasts and Crimea | 1,315,625 |

Sources: Ukrainian Health Ministry, Defense Ministry Medical Service, Defense Ministry, United Nations, anti-terrorist operation spokesman Andriy Lysenko, United Nations High Commissioner for Refugees, Russian human rights activist Elena Vasilieva



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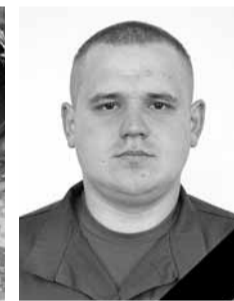
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At war and on the way

Above: Ukrainian soldiers hug relatives in Vasytkiv on June 4 during a ceremony before they get sent to the eastern front. Left: Ukrainian soldiers hold guns during firefights in Maryinka near Donetsk on June 4. At least five Ukrainian soldiers were killed overnight on June 3 in a Russian attack. (AFP)

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Lifestyle

We know the best parties in Kyiv, and you should too. Check out the nightlife listings at www.kyivpost.com/lifestyle.



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Summer guide to Kyiv beaches and pools



WITH VICTORIYA YURKINA

Best places to quench summertime thirst in Kyiv

Summer heat is upon us and it's time to trade hot coffees and herbal teas for cool lemonades and ice-cold beverages. Here's where to find the most refreshing drinks in Kyiv. All prices are by the glass.

Lemonades

Fans of "lemonades" (cool summer fruit drinks that are not necessarily made from lemons) should go to 3B Café (23 Khoryva St.). The café's No.1 Lemonade is made with orange and passion fruit juice (Hr 35). Among other options, there are lemonades with wild berries and grapefruit.

Check out a bubble-gum lemonade (Hr 19) at Druzi Café (2D Andriyivskiy Uzviz; 5 Prorizna St.). It is the most frequently ordered drink in the place, along with the classic lemonade.

For even more lemonade flavors, visit the Fusion Café (27B Sahaydachnogo St.). It offers lemonades made from berries, apples, peaches and melon (Hr 50-174).

Gastronomic cafe Kitchen (68/21 Saksahanskoho St.) specializes in eco and healthy foods. Their hit drink this summer is a ginger lemonade made from birch tree juice (Hr 40).

Smoothies

Smoothie lovers should check out Milk Bar (16 Shota Rustaveli St.). This venue offers a blackberry-strawberry-coconut milk smoothie with Oreo cookies that they bake themselves (Hr 69).

Also, tasty fruit smoothies (Hr 41-45) can be found at Credens Café (20 Velyka Vasylkivska St.).

For a blackberry-mint and peach-banana-mango smoothie (Hr 45), check out the cozy Dragee Café (Lvivska Square).

For a yogurt-based lassi (Hr 39), go to 3B Café. These guys make them with strawberry, basil and cardamom.

Sangria

This wine-based drink with fruit and berries can be found in a variety of places in Kyiv. For a sweet sangria (Hr 65) or ice wine with lime and spices (Hr 45), go to Gintveinya (2 Bessarabska Square). The venue is about to feature more summer drinks soon, including sangria made with a ginger-grapefruit tonic and ginger ale, a cucumber-lime cocktail with mint and soda, and a Tobasco-rosemary cocktail with chili and bitter lemon.

For a more traditional sangria, go to Arbequina (4 →22



Visitors escape the heat at Kyiv's Olmecca Plage beach club. (Courtesy by Olmecca Plage)

BY NATALIYA TRACH
TRACH@KYIVPOST.COM

Kyiv is far away from the sea, but has lots of places to escape summer heat and enjoy swimming and sunbathing. Here are some of the top Kyiv recreation spots with good service, cozy atmosphere and picturesque views.

City Beach Club

City Beach Club is conveniently located on the roof of the Ocean Plaza shopping mall, close to the city center.

It has Kyiv's biggest rooftop swimming pool. It also offers a bar and lots of beach chairs. At night the place turns into an outdoor beach club offering summer fresh cocktails, live and disco music from the best Ukrainian and foreign DJs.

176 Horkoho St., roof. Open from 9 a.m. till the last visitor. Free admission

Hr 100 for a beach chair and a towel per day on weekdays, Hr 200 on weekends

Tsarsky City Resort

Tsarsky is mostly known as an elite

sports club, but it also has a large summer terrace and a 25-meter-long outdoor pool. The club also offers some fine cuisine, an impressive choice of cocktails, scented hookahs and other services to justify a quite pricy membership. Parties are held near the pool on weekends.

13B Staronavodnytska St. Open daily 7 a.m. – 11 p.m.

Hr 17,000 for a monthly membership, Hr 1,500 for a one-day visit for those who have a recommendation from a club member

Olmecca Plage

This summer entertainment complex is located on an island in the middle of Dnipro River. It offers a beach, an outdoor swimming pool, and a gourmet restaurant. Those who prefer to spend beach time actively can play volleyball or rent water skis and aqua bike on the spot.

Dolobetsky Island, Hydropark. Open day and night. Free admission

Hr 100-200 to rent a beach chair on weekdays, Hr 200-400 on weekends

→21

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Rich vyshyvanka comes into high fashion

BY YULIANA ROMANYSHYN
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With the help of fashion designers, vyshyvanka – traditional Ukrainian embroidered blouses and dresses – have made it from folk clothing to fashion trend. No wonder that some Ukrainian designers offer high-end vyshyvankas for picky clients with money.

Vita Kin

Vita Kin, a 44-year-old designer and former fashion photographer from Kyiv, has been promoting vyshyvanka in the world of high fashion.

Her embroidered A-line dresses and blouses with wide sleeves were worn by some of the world's most famous fashionistas, including Anna Dello Russo, Miroslava Duma, Alexa Chung, and Leandra Medine.

First Lady Maryna Poroshenko appeared in a vyshyvanka by Kin on the cover of Elle Ukraine magazine, and American actress Hayden Panettiere wore one for her Ukrainian fiancé and boxing champion Wladimir Klitschko.



A woman tries on vyshyvanka in the Otaman store in Kyiv. (Volodymyr Petrov)

Otaman

Ivan Slobodian founded ethnic clothing atelier Otaman together with designer Lili Bratus in 2012. They were inspired by the clothing cut from the Cossack age, but designed it with Italian silk batiste.

Today the brand makes shirts, wedding dresses, fur hats, traditional coats, and vyshyvankas with handmade and machine embroidery.

The brand pays special attention to symbols. When producing a custom embroidered wedding dress, the designers ask for the customer's idea of a perfect family life, and reflect them in symbols – two birds, or a flower resembling a womb.

Otaman has a store in the center of Kyiv, where the readymade clothes can be tried on, and an order placed.

Otaman's vyshyvanka with machine embroidery is Hr 3,800 on average. A zhupan coat is the most expensive item, selling for Hr 15,000 – 23,000. Embroidered wedding dresses go for Hr 6,000-8,000.

Where to buy. Otaman store (21A Mykhailivska St.), www.otaman.com.ua.



Anna Dello Russo, a creative consultant for Vogue Japan, wears vyshyvanka by Vita Kin. (Instagram/Anna Dello Russo)

Kin sells her vyshyvankas in Kyiv at Asthik store and internationally through Instagram. The average prices are Hr 27,000 for a blouse, Hr 31,000 for a dress, and Hr 13,000 – 27,000 for kids' clothing.

Her vyshyvankas are usually made for order. Kin takes full payment in advance and promises to finish a garment in 21 days. According to Asthik store, Kin's items have machine embroidery of high quality.

"It's bohemian eccentricity in a very luxe implementation," Kin said in an interview to the Vogue website in April.

Where to buy. Vita Kin's Instagram account at www.instagram.com/vyshyvanka_by_vitakin, Asthik store (7A Lesi Ukrainky Blvd., 374-0497, contact@asthik.com). Ships worldwide, excluding Russia.

Yuliya Magdych

In May 2014 Yuliya Magdych, a 29-year-old designer and fashion blogger from Kyiv, has launched a line of embroi-

dered blouses, dresses, skirts, caftans and overalls.

Most of her vyshyvankas are embroidered by hand. It takes a team of 25 people up to a month to produce one item, depending on the complexity of the ornaments. The fabrics are bought from Italy, France and Korea.

The inspiration comes from old vyshyvankas and rushnyks (embroidered towels). The motifs feature symbols from ancient Slavic mythology, like the bird of happiness Alkonost or maternity goddess Mokosh.

"Vyshyvanka is our DNA code. It means that the ancestors have programmed something for us in these symbols," she says.

It takes from Hr 11,000 to Hr 55,000 to buy an embroidered dress, blouse, or skirt by Magdych.

Where to buy. To buy Yuliya Magdych vyshyvankas visit internet store S4astie www.s4astie.com.ua or www.yuliyamagdych.com



An embroidered vyshyvanka dress by Yuliya Magdych. (Courtesy)

Places for sun and fun during short summer

→20 Bora Bora Beach Club

This upscale beach club on the banks of Dnipro is another great getaway within the city. Bora Bora offers two outdoor swimming pools and a terrace with beach beds, surrounded by live palm trees. The club throws regular beach and pool parties. The local restaurant offers European and Japanese cuisine.

Dolobetsky Island, Hydropark. Open 10 a.m. – 10 p.m. Free admission

Beach chairs can be rent for Hr 200. Beach beds are Hr 400 on weekdays and Hr 500 on weekends

Africa Beach

Located on the outskirts of Kyiv near a 100-meter deep artificial lake, Africa Beach is a cozy resort with beach chairs and white sand. It offers billiard and beach volleyball. The place has

a separate beach for children. Its bar offers various cold summer cocktails. DJs and live music bands entertain visitors at nights.

Horenka village, Karyer lake. Open daily 9:30 a.m. – 8 p.m.

Admission fee is Hr 60 on weekdays, Hr 90 on weekends

Lobster

Lobster beach club sits on the picturesque banks of the Holube Lake isome 25 kilometers away from Kyiv. It offers a comfortable beach zone, a pool, umbrellas and beach chairs. To make it even better, there are DJ sets and chilly cocktails from the pool bar.

Pidhirtsi village, Kyiv Oblast. Open daily 9 a.m. – 9 p.m.

Admission is Hr 200 on weekdays, Hr 250 on weekends

Kyiv Post staff writer Nataliya Trach can be reached at trach@kyivpost.com



Visitors chill out at the Bora Bora Beach Club in Kyiv. Several beach clubs can be found within city limits. (Courtesy of Bora Bora Beach Club)



June 11

Oleh Skrypka in acoustic show

Oleh Skrypka, the eccentric and buoyant frontman of Vopli Vidopliasova, an ethno-rock legend of Ukrainian music, is set to give a solo show in Kyiv. Skrypka sings and plays multiple instruments, but prefers the accordion.

Oleh Skrypka (acoustic). June 11. 9 p.m. G13 ProjectStudio (23 Baltiyskiy Lane). Hr 250



June 6

New Era Orchestra and Avi Avital

Ukrainian chamber ensemble New Era Orchestra will give a show with several guest stars, including Avi Avital. Avital, a famous Israeli mandolinist and composer, will play the works of Antonio Vivaldi and contemporary Israeli composer Avner Dorman. Avital is the first-ever mandolinist to be nominated for a Grammy.

New Era Orchestra. June 6. 7 p.m. National Philharmony (2 Volodymyrsky Uzviz). Hr 30-120

Kyiv Food & Wine Festival

The name says it all: an outdoor festival featuring carefully chosen cheeses and wines from local producers.

The perfect setting for a bacchanalian weekend.

Kyiv Food & Wine Festival. June 6-7. 10 a.m. Lavra Gallery (1 Lavrska St.). Free entrance, pay for wine and food

June 6-7



Weedeater stoner rock

The Kyiv music scene has seen a lot, but Weedeater, an American band from North Carolina, brings something new to it. Weedeater performs stoner metal, also described as doom and sludge metal, a style of music that could be summed up by non-fans as random low-pitched and angry screaming. Ukrainian sludge bands Celophys and Kasu Weri will join the show.

Robust Gig by Weedeater. June 12. 6:30 p.m. Metropol Live Stage (8 Prorizna St.). Hr 350

June 12



June 6

Mini Maker Faire

The Kyiv Mini Maker Faire is a gathering of inventors and science and DIY enthusiasts. It provides a unique venue for seeing drones, 3D printers at work, students' science projects, handmade musical instruments, solar batteries, and more.

Kyiv Mini Maker Faire. June 6. 11 a.m. G13 ProjectStudio (23 Baltiyskiy Lane). Hr 70-80



Guests enjoy refreshing drinks in Credens Cafe in Kyiv on June 4. (Kostyantyn Chernichkin)

Where to look for best summer drinks

→ 20 Hrynchenka St.), where it is sold by the pitcher (Hr 215). It's best to enjoy it on the terrace overlooking a quiet street just next to Maidan Nezalezhnosti Square.

Milk shakes

A good, old-fashioned milk shake is available almost everywhere in Kyiv, but especially good ones are served at Credens Café (Hr 35-39) and Druzi Café (Hr 29). All the classic flavors

are available, including chocolate and banana. For something more unusual, try the lavender milk shake (Hr 45) at Milk Bar. This venue also sells flavored cold milk.

Fruit and coffee cocktails

Those looking for fruit cocktails or a cold coffee should pay a visit to one of Kyiv's four Banka bars (11/61 Lva Tolstoho St.). There is an interesting

refreshing drink here that includes ice-cream, kiwi, grenadine, mint and orange (Hr 40).

Fruit cocktails can also be found in Dragee Café (Hr 45).

Devoted coffee fans can find comfort at Credens Café, initially a coffee bar. It serves various cold coffee drinks (Hr 41-45).

When in 3B Café, make sure to try the Almond Frappuccino (Hr 39) and a cold coffee with orange juice (Hr 35).



June 6-7

Kyiv Comic Con

At last, Kyiv has its own comic convention. Although Kyiv Comic Con is a very remote cousin of the iconic geek gathering known as San Diego Comic Con, it will offer all the basic components - comic books for sale, video-game tournaments, and an aspiring-artists' contest. A popular Ukrainian fantasy writers' duo, Oleh Ladyzhensky and Dmitry Gromov, known under the pen name H. L. Oldie, will also make an appearance at the convention.

Kyiv Comic Con. June 6-7. 11 a.m. Ukrainian House (2 Khreshchatyk St.). Hr 100 for one day, Hr 150 for two days



The Constitution of Pylyp Orlyk introduced separation of powers in 1710, decades before the French and United States Constitutions.

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U.S. EMBASSY IN UKRAINE IS LOOKING TO FILL THE POSITION OF CONTRACTING ASSISTANT

Basic Function of Position:

This position provides contracting and acquisition support to multiple offices and agencies within the US Mission to Kyiv, Ukraine. The position's portfolio currently consists of more than 100 contracts and task orders, and is responsible for acquisition and contracting support including initial procurement planning, contract award and post award contract administration as well as contractor's performance monitoring. The incumbent reports directly to Contracting Officer (CO) on all contracting issues and reports to the Procurement Supervisor for procurement planning and simplified acquisitions. The position is recognized as the Embassy's expert on State Department contracting issues.

Required Qualifications:

- **Education:** Possession of a bachelor's degree or equivalent in Business Administration, Management, Public Administration, Finance, Law, or related field.
- **Experience:** Minimum two years of progressively responsible experience in professional acquisition.
- **Languages:** Level IV (fluent) in English, Ukrainian and Russian is required.
- **Knowledge:** A good understanding of procurement procedures, types and instruments of contracts, and contract administration principles and practices. Must have analytical skills, solid working knowledge of Microsoft Office especially of MS Excel, as well as the ability to do comprehensive, in-depth research on the internet.

Application deadline: June 12, 2015 at 6 P.M. Kyiv Time

How to Apply: The compensation is set for full performance level at 20.000\$ (gross per year) and for trainee level at 18.000\$ (gross per year) plus benefit package. Full version of the vacancy announcement and the U.S. Mission application for employment form (DS-174) are available at our site <http://ukraine.usembassy.gov/job-opportunities.html>.

Interested applicants should fill out the application form in English and email it to: KyivHR@state.gov or faxed it to: 044-521-5155.

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4TH SWEDEN-UKRAINE BUSINESS FORUM

June 16 | D12 gallery, 12 Desiatynna St.

#SUBF15

The Embassy of Sweden and Business Sweden will, for the fourth consecutive year, organize a Business Forum in Kyiv. In these challenging times for Ukraine, we believe that this event is more important than ever. Building on the success from last year's Forum, we want to demonstrate that Swedish Business believes in the future of Ukraine and stands ready to unlock the vast trade potential that exists between our countries.

The overall idea of the Forum is to make it easier for Swedish companies to establish or to make their business in Ukraine grow. We will promote Sweden as an innovative and competitive business partner and highlight Ukraine's market potential in attractive business sectors. Ukrainian decision makers will give an update on the structural economic reforms, their impact on running business in Ukraine, and upcoming business opportunities in different sectors of the economy. The panel discussions taking place at the Forum will include international experts and analysts, international financial institutions, Swedish and Ukrainian investors, business leaders and decision makers.

In the program:

Reforms Implementation: Achievements and Areas for Business Climate Improvement
Sweden and CSR. Social responsibility in challenging times as a competitive advantage
Effective e-government solutions and Ukrainian IT export as vehicles for sustainable growth

Partners of the forum:



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For further detail visit www.business-sweden.se/4thSwedenUkraineBusinessForum
To attend, please register at ukraine@business-sweden.se before June 11

