

### Zelenskiy's appointment of Bohdan ignites controversy

#### **BY BERMET TALANT**

BERMET@KYIVPOST.COM

President Volodymyr Zelenskiy was elected in a landslide on the promise of ending nepotism and bringing new people to power. Yet the former comedic actor's first appointments showed a preference for trusted friends and business partners.

But the one appointment that is causing the most stir is that of Andriy Bohdan as head of the presidential administration. He worked in the government during ex-President Viktor Yanukovych's more **Bohdan** on page **16** 

#### **Coverage inside:**

- Zelenskiy's top appointments, page 2
- Election Watch, page 3
- Editorials, page 4
- Translated inaugural address, page 9
- Anders Aslund on Zelenskiy's top priority, page 10
- Zelenskiy at iForum: 'Ukraine has many f\*\*k-ups,' page 14
- Inauguration photographs, page 24





MAY 24, 2019

Vol. 24, Issue 21

Copyright © 2019

by Kyiv Post

The material published in the Kyiv Post may not be reproduced without the written consent of the publisher. All material in the Kyiv Post is protected by Ukrainian and international laws. The views expressed in the Kyiv Post are not necessarily the views of the publisher nor does the publisher carry any responsibility for those views

Газета "Kyiv Post" видається ТОВ "БІЗНЕСГРУПП". Щотижневий наклад 9,100 прим. Ціна за домовленістю. Матеріа ли, надруковані в газеті "Kyiv Post" є влас ністю видавництва, захищені міжнародним та українським законодавством і не можуть бути відтворені у будь-якій формі без письмового дозволу Видавця. Думки, висловлені у дописах не завжди збігаються з поглядами видавця, який не бере на себе відповідаль ність за наслідки публікацій. Засновник ТОВ "БІЗНЕСГРУПП" Головний редактор Брайан Боннер Відповідальний за випуск

Брайан Боннер

Адреса видавця та засновника

співпадають: Україна, м. Київ, 01004,

вул. Пушкінська, 31А, 6-й поверх.

Реєстраційне свідоцтво

КВ № 23191-13031ПР від 29.03.2018.

Передплатний індекс ДП Преса 40528

Надруковано ТОВ «Новий друк»

02660, Київ, вулиця Магнітогорська, 1

тел.: 559-9148

Замовлення № 19-8040

З приводу розміщення реклами

звертайтесь: +380 44 591-77-88

Відповідальність за зміст реклами

несе замовник.

Mailing address: Kviv Post. 31A Pushkinska, Suite 600, 6th floor Kyiv, Ukraine, 01004 Advertising tel. +380 44 591-7788 fax +380 44 591-3345 advertising@kyivpost.com

> **Editorial staff** tel. +380 44 591-3344 fax +380 44 591-3345

# Zelenskiy's first appointments: Who they are and what they do

May 24, 2019

#### **BY OLEKSIY SOROKIN** SOROKIN@KYIVPOST.COM

2 National

Just like he promised, Volodymyr Zelenskiy didn't reveal any nominations for top posts in his administration up until his inauguration on May 20. Then, in the following days, he announced a number of appointments.

So far the president has appointed the chief of staff, his deputies, aides to the president, as well as the presidential representatives in parliament and the Cabinet of Ministers:



Bohdan, chief of staff Bohdan, 42, a law-

ver for high-profile clients like the notorious oligarch Ihor Kolomoisky, is a friend of

Zelenskiy. He played a major role in Zelenskiy's campaign and was appointed the head of the presidential administration on May 21. The decision drew criticism, both due to Bohdan's connections to Kolomoisky and the apparent illegality of the appointment. Under the lustration law of 2014, Bohdan is banned from occupying public office -- and that includes chief of staff. (see story on page 16)



Kvartal 95 production studio since 2005, serving as the executive director of the studio prior to assuming the role of first deputy head of the presidential administration on May 21.

In his new role, Trofimov will assist Bohdan in overseeing the work of the administration, appointing junior staff members, supervising the work of presidential representatives in key government institutions, and helping to implement presidential decrees.





has yet to be determined, as the scope of responsibilities for deputy heads will be set by Bohdan.

Deputy heads usually oversee the work of multiple departments of the administration, including the departments of economic and social policy, foreign and internal affairs, and human resources. They also manage day-to-day operations.

#### **Ruslan Ryabo**shabka, deputy chief

of staff Out of all the deputies, Ryaboshabka,

42, has the most experience working in government institutions

Ryaboshapka worked in the Ministry of Justice between 1998 and 2010, heading departments that mainly focused on judicial reform and anti-corruption policies. During this time he led Ukraine's delegation to the Council of Europe's anti-corruption monitoring body, called GRECO.

During the rule of President Viktor Yanukovych, Ryaboshapka headed the Cabinet of Minister's anti-corruption bureau and later served as deputy head of the judicial department of the government's secretariat.

studio, which filmed Zelenskiy's presidential campaign videos, including the most famous one in which Zelenskiy challenged then-President Petro Poroshenko to a debate at Kyiv's Olimpiyskiy Stadium. Good Media also produced promotional videos for other politicians, including a pseudo-documentary film about Petro Poroshenko's close ally, lawmaker Ihor Kononenko.

Tymoshenko's focus in the new administration is yet to be announced



deputy chief of staff Prystaiko, 49, was appointed as a deputy chief of staff

on May 22, after Olena Zerkal who was appointed with Kostyuk, Rvaboshapka and Tvmoshenko declined the job. Zerkal said she wanted to remain in the Foreign Ministry, where she has been a deputy minister focusing on European integration since 2014. Zerkal wrote on Facebook that she was planning to continue her work in the ministry. She has accompanied Zelenskiy during his meetings with foreign

ry tasks of the first aide will be assisting the president in day-to-day activities, helping organize meetings and assisting the president in other administrative work.

In a recent interview with The Babel, a news website co-owned by Kolomoisky, Shefir said that his primary task would be to keep Zelenskiy "humane" when he becomes a politician. In the same interview, he did not provide information on his future role in the presidential administration. Journalists previously considered Shefir to be one of the leading candidates to become the head of the administration.

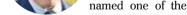
Shefir has been a long-time business partner and friend of Zelenskiy. Their relationship started in the mid-gos when Shefir and his brother approached Zelenskiy and formed a sketch comedy team to compete in a Russia-based TV show called KVN. The three have been business partners ever since, with the Shefir brothers co-founding Kvartal 95 alongside Zelenskiy.



Vadym Prýstaiko,

Subscriptions&Distribution tel. +380 44 591-3344 fax +380 44 591-3345 subscribe@kvivpost.com

**Employment Advertising** tel +380 44 591-3408 fax +380 44 591-3345 advertising@kyivpost.com



three deputy heads of the presidential administration. Kostyuk worked as a screenwriter for Zelenskiy's Kvartal 95 production studio under Trofimov. Kostyuk's exact role in the new administration

f E in 🔠

After briefly working for Transparency International Ukraine, a non-governmental anti-corruption watchdog, Ryaboshapka returned to government work, taking a job at the newly created National Agency for Prevention of Corruption. After a conflict with NAPC's head, Ryaboshapka resigned, criticizing the agency as failing and calling for

> **Kyrylo Tymo**shenko, deputy chief

of staff Tymoshenko was appointed deputy chief of staff together with Kostyuk and Ryaboshapka.

Tymoshenko is the founder of the Good Media production

delegations.

Prystaiko, like Zerkal, is a diplomat, serving the country in this role since 1994. He worked as a deputy foreign minister from 2014 until 2017, when he became Ukraine's representative to NATO. Prior to that, Prystaiko served as the Ukrainian ambassador to Canada from 2012 to 2014.

The most likely outcome is that Prystaiko will focus on foreign affairs during his tenure as deputy head of the presidential administration.



Yermak was appointed an aide to the president

on May 22, he worked as a lawyer specializing in copyrights for the past 20 years. He represented multiple media companies, including the Inter television channel, and worked with Zelenskiy's Kvartal 95.

Yermak founded Garnet International Media Group, which produces Ukrainian movies and TV shows.

He served as an aide to wrestler and lawmaker Elbrus Tedeyev between 2006 and 2014. Tedeyev won an Olympic gold medal in 2004 and later became a lawmaker from the Party of Regions, led by ousted President Viktor Yanukovych.

more Appointments on page 15



# National 3

# As snap election becomes reality, Zelenskiy's party prepares to win in parliament

Editor's Note: Election Watch is a regular update on the state of the 2019 races for the presidency and parliament. The country elected the new president on April 21 and will vote for the new parliament on July 21. The Election Watch project is supported by the National Endowment for Democracy. The donor doesn't influence the content. Go to kyivpost.com for more election coverage.

#### BY OLGA RUDENKO

RUDENKO@KYIVPOST.COM

As soon as he came to power, President Volodymyr Zelenskiy fulfilled his threat to dissolve the parliament and send it into a snap election.

Instead of the regularly scheduled election on Oct. 27, Ukrainians will elect the new parliament on July 21.

"The main argument for dissolving this parliament is the very low level of trust that people have in it," Zelenskiy said at a meeting with

> Days until parliamentary election: 58



the leadership of the parliament's factions on May 21, according to his press service.

The presidential decree was met with criticism, but almost all the parties represented in the parliament said they would accept it and participate in the snap election.

#### Why dissolve it

The constitution allows the president to dissolve parliament for three possible reasons: if no coalition is formed in 30 days, if no government is formed in 60 days, or if the parliament can't start its session in

counts on the votes of the 24 percent of Ukrainians who supported Poroshenko against Zelenskiy in the April 21 presidential runoff election.

But not everyone is willing to obey the president.

The 8o-member People's Front the second-largest parliamentary faction closely associated with ex-Prime Minister Arseniy Yatsenyuk and long-standing and influential Interior Minister Arsen Avakov — condemned the move to dissolve parliament as illegal.

While People's Front won the party list vote in the 2014 parliamentary election, it has since seen its approval ratings sink. Today, it is the party least prepared for the election: it is expected to re-brand or split into different parties.

But in order to do that, they need more time than two months. So People's Front is challenging Zelenskiy's decree to set a snap election in the Constitutional Court, hoping to push the date back and win more time.

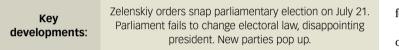
#### No election reform

Despite many hopes to the contrary, the snap election will take place within the existing and widely criticized electoral system, which allows rich people with negative (or absent) political records to buy their way into parliament.

In the existing system, half of the parliament's 450 lawmakers are elected by closed party lists and another half are chosen through single-member districts. In practice, this means that corrupt candidates can get a place on the party ballot



Lawmakers of the 21-member Radical Party's faction, including its leader Oleh Lyashko, speak against President Volodymyr Zelenskiy's bill to change the electoral system at the parliament meeting on May 22, 2019. The parliament failed Zelenskiy's bill, so he ordered a snap election within the existing system. (Kostyantyn Chernichkin)

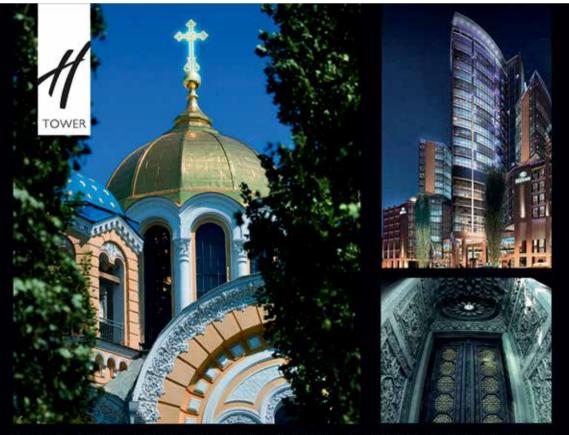


threshold for parties to get into on May 22 parliament from 5 percent to 3 a bill with percent of the vote. The next day, parliament.

nto on May 22, Zelenskiy submitted 3 a bill with these changes to the That's when everything went awry for the president.

The factions didn't support the changes they had negotiated a day before, saying they won't support a bill that didn't include open party lists.

more Election on page 17



30 days.

Zelenskiy dissolved parliament under the first condition, claiming there has not been a coalition since March 2016.

Since the break-up of a broader coalition that year, the parliament has been led by a two-party coalition of the Petro Poroshenko Bloc and People's Front. However, there have been doubts about this coalition's legal existence. Despite many requests from the media, the parliament has never published the coalition agreement or a list of the coalition's members, leading to speculation that it didn't have the necessary 226 lawmakers.

Most parties criticized the dissolution, but accepted it. Some of them expect to benefit from an earlier election – such as the ex-president's Petro Poroshenko Bloc, which in exchange for a generous unofficial donation. In the single-member districts, they can buy votes or rig the election in other ways.

The democratic opposition and civil society have long been calling to change the system, cancel the single-member districts and introduce the open party lists – a system where voters would have control over exactly whom they are voting for on the party ballot.

Before ordering the snap election, Zelenskiy wanted the parliament to pass changes to the electoral law. That didn't go well.

Zelenskiy met with parliament's leadership on May 21, a day after his inauguration, to discuss the snap election and agree on changes to the electoral law. They settled on a compromise: drop the single-member districts and lower the EXPERIENCE FIVE STAR LIVING AND BREATHTAKING ARCHITECTURE AT KYIV'S MOST EXCLUSIVE NEW RESIDENCE

LITY & STYLE

- Exclusive apartments for long-term rent
- 24/7 security and concierge service
- Spa, Swimming Pool and Gym complex
- Panoramic view of the Botanical Garden
- Secure underground parking

Please call to arrange a viewing: + 380 (44) 492 05 05



www.stsophia.ua

## 4 Opinion

#### May 24, 2019

www.kyivpost.com

#### Editorials

### **Mixed start**

The first days of President Volodymyr Zelenskiy's administration have left a mixed impression.

On the one hand, his inauguration address on May 20 was on point. He delivered it at the parliament, which is largely hostile towards him. He touched upon almost all the key topics: ending Russia's war against Ukraine, ending corruption, and bringing back the many Ukrainians who have left the country. It was a nice touch to ask officials to stop putting up the president's portrait in all public offices. We'll see if they do it.

There are things we wish he would have included in his speech. For instance, a promise to be the guarantor of free speech and a pledge to force a full investigation into the murders of journalists, including Georgiy Gongadze in 2000 and Pavel Sheremet in 2016, as well as attacks on activists, such as the horrific murder of Kateryna Gandziuk in 2018.

Still, his address was a promising start. What followed was worse.

It was expected that Zelenskiy would appoint to top positions some of his partners from his two-decade-long show business career. But we also remember that Zelenskiy campaigned on the promise to bring "new faces" to government.

However, his most important appointment so far fell short of this promise. His new Chief of Staff Andriy Bohdan (read profile on page 16) is a lawyer who worked in government under ex-President Viktor Yanukovych, and officially represented the notorious oligarch lhor Kolomoisky right up to the time he joined Zelenskiy's team.

Even more worrying than his background is the way he was appointed. Bohdan is subject to the law on lustration and is banned from taking the chief of staff position. Zelenskiy nevertheless appointed him, quoting a dubious legal loophole that the authors of the law disproved.

Bohdan may be a great manager, and the law may be imperfect. But it's a worrying sign that Zelenskiy started his presidency with bending the law to his need. We've seen his predecessors do it. We've seen enough to know that once presidents start ignoring the law, they rarely stop at small things.

# **Corrupt election**

President Volodymyr Zelenskiy on May 21 initiated a Verkhovna Rada meeting to introduce a better electoral law ahead of the July 21 early parliamentary election. Then, Zelenskiy and the Rada appeared to have achieved a compromise on a bill that would envisage getting rid of single-member constituencies and changing the election threshold for parties from 5 percent to 3 percent.

However, on the next day the Rada refused to even consider the election bill. Most likely the election will be held under old corrupt rules and will result in yet another dysfunctional parliament incapable of advancing the country's democratic aspirations.

First, single-member constituencies are the main vehicle of parliamentary corruption due to the absence of the rule of law and omnipresent vote buying in Ukraine. Single-member districts result in the election of local powerbrokers and moneybags, not honest lawmakers.

Second, as a result of the high election threshold, small reformist parties lacking oligarchs' backing will not be able to get into the Rada.

Third, the bill submitted by Zelenskiy did not even envisage open party lists.

Under the current system, parties are able to get controversial and corrupt individuals elected by mixing them up with reputable people. According to open party lists, voters would select not only a party but a specific representative of a party, diminishing the chance that corrupt individuals will be elected.

We urge Zelenskiy to convene the Rada again to get rid of single-member districts, cut the election threshold and introduce open party lists. There's no harm in trying.



See these features online at Kyivpost.com

Reformer & Anti-Reformer Of The Week

Ukraine's Friend & Foe Of The Week



#### Brian Bonner, Chief Editor

**Kviv** Post

Olga Rudenko, Deputy Chief Editor

Alyona Nevmerzhytska, Commercial Director

Matthew Kupfer, Jack Laurenson, News Editors. Ilya Timtchenko, Business Editor Staff Writers: Natalia Datskevych, Oksana Grytsenko, Gabriel Hardy-Françon, Vyacheslav Hnatyuk, Toma Istomina, Artur Korniienko, Igor Kossov, Denys Krasnikov, Illia Ponomarenko, Oleksiy Sorokin, Daria Shulzhenko, Oleg Sukhov, Bermet Talant Washington, D.C., Correspondent: Askold Krushelnycky Canadian Correspondent: Olena Goncharova Grants Coordinator : Sevara Khamidova. KP Brand Studio Director: Jakub Parusinski Website editors: Victoria Petrenko, Anastasia Shepeleva, Helen Mukhina Photo Editor: Pavlo Podufalov. Cartoonist: Anatoliy Vasylenko. Video Editors: Mariya Kapinos, Austin Malloy, Anna Yakutenko Social Media Editor: Sofia Fedeczko Photographers: Kostyantyn Chernichkin, Oleg Petrasiuk, Volodymyr Petrov Chief Designer: Vladyslav Zakharenko

Sales Managers: Yulia Kovalenko, Yulia Krus, Vita Shvets, Elena Symonenko Designer: Yura Borovik Transport Manager: Mykola Andrusha Office Manager: Olena Doskich Chief Accountant: Galyna Bondarchuk Accountant: Olena Nazarenko Subscription Manager: Iryna Oparina IT Managers: Oleksiy Bondarchuk, Oleksandr Slipachenko Digital Strategy: Roman Kolgushev Website Developer: Roman Kryvenko

To inquire about distribution of the Kyiv Post, please contact Iryna Oparina at subscribe@kyivpost.com or by phone at 591-3344



**Tetiana Kozachenko** Ex-head of lustration unit exposes Andriy Bohdan's unlawful appointment



koAndriy Bohdana unitEx-official subject todan'slustration unlawfullyatheads presidential office



**Rick Perry** The U.S. secretary of energy makes his second trip to Ukraine in six months,



Heinz-Christian Strache

Austrian politician shows Kremlin's power over the nation's rulers.

VOX populi: What do you think of President Zelenskiy's first appointments?

#### Feel strongly about an issue? Agree or disagree with editorial positions in this newspaper?

The Kyiv Post welcomes letters to the editors and opinion pieces, usually 800 to 1,000 words in length. Please email all correspondence to Brian Bonner chief editor, at **bonner@kyivpost.com**. All correspondence must include an email address and contact phone number for verification.

EUCON LEGAL GROUP

# Transfer Pricing

Upcoming schedule for Business Focus feature:

May 31 Corporate social responsibility

#### In partnership with EUCON

To advertise, email: advertising@kyivpost.com, or call 591-7788

# Transfer pricing enforcement is key to collecting essential taxes

#### BY VYACHESLAV HNATYUK HNATYUK@KYIVPOST.COM

As Ukraine integrates with the world economy, experts say it must bring its taxation system in line with international standards and better abide by rules that are championed globally.

Doing so is in the country's best interests. Ukraine's allies and financial supporters also expect Kyiv to align its taxation policies with best practices worldwide.

Thus, the Organization for Economic Cooperation and Development and the European Union, supported by the International Monetary Fund and the World Bank, are pushing for the initiative known as BEPS (Base Erosion and Profit Shifting), part of which addresses transfer pricing rules. The goal of BEPS is to ensure that taxes get collected "where economic activities generating the profits are performed and where value is created." In turn, rules aim to ensure that companies set prices for their "in-firm transactions" at market prices so that such transactions can be properly taxed.

#### What is transfer pricing?

The internal price of transactions involving "goods, works, services between connected economic entities" is the issue, said Ivan Shynkarenko, of the Kyiv-based WTS Consulting firm.



**Business Focus 5** 

"In principle, this opens possibilities for manipulating prices in order to shift profit to be taxed into other jurisdictions" with low or no taxes.

Transfer pricing regulations started in the United States in the 1930s, accelerated after World War II when a global financial framework emerged. Developed economies saw an emerging trend in which enterprises wanted to shift their profits into low-tax countries, sparking the

need for state regulation.

Without the enforcement of rules, some countries are starved of tax revenue while low-tax jurisdictions

more **Pricing** on page **8** 







# Ukraine impoverished by abuses in transfer pricing

#### BY IGOR KOSSOV

KOSSOV@KYIVPOST.COM

Tax evasion has helped to impoverish Ukraine and enrich the country's elite. But it's getting more difficult, say tax experts.

Increasing global adoption of rules governing Base Erosion and Profit Shifting, or BEPS, is making many aggressive tax avoidance schemes more complicated and less effective. Still, significant gaps remain.

Ukraine is among the many countries that are trying to better regulate the main avenues of tax avoidance: deals among commonly-owned companies, also known as transfer pricing.

Aggressive use of transfer pricing has been a major tool in pumping profits out of Ukraine and into lowtax jurisdictions. This allowed some companies to avoid billions of dollars in taxes. International cooperation is helping to stop some of these practices.

However, some organizations warn that large companies stay ahead of the new rules by using techniques that aren't yet regulated. These include the use of intangible assets such as royalties on intellectual property to move value across national boundaries and avoid taxation. This is especially true among companies with digital platforms and services.

"BEPS made marginal progress to attack the low-hanging fruit," Tommaso Faccio, head of the secretariat at the Independent Commission for the Reform of International Corporate Taxation, told the Kyiv Post. However, it "failed to deal with the major issue of tax avoidance by multinationals which is the use of transfer pricing."

The Organization for Economic



The State Fiscal Service building in Kyiv, photographed in August, 2018. The service's tax authorities have been trying to crack down on aggressive transfer pricing practices by companies. (UNIAN)

Co-operation and Development, which created the 15-point BEPS Inclusive Framework for countries to follow, has recognized these limitations and is debating ways to update the framework. In the meantime,

Advertisement

some countries are going ahead with their own solutions.

#### **Achievements**

The BEPS Inclusive Framework isn't a law but contains a series of guidelines. Countries that don't adopt a minimal number of BEPS actions risk being blacklisted by compliant countries, who may impose stricter tax regimes on companies with affiliates in non-compliant jurisdictions.

Ukraine had previously committed itself to adopting four of the OECD's 15 recommended BEPS actions. But these didn't include actions number 8 through 10, which concerned Yuriy Netskiy, head of tax at the Ukrainian branch of audit firm Mazars, said that the country has updated its transfer pricing laws regularly since they were introduced in 2013, plugging gaps and making the laws fairer for compliant companies. With only six years of experience, Ukraine's transfer pricing laws are not as sophisticated as those of more developed countries, but local expertise is growing.

Multiple experts told the Kyiv Post that Ukraine, much like other developing countries, has limited resources to devote to transfer pricing monitoring and enforcement, which can the OECD – an international organization largely made up of high-income states – collectively lose about \$200 billion in revenue per year due to companies shifting profits to tax havens, she said. Lagarde added that, despite recent efforts to combat this problem, vulnerabilities remain.

"The cost (to) multinationals to do tax avoidance has slightly increased. But it has not changed dramatically," said Faccio.

He added that, while companies now have to do more to prove they have a physical presence and substantial business transactions in a low-tax country, they can still do it

### ON THE MOVE



Ulf Schneider, Founder and Managing Partner of SCHNEIDER GROUP, announced the promotion of five directors to partner. One of these new partners is Yuri Donets, previously the General Director of SCHNEIDER GROUP's Kyiv office. As Partner, Yuri will expand his responsibility geographically, actively engaging in the development of

#### Yuri Donets

SCHNEIDER GROUP's Armenian office.

This is a reward for his excellent productivity, a strong commitment outside of his responsibility, and initiative for the prosperity of the company.

The partnership is also the result of a very successful 2018. SCHNEIDER GROUP created 50 additional jobs (including expansions in Ukraine) and increased turnover by about 20% in 2018.



transfer pricing.

Then, later, the Ministry of Finance recommended that Ukraine adopt these as well. In January, Ukraine updated its tax legislation, which now contains elements of actions 8–10, according to Mykola Mishin, a transfer pricing expert with the global audit firm KPMG.

One such element is the "substance over form" principle. This gives Ukrainian tax authorities the discretion to tax deals based on what they determine to be the transaction's true nature, rather than what has been reported by the company. For example, "if a company acted as a purchaser but signed an agency agreement... tax authorities may treat it as a purchaser of goods and not as an agent," Vadim Medvedev, a partner with the Avellum law firm, told the Kyiv Post. get so complicated that Medvedev qu likens it to "rocket science."

Still, it helps that BEPS regulation is a global phenomenon. Mishin says that he has seen other countries providing Ukraine with information that will help local tax authorities make informed decisions on how transactions should be priced for the purpose of taxation.

#### Shortcomings

Multiple experts spoke of the weakness of the BEPS Inclusive Framework in regulating aggressive transfer pricing and other profit shifting. In March, International Monetary Fund chief Christine Lagarde wrote an op-ed in the Financial Times, where she asserted that developing countries are especially exposed to profit shifting.

Countries that are not members of

quite easily.

Ukraine is no exception. Last year, Ukraine's Economy Ministry stated that more than 80 percent of Ukrainian exports are indirect, done through intermediaries. A study by Faccio and fellow researchers estimated that iron ore exporters alone potentially shifted \$520 million in taxable profits out of Ukraine between 2015 and 2017.

"Implementing basic transparency rules makes this process of shifting profits less easy for the companies, more complicated, but it cannot stop this process in case somebody would like to benefit from such unfair actions," said Netskiy.

In the past, aggressive transfer pricing could have been as simple as selling goods to your overseas

more Regulations on page 7



**ДЕРЖАВНА** 

# **Countries move** to plug gaps in transfer pricing enforcement

#### **Regulations** from page 6

affiliate at reduced prices. This created a smaller taxable income in the country of origin and a greater income for the foreign affiliate, often based in a low-tax jurisdiction. The affiliate then brought the goods to the global market.

With stricter rules on profit shifting, many tax authorities can now get around this technique and extract bigger taxes from the companies that engage in it. Many companies have moved onto more sophisticated methods, including the use of intangible assets or services that can be more difficult to price.

George Turner, director of British watchdog Tax Watch, emphasized the weakness of many countries' existing transfer pricing rules with regard to intellectual property.

"We have been talking about taxing royalty payments, especially in the tech world," said Turner. "Lots of companies move money around by paying large royalties to each other... If you were to tax the royalty payments, you would deal with a lot of the profit shifting."

In a March report, the OECD wrote that companies, especially those with a heavy digital presence,

are creating value in other countries without having to establish physical presence there, allowing them to avoid taxes. One example is companies with web-based platforms that are used by residents in foreign jurisdictions.

Experts told the Kyiv Post that Ukraine's economy is still dominated by commodity exports whose prices are determined by looking at foreign commodity markets. However, the use of trademarks, patents and royalties is likely to play a greater role in Ukrainian transfer pricing in the future, especially given Ukraine's growing IT sector.

Even in the past, Mishin said that in his practice he had run into Ukrainian companies that paid affiliates for licensing trademarks that had very little actual value.

While intangible assets in transfer pricing are not currently a priority for Ukrainian tax authorities, if present trends continue, they may very well become a priority in the future.

#### Suggested Solutions

The OECD is looking at several proposals to create new recommendations for combating BEPS. One is imposing taxes based upon tech companies' active online user base

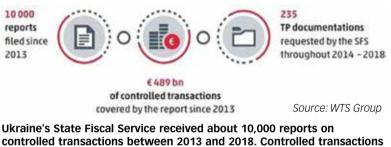


in a given country, such as with search engines or online marketplaces. Another proposal would recommend a tax on intangible assets that a company markets in that country.

IMF's Lagarde suggested that ensuring that a company's home country sets a minimum tax that the company must pay regardless of where the profit is made could be used to reduce profit shifting by multinational companies. She also suggested that taxing inbound investment and taxes on cross-border fees to subsidiaries could allow low-income countries to keep more revenue.

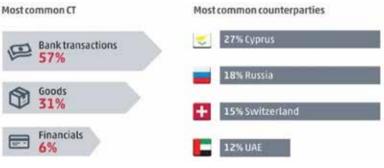
Turner and Faccio suggested that formulary apportionment could be a viable strategy. This is a tax practice that considers a corporation's total worldwide profit and divides it among the various jurisdictions based on proportions of sales, assets

#### Nearly 500 billion euros in transactions



controlled transactions between 2013 and 2018. Controlled transactions fall under Ukraine's transfer pricing rules, which were adopted in 2013.

#### Affiliated transactions



Bank transactions are the most common type of controlled transactions involving Ukraine; the most common jurisdictions in which companies have affiliates are Cyprus, Russia, Swirzerland and United Arab Emirates.

Source: WTS Group

or other factors to determine taxable income. This would simplify the tax regime and make it more difficult for multinational companies to shift profits, they said. However, Medvedev criticized this practice as being too simplistic to be economically fair.

Some countries have taken their own route to taxing business transactions. In 2016, India introduced the Equalisation Levy, a tax on digital transactions, largely affecting foreign e-commerce companies. Faccio said that Brazil, a country that also has a lot of commodity exports, uses a

system that sets a fixed minimum level of taxable profit for companies.

For now, no one knows which solutions the OECD will ultimately recommend and which route Ukraine will take as its tax authorities become more sophisticated in the years to come. It's likely that preventing profit shifting will be an ongoing battle. Still, analysts told the Kyiv Post that they are seeing some encouraging signs. "The discussions at the OECD level look like they may be ending up with a much more rational system," said Turner. 🔳



#### **CEO Debates puts focus on ethics in business**

Panelists on compliance practices and ethics in private companies speak on May 22, 2019, in the SigmaBleyzer office in Kyiv. This event was a part of Business Integrity Week, organized by the Ukrainian Network of Integrity and Compliance, to engage the business community, state authorities, civil society, business associations, educational institutions and media in promoting ethical practices and legal compliance in Ukraine. The speakers for the private-sector panel, moderated by Kinstellar law firm's Iryna Nikolayevska, were, from left in above photo: Andreas Flodstrom of Beetroot, Granier Guilhem of Sanofi, Dmytro Kyselov of Procter&Gamble, Alessandro Zanelli of Nestle, and Olena Rybak of iC Consulenten Ukraine. The speakers for the public-sector panel, moderated by Kyiv Post chief editor, Brian Bonner, were Evgen Kravtsov of Ukrainian Railways, Pavlo Riabikin of Boryspil International Airport, Iryna Mudra of Oschadbank, and Gleb Bakalov of Ukrenergo. (Oleg Petrasiuk)

Nexia DK Audit & Accounting 2th floor, Office 39, Building D, 8, I.Sikorsky Str., Kyiv, **Tax & Legal Services** 04112, Ukraine T/F: +38 044 456 68 28 **Business Advisory** 3rd floor, 32a Yefremova Str. Lviv, 79013, Ukraine T/F: +38 032 298 8540 nexia.dk.ua I nexia.com



Advertisement

#### BUSINESS ADVISER

# Performing benchmarking studies: which comparison period to choose?



At the end of 2018, the Ukrainian transfer pricing rules have been changed by the Law of Ukraine No. 2628-VIII. Among other things, the Law determines that the taxpayer must explain and justify the use of data for several tax periods (years) for the purposes of the arm's length range calculation in the TP documentation.

It is to be recalled that currently Ukrainian TP rules provide for two options for choosing a period for the arm's length calculation: based on comparable financial data for the same reporting year in which the controlled transaction took place ("year to year analysis") or using several years preceding the year in which the controlled transaction took place ("multiple year analysis"). Insofar as Law No. 2628-VIII requires justification only for the use of multiple data,

this indirectly prioritizes a "year to year analysis" over a "multiple year analysis".

What is the purpose of such an amendment? Is it more about the unified statistic approach to arm's length calculation (like it was with the weighted average approach), or the issue is driven from the perspective of comparability analysis? And finally, how exactly the use of multiple year data could be justified in the TP documentation?

The tax authorities probably prefer a "year to year analysis" because they believe that such arm's length range ensures the most accurate results considering that the controlled and comparable transactions took place in the same year and, thus, were performed in the similar economic environment. This means that the tax authorities believe this to be a comparability issue.

In practice, using multiple year period often provides important benefits in terms of comparability. To justify the use of such approach, the taxpayer may refer to OECD TP Guidelines (while being not officially recognized in Ukraine, they are often used as an important source of interpretation of the TP principles and rules). The OECD Guidelines outline the following advantages of using multiple year period:

 obtaining a complete understanding of the facts and circumstances surrounding the controlled transaction (e.g., to exclude or further investigate the loss-making companies)

providing information about the relevant business and product life cycles of the comparables

• improving the process of selecting third-party comparables e.g., by identifying results that may indicate a significant variance from the underlying comparability.

Nevertheless, there are many cases where arm's length range calculated on a year to year basis provides a more accurate comparison, for example:

• significant changes in the economic circumstances - a striking example is a period of 2014-2015 in Ukraine when many exporting industries lost their markets whilst the importers of goods and services incurred significant FOREX losses due to rapid devaluation of Hryvnia.

• enactment of legislative initiatives that affect the profitability (e.g., new customs duties), etc.

The TP study becomes a more complex exercise for Ukrainian taxpayers as the comparability analysis should include not only the analysis of commercial or financial conditions of the controlled and comparable transactions, functional profiles of the parties, but also timing issues and economically relevant circumstances of those relations.

One more crucial practical issue that complicates the use of a "year to year analysis" is that the financial information on comparable companies may be limited or not represented at all at the certain reporting date.

Commercial database providers (such as Bureau Van Dijk) gradually gather publicly available data disclosed by the companies as a result of regulatory reporting requirements imposed by specific countries, and the gap between the filing periods of reporting entities is usually quite substantial – e.g., financial data for FY 2018 is uploaded into the databases during 2019 – 2020, depending on the database. For this reason, FY 2018 controlled transactions may be adequately tested under a "year to year approach" only after the respective database is fully updated. In our experience, BvD Ruslana database (which contains financial data on Ukrainian, Russian and Kazakh companies) updates its financial information for the latest reporting year only at the end of July – beginning of August of the following year. The update of financial data in BvD Amadeus database (which includes European companies) takes considerably more time - the process is usually completed only within a year after the controlled transactions took place.

The statutory deadline for submission of the transfer pricing report is 1 October

# In complicated transfer pricing, how to be fair, who to audit?

Pricing from page 5

collect revenue from production centers located all over the world.

But more countries are complying with the BEPS global initiative to redress the unfairness. Compliance takes place in the form of raising taxes in low-tax jurisdictions and through improved exchange of information among fiscal authorities.

To prevent profit shifting, the European Union lists tax havens and calls them "non-cooperative tax jurisdictions." Currently, there are 15 countries on the list. The EU has been keeping the list since 2017 and it "has proven its worth in promoting... the EU's agenda of improving global tax practices, fighting tax avoidance and improving good governance and transparency," Romania's Finance Minister Eugen Teodorovici said on March 12.

#### Starved of taxes

In Ukraine, it is hoped that the enforcement of rules can replenish the coffers of a state with a national budget of only \$40 billion annually. The State Fiscal Service of Ukraine claims that since 2013 it has managed to grow the tax base in Ukraine by 8.2 billion hryvnias, or about \$311 million, thanks to better implementation of transfer pricing rules.

Simply prohibiting "in-firm transactions" regulated by transfer pricing rules will not solve the issue, Andriy Reun of the Kyiv-based EVRIS Law Firm explains: "Transfer pricing is a source for increasing the payments of enterprise profit tax all over the world. By prohibiting transfer pricing the state will just fail to collect money needed for development of infrastructure and other socially important projects. So, prohibition is definitely not a solution."

Svitlana Musienko of the Sayenko Kharenko law firm has been working in tax law for 20 years and says that enforcement of transfer pricing rules, including audits performed by fiscal authorities, "requires so much expertise from both the business and the state auditor that this always takes time."

#### Business advantage

Businesses are at an advantage against the state, because firms can move faster by "employing an expert, training him, or hiring an external advisor," Musienko explains.

The state moves at a slower pace. But it's worth the investment.

Shynkarenko says international experience shows that "each euro invested into development of the fiscal service in the sphere of profit shifting brings 10 (additional) euros of paid taxes."

Reun believes that, since the moment transfer pricing was introduced to Ukraine in 2013, the State Fiscal Service has undergone a serious transformation into a service-centered organization aimed at assisting businesses: "What they are doing now really looks more like a service function. But when they are starting an audit, then" things can go badly, Reun said.

Reun said tax authorities "have understood that it is much easier to persuade business to pay taxes in full voluntarily than to enforce them in courts."

Musienko is confident that if the State Fiscal Service keeps developing a service-centered culture that respects confidential information, companies are likely to reciprocate with better cooperation. This will build trust in the state, Musienko suggests: "Sensitive information to be exchanged by fiscal authorities must remain protected by rules and not get sold at a (black) market in Kyiv," she said.

#### Transfer audits, ruling

Transfer pricing expert Olga Trifonova of PwC believes that the tax authorities do not act irrationally when selecting businesses for transfer audits but use a risk assessment method in picking their target companies. "Indeed, tax authorities select those tax payers with risk areas based upon the results of documentation analysis and visit them spot on," she said.

Musienko said that "currently 90–95 percent of transfer pricing cases in courts have been dealing with procedural issues" rather than with significant violations. However, the appearance of cases being considered on their merits makes lawyers feel optimistic, as court decisions will eventually build case law on transfer pricing.

Musienko praises the Supreme Court of Ukraine for passing its first final ruling on a transfer pricing dispute in Ukraine based on the merits of the case. The dispute was resolved by the Supreme Court of Ukraine on March 5. The fiscal services and a company called SIS GROUP clashed in the case, in which the court supported the position of the Ukrainian taxpayer. In particular, the court supported the company's position that market prices had to be established at the moment of entering into a transaction, and not while the title was transferred from seller to buyer.

The court also ruled that tax authorities needed to rely on several methods for establishing market prices and use several sources of information for doing so. Plus, the judges ruled that operations performed after July 27, 2017 with British partnerships had to be considered as controlled operations.

This and other final decisions in Ukrainian courts on the subject of transfer pricing will help both the business community and the fiscal authorities in properly understanding the law, and in their correct structuring of transactions.

In general, however, the courts still need to build up their expertise.

Trifonova explains: "Unlike the tax authorities, which have had six years to learn about transfer pricing and its application, our courts regrettably are not well aware of the approaches in application of transfer pricing rules." The fact that transfer pricing is more of an economic than a legal category can also account for slow learning pace of Ukrainian judges.

But Trifonova is confident that the Ukrainian judges will learn eventually.

"In Eastern and Central Europe transfer pricing rules have been in place for a while and judges decide on the merits and not on the formalities." ■



of the year following the reporting one. Considering the timing of updating the databases described above, it is quite possible that by this reporting deadline the taxpayers would not have appropriate comparable information for the last year as required under "year to year analysis".

According to OECD Guidelines, "Each taxpayer should endeavor to determine transfer prices for tax purposes in accordance with the arm's length principle, based upon information reasonably available at the time of the transaction. Thus, a taxpayer ordinarily should give consideration to whether its transfer pricing is appropriate for tax purposes before the pricing is established and should confirm the arm's length nature of its financial results at the time of filing its tax return".

In our opinion, the above arguments demonstrate that the tax authorities should not discriminate "multiple year analysis" without valid reasons. In any case, they may not require that a taxpayer performs such analysis before the statutory reporting deadline (1 October of the next year), because the required comparability data would not be available yet.



EY Ukraine 19 A Khreschatyk Str., Kyiv, 01001, Ukraine Tel: +380 (44) 490 3000 Fax: +380 (44) 490 3030 ey.com/ua



## National 9

# Zelenskiy's May 20 inaugural address

Editor's Note: The following is the official English-language translation of Ukrainian President Volodymyr Zelenskiy's inaugural address at the Verkhovna Rada on May 20.

#### Dear Ukrainians!

After my election victory, my sixyear-old son said: "Dad, they say on TV that Zelensky is the president ... So, it means that...I am... the president too?!"

At the time, it sounded funny, but later I realized that it was true. Because each of us is the president. Not just the 73 percent who voted for me, but all 100 percent of Ukrainians. This is not just mine, this is our common victory. And this is our common chance that we are responsible for together.

It hasn't been only me who has just taken the oath. Each of us has just put his hand on the Constitution and swore allegiance to Ukraine.

Now, imagine the headlines: "The president does not pay taxes," "The intoxicated president ran the red light" or "The president is quietly stealing because everyone does."

Would you agree that it's shameful? This is what I mean when I say that each of us is the president.

#### **Everyone responsible**

From now on, each of us is responsible for the country that we leave to our children. Each of us, in his place, can do everything for the prosperity of Ukraine.

Our European country begins with each one of us. We have chosen a path to Europe, but Europe is not somewhere out there. Europe is here (in the head.) And after it appears here, it will be everywhere, all over Ukraine.

This is our common dream.

But we also share a common pain. Each of us has died in the Donbas. Every day we lose each one of us. And each of us is a refugee – the one who has lost his own home and the one who has opened the door of his home, sharing the pain. And each of us is a migrant worker – the one who couldn't find himself at home, but has found income in a foreign country, and the one who struggling with poverty, is forced to lose his own dignity.

But we will overcome all of this! Because each of us is a Ukrainian.

We are all Ukrainians: there are no bigger or lesser, or correct or incorrect Ukrainians. From Uzhgorod to Luhansk, from Chernigiv to Simferopol, in Lviv, Kharkiv, Donetsk, Dnipro and Odesa – we are Ukrainians. And we have to be one. After all, only then we are strong. That will help us start a new era. Skeptics will say that it is impossible, a fantasy. But what if this is, in fact, our national idea — to unite and make the impossible against all odds? Remember the Iceland soccer team

at the European Championship – when a dentist, a director, a pilot, a student and a cleaner defended their country's honor? No one believed they could do it, but they did it!

And this should be precisely our path. We must become the Icelanders in soccer, the Israelis – in the defense of their native land, the Japanese – in technology and the Swiss – in the ability to live with each other in harmony, despite all the differences.

However, our first task is ceasefire in the Donbas. I have been often asked: What price are you ready to pay for the ceasefire? It's a strange question. What price are you ready to pay for the lives of you loved ones? I can assure you that I'm ready to pay any price to stop the deaths of our heroes. I'm definitely not afraid to make difficult decisions and I'm ready to lose my fame, my ratings, and if need be — without any hesitation, my position to bring peace, as long as we do not give up our territories.

#### **Returning lost territories**

History is unfair. We are not the ones who have started this war. But we are the ones who have to finish it. And we are ready for dialogue. I believe that the perfect first step in this dialogue will be the return of all Ukrainian prisoners.

Our next challenge is returning the lost territories. In all honesty, this wording does not seem entirely correct to me because it is impossible to return what has always been ours. Both Crimea and Donbas have been our Ukrainian land, but the land where we have lost the most important thing – the people.

Today we have to return their minds — that's what we have lost. Over the years, the authorities have not done anything to make them feel Ukrainians and understand that they are not strangers, but they are our people, they are Ukrainians. And even if they are granted 10 different passports, it won't change anything.

For being Ukrainian is not a line in the passport — being Ukrainian is here (in the heart.) I know that for sure. I know that from the soldiers who are now defending Ukraine, our heroes, some of whom are Ukrainian-speakers, while others — Russian-speakers. There, in the frontline, there is no strife and discord, there is only courage and honor.



standards.

Of course, besides the war, there are many other problems that trouble Ukrainians. Among them are the shocking utility tariffs, humiliating wages and pensions, painful prices and non-existent jobs. There is also the health care that is seen as improving mostly by those who have never been to a regular hospital with their child. And then, there are also the mythical Ukrainian roads that are being built and repaired only in someone's prolific imagination.

Allow me to quote one American actor who has become a great American president: "The government does not solve our problems. The government is our problem."

I do not understand our government that only shrugs and says: "There is nothing we can do."

Not true. You can. You can take a sheet of paper and a pen and free your seats for those who think about the next generations and not about the next election! Do it and people will appreciate that.

Your applause is pretty light...I guess not everyone likes what I'm

saying? Too bad, since it's not me, but the Ukrainian people who is saying that.

#### Break from past

My election proves that our citizens are tired of the experienced, pompous system politicians who over the 28 years, have created a country of opportunities – the opportunities to bribe, steal and pluck the resources.

We will build the country of other opportunities — the one where all are equal before the law and where all the rules are honest and transparent, the same for everyone.

And for that, we need people in power who will serve the people. This is why I really do not want my pictures in your offices, for the President is not an icon, an idol or a portrait. Hang your kids' photos instead, and look at them each time you are making a decision.

I can go on, but Ukrainians wants actions, not words. So, dear deputies! You have appointed the inauguration on Monday, a work day, which has one benefit — it means you are ready to work.

#### 3 requests

- Therefore, I ask that you approve: 1. The law on removing parliamentary immunity.
- 2. The law establishing criminal liability for illegal enrichment.
- 3. The long-awaited Electoral Code and open lists.

#### 3 firings

Also, please dismiss:

1. Head of the Security Service of Ukraine.

Prosecutor General of Ukraine.
 Minister of Defense of Ukraine.
 This is certainly not all that you

could do, but for now, it will suffice.

You will have two months to do that. Do it. And take all the medals for it — not a bad move before the snap parliamentary election. I am dissolving the Verkhovna Rada of the eighth convocation.

Glory to Ukraine!

And finally, dear nation!

All my life I tried to do all I could so that Ukrainians laughed. That was my mission. Now I will do all I can so that Ukrainians at least do not cry any more.

– Advertisment —

### Allseeds: "100,000" - the lucky number of April 2019

The number "100,000" became lucky for the Allseeds Group in April 2019: it is 100,000 tons that the storage capacity of the Vegetable Oils Terminal now equals to, and it is 100,000 tons of oil that the Company loaded during this month.

The Allseeds Group remains committed to turning port Yuzhny into the veg-oil hub of the Black Sea-

#### **65 million Ukrainians**

Today I appeal to all Ukrainians in the world. There are 65 million of us. Yes, don't be surprised: there are 65 million of us – those born on the Ukrainian soil. Ukrainians in Europe and Asia, in North and South America, Australia and Africa – I appeal to all Ukrainians on the planet!

We really need you. To all who are ready to build a new, strong and successful Ukraine, I will gladly grant Ukrainian citizenship. You must come to Ukraine not to visit, but to return home. We are waiting for you. There is no need to bring souvenirs from abroad, but please, bring your knowledge, experience and values.

#### **Respect soldiers**

So, I want to appeal to our defenders now: There can be no strong army in a place where the authorities do not respect the people who every day sacrifice their life for the country. I will do everything I can to make you feel respect. This means decent, and most importantly, secure salaries, living conditions, vocation leaves after the combat missions and your and your families' holidays. We must not just talk about NATO standards – we must create those Mediterranean region. To this end, it actively increases the reservoir park of the Vegetable Oils Terminal and expands the technological capabilities of loading ships.

Recently, the capacity of the tank farm here has increased from 42,000 tons to 100,000 tons for one-time oil storage. The company is ready to fill tankers at seven loading points from six berths belonging to TIS company with a speed of up to 1200 tons/hour.



Such capabilities in logistics and active mutually beneficial cooperation with partners allowed Allseeds in April 2019 to set its own transshipment record of about 100,000 tons of vegetable oil which corresponds to 1.2 million tons per year.

So far... Because the development plan implementation of the Company's oilseedprocessing and terminal complexes in Yuzhny and its infrastructure continues.



# 10 Opinion

# Zelenskiy's top priority: Stop predatory law enforcement

Editor's Note: This op-ed by Anders Aslund, a Swedish economist and author, was originally published by the Atlantic Council, where he is a fellow, and is reprinted with permission.



After Volodymyr Zelenskiy's landslide victory, Ukraine is in a regime change situation, whether we call it so or not. The previous administration carried out great economic reforms, but the country's law enforcement and judicial system remain predatory. What Ukraine needs most of all is rule of law.

Zelenskiy has a tremendous popular mandate, 73 percent of the vote, but this is an anti-mandate against the old dysfunctional system, which has rendered Ukraine the poorest country in Europe. Ukrainians want Zelenskiy to break up this system and build something better.

If Zelenskiy follows the old rules, he will fail, but how much leeway should he be allowed? He needs to utilize his current momentum to cross the chasm of misery to move to a more functional system. Poland's great reformer Leszek Balcerowicz called this a period of "extraordinary politics," when people accept temporary suffering for future gains.

A natural place to start is with the constitution, but this constitution is of poor quality. Ukraine adopted its first post-Soviet constitution in 1996. It left much undetermined and concentrated too much power in the president. As part of the settlement of the Orange Revolution, presidential chief of staff Viktor Medvedchuk quickly rewrote the constitution, reducing presidential powers, but also making the constitution fatally contradictory. For example, the president appoints governors, but they are supposed to obey the prime minister. Some, including former Prime Minister Yulia Tymoshenko, voted against this constitution because of its contradictions.

Absurdly, in the fall of 2010 the Ukrainian Constitutional Court that is supposed to interpret the constitution abolished the December 2004 constitution at the behest of then-President Viktor Yanukovych, restoring the more presidential 1996 constitution. Several of those discredited judges remain on that court today.

The Constitutional Court recently embarrassed itself by claiming that the law on illicit enrichment, which is the basis for anti-corruption work, contradicts the rule of law. Zelenskiy rightly demands that the Rada restore this vital law as soon as possible. Neither the constitution, nor the constitutional court, are credible guides on the road to the rule of law.

When you try to break a bad old system, you need to bring in outsiders, who have a fair amount of knowledge but are not part of it, as John Williamson argued in his excellent volume The Political Economy of Policy Reform. That is exactly what Zelenskiy is doing. Most of his appointees are political amateurs. Estonia in 1992 was the most successful post-Soviet reform government under Prime Minister Mart Laar because it followed this model. Laar was 32 and he had three



Ukrainian president Volodymyr Zelenskiy leaves Ukrainian Parliament after his inauguration ceremony in Kyiv on May 20, 2019. (Volodymyr Petrov)

ministers who were younger than 30. His slogan was: "To wait is to fail." He argues that it is better to act fast and make mistakes than to wait and be abhorred or compromise with the old elite.

Yet, a new leader needs to coopt some of the old insiders, because they know how the system works and how it can be broken. If a new leader sacks all of them, he might antagonize the whole establishment and unite them against him, as happens in the "Servant of the People," where the Rada impeaches the fictional president. The difficult political art is assessing which old-timers to compromise with, and one can only judge in hindsight.

Zelenskiy appears to opt for foreign policy professionals of high repute, but he seems to be making his own choices. Diplomacy is not the rotten part of the system that needs to be replaced. The same can be said of the National Bank of Ukraine and the Ministry of Finance that maintain the macroeconomic standards of the International Monetary Fund.

In the presidential administration, Zelenskiy has chosen one member of the old guard, Andriy Bohdan, as chief. For the rest, he has appointed old friends from his production company Kvartal 95. In principle, this makes sense. He clearly feels he needs one hard-core policy professional, such as Bohdan. It remains to be seen if he has made a good period was caused by the absence of early Rada elections. After the Orange Revolution, politicians focused on the March 2006 Rada elections rather than reform. In 2014, no economic reforms occurred until a new government had been formed in December. Ukraine needs to learn from history and not waste another opportunity.

If Zelenskiy had failed to dissolve the parliament, he would have invited failure. Now he has sensibly agreed with all the parliamentary factions to hold early elections on July 21. We should applaud his decision rather than invoke Medvedchuk's constitution or a corrupt court. Only after new parliamentary elections can a new government be formed and a new reform program be adopted. Now we can hope for that in September.

An absurd argument against Zelenskiy is that a number of dodgy émigrés have returned. In reality, the current prosecutor general who was appointed by the previous president failed to prosecute these people and the courts failed to sentence them. These are sins of omission by the old guard. Whatever Zelenskiy would have done to stop their entry would presumably have been illegal. Zelenskiy should be guided by sound democratic principles rather than a flawed constitution and a dysfunctional constitutional court. We observers should wish the new president the best of luck while carefully checking his actions. Anders Åslund is a senior fellow at the Atlantic Council and author of the new book "Russia's Crony Capitalism: The Path from Market Economy to Kleptocracy." Follow him on Twitter @  $anders\_aslund$ 



# COMING IN THE JUNE 7 EDITION OF THE KYIV POST

To advertise, contact us at +38 044 591 77 88 or advertising@kyivpost.com

#### choice.

Replacement of the prosecutor general and the head of the Security Services should be top priorities, because businessmen see these institutions as the most predatory.

It is vital for a new regime to hold early parliamentary elections. Otherwise the old guard will block reforms through the parliament, especially in Ukraine, where the distribution of power between the president, parliament, and government is so confused. The big risk in an interregnum is that the new guard cannot rule while the old guard feels no inhibition on theft. Therefore, the period before parliamentary elections after a new president has been elected is extremely dangerous and usually costly.

Ukraine knows this story all too well. The utter failure of the 1991-94

# Gongadze Award launched in memory of slain reporter

#### **BY DENYS KRASNIKOV**

KRASNIKOV@KYIVPOST.COM

Ukrainian journalists and writers gathered in central Kyiv on May 21 to commemorate Georgiy Gongadze, the Ukrainian-Georgian journalist murdered in 2000 over his reporting, and to award the first Georgiy Gongadze Award.

The newly-created award is meant to honor Ukrainian journalists who shape the local media field; who are innovative, liberal, and true to the professional principles and values. It was founded by PEN Ukraine, a writers' organization, in partnership with the Association of Kyiv-Mohyla Business School and local media Ukrainska Pravda. The award comes with a \$3,000 prize.

The first-ever Gongadze Prize was awarded to Vakhtang Kipiani. Kipiani, 48, is the editor-in-chief of the online media Istorychna Pravda (Historic Truth) and the TV show by the same name on ZIK TV channel.

"Georgiy is a person I cried about most," Kipiani said in his acceptance speech at the award ceremony in the Taras Shevchenko National Museum.

Kipiani knew Gongadze. Kipiani's website operates under the umbrella of Ukrainska Pravda, the media co-founded by Gongadze shortly before his murder, and one of the key news sources in Ukraine.

"We are a part of this big project. And every day I am proud that it's written (on the homepage) that it was started by Georgiy Gongadze, and that we are keeping that bar high," Kipiani said.

Other finalists for the prize were the co-founder of The Ukrainians website Taras Prokopyshyn and the first deputy editor of Dzerkalo Tyzhnya (Mirror of the Week) newspaper Serhiy Rakhmanin. They were picked from 21 nominees.

The award ceremony took place on what would be Gongadze's 50th birthday. His widow, the chief editor of the Ukrainian Service of Voice of America Myroslava Gongadze was present at the ceremony with her and Georgiy Gongadze's two daughters, Nana and Salome Gongadze.

Gongadze Award's jury has nine



From left: Georgiy Gongadze's widow and Chief Editor of the Ukrainian Service of Voice of America Myroslava Gongadze, winner of the Gongadze Award Vakhtang Kipiani, and the award's jury member Yevhen Hlibovytskiy at the award ceremony for the first-ever Georgiy Gongadze Award on May 21, 2019, in Kyiv. (Kostyantyn Chernichkin)

something in the country, raise their voices and be heard, thus propelling the Orange Revolution in 2004 and the EuroMaidan Revolution in 2013-2014.

But the crime remains unsolved as the name of those who ordered the assassination remains unknown. Only four Interior Ministry police officers went to prison, including a high-ranking general, Oleksiy Pukach, who has said he was acting on the orders of Kuchma. A key witness in the case, ex-Interior Minister Yuriy Kravchenko, was found dead, with two gunshot wounds in his head, on March 5, 2005, the day he was supposed to give testimony about the Gongadze murder.

Bonner said he believed that the biggest challenge for Ukraine's journalism today is to deal with the consequences of the unsolved Gongadze crime, for such injustice led to the murder of journalist Pavel Sheremet in 2016, to the murder of activist Kateryna Gandziuk in 2018, and to other attacks, such as journalist Vadym Komarov being in a coma after an assassination attempt. All of them were scrutinizing officials and investigating corruption in Ukraine as Gongadze did.



Georgiy Gongadze (May 21, 1969-Sept. 16, 2000). (UNIAN)

members, four of them are constant members: Myroslava Gongadze;

president of PEN Ukraine, writer Andrei Kurkov; Ukrainska Pravda founding editor Olena Prytula; and Nikolay Demchenko, the head of Kyiv-Mohyla Business School Association.

Only this panel can nominate journalists for the award, and only its constant members can invite other panelists. In order to be nominated, a journalist has to work in Ukraine over the last five years and never leave journalism.

"This is the dream come true. As a journalist, I dreamed of creating a prize like this," Tetyana Teren, an executive at PEN Ukraine and a co-founder of the Gongadze Award, said at the event on May 21. And although Teren is "from that generation that got to know about Gongadze from textbooks," she recognizes the influence Gongadze had on journalism and freedom of speech in Ukraine.





Winner of the first Georgiy Gongadze Award, Chief Editor of the Istorychna Pravda website Vakhtang Kipiani (C) sits next to two other finalists of the prize: Serhiy Rakhmanin (L) and Taras Prokopyshyn (R) at the award ceremony in the Taras Shevchenko National Museum in Kyiv on May 21, 2019. (Kostyantyn Chernichkin)

Teren hopes that this award will help start up more journalistic projects and unite local journalists "to fight for our professional rights and when our colleagues face pressure for their professional activity to talk about the problems that occur."

Delivering an opening speech at the event, the Kyiv Post chief editor Brian Bonner outlined the importance of the prize as a way to remember Gongadze as a person who fostered the freedom of speech in post-Soviet Ukraine.

"He was a digital pioneer, a brave man, willing to criticize, take a risk. At the time people were still afraid to criticize (ex-President Leonid) Kuchma," Bonner said. He was murdered, but "his legacy lived on." According to Bonner, Gongadze's

work as a journalist made Ukrainians understand that they could change

#### DISTRIBUTION

- Domestic Distribution all over Ukraine to more than 520 consignees, "door to door"; from one box to full truck;

#### CUSTOMS BROKERAGE

 All necessary services for import/export/transit procedures provided by **Customs Brokerage** Department - Consulting in Customs and bonded warehouse procedures

We are working in accordance to Standards ISO 9001:2008, HACCP, OHSAS 18001:2007

Rhenus Revival LLC +38 044 492 74 01 Affiliated branch of Rhenus Revival +38 044 459 03 22 18, Promyslova Str. Zhitomirskoye Highway, 21 km 08702 Obukhiv +38 044 492 74 10 08114 Stovanka e-mail: contact@ua.rhenus.com - web: www.rhenus.com

### 12 Epptiertainment Guide

May 24, 2019

#### www.kyivpost.com

Put Your Life Into a Suitcase (interactive

installation reflecting on the experience of over 1.5 million internally displaced persons

who moved from Donbas since the beginning

of Russia's war in 2014). Kyiv History Museum.

Faces of Civil Society (photo exhibition by

Chris Collison featuring his interviews with

Ukrainian civic activists and human rights

defenders conducted in 2015-2019). America

Monolith (contemporary art exploring the

digitalization of the world). America House.

Movies Molodist Kyiv International Film Festival

(nine-day film festival featuring nearly 200

short and full length movies). Kyiv Cinema, Butterfly Deluxe. 10 a.m. - 11:30 p.m. Hr 110-

Tuesday, May 28

Live music

The Best of Hans Zimmer (National

Academic Brass Band of Ukraine playing the composer's songs from films). National

Miscellaneous

A Boy and a Comet (paintings, diaries,

sketches and photographs of Ukrainian artist

Oleh Holosii). The Naked Room, 11 a.m. - 8

Ain't Nobody's Business! (collective exhi-

bition exploring displays of sexuality). Pinchuk

Faces of Civil Society (photo exhibition by

Chris Collison featuring his interviews with

Ukrainian civic activists and human rights

defenders conducted in 2015-2019). America

Monolith (contemporary art exploring the

digitalization of the world). America House.

Movies

Avengers: Endgame (action, adventure,

fantasy). Multiplex (Lavina Mal. Skv Mall

Prospect, Atmosphere, Komod). 7 p.m. Hr

**Molodist Kyiv International Film Festival** 

(nine-day film festival featuring nearly 200

short and full length movies). Kviv Cinema,

Butterfly Deluxe. 10 a.m. - 11 p.m. Hr 110-

Philharmonic. 7 p.m. Hr 280-700 0

Art Center. 12-9 p.m. Free @

House. 12-9 p.m. Free. Bring ID 🔞

12-9 p.m. Free. Bring ID (

House. 12-9 p.m. Free. Bring ID 🔞

12-9 p.m. Free. Bring ID 🔞

125 🚳 🥸

p.m. Free 🕺

p.m. Free 🕺

11 a.m. - 7 p.m. Free 🕲



## **Molodist Film Festival**

The 48th annual Molodist film festival will hit Kyiv on May 25, lasting until June 2. This year, the nine-day Molodist ("youth" in Ukrainian) will feature nearly 200 short and feature films created by Ukrainian, German, Polish, French and other world filmmakers. Founded in 1970, Molodist is one of the oldest Kyiv-based annual film festivals. The festival's competition program is divided into four categories, including the "Sunny Bunny," a category featuring LGBTQ films. Molodist will kick off with the screening of a 1959 classic "Some Like It Hot" in the Kyiv Cinema. The festival's other locations are Butterfly Deluxe cinema and Dovzhenko Center. All the movies will be screened in their original language with English and Ukrainian subtitles. Full schedule at www.molodist.com.

Molodist Kyiv International Film Festival. Kyiv Cinema (19 Velyka Vasylkivska St.), Butterfly Deluxe (50 Antonovycha St.) May 25 - June 2. 10 a.m. - 11 p.m. Hr 80-125

#### Friday, May 24 **Classical music**

Gary Hoffman (Copland, Dvořák, Bernstein cello concert). National Philharmonic. 7 p.m. Hr 100-500 0

Classics Under the Stars. Allegro. Kyiv Planetarium. 7:30 p.m. Hr 200-400 o

#### Live music

Bullet Blues Band feat. Daniel De Vita (1950s Chicago blues). MK Music Space. 8 p.m. Hr 200-300 🛽

Jazz in the Rose Garden (by Chuck Winsley and Rodion Ivanov). Gryshko National Botanical Garden. 7 p.m. Hr 330-3,000 9

#### Clubs

Letnik Grand Opening (dancing music party). Khvylovyi. 10 p.m. Free 🕼

UBK Season #5 Grand Opening (two-day dancing music party). UBK. 10 p.m. One day - Hr 150, two days - Hr 250. Visitors must be over 21 🕒

Leiras, Sinica, Kichi Kazuko and Others (electronic dance music). River Port. 11 p.m. Hr 200 🚯

Shakolin, Timur Basha, Gwenan and Others (electronic dance music). Closer. 11 p.m. Hr 390-480 0

Lesnoy Prichal: Strichka Memories in Blur (electronic music Igor Glushko & Roman K, Borys & Noizar and others). Closer. 11:55 p.m. Hr 300-400 🛛

#### Miscellaneous

Book Arsenal (five-day book fair featuring book presentations, meetings with authors, public talks and more). Mystetskyi Arsenal. 10 a.m. -10 p.m. One-day ticket - Hr 80, five-day ticket - Hr 300, Hr 40 for pupils, students and retirees 🥸

A Boy and a Comet (paintings, diaries,

#### 12-9 p.m. Free. Bring ID 🔞

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 12 p.m - 8 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

Kyiv Art Fair (fair, exhibitions, visual show, live music). Toronto-Kyiv Complex. 11 a.m. - 9 p.m. Hr 70. Free for children under 12, retirees, war veterans, students of creative faculties

#### Movies

Unbroken (drama, biography). America House. 6 p.m. Free. Bring ID 🔞

#### Shows

HVOB (electronic). Atlas. 7:30 p.m. Hr 690-1,600 🚳

#### Saturday, May 25 **Classical music**

A Memory of the Dearest (classics by Kyiv Chamber Orchestra and Roman Kholmatov on violin). Lutheran Church of St. Catherine. 6 p.m. Hr 150-300 🛛

Rossini, Mozart, Kreisler and Others (Kyiv Camerata). National Philharmonic. 7 p.m. Hr 70-300 0

The Four Seasons (Vivaldi by Kyiv Metropolis Orchestra). Architect's House. 7 p.m. Hr 150-750 o

#### Live music

Music from Movies in the Garden. Gryshko National Botanical Garden. 7 p.m. Hr 330-3,000 9

Max Vatunin Blues and Ballads Unplugged. MK Music Space. 8 p.m. Hr

#### Clubs

Blue Pill x Red Pill (dancing music party).

Monolith (contemporary art exploring the digitalization of the world). America House. 10 a.m. - 6 p.m. Free. Bring ID 🚯

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥺

God of War (large-scale paintings of modern militaristic objects by Belarusian artist Alexander Nekrashevich). Shcherbenko Art Center. 11 a.m. - 8 p.m. Free 🚳

Put Your Life Into a Suitcase (interactive installation reflecting on the experience of over 1.5 million internally displaced persons who moved from Donbas since the beginning of Russia's war in 2014). Kyiv History Museum. 11 a.m. - 7 p.m. Free 🕲

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 11 a.m - 7 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free @

Goods for Holidays (clothes and other goods by Ukrainin designers). Vsi Svoi D12. 10 a.m. - 8 p.m. Free 🚳

Kyiv Art Fair (fair, exhibitions, visual show, live music). Toronto-Kyiv Complex. 11 a.m. - 9 p.m. Hr 70. Free for children under 12, retirees, war veterans, students of creative faculties @

Celebrity Kurazh Bazar (charity market of various goods, food court, entertainment). VDNH. 11 a.m. - 11 p.m. One-day ticket - Hr 150, two-day ticket - Hr 250 🕸

#### Movies

Molodist Kyiv International Film Festival (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema,

#### Clubs

Vinyl Vibes (vinyl music party). UBK. 6 p.m. Free 🕒

#### Miscellaneous

Book Arsenal (five-day book fair featuring book presentations, meetings with authors, public talks and more). Mystetskyi Arsenal. 10 a.m. - 10 p.m. One-day ticket - Hr 80, five-day ticket - Hr 300, Hr 40 for pupils, students and retirees 🥝

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 10 a.m - 6 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥺

Put Your Life Into a Suitcase (interactive installation reflecting on the experience of over 1.5 million internally displaced persons who moved from Donbas since the beginning of Russia's war in 2014). Kyiv History Museum. 11 a.m. - 7 p.m. Free 🕲

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center, 12-9 p.m. Free @

Goods for Holidays (clothes and other goods by Ukrainin designers). Vsi Svoi D12. 10 a.m. - 8 p.m. Free 🚳

Kyiv Art Fair (fair, exhibitions, visual show, live music). Toronto-Kyiv Complex. 11 a.m. - 9 p.m. Hr 70. Free for children under 12, retirees, war veterans, students of creative faculties 🐲

Celebrity Kurazh Bazar (charity market of various goods, food court, entertainment). VDNH. 11 a.m. - 11 p.m. One-day ticket - Hr 150, two-day ticket - Hr 250 🥸

#### Movies

All Is True (drama, biography). Multiplex (Lavina Mall). 3 p.m. Hr 135-210 (1)

Molodist Kviv International Film Festival (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema, Butterfly Deluxe. 10 a.m. - 11 p.m. Hr 110-125 🙆 🚳

#### Shows

Nino Katamadze (ethno, jazz). Zhovtnevyi Palace. 7 p.m. Hr 450-3,150 🗐

Okean Elzy (pop rock). VDNH. 7 p.m. Hr 250-950 🚳

Vadim Neselovskyi - Piano Solo (author`s music, classical music). 32 Jazz Club. 8 p.m.

Spartacus (ballet). National Opera. 7 p.m. Hr 50-600 🕼

#### Monday, May 27

#### Live music

Caribbean Club. 8 p.m. Hr 150-350 🥑

#### Miscellaneous

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8



Hr 600 🜗 Theater

Don Quixote (three-act ballet). National

Live Jazz Monday (The Red Woods Trio).

and retirees 🚳

Opera. 7 p.m. Hr 50-600 🚇

Wednesday, May 29 Miscellaneous

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 10 a.m - 6 p.m. Hr 70, Hr 30 for pupils, students

Shows Boovyeah (pop-rock). Caribbean Club. 8 p.m. Hr 400-700 🥑 Theater

90-180 🚳 🕄 🕄

## 125 🙆 🙆

sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥺

God of War (large-scale paintings of modern militaristic objects by Belarusian artist Alexander Nekrashevich). Shcherbenko Art Center, 11 a.m. - 8 p.m. Free @

Put Your Life Into a Suitcase (interactive installation reflecting on the experience of over 1.5 million internally displaced persons who moved from Donbas since the beginning of Russia's war in 2014). Kyiv History Museum. 11 a.m. - 7 p.m. Free 🕲

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free @

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House. 12-9 p.m. Free. Bring ID (18)

Monolith (contemporary art exploring the digitalization of the world). America House.

Khvylovyi. 10 p.m. Free 🕼

UBK Season #5 Grand Opening (two-day dancing music party). UBK. 10 p.m. One day - Hr 150, two days - Hr 250. Visitors must be over 21 🕼

DJ Sneak (electronic dance music). Closer. 11:55 p.m. Hr 300-400. Visitors must be over 21 🛈

Luke Eargoogle, Ilia Midnyte, Underdog and Others (electronic dance music). Otel` 11:55 p.m. Hr 300 🕑

#### **Miscellaneous**

Book Arsenal (five-day book fair featuring book presentations, meetings with authors, public talks and more). Mystetskyi Arsenal. 10 a.m. - 10 p.m. One-day ticket - Hr 80, five-day ticket - Hr 300, Hr 40 for pupils, students and retirees 🚳

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House. 10 a.m. - 6 p.m. Free. Bring ID 🔞

Butterfly Deluxe. 12-11 p.m. Hr 110-125 @ @

#### Shows

Yuko (electronica, folk). Green Theater. 7 p.m. Hr 400 🕑

#### Theater

Buratino (ballet). National Opera. 12 p.m. Hr 20-300 🕼

King Lear (drama play screening). Multiplex (Lavina Mall), 3 p.m. Hr 190-240 🚳

Got to Be Free (musical). Theater on Podil. 6 p.m. Hr 200-900 🚳

#### Sunday, May 26

#### **Classical music**

Classics in the Garden. Gryshko National Botanical Garden. 7 p.m. Hr 330-3,000 9

#### Live music

Fantastic Jazz Band. Architect's House. 7 p.m. Hr 100-400 6

Mumbles Duo at Dom (jazz, blues). Dom Music Bar. 8 p.m. Free 4



### **Kyiv Art Fair**

Kyiv Art Fair, an event organized by the team of Kyiv Art Week, brings together art fans and art galleries from Ukraine and abroad. The fair will introduce the works of contemporary artists, and aims to promote contemporary art in Ukraine. Thirty-nine galleries from the U.S., France, Austria, Germany, Georgia, Lithuania, Denmark, and Ukraine that will exhibit various artworks.

Kyiv Art Fair. Toronto-Kyiv Complex (100 Velyka Vasylkivska St.) May 24-26. 11 a.m. - 9 p.m. Hr 70. Free for children under 12, retirees, war veterans, art students

By Toma Istomina, Daria Shulzhenko, Artur Korniienko

#### www.kyivpost.com

#### May 24, 2019

## Entertainmer Doinide 13

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥹

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free @

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House. 12-9 p.m. Free. Bring ID 🔞

Monolith (contemporary art exploring the digitalization of the world). America House. 12-9 p.m. Free. Bring ID 🔞

#### Movies

Summer Shorts Australia (short films produced in Australia, in English with Ukrainian subtitles). Planeta Kino. 7 p.m. Hr 115-175 🥹

**Molodist Kyiv International Film Festival** (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema, Butterfly Deluxe. 10 a.m. - 11:30 p.m. Hr 110-125 🙆 🚳

#### Shows

Papa Roach (rock). Stereo Plaza. 7 p.m. Hr 1,190-1,850 🕸

Theater

Faust (three-act opera in French). National Opera. 7 p.m. Hr 50-600 ④

#### Thursday, May 30

Classical music Classics on the Terrace. Vsi Svoi D12. 7 p.m. Hr 350-500 🚳

#### Miscellaneous

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 10 a.m - 6 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥺

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center, 12-9 p.m. Free @

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House. 12-9 p.m. Free. Bring ID 🔞

Monolith (contemporary art exploring the digitalization of the world). America House. 12-9 p.m. Free. Bring ID 🔞

#### Movies

Vinyl

Vibes

The UBK summer

the bank of Dnipro

parties. On May 26,

four DJs-collectors

will play their rare

finds - all sticking

to a certain genre.

Andrii Sukhariev will

club located on

River opens the

season with a

Forrest Gump (drama). Planeta Kino. 7:30, 8 p.m. Hr 150-210 🚳

#### Godzilla: King of the Monsters (fiction, action movie, adventures). Planeta Kino. 7 p.m. Hr 100-160 🥸

**Molodist Kyiv International Film Festival** (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema, Butterfly Deluxe. 11 a.m. - 11 p.m. Hr 110-125 🥝 😳

#### Shows

The Hypnotunez (rock, swing, jazz). Docker Pub. 8 p.m. Hr 175-2,100 8

The Night of Flamenco (music, dance show by Maria Caballero). Caribbean Club. 8 p.m.

#### Theater

Swan Lake (three-act ballet). National Opera. 7 p.m. Hr 150-2,900 🚇

#### Friday, May 31

**Classical music** Ave Maria (Schubert, Saint-Saëns, Caccini). National Philharmonic. 7 p.m. Hr 70-300 0

#### Live music

Jazz on the Terrace. Vsi Svoi D12. 7 p.m. Hr 350-500 @

Jazz for Adults with Alexey Kogan Caribbean Club. 8 p.m. Hr 180-850 🦻

#### Clubs

Bal Under the Trees: Flux (electronic music). Mezzanine. 9 p.m. Hr 200-250. Visitors must be over 21 69

#### Miscellaneous

A Boy and a Comet (paintings, diaries sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🕺

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free 🕘

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House, 12-9 p.m. Free, Bring ID 🔞

Monolith (contemporary art exploring the digitalization of the world). America House. 12-9 p.m. Free. Bring ID 🔞

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 12 p.m - 8 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

#### Movies

Forrest Gump (drama). Planeta Kino. 7:30, 8 p.m. Hr 150-210 🥸 Godzilla: King of the Monsters (fiction, action, adventures). Planeta Kino. 7 p.m. Hr

**Molodist Kyiv International Film Festival** 

(nine-day film festival featuring nearly 200

100-160 🔮

#### Live music

Lords of the Sound Feat. Didier Marouani

- Interstellar Concert. Ivan Franko National Academic Drama Theater. 5 p.m., 8 p.m. Hr 350-950 🚳

Volga: Funk (covers for songs by James Brown, Chaka Khan, Nina Simone, Martha High). Caribbean Club. 7 p.m. Hr 210-690 🥑

#### Clubs

Lesnoy Prichal: Secretsundaze (electronic music). Closer. 11:55 p.m. Hr 300-400. Visitors must be over 21 0

#### **Miscellaneous**

Faces of Civil Society (photo exhibition by Chris Collison featuring his interviews with Ukrainian civic activists and human rights defenders conducted in 2015-2019). America House. 10 a.m. - 6 p.m. Free. Bring ID 🔞

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥹

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 11 a.m - 7 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free 🕗

Ravon #1 Block Party (market of used and new goods, music, entertainment aimed to raise money for the development of Reitarska Street). Reitarska St. 12-8 p.m. Free 🕼

#### Movies

Forrest Gump (drama). Planeta Kino. 7:30, 8 p.m. Hr 150-210 🔮

English with Ukrainian subtitles) Multiplex (Lavina Mall). 3 p.m. Hr 190-240 🕄

Chasing Two Hares (two-act ballet). National Opera, 7 p.m. Hr 50-600 🚇

#### Sunday, June 2

#### Live music

National Philharmonic. 7 p.m. Hr 80-400 0

7 p.m. Hr 290-390 🛈

Zimmermann Free

#### Clubs

Reason: Boddika, Nonplus (electronic music). UBK. 1-11 p.m. Hr 250 🚯

Oleksandr Bohomazov: Creative Laboratory (artworks, sketches by Ukrainian avantgarde artist). National Art Museum. 10 a.m - 6 p.m. Hr 70, Hr 30 for pupils, students and retirees 🚳

A Boy and a Comet (paintings, diaries, sketches and photographs of Ukrainian artist Oleh Holosii). The Naked Room. 11 a.m. - 8 p.m. Free 🥹

Ain't Nobody's Business! (collective exhibition exploring displays of sexuality). Pinchuk Art Center. 12-9 p.m. Free @

#### Movies

Forrest Gump (drama). Planeta Kino, 7:30, 8 p.m. Hr 150-210 🥸





# **Celebrity charity market**

Kurazh Bazar charity market is about to hold its "kindest" annual event -- all the money from ticket sales will be donated to charity. As usual, the two-day market will give a platform for people to sell various goods -- but this time, there will be Ukrainian celebrities standing behind the counters offering their stuff. At their last fully-charitable event, Kurazh Bazar raised over Hr 1 million, which they gave to a camp and day care center for children with disabilities. This time, they aim to raise Hr 1.5 million. There will also be music, entertainment for children, food court and drinks in other words, everything for a perfect weekend outside.

Star Kurazh Bazar. VDNH (1 Akademika Hlushkova Ave.) May 25-26. 11 a.m. - 11 p.m. One-day ticket -

Hr 150, two-day ticket - Hr 250

short and full length movies). Kviv Cinema, Butterfly Deluxe. 10 a.m. - 11:45 p.m. Hr 110-125 🙆 🚳

#### Shows

Sheetel (rock, dark pop, piano-grunge). Monteray Live Stage. 8 p.m. Hr 250-400 @ Anna Dontsova Quintet - Depht of My Soul (author`s music, jazz hits). 32 Jazz Club.

8 p.m. Hr 400 🜗

Theater

The Barber of Seville (three-act opera in Italian). National Opera. 7 p.m. Hr 50-600 49

#### Saturday, June 1

Sympho Jazz (classics in jazz arrangements).

Summer Symphonies on the Helipad (music from great operas, ballets and symphonies with a rooftop view). Parkovyi Center

François-Xavier Roth and Carolin Widmann (Stravinsky, Debussy, Ligeti). Mk Music Space. 7 p.m.

#### Miscellaneous

offer some rock, Maska will entertain the public with some funk from the 1960-1970s, Seba Korecky will present some disco, while

Kostya Denys will play disco, soul and funk tracks, all with groovy bass. Apart from the music mix, the Vinyl Vibes party will offer a picturesque view from Trukhaniv Island, a variety of cocktails on a warm and charming Kyiv night. Vinyl Vibes. UBK Club. Trukhaniv Island, 300 meters right of the Pedestrian Bridge to the island. May 26. 6 p.m. Free

#### Godzilla: King of the Monsters (fiction, 100-160 🔮

#### Molodist Kyiv International Film Festival (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema, Butterfly Deluxe. 10 a.m. - 11:30 p.m. Hr 110-125 🙆 🚳

#### Shows

David Friesen Trio Concert (jazz). 32 Jazz Club. 8 p.m. Price to be announced 4

#### Theater

An Ideal Husband (theater recording in

Godzilla: King of the Monsters (fiction, action, adventures). Planeta Kino, 7 p.m. Hr 100-160 🚳

**Molodist Kyiv International Film Festival** (nine-day film festival featuring nearly 200 short and full length movies). Kyiv Cinema, Butterfly Deluxe. 11 a.m. - 11 p.m. Hr 110-125 🚳 🚳

#### Theater

Turandot (three-act opera in Italian), National Opera. 7 p.m. Hr 50-600 🚳

#### Vasylkivska St.) +38044 338 1991 Architect's House (7 Borysa Hrinchenka St.) +38050 386 7410 Caribbean Club (4 Petliury St.) +38067 224 4111 Shcherbenko Art Center (22V Mykhailivska St.) +38096 801 2041 Toronto-Kyiv Complex (100 Velyka Vasylkivska St.) +38044 495 8533 Otel' (31 Nyzhnoiurkivska St.) +38063 618 0145 River Port (67 Nyzhnii Val St.) www. Multiplex Cinema (Sky Mall, 2T Henerala Vatutina Ave.) 0800 505 333 Planeta Kino Cinema (34 Stepana <sup>(1)</sup> Kyiv History Museum (7 Bohdana Khmelnytskoho St.) +38044 520 2825 Venues Monteray Live Stage (8 Prorizna St.) +38093 323 0644 Classical Music VDNH (1 Akademika Hlushkova) 32 Jazz Club (32 Vozdvyzhenska St.) +38050 462 0014 Stereo Plaza (119 Lobanovskyi Ave) +38044 222 8040 facebook com/riverportkviv Bandery Ave.) 0800 300 600 Ave.) +38067 824 1631 National Philharmonic of Ukraine Green Theater (2 Parkova Rd.) +38067 155 2255 UBK Club (Trukhaniv Island, 300 Ave.) +38067 824 1631 Pinchuk Art Center (1/3-2 Velyka Vasylkivska St.) +38044 590 0858 Bandery Ave.) 0800 300 000 Kyivan Rus Cinema (93 Sichovykh Striltsiv St.) +38044 486 7474 (2 Volodymyrskyi Uzviz St.) +38044 Docker Pub (25 Bohatyrska St.) +38050 358 5513 Gryshko National Botanical Garden (1 Tymiriazievska St.) +38044 285 4105 Kyiv Cinema (19 Velyka Vasylkivska t.) +38044 234 7381 278 6291 Butterfly Deluxe (50 Antonovycha St.) +38044 206 1322 Lutheran Church of St. Catherine (22 Liuteranska St.) MK Music Space (57B Bohdana The Naked Room (21 Reitarska St.) Theater Theater Opera of Ukraine (50 meters right of Pedestrian Bridge) +38097 771 3143 www.facebook.com/thenakedroom Multiplex Cinema (Atmosphere, 103) Www.facebook.com/vsi.svoi www.facebook.com/vsi.svoi Stolychne Hwy.) 0800 505 333 Multiplex Cinema (Komod, 4A Sheptytskoho St.) 0800 505 333 Shows Khvylovyi Bar (18 Verkhnii Val St.) +38063 443 0925 Valoriar opera of okraline (50 Volodymyrska St.) +38044 234 7165 Theater on Podil (20A, Andriivskyi Uzviz St.) +38044 332 2217 Ivan Franko National Academic Drama Theater (3 Ivana Franka Sq.) +38044 279 5921 Parkovyi Congress and Exhibition Center (16A Parkova Rd.) +38044 Mezzanine (31 Nyzhnioyurkivska St.) +38063 873 7306 (38) Atlas (37-41 Sichovykh Striltsiv St.) +38067 155 2255 Khmelnytskoho St.) +38095 179 3834 Mystetskyi Arsenal (10-12 Lavrska St.) +38044 288 5225 Live Music Reitarska Street Oom Music Bar (10/5A Petra Sahaidachnoho St.) +38096 011 0515 Kyiv Planetarium (57/3 Velyka National Art Museum of Ukraine (6 Mykhaila Hrushevskoho St.) +38044 279 6462 Multiplex Cinema (Lavina Mall, 6D Berkovetska St.) 0800 505 333 Clubs Miscellaneous Multiplex Cinema (Prospect, 1V Hnata Khotkevycha St.) 0800 505 333 Zhovtnevyi Palace (1 Heroiv Nebesnoi Sotni Alley) +38044 279 Closer (31 Nvzhnojurkivska St.) America House (6 Mykoly Pymonenka St.) +38063 343 0119 +38067 250 0308

#### May 24, 2019

## 14 National

# Zelenskiy tells tech world: 'Ukraine has many f\*\*k-ups'

#### **BY DENIS KRASNIKOV** KRASNIKOV@KYIVPOST.COM

Ukrainian politicians and tech people seem to barely understand each other, newly elected President Volodymyr Zelenskiy said on May 23 during a 20-minute speech at Kyiv's annual tech conference iForum.

"Innovation and politics are two different worlds in Ukraine," the president said.

Local politicians know nothing about information technologies and talk about them only when they need to create a positive image of themselves, Zelenskiy said.

"The vocabulary of a Ukrainian politician consists of several words that they use when talking about technologies: innovation, digitalization, Hyperloop, and Elon Musk," he continued.

Zelenskiy said he doesn't want to be like these politicians: "Hence, I do not want to promise you the moon and the stars, that we will build factories of electric vehicle producer Tesla and make Elon Musk an innovation minister."

"I personally can't change anything," the president said. "Digitization, innovation – all of this can only be done together. You are much smarter than me," he told a packed hall of



tech entrepreneurs, programmers, and IT-related specialists.

#### Ukraine catching up

Flipping a presentation slide while on stage, Zelenskiy showed a portrait of German inventor Johannes Gutenberg, who created the first printing press in the 15th century.

"This dude has ripped apart that epoch," the president said, pointing to the portrait.

"But today such inventions are being created several times a year,"

he said, adding that it is "in our hands now" to contribute to the world's tech development and "create the future."

He admits, however, that it's difficult for Ukrainians to "talk about the future, having no present," with

poor quality medicine and a corrupt energy market.

"Ukraine has many f\*\*k-ups," Zelenskiy said.

But all the same, he believes that Ukraine can use this to its own advantage – by skipping some stages in its development and adopting the world's best high-tech solutions. For example, he said, some African countries didn't have fixed-line phones in the past, but now they have started using mobile phones.

Following suit, Ukraine should reject its weak traditional banking sector and switch to online banking straight away, stop using expensive gas and head toward affordable renewable energy sources, and use drones where infrastructure is poor.

"What do we lack to do that?" Zelenskiy asked. "Without such innovations, there won't be competition, no jobs, no production, and hence no taxes."

"It's our politicians who hinder these processes," he said.

Zelenskiy believes his task as Ukraine's new president is to create a favorable environment for tech people to stay in the country.

"It's impossible to have innovations here if people leave Ukraine. That's why I am at iForum," he added. 🔳

# PrivatBank sues Kolomoisky in US court

#### **BY IGOR KOSSOV** KOSSOV@KYIVPOST.COM

PrivatBank on May 21 filed a new lawsuit against its former owner Ihor Kolomoisky in the Delaware Chancery Court in the U.S.

According to a copy of the complaint obtained by the Kyiv Post, PrivatBank is suing Kolomoisky, oligarch Gennadiy Bogolyubov and multiple business associates for stealing money from the bank – Ukraine's largest lender – before laundering and parking the money in U.S. commercial real estate. When the bank was nationalized by the Ukrainian government in 2016, it had a \$5.5 billion hole in its ledger.

"[Kolomoisky and Boholyubov] used PrivatBank as their own personal piggy bank – ultimately stealing billions of dollars from PrivatBank and using United States entities to launder hundreds of millions of dollars' worth of PrivatBank's misappropriated loan proceeds into the United States to enrich themselves and their co-conspirators," the complaint said. Besides the two defendants, the complaint also names Mordechai Korf, Chaim Schochet and Uriel Tzvi Laber, who had previously been linked to Kolomoisky by Ukrainian investigative journalists. Korf owns a series of metallurgical companies in the U.S., along with Laber, who was also once a director of Ukrnafta, of which Kolomoisky holds a significant stake. Schochet is allegedly Korf's brother-in-law and a

major commercial real estate landlord in the state of Ohio.

Also among the defendants are 20 U.S. companies, many registered in the state of Delaware and allegedly owned by the oligarchs and their business partners. Delaware is widely known as a corporate tax haven, with hundreds of thousands of companies registered there.

The causes of action include: unjust enrichment, fraudulent transfers, violations of Ohio's Corrupt Practices Act and civil conspiracy. PrivatBank requested that the court declare the Delaware companies to be Kolomoisky and Bogolyubov's alter egos and to pierce the corporate veil that protects these enterprises. The bank requested statutory, punitive and treble damages and asked the court to create a trust for the assets to be claimed from the defendants for their alleged misconduct. Kolomoisky and Bogolyubov's counsel, Michael Sullivan of The Ashcroft Law Firm was not immediately available to comment and neither were other lawyers that were previously retained by Kolomoisky. However, legal publication Law360 quoted Sullivan as saying that the defendants denied all wrongdoing. Michael A. Barlow of the U.S. law firm Abrams & Bayliss LLP, who is representing PrivatBank, declined to comment on the lawsuit to the Kviv Post. The case comes at a time when Kolomoisky is allegedly being investigated for financial crimes and money laundering by the Federal Bureau



Many of the U.S. companies involved were ones with the word Optima in their name, including Optima Group and Optima Ventures. They also included companies like Warren Steel Holdings, Steel Rollings Holdings, Georgian American Alloys and others. All of these have previously been linked to Kolomoisky.

The complaint said that hundreds of millions of dollars of that money was laundered through such companies then found its way into commercial real estate and other assets across twelve U.S. states including Ohio, Texas, Florida and Kentucky.

Meanwhile, the oligarch has been taking steps to reclaim PrivatBank at home. The Sixth Appellate Administrative Court of Kyiv recent ly rejected the National Bank of Ukraine's appeal of a lower court decision that ruled that the 2016 nationalization of PrivatBank was illegal. Experts told the Kyiv Post that if Kolomoisky wins back the bank, it could have a devastating effect on the Ukrainian banking system and destroy its ability to receive assistance from international bodies like the International Monetary Fund.

Billionaire oligarch igor kolomolsky is accused of multibillion-dollar bank fraud leading to the collapse of PrivatBank. Kolomoisky denies that billions of dollars of PrivatBank's money went missing when he was in charge but admits to causing \$248 million losses to the bank. (UNIAN)

of Investigations, or FBI, according to the complaint and April media reports.

and Ukrainian PrivatBank authorities fought Kolomoisky on multiple fronts since the bank's nationalization.

The May 21 lawsuit is similar to another one filed by PrivatBank against Kolomoisky and Bogolyubov in the United Kingdom, in which the bank alleged \$1.9 billion in losses through bogus transactions using shell companies and money laundering. The U.K. courts had ruled in December that they do not have jurisdiction in that lawsuit.

And last week, the National Bank of Ukraine and PrivatBank won lawsuits against companies affiliated with Kolomoisky, according to the National Bank of Ukraine. The companies, including Nikopol Ferroalloy Plant and the Cyprus-based Trovelko Holdings Limited tried to shed their refinancing obligations to the tune of Hr 2.6 billion and Hr 143 million, respectively. The Supreme Court of Ukraine ruled against the companies.

The recent complaint alleges that PrivatBank under Kolomoisky raised funds by issuing public debts and attracting new deposits at above market interest rates. However, most of the bank's corporate loans were fraudulently made to companies ultimately controlled by the oligarchs, according to the lawsuit.

Kolomoisky recently returned to Ukraine, following the inauguration of President Volodymyr Zelenskiy.

The new president is accused of having improper ties with the oligarch. Though he denied these allegations, he fueled new suspicion by appointing Kolomoisky's former lawyer Andriy Bohdan to chief of staff this week.

#### www.kvivpost.com

## National 15

# Zelenskiy's first appointments: Who they are, what they do

Appointments from page 2



Mykhailo Fedorov, advisor-atlarge to the president

Before assuming the role of presidential

advisor-at-large on May 22, Fedorov was chief digital strategist during Zelenskiy's presidential campaign. Fedorov oversaw social networks - Instagram, Facebook, Telegram and YouTube. Fedorov had a digital agency prior to joining Zelenskiy's team.

As an advisor, Fedorov will be working on e-government, digitalizing ID cards, medicine, tax and business and simplifying all bureaucratic procedures.

"We want to ensure that all procedures can be performed through phone apps. Direct democracy is when all decisions are made with the help of a single button on the smartphone," Fedorov said when



Ruslan Stefanchuk (second from right), who was appointed representative of President Volodymyr Zelenskiy in parliament on May 21, attends an emergency parliamentary session on May 22, 2019. (Kostyantyn Chernichkin)

he was presented as a member of Zelenskiy's team on April 18.

### Allies without appointments

There is a handful of people wo participated in Volodymyr Zelenskiy's campaign and weren't appointed to any posts yet.

Oleksandr Danylyuk 43, was one of the two main speakers for Zelenskiy's team during the presidential election campaign, mainly focusing on economic issues.

Danylyuk has worked in government since 2005. He served as an economic adviser to Prime Minister Yuriy Yekhanurov under the presidency of Viktor Yushchenko. Danylyuk served as an advisor-at-large to ex-President Viktor Yanukovych on economic matters.

Under President Petro Poroshenko, Danylyuk initially served as the president's representative in the Cabinet of Ministers, later taking the role of deputy head of the presidential administration. In 2016, he became finance minister in Prime Minister Volodymyr Groysman's cabinet. He was dismissed by parliament in 2018 after a conflict over the appointment of his deputy, which, according to Danylyuk, was done by Groysman to stall State Fiscal Service reform.

Groysman responded by stating that Danylyuk had overstepped his boundaries and acted inappropriately.

Danylyuk is expected to be appointed Secretary of the National Security and Defense Council in the near future. According to Danylyuk, the council must find a way to keep Ukraine as a gas transit country, while also resolving financial and military difficulties.

Ivan Aparshyn, 62, was presented on April 18 as Zelenskiy's chief military expert and was seen by many as a potential defense minister.

Aparshyn is a professional army officer, serving most of his life in the army in various positions. He has a longstanding relationship with Anatoliy Grytsenko, former defense minister and leader of the Civic Platform party,

Ruslan Stefanchuk, presidential in parliament

ident's representative in parliament on May 21. Among his tasks is promoting the president's agenda in parliament by presenting the president's draft laws. The representative may also express the president's position on draft laws undergoing a vote in parliament.

Stefanchuk is a doctor of law and has been relatively unknown, working as a professor in the Khmelnitsky University of Management and Law. In a comment to the Hromadske news website, Stefanchuk said that he met Zelenskiy a long time ago when they both participated in the comedy competition known as KVN, presumably in the 1990s.

Zelenskiy's campaign, On Stefanchuk was the "campaign ideologist" and had been drafting the laws the team was preparing for parliament. One of them was a bill to change the electoral system, which failed in the parliament on May 22. Stefanchuk is also working on a bill to introduce a procedure for presidential impeachment.

> Andriy Gerus, presidential representative in the Cabinet of Ministers

> > Gerus, 37, was appointed as the pres-

ident's representative in the Cabinet of Ministers on May 22. Gerus told the Kviv Post that his role will be ensuring communication between the president and the government.

Gerus is an energy expert and an outspoken critic of Rotterdam+, a notorious scheme that sets high tariffs for utilities due to allegedly high coal prices. The heating and electricity supply companies owned by oligarch Rinat Akhmetov benefit from it.

Prior to becoming presidential representative, Gerus briefly served as a member of the National Commission for State Regulation of Energy and Public Utilities from 2014 to 2015. He also worked at Concorde Capital, a Ukrainian investment firm, both prior to and after his tenure in the energy commission.

He also serves as the head of the Association of Energy Consumers, which unites companies that heavily depend on the prices of electricity. He must now quit this job.

Gerus told the Kyiv Post that he will continue to promote his energy agenda, including postponing the energy market reform. That reform would liberalize the market and allow consumers to choose from whom to buy electricity. However, it

Kyiv Post in its MAY 31 issue will focus on

Corporate Socia

is often criticized as poorly planned and could potentially cause household energy prices to increase substantially. Gerus wants to delay the reform by a year.



Khomchak, chief of general staff of the Armed Lieutenant General

Khomchak, 51, was appointed as the new chief of general staff of the Armed Forces on May 21. (see profile on page 18)



Service Bakanov, 45, was appointed as the first deputy head of Ukraine's Security Service (SBU) on May 21, where he is now in charge of anti-corruption. Bakanov is a child-

hood friend of Zelenskiy. Bakanov had been the head of Zelenskiy's presidential campaign and the newly created Sluga Narodu (Servant of the People) political party, named after the television show in which Zelenskiy portrays a school teacher who is elected president.

Prior to his political activity, Bakanov was the head lawyer of Kvartal 95. According to Schemes, an investigative journalism unit of Radio Free Europe/Radio Liberty, Bakanov traveled with Zelenskiy to Tel-Aviv shortly before the campaign started, where the two allegedly met with oligarch Kolomoisky, a business partner of Zelenskiy.

Bakanov has never been in public service and has no known experience related to security.





under whom Aparshyn worked in the defense ministry. During the 2014 parliamentary campaign, Aparshyn was on Grytsenko's party list, yet the party failed to get into parliament.

Aivaras Abromavicius, 43, is a former minister of economy and trade and a Ukrainian-Lithuanian investment banker. He met Zelenskiy in early 2019 and became an economic adviser to his campaign. He said he wasn't interested in working in the presidential administration or running for parliament, leaving only the cabinet.

Sergii Leshchenko, 38, is a lawmaker who recently left the Petro Poroshenko Bloc. He didn't have an official role in Zelenskiy's campaign, but was present at several meetings and served as an unofficial advisor to Zelenskiy.

Dmytro Razumkov, 35, the main political consultant and an outspoken member of Zelenskiy's presidential campaign, wasn't appointed to a position in the administration. Ryaboshapka announced on May 23 that Razumkov will lead Zelenskiy's party, Servant of the People, in the July 21 snap parliamentary elections.

Razumkov was a member of the ex-President Viktor Yanukovych's Party of Regions in 2006-2010. In 2010, he worked for the presidential campaign of Serhiy Tigipko, who came third in the election. He kept working with Tigipko when the latter became deputy prime minister for under Yanukovych and then a lawmaker with the Party of Regions.



# 16 National

# Zelenskiy's appointment of Bohdan ignites controversy

#### Bohdan from page 1

four-year tenure and, according to a lustration law passed after the 2014 EuroMaidan Revolution ended Yanukovych's presidency, he is not allowed to hold top government jobs.

Zelenskiy also made his longtime business partner and friend Serhiy Shefir his first aide. The former director of his Kvartal 95 production company, Ivan Bakanov, became deputy chief of the Security Service of Ukraine. And a few other former employees of Kvartal 95 and Zelenskiy campaign officials were named as advisers to the president and deputies to Bohdan. *(See the story on page 2)* 

Besides his work for exiled ex-Prime Minister Mykola Azarov during the Yanukovych era, Bohdan also served as a lawyer for billionaire oligarch Ihor Kolomoisky, notorious for many of his business practices – including alleged large-scale bank fraud involving PrivatBank. That scheme led to the bank's financial collapse and a \$5.6-billion taxpayer bailout of the institution, which was nationalized in December 2016.

"Zelenskiy believes that this post has to be occupied by a person from his inner circle whom he trusts," Bohdan told journalists on May 21, hours before his appointment as chief of staff. He also took credit for talking the actor and television producer into entering politics.

The pair became acquainted about five years ago through a network of mutual contacts. At the time, Bohdan worked as an adviser to Kolomoisky, then governor of southeastern Dnipropetrovsk Oblast. They met when Zelenskiy, who worked on Kolomoisky's 1+1 television channel, visited the oligarch in the provincial capital of Dnipro.

Zelenskiy's successful election campaign was haunted by public



Andriy Bohdan, the newly-appointed chief of staff for President Volodymyr Zelenskiy, walks out of the Presidential Administration in Kyiv on May 21, several hours before his appointment. Holding the door is Kyrylo Tymoshenko, who was appointed deputy chief of staff. (Volodymyr Petrov)

fears that the candidate would serve as a proxy for the oligarch, who was in conflict with then-President Petro Poroshenko. For two years, Kolomoisky lived in self-imposed exile in Israel and Switzerland. He returned to Ukraine only after Zelenskiy's victory.

But the voters weren't dissuaded by the candidate's reputed ties to Kolomoisky or Bohdan's status as an influential campaign adviser. They elected Zelenskiy on April 21 with 73 percent of the vote.

Bohdan worked for Kolomoisky on the PrivatBank case, in which the oligarch challenges the nationalization of the bank. Kolomoisky and his business partner Hennady Boholyubov, both of whom have denied wrongdoing, are fighting against the National Bank of Ukraine, claiming that their property had been illegally expropriated.

Bohdan said Kolomoisky was just one of his many clients. On the day after his appointment as head of Zelenskiy's administration, he gave up his attorney's license.

"I would not consider Bohdan 'a puppet for Kolomoisky.' They are certainly connected, but I would gauge him as a self-sufficient figure with big and independent ambitions," political expert Volodymyr Fesenko said.

He believes that Bohdan – a person experienced in management and communications – was the most qualified candidate for the job in Zelenskiy's team.

#### **Patrons and clients**

"Bohdan was proactive, didn't fear authority, bravely took on any case," recalled Oleksiy Reznikov, partner at the Asters law firm, who was Bohdan's boss at the start of his the Supreme Court ordered that the election be redone, Yushchenko went on to win the second vote on Dec. 26, 2004.

Bohdan was also on a team of attorneys representing ex-Prime Minister Yulia Tymoshenko's government in the scandalous case of the Nikopol ferroalloy plant's privatization in 2005–2006. It was widely believed that Tymoshenko lobbied in the interest of Kolomoisky's Privat Group, which was at loggerheads with oligarch Victor Pinchuk's steel producer, Interpipe, over the plant.

Later, Bohdan provided legal services to then-Interior Minister Yuriy Lutsenko and briefly served as a volunteer aide to then lawmaker Andriy Portnov.

One more prominent name on Bohdan's list of clients is his old friend: businessman and ex-politician Hennadiy Korban. Bohdan jumped to Korban's defense when he was accused of a number of crimes, including organizing a criminal group in 2015. Charges against television channel, Bohdan's father recalled the time when his son called him to tell about his new job in Yanukovych's government.

"I told him: 'Do you understand that you fought against Yanukovych in the Supreme Court, and now you want to work in his government?" 'Dad,' he said, 'there must be (some) honest people (there).""

This job was meant to be Bohdan's last in public service. After the 2014 EuroMaidan Revolution that drove Yanukovych from power, the Ukrainian parliament passed a law on lustration, banning top Yanukovych-era government officials from holding any public office for 10 years. Bohdan, the envoy for anti-corruption policy, was supposed to be among those purged.

After Yanukovych fled power, Bohdan resigned and his old friend Korban introduced him to Kolomoisky, who made him an adviser in the Dnipropetrovsk Oblast government he led for a year until 2015. Subsequently, Bohdan was added to Poroshenko's party list for the 2014 parliamentary election under the so-called "Kolomoisky quota," when the relations between the two powerbrokers were good.

But Bohdan never made it into parliament. Kolomoisky fell out of Poroshenko's favor and parliament passed a bill allowing candidates to be excluded from the party list after the election. It was dubbed "Bohdan's law." In 2017, the Constitutional Court cancelled it.

#### Lustration controversy

This year, Bohdan re-emerged as a senior adviser to Zelenskiy's presidential campaign. And his appointment as chief of staff has stirred public criticism as a clear violation of the lustration law that Bohdan considers o be unfair and unconstitutional.

"Accountability must be personal for particular deeds. You can't be punished for the fact that you worked," he said in a May 2 interview with the NewsOne television channel. In a May 21 interview, he said that "thousands of honest people, who have not done anything bad and worked for their country, ended



#### Kyiv hosts 8th Sweden-Ukraine Business Forum

The Embassy of Sweden to Ukraine organized the largest Swedish-Ukrainian business networking platform in Kyiv on May 23. This year the 8th Sweden-Ukraine Business Forum was held at the Parkovy Business Center bringing together Ukrainian and Swedish business representatives, government officials and industry experts.

The topics discussed at the conference included: sustainable development, decentralization and digital transformation, financial markets and banking products.

In total, around 180 organizations participated at the forum including: Volvo, SKF Group, Scania, Ericsson, Westinghouse, Atlas Copco, Oriflame, Beetroot Academy, Essity, Llentab and the Arbitration institute of the Stockholm Chamber of Commerce. career. "He is ambitious. He likes to work in executive power because it means having influence."

In the early 2000s, Reznikov and his business partners, Igor Pukshyn and Serhiy Vlasenko, had a law firm and hired Bohdan at the request of his father, who used to be their law professor.

Soon, an internship opened for an assistant to a judge of the Kyiv Commercial Court of Appeals. Reznikov recommended Bohdan.

By the time Bohdan finished his stint at the court, Reznikov, Vlasenko, and Pukshyn had parted ways and Bohdan joined Pukshyn's new law firm as a partner.

During the Orange Revolution, which overturned an election rigged in favor of Viktor Yanukovych, the firm defended his opponent, Viktor Yushchenko. After the uprising, when Korban were dropped in 2017.

A year later, Bohdan defended his college friend, then deputy Prosecutor General Vitaliy Kasko, who was under investigation for fraud. Kasko claimed the charges were retribution for his criticism of his boss, former Prosecutor General Viktor Shokin.

#### Public service

After his former boss, Pukshyn, became deputy head of President Viktor Yushchenko's administration, Bohdan entered public office in 2007 as deputy justice minister.

Three years later, under Yanukovych's rule, Bohdan was appointed as an envoy for anti-corruption policy in the notoriously corrupt cabinet of Azarov, Yanukovych's loyal prime minister.

In an interview with a local Lviv

up under the ban."

Bohdan claimed that his inclusion on the lustration list was revenge by lawmaker Yuriy Derevyanko. As government envoy for anti-corruption policy, he supposedly exposed an embezzlement scheme carried out by Derevyanko.

Furthermore, Bohdan insists that the lustration law does not apply to him because, under another law, the presidential chief of staff and his deputies are not considered civil servants. However, top officials of the justice ministry have refuted this claim. Yehor Sobolyev, co-author of the lustration law, also confirmed that Bohdan has no right to be in charge of the presidential administration.

On May 23, Deputy Justice Minister Serhiy Petukhov announced that the case could be taken to court.

#### May 24, 2019

#### www.kyivpost.com

# As July 21 snap election becomes reality, Zelenskiy's party prepares to win

#### Election from page 3

The president's side accused parliament of violating the agreement. According to Ruslan Stefanchuk, the president's representative in parliament, the open party lists were dropped because the parliament's leadership said during negotiations with Zelenskiy that this system was too complicated to introduce in two months' time. In other words, according to Stefanchuk, they were fine with dropping it, but changed their stance to sabotage the president's bill.

Zelenskiy didn't try again: he ordered the snap election that will now take place within the old system.

"The old politicians chose the old system because only it can prolong their political life," Zelenskiy said. "They are counting on squeezing into parliament again on bribes. I'm sure they are wrong. And even in the single-member districts you (the people) will choose new politicians who can change the country for real."

**Parties' rating** 

VIV

If the election takes place soon,

Zelenskiy's party, Servant of the People, is set to repeat its leader's election success.

According to the latest ranking of political parties, published on May 22 by the Rating Group, a Kyiv-based polling agency, Servant of the People has by far the largest support.

Among respondents who plan to vote in the election and have decided on their choice, an overwhelming 48 percent want to back Servant of the People.

The party was registered in 2018 and has done nothing so far, revealing no members or party lists.

Before the presidential election, the Kyiv Post asked Zelenskiy how he was planning to find the people to fill the party ballot so fast. The future president said he would be looking for "new, young people," preferably with legal background.

The runner-up of the party ranking is Opposition Platform - For Life, a pro-Russian party led by the trio of Viktor Medvedchuk, Yuriy Boyko and Vadym Rabinovich, that received 10.5-percent support.

The Petro Poroshenko Bloc, also known as Solidarnist, polled at 8.8 percent. The party is now far from its standing in 2014, when it won the parliamentary election, coming second in the party list vote but first in the single-member districts. It ended up with 135 seats in parliament.

Poroshenko, who is recovering from his election loss to Zelenskiv. said he would rebrand his party before the parliamentary vote.

Yulia Tymoshenko's Batkivshchyna party polled at 7.3 percent, slightly below Poroshenko's.

Ihor Smeshko, an ex-Security Service chief who made a surprise comeback to politics in the presidential election and took 5 percent of the vote in the first round, can capitalize on his sudden success in the parliamentary election. A minor party he leads, Strength and Honor, polls at 6 percent just high enough to make it into parliament.

Svyatoslav Vakarchuk, a popular rock singer who announced the launch of his party, Holos ("Voice"), on May 16, polls at just 4.6 percent now. The singer said he would accept no current lawmakers or officials to his party, trying to make it a completely new group.

# **TOP 10** KYIV POST exclusives online this week

1. President Zelenskiy's inauguration speech (COMPLETE ENGLISH TRANSLATION)

2. Volodymyr Zelenskiy sworn in, announces dissolution of parliament

3. Everything we know about Zelenskiy's inauguration: When, where, who's coming

4. Who controls oligarch lhor Kolomoisky's offshore assets?

5. Power struggle erupts within Ukraine's new Orthodox church

6. People's Front pulls out of ruling coalition, blocks parliament dissolution (UPDATED)

7. Ihor Kolomoisky: 'FBI investigation of me will result in nothing'

8. Ukraine's police forces switch to MP5 submachine guns (PHOTOS)

9. Timothy Ash: The view from Ukraine this week

10. Poroshenko signs decree to launch superspeed 5G

# Subscribe! \$60\$45.60

Use KyivPost2019 code to get your 24% discount for the Kyiv Post subscription in celebration of our 24th year

**Online benefits include:** 

- Unlimited access to all exclusive Kviv Post stories online
- Continuously updated feed of news stories, analysis, multimedia, opinions and more
- Archives dating back to 1997



Subscribe to the Kyiv Post and have fresh issues delivered weekly to your door. Support Ukraine's trusted source of independent English-language news since 1995!





## National 17

















Puscha























1

#### May 24, 2019

# General with mixed record to command armed forces

#### **BY ILLIA PONOMARENKO**

PONOMARENKO@GMAIL.COM

The burning question of who will become the top military commander under President Volodymyr Zelenskiy has been answered. And it has surprised many.

On May 21, the new president issued two decrees to appoint Lieutenant General Ruslan Khomchak as the new Chief of the General Staff of the Armed Forces. Zelenskiy also dismissed General of the Army Viktor Muzhenko, who had served on the post since 2014 under Petro Poroshenko. That pleased the general's many critics.

But the appointment of Khomchak triggered a loud uproar due to Khomchak's controversial service record – particularly his role in the disastrous battle of Ilovaisk in August 2014 – and polarized public views on his competency and popularity among military personnel.

Judging by Zelenskiy's public remarks, his campaign had agreements with potential candidates for top military nominations even before the comedian-turned-politician's landslide victory in the April 21 runoff election.

Just after the exit polls declared him the winner, Zelenskiy said he would appoint "very serious guys, with authority in the army, the serving generals" to the General Staff.

In the weeks between the election and the May 20 inauguration, rumors posited that several generals could be candidates for the highest post in the Armed Forces, including airborne branch leader Lieutenant General Mykhailo Zabrodskiy and the former top commander of the combined Ukrainian contingent in Donbas, Lieutenant General Serhiy Nayev.

But according to the Kyiv Post's sources in the military, as Zelenskiy's electoral victory grew increasingly obvious, Khomchak became the most probable next Chief of the General Staff.

#### Ahead in combat

Khomchak, now 51, started his military career as a cadet at the elite Higher Military Command School in Moscow – the alma mater of many of Soviet and Russian top military generals.



Newly-appointed Chief of General Staff Lieutenant General Ruslan Khomchak adresses Armed Forces personnel during his introduction ceremony on May 23, 2019. (The Ministry of Defense of Ukraine)

Khomchak was promoted to major general during the presidency of Viktor Yanukovych.

With the beginning of Russia's war against Ukraine in Donbas in 2014, Khomchak, already a lieutenant general, became the commander of the so-called Sector B, a group of troops fighting Russia-backed militants west of Donetsk.

This proved a controversial period for Khomchak.

His combat leadership was marked by a number of conflicts with Ukrainian volunteer formations, particularly the Aidar Battalion. It accused the general of refusing to issue firearms and munitions for the battalion's troops and of banning Aidar from active combat.

The general said he was only arming the personnel that officially joined military formations under his command and didn't have the right to give firearms to others.

#### Death trap

In August 2014, General Khomchak as best as he could in the situa-

violation of the agreement.

As a result, 366 Ukrainian troops were killed, 429 injured, and nearly 300 taken prisoner, according to one of the official investigations into the massacre. For Ukraine, it was the most disastrous loss of the war.

Khomchak, with several dozen troops, reportedly managed to battle his way through the entrapment and survive. But he faced countless public accusations of incompetence in commanding the operation, as did a number of other higher-ranking General Staff officers like Viktor Muzhenko.

In particular, Rostislav Shaposhnikov, an activist with the Road Control project who escaped the Ilovaisk trap with Khomchak, later accused the general of weaseling out of commanding his troops as Russians were slaying the withdrawing Ukrainian convoys.

The general dismissed all these accusations, saying that he didn't abandon his command and acted as best as he could in the situation, leading out as many troops as possible. "I could have been killed too," Khomchak said on May 23 following his introduction ceremony. "In spite of all the negative things said regarding me, I was withdrawing together with those people..." Russian troops was only just becoming evident.

Official inquiries by a special parliamentary commission and the Prosecutor General's Office didn't result in any charges against Khomchak over his performance during the Battle of Ilovaisk.

A number of servicemen formerly under Khomchak's command also spoke out in the general's support. For instance, Roman Zinenko, a veteran of the volunteer Dnipro Battalion, gave strongly positive feedback on Khomchak's leadership during the massacre in his book "The War That Never Happened," published in early 2019.

#### Icy reception

Khomchak served as chief of staff of the Ground Forces of Ukraine, and was in charge of all combat formations deployed to Donbas in August-October 2016. In early 2017, he was appointed chief inspector general of the Defense Ministry. He served in this role at the time of several disastrous fires at military depots in 2017–2018, in which tens of thousands of tons of munitions were lost. Most military officers polled by the Kviv Post were rather skeptical of Khomchak's nomination as the new chief of General Staff, citing his unpopularity among military personnel, particularly due to Ilovaisk, and his allegedly unprogressive views and approaches to military command and control.

best person to be nominated for chief of General Staff," retired General Staff Colonel Oleh Zhdanov told the Kyiv Post. "(He is) a person with such a long history of murky cases, namely the Ilovaisk operation and his long feud with Muzhenko regarding who was more responsible for that — they were trying to cast the blame on each other."

Zhdanov added that Khomchak's battlefield activities weren't of the "strategic level of command" and didn't give him experience of conducting top-level operations.

#### 'Fight to the last ditch'

However, Zhdanov added, despite all the controversies surrounding General Khomchak, his leadership could be used by the Zelenskiy administration to rid the Armed Forces command of those loyal to Muzhenko, Khomchak's bitter rival.

"In this context, Knomchak's candidacy could be not a bad choice," he said. "But, then again, this must be only for an interim period prior to a (true) reform of the Armed Forces. We will need a good, strong, strategically thinking chief of General Staff to assume this reform — although I unfortunately still do not see any tendencies from president Zelenskiy and his team to reveal any military reform plan."

But there was also some positive reaction.

Andriy Teteruk, a lawmaker with the 81-seat People's Front parliamentary faction and former commander of the volunteer Myrotvorets Battalion. was among those who survived the Ilovaisk trap. He said on May 21 he was "acclaiming this decision."

On his Facebook page, the veteran told a story of his meeting with Khomchak during the Russian massacre and dismissed allegations that the general was a coward.

"I was thinking that, if we were taken prisoner, the generals would be swiftly swapped, while I, as a volunteer battalion leader, would be cut in pieces," Teteruk said. "So in order to ascertain if everyone was going to fight the enemy in case of engagement, I asked a straight question: 'Are you fighting or should I go on separately?' Khomchak's reply was immediate and clear: 'Everyone's got a weapon – fight to the last ditch, we're not surrendering. This is how an understanding comes about at the frontline: who can be relied upon and who cannot," Teteruk said. Speaking for the first time as a top military officer on May 23, Khomchak said his primary task was to ensure "saving lives and the health of military personnel."

He continued to serve with the Soviet Army contingent in East Germany and later in Soviet Belarus.

In Ukraine's military, he served as a chief executive officer of the 24th Mechanized Infantry Brigade based in Yavoriv in Lviv Oblast, then headed the 300th Mechanized Infantry Regiment in Chernivtsi, and next led the 72nd Mechanized Infantry Brigade based in Bila Tserkva.

From 2009, he served as a chief executive officer of the 8th Army Corps, which was later transformed into Operative Command South, responsible for the defense of Ukraine's southern regions.

In 2011, at the age of 44,

was charged with planning and commanding a major operation to take the Ilovaisk area, a key railroad hub in Donetsk Oblast, from Russianbacked militants.

After nearly two weeks of fighting, the Ukrainian forces had partially retaken the city. But then some 1,400–1,700 troops led by Khomchak in the area wound up surrounded by overwhelming Russian regular forces, which had invaded Ukrainian territory, and local Russiabacked militants.

After a failed attempt to break through the encirclement on Aug. 29, 2014, General Khomchak would lead a Ukrainian military convoy withdrawing from the death trap in Ilovaisk through a corridor negotiated with the enemy. But during the withdrawal, the Russian forces attacked the Ukrainian troops in "Since God saved my life, I must dedicate myself to bringing all possible changes to the army, so as not to let people die."

Khomchak also frequently said that the massive Russian invasion was the primary cause of the Ilovaisk massacre. Official investigations came to the same conclusion.

Following the battle, Khomchak said that his troops had been fighting against regular Russian airborne and motorized infantry battalion groups in Ilovaisk. At that time, the mass invasion of Ukraine by the regular Speaking on condition of anonymity because he wasn't authorized to comment publicly, a high-ranking General Staff officer characterized Khomchak's appointment as "getting back to the USSR."

"In other words, the 'new faces' (promised by Zelenskiy) are astonishing," the officer said, sarcastically. Others were also skeptical. Khomchak "is definitely not the "This is what must be a foundation for all command and control decisions in (the war zone of Donbas) and beyond it: a human being is the greatest value."

Khomchak said he would end the practices of "manual control, double standards, total showing off, and wishful thinking" in Ukraine's Armed Forces.



# Musical limits stretched by folk-inspired Balaklava Blues



Balaklava Blues, a musical project by Mark and Marichka Marczyk, perform in London in February 2019. (Nicolai Khalezin)

BY ARTUR KORNIIENKO KORNIIENKO@KYIVPOST.COM

When Russian-backed separatist fighter Yuriy Shpakov bragged to his wife about shelling a Ukrainian Ukraine, or SBU. "You took it out? My good boys!"

his wife replies. Shrapnel from one of Shpakov and his men's shells hit an intercity bus, killing 12 civilians on board and "Volnovakha" to expose the crimes of Russia's ongoing war against Ukraine.

And they also combined the documentary recordings with a Ukrainian folk-inspired tune about a young Anatoliy Sinelnikov, a Russian colonel who supervised the shelling near Volnovakha, asked three days after the tragedy.

"My... my soul is heavy," Sinelnikov replied.



Chasing local history in Odesa, where the past lives on

**ODESA**, **Ukraine** – It wasn't our first trip to Odesa.

Just over two years ago, my friends and I had paid a nearly identical visit to Ukraine's Black Sea port city of 1 million people nearly 500 kilometers south of Kyiv. This time, none of us intended to swim or spend time on the beach. We didn't even have concrete plans.

Yet here we were: racing once again toward Odesa. What was the allure of this city? For me, I suspect, it was the sense that Odesa stands at the intersection of many histories. It is a place where the past and the present, Ukraine and southern Europe mix, creating an intoxicating environment for visitors from near and far.

And those seeking a window in the city's past will not be disappointed. Odesa's history is well-documented. The city's walls are covered in plaques commemorating the people who lived there and the former institutions housed in its buildings. And with just a bit of biographical data, one can easily trace the lives of Odesa's former residents – both famous and less so.

#### **Intersecting histories**

Founded in 1794 on the site of a former Turkish fort, Odesa was the pet project of Russian Empress Catherine the Great. Its name – derived from the nearby Greek settlement of Odessos – aimed to connect the city both to the classical world and broader Orthodox civilization.

It was built with wide streets and buildings representing the latest Western and European architectural trends. Many of the city's early residents were runaway serfs seeking freedom far from their masters. And as Odesa began to export more of the Russian Empire's grain in the 1800s, the city attracted foreigners from Europe and the Mediterranean. Odesa would also soon have a large Jewish community, known for being more secular and better integrated into local society than in many other parts of eastern Europe. By the turn of the 20th century, Jews would be roughly a third of Odesa's population and they would help to form key aspects of the local culture: humor, Yiddish-

checkpoint, he probably didn't expect that their phone chat would end up in a song.

"We blew their checkpoint to pieces," Shpakov says in the call intercepted by the Security Service of injuring another 16 on Jan. 13, 2015 near the town of Volnovakha in the Donetsk Oblast.

Then, the Ukrainian-Canadian band Balaklava Blues used the SBU recordings in their song called woman waiting for her beloved, something people live through on both sides of the conflict.

The result emphasizes the more humane aspects of experiencing war. "How are you?" the wife of

#### Folk foundation

Balaklava Blues is the project of Mark and Marichka Marczyk, a

more Balaklava on page 21



Rewards | The Biggest Hotel Club | Loyalty Program in the World

#### Ideal Hotel for Business and Leisure!

tel. +38 044 363 30 20

e-mail: reservations.hikyiv@ihg.com 100, Velyka Vasylkivska Str., Kyiv, Ukraine lolidayinnkyiv I Holiday Inn Kyiv www.holidayinn.com/kyiv



KYIV

more **Odesa** on page **22** 

# 20 Lifestyle

# Ukrainian runner conquers 6 major world marathons

#### **BY TOMA ISTOMINA** ISTOMINA@KYIVPOST.COM

Maria Karachyna ran her first marathon in her wedding dress.

Ultimately, she broke up with her then-boyfriend. But her love affair with marathons has been running strong for over four years.

Karachyna – known as Mary Karachyna – has become one of the few Ukrainian Six Star Finishers, the runners who ran six major world marathons: in New York, Chicago, Boston, London, Berlin, and Tokyo.

"It wasn't the medal, it was the path that changed me," Karachyna told the Kyiv Post.

She is also an inspiration for many: Karachyna shares her training routine and motivation on social media. Thousands follow her. And she has written a book, called "Never Stop," to encourage others to run.

Karachyna, 30, used to work in the information technology field. Sports played no role in her life until she turned 23, because she couldn't find any athletic activity that she enjoyed. Then she tried running.

Soon after that, Karachyna realized that sports were at the forefront of her mind most of the time and it was getting harder to focus on her work. Later, she had decided to follow her new passion and switched from IT to being a running coach.

"It was so easy and natural that I can't imagine that it could be any other way," she says.

#### **First marathon**

Unlike many runners, at the beginning Karachyna didn't aspire to run a marathon, which is 42 kilometers. She says she enjoyed shorter distances for a while and also ran over 10 half-marathons (21 kilometers) during her first couple of years of amateur running.

Soon, Karachyna decided that she wanted to develop further, but that her first 42-kilometer run had to be



special. So she applied for the 2015 Chicago Marathon, one of the six World Marathon Majors, some of the most high-profile running competitions in the world.

Around the same time, Karachyna learned about the Six Star Finisher award for runners who have completed the six majors.

The Chicago Marathon selects participants through a lottery, so Karachyna thought that if she was selected, "it's fate" and she would run.

But Karachyna's first marathon turned out to be special in an unexpected way.

Two weeks prior to the marathon in Chicago, there was another one in Kyiv. Karachyna had a fight with her then-boyfriend. As a way to prove her feelings, she decided to run the 42 kilometers in Kyiv in a wedding dress. She expected her boyfriend to propose to her at the finish line.

"For Ukraine, it was a very new experience," she says. "People were shocked."

Although he didn't propose, Karachyna says she had no mixed feelings. She finished in 3 hours and 34 minutes and had the third best result among women.

She says that being on her own with her thoughts for several hours helped her realize she should focus on her own goals rather than prove anything to others.

"It was such a relief at the finish line," she says.

#### **Marathon** lessons

In October 2015, Karachyna went to Chicago where she finished in 3 hours 23 minutes - fast enough to qualify for the Boston Marathon, in which she hoped to participate later.

Every one of the six majors differed from the others and taught Karachyna valuable lessons.

"During this time, all kinds of things happened to me at the races," she says. "There's nothing that I'm scared of now."

In Chicago, Karachyna met up with a running club from New York. Its members talked her into joining them for the New York Marathon two weeks after Chicago. Although she had missed registration and had to participate under someone else's name, it turned out to be one of Karachyna's best running experiences. Unlike in Chicago, in New York Karachyna didn't need to qualify for any other marathon so she was running slower. "We shot videos, took selfies, gave high fives to the crowd," she says. "It's a different experience when you can look at the people and the city." She says that both the Chicago and New York marathons impressed her with how strongly the crowds expressed support for the participants. She also learned that many runners were running for a cause. "I used to think only about the result, but after that I started thinking about running for someone, for charity.'

The Boston Marathon, in 2017, was a real trial for Karachyna. On the 18th kilometer, she strained her leg and was recommended to stop. That wasn't an option for her. So they gave her pain reliever and she continued. At first, Karachyna was walking but then started running again.

"It was impossible (to walk) because of people's cheers. I recharged from that."

However, she stresses that she doesn't consider her actions heroic in any way and doesn't want to encourage finishing races despite health issues, as it can be dangerous.

In Boston, she finished with her worst result, in 5 hours 20 minutes. That same year, she came back to New York to run the marathon – this time under her own name. She used that opportunity to prove herself as a runner.

"The desire to have revenge after Boston played a big role," she says.

As a result, Karachyna achieved her personal record, finishing in 3 hours 21 minutes.

Karachyna follows the "carrot and stick" approach. She also applies it to the Skinny&Strong Club, which she founded in 2015. The sports club offers trainings, which combine short cardio sessions with strength workouts, for women. Its motto is "Train hard, have fun."

She has five workouts a week, rotating strength- and running-focused sessions. Her favorite places to run in Kyiv include Trukhaniv Island, the embankments near Livoberezhna and Poshtova Ploshcha metro stations, as well as the city center when it's not too crowded.

She says that it's important to make sports a regular routine and not to question every single training.

To stay strong, Karachyna eats lots of vegetables and greenery, chicken, fish and eggs. She says that she doesn't eat sugar, sugary desserts, or baked goods. She also rarely drinks alcohol, especially when preparing for a marathon.

However, she is wary of placing hard restrictions on her diet. Occasionally, she will eat something she craves, but in small portions.

"When there are no restrictions, there are no breakdowns," she says.

As for marathons, Karachyna now has a set routine.

She usually comes to the city several days prior to the competition. She avoids trying the local cuisine before the race, because it could result in health issues or discomfort.

Karachyna wakes up around two hours before the race and eats oatmeal with bananas.

For a marathon, she always prepares a music playlist beforehand. It always features a mix of rhythmic tracks to match her pace, her favorite songs, and nostalgic songs connected to her childhood - which keep her moving at the hardest moments.

However, she pauses the music at times to catch some city noise and hear people's cheers.

As for Ukraine, Karachyna says that, more and more often, she doesn't take part in marathons here but instead comes to support other runners.

"That part is extremely important."



Ukrainian runner Maria Karachyna holds the Six Star Finishers medal, which she received for completing six major world marathons in Chicago, New York, Boston, London, Berlin and Tokyo. (Maria Karachyna)

After experiencing an injury, recovery, and a new achievement, Karachyna ran the Berlin Marathon the next year, in 2018. That taught her another lesson.

Karachyna says she was in the "wrong" emotional condition for the marathon - she had difficulties at work and it distracted her.

"It is very important to let everything go, at least during the race," she says. "I was so happy when it was over."

In 2019, Karachyna completed the two remaining marathons: Tokyo and London.

She says that after finishing the sixth marathon, she felt confident and satisfied.

"It was a very calm feeling."

#### **Training routine**

When planning her trainings,

she told the Kyiv Post.

When she occasionally runs in Kyiv, Karachyna is still focused on supporting others rather than reaching her own records. At the Nova Poshta Kyiv Half Marathon in 2018 she was running alongside each of her trainees to the finish line but wasn't crossing it herself. Eventually, she decided to support a woman who was running the last and who was barely making it into the time limit.

"She said that she would be the last, and I told her 'no, I will be the last.'

She says that while the organization of races in Kyiv is growing more professional, society has not changed its perception of these events.

"We need to explain that it attracts tourists and it's a holiday for the city,'

she savs. 🔳

# Lifestyle 21

# Ukrainian-Canadian band delves into news, cartoons and even electronica

#### Balaklava from page 19

married couple currently based in Toronto, Canada. But it comes from the heart of Kyiv.

Mark, a Canadian of Ukrainian origin, met Marichka, a Ukrainian, during the EuroMaidan Revolution, a popular uprising that drove Kremlinbacked President Viktor Yanukovych from power on Feb. 22, 2014.

In the days following the first killings of EuroMaidan activists on Jan. 22, 2014, Marichka performed Ukrainian psalms as a requiem for the fallen heroes with the Bozhychi folk ensemble. Mark saw the performance and was moved to meet the singers, including Marichka. The two found a lot in common.

They ended up raising money to buy first aid kits for the Ukrainian army after Russia invaded the Crimean peninsula and eastern Donbas in March 2014. Then, instead of wedding presents, they asked friends and family to donate to Patriot Defence, an NGO that provided the kits.

Patriot Defence also trained soldiers on how to use the first aid kits, a course that the Marczyks had undergone as well. But instead of taking up arms, the Marczyks felt they could do a lot more at the front with their music.

"We performed for the soldiers on the frontline. And I caught so many teary eyes. When they hear a Canadian and a Ukrainian sing thousand-year-old Ukrainian-language songs from what's been called 'Novorossiya' (i.e. 'new Russia'), they immediately understand what they're doing there, what's the point," says Mark Marczyk.

The Marczyks traveled around the Donbas, performing Ukrainian folk songs taken from that region for both soldiers and locals. Marichka is a trained ethnomusicologist who studied the song heritage of central and eastern Ukraine for 20 years with Bozhychi.

"There are thousands of songs in my head. And it's important to bring those songs back to the place where they were taken from, for people there to hear them," says Marichka Marczyk. "Ukrainian folk music is the foundation for everything we do."

#### **Going electronic**

Ukrainian folk songs are often about tragic love and suffering, so they remind Mark of the blues, hence the name of the band. The "Balaklava" part refers to one of the symbols of the EuroMaidan Revolution, the balaclava mask worn by some of the protesters. Balaclavas are meant to conceal the face, Mark says, but they actually emphasize the eyes — the "windows of the soul."

Besides reminding Ukrainians of their musical heritage, Balaklava Blues has what they call a diplomatic mission: sharing what's happening in Ukraine, not letting the world forget about it. To reach wider audiences with the project, they expanded into new territory: electronic music.





Marichka and Mark Marczyk laugh together as they give an interview to the Kyiv Post on the streets of Kyiv on May 17, 2019. (Oleg Petrasiuk)

"None of us in Ukraine had any experience with the revolution and the war, so everyone had to learn quickly, survive and evolve. With electronic music, we chose the form that forced us to do that as well," Mark says. "We opened whole new worlds of musical expression."

Electronic dance music, folktronica, neo-classical, trap, pop-rap and dream pop are a few of the genres Balaklava Blues experiments with in their debut album, called "Fly." The artists themselves avoid specific labels and stick to a more general term "global base" – a mix of international influences.

#### **Going further**

Their biggest influence is A Tribe Called Red – a duo of DJs from Ontario that blends electronic dubstep with the music of the First Nations, Canada's indigenous people.

Besides mixing folk and electronic music, both bands often use documentary recordings – pieces of news, dialogues and the sounds of actual shots, explosions, natural phenomena.

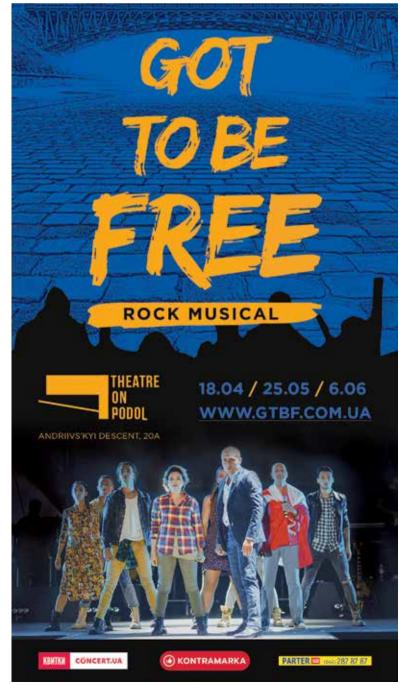
In "Woodcarver," A Tribe Called Red splices together aboriginal chants and news recordings about John Williams, an unarmed Native American man killed by police in the U.S. state of Seattle in 2010. The result is a political protest against police brutality toward indigenous people.

In the song "Volnovakha," Balaklava Blues spreads a political message against Russia's aggression using recordings suggested by videographer Roman Liubyi from Babylon 13, a Ukrainian documentary film community that covered the EuroMaidan Revolution and Russia's war in the Donbas. Liubyi collaborates with the band to create music videos. For a full-on Molotov cocktail mix of folk music, electronica and documentary recordings, Balaklava Blues adds sound and video footage from Soviet cartoons. In one music video, they use images of the Soviet Winnie-the-Pooh stealing honey from the bees, or Piglet having a gun at home – only to make the audience see how the Soviet propaganda worked. "We tried to pick the brains of the people fighting in the Donbas – one side defending their lands from the occupier, another – fighting the so-called 'fascism.' Soviet cartoons and movies are one of the key pieces of their mentality. Lovely and friendly on the outside, but propagandistic and invasive on the inside," says Marichka.

Balaklava Blues strongly believe that they should also reach the Russian audience with their music, but still they are not ready to give concerts in Russia.

"We're kind of preaching to the choir in Ukraine," Mark says. "In theory, the Russian market needs us more." The band is ready to tour pretty much everywhere else to reach more people and to consolidate Ukrainians. The Marczyks say that Ukrainians are a nation not limited by the borders of the state, an idea similar to the concept of nations as "imagined communities," developed by political scientist Benedict Anderson.

"A nation is exactly an imagined community. And part of our goal is to expand the boundaries of our imagination," Mark says.



An audience dances at the performance of Balaklava Blues in London in February 2019. (Nicolai Khalezin)

#### Get all Ukraine's hot news delivered to your email before breakfast

#### Sign up for the Kyiv Post Daily Digest!

Just go to the bottom of the Kyiv Post homepage, enter your email. It's free! Traveler

# Odesa not as diverse as it was, but clues to storied past exist

Odesa from page 19

inflected Russian, and local cuisine like forshmak, an appetizer made of chopped herring.

In his memoirs, Zionist leader Vladimir Ze'ev Jabotinsky, who was born and raised in Odesa, wrote that in the city of his youth "everybody was an Odessan and everyone who was literate read the same newspapers and thought about the same Russian problems. And thus the Greek, the Pole, the Jew, and the Russian all developed that same uniform and unique psychology.

This all makes Odesa a fascinating place to visit.

#### **Modern city**

Today, after the Second World War, Holocaust, waves of migration and emigration and much intermarriage, Odesa's population is hardly as diverse as it once was.

But the culture of "old Odesa" remains a key part of the local identity: the mythology of the city, the locals' dedication to their history and, perhaps, even the "unique psychology" Jabotinsky speaks of.

And the adventurous visitor can find traces of Odesa's past simply by walking the streets. Peek into the courtyards of Odesa's low-slung old buildings for a look at how people there lived – and still live. While the cars will be new, much remains the same: faded walls, shrubs in bloom, semi-stray cats lounging on the tin roofs of sheds, clotheslines strung between apartments. So much of it is reminiscent of the stories of Isaac Babel, the acclaimed early Soviet Jewish writer, who wrote extensively about his hometown.

Head out to Moldavanka, a neighborhood in western Odesa, once known as a high-crime slum famous for its Jewish population. Babel immortalized the neighborhood in his "Odessa Tales," which focused on the exploits of mobster Benya Krik.

In Moldavanka, one can even see the house and courtyard where the prototype for Krik, the Jewish mobster-turned-revolutionary Mishka Yaponchik resided in the early 20th century at 23 Bohdana Khmelnytskoho Street. Although he lived only to the age of 27, Mishka Yaponchik is a legendary figure in the mythology of Odesa. There are endless other sites to see. My friends and I sought out the courtyard of the house at 5 Pokrovsky Provulok, where the Soviet poet Vera Inber was born and raised. More interestingly, her cousin Lev Bronstein - later known as Bolshevik revolutionary Leon Trotsky - would live there in 1889-1895 while studying in Odesa. When we arrived, we peered through the gates of the courtyard. Inside, an African man was hanging what appeared to be trellises for grapes vines over a small patio. Noticing us, he approached the gate and asked in Russian what we were looking for. We felt awkward explaining the reason for our visit,



People take part in a march wearing the traditional Ukrainian vyshyvanka embroidered shirt in central Odesa on May 19. Participants shouted patriotic slogans and carried Ukrainian and Crimean Tatar flags. The demonstration came several days after Vyshyvanka Day, when Ukrainians across the country don clothing featuring the traditional embroidery. (Matthew Kupfer)

but he warmly welcomed us inside the courtyard.

It was an ordinary place: bushes, balconies, clotheslines. But looking around the courtyard, we got the sense that, while history hadn't stood still, it also hadn't been erased in Odesa.

#### Old building, new use

Of particular interest to me in Odesa were sites related to "From Odessa to Jerusalem," the memoir of Odesaborn Israeli doctor Leon Majaro. Translated from Hebrew to English and published in 2010 by Majaro's son Simon, the memoir offers a rich Majaro, it's entrance was "behind a window into Odesa at the turn of the 20th century and during the 1917

revolution. The book can also be read in its entirety online.

Born in 1892 as Lev Mojarowsky, Majaro grew up in an upwardly mobile middle-class Jewish family in Odesa. His father ran the printing facilities of the storied Odesskiye Novosti newspaper and was acquainted with another one of Odesa's most famous sons: Jabotinsky, who wrote for the newspaper.

In the memoir, Majaro describes how, in his early childhood, he lived in an apartment above the Odesskiye Novosti printing press on Katerynynska Street. According to group of elegant shops, including a very smart coffee house called Cafe Robinat, which was busy day and night and frequently by Odessa's upper echelons."

A brief internet search directed me to 8 Katerynynska Street. The "elegant shops" had been replaced by a row of bars and restaurants. But above Bourbon Rock Bar, where we had enjoyed a drink two years ago, I noticed what appeared to be a lone apartment on the building's second and final floor. I suspect that Majaro had lived there.

After reading "From Odessa to Jerusalem," I did some additional research about the people described in the memoir. I discovered that, in the 1920s, Majaro's sister Nadia and his cousins had been members of an amateur theater known as the "Congregation of Knights of Sharp-Witted Theater" - or KROT for short. Another member of the theater was Vera Inber. KROT helped to launch the careers of many well-known performers, including Soviet theater director and writer Viktor Tipot and actress Rina Zelyonaya, famous for playing landlady Mrs. Hudson in the highly-regarded Soviet Sherlock Holmes films. (She also was briefly married to Majaro's cousin.)

former location of the Odesskive Novosti printing press. Now, the building is occupied by an Obzhora ("Overeater") supermarket, and the basement likely holds the shop's wares

We asked an employee enjoying a cigarette by a side entrance about the KROT theater's location. She said she'd been asked before but didn't know.

In some places, history has largely been wiped away.

#### More to explore



The courtyard of a house at 5 Pokrovsky Provulok where Bolshevik revolutionary Leon Trotsky lived for several years of his childhood in 1889-1895. (Matthew Kupfer)

Another internet search revealed that KROT was located in the basement of the building at 18 Provulok Chaikovskoho, just a block from the

This is only a small sample of the diverse sites a history buff can see in Odesa. The city boasts a museum located in the apartment where Russian national poet Alexander Pushkin lived in 1823, an archaeological museum with ancient relics from the Black Sea region, and a Jewish museum.

It also offers dozens of sites related to Jabotinsky and other important figures in Israeli and Jewish history, plus many other important locations for Ukrainian and Russian history. And with so many houses equipped with historical plaques, a casual walk down the street can lead to a world of discoveries.

In as fun of a place as Odesa, you can learn more about local history and enjoy dinner and a drink at the same time - and maybe all in the same building.

Employment 23



### +38 044 591 33 44

AWARD	supporting	the	U.S.			
Department of Defense.						
If you are interested, please send						
your resume to:						
Maryam.arsala@gls-1.com						

CLASSIFIEDS						
WORK PERMIT Residence permit Company registration, accounting services, payroll, recruiting. 11 years' experience, references +38 099 290 25 83, +38 095 202 41 60 www.accountor.com	Are you a native speaker with some spare time? Why not teach English? We do teacher training. Call now! Mike 0503106072 info@phoenixcenter.com.ua	Bit of happiness. Lyudmila Balance of body & soul. 24 types of massages tel: (073) 47-86-125 massages.kiev.ua	The U.S. Embassy will hold a motor vehicles closed bid sale at 44 Mashinobudivna St. on Wednesday, 10 April, from 10:00 a.m. to 2:00 p.m. All subject vehicles are being sold "as is", are customs cleared and have no expressed or implied warranties on the condition of the vehicles. For more information, please see our website: https://ua.usembassy.gov/ embassy/kyiv/embassy-sales/	BEST BARGAIN!		
HOME BIBLE STUDY - songs and prayer Russian - English (refreshments) 10:00 Sundays 27A Hero Stalingrad Metro Minsk, Oblone 044-413-92-03 ralphinkiev@gmail.com	Work permits RESIDENCE PERMITS Business set up, accounting services +380-44-237-72-76 www.accounting.ua	Language support in Stockholm Interpreting during private/business meetings, negotiations English, Swedish, Ukrainian, Russian Call +46706722238 or email iryna.arvanius@outlook.com		Advertising in the Classifieds and Employment section +380 44 591 34 08 krus@kyivpost.com		

# 24 Lifestyle

www.kyivpost.com











A girl tries to catch a glimpse of Volodymyr Zelenskiy as he walks to his inauguration at the Verkhovna Rada on May 20.
2 Four of Ukraine's five ex-presidents (from left), Petro Poroshenko, Viktor Yushchenko, Leonid Kuchma and Leonid Kravchuk. To their left are First Lady Olena Zelenska and the president's mother, Rimma Zelenska.
3 President Volodymyr Zelenskiy holds the bulava, the ancient symbol of Ukrainian power.
4 Volodmyr Zelenskiy urges Ukrainians to view Europe as a mentality, not a geographic location. geographic location. (Volodymyr Petrov, Kostyntyn Chernichkin)

**5** Supporters gather outside **5** the Verkhovna Rada. 6 Ex-President Petro Poroshenko looks on. **7**Volodymyr Zelenskiy obliges the photograph-

obliges the photograph-seeking crowd.
 8 Volodymyr Zelenskiy applauds the crowd.
 9 From left, Volodymyr Zelenskiy, U.S. Energy
 Secretary Rick Perry and U.S.
 Special Representative to Ukraine Kurt Volker.
 10 Olena Zelenska lovingly Straightens the tie of her husband, Volodymyr Zelenskiy, as he takes power

Zelenskiy, as he takes power as Ukraine' sixth president since 1991.



Read the entire inaugural address in English on page 9



