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Treason

Putin's pal Medvedchuk is in big trouble

Security Council says Ukraine has 13 oligarchs

By Oleksiy Sorokin
sorokin@kyivpost.com

There are 13 people who fall under the definition of oligarch in Ukraine, the National Security and Defense Council (NSDC) Secretary Oleksiy Danilov said on May 11.

He didn't identify them by name. Back in April, President Volodymyr Zelensky asked the Security Council to draw up a law that would tame oligarchs' grip over the country's politics.

The bill is being developed and wasn't yet submitted to parliament. But the names of the 13 "oligarchs" aren't a complete secret.

According to a Kyiv Post source with the knowledge of the matter who wasn't authorized to speak to the press, the Security Council's bill defines oligarchs as businesspeople who control monopolies, own media and participate in politics, either personally or through close allies.

There are some names that are likely to appear on the list. They are the people that have been publicly known as oligarchs for decades. Most of them dispute the controversial title.

They are: Rinat Akhmetov, Ihor Kolomoisky and Gennadiy Bogolyubov, Dmytro Firtash, Serhiy Lovochkin, Victor Pinchuk, Kostyantyn Zhevago, Petro Poroshenko, Viktor Medvedchuk, and Vadym Novinsky.

All of them control business assets worth billions of dollars, have the political reach, and together own at least 65% of Ukraine's TV market.

Four of them are lawmakers. Poroshenko leads the 27-member European Solidarity faction in par-

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Kostyantyn Chernichkin



Viktor Medvedchuk (C), a lawmaker and one of the leaders of the pro-Kremlin party Opposition Platform For Life, leaves the Prosecutor General's Office in Kyiv on May 12, 2021.

By Oleksiy Sorokin
sorokin@kyivpost.com

Many Ukrainians welcomed the treason charges against Viktor Medvedchuk, the Kremlin's gray cardinal in Ukraine for two decades. But it's still a big question whether

the accusations – as horrible as they are and as credible as they seem – will stick in a nation with no record of bringing the high and mighty to justice.

Medvedchuk and his ally, another pro-Kremlin lawmaker Taras Kozak, were charged with treason on May 11.

Prosecutor General Iryna Venediktova said she authorized the charges because the lawmakers harvested resources in Crimea, illegally occupied by the Kremlin since its invasion of the peninsula in 2014. Venediktova also accused Medvedchuk of sharing secret mil-

itary intelligence with Russia amid the Kremlin's ongoing war and with creating a web of propagandists to destabilize Ukraine.

The prosecution sought arrest or bail of nearly \$11 million, but the

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Freeloader Firtash costs Ukrainians \$326 million

By Alexander Query

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Despite hiding in Austria to escape trial on bribery charges in the United States, exiled Ukrainian oligarch Dmytro Firtash keeps hurting Ukraine — and its natural gas market.

Since the state-owned Gas Transmission System Operator of Ukraine (GTSO) was launched in the beginning of 2020 as an independent network, private regional gas distribution companies that belong to Firtash keep pumping gas from the pipeline without paying for it.

It's called "unauthorized offtakes," while critics say a more accurate description is stealing.

Altogether, these regional gas companies owe a staggering \$360 million (Hr 10 billion), roughly half the company's profit last year. Firtash's share is \$326 million (Hr 9 million) alone.

The mounting debt threatens the grid's finances, Sergiy Makogon, the CEO of the GTSO told the Kyiv Post on May 11.

"These tariff revenues are channeled into private pockets, and it's not right," Makogon said. "They need to pay."

It is not Firtash's first foray into profiteering from Ukraine's dysfunctional energy sector. He and the RosUkrEnergo company he co-owned with Russia's Gazprom made billions of dollars from Russian gas sales to Ukraine's Naftogaz during three presidencies — those of Leonid Kuchma, Viktor Yushchenko and Viktor Yanukovich.

Critics called it theft then, too, through a needless intermediary, while Firtash defended the company's role as an essential broker between the two nations.

After Russia launched its ongoing war against Ukraine in 2014, the RosUkrEnergo scheme disappeared — and suddenly Naftogaz's fortunes improved. The company went costing taxpayers up to \$500 million monthly in losses to generating profits.

Naftogaz CEO Yuriy Vitrenko said he would explore taking Firtash to court to recover the money that went to RosUkrEnergo.

New entity, old problem

The GTSO replaced Ukrtransgas as the state operator of the country's gas transmission system in January 2020, working independently from Ukraine's state-owned oil and gas company, Naftogaz, from now on.

The move, widely known as "unbundling," was supposed to open a new chapter in Ukraine's gas market in line with European standards.

Some 80% of the GTSO's \$720 million (Hr 20 billion) profit in 2020 came from international transit from Russia to Europe, while 20% of the state-owned company's revenue came from gas supplied to local consumers.

However, it can hardly rely on it because gas distribution companies from Firtash's Regional Gas Company, consisting of 20 operators that represent 80% of the market, don't pay for the gas they take.

Gas transit in Europe in 2021, in billion cubic meters



Source: Gas Transmission System Operator of Ukraine



Exiled oligarch Dmytro Firtash doesn't pay for the natural gas he is supplied.



Sergiy Makogon wants Dmytro Firtash to pay for the natural gas he is supplied.

There is no legal tool forcing local distributors to repay the GTSO the money they collect, the company claims, and the grid operator can't close the pipeline because it would close off access to gas for all.

"Consumers are already paying, the problem is the money is not reaching us," which puts the network at risk, Makogon said.

The Regional Gas Company didn't answer the Kyiv Post's request for a comment, but according to a report by consulting company CEP Consult published on May 7, 2020, the umbrella of Firtash's company reportedly lost over \$42 million in January–April 2020 and could pay only 70% of the cost for gas delivery services.

The losses shot up after the government last year made gas cheaper to reduce the financial burden on Ukrainian households during winter, a move considered controversial by market players because Ukraine's tariffs for gas are already artificially low.

However, Oleksandr Kharchenko, managing director of the Energy Industry Research Center, finds it suspicious.

He said regional distributors were stealing gas from the transmission operator.

"They're basically stealing gas from the operator in a huge quanti-

Expensive network

The GTSO inherited its predecessor's problems at home and abroad.

If European partners can't put pressure on Gazprom to ensure bigger transit, the GTSO will need to reduce the scale of the network, Makogon said, especially when local companies don't pay for the gas they distribute.

"We cannot and should not support this entire system only with money from the local population and we need to deal with this excessive capacity," he said.

The GTSO needs to ensure it can provide enough gas to consumers in Ukraine each year, regardless of debt issues or the amount of Russian gas running through its pipeline.

Ukraine's gas transit depends on Russia's state-owned Gazprom. But Russia is completing the Nord Stream 2 pipeline from Russia to Germany under the Baltic Sea, bringing transit capacity to 110 billion cubic meters annually when combined with Nord Stream 1.

"We need a clear understanding of what's going to happen after 2024, either from Gazprom or from European shippers," Makogon said.

While Ukraine has cut its imports of Russian gas to zero since 2015, a year after Russia annexed Crimea and invaded Donbas, it has been lobbying hard to keep the transit worth some \$1-\$2 billion a year in fees.

Under a contract negotiated

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BRITISH UKRAINIAN CHAMBER OF COMMERCE (BUCC)



The British Ukrainian Chamber of Commerce ("BUCC") brings together companies and individuals doing business in Ukraine, the UK and internationally, including through the City of London, the international financial capital for Europe, Africa and the Middle-East. The BUCC is organizing, participating in and supporting numerous webinars and events in Kyiv, London, Lviv and other cities, and assisting our Members with many other activities



CURRENT BUCC SPECIAL INITIATIVES

Judicial Ombudsman Proposal to Address Rule of Law Problem in Ukrainian Courts. For Ukraine's judicial reforms and anti-corruption programs to actually help protect investments in Ukraine, the BUCC has developed a proposal for a Judicial Ombudsman for Ukraine (in addition to the existing Business Ombudsman that focuses on administrative issues), as was successfully used by Sweden when corruption in the Swedish courts was a problem in the early 1900s. Please see our Chairman's Op-Ed article on the proposal at page 8 of this KyivPost for a further description of the proposed Judicial Ombudsman.

UK-Ukraine Trade Treaty. In 2018 the BUCC held Ukrainian Week in London, an important platform for over 1,000 high-level participants to discuss future British-Ukrainian bilateral trade and investment. On 8 October 2020, exactly two years later, the Political, Free Trade, and Strategic Partnership Agreement ("Trade Treaty") was signed between Boris Johnson and Volodymyr Zelenskyy during the Ukrainian President's official visit to the UK, which took UK-Ukraine cooperation to a new and much higher level.

In particular, in connection with the Trade Treaty, the new GBP 2.5 billion Export Credit Facility ("Trade Facility") was signed, that is managed by UK Export Finance ("UKEF"). This constitutes the greatest recent development to help finance foreign trade and investment with Ukraine. Through this Trade Facility, Ukrainian importers and British exporters can access funding in varying amounts for very long terms (up to 10 to 18 years, depending on the activity involved) at very reasonable interest rates. Up to 85%

of the cost for a transaction or project can be so financed, with a minimum required UK import content of only 20%. UKEF funding can usually be used to also finance related goods and services involved in a transaction or project that are coming from Ukraine and other countries. The types of services that can be covered are very broad, and can include not just imports but also product development, working capital and other associated expenses. While investment in a project per se is not covered, it can effectively be UKEF financed in connection with imports of goods and/or services for the project. UKEF can be very innovative, so it is possible to structure a variety of types of project financings and other transactions using UKEF finance.

The BUCC is currently promoting (1) the encouragement of greater trade and investment based on the Trade Facility and (2) the reduction of the remaining UK agricultural tariffs on imports of Ukrainian food. As the UK imports more than half of its food as one of the world's largest food importers, Ukraine as one of the world's largest food exporters should be a major beneficiary from Brexit under the Trade Treaty. The BUCC assists its members to use the Trade Facility on which we held a Webinar on 23 February 2021. We are planning to hold events on UK-Ukraine trade including, when UK Covid rules permit, the next Ukrainian Week in London.

Political Risk Insurance. Another major problem inhibiting investment in Ukraine is the possible risk from further conflict. The solution is to provide Ukraine with greater availability of political/conflict risk insurance for investors. The BUCC's proposal is to greatly increase the level and improve the conditions for such political/conflict risk insurance from the World Bank's MIGA, as has been previously successfully organized, for similar reasons, for the West Bank and Gaza and many other countries experiencing conflict. The key is for this insurance to be reasonably priced, despite the existing conflict, by organizing western financial support to MIGA in the form of back-up guarantees. We also assist our members to apply to UKEF for political risk insurance for UK-Ukraine trade and investment.

Green Energy Transition. The BUCC, together with other business associations, is working to address the financial impact of the EU's green transition initiative and the implementation of Ukraine's Paris Climate Agreement obligations to achieve carbon neutrality. **The cost of the measures planned will impact the BUCC's agricultural and manufacturing members especially, obliging them to spend large amounts for carbon compliance,** for example to qualify under EU's Carbon Border Adjustment Mechanism for exemption from the proposed special charges.



BUCC COMMITTEES

The BUCC focuses on its projects and other activities through the following Committees:

(1) **Trade, Investment and Brexit Committee** – helping to develop British-Ukrainian trade under the new UK-Ukraine Trade Treaty, including by developing ideas for use of the new Trade Facility.

(2) **Agriculture Committee** – focusing on (i) developing greater Ukrainian agricultural exports to UK markets post-Brexit, (ii) reducing further the remaining UK tariffs and other barriers to British-Ukrainian trade and (iii) encouraging greater irrigation farming to respond to the decreasing crop yields in southern Ukraine from more frequent droughts, apparently due to climate change. The BUCC is now working on a pilot project for irrigation farming in Ukraine.

(3) **British-Ukrainian IT Committee** – organizing events bringing together IT companies, IT associations and clusters, and others involved in IT in the UK and Ukraine. Ukraine is a world leader in IT, and the leading IT outsourcing destination for the UK, in particular for fintech. The BUCC organizes the annual British-Ukrainian IT Day in London and online.

(4) **Law and Accounting Committee** – reforming the Ukrainian legal system.

(5) **Real Estate Committee** – improving Ukrainian real estate laws.

(6) **Infrastructure and Transportation Committee** – improving port and rail freight transport.

(7) **Tourism Committee** – promoting tourism in Ukraine and the UK, presently by encouraging tourism for Ukraine from London, which is by far Europe's largest market.

(8) **Art, Design and Culture Committee** – that among other initiatives, holds events to restore the reputation of the Ukrainian impressionist artist Mykhailo Tkachenko.

(9) **Educational Committee** – that is raising funding to assist students accepted to Oxford and Cambridge to be financially able to attend, and is also organizing foreign LLM and IT educational programmes for Ukraine.

JOIN THE BUCC! The BUCC is a very active Chamber, but we need your involvement to carry out our activities for a better Ukraine. To join, please contact us by email at ukraine@bucc.uk or by calling +38 (044) 490-6000 or 278-1000. For information, membership forms, and photographs and press releases on BUCC activities, please see the BUCC Facebook Page.



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As the first foreign law firm to open an office in Kyiv in 1991, we are presently celebrating our 30th anniversary in Ukraine. During that time, we have successfully completed many of Ukraine's milestone projects, including:

- The First IPO in Ukraine (to raise approximately USD 500 million by a Ukrainian energy company's listing on the London Stock Exchange);
- The First True Project Financing in Ukraine (for oil and gas exploration and development, including processing facilities, pipelines, railroad construction, etc., funded by the EBRD); and
- Eight Ukrainian Agricultural IPO's.

In recent years, we have successfully handled the legal work for many of the largest and most complex transactions and disputes in Ukraine, including:

- The Largest Acquisition in the Ukrainian Energy and the Natural Resources Sectors;
- The Largest Bilateral Investment Treaty Arbitration Concerning Ukraine (at the Permanent Court of Arbitration in The Hague);
- The Largest Acquisition in the Agricultural Sector (by a major foreign investor to purchase a Ukrainian farming business, for which we earlier handled its creation, IPO and other financings); and
- A Highly Complex Corporate Raid Defense Simultaneously Involving Over 50 Related Proceedings.

Our legal practice is based on our commitment to provide client service of the highest quality. We organize our practice in teams around our clients to respond to and understand fully each client's needs and efficiently deliver timely legal work. We were ranked in the independent KyivPost Survey of Law Firms among the top three law firms in Ukraine.

We would be pleased to assist you for your proposed transactions or to defend you should your property or contract rights be challenged. We also provide legal research reports on significant problems in Ukrainian legislation that investors should be aware of, but that are not widely known.

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EDITORIALS

Theater of the absurd

Anyone who, say, walked into an Apple store and took a new iPhone or any other merchandise without paying for it would be accused of stealing.

But if an exiled billionaire oligarch takes \$326 million worth of gas without paying for it, state officials euphemistically call it “unauthorized offtake” and claim they can’t do a thing to stop it.

Such is the absurdity now playing out between the state Gas Transmission System Operator (GTSO) and Dmytro Firtash. The Ukrainian, who many believe to be a Kremlin agent, has co-opted the Austrian judicial system for years now, avoiding extradition to the United States, where he faces criminal bribery charges that he denies.

The GTSO was spun off from the state-owned oil and gas company Naftogaz, which had troubles of its own collecting bad debts of \$3.6 billion for gas supplied but not purchased by customers such as Firtash.

Not only that, Firtash, for inexplicable reasons, faces no criminal charges or civil lawsuits in Ukraine for anything. His business empire remains intact, decades after first enriching himself through the needless Russian-Ukrainian gas intermediary known as RosUkrEnerg.

It is ridiculous to say, as GTSO officials insist and Naftogaz did before them, that nothing can be done. The state can seize his bank accounts, remove licenses and resell Firtash’s gas distribution franchise to other investors. The fact that the state does nothing shows inexplicable political surrender to Firtash at the expense of Ukrainians.

These and other moves show that Ukraine is re-oligarchizing, not de-oligarchizing. This year, GTSO says, Firtash started to ramp-up his “unauthorized offtake” of natural gas from the transmission company, roughly coinciding with the government’s decision to regulate prices at 30% below the market. The regulation was defended so that Firtash couldn’t use his monopoly position to gouge customers.

Olga Bielkova, the former member of parliament who now works for the GTSO, says the solution is a draft law introduced in parliament that would allow the state company to recoup money from deadbeats like Firtash by creating special accounts that collect utility payments directly from customers and transfer them to the GTSO.

Bielkova says the state has exhausted all legal remedies, the courts can’t force payments, and the national energy regulator doesn’t have the legal powers to impose sufficient fines.

As for why they just don’t call it what it is – stealing – Bielkova said: “That is not how it is being treated by the criminal code and the gas code.” She said the company simply is powerless.

Also unanswered also is why a person like Firtash is allowed to amass a dominant position over such vital infrastructure. Can anybody governing this nation please wake up?

So there we have it. Yet another in an endless number of examples of how oligarchs, double-speak bureaucrats and a nation with too many politicians on the take keep bankrupting Ukraine.

Finish him

There are three things one can watch forever: fire, water, and Viktor Medvedchuk on the defendant’s bench.

Unfortunately, that show came to a stop much too fast. After he was charged with high treason on May 11, Medvedchuk got away with house arrest on May 12.

Yes, Medvedchuk, who faces three counts of high treason, one for sharing Ukrainian troops’ locations with Russians, will sleep at home. Or, rather, in one of his many lavish homes.

This surprisingly mild treatment of a suspected traitor is a preview of what can go wrong in the case against Medvedchuk.

Even if it’s not a publicity stunt and the administration of President Volodymyr Zelensky really wants to get Medvedchuk convicted, there is a major obstacle: the corrupt, unreformed Ukrainian courts.

After all, we’ve seen this show before. We remember then-head of the State Fiscal Service, Roman Nasirov, charged with abuse of office, came to his arrest hearing in 2017 on a stretcher, claiming he had health problems. He was – and remains – the highest-ranking sitting official to be charged with a crime.

But what happened then? The case went nowhere, the hearings are still dragging on, and Nasirov is free and well. We hope that it won’t go like that with Medvedchuk. But there are some early signs that we might not see the “prince of darkness” behind bars.

First is the two-month house arrest that Medvedchuk got instead of pre-trial confinement.

Second is the bail that prosecutors asked for – Hr 300 million, a little more than \$10 million. While that seems like a lot, it isn’t for Medvedchuk, whose net worth is estimated to be more than \$600 million.

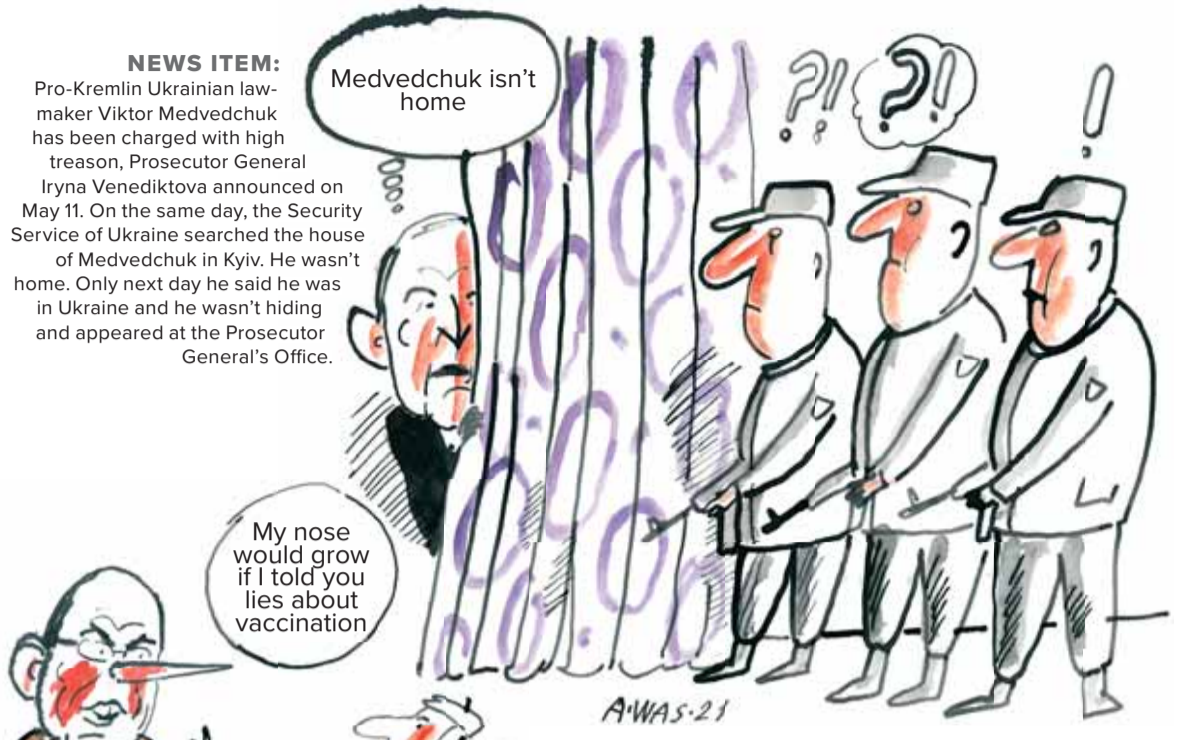
The real question is why authorities went after Medvedchuk now and whether the goal is justice or political brownie points.

After all, Medvedchuk is a very convenient target for Zelensky, politically. Eliminating him can boost the president’s support among pro-Western voters. It also can hurt Zelensky’s predecessor and vehement critic Petro Poroshenko, who safeguarded Medvedchuk during his tenure.

As dangerous as he is, Medvedchuk is the safest choice for a reckoning. He’s universally disliked and doesn’t have any known ties to Zelensky or his circle.

The same can’t be said about other top oligarchs, like Ihor Kolomoisky, who is accused of stealing \$5.5 billion from taxpayers through PrivatBank, or Rinat Akhmetov, whose companies benefited from the notorious Rotterdam+ coal pricing scheme that cost Ukrainians \$1.4 billion.

But if authorities unexpectedly succeed in convicting and sentencing Medvedchuk, it will send a powerful signal to other oligarchs: The state isn’t toothless anymore. It can’t be robbed and taken advantage of, like it’s always been. This trial could be the real game-changer for Ukraine.



Letter to the editor

To the editor,
On May 7, your newspaper published an article by Sergii Leshchenko “Akhmetov is everywhere. It’s time to stop him,” which contained false accusations against me. Please publish my rebuttal on the pages of your newspaper. The author of the article is a former member of parliament from

Petro Poroshenko’s political party. The government of Volodymyr Zelensky appointed him to the state company Ukrzaliznytsia. He receives his salary from the government and, at the request of the authorities, discredits the Radical Party and me personally as political opponents of the ruling party. For this purpose, he used the

pages of your respectable newspaper. Please pay more attention before publishing such information from this author, because he disseminates unverified, untrue information that will tarnish the honor and dignity of the people mentioned on his articles.

Respectfully yours,
Oleh Liashko

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Ukraine’s Friend & Foe Of The Week



Mark Green, U.S. lawmaker
Green introduced the Restraining Russian Imperialism Act in the Congress on May 12, giving Russia one year to withdraw from Ukraine. If it doesn't comply, the U.S. will impose heavier sanctions on the Kremlin. He is a Republican from Tennessee.



Marion Marechal-Le Pen, France's far-right politician
Marechal-Le Pen was spotted on May 9 in Moscow, commemorating the end of Russia's Great Patriotic War against Nazi Germany with a military parade. She praised the Russian people for the World War II victory. She was the only French politician there.

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 chief editor Brian Bonner, at bonner@kyivpost.com. All correspondence must include an email address and contact phone number for verification.

New law gives impetus to cases related to EuroMaidan Revolution, war, corruption



Iryna Venediktova

Recently, President Volodymyr Zelensky signed the law "On Amendments to the Criminal Procedure Code of Ukraine to Improve Certain Provisions in Connection with the Conduct of a Special Pre-Trial Investigation," which was adopted by the Verkhovna Rada on April 27, 2021.

This is a long-awaited document on which depends the fate of cases related to the EuroMaidan Revolution, which ended Viktor Yanukovich's presidency in 2014, and war and corruption crimes. These are changes that are needed not just by prosecutors and investigators. The families of the Heroes of the Heavenly Hundred – the 100 or so protesters killed during the demonstrations – and their representatives, families of the fallen defenders, have been waiting for the adoption of this law.

This is the third attempt of the lawmakers to revive criminal prosecution in absentia, which will allow investigators and the court to ensure, finally, the inevitability of punishment for those guilty of crimes against the demonstrators and those who have betrayed the interests of Ukraine. We are grateful to the people's deputies for their support of this draft law, since its goal is that no person who has committed serious and audacious crimes in the territory of Ukraine should escape responsibility, regardless of where he or she is hiding.

The law has supplemented the list of crimes for the commission of which criminal prosecution in absentia is allowed. Among them are crimes against the foundations of national security of Ukraine, against public safety, against the life and health of the person, against peace, security of mankind and international legal order, as well as those related to abuse of power, or legalization (laundering) of property obtained by criminal means.

This law provides for the possibility to prosecute in absentia not only persons put on the international wanted list, but, most importantly, persons in respect of whom there are sufficient grounds to believe that they have left and/or they stay in the temporarily occupied territory of Ukraine or in the territory of the state recognized by the Verkhovna Rada as an aggressor state.

Summons for their appearance, in case of impossibility of service, may be published in the state mass media and on the official website of the Prosecutor General's Office. The draft law amends 14 articles of the Criminal Procedure Code of Ukraine.

At the same time, amendments to the Article 297-1 and Article 323 of the Criminal Procedure Code of Ukraine remain decisive ones, as they allow for criminal prosecution in absentia against persons who



A woman prays near the memorial to the Heavenly Hundred during a ceremony to commemorate people killed in the EuroMaidan Revolution in Kyiv on Feb. 18, 2021.

have left and/or who stay in the temporarily occupied territory of Ukraine or in the territory of the state recognized by the Verkhovna Rada of Ukraine as an aggressor state.

It will contribute, in particular, to the progress in the cases of mass killings of protesters on Feb. 20, 2014 on Instytutska Street in Kyiv; criminal proceedings against the former top government officials of the state and law enforcement officers over the events of massacres and other acts of violence in the most tragic days of the Revolution of Dignity, as well as against the

war against Ukraine, resulting in temporary occupation of our territory, and the death of thousands of citizens. We can hope for a trial in absentia for Russian generals, in particular, against those involved in the setting-up of the Debaltsevo and Ilovaisk pocket massacres, and the armed seizure of the Crimean peninsula.

The arms of the Law can finally reach the leaders and members of the Russian-controlled illegal armed groups. Among the most famous, there are combatants with code names "Bies" and "Strielkov," who inflicted punishments on prisoners in the Kremlin-occupied towns of Donetsk Oblast. Those who tormented and abused the captured Ukrainian servicemen and civilians in the Donetsk prison Izoliatsiia will also be held responsible for tortures in this torture chamber.

The new norms will allow moving forward as part of a special investigation within suspended criminal proceedings. In particular, it relates to the person suspected of committing a number of grave and especially grave crimes, including the murder of journalist Viacheslav Veremii, who has been on the international wanted list since June 2014 and is now a staff adviser to several Kremlin-backed leaders in the eastern Donbas.

In addition, improving the legislation will allow anti-corruption bodies to bring to justice those involved in top-level corruption in the days of Yanukovich and those on European Union sanctions lists.

Amendments to 14 articles of the Criminal Procedure Code have been made to ensure the inevitability of punishment for mass crimes during the EuroMaidan Revolution, the economic bleeding of the state through embezzlement of its property, the betrayal of Ukraine's interests, and war crimes.

Now the task of law enforcement officers is to respond to society's request for justice within the framework of a special pre-trial investigation and trial in absentia.

Iryna Venediktova is the prosecutor general of Ukraine. She took office in March 2020. She is a former acting head of the State Investigation Bureau and ex-chair of the Committee on Legal Policy of the Verkhovna Rada. ●

“
Now the task of law enforcement officers is to respond to society's request for justice.”

Iryna Venediktova

so-called "titushkas" criminal organization whose members abducted and tortured protesters at the request of the former managing officials of the Ministry of Internal Affairs of Ukraine.

This law is indeed revolutionary. It will help to move these cases from the "deadlock". And this year could be a year of breakthrough in Maidan cases, because indeed many of these cases may finally receive sentences, and in some pre-trial investigations, indictments may be sent to court and their trial may begin.

The new law will also allow for a special pre-trial investigation and transfer of indictments to the court for trial in absentia in criminal proceedings against high-ranking officials of the Armed Forces of the Russian Federation, which unleashed and waged an aggressive

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TIME TO LIQUIDATE CYPRUS OR OTHER OFFSHORE COMPANIES?



Chris Iacovides, Certified Public Accountant, Licensed Insolvency Practitioner, Director of CRI Group

Recent legislative changes in Ukraine exempt individuals from personal income ("PI") tax on income received from liquidation of foreign companies, and may be the catalyst forcing many Ukrainian business people to re-evaluate the future of their Controlled Foreign Companies ("CFCs"). Coupled with the recently introduced Register of beneficial owners in Cyprus, not to mention the increasingly stringent Cypriot banking compliance requirements, liquidation may just be the most appealing route to take advantage of new tax incentives and provide the best possible exit route for CFCs.

Tax Free Liquidations

The Law on Amendments to the Tax Code of Ukraine Purposed to Improve the Administration of Taxes, Eliminate Technical and Logical Inconsistencies in the Tax Legislation (the "Law") which came into force in Ukraine on 23 May 2020 introduced new rules for CFCs primarily aimed at preventing the shifting of profit from Ukraine to offshore low-tax jurisdictions.

The CFC Rules, applicable from 1 January 2022, introduce taxation of income received from CFCs by Ukrainian 'controlling' persons with an ownership interest in a foreign entity of (1) over 50% or (2) over 10% (25% in 2022-2023) provided Ukrainian nationals jointly own at least 50% or (3) in case of established de facto control over a foreign entity.



Andri Antoniou, solicitor, Member of the Law Society of England and Wales, Licensed Insolvency Practitioner, Director of CRI Group

Although the Law does provide for some tax exemptions, profits earned by a CFC will need to be included in the aggregate taxable income of a Ukrainian resident and be subject to 18% personal income tax plus 1.5% military tax for individuals and 18% corporate tax for legal entities.

For those reconsidering the future of their CFCs, provided certain conditions are met, liquidation of these companies may present the best option, resulting in an exemption of 18% PI tax. To benefit from these rules, the liquidation of a CFC must have commenced after 1 January 2020 and be completed by 31 December 2021. Also, Ukrainians who own or control a CFC will be required to file a tax return in 2022 thereby disclosing assets received through the liquidation, submit documentation confirming the value of the CFC and apply for tax exemption from Ukrainian tax authorities.

For those ready to declare their CFC's assets, liquidating their CFC now (there may still be sufficient time to dissolve the company and meet the 31 December 2021 deadline if liquidation commences imminently) could mean significant tax savings. Other routes are also available; a CFC may move the place of its effective management to Ukraine and recognise itself as a tax resident of Ukraine, nevertheless stricter tax administration rules may still mean the tax-free liquidation path is the favoured route.

Cyprus UBO register

Another factor which for owners of CFC's to consider is the requirement for detailed information of UBO's of Cypriot companies to be registered in a centralised system (subject to some exceptions e.g. listed companies) by 12 March 2022. Although entities registered from 16 March 2021, have 30 days from their registration to file the required information.

This information will need to be confirmed annually and failure to comply will result in penalties. The Registrar of Companies will maintain the UBO Register which will, initially be accessible by the competent supervisory authorities (the police, tax authorities, CySEC etc) and will eventually be made available to the public at large at a fee of €3.50.

Liquidation routes

When considering liquidation of Cyprus and other common law jurisdiction companies the key question will be: **Which type of liquidation process is most appropriate?**

Is it Members' Voluntary Liquidation ("MVL"), a solvent liquidation process through which all liabilities must be settled, including liabilities which may arise as a result of unreasonable assessments issued by the Director of Revenue and Taxes in Cyprus or, alternatively Creditors' Voluntary Liquidation ("CVL"), an insolvent liquidation process meaning creditors will only be paid to the extent that the company itself owns assets available to settle them, the balance will remain unpaid and the company is dissolved. The latter route is often not fully explored or utilised in appropriate circumstances, leading to possible adverse consequences and the UBOs ultimately paying the price.

CRI Group is Cyprus' leading firm on corporate restructuring and insolvency with undisputed credentials, specialising not only in MVLs and CVLs spanning across all common law jurisdictions, but also complex cross border insolvencies and asset tracing. Our expertise means we can fully explore all restructuring and liquidation options whilst working closely with local tax advisors to maximise possible benefits for the client.

Our directors Chris Iacovides and Andri Antoniou, known in Ukraine amongst many local professionals from their tenure as joint Liquidators of Mriya Agro Holding PLC, were recognised in respect of their efforts and the successful restructuring of Mriya by the former Governor of the Central Bank of Ukraine, Valeria Gontareva who commented: "We very much welcome what Mriya has been able to do. I think that this is a really huge breakthrough. I can say that this is the first story of its kind on our territory, so the national bank very much welcomes Mriya's restructuring".

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World in Ukraine: United Kingdom



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Editor's Note: World in Ukraine takes a look at Ukraine's bilateral relations with different nations. All articles are written independently from advertisers.

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Bate C. Toms: 'Brexit was very good for Ukraine'

By Max Hunder
hunder@kyivpost.com

Throughout Ukraine's 29 years of independence, it has enjoyed strong diplomatic support from the United Kingdom. However, trade between the two countries remains relatively limited. In 2019, Ukraine's total trade in goods and services with the UK was \$2.1 billion, a tiny amount of each nation's global trade.

In an interview with the Kyiv Post, the long-time chairman of the British-Ukrainian Chamber of Commerce, Bate C. Toms, outlined the opportunities for growth in bilateral trade between the two countries in the wake of the UK's departure from the European Union, which fully took effect on Jan. 1, 2021.

Having founded the BUCC in 1997, Toms has been an assiduous promoter of Ukraine as an investment destination for British capital for more than 20 years.

UK Export Finance

At present, Toms is spreading the word about the newly formed UK Export Finance (UKEF) agency, which has earmarked £2.5 billion (nearly \$3.5 billion) for the financing of loans for projects in Ukraine which involve the import of British goods.

"The facility is drafted in extremely broad terms," said Toms. "As long as you're importing at least 20% of the funds being advanced you can also apply for loans for your working capital, for your local expenses, and even for imports from other countries. They offer the best financial terms currently available in Ukraine. The money can be 10 years, going up to 18 years."

Building ships

The largest Ukrainian project financed by UKEF so far was outlined in the October 2020 memorandum on military and defense construction cooperation signed by the Ukrainian and UK defense ministers, Andriy Taran and Ben Wallace, respectively. UKEF will provide a \$1.7 billion loan for the purchase of eight Barzan-class attack craft. This will help rebuild the Ukrainian navy after defections of personnel and



American lawyer Bate C. Toms founded the British Ukrainian Chamber of Commerce in 1997 and has offices in Kyiv and London.

equipment, as well as loss of shipbuilding facilities, following Russia's military invasion and illegal annexation of the Crimean peninsula in 2014.

The first two ships will be built in the UK in cooperation with Ukrainian engineers, who will then use their new expertise to build the other six in Ukrainian shipyards, which will be upgraded as part of the project.

"Britain is going to teach Ukraine how it builds ships. It's got over 500 years of expertise as a leading maritime nation. It will help Ukraine rebuild its shipbuilding expertise in the south of Ukraine to replace what was lost in the invasion of Crimea," Toms commented.

Toms also told the Kyiv Post that the BUCC "has a member who has already taken up (the UKEF) facility." A loan is currently being finalized for "an agricultural company which is importing British farming equipment."

In addition to military and agricultural equipment, the BUCC chair-

man was keen to emphasise the new potential for importing British-made cars to Ukraine.

"Everybody selling automobiles in Ukraine should be looking to use UKEF to finance the importation of cars for sale," said Toms.

'Nothing like it'

"There's just nothing like it for Ukraine from anywhere else. You've got a massive amount of money available to finance the importation of goods and their related projects. If you want to do a project in Ukraine right now, probably the best way to finance it, or a large portion of it, is to either finance it against a three-year track record (of relevant business experience) or as a project financing using UKEF. By the way, this is a post-Brexit development: Brexit was very good for Ukraine."

The generous terms offered by UKEF come alongside another positive step in UK-Ukraine economic relations: the trade deal signed by President Volodymyr Zelensky and Prime Minister Boris Johnson on Oct. 8, 2020, to regulate the two countries' trade relationship after Britain's withdrawal from the EU.

The most notable change was the expansion of tariff quota limits on agricultural products.

Previously, Ukraine's exports to the UK were capped by EU-wide quotas. In the October 2020 trade deal, the UK set its own quotas for

imports of Ukrainian agricultural products, while the existing EU quotas for the remaining 27 members of the bloc stayed the same.

Big food customer

"Because Britain is the largest food importer in this hemisphere and in Europe, importing over half its food, I think it's natural that Britain should be expanding its tariff-free quotas to receive more Ukrainian agricultural goods, both to guarantee Britain's food security, especially at a time when there are problems importing products from the EU, and also... to benefit from lower cost, higher quality agricultural exports from Ukraine," said Toms.

The BUCC chairman outlined how the two countries' agricultural economies could operate in symbiosis, rather than competition: "British farming is two-thirds meat and dairy. The amount of grain produced is relatively small and not likely to increase much, so British agriculture need sources of grain and feed, so actually importing grain from Ukraine benefits British agriculture. It's not competitive. Ukraine is not a market that produces a lot of meat and dairy, so they fit together very well."

Trade envoy

Toms is upbeat about the appointment of Baroness Catherine Meyer as the UK's first-ever trade envoy to Ukraine: "She's an exceptionally

bright and capable person who has very quickly got up to speed on Ukraine, and should make a huge difference in our bilateral relations. She's there to facilitate trade, facilitate relations, and to solve problems."

The BUCC chairman points to the story of Ring, a US start-up which received significant early investment from British billionaire Sir Richard Branson to open its main R&D centre in Ukraine, and was subsequently purchased for a sum in excess of \$1 billion by Amazon, as an example of successful UK investment in Ukraine.

The story goes that Branson saw a guest on his private Caribbean island, Necker, answer the door to his home in California on his smartphone, and immediately became interested in Ring.

'World class' IT

"They made their money off the back of Ukrainian IT. The (founder) in Seattle had a good idea and a small team, but it wasn't ready for the big leagues. With the work done in Ukraine, they got it to a level where it is world class, it's a leader in its field," said Toms.

When asked whether Ukrainian companies should play more of a role in changing perceptions of the country, the BUCC head insists that this duty should be undertaken by business associations and the government: "I don't think it's up to Ukrainian entrepreneurs to make themselves less commercially viable by waving the Ukrainian flag. It is the responsibility of our chambers of commerce and the Ukrainian government to get the message out there, that we are a high-tech country... so that people want to advertise their connection with Ukraine."

Toms adds that "we need to project Ukraine as the Silicon Valley of Eastern Europe."

Persistent barriers

Of course, there are still some persistent domestic barriers to foreign investment in Ukraine.

According to the BUCC chairman, there are "two areas where Ukraine has got to improve its game. The most important is rule of law, and the second is intellectual property protection."

However, these drawbacks should not be allowed to stop the country benefitting from a huge opportunity to expand economic ties with a key ally.

Toms is adamant that "Ukraine should be the principal beneficiary of Brexit. Ukraine should be the bridge that the UK now wants to build." 🇺🇰



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Oleg Petrusiuk

Ambassador of the United Kingdom in Ukraine Melinda Simmons talks with the Kyiv Post on May 11, 2021.



Global issues high on UK ambassador's list

By Brian Bonner
bonner@kyivpost.com

Melinda Simmons, the United Kingdom's ambassador to Ukraine, is back on the move again after more than a year of intermittent lockdowns and travel restrictions imposed by both countries.

She couldn't be happier about her renewed mobility.

She and ambassadors from the other G7 countries recently returned to Kyiv from a Victory Day weekend visit to Luhansk Oblast, where they accompanied President Volodymyr Zelensky to learn how local officials and residents were coping with Russia's war, now in its eighth year in the eastern Donbas region.

She is also looking forward to a rare visit home to London after the May 17 easing of the UK's lockdown restrictions. She's seen her husband only three times since the pandemic began, has barely been able to stay in touch with her two children, and is looking forward to being able to hug her parents. "It will be the most exciting trip ever," she said.

Climate change

Then in June, she hopes to pick up the pace of her travels around Ukraine with a visit to Ivano-Frankivsk, the regional capital that is home to 230,000 people located 600 kilometers southwest of Kyiv.

The visit will highlight the growing urgency of combatting global climate warming, which is particularly devastating for Ukraine in general and this region of western Ukraine in particular. The Ivano-Frankivsk region has suffered from floods due to deforestation.

The outreach is part of the buildup to the 26th United Nations Climate Change Conference of the Parties (COP26) in Glasgow, Scotland, from Nov. 1–12, 2021, hosted by the UK in partnership with Italy.

There is no time to waste, she told the Kyiv Post in an interview at the official residence of Her Majesty The Queen's representative in Ukraine. "If you talk about climate change,

people's eyes glaze over," Simmons said. "But if you talk about forest fires, flooding, deforestation, crop yields — the agrarian areas much more understand the impact on livelihoods."

She said the "average temperature rise in Ukraine is three times higher than anywhere else in Europe, and almost higher than anywhere else in the world," threatening the nation's health, the availability of clean drinking water, and agricultural production.

Ukraine's path to reducing carbon dioxide, the greenhouse gas responsible for global warming, is arduous because of heavy reliance on fossil fuels, energy inefficiency, and outdated energy infrastructure.

"Ukraine's long-term goal is to achieve carbon neutrality," Zelensky said at the international Climate Ambition Summit on Dec. 12, 2020, a precursor event to COP26. Ukraine's pledge is to reduce greenhouse gas emissions 60% by 2030 on the way to the international goal of carbon neutrality by 2050.

Vaccines needed

The UK may have turned the corner in beating back the coronavirus, thanks to a massive vaccination campaign. But Simmons said that British citizens know that they aren't safe until everyone is safe — and that means a huge expansion of global vaccinations. In fact, the UK has already discovered the new Indian virus variant in several regions.

"Everybody needs a vaccine," she said. "That is why the UK has involved itself so heavily in the COVAX program," the main organization for global vaccine distribution. COVAX hopes to distribute at least 1.3 billion doses worldwide by the end of this year.

Simmons said the new wave of deaths and infections in India is a horrifying example of what can happen "where there is such inequality." While she predicts the speedy development of vaccines "will be one of the biggest achievements of this century," global cooperation will have to accelerate even further.

But she said that supply is not enough if the logistics are lacking. Ukraine is among the nations that need to focus on creating the infrastructure — proper storage, front-line nurses, and public information campaigns — to successfully inoculate the population. "That is the piece that has to be fixed," she said.

Russia's war

There's been debate in the UK press over the weak response to the 2006 radioactive polonium-210 poisoning in Great Britain that killed Russian spy and defector Alexander Litvinenko, who co-authored a book accusing then-Russian Prime Minister Vladimir Putin of orchestrating a series of 1999 bomb blasts that killed 300 citizens in three Russian cities to justify the Kremlin's Second Chechen War.

A public inquiry into Litvinenko's murder was delayed until 2014. It launched soon after Russia was implicated in the shoot-down of Malaysian Airlines flight MH17, killing all 298 people on board with a Russian Buk missile over a Kremlin-controlled area of eastern Ukraine. Finally, in 2016, the UK inquiry concluded that Putin had "probably" sanctioned the assassination.

"In the years since 2006, the Kremlin has acted in an increasingly brazen fashion. It has been to war with Georgia, annexed Crimea, invaded eastern Ukraine, intervened militarily in Syria, subverted democratic practices in the West and, in March (2018), poisoned Sergei and Yulia Skripal in Salisbury," wrote Marina Litvinenko, Alexander's widow, and Andrew Foxall in an op-ed published by The Times of London on July 17, 2018.

Whatever happened, Simmons said, the UK is taking Russia's global threat seriously, especially since the poisoning on British soil of the Skripals in 2018, when UK citizen Dawn Sturgess was killed by inadvertent exposure to the Novichok nerve agent used in the attack.

In fact, the UK in April 2021 offi-

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BANKRUPTCY IN UKRAINE: KEY FEATURES



Kateryna Manoylenko,
Attorney at law, Partner at GOLAW

Today Ukraine continues to undergo the reform of the bankruptcy system, aimed at improving the business environment and increasing the investment attractiveness of the country. The bankruptcy proceeding seems like a major challenge for a creditor, as it is usually a tedious and time-consuming process. In order to speed it up and make it more efficient, the Bankruptcy Code of Ukraine was adopted in 2019 (hereinafter — the "Code"). One of the objectives of the Code is to satisfy creditors' claims. But it also aims to protect debtors' rights. The main features of a bankruptcy proceeding in Ukraine are the following.

Bankruptcy of a legal entity

The bankruptcy of a legal entity may be initiated both by the creditor and by the debtor of the legal entity itself. However, creditors may join their claims and file one joint application with the court.

Previously, only a creditor whose undisputed claims amounted at least three hundred times the minimum wage could file an application to initiate a bankruptcy case. This put creditors with smaller claims at a disadvantage.

Today this limitation has been lifted. The mere existence of a monetary claim against the debtor is sufficient to make an application. Furthermore, the creditor does not need to enclose any evidence of recovery of the amount of debt from the debtor.



Natalia Matviychuk,
Attorney at law, Associate at GOLAW

On application, however, the creditor incurs expenses such as a court fee and an advance payment to the bankruptcy receiver.

When a bankruptcy case starts, the relevant information is published on the website of the Ukrainian judiciary, which is open and free of charge. This gives all creditors the opportunity to learn about the relevant case and file their claims within 30 days of its publication.

At the same time, a moratorium on creditor claims is imposed. This means that the debtor's monetary liabilities, even those that were due before the moratorium, are suspended.

It is worth noting that bankruptcy proceeding for a legal entity cannot be suspended, which has an undeniable impact on its duration. The Code provides a limited list of court judgements that may be appealed in cassation. It evidently has a positive impact on the speed of proceedings. Thus, "bad faith" debtors are deprived of the possibility to unreasonably delay the process by filing unreasonable complaints.

Creditors' rights protection in bankruptcy proceeding of a legal entity

The Code provides for a number of legal mechanisms to enable creditors to actively participate in a bankruptcy proceeding.

After the opening of the proceedings, the court may, at the request of the creditor, take steps to secure its claims, such as prohibiting the debtor from performing transactions without the consent of the bankruptcy receiver; and obliging the debtor to transfer securities and property to third parties for safekeeping.

A precise auction procedure in the electronic trading system ensures transparency and reduces corruption risks. In order to satisfy as many creditors' claims as possible, the Code envisages that the first auction is to be held without the option of initial price reduction. Subsequent auction may be held with the option of initial price reduction only by consent of the secured creditor or committee of creditors.

Unfortunately, the procedure of administration of property evidences the cases where the debtor fails to take measures to preserve its property, obstructs the actions of the administrator of the property, infringes rights and legal interests of the creditor. In such a case, the creditor has the right to request the court to terminate the authority of the director or management body of the debtor and to entrust the execution of its duties to the administrator of the property.

The creditor may also initiate the removal of the bankruptcy receiver if the latter fails to perform or improperly performs the duties or abuses its rights. In addition, once the committee of creditors submits an application, the court may remove the bankruptcy receiver regardless of grounds.

In addition to the above options, in bankruptcy proceedings a creditor may apply to invalidate a transaction in which the debtor, for example, alienated the property free of charge or donated it at prices above market value. This applies not only to the debtor's transactions after the commencement of the bankruptcy proceeding but also to the debtor's transactions during the three years preceding it.

Insolvency of an individual

The brand new legal provisions have been introduced to regulate the restoration of the individual's solvency. This option allows a debtor in distress to initiate its insolvency proceedings by itself. The creditor is not permitted to file such an application.

The advantage of this procedure is that after the case proceeding is closed, the court decides to release the individual from the debts. However, this does not apply to compensation for injury, damage to the health of life, alimony and other claims that are linked to the individual.

In spite of the positive developments, it's important to remember that the following limitations and consequences are imposed on the individual who declares bankruptcy:

- absence of the right to initiate another bankruptcy proceeding within five years;
- the need to notify creditors of bankruptcy in writing within the next five years;
- loss of an impeccable business reputation for the next three years.

Thus, Ukraine's bankruptcy legislation is aimed not only at speeding up procedures in bankruptcy cases, but also at increasing the effectiveness of protective mechanisms for business in such cases. The Code provides for a number of measures by which creditors can control bankruptcy proceedings. These innovations have brought this procedure to a new level of quality and transparency.



Judicial ombudsman could be 'magic bullet' for court reform



Opinion

Bate C. Toms

President Volodymyr Zelensky has declared that he intends to solve the rule of law problem in Ukrainian courts that so discourages investment in Ukraine.

The British Ukrainian Chamber of Commerce is concerned, in particular, for Ukraine to address the problem of wrongful judgments in Ukrainian courts that dispossess investors without any genuine legal basis, the principal rule of law problem in Ukraine.

The Ukrainian judiciary needs to match the best European standards if Ukraine is to benefit from its potential for economic investment and development. The question is how to achieve this, as the court reforms undertaken so far have largely failed for predictable reasons, and there are no viable judicial reform proposals currently.

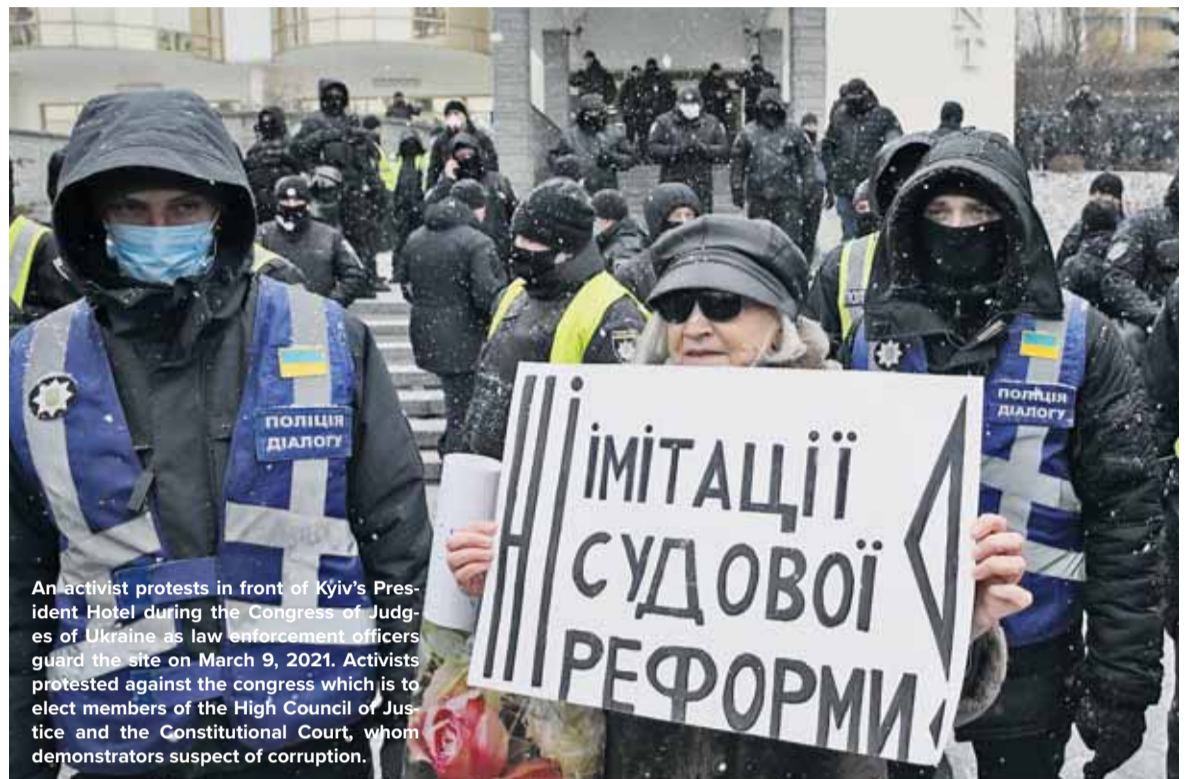
Swedish model

The solution that the BUCC recommends is the creation of a Ukrainian judicial ombudsman, similar to the Swedish justice ombudsman that in the previous century successfully cured a similar rule of law problem in Swedish courts. This Swedish ombudsman continues to ensure that Swedish courts are a model for the world's best practice. Their

ombudsman solved the problem, which currently exists in Ukraine, that their judiciary had no independent outside review of its actions, so it operated as a closed shop. There is today no effective oversight of Ukrainian judges, even for criminal acts. Moreover, Ukrainian criminal law fails to impose appropriate criminal law standards for proper judicial conduct (due to the Ukrainian Constitutional Court's poorly reasoned 2020 decision declaring as void Article 375 of the Criminal Code on judicial conduct.)

Review rulings

The judicial ombudsman would act as a prosecutor to independently review court decisions, and prosecute judges responsible for those judgments that are determined to be as "denials of justice," meaning that they have no reasonable legal basis, unless the judgments are suitably revised in response. Whether a judgment constitutes a denial of justice could be determined based on the standard in Ukraine's bilateral investment treaties for the obligation to provide foreign investors with justice in Ukraine's courts. However, most foreign investors, when denied justice in Ukrainian courts, simply go away, because they are unwilling



An activist protests in front of Kyiv's President Hotel during the Congress of Judges of Ukraine as law enforcement officers guard the site on March 9, 2021. Activists protested against the congress which is to elect members of the High Council of Justice and the Constitutional Court, whom demonstrators suspect of corruption.

to bear the large cost and the time required for such treaty proceedings. The treaties also do not protect domestic investors. Furthermore, Ukraine does not often voluntarily pay bilateral investment treaty judgments. Too few potential investors want to invest where treaty arbitration is the only protection against abuse in Ukrainian courts.

No more immunity

Under the BUCC's proposal, criminal law-based standards for judicial conduct would be adopted, and the judicial ombudsman would be given powers to investigate and prosecute judges who render wrongful decisions that have no legal basis. Judges should not be able to function immune from effective legal recourse where they materially violate reasonable professional standards for judicial performance. Currently, because the Constitutional Court has voided Article 375, parliament's recent attempt to create such judicial standards, judges can in practice only be prosecuted if they are actually caught taking bribes.

This ignores what should be the focus instead, which is the actual content of judicial action, i.e. the court judgments. If these judgments violate reasonable criminal law standards by

constituting denials of justice, then the judges responsible should be held criminally liable for their actions. It should not be necessary to prove that bribery was the reason for a judge's improper conduct. Instead, proof of the wrongful conduct should be enough, as it is in Ukrainian courts for criminal liability for wrongful conduct for other areas, such as medical or architectural malpractice.

Abusive judgments

Sadly, the many abusive judgments by Ukrainian courts have resulted in a breakdown of confidence by most foreign as well as Ukrainian investors. There is now a widespread belief that litigants can only protect themselves by making improper payments to judges — a belief that forces many legitimate investors from abroad to avoid Ukraine, as they cannot engage in improper payments that subject them to severe criminal penalties (e.g. under the US Foreign Corrupt Practices Act, the British Bribery Act, etc.).

The judicial ombudsman should sufficiently protect investors and others to allow them to do business in Ukraine. It would not solve all issues, as the proposed ombudsman is not intended to intervene in close cases, where there are reasonable argu-

ments on both sides and the judges take a reasoned decision. However, this is not an important rule of law problem for those who are legally well advised and comply with applicable laws. The proposed judicial ombudsman is to address situations where there is judicial abuse. In particular, it aims to prevent investors and others from being dispossessed without any genuine legal basis.

Huge benefits

The benefits from preventing such judicial misconduct should be rapid economic development, as well as a more just society, giving Ukrainians a reason to cherish their country rather than feel compelled to move abroad to live under proper rule of law.

The proposal could be quickly implemented. It should be as successful as the similar position has been for Sweden. The BUCC can recommend to parliament appropriate implementing legislation as well as reputable legal experts who could serve. This proposal is the "magic bullet" solution that can definitively improve the rule of law in Ukrainian courts.

Bate C. Toms is chairman of the British Ukrainian Chamber of Commerce and managing partner of B.C. Toms & Co. law offices in Kyiv and London.



United Kingdom at a glance

Government type: **Constitutional Monarchy**Monarch:
Queen Elizabeth IIPrime Minister:
Boris JohnsonGDP, PPP:
\$2.71 trillion (2020)GDP per capita, PPP:
\$40,410 (2020)Total area:
242,495 square kilometersPopulation:
66.5 millionWorld Bank's Doing Business
Ranking: 8Credit ratings:
S&P — AA (stable), Fitch — AA- (negative),
Moody's — Aa3 (stable)

Main economic sectors:

Financial services, telecom, tourism, automotive, aerospace,
pharmaceuticals, agriculture

Sources: World Bank, International Monetary Fund, State Customs Service, State Statistics Service

Firtash up to his old tricks in the gas business

page 2 →

between Naftogaz and Gazprom in 2019, Russia is obliged to inject 40 billion cubic meters in the Ukrainian pipeline per year until 2024 but this transit might stop if Russia finishes the Nord Stream 2 pipeline, which is 100 kilometers away from completion.

One solution might be to reduce the size of the network, too big and too costly to maintain without regular transit fees, he said.

"We cannot just sit and wait for our partners while maintaining this costly network," Makogon said.

Corporate governance

Negotiations between the GTSO and European partners might prove complicated after Ukraine's Cabinet of Ministers fired former CEO of Naftogaz Andriy Kobolyev on April 28, replacing him with Yuriy Vitrenko, former acting minister of energy.

For Kharchenko, such a move plays in the hand of the supporters of the Nord Stream 2 pipeline because it's a sign of economic instability in Ukraine.

"It sends the wrong signal to our partners," he said.

Kobolyev was ousted the day after

Naftogaz reported it lost \$684 million in 2020, its first unprofitable year since 2015.

Many believe the decision to replace Kobolyev with Vitrenko violated Ukraine's corporate governance rules.

Makogon expressed concern too, as corporate governance is critical for the GTSO because its certification depends on it.

If the state decides to violate corporate governance's rules in the grid operator, the GTSO will lose its certification and trust from European partners, Makogon said.

Simmons welcomes English-language drive

page 7 →

cially called Russia the “most acute threat” to its national security.

She said that the UK has stiffened its legal framework for sanctions that mirrors US measures, making collective action easier if Russia violates international law, commits human rights violations, or engages in corrupt acts abroad.

The UK sanctions regime is “new and untested” so has been unable to have the “game-changing effect” of getting the Kremlin out of Ukraine. But just wait, she said. “We should have the same conversation in six or eight months and see how the sanctions regime is working.”

Navy help

The UK’s Royal Navy has long been ranked as one of the top five in the world. The nation has a lot to teach Ukraine, whose navy – never strong – lost much of its remaining capabilities following Russia’s illegal seizure of Crimea in 2014.

During a momentous meeting in London on Oct. 7–8, 2020, between Zelensky and UK Prime Minister Boris Johnson, the two signed a new bilateral free trade agreement as well as a memorandum of intent for closer defense cooperation.

The UK will help improve Ukraine’s shipbuilding capacity and will offer training on how to become a more agile force, Simmons said, since Ukraine will never be able to build enough ships to match Russia’s fleet. Ukraine faces constant chal-

An Uber Boat passes under Tower Bridge on The River Thames under a cloudy sky in London on May 8, 2021.



lenges from Russia to its ability to navigate the Black and Azov seas.

Also, since the UK’s Operation Orbital training mission began in 2015, British troops have trained 20,000 members of the Ukrainian Armed Forces. The program has been extended to 2023.

Overall, UK assistance to Ukraine runs at roughly \$70 million a year. Simmons said that is not likely to change much, despite recent cuts in British foreign aid.

Ukraine & NATO, EU

Simmons said the best way for Ukraine to advance its ambitions for Western integration is to undertake reforms first.

In defense, Ukraine still needs to make progress on such institutional reforms as transparent procurement and other benchmarks envisioned by Ukraine’s status as Enhanced Opportunity Partner with NATO. Seeking a NATO Membership Action Plan before completing reforms will provide “easy justification” for rejection by some of NATO’s 30 members, she said. “Concentrate on the job,” she advised.

Also, Ukraine is “not there yet” in establishing the rule of law, protecting property rights, and transforming the judicial system into a trustworthy institution.

Ukraine-UK trade hovers around the \$2 billion a year mark – a low amount for nations with combined populations of 110 million people. Despite UK interest in Ukraine, “there is not a single company that doesn’t

ALP speak to me about rule of law.”

Johnson has appointed the first-ever UK trade envoy to Ukraine, Baroness Catherine Meyer. But the ambassador said that all her efforts to boost trade and investment “will not come to much if there is no rule of law.” To those ends, she and other G7 ambassadors, at the request of the Ukrainian government, outlined a roadmap for judicial and anti-corruption reform on Jan. 25, 2021.

English-speaking nation

In March, Oleksiy Danilov, the secretary of Ukraine’s National Security and Defense Council, said that the nation needs to become fluent in the English language as a matter of national security.

“It is welcome,” Simmons said of Danilov’s pronouncement. “It just makes sense.”

She said the greater use of English will advance Ukraine’s European integration objectives in many ways. The UK government-sponsored charity, the British Council Ukraine, has been working for nearly 30 years to improve the English-language teaching curriculum in Ukrainian schools. It also offers classes.

Post-Brexit life

The UK left the European Union on Jan. 31, 2020, but no changes took place during a transition period that ended on Jan. 1, 2021. So Brexit is actually less than six months old.

“I think it is too early to assess Brexit,” Simmons said. “The pandemic has changed everything.”

Advertisement

WINNER BECAME A DISTRIBUTOR OF MG IN UKRAINE

MG is demonstrating its commitment to the strategically important Ukrainian market by appointing Winner Imports Ukraine as its official distributor responsible for developing the MG Brand in Ukraine. Both parties signed an Overseas Distribution Agreement on April 7th, 2021. Market launch of the MG brand is planned for the Q3 of 2021.



Commenting on the appointment, Mr. Petro Rondiak, Head of the Management Board of Winner Group Ukraine, said: “It is truly an honor and a privilege to represent such an esteemed brand as MG in Ukraine. We believe that adding MG to our portfolio of brands is 100% aligned with Winner’s core vision of providing best-in-class automotive products and services for our customers. We are committed to a long-term presence in Ukraine and look forward to an equally long-term relationship with MG.”

Winner Group Ukraine has been in the Ukrainian market for over 29 years. An integral part of the Winner Group Ukraine, Winner Imports Ukraine is the official importer of Ford, Volvo, Jaguar, Land Rover, Porsche, and Bentley. More than 140,000 vehicles were sold during this time and over 50 modern dealerships were opened in Ukraine.

Established in 1924, MG Motor has quite a rich heritage. The story of MG Motor dates back to 1921 when Cecil Kimber joined Morris Cars as a Sales Manager. In a bid to push sales, Kimber tuned Morris Cars for improved performance. As the cars were developed at the garage of Morris Cars, they took the name Morris Garages. The first model was developed in 1924 – a 14/28, based on the Morris Oxford. Morris Garages gradually

gained a lot of popularity for its roadsters and cabriolets. In fact, MG Motor has its name etched in motorsports because of amazing victories at Mille Miglia and setting land speed records at Bonneville. Over the years, MG has set 43 world speed records, promoted the rapid development of the world automobile industry, and has the world’s largest single-brand car club MGCC (MG Car Club). The brand easily made its way into the hearts of people – so much so that its vehicles were the wheels of choice for British Prime Ministers and members of the Royal Family.

Over the years, with its glorious history, the ownership of the company has changed hands across diversified business conglomerates to finally being owned by Chinese SAIC Motor.

Today MG maintains its position as the top single brand in exports in China sold to more than 60 countries and regions around the world, including 14 countries of the EU, but has an even more ambitious mission.

As part of its ‘Mission 100’ brand strategy, MG aims to enter 100 global markets and generate annual sales of up to 1 million units by the time it celebrates its 100th anniversary in 2024.

The market launch of the MG brand in Ukraine is planned with 5 models:

1. Mid-sized SUV, the MG “HS”
2. Compact SUV, MG “EZS”, 100% Battery Electric
3. Compact SUV, MG “ZS”, Petrol Engines



4. Compact Sedan, MG “5”, Petrol Engines

5. The exciting, all-new, Flagship, 100% Battery Electric (400km+ WLTP Range), Mid-sized SUV, MG “Marvel R” to be launched in Ukraine as well.



MG cars are designed with European drivers in mind; the brand offers sustainable, safe, smart, functional, and attractively priced vehicles.

All new MGs are built with world-class components from state of the art, Fortune 500 Company suppliers, and are backed by a comprehensive manufacturer warranty of up to 5 or 7-years depending on the specific model.

Commenting on the appointment, Mr. Vitalii Kopych, Deputy Head of the Management Board and CFO of Winner Group Ukraine, said: “I would like to thank both SAIC and Winner teams for all hard work during last 8 months to make this happen, in particular, Sergiy Nosenko, appointed as MG Brand Director and Mr. Rong Bao, New Business Development Manager. I believe that only success is possible for MG Brand in Ukraine together with Winner.”

Commenting on the appointment, Mr. Weili Cai, MG Director in Overseas Sales Department said: “We are excited that Ukraine will now join the group of European countries that have already embraced the rebirth of MG in Europe. We look forward to introducing the MG models range to the people of Ukraine!”



winner.ua



UK's new trade envoy is bullish on Ukraine

By Max Hunder
hunder@kyivpost.com

Baroness Catherine Meyer freely admits that her October 2020 appointment to the role of the United Kingdom's first-ever trade envoy to Ukraine was unexpected.

"For me, it was quite a surprise to be appointed and a great honor," Meyer told the Kyiv Post in a telephone interview.

Boris Johnson appointed her the day before the UK prime minister met with President Volodymyr Zelensky in London on Oct. 7–8, 2020, when they signed trade and defense agreements.

Now Meyer, who last travelled to Ukraine 53 years ago, is learning as much as she can about the country.

Her main mission: "My role is to advance British-Ukrainian trade, to open doors for British exporters, and to create a relationship with Ukrainians who might be interested in doing business with the UK."

Meyer's remit does not extend to assisting Ukrainian businesses looking to invest in the UK, although she says that she would be happy to help. "Helping people is useful because they help you back."

This is an unpaid role. Most of her time will still be spent performing her duties as a member of the House of Lords, the upper chamber of the British parliament. She was

appointed to the Lords by then-Prime Minister Theresa May in 2018, primarily for her work trying to stop child abductions. Her interest in the issue arose after her ex-husband failed to return their two sons from a holiday they spent with him in Germany, leading Meyer to set up a nongovernmental organization in 1999 that is now known as Action Against Abduction.

Meyer has also worked as a commodity broker in London, and is currently married to Sir Christopher Meyer, the former British ambassador to Germany and the United States.

In her new position as trade envoy, Meyer met with Zelensky and his traveling team during their October 2020 UK visit. However, her ability to fulfil the largely diplomatic role has been severely hampered by the COVID-19 pandemic.

"I'm dying to come to Ukraine in order to get a feel for the country and meet the right people," Meyer said.

Her last visit to Ukraine was in 1968, a few days before the Soviet Army invaded Czechoslovakia. She was 15 years old, and was accompanying her Russian-born mother, who was visiting friends and family in Kyiv and Moscow, having fled Russia after the 1917 Bolshevik Revolution.

Meyer was born in Saigon, which is where her mother and her French

father met. Russian was her first language. Through maternal lineage, Meyer can claim part-Ukrainian ancestry: "I have some Ukrainian blood, believe it or not! From my grandfather's side of the family."

She has already helped two British businesses explore options in Ukraine. "You will have smoked salmon from a well-known English house called Forman and Field. In fact, the chap who owns it, Lance Forman, is of Ukrainian origin," she said.

In addition to being the fourth-generation proprietor of his family business, Forman was briefly (until the UK's formal withdrawal from the European Union on Jan. 31, 2020) a member of the European Parliament for the Brexit Party, which ran in British and European parliamentary elections in 2019 in favor of a "hard" Brexit — as clean a break from the EU as possible.

"I think his great-grandfather started the business in Odesa... I know him, so I asked 'what about exporting your delicious smoked salmon to Ukraine?' and he said yes. There's also another exporter who's hopefully going to come to Ukraine. They're called Balfour Wines. I've just introduced them to the commercial attaché at the (British) embassy (in Kyiv)."

Meyer, like Forman, was a supporter of leaving the EU: "I went to



The UK's first-ever trade envoy to Ukraine, Baroness Catherine Meyer, stands alongside Ukrainian President Volodymyr Zelensky (R) on Oct. 8, 2021 in London.

Department of International Trade

Brussels many times for my work dealing with missing and abducted children. When you see the inefficiency... that made me a Brexiteer."

She believes that Britain's EU withdrawal will deliver benefits not only to the UK, but also to Ukraine: "Trade is going to be much easier, because the rules and regulations that the EU imposes, particularly on food, are quite restrictive. I think it affected the export of chicken. Ukraine can see the UK as a good opportunity to export their goods, especially their grain, because we're presumably going to import less from the EU, so you're a new market to us and we're a new market to you."

Meyer named agriculture, defense, infrastructure, energy, IT and pharmaceuticals as sectors promising sectors for post-Brexit bilateral trade.

She also highlighted existing projects as examples of what could happen more often in the future: "British companies are designing new metro stations in the city of Dnipro, land-

scaping in Lviv and advising on safer road design in Odesa. There is much that British advanced manufacturing can do to form partnerships with Ukraine to modernize and develop its own industry, in the aerospace and defence sectors in particular."

When pitching Ukraine as a destination for British investment, Meyer often hears two themes in reply, which have long been a bane to investment in the country: "One of the problems I'm finding is convincing British exporters who still have a vision of Ukraine as under threat from Russia, and also the corruption problem."

However, she is upbeat.

"People have a vision of Ukraine as a corrupt country, and that's one of the things I'm trying to educate people on, so that they understand the country a little bit better and understand that President Zelensky is working really hard. He has done some amazing reforms, and after only 30 years (of independence), what can you expect?"

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Prime Minister
Shmyhal D. A.

Minister for Development of Economy,
 Trade and Agriculture
Petrashko I. R.

Minister of Agrarian Policy and Food
Leshchenko R. M.

Canada

Dear Prime Minister Shmyhal,

We would like to express our respect, and to take this opportunity to thank you for your leadership during the COVID-19 pandemic.

Given your important role as the key person in Ukraine responsible for the investment climate, we ask that you turn your attention to the matter of the ongoing pressure and attempts by a raider to seize control of the company Ovostar Union. We believe this issue warrants your attention as Ovostar Union is partially owned by foreign investors. If the situation is not resolved in accordance with the rule of law, it will continue to negatively affect the ongoing efforts of your Government to increase Ukraine's investment attractiveness.

Ovostar Union is a Ukrainian investment success story. Today, it is one of the leading Ukrainian producers and exporters of chicken eggs and egg products. Further, Ovostar Union successfully trades its products in more than 50 countries worldwide. Canada and Poland are proud to be part of this success story, since the company's shareholders include such large international institutional investors as Canadian investment fund Fairfax Holdings, Polish Generali Group, and Aviva Poland.

The premise the raiders are using to try to steal Ovostar would be laughable if the implications were not so serious.

Very briefly: «MakarOVO» CJSC was a poorly managed company that in 2013 was forced into bankruptcy. Left holding the debt from MakarOVO's failure, MakarOVO's bank, NADRA, was declared insolvent by the National Bank of Ukraine in February 2015. MakarOVO's former assets were sold, and then resold. And in 2018, Ovostar purchased the distressed assets from BV Trading. Today, the raiders accuse Ovostar of having orchestrated the bankruptcy of MakarOVO. What makes this claim even more spurious is that MakarOVO's former owners have offered to drop the lawsuit if Ovostar makes them a lump-sum cash payment.

It concerns us that the Office of the Prosecutor General allowed these conspiracy charges to proceed to court in the first place. By not rejecting the clearly made-up charges, the Government of Ukraine has forced Ovostar and its international investors to defend themselves against wild accusations in a judicial system where some judges are still willing to render verdicts on a fee-for-service basis. And so, by allowing the case to proceed, the Government of Ukraine has unwittingly supported the raiders' attempts to steal Ovostar Union from its lawful owners. This clearly contradicts your Government's publicly announced commitment to protect the rights and interests of foreign investors.

Over the last few years, Ukraine has taken important steps to improve the country's investment attractiveness. However, situations like the one we describe here undermine the trust of international investors in Ukraine's judiciary, and in Ukrainian state institutions as a whole.

We sincerely hope the hearing of Ovostar Union's case concerning the protection of their legitimate property rights will be conducted in full compliance with the principles of impartiality, legality and objectivity. We also hope the judicial institutions entrusted with the protection of foreign investors' rights in Ukraine will have the opportunity to adjudicate Ovostar's case without any undue third-party pressure.

A swift and sustained end to the legal harassment of Ovostar Union will have a direct and positive influence on Ukraine's investment climate. In this context, we write to you with a request to undertake all possible measures within the legislative framework and your competence to ensure the protection of the legitimate rights and interests of Ovostar Union.

Yours sincerely,

Ambassador of Canada Larisa Galadza

English DJ leaves Berlin for Kyiv

By **Toma Istomina**
istomina@kyivpost.com

English DJ and producer Beth Alana has spent several years in the world's techno capital, Berlin, when the buzz about Kyiv's emerging electronic music scene reached her ears.

"Ukraine is a bit of a myth in Berlin," Alana, 22, told the Kyiv Post.

People coming back from Kyiv talked about how alternative and artistic the local creative community was. Because of what she saw on the news about post-Soviet Ukraine, Alana couldn't believe the rumors at first.

Then the pandemic pretty much killed the nightlife in Berlin, while the DJ kept hearing that "things are still happening in Kyiv."

A year into the pandemic, tired from having her career on pause, Alana packed up her equipment and records and moved to the Ukrainian capital.

"I don't want to waste the best years of my life," she says.

Music savior

Alana's childhood wasn't easy.

She was born in Newcastle, but her family moved to Germany when she was one. Because of her father's employment in the military, the family moved often, both inside and outside of Germany. "I don't feel like I'm from anywhere," she says.

Her father's military background and the trauma he received serving in several hot spots around the world made the family relationships tense and at times unhealthy.

Alana was looking for ways to escape home and feel included somewhere else. She soon found herself in a bad environment, and combined with her rebellious nature, it was a wild mix. As a teenager, she did poorly at school and got kicked out of class all the time. In her free time, she drew graffiti in public places and set things on fire.

"I was always in trouble," she says. "I used to sit in the police car instead of being at school, and they would know me by my first name."

A turning point came when Alana's social worker recommended her for a charity program that taught difficult children music.

By then, 14-year-old Alana had grown quite a passion for music with a soft spot for electronic genres, attracted to the unconventional process of producing with machines instead of instruments. So when she first got behind the decks at one class, it was a truly special moment she could never imagine to be possible.

Alana quickly got good at mixing. The new skills gave her confidence and became her escape.

"I never wanted to do anything else since the first time I put my hands on the turntables," she says.

From then on, she spent all her time with music and all her money on vinyls. There was no room for trouble any longer.

"I may have ended up in jail or addicted to drugs," she says. "It sounds cliché, but music really saved my life."

UK impact

Alana never spent much time in her



English DJ and producer Beth Alana plays records in a studio in Kyiv on May 13, 2021. After five years in Berlin, Alana moved to Kyiv to join the local electronic music scene.

home country, the United Kingdom, rarely making short trips to see family. But she says her parents gave her a truly British upbringing. "There was lots of tea," she jokes.

There was also lots of UK music in the house - from her mother's favorite David Bowie to her dad's UK garage and a huge CD collection with all sorts of styles.

Growing up in Germany, Alana listened to techno a lot, but UK garage spoke to her heart like no other genre. Having originated in England in the 1990s, garage had its ups and downs eventually becoming a niche genre, which people often either love or hate, Alana says.

Garage still dominates Alana's career now but she keeps her mixes and tracks versatile, also playing house and techno, and often merging styles together to reach a fresh sound.

After learning how to DJ as a teenager, Alana was dying to get her hands over a mixer but couldn't afford one. To get some practice, she played at illegal raves in Germany and the UK for free.

Not only did the experience give her an opportunity to improve as a DJ, but also a sense of independence and self-respect. At 17, she dropped out of school and moved to Berlin to pursue her music career.

At first, Alana babysat kids during the day and spun records at parties at night.

She soon learned that Berlin's electronic music arena is oversaturated. "Every second person in Berlin is a DJ," she says.

She thought that bringing the new sound would be the key to success but quickly discovered that both the audience and the big clubs were very conventional. In a city that has been a home for techno for more than 20 years, there is a well-trying business model of making commercial music that most DJs and producers follow, Alana says. The community, meanwhile, has an elitist attitude towards anything that doesn't follow suit.

"My music didn't fit," Alana says. In line with her rebellious nature, the DJ didn't conform but kept playing and producing the sound she loves. In 2020, she released her first EP "Phenomenon," a rare record that blends garage with techno.

"I want to do something people haven't done before," she says. "All music can sound good together, it's

really just about how creative you want to be with it."

Fresh start

After five years in Berlin, Alana relocated to Kyiv to pretty much start from scratch.

Just a bit over a month after moving, the DJ has already played at several bars and secret parties. She is debuting in another venue, Keller Bar, on May 16.

The Ukrainian capital's nightlife appeared to be quite a contrast to Berlin - Alana calls it small, young, fresh and exciting.

Because the scene is still emerging, all the sides - promoters, DJs and the audience - are open to experiments. The club settings constantly transform, while the parties are often genre-diverse.

"There is no blueprint on how to make a perfect party," Alana says. "Anything is possible."

Kyiv has already started to make a name as the electronic music capital of Eastern Europe, while the industry is still working with little resources, mostly fueled by passion. With more investment, the city has a huge potential, according to the DJ.

"It's the beginning of something much greater," she says.

Alana hopes to collaborate with local musicians and Kyiv labels, and play at the city's big clubs. Her other ambitious goal is opening an electronic music record store.

There are few such stores in Kyiv, which is why DJs are forced to order vinyls from abroad, overpaying for costly shipping, but "music is for everyone, and there shouldn't be a heavy price tag," Alana believes.

She also says that a record store experience, when visitors can dig through vinyls and listen to them on the spot, is one-of-a-kind, and "Kyiv deserves it."

To avoid competition with other small retailers, Alana's store will specialize in hard subgenres, currently an empty niche, she says.

The musician hopes that her future store will become a community hub for local and visiting DJs and the fans of electronic music, helping the industry further grow.

"I don't want to be a foreigner to come and take advantage of Ukraine," she says. "To help build and expand the scene as it's going, it will be really quite an honor for me." 🇺🇦

EDUCATION ADVISER

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Billy Rech,
Technology Integrationist
Kyiv International School

Schools are filled with problems. Traditional education programs often focus on learning all the questions and then knowing the right answers. In this setting, teachers are giving problems to students to solve. Usually, there are a few ways of solving the problem, but the solutions are controlled by the teacher. However, the future of education may be less about just seeking out the right answers and more about first seeking out the right problems.

Design Thinking is a human-centered approach to innovation that puts the observation and discovery of human needs at the head of the innovation process. The Design Thinking approach to problem-solving is a little different than problem-based learning. In Design Thinking, first and foremost, the idea is for students to become problem seekers, who are able to interview, ask questions, and look at the problem from a different perspective. This is so students, not teachers, may create authentic and creative solutions to problems.

There are 6 components to Design Thinking: Empathy, Define, Ideate, Prototype, Test, and Share/Implement. Below, each of the steps are highlighted to show how design thinking was used by a student in the classroom.

Empathy

A middle school student was tasked with "making an elderly person's life easier". The student who is working within the framework of design thinking first tries to relate to the elderly person. They ask questions, observe, and discuss problems that this elderly person may have. This is the first step in becoming a problem seeker - being able to demonstrate empathy and walking in the other person's shoes.

Define

The student then takes the interview and observation to begin finding a way to make life easier for this elderly person. During the observation and interview the student noticed how hard it was for the elderly person to get up and down out of a chair. Perhaps this was a problem for the elderly person that could be solved. This mindset is to become a problem seeker. The problem was identified, and now puts the control of the problem and solution in the student's hands.

As we move through the process of design thinking to ideate, prototype, and test, the goal now shifts to finding a solution, making it, and then testing it. If it works, one shares the solutions, and if it doesn't return to ideation and repeat the process.

Ideate

Ideation is just a fancy word for coming up with as many solutions to the problem as possible. Grand ideas, small ideas, out-of-the-box ideas, are all welcome in this part of the process. Create a massive list of creative ways to solve your defined problem. In this case, the solution was creating a retractable cane that would allow the elderly person a little more support standing up from the chair and sitting down. The idea was to create a button on the cane that would allow it to raise and lower the height depending on the needs of the individual.

Prototype

This is where the rubber meets the road, or where ideas are turned into working prototypes. Cardboard, hot glue, and razor blades can be found in mass quantities during this step to make cheap versions of solutions. Making an adjustable cane meant figuring out how to create a button that would allow it to raise and lower in height. This student worked through the design and came up with the idea to use a suitcase's retractable handle, as the basis for the design.

Test

After the prototype is built it's time to test the creation. In many cases, the prototypes fail, and students need to go back to ideation and pick a different solution that solves the problem in which they defined. During this phase of Design Thinking students also learn valuable information about their prototype. What worked, what didn't, did it solve the problem? It turned out that the first prototype was not strong enough and required the student to go back and redesign and stronger version to withstand the test. In the end, the final version was a working adjustable cane.

Share/Implement

When one finally comes up with a working prototype, it's time to implement the design and see if it works for the user. Sharing allows others to critique the work done, and/or add to it to make it better.

Design thinking is meant to motivate students to tackle real-world problems that are innovative, clever, and human-centered. This process is used all the time in business, companies, and many organizations to reinvent and change their direction towards being user-centered. Teaching this process now to students at school prepares them to be problem seekers and problem solvers.



Naming names: Ukraine comes up with a list of 13 people who fit its definition of oligarch

page 1 →

liament. Medvedchuk and Lovochkin co-chair the pro-Russian 44-member Opposition Platform. Novinsky is an independent lawmaker.

Ex-lawmaker and Kyiv Post columnist Sergii Leshchenko, citing his sources, published the alleged list of people who qualify as oligarchs by the Security Council's criteria. Apart from the people on the list above, Leshchenko's list mentions poultry tycoon Yuriy Kosiuk, fugitive agricultural mogul Oleh Bakhmatyuk, and the family of Oleksandr and Halyna Hereha, who control Ukraine's largest home improvement store chain, Epicentr.

While those four aren't widely known as media owners, at least three of them have media assets.

Bakhmatyuk owns local media in Ivano-Frankivsk, while the Herehas reportedly control a local TV station in Khmelnytskyi, also a Western Ukrainian city.

Change of tone

Since mid-April, Zelensky has been vocal on de-oligarchization.

He called oligarchs bandits that robbed the state. In one TV address, he listed several top oligarchs by name, ominously saying they will have to live by the law.

This marks a change of tone for the president whose ascension to power in 2019 was backed by one of the top oligarchs.

Oligarch Kolomoisky's 1+1 media empire played a big role in Zelensky's election. More than 30 lawmakers in Zelensky's newly established Servant of the People party were associates or former employees of Kolomoisky.

This played out well for Kolomoisky. After Zelensky's election, Kolomoisky gained control of Centrenergo, a state-owned energy company, and preserved his control over Ukrnafta, a state-owned petroleum producer where he owns a minority stake.

But the relationship went sour. In early 2021, the government replaced the management of Centrenergo, allegedly to eliminate Kolomoisky's influence. On April 22, the oligarch's offices in central Kyiv were searched over suspected embezzlement of \$8 million from Centrenergo. Before that, in January, one of Kolomoisky's top allies in parliament, lawmaker

Oleksandr Dubinsky, was kicked out of Zelensky's party faction.

Top names

Another top oligarch, Rinat Akhmetov, has so far been doing well under Zelensky.

Akhmetov, the owner of DTEK energy company and Metinvest steel and mining holding, is benefiting largely from the state-owned railway monopolist Ukrzaliznytsia, which transports iron ore and coal for him at below-market prices, costing the state company billions.

Moreover, the oligarch's been benefiting from a very low resource rent tax that his company pays to the budget for the iron ore they extract in Ukraine. The government has recently drafted a bill that raises the iron ore resource tax. Getting it through parliament won't be easy: According to Ukrainian journalists, Akhmetov allegedly influences at least 40 lawmakers, based on how they vote.

The bill, if adopted, won't affect just Akhmetov. Oligarch Zhevago, whose main asset is Ferrexpo mining company, will also have to pay more to the state budget.

Zhevago, who owns Channel 4, is a fugitive steel tycoon. He is wanted in Ukraine for allegedly vacuuming \$178 million through insider trading from his Finance and Credit bank.

Other top oligarchs who haven't yet felt any consequences of Zelensky's crusade against oligarchs are Firtash and Pinchuk.

Although Firtash has been living in Vienna since 2014, fighting a U.S. extradition warrant, he preserves his influence in Ukraine. He has monopolies in the nitrogen fertilizer sector, the titanium market and controls most regional gas distribution companies. Firtash and Lovochkin co-own Inter, a TV channel popular with pro-Russian audiences in Ukraine.

Pinchuk is the king of pipe production and controls the biggest TV group out of all oligarchs: It includes popular channels ICTV, STB, and Novy. In 2019–2020, Pinchuk's father-in-law, ex-President Leonid Kuchma led the Ukrainian delegation at the peace talks in Minsk, appointed by Zelensky.

Political opponents

Poroshenko and his allies, who



Oleksiy Danilov, the secretary of the National Security and Defense Council of Ukraine, speaks during a briefing on March 9, 2021.

Oleg Petrasjuk

vehemently criticize every step of Zelensky, have claimed that the coming anti-oligarch bill is designed to target Poroshenko.

Poroshenko indeed falls under the criteria of an oligarch: He has vast business assets, controls a parliament faction, and owns two TV channels.

From the campaign trail, Zelensky made it clear that he would go after Poroshenko for alleged corruption and abuse of office. The ex-president is now the subject of several criminal investigations alleging abuse of office. Poroshenko denies all accusations and calls the cases political pressure.

The oligarch who lost the most under Zelensky is Medvedchuk, a pro-Russian lawmaker and unofficial representative of Russian President Vladimir Putin in Ukraine.

On Feb. 2, Zelensky sanctioned Medvedchuk's closest ally, lawmaker Taras Kozak, and closed his nationwide TV channels — NewsOne, Channel 112, and ZIK. It deprived Medvedchuk and his parliament faction of their main media platform.

On Feb. 19, the NSDC imposed sanctions on Medvedchuk himself, freezing his assets, restricting his financial operations for five years and nullifying all his permits and licenses.

Finally, on May 11, Prosecutor General Iryna Venedyktova signed charges against Medvedchuk and Kozak.

Low-profile oligarchs

Besides the most obvious choices, several Ukrainian businesspeople might qualify to be considered oligarchs by the new legislation drafted by the Security Council.

Among them are Novinsky, Kosiuk, Bakhmatyuk, Oleksandr and Halyna Hereha, steel tycoon Oleksandr Yaroslavsky and construction mogul Vadym Stolar.

First on the list is independent lawmaker Novinsky, who controls a minority stake in Akhmetov's Metinvest Holding.

Russian-born Novinsky is a vivid supporter of the Russian Orthodox Church and is alleged of financing the pro-Russian Nash TV channel. According to Ukrainska Pravda news outlet, Akhmetov has been planning on investing in a new political party and Novinsky will most likely join the project.

Another big name that is likely to appear on the oligarchs list is Kosiuk.

Kosiuk is Ukraine's poultry king and used to serve as Poroshenko's adviser at large. Under Poroshenko, Kosiuk's Mironivsky Hliboproduct was accused of receiving enormous

government subsidies despite being a profitable company.

Kosiuk is usually not labeled an oligarch since he doesn't openly own any media.

Bakhmatyuk, who is accused of embezzling a \$49-million stabilization loan that the government gave to his VAB Bank, owns several local newspapers and websites in Ivano-Frankivsk Oblast.

The Hereha family, who own the Epicentr home improvement store chain, are reportedly linked to a local TV channel in Khmelnytsky Oblast. Oleksandr Hereha is a member of parliament, while his wife served as the secretary of the Kyiv City Council in 2011–2014.

Kyiv's construction mogul Stolar who represents the pro-Russian Opposition Platform party in parliament, has launched a local TV channel Kyiv.Live in August.

Yaroslavsky, the owner of DCH Holding, is a well-known metallurgy tycoon tied to local politics in Kharkiv, Ukraine's second-largest city home to 1.4 million people. He has been involved in the scandalous purchase of Motor Sich aircraft company by the Chinese investors. The government overturned the deal in March.

Like Kosiuk, Yaroslavsky was never reported to own any media assets. ❖



Rinat Akhmetov



Oleh Bakhmatyuk



Gennadiy Bogolyubov



Dmytro Firtash



Halyna Hereha



Oleksandr Hereha



Ihor Kolomoisky



Yuriy Kosiuk



Serhiy Lovochkin



Viktor Medvedchuk



Vadym Novinsky



Victor Pinchuk



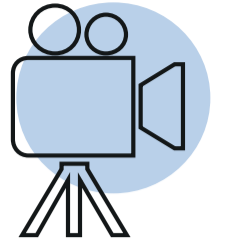
Petro Poroshenko



Kostyantyn Zhevago

Lifestyle

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Ukrainians vs. HBO's 'Chernobyl' hit series

Courtesy



A scene from the 2019 "Chernobyl" HBO miniseries which dramatize the real story of a reactor explosion at the Chernobyl nuclear power plant in 1986 Ukraine. After the series was released, several Ukrainian individuals and institutions accused HBO of copyright infringement, and use of names without consent. (edited)

By **Daria Shulzhenko**
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U.S. pay television network HBO may have violated Ukraine's law during the production of its award-winning "Chernobyl" miniseries.

Several Ukrainian individuals and institutions have recently accused HBO of copyright infringement: Filmmaker Andriy Pryymachenko, the family of acclaimed photographer Igor Kostin, as well as two state enterprises working with films — all have noticed some of their works being featured in "Chernobyl" with no authorization.

Chernobyl nuclear accident survivor Lyudmyla Ignatenko didn't know she was one of the main characters in the 2019 HBO series until she saw the show's trailer. She's suing the television network for using her and her husband's names in the miniseries without her consent. This is the only allegation that HBO addressed, saying she didn't object to her story being used.

Although the first public claims of copyright infringement were made right after the show aired almost two

years ago, HBO still hasn't commented on the issue.

The Kyiv Post reached out to HBO for comment but hasn't heard back yet.

The Ukrainians accusing the HBO of copyright infringement say they don't want financial compensation right now, but only to be included in the show's credits. They hope that the case will encourage other Ukrainians to fight to protect their intellectual property.

"Our main goal is to change the country's attitude towards copyright and its protection," says Natalia Gnatiuk, a lawyer who represents some of the Ukrainian HBO accusers.

Big surprise

The five-piece miniseries "Chernobyl" spotlights the worst nuclear power disaster in human history, which happened in then-Soviet Ukraine on April 26, 1986.

Released in May 2019, the series has taken the globe by storm, becoming the highest-rated television show ever, according to the Internet Movie Database, or IMDb.

The first episode features a phone

conversation between the fire brigade dispatchers on the day of the explosion in Chernobyl, visualized as captions. According to Ukrainian Pryymachenko, that footage was produced by him.

Pryymachenko says he heard the recorded phone conversations in the 1993 Ukrainian film "On That Morning, April 26," and decided to share it with the world.

To make the one-minute conversation more powerful, he visualized it as old-style captions. Since the recording belongs to the state enterprise Ukrainian Studio of Chronicle and Documentary Films, or Ukrkinohronika, Pryymachenko first signed an agreement with the enterprise to use the audio for his work.

In 2013, Pryymachenko posted the video on his YouTube channel, calling it "The most horrifying phone conversation of the 20th century."

Years after he shared the video, Pryymachenko was surprised to see the exact copy of it in the first episode of "Chernobyl." At first, the filmmaker was excited to become a part of such a great project. But the

excitement soon changed into disturbance as Pryymachenko couldn't find his name in the titles.

"I thought it was some kind of mistake," Pryymachenko told the Kyiv Post.

He soon started reaching out to HBO asking for explanations, to no avail. He tried to contact the series' writer and producer Craig Mazin on Twitter, asking him to discuss the issue.

Nearly two years later, HBO hasn't officially commented on the matter.

The filmmaker says he was contacted by the British production company Sister that also worked on the miniseries. According to Pryymachenko, representatives of the production company stated that they were the creators of the visualization used in "Chernobyl," which he says wasn't true.

The Kyiv Post requested a comment from Sister but hasn't heard back.

Pryymachenko says the visualization featured in "Chernobyl" has the same mistake as he made in his 2013 video: While transcribing the conversation between the dispatchers,

Explore Ukraine

With **Yana Mokhonchuk**
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Quiet getaway in Cherkasy

CHERKASY, Ukraine — The city of Cherkasy is an offbeat tourist destination. But one of its entrances across the waters of the huge Kremenchuk Reservoir alone is well worth the trip.

The approach is a 13-kilometer dam across Ukraine's biggest reservoir formed from the Dnipro River, where breathtaking views on both sides of the road open up.

The dam leads to the capital of Cherkasy Oblast, a city of 270,000 people located about 190 kilometers southeast of Kyiv. Though it has no nationally famous sights, Cherkasy is a great destination for a peaceful weekend escape with its parks, tasty food and a few surprising attractions.

Once a center for Cossack regiments in the 17th century, Cherkasy has long been known for its historical significance.

In 1962, with the opening of the Azot plant, one of the leading producers of nitrogen fertilizers in Ukraine, the city has grown into a local industrial center. It is sometimes called the city of chemists and even has a Chemists Park, which is thankfully full of nature and not chemicals.

In recent years, Cherkasy has been developing infrastructurally, with new-generation apartment complexes emerging and creative businesses following suit. In the meantime, the local authorities have announced an ambitious plan to make Cherkasy one of the most convenient cities for living in Ukraine.

Parks and views

Cherkasy is a small city that can be explored in its entirety over a weekend.

There's a Khreshchatyk Street, though it's not as distinguished as the one in Kyiv. Cherkasy's main street, Shevchenko Boulevard, is parallel to the shoreline and crosses the entire city.

It is best to come to Cherkasy in spring or summer when everything is green and blooming in the city's numerous parks.

Travelers should start with the Pahorb Slavy (Hill of Glory), which offers fascinating panoramic views of the Dnipro River and a park called the Valley of Roses.

Aside from the views, the Hill of Glory is of historic importance. The World War II memorial complex with its 10-meter monument is a place where more than 3,000 soldiers were buried.

Right from the hill, visitors can go down to the Valley of Roses, a small park near the Dnipro River, where

Explore Ukraine

Buddhist temple, Dnipro River and many parks to explore in Cherkasy

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there are actually no roses, despite the name. Here, tourists will find a large sundial shaped like a bird.

Strolling along the Dnipro embankment is especially beautiful after sunset, when the horizon becomes invisible and the water merges with the sky, creating the impression of endless space. In the evening, the pier and the river port look magical in the light of lanterns.

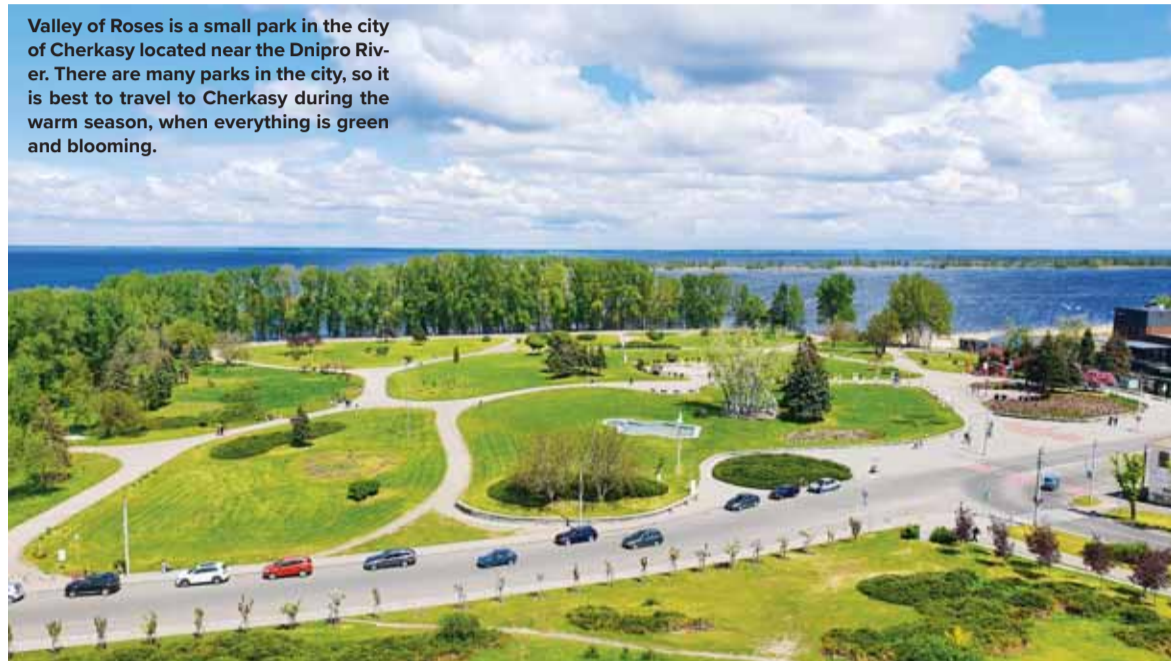
Other natural sights worth exploring are the large Sosnovyi Bir (Pine Forest) Park and the Cathedral Park, which surrounds one of Ukraine's biggest Orthodox churches, St. Michael's Cathedral, which can seat up to 12,000 people.

To have a better understanding of the area, travelers should visit Cherkasy Regional Museum of Local Lore. The museum's exposition fills 30 halls of the building's three floors and offers invaluable insights into the history and nature of the oblast. The museum is open Wednesday through Sunday. A ticket for adults costs Hr 30 (\$1).

Buddhist temple

Cherkasy is home to Ukraine's most likely only Buddhist temple, which hap-

Valley of Roses is a small park in the city of Cherkasy located near the Dnipro River. There are many parks in the city, so it is best to travel to Cherkasy during the warm season, when everything is green and blooming.



Antonina Stoyko

pens to be among the largest in Europe.

The temple's development was funded by a local Buddhist upon return from his trip to Laos.

The temple is called White Lotus. Visitors have an opportunity to explore various artifacts brought there from Tibet, including the sculptures of two warriors welcoming guests at the entrance and a

300-year-old bell, which rises on top of the structure.

Aside from being a center for people who practice Buddhism, the temple also serves as an educational and recreational hub, offering all kinds of classes including Thai boxing, kung fu, yoga, breathing practices, the basics of healing and the art of tea ceremony.

Eateries

Just like many other small cities in Ukraine, Cherkasy has low prices compared to popular tourist destinations like Kyiv, Lviv and Odesa. However, the quality of the service and products is still on top here.

A margherita pizza from one of the locals' favorite restaurants, Faro Del Porto, costs just Hr 85 (\$3),

while a red perch dish is Hr 185 (\$7). Specializing in seafood, the eatery makes a great spot for a tasty dinner by the Dnipro River.

The coffee culture has been growing in Cherkasy. The city's Fabryka Kavy (Coffee Factory) cafe roasts beans for its own use — a rare practice in provincial Ukraine. Cherkasy's most famous coffee shops are the Sho Tam (What's Up) chain, which offers sandwiches for Hr 30 (\$1) and coffee starting from Hr 15 (\$0.5), and Cult Coffee, a four-location chain, which has even outgrown its home city and opened a coffee shop in Kyiv.

Transport, accommodation

A trip by car from Kyiv's Kharkivska metro station takes about two and a half hours. It's also possible to travel by train — ticket prices start at Hr 150 (\$6) and the trip takes nearly four hours. Buses to Cherkasy run every day and cost Hr 240 (\$9) on average.

Visitors can stay at local hotels or book an apartment through the Airbnb application. Prices for hotel rooms start at Hr 500 (\$18) per night, whereas Airbnb apartments start at Hr 555 (\$20) per night.

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Ukrainian individuals, institutions accuse HBO of copyright violations

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Prymachenko wrote, "nash sostav" ("our crew" in English) instead of "nachsostav" ("officers crew").

"It's a fatal mistake for them because it is a confirmation that no one created anything but just copied the work that Andriy (Prymachenko) published," says Gnatiuk, Prymachenko's lawyer.

Soon after "Chernobyl," Prymachenko noticed the same visualization featured in the third episode of "Inside Bill's Brain: Decoding Bill Gates," a documentary series by Netflix. About a month after Prymachenko reached out to Netflix, the company added his name to the episode's titles.

More allegations

Prymachenko was the first but not the only Ukrainian to accuse HBO.

The state enterprise Ukrkinochronika followed Prymachenko's example, announcing copyright infringement claims in April this year. The company owns the rights for audio of the phone conversation that was visualized by Prymachenko. It says that HBO didn't contact the company for permission to use it.

Another state enterprise, Ukrainian Television Film Studio, or Ukrtefilm, also said that HBO violated its rights.

The Ukrtefilm's head Taras Avrakhov said to Detector Media news outlet on April 28, that HBO used fragments of their 1986 documentary "Chernobyl: Two Colors of Time," in the fifth episode of the miniseries.

Gnatiuk says that the episode contains several shots that belong to Ukrtefilm.

The lawyer also represents the family of Ukrainian photographer Kostin, best known for his photographs of the ruined nuclear power plant after the explosion. Some of his



A scene from the 2019 "Chernobyl" HBO miniseries feature Irish actress Jessie Buckley portraying Lyudmyla Ignatenko, a Chernobyl nuclear accident survivor, whose firefighter husband died after extinguishing the plant. Ignatenko is now suing the U.S. television network for using her and her husband's names in the miniseries without her consent.

shots have also allegedly been used in the miniseries without the permission of his family.

According to Gnatiuk, the accusers of HBO don't want to go to court, seeing it as the worst-case scenario. They also don't seek monetary compensations, but only to be credited in the show.

"All this time it was quite difficult to communicate with the representatives of HBO," Gnatiuk says. "Only after state enterprises announced their copyright infringement claims, some sort of dialogue has begun."

Person vs. corporation

The most controversial case, however, concerns Lyudmyla Ignatenko,

the wife of Vasyl Ignatenko, one of the firefighters killed by radiation after trying to extinguish the fire at the plant.

The two are among the leading characters of the miniseries.

In the interview with BBC, 57-year-old Ignatenko says she found out that she and her husband became the protagonists of the series after seeing an advertisement on TV.

"When I found out that there would be a film about me, of course, it was offensive and unpleasant. Why not ask me, talk to me, prepare me as a person?" Ignatenko said during the interview.

Ignatenko's lawyer, Oleksandr Mamunya, says that the woman had

the hardest time after the series was released: Some of Ignatenko's acquaintances started blaming and bullying her for "making money on her late husband." The new publicity and the increased attention from the media made Ignatenko move from her apartment in Kyiv outside of the capital.

In an interview with BBC News, Ignatenko said that some representatives of HBO from Moscow had contacted her, asking to become a "consultant" of then-upcoming miniseries. She says the representatives contacted her several times, asking about some details, but never mentioning her story would be used in the series.

Courtesy According to her lawyer, Ignatenko never gave HBO permission to use her name and her story. The fact that they used it anyway is a violation of Ukraine's legislation.

According to Ukraine's Civil Code, the use of a person's name in any literary or other works, except for documentaries, as a character, is allowed only after a person's consent.

The HBO statement published by BBC says that the local representatives of the production team had "multiple exchanges" with Ignatenko before, during, and after filming. According to the statement, Ignatenko had the opportunity to participate in the storytelling and she never expressed that she didn't wish her or her husband's story to be featured in the film.

Mamunya says that it might be the company's low awareness of the Ukrainian legislation that had caused the issue. According to the lawyer, it doesn't matter whether they contacted her or not, if Ignatenko didn't consent to use her name.

In 2020, Ignatenko filed a lawsuit against HBO in a Ukrainian court, demanding moral damage compensation.

According to her lawyer, the network's representatives started participating in the court hearings only recently, saying that they were not aware of the process before. The next hearing is scheduled for June 16.

Prymachenko says that despite all the controversy, the whole situation might initiate a positive shift in Ukraine, where a person's intellectual property is not as valued and protected as in the West.

"(In Ukraine), when the author alleges copyright infringement he is told to be thankful that someone paid attention to his work," Prymachenko says. "This is not how it should be." 🇺🇦

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Is Kremlin's henchman finally finished politically in Ukraine?

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court placed Medvedchuk under house arrest.

The suspect denied wrongdoing and said he won't be fleeing the country. "I'm ready to defend myself because I don't feel guilty," said Medvedchuk. "Everything that is going on, it's political repressions against me as an opposition party leader."

The accusations against him came as less of a surprise in Ukraine than the fact that his virulently anti-Ukrainian agenda finally caught the prosecutors' attention.

After his moribund political career was revived under President Petro Poroshenko in 2014, Medvedchuk quickly became Ukraine's top pro-Kremlin politician.

Until recently, Medvedchuk was flourishing. He controlled three popular news channels and a pipeline pumping Russian diesel into Ukraine, and co-led Ukraine's second most popular party, Opposition Platform – For Life, which has 44 lawmakers in the 422-seat parliament.

Medvedchuk also made it to the list of richest Ukrainians for the first time. In 2021, Forbes ranked him as the 12th richest person in the country with a net worth of \$620 million.

For years, Medvedchuk was safeguarded by Poroshenko, allegedly in return for his services as a pro-Kremlin bogeyman for Poroshenko's supporters – something that Poroshenko denies.

After President Volodymyr Zelensky took office in 2019, Medvedchuk's influence became toxic. His party surged in polls, while his pro-Kremlin propaganda machine began sabotaging Zelensky's attempts to bring peace to the Donbas.

In February, the National Security and Defense Council abruptly shut down Medvedchuk's media empire, introduced financial sanctions against him, froze his pipeline and blocked his gas chain. In May, he was charged with three counts of high treason.

His influence, it seems, evaporated in the span of a few months.

High treason

To support the charges against Medvedchuk, Venediktova released recordings of Medvedchuk's talks with Dmitry Kozak, Russian President Vladimir Putin's deputy chief of staff, who is not related to Taras Kozak.

Earlier, a recording of Medvedchuk's conversation with top Putin aide Vladislav Surkov was also leaked to the press. Both recordings were made in 2014-2015 and feature Medvedchuk talking about undermining Ukraine's interests while supporting Russia's.

One count of high treason concerns Medvedchuk helping Russia extract natural gas from Kremlin-occupied Crimea. According to Venediktova, after Russia annexed the peninsula, Medvedchuk re-registered his Kyiv-based company in Russia to extract gas from the Hlyboke gas field near the Crimean city of Kerch.

Medvedchuk has owned licenses to extract gas from Hlyboke since 2002 but extraction only began after



Ukrainian lawmaker Viktor Medvedchuk (L) attends a court hearing in Kyiv on May 13, 2021. While prosecutors sought to have Medvedchuk arrested, the Kyiv Pechersk Court placed him under house arrest. Medvedchuk is accused of high treason.

Russia's military invasion and illegal annexation. Venediktova said that the proven gas reserves in Hlyboke are worth \$1.4 billion.

The prosecution alleges that Medvedchuk provided Russia with Ukraine's geological information on the gas field and began extracting gas, and paying taxes and customs into the Russian budget.

"I want to start working already, paying (Russian) taxes," Medvedchuk allegedly told Dmitry Kozak on the recordings provided by the prosecution.

Separately, Medvedchuk allegedly gave Russia the location of a Ukrainian military unit that had been deployed to Donbas secretly to fight Russia and its proxies, according to Ivan Bakanov, head of the Security Service of Ukraine, or SBU.

The third count involves Medvedchuk's organization called Promin, which was tasked with helping Ukrainians resettle in Russia. According to Bakanov, the organization sponsored a program under which Ukrainians were trained in Russia and sent back to Ukraine to spread the Kremlin's narrative.

Medvedchuk's revival

To understand the magnitude of the case against Medvedchuk, it's important to look at his history.

Medvedchuk served as President Leonid Kuchma's chief of staff in 2004. At the time, he was already close with Russia's President Vladimir Putin, godfather of Medvedchuk's daughter.

Medvedchuk has long been accused of helping to organize the rigging of the 2004 presidential election in favor of Kuchma's successor Viktor Yanukovich. It led to the Orange Revolution, and the presidency of pro-Western Viktor Yushchenko.

During the Yushchenko presidency, and even under Kremlin-backed Yanukovich, Medvedchuk flew under the radar. His main venture was an organization called The Ukrainian Choice, which promoted a

closer relationship with Russia.

He reappeared on the political stage in 2014 after Poroshenko came to power and as Russian troops were occupying Crimea and eastern Donbas.

It wasn't a great time for other pro-Kremlin politicians in Ukraine. During the 2014 parliament elections, the pro-Russian Opposition Bloc got 9.5% of the vote and just 27 out of 450 seats in the Verkhovna Rada. The outcast party was the only pro-Russian faction in parliament.

However, Medvedchuk's influence steadily grew. In 2014, Ukraine nominated him as its representative in the peace talks between Ukraine and Russia.

Officially, it was announced that German Chancellor Angela Merkel suggested his candidacy. But in a phone conversation with Putin's aide Surkov, leaked to the press in March, Medvedchuk says that it was Poroshenko who invited him.

Poroshenko had a reason to revive Medvedchuk. He was Putin's confidant and gave Poroshenko direct access to the Russian president. Putin's press secretary Dmitry Peskov told the media that Medvedchuk advises the Russian president on issues concerning Ukraine.

This channel worked both ways. A new tape, leaked to Ukrainian media on May 13, allegedly has Medvedchuk telling a top Russian official in 2015 that he can get Ukraine's authorities to change the list of Russian individuals and companies that were sanctioned.

Amassing influence

Over time, Medvedchuk built his power base, with help in Ukraine and Russia. In 2015, Medvedchuk, through a proxy owner, reportedly took control of a key diesel pipeline that runs from Ukraine to Russia.

Ukraine and Russia disputed ownership of the pipeline. In the end, a low-level Ukrainian court gave it to Russia, which sold it to a company believed to be associated with Medvedchuk. He denies ownership of the pipeline.

Ukraine's Anti-Monopoly Commission, which was controlled by Poroshenko's allies, authorized the acquisition.

Around this time, the SBU recorded Medvedchuk telling Russian officials that he supports the Russian occupation of Crimea and discussed plans to harvest gas from the peninsula. The recording was released only now.

According to the SBU tapes, Russia's Dmitry Kozak ensured that Russia passed a law allowing Ukrainian companies to keep working in Crimea if they re-register in Russia, specifically to accommodate Medvedchuk.

In one conversation, Kozak asks Medvedchuk to make a Russian citizen the official owner of the company, an offer that Medvedchuk gladly accepts.

In 2017, Medvedchuk began reassembling his media empire.

The politician consolidated fractured Kremlin sympathizers and took control of three news TV channels officially owned by his associate Taras Kozak – Channel 112, NewsOne, and ZIK.

Kozak purchased Channel 112 for Hr 73 million and NewsOne for Hr 42 million. The combined price of \$4.4 million is absurdly low for Ukrainian TV channels.

Additionally, Medvedchuk acquired a Russian-based oil business and registered it to his wife, TV host Oksana Marchenko.

Poroshenko's help

Throughout 2015-2017, Russia's grinding conflict against Ukraine was turning into trench warfare. Meanwhile, Poroshenko began to lose support after domestic shortcomings such as economic stagnation and his obstruction of anti-corruption reforms.

Elected on a moderate pro-Western platform, Poroshenko began turning more nationalistic as his re-election approached in 2019.

A new pro-Kremlin party, the Opposition Platform, co-chaired by

Medvedchuk, looked to be a suitable political opponent. It is also a time-honored tactic. Kuchma in 1999 did everything to ensure that he would make it into the final round of his re-election bid against Communist Party leader Petro Symonenko, who stood no chance of being elected.

The Opposition Platform used the Medvedchuk-Kozak propaganda network to promote itself and saw a steady increase in support, finishing second in the 2019 parliamentary election. The party was publicly criticized by Poroshenko, who ran his 2019 campaign on the platform of "protecting Ukraine from a Russian political comeback."

At the same time, Poroshenko's TV channels have welcomed Opposition Platform's members for interviews.

But one of the most telling episodes of safeguarding Medvedchuk and his party came in October 2018, when parliament voted to impose sanctions against TV channels associated with Medvedchuk – and Poroshenko didn't sign them.

Back into oblivion?

In the beginning of Zelensky's presidency, things were going fine for Medvedchuk and his pro-Kremlin party.

Their TV channels habitually aired Kremlin's propaganda, justifying Russia's war against Ukraine and at the same time blaming Zelensky for its continuation. Nearly two years later, Zelensky abruptly decided to put an end to it.

In February, he signed sanctions against Medvedchuk, Kozak, and their businesses – which immediately shut down the three pro-Kremlin TV channels – NewsOne, Channel 112, and ZIK. Medvedchuk lost the diesel pipeline and his accounts got frozen.

Oleksiy Haran, professor at the Kyiv Mohyla Academy, says that early on, Zelensky benefited from Medvedchuk's presence. "During the election campaign, Medvedchuk's TV channels supported Zelensky and attacked Poroshenko," he says.

Then it changed: When Zelensky showed he won't make concessions to Russia, the channels started attacking him.

According to Haran, by taking down Medvedchuk and his party, Zelensky weakens his political competition on the Russian-speaking electoral field and simultaneously boosts his standing with the pro-Western democratic electoral field.

"Obviously there were certain political calculations," says Haran.

Medvedchuk's party now looks fragile.

After losing the TV channels, the party's support has shrunk from 19% in January to 13%. The party now polls behind both Zelensky's Servant of the People party and Poroshenko's European Solidarity.

It's hard to predict what will happen to Medvedchuk, according to Haran. Even if the state really intends to prosecute Medvedchuk, the notoriously corrupt and unreformed courts can obstruct it.

But is Medvedchuk on his political death bed? Haran says: "Never say never." 🇺🇦