

China's lending to Ukraine comes with the expectation of political favors in return

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\$1 million bribe demand in Odesa exposes corruption in construction, defense sectors

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Ukraine's space industry will need an infusion of money to remain relevant in the sector

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Catch & Kill?

Dictators Putin and Lukashenko hunt their enemies wherever they go, creating fear among political exiles in Ukraine



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An activist holds a portrait of Belarus House in Ukraine head Vitaliy Shyshov at a rally near the Belarusian Embassy in Kyiv on Aug. 3, 2021. Shyshov was found hanged in a Kyiv park earlier the same day. The National Police have launched a criminal investigation saying that they are looking into a potential murder framed as suicide. Although suicide has not been ruled out, a long history of torture, imprisonment, murder and suspicious deaths of Belarusian activists have raised concerns about the potential international reach of Belarus dictator Alexander Lukashenko's regime.



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A collage depicts Ukraine's President Volodymyr Zelensky in front of China's flag (L) and the European Union's flag (R). Ukraine is turning to China borrowing money to renovate the country's infrastructure, but the agreement comes with political concessions and may as well tense the relationship with the U.S., Ukraine's primer ally.

Dangerous debt: China lends money to Ukraine with strings attached

By Alexander Query and Anna Myroniuk
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Chronically short of financial support, Ukraine has started looking for cheap loans from China for road and highway projects.

Ukraine's shift comes as lending has stalled from the International Monetary Fund because of Ukraine's inability to meet good governance conditions that came with the current \$5 billion agreement. It expires this year, with only \$2.1 billion lent so far.

China's lending comes with different strings attached.

"IMF cash requires reform, including important anti-corruption measures and de-oligarchization. Chinese money does not," said Amanda Paul, a senior political analyst at European Policy Center based in Brussels.

What are China's conditions? No one really knows. Ukraine's government only said it borrowed "on preferential terms" and hasn't even disclosed the exact amount, although a Ukrainian negotiator said it is roughly \$400 million.

"China usually argues that it does not have requirements when it lends money, but there are usually political requirements. They are just often a little bit unstated," said Zack Cooper, China expert and a scholar at American Enterprise Institute, a public policy think tank. "The constraints from the IMF are very transparent, they are public, and the constraints from China are much less transparent and in some cases much more coercive."

But it's not hard to connect the dots.

A week before signing an agreement with Beijing, Kyiv abruptly withdrew its support from the United Nations' statement condemning Chinese mistreatment of Muslim Uyghurs. Beijing threatened to withhold China-made vaccines against

the coronavirus if Ukraine did not pull its name from the UN statement, reported the Associated Press. Members of parliament, on the condition of anonymity, confirmed this account to the Kyiv Post.

The Chinese Embassy in Ukraine denied imposing pressure. "China does not provide vaccines...in exchange for some certain benefits, has no geopolitical goals and does not impose any political conditions," the statement reads.

Conditional money

"No money is ever unconditional; there are always some strings attached, even if you cannot see them clearly," said Paul of China's lending.

But Viktor Dovhan, an adviser for the European Union delegation in Ukraine, insists no such conditions were attached. "I was in the negotiation of this agreement, I never heard any issue over the rights of Uyghurs," said Dovhan, who served as a deputy minister of infrastructure between 2016 and 2019.

Dovhan said the details will be made public in September if the Foreign Ministry and the President's Office sign off on the agreement.

For now, Dovhan outlined the basic provisions: Ukraine borrows from China's Export-Import Bank for infrastructure projects at 2% interest rate for 15 years.

The deal is said to include money for the long-awaited construction of a bridge across the Dnipro River in Kremenchuk, a city some 300 kilometers southeast of Kyiv, and a new Kyiv ring road.

The bridge will connect Kremenchuk with Horishni Plavni, a city 20 kilometers to the east, while the Kyiv road project will involve the extension of a highway.

Another concern is "limited use of domestic workers and domestic companies" in such joint projects with the Chinese, said Cooper. Dovhan's response: Ukraine will ensure that local workers participate. He said the

general contractor will be Chinese but that a Ukrainian subcontractor must be involved too.

But Paul is skeptical.

"Cheap money always comes at a high price, which can make it toxic," said Paul. "Ukraine's leadership needs to reflect carefully on the experiences of other countries that have borrowed money from China and found themselves in deep trouble through Beijing's 'debt-trap diplomacy' model of doing business."

Debt-trap history

China lures economically struggling nations into risky loans, leading to the assets being taken over if the money can't be repaid, experts say.

Montenegro was among countries that fell victim to China's so-called debt diplomacy, according to the March study by the U.S.-based Center for Global Development.

The researchers analyzed 100 contracts across 24 developing countries in Africa, Asia and Europe and found out that China's most recent contracts hindered reforms in emerging economies.

The contract's requirements often lead to immediate technical default if the country fails to stick to the Chinese conditions, said Dmitry Goryunov, senior analyst at the Center for Economic Strategy.

"If the state introduces changes to labor laws, environmental regulation or changes its diplomatic position

towards China, the contract is broken and it means immediate technical default," Goryunov said.

China's loans play on developing countries' hunger for a quick economic boost.

In 2014, Montenegro signed a \$944 million loan at a 2% annual rate from China's Exim Bank to finance a highway project connecting Montenegro to Serbia. The Western Balkan country of 620,000 people is now struggling to repay the loan. China currently holds approximately one-quarter of Montenegro's total debt. If the country defaults, China can take possession of Montenegrin land and assets as collateral.

The EU rebuffed Montenegro's call for assistance to repay the loan but might help complete the highway.

Ukraine limits borrowing

Ukraine will not repeat the fate of Montenegro, Dovhan said: "Our projects are not as big as that of small Montenegro attracting billions of dollars, which made 75% of their budget deficit."

Ukraine's borrowing cannot exceed 60% of its budget deficit, said Dovhan. According to him, the bridge and road will cost around \$400 million, just 4.8% of the 2020 budget deficit.

It is far more modest than the 1.3 billion euros that Hungary bor-

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Odesa bribery case raises alarm in military housing

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Vasyl Rakul, a Defense Ministry official, allegedly demanded \$1 million from a construction developer in Odesa, the Black Sea port city located 450 kilometers south of Kyiv.

At stake was whether the company, Mazal Invest, would get a juicy government contract to build housing for military personnel in the city of 1 million people. At his fingertips, the official allegedly prepared papers to rig the contest and decide the winner.

It didn't work that way. On July 27, the police arrested him.

Yet another high-profile scandal is once again a symptom of a far greater evil: the endemic, sweeping corruption in housing contracting at Ukraine's Defense Ministry, which now commands a partly secret budget of more than \$5 billion yearly.

All across the country, tens of thousands of soldiers and officers spend decades waiting for apartments as promised rewards for service to the nation. Most of them will retire without getting one, despite pledges and considerable budget financing. The money gets lost to corruption — embezzlement and fixed tenders — aided by a lack of transparency and scores of legislative loopholes.

Stuck for years

The fact that military housing in Ukraine is in catastrophic condition is hardly new.

Time and again, the law exposes cases when military boot camps end up getting nothing but brick walls instead of fully equipped barracks or other facilities.

In terms of residential housing alone, according to various esti-

Kyiv Operative



Defense Ministry official Vasyl Rakul and his lawyer heed a decision on pre-trial restrictions in an alleged bribery case at the Pechersk District Court in Kyiv on July 30, 2021. The court eventually sent the official to jail for 50 days.

mates, between 44,900 and 47,000 military families are still waiting for accommodation from the government.

According to Defense Ministry, in 2020, only 193 apartments were provided. At such a pace, the end of the housing line won't come until 2260.

Poor housing is among the top reasons why many service members leave the armed forces for civilian life. For many military families, renting apartments is costly, while barracks are often horrific or not even available.

Meanwhile, according to Ukraine's Accounting Chamber, in 2016 and 2017 alone, the state budget allocat-

ed nearly Hr 1.2 billion (\$44.5 million). Nearly Hr 600 million (\$22 million) were spent ineffectually and more Hr 32 million (\$1.19 million) were probably embezzled.

Behind the mess are rigged building contracts, inflated prices, uninhabitable quarters or even "new accommodations" that exist only on paper.

Yet, over the years, no senior officials have been jailed despite multiple criminal cases initiated.

Known characters

The busted official, Rakul, served as the head of the Defense Ministry's Department for Major Construction in Odesa.

He was in charge of military housing in the country's southern regions, with large powers to decide on building contracts. Long before the arrest, he had a highly controversial reputation, with a long and murky trail of criminal cases and corruption scandals.

According to Oleh Mykhailik, an anti-corruption activist in Odesa, Rakul used to be in charge of the city government's consumer market and consumer rights department but was fired after a scandal in 2014.

Specifically, he concluded a contract with security firm Nimfa, which was accused of racketeering and physically assaulting businesspeople.

Besides, in 2019, under his lead,

the Odesa Construction Factory, a Defense Ministry asset, went bankrupt. According to law enforcement, he took out a loan against the factory's property and then siphoned money and assets via two bogus companies registered in the Russian-occupied part of Luhansk Oblast.

Law enforcement initiated two criminal cases. Yet the investigation has seen little progress and, moreover, never prevented Rakul from getting new high public posts.

Rakul ignored the first court hearing on pre-trial restrictions in the new bribery case, claiming he was sick. Nonetheless, on July 30, the court sent him to jail for 50 days, with an alternative of Hr 10 million (\$371,000) in bail.

During the hearing, Rakul vehemently denied any wrongdoing and demanded that the media be expelled from the court.

Rakul also reportedly had a partner in crime, Roman Kovtun, a former operative with the National Anti-Corruption Bureau (NABU). On Aug. 2, the Pechersk District Court in Kyiv also sent him to jail for 60 days, with the alternative of Hr 27 million in bail. A NABU source told the Kyiv Post that there had been internal probes against Kovtun at the bureau, and he had been fired in late 2020.

He could have used his NABU experience and connections for his criminal activities, the source said. "Many realized immediately what kind of employee he was," the source added, speaking on condition of anonymity because of the lack of authorization to speak publicly. "But we needed formal grounds to fire him."

According to anti-corruption activist Mykhailo Kuzakon, Kovtun used to serve with the Security

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EDITORIALS

Dangerous place

Ukraine has long been trying to depict itself as a modern and welcoming European country, yet the long sequence of casualties among dissidents proves that Ukraine isn't safe.

Foreign intelligence agents roam free in Kyiv, facing little resistance from the Security Service of Ukraine and other law enforcement agencies.

The hanging of a prominent Belarusian activist Vitaliy Shyshov in a Kyiv park on Aug. 3 is only the latest of a series of suspicious deaths among foreign dissidents in Ukraine.

Belarus-born journalist Pavel Sheremet, a prominent critic of Belarus dictator Alexander Lukashenko, was blown up in his car in downtown Kyiv in July 2016.

In 2017, former Russian lawmaker-turned-Kremlin critic Denis Voronkov was shot dead in downtown Kyiv, while gunmen killed Amina Okueva, a high-profile Chechen activist and war veteran, 10 kilometers southwest of the country's capital.

High-ranking Ukrainian military personnel have witnessed a similar faith.

In June 2017, military intelligence colonel, Maksym Shapoval, was killed by a car bomb in Kyiv. Months prior, Oleksandr Kharaberiush, a Security Service colonel, was killed in a car blast in Mariupol in Donetsk Oblast.

Most cases have been linked to foreign hit squads.

Former Belarus KGB head Vadym Zaitsev was taped discussing an assassination plot against Sheremet, while Okueva's murderers had ties to the leadership of the Chechen Republic.

All cases remain unsolved to this day.

Dictators Alexander Lukashenko and Vladimir Putin have long enjoyed impunity despite poisoning opposition leaders, killing political opponents, jailing activists and rigging elections. And it looks like Kyiv is their favorite playground.

President Volodymyr Zelensky has been vocal in his attempt to turn Ukraine into a hub for young and forward-looking people fleeing Putin's Russia and Lukashenko's Belarus.

Yet lower taxes, fast-track visas and government support is sometimes no match for the lack of security for those seeking political refuge in Ukraine.

The murderous regimes of Lukashenko and Putin won't stop tracking down dissidents and ordering their executions. Today, Belarus activists, Kremlin critics and high-profile Ukrainians are easy targets.

It must stop. Ukraine needs to reform its Security Service to do its job — protect the nation against security threats. If not, dissidents will keep dying and it will be Ukraine's fault for not doing enough to protect those who were promised a refuge.

Ukraine lives in a rough neighborhood. It won't be able to change its geography. While it's challenging, Ukraine has every chance to strengthen its future by adopting democratic principles, forming effective institutions — especially in the law enforcement and judicial sectors — and cutting links to the retrograde dictatorships of Putin and Lukashenko. The best way to help democratic forces in both nations is to offer them refuge, but more importantly, to show the strength of living the democratic way.

Burning bridges

Ukraine borrows money from China, but it's not clear how much and under what conditions.

Kyiv throws itself into the arms of Beijing, convinced that it will be able to outsmart it and avoid the fate of countries that fell victim to China's debt-trap diplomacy.

Despite declaring democratic values, the Ukrainian authorities easily disregard transparency when it came to cheap money. They shook hands on the deal, only admitting it a week after. A month later, the provisions of the agreement are still kept in secret.

Kyiv seems to be ready for anything in exchange for easy money. When it comes to borrowing from the International Monetary Fund, official Kyiv commits to reforms. When Kyiv needs cash from Beijing, it gladly praises China's Communist Party.

In an attempt to gain China's favor, Kyiv went as far as taking back Ukraine's support for the United Nation's statement on violations of human rights in China. Was there any explanation? None. The Foreign Ministry hasn't addressed the decision publicly for over a month despite media requests, including from the Kyiv Post.

It looks like the deal with China did have secret conditions that the Ukrainian authorities do not want to talk about.

But the West is watching and if Kyiv gets into China's debt trap, the European and American allies might not rush to the rescue. This proves how short-sighted the Ukrainian officials are.

China is infamous for expanding its influence by targeting developing countries in Europe, Africa and Asia. It lends big so the borrower cannot pay back and has to give away some critical parts of the economy to China as collateral. And if Ukraine becomes yet another victim of Beijing, the West might be reluctant to give it a hand.

Ukraine is, admittedly, in a tough spot. Both the United States and Europe have major trade ties with China. While U.S. President Joe Biden's top foreign policy priority appears to be containing the excesses of a rising and militaristic China, Europe so far is reluctant to go along.

However, it's not an excuse to blindly play into the hands of China. While trying to get Chinese money for building roads and bridges, Ukrainian officialdom should be careful not to burn bridges with its biggest allies in the West, with whom it claims to share democratic ideals. After all, when it comes to supporting Ukraine's territorial integrity, China is no friend. It often sides with Russia and, of course, the Beijing regime is one of the greatest human rights abusers in the world.

Meanwhile, much can be done to strengthen ties in the West among many nations that genuinely want Ukraine to succeed and that share the values that Ukraine aspires to uphold. And more can be done to sever trade and other ties with those forces who mourn the demise of the Soviet Union.



President Volodymyr Zelensky chairs a meeting of the National Reforms Council on July 29, 2021.

Ukrainian president press service

Presenting Ukraine's Economic Freedom Act



Mikheil Saakashvili

Long-overdue economic reforms have meant continuous stagnation of Ukraine's economy. For the economy to grow, market entry barriers need to be eliminated, and in the case of Ukraine, these hurdles are nearly impossible to overcome. As an example, to start a bakery, prospective businesses need to obtain 18 permits, and five or more agencies will be involved in the supervision. The overregulation is extensive, the government is incapable of effective control of the economic activity, making the need for an unwavering commitment to fostering prosperity-inducing policies ever more urgent.

President Volodymyr Zelensky has a great grasp of these underlying issues. At his request, we have been working on the Economic Freedom Act, which was presented during the latest National Reforms Council meeting on July 29. Zelensky immediately grabbed this opportunity to make Ukraine more economically free and was fervently supporting

the act throughout the meeting. With our help, the president is bringing about a true economic revolution.

Let's look at some facts. Currently, in Ukraine, there are 882 regulatory bodies, 77 areas of control (formally, but in practice — many more), 72,032 scheduled and 77,925 unscheduled inspections (for 2021), more than 50,000 regulatory acts and approximately 450 hours per year spent by businesses on administrative services, official reporting, going through inspections.

Easing regulations

Small and medium enterprises make up over 70 percent of the Ukrainian economy. However, they are also the ones that are most affected by overregulation. It is equally important to persist with deoligarchization and to create and sustain favorable regulatory conditions for small- and medium-sized enterprises. If we don't deregulate and do not reduce the administrative and control burden

on businesses, Ukraine's economic development will continue to stagnate and decline at 2 or 3 percent annually.

According to the Fraser Institute Economic Freedom Index, Ukraine is one of the most economically unfree economies in the world. Countries such as South Korea, Vietnam, Croatia, and Georgia that have taken the path of economic liberalization have seen a dramatic increase in economic output. For example, in Georgia, more than 90 percent of licenses and permits were reduced from 909 overall to only 45 licenses and 52 permits; and 83 percent of all papers requested by government officials were liquidated. As a result, between 2003–2021, the real gross domestic product went up by 70.6 percent.

Since its launch, the Office of Simple Solutions & Results has been dedicated to making Ukraine a freer place, and economic freedom is the crucial part of that fight. To embed our ideas of limited intervention into the economy, transparency, rational minimization of the number of documents and procedural actions, and availability and accessibility

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See these features online at [Kyivpost.com](https://www.kyivpost.com)

Ukraine's Friend & Foe Of The Week



Friend

Kristina Timanovskaya, Olympic athlete for Belarus
Timanovskaya dared to contradict Belarusian authorities at the 2020 Tokyo Summer Olympics, so they forcibly tried to send her home. She refused and asked for shelter in Poland, showing that dissidents can find a safe haven from dictatorship, if they are not afraid to voice their concerns.



Foe

Ivan Tertel, head of the State Security Committee (KGB) of Belarus
The KGB chief said Ukraine was among countries responsible for nationwide protests against the Belarusian dictator Alexander Lukashenko. Just another blatant lie in a bid to whitewash the blood-stained regime.

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.

Despite charges, no top officials convicted of corruption in nation

By Oleg Sukhov
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Since the 2013–2014 Euro-Maidan Revolution, which overthrew ex-President Viktor Yanukovich, many top officials have been charged with corruption. However, not a single one of them has been convicted.

Below is a list of the most high-profile corruption cases. The suspects deny the accusations of wrongdoing, and the Prosecutor General's Office did not respond to requests for comment.

Nasirov & Martynenko

In 2017, Roman Nasirov, head of the State Fiscal Service, was charged with abusing his power by providing a tax payment delay, causing losses to the state worth Hr 2 billion. In the same year, lawmaker Mykola Martynenko was charged with organized crime and embezzling \$17 million during uranium ore sales to the state-owned Eastern Ore Dressing Plant.

Both cases have been dragging on for years without any result. They were sent to regular courts in 2017–2018 and to the High Anti-Corruption Court in 2019.

Foreign courts have been much swifter: In June 2020, Martynenko was sentenced to one year in jail in absentia by a Swiss court on money laundering charges.

Kononenko & Hranovsky

Ex-President Petro Poroshenko's top allies Ihor Kononenko and Oleksandr Hranovsky were targeted by numerous journalist investigations implicating them in alleged corruption under his presidency.

In February the National Anti-Corruption Bureau of Ukraine (NABU) said that it had drafted charges for Kononenko and Hranovsky. However, they have not been authorized by prosecutors so far. Specifically, Hranovsky has been investigated over alleged corruption at the Odesa Portside Plant and over interfering in the work of election commissions.



President Volodymyr Zelensky's deputy chief of staff Oleh Tatarov arrives to a hearing of his case in the Anti-Corruption Court on Dec. 24, 2020, in Kyiv. The Tatarov case has been effectively buried by Prosecutor General Iryna Venediktova.

Prosecutor General Iryna Venediktova has blocked the Odesa Portside Plant case by failing to put a former Hranovsky aide on a wanted list, refusing to authorize searches at a Hranovsky-linked law firm and replacing the group of prosecutors, according to a July 22 investigation by Radio Liberty/Radio Free Europe's Schemes project.

Avakov

Ex-Interior Minister Arsen Avakov is seen by civil society as a major pillar of post-EuroMaidan corruption in Ukraine.

In 2017 Avakov's son Oleksandr, his former deputy Serhiy Chebotar and alleged mediator Volodymyr Lytvyn were charged with embezzling Hr 14.5 million in a case related to the supply of overpriced backpacks to the Interior Ministry.

The investigation against Avakov and Chebotar was already completed and expected to be sent to trial, but anti-corruption prosecutors closed it in 2018.

The prosecutors said that Lytvyn had pled guilty to fraud and document forgery and given testimony that Oleksandr Avakov and Chebotar had not been involved in the scheme. This version contradicts the video footage investigated by NABU in which Chebotar and Oleksandr Avakov negotiate the corrupt deal.

Hladkovskys

In 2019 Oleh Hladkovsky, a top Poroshenko ally and then deputy secretary of the National Defense and Security Council, was targeted in an investigation by the Nashi Hroshi journalism project.

His son Ihor played a leading role in a scheme that embezzled millions of dollars from state defense enterprises, according to Nashi Hroshi. The investigation exposed evidence that a small group of well-connected individuals embezzled money from the state defense budget by smuggling used parts from Russia and selling them to Ukrainian defense companies at inflated prices.

Ihor Hladkovsky was charged in the corruption case in 2020, and his case was sent to trial in April.

Oleh Hladkovsky was not charged in this case.

However, he was charged in a separate corruption case in 2019. According to the NABU, he took advantage of his office to benefit his private company, Bohdan Motors.

The case against Oleh Hladkovsky was sent to a court in July 2021.

Vovk

Pavlo Vovk, head of the Kyiv District Administrative Court, is arguably Ukraine's most infamous judge. Civil society sees him as the epitome of judicial corruption and impunity and he's been audiotaped discussing corrupt deals and even bragging about the "political prostitution" of his court.

In 2019 Vovk was charged with obstruction of justice. But in the same year a Kyiv court rejected a motion to extend this investigation and ordered prosecutors to either

close the case or send it to trial within five days.

In June 2021 another Kyiv court ordered prosecutors to close it, saying that they had failed to send it to trial by the deadline. Later an appeal court upheld this decision.

The same happened to a separate corruption case opened in 2020 by the NABU against Vovk. Venediktova has refused to authorize an arrest warrant for Vovk.

In March the High Anti-Corruption Court refused to extend the corruption investigation against Vovk. However, prosecutors did not send the corruption case to trial within five days, and it is likely to be closed by a court similarly to the obstruction of justice investigation. Responding to accusations of sabotage, Venediktova said in March that she cannot take Vovk to court by force. She added that she doubted the effectiveness of the investigation and said that she did not see any "trial prospects" in the case.

Tatarov

In December Zelensky's deputy chief of staff Oleh Tatarov was charged with bribing a forensic expert, becoming the most high-ranking incumbent suspect during his presidency.

But Venediktova blocked the charges against him by replacing the group of prosecutors in the Tatarov case twice. She then transferred the case from the NABU to the politically controllable Security Service of Ukraine.

Venediktova justified prosecutors' decisions by appealing to decisions by Kyiv's Pechersk District Court and Shevchenkivsky District Court. However, the Anti-Corruption Action Center argues that these courts had no jurisdiction in the matter and that Venediktova ignored a decision by the High Anti-Corruption Court that the case must be investigated by the NABU.

In February, a court refused to extend the Tatarov investigation, and prosecutors effectively killed it by missing the deadline for sending it to trial. ☹

Secretive military budget invites corruption at expense of soldiers

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Service of Ukraine and has ties to SBU leadership in Odesa. And on top of it all, according to Kuzakon, Rakul has links to Defense Ministry's leadership as well.

Strangely, the Defense Ministry has offered no public reaction to yet another high-profile corruption case, suggesting that Rakul was not acting alone.

Systemic issue

In this situation, military housing is simply doomed, anti-graft experts warn. The legal framework of housing procurement is prone to almost unlimited corruption and impunity.

The first plague is excessive bureaucracy, says Oleksandr Sayenko, an expert with Independent Defense Anti-Corruption Committee (NAKO), a Kyiv-based anti-graft watchdog.

"The queue is formed by the Defense Ministry Housing Committee," the expert says. "Everyone in the line has a personal record file, and every year it must be renewed. And it is still all on paper. If you fail to get some certificate on time, you might be delisted. And this paper mayhem is by itself a huge source of corruption. The more mess, the more chances to use it in one's own interests."

Even public procurement and state secrecy legislation directly entitle

officials to classify any deals connected to national security and defense. Officials are free to decide at their own discretion and run exclusive tenders behind closed doors.

Naturally, as Sayenko says, the Defense Ministry, as well as other government departments, exploit this lack of transparency.

Sayenko is a retired colonel. Honorably discharged after 25 years in military service, he has also spent years waiting in the housing queue and is still waiting, like so many of his friends in uniform.

But his hopes are not high, with good reason. At the current pace, he'll get an apartment in 300 years. ☹

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Ukraine's space industry goes after private money

By Daryna Antoniuk
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When massive fires broke out in the Chernobyl exclusion zone in April 2020, state officials only sounded the alarm when the smoke reached Kyiv, covering the sky with dust. In six days, over 3,000 hectares of land burned — the equivalent of 4,200 soccer fields.

Ukraine could have acted more quickly if its satellites had spotted the first signs of the blaze, according to Volodymyr Taftay, chief at the State Space Agency of Ukraine — the Ukrainian government agency responsible for space policy and programs.

But Ukraine doesn't have its own satellites. Instead, it spends thousands of dollars buying data collected by Europe, China or the U.S. This reliance is especially troublesome when it comes to sensitive information like troop locations in the war zone of the eastern Donbas.

"Regular observation from space helps to identify the root of the problem, saving money for the state," Taftay said.

The absence of satellites is just one of many problems that the Ukrainian space industry has. Its massive rocket factories are outdated and unprofitable; the country is yet to approve a space program that allows its enterprises to attract finances or execute orders from the state; a small market discourages private companies from developing space technology.

Taftay says this year will be different for the Ukrainian space industry. The country plans to launch its first satellite in 10 years this December and to approve its space program by the end of the year.

Given that private investment in the global space businesses hit a record \$4.5 billion in the second quarter of 2021, fueled by the space race of billionaires Richard Branson, Jeff Bezos and Elon Musk, Ukraine has to revive its space industry, and fast, in order to keep up.

"As long as we are not moving forward while our competitors are,



Northrop Grumman's space launch vehicle Antares equipped with Ukrainian-produced first stage core starts off from Pad-0A at NASA's Wallops Flight Facility in Wattsville, Virginia, the United States, on Feb. 15, 2020.

we are actually moving backward," said Volodymyr Usov, former Space Agency chief.

Lucrative industry

If space was once a political tool for world's superpowers, today it is also a business opportunity for a new generation of entrepreneurs all over the world, including Ukraine.

Last year international private space companies attracted a record \$9.1 billion to launch Earth monitoring or communications satellites into orbit or to build spacecraft that deliver people and cargo to space.

Investments in space are long-term and risky, Taftay said, but they pay off in the future.

"The space industry brings in seven times more money than it receives. For every dollar invested in the space industry, the country's economy receives \$6–7 in taxes and investment," according to him.

As of today, Ukraine has 10 private space companies, Taftay said. Most of them — like Firefly

Aerospace, Skyrora and Dragonfly — have become international stars and are now based in the U.S. or U.K., working with NASA and SpaceX.

But many Ukrainian space businesses export their products abroad because there is no money or work for them in Ukraine. "You can create your own space company here, but it is unclear what to do with it next. Who will be the customer?" Usov said.

In the U.S., nearly 80% of orders for space businesses come from the State Department or the Department of Defense, according to Usov. NASA astronauts even flew to the International Space Station on the Crew Dragon spacecraft manufactured by SpaceX.

For many decades Ukraine has only worked with state-owned enterprises like Pivdenmash and Pivdenne on its space projects. "This business model discouraged the development of new private companies," Usov said.

To change this, the government passed a law in 2019 that allows private companies to build spacecraft in Ukraine and compete for contracts with state-owned enterprises or work together with them. In 2019, for example, Ukrainian-American aerospace company Firefly Aerospace ordered \$15 million worth of missile parts from Ukrainian Pivdenmash.

But these agreements are rare. Ukraine's main customer — the government — hasn't yet signed any big contracts with private space companies. "There are no orders because we haven't had financing or even a space program since 2018," Taftay said.

\$1 billion space program

Without a governmental space program, the Ukrainian space industry is frozen: "It hasn't had any priorities, nor the conditions to develop,"

said Oleg Uruskyi, the minister of strategic industries.

As a result, state-owned space enterprises have become less productive over the years. In 2018, state-owned space enterprises brought Ukraine \$42 million in taxes, in 2019 — \$34 million, in 2020 — \$32 million. Last year was the most unfortunate for the Ukrainian space industry, according to Taftay.

Out of the country's 15 state-owned space enterprises, five were loss-makers last year, four went bankrupt and one fired all of its employees. Together, they lost \$30 million in 2020 compared to \$16 million in 2019 and \$2.7 million in 2018.

The space program submitted by Taftay will cost Ukraine over \$1 billion — only half of this money will be covered by state funds, the other half — by export contracts.

Last year Ukrainian state-owned space companies produced \$103 million worth of space-tech products and exported almost half of them — \$64 million. Export usually takes up nearly 60–70% of the industry's financing, according to Taftay.

Many European countries and the U.S. order Ukrainian-made rocket engines, navigation technology and rocket stages because they are cheap and reliable.

In the last 30 years, Ukrainian state-owned enterprises manufactured the components for 169 carrier rockets, including Cyclone, Zenith, Antares, Vega. These rockets launched 449 international spacecraft into orbit.

As of today, Ukraine only has two big international projects to rely on — the assembly of the first stage cores for NASA's rocket Antares and the production of cruise propulsion engines for the European Space Agency's rocket project Vega.

But they will not last forever, Usov

said. Ukraine will need to secure more contracts with international partners but without a space program, it is impossible to do, according to Usov.

"Ukraine is still enjoying the perks it has gained in Soviet times — but it isn't evolving. Other countries, in turn, invest in innovations and are catching up with Ukraine," he said.

Future changes

To regain its power on the global market, Ukraine has to boost competition inside the country — between state-owned behemoths and private companies, according to Usov.

Today, the country's space enterprises like Pivdenmash and Pivdenne in Dnipro, Kommunar and Hartron in Kharkiv or Kyivpribor in Kyiv cannot control their own assets or attract investment. They are also burdened by outdated infrastructure and a bloated workforce.

The giant Pivdenmash spaceship factory, which in the 20th century manufactured the most powerful rockets in the world, suffered \$25 million losses in 2020. As the number of orders for its products has been decreasing, the factory descended into crisis: it didn't have water for weeks, its sewage system didn't work and employees weren't paid properly.

To save state enterprises from the crisis, Ukraine plans to turn them into joint-stock companies, Taftay said. "It will make them more flexible and attractive for investors."

Within the new space program, state enterprises will compete with private companies for the right to build six satellites — two each year starting in 2023, Taftay said. But first, Ukraine plans to send up the Sich 2–30 satellite in December using the U.S. launch vehicle Falcon 9 that belongs to SpaceX.

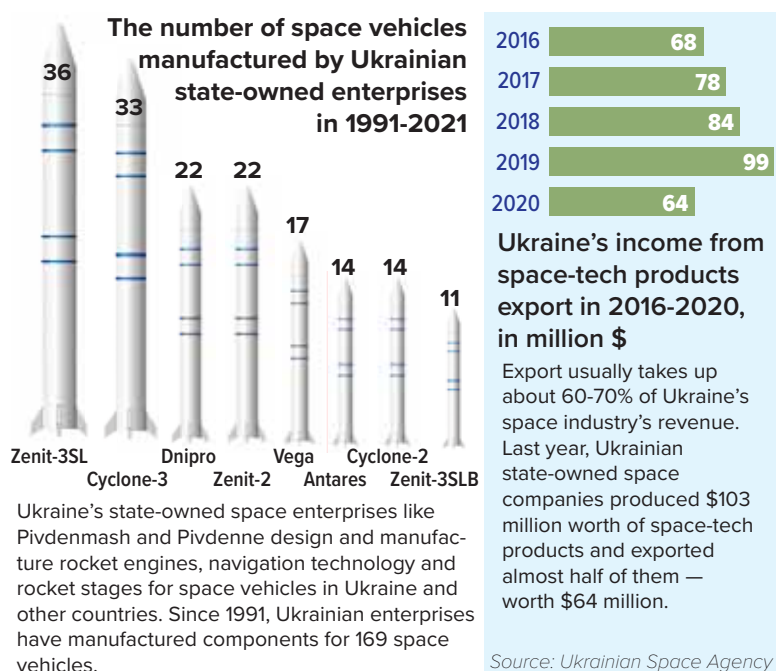
Ukraine will pay Elon Musk's company \$1 million to launch the satellite — eight times lower than planned. Ukraine will send the assembled satellite to the spaceport in the U.S. by plane, at the beginning of November, according to Taftay.

With this satellite, Ukraine could collect data to forecast crops and detect problems in the fields, analyze the usage of minerals and water, monitor the movement of troops.

Sich 2–30 was designed by the state design bureau Pivdenne in 2015 after Ukraine lost touch with another satellite, Sich 2. According to Taftay, the previous satellite broke down because it was made of low-quality components imported from Russia. The new satellite, however, will be all-Ukrainian, he said.

Compared to modern satellites, Sich 2–30 is outdated, Usov said. It was designed to go into space with the Ukrainian rocket Dnipro, not Falcon 9, meaning that Ukraine had to adjust it. It is also larger and less technologically advanced than the new generation of satellites.

"But given that Ukraine does not have its own satellite, it is a big step forward," Usov said. ☺



State tax and labor services crack down on \$18 billion in shadow salaries

By Asami Terajima
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For businesses in Ukraine, avoiding taxes has long been one of the ways to remain competitive and circumvent bureaucracy.

Businesses still frequently pay full or partial salary in cash. The “envelope salaries” allow them to avoid a 41.5 percent tax on wages – the combination of income and other payroll taxes. Other times, employees register as “individual entrepreneurs,” like contractors, who are only required to pay a 5% tax on their income.

Speaking at the Ukraine 30 “Labor Resources” forum on July 21, Economy Minister and First Deputy Prime Minister Oleksiy Lyubchenko estimated that unreported wages amount to \$18.6 billion every year.

As a result, the country loses out on billions of dollars of taxes every year. Without this revenue, the government cannot extend pension funds and unemployment benefits to those who really need it, diminishing the state’s ability to help its population.

The State Labor Service of Ukraine along with the State Tax Service are trying to step up the fight against the shadow economy. Since July, they have teamed up to conduct large-scale audits of businesses to identify employees receiving

unofficial salaries. They want to “encourage taxpayers and employees to transition from informal to declared employment.”

In just a month, more than 4,064 undeclared workers were identified while performing almost 1,400 inspections. The largest number of unofficial workers were found in Zaporizhia (11%), Vinnytsia (9%) and Khmelnytskyi (7%) oblasts.

But the two state agencies may find it difficult to curb this problem. Yuri Gaidai, senior economist at the Center for Economic Strategy, says it is extremely difficult to spot unofficial employment in Ukraine, and businesses are hardly afraid of fines ranging from \$2,000 to \$7,000 for paying employees unofficially.

“To businesses, the benefits of avoiding tax currently outweigh the likelihood of being caught and paying fines,” Gaidai said.

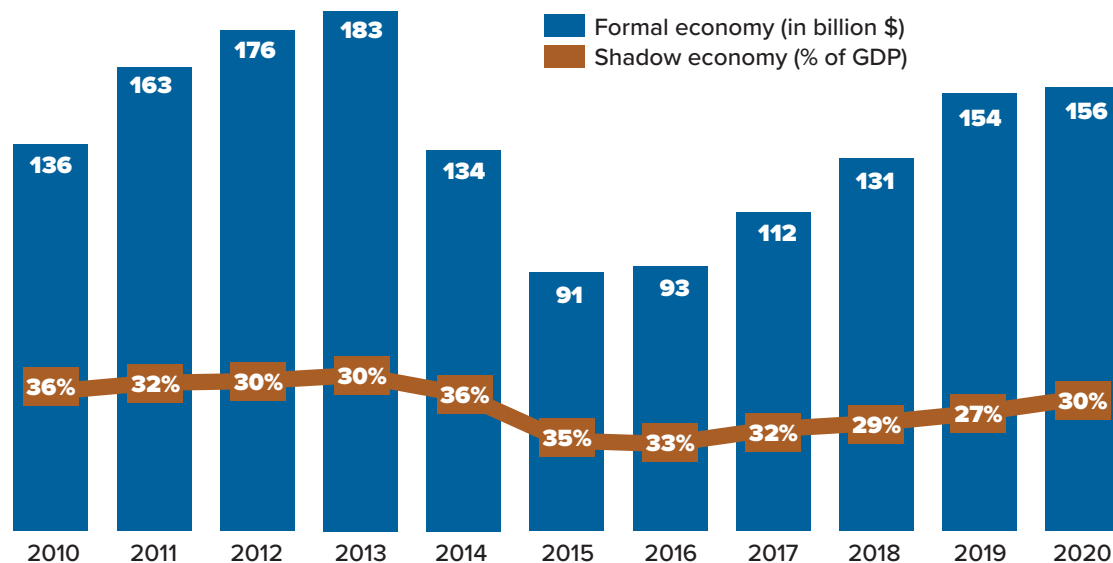
Hard to see in the dark

According to Igor Dehera, deputy head of the State Labor Service, every fifth Ukrainian works unofficially, receiving part or all of their wages in cash.

And this number is growing. Lyubchenko said that the shadow economy in Ukraine made up 30% of its gross domestic product in 2020, an increase from 27% in 2019.

But as the true share is difficult

Ukraine’s shadow economy over the last 10 years
percent of gross domestic product (GDP)



Source: Statista, Slovo i Dilo from the data published by the Economy Ministry

Ukraine’s shadow economy is still large as employers and employees alike pursue legal and illegal ways to avoid taxes, which business advocates say are too high and too onerous to encourage compliance. Moreover, given Ukraine’s high level of corruption, many people avoid paying taxes because they are not confident that public officials will spend their money for the public good.

to measure, some, such as Danil Getmanstev, head of parliament’s finance and tax committee, estimate the share to be closer to 50%.

For employees who are paid in cash, being unofficially employed means they are deprived of the guaranteed social benefits, which include pensions, medical care and unemployment benefits.

In times of crisis, such as the COVID-19 pandemic, many unofficial employees were not protected as they had never signed a contract and were therefore ineligible for unemployment benefits.

The consequences extend to pensioners, who rely on the state for their income. There are more than 11 million retirees whose pensions depend on legally working citizens.

Only 11.3 million Ukrainians received an official salary in 2020, according to Lyubchenko. In a country with a population of 43 million, this is a far cry from the amount needed in order to support an aging population.

Denys Shendryk, head of the tax and legal department at Mazars Ukraine, an international audit, tax and advisory firm, says that these

practices have consequences not only on the state’s ability to collect taxes or provide for its citizens, but reduce overall trust in Ukrainian businesses.

“These practices can turn away potential partners and investors who will have a difficult time trusting the company. If you are not fair with your employees and tax authorities, why will you be fair with me?”

Change won’t come easy

Anna Derevyanko, executive director of the European Business Association, told the BBC in April that the tax burden on wages is “one of the biggest problems in Ukraine,” and the reason why many businesses don’t pay salaries officially.

According to her, the 41.5% tax is simply too high for many businesses to afford. This is why many businesses, especially IT companies, opt to classify their employees as “private entrepreneurs.”

Like unofficial employees, private entrepreneurs also don’t have access to benefits such as pension and unemployment funds. However, according to Gaidai, this tax regime is a way for small businesses to grow, providing them flexibility in

hiring whilst avoiding heavy tax burdens.

The question is less about whether the private entrepreneur status should disappear and more about finding a way to protect these workers. The simplified tax regime should stay in place but needs to be adjusted to “avoid abuse by bigger players,” Gaidai said.

And while the State Labor Service of Ukraine along with the State Tax Service may be planning to increase audits on companies in an effort to curb unofficial or partial employment, the state also has to figure out a way to reduce the tax burden on companies.

For one, experts agree that the social tax that goes mostly to pensions, which is 22%, should not be increased – it needs to be decreased instead.

Shendryk believes that improving the country’s tax culture is about encouraging businesses to do their part. He said tax authorities need to interact with taxpayers better when making further changes in tax legislation.

“The recipe of success is a cooperation of businesses and authorities,” Gaidai said. 🇺🇦

LEGALIZATION OF GAMBLING IN UKRAINE

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Danyliuk, Mylovanov argument exposes divide over Zelensky

By Brian Bonner and Kvitka Perehinets

Ex-Finance Minister Oleksandr Danyliuk came out swinging — both figurately and literally against another ex-minister — after he was disqualified from running for head of the newly created Bureau of Economic Security on July 29.

Timofiy Mylovanov, who ran the economy ministry in 2019, said Danyliuk punched him several times on July 31 at Danyliuk's birthday party. Danyliuk blamed Mylovanov, now an adviser for President Volodymyr Zelensky, for doing the president's bidding in getting a selection committee to disqualify him from the post.

'He smacked me'

"He smacked me and I did not hit back. He tried to kick me a couple of times. I stepped back. Then he started running at me and landed two-three punches. Most missed but one was a heavy hit in my left eye.

I did not counterattack. Just tried to dodge," Mylovanov told the Kyiv Post.

Danyliuk had invited Mylovanov to his birthday at Creative State of Arsenal, 8 Moscovska St., prior to the committee's exclusion of Danyliuk as a contender. At first, Mylovanov said, they had a friendly conversation and Danyliuk even posted a selfie of them together.

But later in the party, Mylovanov said Danyliuk became angry after Mylovanov denied that the president had anything to do with the committee rejecting him for the post. During the heated argument, Mylovanov said he agreed with the committee's rejection of Danyliuk and then "the situation escalated."

Accusations fly

Afterward, on Facebook, Mylovanov wrote: "Danyliuk accused me of collaborating with the authorities. I reminded him how he worked and received money from (ex-President Viktor) Yanukovich. Danyliuk had



Ex-Finance Minister Oleksandr Danyliuk



Ex-Economy Minister Timofiy Mylovanov

nothing to answer and he resorted to physical violence. Danyliuk is not a reformer, but a 'gopnik' (derogatory slang word) and a poser. He applies physical and moral pressure. The Bureau of Economic Security

reform is not his reform, it was prepared by other people. He is no different from Yanukovich or (billionaire oligarch Ihor) Kolomoisky. Because he uses the same methods. Danyliuk is not interested in the fate of Ukraine, but only in his ego and power. Moreover, he is a traitor. He betrayed all the teams he worked with — Yanukovich, then (ex-President Petro) Poroshenko, later Zelensky. I am fighting for the rule of law and the rule of fact in Ukraine. The commission acts on the basis of the law."

Danyliuk: He's a liar

Danyliuk dismissed Mylovanov's account as a lie. "His accounts I totally deny, they are not true," Danyliuk told the Kyiv Post.

A total of 48 people were permitted to take part in the competition, while 11 — including Danyliuk — were dismissed.

According to Mylovanov, who is the head of the selection committee, Danyliuk didn't submit his MBA from Indiana University for a nostrification procedure in Ukraine. Nostrification is a procedure conducted by the Ministry of Education for recognizing foreign diplomas. Danyliuk says that it isn't required by law. Mylovanov says the commission received a letter from the Ministry of Education, obliging the commission to require nostrification.

Presidential puppet?

In his own Facebook post on July 29, Danyliuk accused Mylovanov of being a puppet who carries out the president's orders.

"In a personal conversation yesterday, Tymofiy (Mylovanov) admitted that he had complied with an instruction from the president's office to remove me from the competition for the position of director of the Bureau of Economic Security," wrote Danyliuk on Facebook, an accusation that Mylovanov calls a lie. "The whole system of power is now built on puppets. Puppets are headed by competition commissions, courts, and public authorities. The country's leadership is proud of this. And he wants the director of the Bureau of Economic Security to be pocket-sized as well. And I have

repeatedly proved that I do not bend under anyone."

Bigger picture

Danyliuk said there are larger governance issues at stake. He told the Kyiv Post that "all decisions that are taken by authorities are done through the president's office." Danyliuk also said he'll go to court after he receives the official notice of refusal.

He wrote on Facebook: "I have a conflict with the country's leaders over the essence of their policies. I believe that Zelensky should give an explanation now...Where is Zelensky's explanation for the failure of international policy, which in particular leads to the launch of Nord Stream 2? Where is Zelensky's explanation of the words of the leader of his faction about nuclear blackmail or a turn to the East? Where is Zelensky's explanation about the sabotage of the competition for the head of the SAP (Special Anti-Corruption Prosecutor)? Where is the explanation for (Zelensky's chief of staff Andriy) Yermak's interference in the competition for the position of Bureau of Economic Security director? The society and I demand explanations and answers to these important questions."

Mylovanov: He's unfit

Mylovanov told the Kyiv Post that Danyliuk's behavior shows why he is unfit for high office.

"I have two points. First, no attack on government officials is justified regardless of their decision. And that people who resort to violence are unfit for the office of the head of the Bureau of Economic Security. Two, the commission and I did not act on instructions of the office of the president. The decision was made procedurally correct, fully independently, and in accordance with the law. Danyliuk should learn to do the paperwork competently rather than use his procedural mistakes for a political PR, although I understand why he does it."

Why new agency

The Bureau of Economic Security was created in May by the government. The law on establishing the bureau was passed by parliament in January and signed by Zelensky in March.

The new agency will investigate economic and white-collar crimes other than those within the jurisdiction of the National Anti-Corruption Bureau of Ukraine. These crimes include tax evasion.

Danyliuk was vocal in calling for the establishment of such an agency when he was finance minister in 2016–2018, but its creation was obstructed and delayed in parliament.

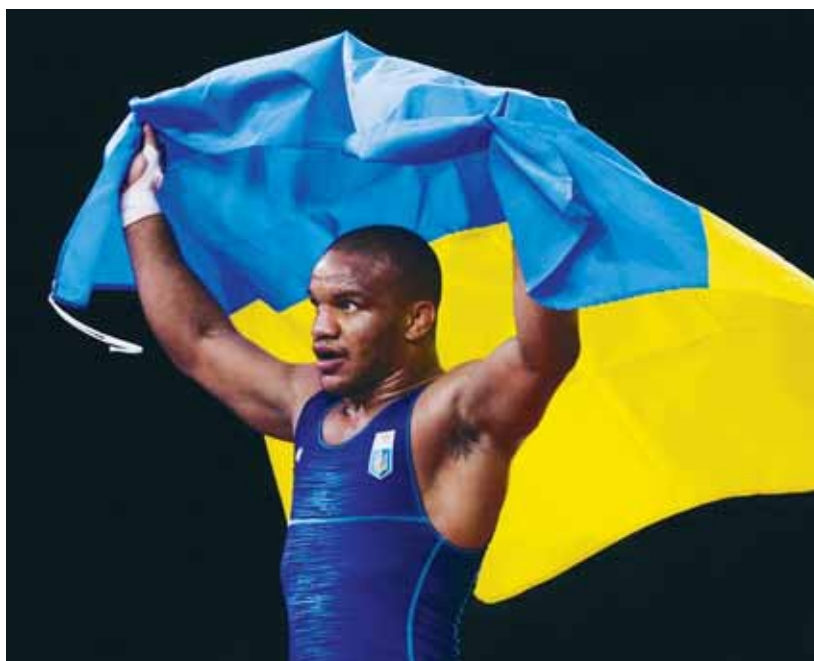
With the advent of the new agency, the National Police and the Security Service of Ukraine are expected to be stripped of most of their economic investigative powers by 2024. About 4,000 employees are expected to work at the Bureau of Economic Security. 🇺🇦



Ukraine wins 13 Olympic medals (1 gold, 3 silver, 9 bronze)

(Editor's Note: Medal count current through 8 p.m. Aug. 5)

Top: Ukraine's artistic swimming duo Marta Fedina and Anastasia Savchuk compete in the final of the women's artistic swimming duet event during the 2020 Tokyo Olympics on Aug. 4, 2021. Fedina and Savchuk became Ukraine's first artistic swimming Olympic medalists who won bronze. Right: Ukrainian wrestler Zhan Beleniuk celebrates after defeating Hungarian wrestler Viktor Lorincz in the men's Greco-Roman wrestling 87-kilogram final match during the 2020 Tokyo Olympics on Aug. 4, 2021.



Saakashvili: Ukraine needs to unleash potential of entrepreneurs

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of administrative services, we put together the Economic Freedom Act.

Endorsed by the president and other members of the National Reforms Council, the Economic Freedom Act bans the creation of new controlling agencies in the field of entrepreneurship, as well as the introduction of new permits, licensing and reporting, and guarantees the de-bureaucratization of business and government interaction.

The key pillars of the draft Economic Freedom Act which were presented to the National Reforms Council:

1. Unplanned business inspections in most cases should be undertaken only following a court decision. In the absence of such, they should be banned.
2. Business activity can only be suspended based on a relevant court decision. No business activity can be interrupted unless authorized by the court.
3. Liability and/or property insurance is a viable alternative to the government's control of economic activity. If insurance contracts define the risks of liability and/

or damage that may be subject to inspections, the insured businesses should be exempt from state supervision or control.

4. Government control is to be based on the application of an automated system of business risks, which determines the type of inspection, frequency, list and scope of issues to be inspected (therefore, no all-encompassing control). The body authorized to carry out government control, which has not implemented the said risk management system, will be deprived of the authority to carry out inspections.
5. Controlling bodies should stick to their exclusive field of competence — prohibition of inspection of one subject of regulation by different controlling bodies. Inspection by controlling bodies can be complex or consecutive — at the choice of the business entity.
6. Submission of documents for administrative services, official reporting and other communication between business and government should be translated into paperless and electronic format. It is not possible to apply for services or submit documents in electronic



Individual entrepreneurs carry a coffin to symbolize the death of small business in the country if the simplified tax code is removed during the individual entrepreneurs' march to the president's office on June 29, 2021.

Volodymyr Petrov

format — the government will not be able to require reporting and/or obtaining permits, licenses, etc.

7. To ensure deregulation, in some areas of government's control over the activities of economic entities should be entrusted to self-regulatory organizations or independent third parties. That will maximize the separation of powers and more efficient functioning of state bodies.
8. Current and future Ukrainian governments should abstain from introducing new controlling bodies (inspections) and expansion of spheres of control of economic activity, and introduction of new permits, licensing or reporting.

Commitment to the principles of economic freedom (and relevant modern regulatory tools) will establish a qualitatively new standard of

state-business relations. Ukraine will also go up in the Doing Business ranking. The revolutionary change of the existing business regulations will reduce business compliance and administrative burden costs, thereby making Ukraine business-friendly.

The Economic Freedom Act is a framework document, and it will be first sent to the Verkhovna Rada committees for discussions. However, I am hopeful that it will get the support it deserves, and encourage members of Parliament to endorse it. We are also working closely with Oleksii Kucher and the State Regulatory Agency on bringing about effective deregulations embedded in the Act. Also, in order to implement the provisions of the Act, a number of other legislative changes should be introduced in the dialogue between the government

and businesses, which significantly liberalize the conditions for starting and running a business in Ukraine, as well as unleash the entrepreneurial potential of Ukrainians. We expect that the Act will turn Ukraine into a successful country similar to Singapore or Georgia that everyone looks up to.

Ukrainians have already waited too long, and we cannot afford to overwhelm our businesses any further. By giving them air to breathe, we will safeguard long-term economic prosperity.

Mikheil Saakashvili has been the chair of the executive committee of the National Reforms Council since May 7, 2020. He served as governor of Odesa Oblast from May 30, 2015, to Nov. 9, 2016. He was president of Georgia from Jan. 25, 2004, to Nov. 17, 2013.

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Foreign hit squads roam easily in Ukraine, targeting dissidents

By Oleksiy Sorokin;
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The hanging of a prominent Belarusian activist Vitaliy Shyshov in a Kyiv park on Aug. 3 sparked outrage far beyond the country's borders.

President Volodymyr Zelensky was forced to respond to Shyshov's death, promising better security to Belarusian activists seeking refuge in Ukraine.

Despite Zelensky's words, the death of yet another activist showed that Ukraine isn't safe.

The death of Shyshov, head of the Belarus House in Ukraine, is the latest event in a long sequence of casualties among dissidents fleeing Vladimir Putin's Russia and Alexander Lukashenko's Belarus.

Belarus-born journalist Pavel Sheremet, a prominent critic of Lukashenko, was blown up in his car in downtown Kyiv in July 2016. Five years on, the murder remains unsolved.

In March 2017, former Russian lawmaker Denis Voronenkov was shot dead in downtown Kyiv. In October of the same year, Amina Okueva, a high-profile Chechen activist and war veteran, was killed 10 kilometers southwest of Kyiv.

"There have been murders, kidnappings and all sorts of other nefarious things going on there," businessman and human rights activist William Browder told the Kyiv Post. "It's clear that Ukraine is not safe for the enemies of the Putin or Lukashenko regime," said Browder, one of the Kremlin's most prominent critics and author of "Red Notice: How I became Putin's Enemy No. 1."

Shyshov's death

Shyshov was found hanged in a park on the outskirts of Kyiv. A day earlier, the activist left his house to



Activists burn flares at a rally next to the Belarusian Embassy in Ukraine to commemorate Vitaliy Shyshov, a Belarusian who was found hanged in a park near his home in Kyiv on Aug. 3, 2021.

Oleg Petrusiuk

go for a jog.

The authorities have launched a criminal investigation saying that they are looking into a potential murder framed as suicide.

Ihor Klymenko, head of the National Police, said during a press briefing that Shyshov had other injuries. "He had certain scratches, torn skin on his nose, on his left knee and his chest," said Klymenko.

Shyshov fled Belarus in the fall of 2020 after participating in country-wide protests against Lukashenko.

The 2020 August presidential elections in Belarus were allegedly

rigged leading to protests drawing hundreds of thousands of Belarusians into the streets. Soon, prominent activists were jailed, tortured or forced out of the country.

In Kyiv, Shyshov became one of the founders of the Belarus House in Ukraine, a nongovernmental organization established to help Belarusians who have fled repressions in their home country.

According to the organization, the authorities were previously informed of Shyshov being watched.

Belarus House in Ukraine deputy head Rodion Batulin said that

Shyshov and his girlfriend were followed by strangers and were watched from cars parked near their residence on several occasions.

According to a Belarus House statement, "there is no doubt that this is a planned operation of the Belarus security forces to liquidate a person truly dangerous for the Belarusian regime."

Belarus political refugee Igor Kravchenko says that after Shyshov's death, he doesn't feel safe in Ukraine.

"We ran from Lukashenko's regime because we could have been imprisoned and after today it looks like here we can get killed," Kravchenko said.

Zelensky agreed. "Every Belarusian who may be a target because of a public political position should receive special and reliable protection," the president said.

Despite that, Shyshov's deputy Batulin was banned from entering Ukraine by the Security Service on Aug. 4. Ukrainian media have linked Shyshov and Batulin to Ukrainian far-right movements through Belarusian Sergei Korotkikh, a fighter of Ukraine's Azov volunteer regiment, known for his far-right views.

The Security Service of Ukraine ruled that Batulin poses a threat to national security.

Totalitarian state

Although suicide has not been ruled out, a long sled of torture, imprisonment and death among Belarusian activists have raised concerns about the potential reach of Lukashenko's regime.

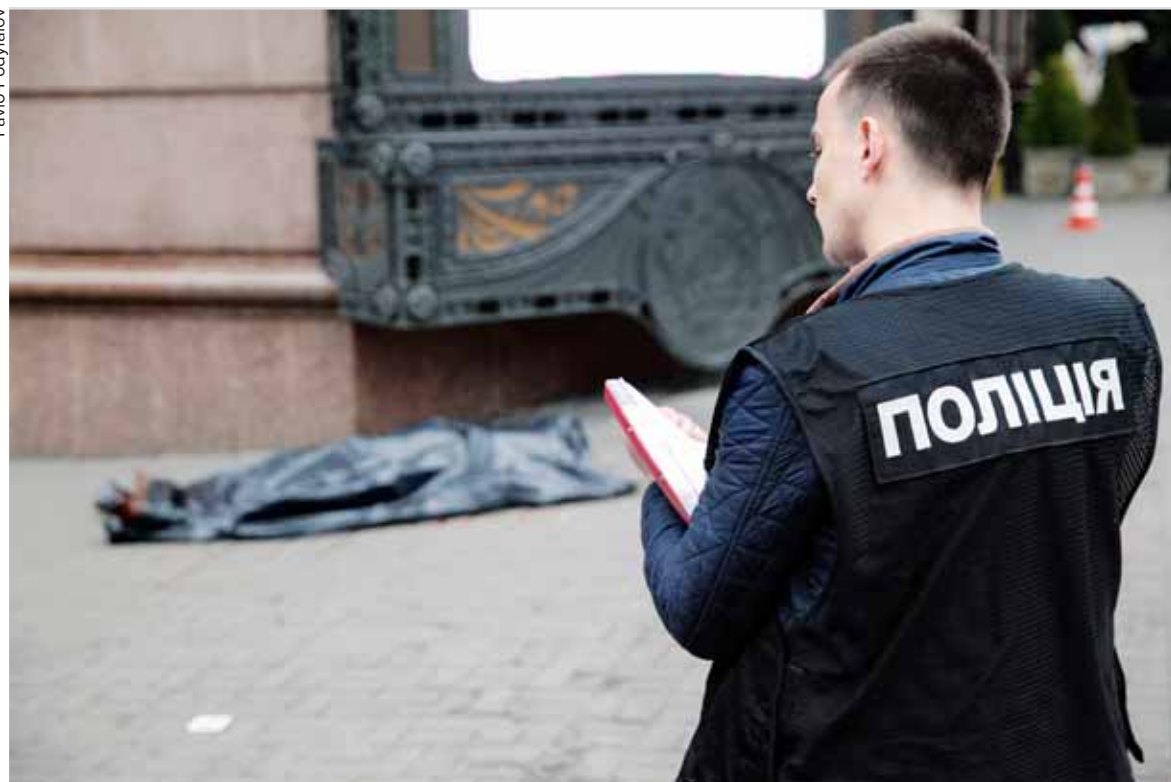
Lukashenko's main political opponents — Viktor Babariko and Sergei Tikhanovskiy — were both imprisoned before the Aug. 9, 2020, election that Lukashenko allegedly rigged in his favor. Prominent opposition leader Maria Kolesnikova was kidnapped in September and is now on trial.

On May 23, Lukashenko ordered to hijack the Ryanair passenger plane passing over Belarus en route from Athens to Vilnius with his critic, journalist Roman Protasevich on board.

Belarusian authorities falsely claimed that the passenger plane had a bomb on it. The plane was forced to turn around and land in Minsk.

Belarusian KGB agents raided the plane and arrested Protasevich and his girlfriend Sofia Sapega, a Russian national.

After spending weeks in detention, Protasevich was paraded on Belarus state television being forced



Ukrainian police officer works on the crime scene where ex-former Russian lawmaker Denis Voronenkov was assassinated in downtown Kyiv on March 23, 2017.



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Russia, Belarus dictators hunt their enemies abroad, creating fear among exiles

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to admit that Lukashenko “has balls of steel.” He is awaiting trial.

As of Aug. 5, there are 603 political prisoners in Belarus according to Vesna human rights group.

Belarus authorities aren't slowing down.

On Aug. 1, an attempt was made to kidnap Belarus athlete Kristina Timanovskaya from the Tokyo Olympic village by people linked to Belarus authorities after she criticized the country's sports federation. Timanovskaya was able to escape and was provided shelter by the International Olympic Committee.

On Aug. 4, Timanovskaya safely landed in Poland. She was provided a humanitarian visa.

Timanovskaya's family has left Belarus for Ukraine, while the athlete said that she is not planning on returning home fearing imprisonment.

KGB's hunt

While Ukraine is a convenient place to flee from neighboring Belarus, it's not the safest.

Belarus authorities have been linked to extra-territorial murders in the past and have the capacity to do it again.

Prominent journalist Sheremet was killed in a car explosion in Kyiv on

July 20, 2016. Sheremet, who fled Belarus in 1997, was a fierce critic of Lukashenko. His murder became one of the most important unsolved cases in modern Ukrainian history.

In December 2019, Zelensky and then-Interior Minister Arsen Avakov said the case is likely solved. Three official suspects in the Sheremet case — Andriy Antonenko, Yulia Kuzmenko and Yana Dugar — were soon arrested.

However, the evidence remained thin and all three were released on house arrest. All three denied accusations, while Avakov lost his job a month after Zelensky said that “If they are proven to be not guilty, there will be a serious conversation with Avakov.”

On Jan. 4, the publication of an alleged audio recording implicating the Belarusian KGB in Sheremet's murder.

The leaked tape was allegedly recorded on April 11, 2012, in the Minsk office of Vadym Zaitsev, then-head of Belarusian KGB.

“We should take care of Sheremet, who is a massive pain in the ass,” Zaitsev said, according to the 2012 recording. “We'll plant (a bomb) and so on and this fucking rat will be taken down in fucking pieces.”

It's not the first time Belarus' authorities are being linked to murders.



A man pays tribute to journalist Pavel Sheremet in Kyiv on July 20, 2021, on the site where Sheremet's car exploded five years ago.

Oleg Petrasliuk

In 2019, an ex-member of the Belarus special task force, Yuri Garavsky, confessed to taking part in murdering Lukashenko's political opponents.

Belarus authorities denied their involvement.

In 1999, three prominent Belarusian opposition politicians — ex-Interior Minister Yury Zakharenko, former head of the Central Election Commission Viktor Gonchar and businessman Anatoly Krasouskovsky — disappeared in Minsk.

They were never found.

An unsafe place

Russian dissidents in Ukraine witnessed the same fate, raising questions about the competence of Ukraine's intelligence.

“Ukraine isn't a safe place for dissidents, they get killed,” says Glen Grant, an expert on national security and defense of Ukraine at the Ukrainian Institute for the Future. “The security and defense problem is not taken seriously.”

After Russia invaded Ukraine in 2014, taking Crimea and occupying parts of the eastern Donbas, many

outspoken critics of neighboring authoritarian regimes began settling in Kyiv. A number of them were soon killed.

After moving to Ukraine in October 2016, Voronenkov became an outspoken critic of Putin, comparing Russia to Nazi Germany during his first interview in Kyiv. Voronenkov had obtained Ukrainian citizenship and had given a closed testimony in ex-President Viktor Yanukovich's treason trial.

Voronenkov was on his way to meet another ex-Russian lawmaker Ilya Ponomarev, when he was shot at close range on March 23, 2017. Voronenkov died on the spot. The gunman suffered fatal wounds after being shot by Voronenkov's bodyguard.

On Oct. 30, several gunmen with semiautomatic rifles opened fire at the car of prominent Chechen activists Okueva and her husband Adam Osmaev.

Okueva, a Ukrainian doctor previously fighting against Russian troops in the Second Chechen War, died on the spot. Osmaev survived the attack.

Months prior, Okueva and Osmaev

survived an assassination attempt by a man posing as a journalist of French Le Monde. The man shot at Osmaev, seriously injuring him, prompting Okueva to fire back from her Makarov pistol.

The man was later identified as Artur Krinari, a Russian citizen born in Chechnya with a long criminal record and links to Chechen leadership.

High-rank Ukrainian military personnel have witnessed a similar faith. In June 2017, military intelligence colonel, Maksym Shapoval, the head of special forces at the Chief Military Intelligence Office, was killed by a car bomb. Months prior, Oleksandr Kharaberish, a colonel of the State Security Service of Ukraine (SBU) was killed in a car blast in Mariupol in Donetsk Oblast.

Kharaberish was a deputy head of SBU counter-intelligence in Donetsk Oblast.

“There needs to be a full inquiry on these things that have been going on,” says Grant. “You can't have foreign agents going around killing citizens. It's just unacceptable, especially in wartime.”

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Belarus dissident death in Ukraine fuels fears over Lukashenko death squads



Brian Whitmore

The activist fled his native Belarus amid dictator Alexander Lukashenko's brutal crackdown following the country's disputed August 2020 presidential election. He settled in Ukraine and founded an organization to assist other persecuted Belarusian exiles. And this week, Vitaly Shyshov was discovered hanged in a park in Kyiv.

The Ukrainian police have opened a murder investigation and members of Shyshov's organization, the Belarus House in Ukraine (BDU), say Kyiv authorities had warned them about possible assassination attempts.

Warnings came

BDU activist Yuri Shchuchko told Current Time television that the Security Service of Ukraine (SBU) had warned about "people from the Belarusian special operations forces and other units coming to Ukraine to physically liquidate" them. "They asked us to be cautious, because a network of Belarusian KGB agents is operating here, and anything is possible."

BDU also released its own statement on Telegram reading: "We were warned repeatedly by local sources and our people in Belarus about possible provocations, going as far as kidnapping and assassination. Vitaly reacted to those warnings with stoicism and humor."

Shyshov's death in suspicious circumstances raises a disturbing question: In addition to hijacking a commercial airliner and kidnapping passengers, is Lukashenko's autocratic regime now also unleashing death squads in Europe? It is not the first time such accusations have emerged.

Zaytsau's recordings

In January, the Brussels-based publication EUObserver published an audio recording of Vadim Zaytsev, then head of the Belarusian KGB, apparently planning the assassinations of three exiled dissidents living in Germany back in 2012. Forensic audio experts and a former Belarusian Interior Ministry official have vouched for the authenticity of the recording.

"The president is waiting for these operations," Zaytsev told members of the Seventh Department of the KGB's Alpha Group, a clandestine unit created to target the Lukashenko regime's political enemies. Zaytsev said that Lukashenko had put "more than \$1.5 million in a dedicated account" for off-the-books operations and "wanted to see results."

The targeted individuals included former prison director Oleg Alkayev, ex-riot police commander Vladimir Baradach, and former anti-corruption police chief Vyacheslav Dudkin.

Sending a message

The assassinations of the three never actually took place. Zaytsev also said the KGB should be "working on" the dissident Belarusian journalist Pavel Sheremet, who was living in exile in Moscow at the time. He described in graphic detail that Sheremet should be killed in a violent explosion to send a message. "If everything looks like natural causes, it won't get into people's minds the same way," Zaytsev said in the recording.

Four years later in July 2016, Sheremet was killed by a car bomb in Kyiv.

In December 2019, Ukrainian authorities investigating Sheremet's car bomb death arrested Yana Duhar, Andriy Antonenko, and Yulia Kuzmenko, all veterans of Ukraine's war against Russian forces in the Donbas. But the case against the three has been widely criticized in the Ukrainian media and by Reporters Without Borders. It has also been plagued by inconsistencies, and the trial has been repeatedly delayed due to problems with the prosecution case.

Shyshov and Sheremet are among the latest in a long line of opponents of Lukashenko's autocratic regime who have died in mysterious or suspicious circumstances.

Going back decades

Dissident journalist Oleg Byabenin, who founded the organization Charter 97, was found hanged in his country house in the village of Perkhurovo near Minsk on Sept.



Oleg Petrusiuk

Activists hold portraits at the rally next to the Belarusian Embassy in Ukraine to commemorate Vitaly Shyshov, a Belarusian activist living in exile who was found hanged in a park near his home this morning, in Kyiv on August 3, 2021.



Olga Zavadszkaya, mother of missing Dmitry Zavadsky, a cameraman in Minsk for Russian broadcaster ORT, holds his portrait during a protest in Minsk on July 7, 2005.

3, 2010. The authorities ruled his death a suicide.

Byabenin's colleagues disputed that conclusion, noting suspicious injuries including a broken ankle, cuts and scratches on his hands and chest, and bruises on his back. Years earlier in 1997, Byabenin had been abducted and subjected

to a mock execution. He had also received numerous death threats. Both Amnesty International and the Committee to Protect Journalists called for an investigation into his death.

In 1999 and 2000, four Lukashenko opponents disappeared and are presumed dead.

They included Yuri Zakharenko, an opposition leader and former Interior Minister; Viktor Gonchar a former deputy prime minister; Anatoly Krasovskiy, a businessman who backed the opposition; and Dmitry Zavadsky, a journalist and cameraman who had worked with Sheremet.

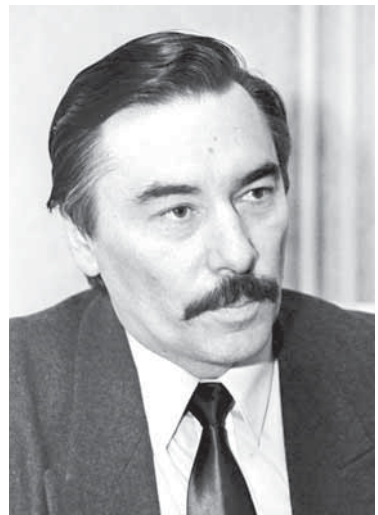
Elite death squad

In 2001, two former Belarusian prosecutors who fled the country, Dmitry Petrushevich and Oleg Sluchek, claimed that their investigation revealed the four dissidents were killed by an elite death squad that was formed in 1997. In 2019, Yuri Garavsky, a member of the Belarusian Interior Ministry's elite SOBR rapid response unit, fled the country. In an interview with Deutsche Welle, he confirmed that Zakharenko, Gonchar, Krasovskiy, and Zavadsky had been abducted and killed by a death squad.

Allegations regarding Lukashenko's use of death squads to eliminate his opponents go back at least two decades. There are growing indications that the killings are now expanding beyond the borders of Belarus.

The investigation into Shyshov's death earlier this week in the Ukrainian capital is just getting under way. As this probe progresses, the investigation into the 2016 Kyiv killing of Shyshov's compatriot Sheremet should also probably be reopened in order to take a hard look at the Belarusian regime's possible involvement. Ukraine has an opportunity and a responsibility to let the world know if Lukashenko's death squads have indeed gone international.

Brian Whitmore is a nonresident senior fellow at the Atlantic Council's Eurasia Center, an adjunct assistant professor at the University of Texas at Arlington, and host of The Power Vertical Podcast.



Yuri Zakharenko



Viktor Gonchar



Anatoly Krasovskiy

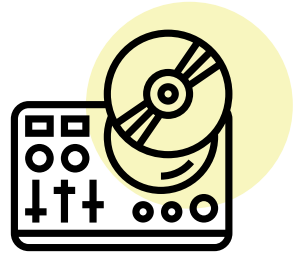


Oleg Byabenin

Lifestyle

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Explore contemporary Ukrainian photography at the current exhibition at Mystetskyi Arsenal (10-12 Lavrska St.) that will run through Sept. 5. Tue-Sun, 11 a.m. - 8 p.m. Hr 50-200



Explore Ukraine: Exquisite wine tasting during harvest season

Chateau Chizay winery



The view of Chateau Chizay winery near Berehove in Zakarpattia Oblast. One of the most picturesque wineries in Ukraine, Chizay offers tours to its winery near Mala Mountain, which is completely covered by vineyards.

By Daria Shulzhenko
shulzhenko@kyivpost.com

There is no other drink celebrated across cultures like wine.

It has been praised by the world's brightest minds, philosophers and poets for centuries. It is an equally essential element of a dinner in Argentina, Italy, Australia and elsewhere. It is simply delicious and can enhance the flavor of any meal.

But wine culture is much more than its consumption. Wine tasting offers a rich experience of flavor exploration and can be a great excuse to travel.

Whether one is a wine connoisseur or can't tell a difference between Sauvignon Blanc and Chardonnay, visiting wineries is often an unforgettable experience. Besides discovering the various kinds of this delectable drink, wine tourism is also a great way to explore rural destinations and the local traditions of winemaking.

Although Ukraine's south has long been known as the main winemaking region, the country has more to offer than the tours to popular destinations Shabo and Koblevo. The industry has now expanded to almost all corners of the country, with 60 wineries operating across Ukraine, according to the Heart of Wine online publication.

As the harvest season, considered

the perfect time for wine tours, is about to start in late August and last until late October, now is the time to plan a trip.

Here's the Kyiv Post's guide to some of the best wineries in Ukraine.

Chateau Chizay, Zakarpattia Oblast

Chateau Chizay is one of the most picturesque wineries in Ukraine.

Although its main office is located in Berehove, the company offers tours to its winery near Mala Mountain, which is completely covered by Chizay's 70-hectare vineyard.

Chizay has two options for those who want to sample its wines and take a peek at the winemaking process. For Hr 145 (\$5), Chizay offers a one-and-a-half-hour guided tour during which visitors can see the winery and the museum of wine as well as sample eight types of table wine – red, white and rosé – along with a selection of local cheeses and nuts. Those who want to try more exclusive wines, such as the aged sweet white wine Rose of Carpathians, will pay Hr 240 (\$8) for a two-hour tour.

Another option includes a guided tour to Chizay's vineyards and a wine-tasting session followed by dinner in a gazebo in the middle of the vineyard. The price is Hr 380

(\$14) per person. Children and those abstaining from alcohol can also book tours for Hr 75 (\$2) and sample some of Chizay's mouthwatering fresh grape juice instead of wine.

All of the winemaker's tours can be held in English or Hungarian languages upon request for the same price as in Ukrainian.

Travelers who would like to expand their wine adventure to a whole weekend can stay at Chizay's hotel right by the vineyard. The room price is Hr 1,190–1,900 (\$44–70) per night.

Berehove, Zakarpattia Oblast. 1 Chizay Tract. Hr 145–380. Book at +380504320525

Prince Trubetskoi Winery, Kherson Oblast

Prince Trubetskoi Winery is one of the most popular wine destinations in Ukraine. Located in the renovated 20th century Prince Pyotr Trubetskoi chateau, the winery overlooks the Dnipro River and offers a scenic view.

Fine wines, of course, are the main offering of the menu here.

There are several types of wine tours for all budgets, depending on the number of people in the group. A person in a group of 6–40 people will pay Hr 350 (\$13) for a tour to the winery and tasting of five different types of Trubetskoi's "ordi-

nary" wines – less expensive wines, aged in metal containers. The pricier option includes tasting of six vintage and exclusive wines, aged in the oak barrels. It costs Hr 700 (\$26) per person.

Those who want their getaway to be more private can book a tour for two-five people – Hr 500 (\$18) per person for the "ordinary wines" tour and Hr 900 (\$33) for the "premium" one. The winery's special offer is a romantic one-hour night tour to the winery for Hr 700.

Although there are no English-speaking guides at the winery, some of its employees speak the language and are ready to help foreign tourists, says the winery's tourist manag-

Odesa film festival to welcome cinephiles back to Black Sea

By Elina Kent
kent@kyivpost.com

Most Ukrainian directors dream of having their film's local debut at the annual Odesa International Film Festival, the country's most influential cinematic event.

Many of those dreams were crushed last year due to the COVID-19 pandemic, and although the festival had a successful online run in 2020, its offline return this year is much anticipated.

"People are looking forward to what they looked forward to in previous years," Anna Machukh, the festival's executive director, told the Kyiv Post. "Good films, good atmosphere and the industry aspect – film professionals and good networking."

The festival will take place on Aug. 14–21 in the Black Sea port city of Odesa, nearly 500 kilometers south of Kyiv.

As per the event's tradition, it will host big international and Ukrainian premieres, screening more than 60 films in total, hold film workshops and red-carpet festivities.

Great selection

The 12th festival is bringing back what was lacking in the online format, the inescapable, contagious atmosphere of celebrating cinema that spreads across the city.

The opening ceremony will, as usual, take place at the marvelous Odesa National Academic Opera and Ballet Theater, marking the start of the eight-day event.

Another ritual, an outdoor screening on the Potemkin Stairs is set to resume too. Free of charge, these screenings attract hundreds of viewers to enjoy a selected retro movie in an iconic Odesa location that became internationally known thanks to the Soviet film "Battleship Potemkin." This year, the stairs

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12th Odesa International Film Festival runs from Aug. 14-21

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will host the screening of Charlie Chaplin's "The Kid," celebrating 100 years since its release on Aug. 21, the festival's closing day.

The Odesa International Film Festival is known for its selection of foreign film premieres that are usually not available in regular Ukrainian cinemas. This year is no exception.

One of the big premieres is "The Green Knight," an epic medieval fantasy film. Featuring British star Dev Patel in the lead role, the film follows Sir Gawain, King Arthur's reckless and headstrong nephew on a quest to confront the Green Knight.

Another anticipated release is the Iranian-French thriller "A Hero," the Grand Prix winner of the 2021 Cannes Film Festival. "Anette," which brings together an Oscar-winning cast of Adam Driver and Marion Cotillard, is another must-watch. The musical takes a peek at a glamorous life of a standup comedian and opera singer couple, whose life takes a turn when their gifted daughter Anette is born.

Spotlighting Ukraine

For the first time in years, the festival is dropping the international competition, one of its most popular programs.

The team made the decision mainly because of the pandemic, as global travel restrictions made it difficult to



The citizens and the guests of Odesa, a port city in southern Ukraine, attend the Odesa International Film Festival screening of the 1928 silent film "The Cossacks," accompanied by an orchestra, at Odesa's giant stairway, Potemkin Stairs, on July 13, 2019.

bring in film crews for presentations and Q&A sessions.

But the ongoing crisis gave the event an opportunity to spotlight more local cinema. And coming up right before Ukraine's 30th birthday, the timing couldn't be better.

Machukh assures that this year's festival has a great selection of new Ukrainian films.

One of the most anticipated Ukrainian premieres is "Olga," produced in collaboration with Switzerland and France. The winner of best screenplay at the 74th International Critics Week, a parallel

section of the Cannes Film Festival, the feature follows the story of a teenage Ukrainian gymnast at the turn of the EuroMaidan Revolution that deposed Ukrainian ex-President Viktor Yanukovich in 2014. The picture will be screened in one of the non-competition programs.

The festival program also contains two competition selections of feature-length and short Ukrainian films. One of the competitors is "Stop-Zemlia," a coming-of-age drama set in Kyiv that won the highest award in the youth section of the recent Berlin International Film Festival.

Another treat is a special selection of top Ukrainian premieres in a non-competition program and some retrospective screenings of local-made cinematic masterpieces.

"We have a great retro selection, those kinds that show the history of Ukraine in 30 years of independence," Machukh said.

The closing usually includes a red carpet with limited access. This year, however, the closing awards ceremony will be a grand event, accessible to everyone and held on the Potemkin Stairs. Being held in time to be an early celebration of Independence Day, the ceremony's dress code has been set as traditional Ukrainian elements in attendees' outfits.

Pandemic measures

The organizers have prepared for any potential challenges presented by COVID-19.

"We had to think of what to do if there would be a lockdown, a partial lockdown or a quarantine," Machukh said. "For all of us and the industry, until the story of coronavirus ends, we will have to keep all these factors in mind with any event."

All arriving guests will have to show a recent negative COVID-19 test or a vaccination certificate. In addition, all entrances will have temperature checks and require attendees to wear masks.

Still, compared to last year, the 2021 festival should be a big

improvement.

"We are very happy to be back to the full-fledged offline format and to give our viewers and the industry a chance to spend eight days in Odesa amidst the film festival atmosphere," Machukh said. 🍷

Tickets and prices

A regular festival pass costs Hr 1,300 (\$48) and includes access to all film screenings and workshops.

Film professionals pass costs Hr 450 (\$17) and aside from the regular program, gives access to all film industry events like pitching.

The summer school pass costs Hr 290 (\$10) for beginning filmmakers and film industry students and gives access to limited screenings and workshops.

Get tickets at www.oiff.com.ua.

Travel and stay

Multiple trains and buses run daily from Kyiv to Odesa.

A 7.5-hour daytime train averages at Hr 461 (\$17) for a second-class seat. The overnight train costs Hr 725 (\$27) for a second-class bed.

A bus trip takes 6–7 hours and starts at Hr 350 (\$13).

Renting an apartment via the Airbnb service in Odesa costs \$40–100 per night.

There are a variety of hotels in downtown Odesa that charge Hr 500–2,000 (\$19–74) per room.

Explore Ukraine

It's not Napa Valley, but Ukraine still offers plenty for wine lovers

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er Yulia Voronina.

Those who want to cover all perks of visiting Trubetskoi – explore the historic chateau and the 180-hectare vineyard nearby and try all the wines available – can stay for a whole weekend or more at the winery's hotel for Hr 2,000–2,500 (\$74–92) for a double room per night, breakfast included. The complex also has a swimming pool and a restaurant.

The prolonged stay will also allow travelers to discover the abundance of natural beauty nearby: the Kherson waterfalls, famous Askania Nova biosphere reserve and the Pink Lake.

"It's a very beautiful, historic place," Voronina told the Kyiv Post.

Vesela Village, Kherson Oblast. 3 Sviridova St. Hr 350–900. Book at +380508784738

Slivino Village, Mykolaiv Oblast

Slivino Village is far from an ordinary wine producer.

The small family winery is among the few Ukrainian producers of natural wines, also known as naked or raw wines – the trend in which no industrial or other modern technologies are used for winemaking. Such wines are distinguished by their particular sour taste, resembling cider or kombucha.

"We hand-pick grapes and use wooden presses," the winery's co-founder, Heorhii Molchanov, told the Kyiv Post.

Although the winery currently produces only six types of red and

white wines, it is still a hot spot for wine lovers.

Slivino Village is located on the banks of Ukraine's second-longest picturesque river Pivdennyi Buh (Southern Bug). The area is known for the winery's monthly one-day Wine and Jazz festival, where travelers can taste wine, walk along the vineyards and enjoy live jazz shows.

The next festival will be held on Sept. 4. The entrance fee, which includes a welcome drink and some snacks, is Hr 250 (\$9).

Apart from the festival, Slivino also arranges two-hour wine tasting tours, during which one can sample each of their natural wines and some appetizers. Molchanov says that their absolute must-try is Odesa Black – dry red wine that is usually aged in oak barrels for six months.

Besides wine tasting, the tour of the winery gives its visitors a chance to explore all the stages of the wine-making process, from grape cultivation to storage. The price is Hr 250 per person.

English-language tours are available for foreigners. Although there is no hotel at the winery, a 20-minute drive can take travelers to downtown Mykolaiv, which is full of decent options to spend the night.

Slivyno Village, Mykolaiv Oblast. 7 Prodolna St. Hr 250. Book at +380938222148

Kolonist, Odesa Oblast

Another winery in a scenic location is Kolonist, overlooking Ukraine's biggest natural freshwater lake Yalpuh.

The winery marks the start of



People clink glasses as they drink wine at the Kolonist winery in Odesa Oblast. The winery marks the start of the harvest season with a month-long Young Wine Festival on Aug. 23 - Sept. 26 and welcomes all to explore its vineyard, cellars and taste its delicious wine.

the harvest season with the month-long Young Wine Festival on Aug. 23 – Sept. 26. Throughout this time, travelers have a chance to spend a whole day at the winery, see the ripe grapes being harvested, go on a guided tour to the vineyard and cellars, explore the traditional and modern winemaking of Kolonist wine. The price is Hr 1,500 (\$55) per person.

Another option is spending half a day at the winery savoring seven types of Kolonist fine wines, including the beloved sparkling drink Bisser, Chardonnay, Merlot and more. The Hr 1,000 (\$37) ticket also covers breakfast, lunch and dinner at the spot.

Here, one can also learn to open a champagne bottle with a saber and try grape-stomping, "like in the Adriano Celentano movies," says the company's tourist manager Veronika Grishko.

There is no hotel at the winery,

but Kolonist features nearby hotels on its website. The winery staff speak English and ask visitors to book at least a week in advance.

Krynynchne Village, Odesa Oblast. 4 Bolhradaska St. Hr 1,000–1,500. Book at +380673350118

Biologist, Kyiv Oblast

A short drive south of Kyiv will take wine enthusiasts to what resembles vineyards in Italy – the Biologist winery.

The winery mainly sells biodynamic wine, the production of which implies organic farming and eliminates the use of all chemicals. They grow eight grape varieties right outside the capital.

Since Biologist is a small winery located at the house of its founder, Ukrainian businessman and wine-

maker Igor Petrenko, wine tasting here is reminiscent of some cozy dinner with friends. The number of people is limited to four and Petrenko himself hosts tastings and tours around the winery.

During a minimum five-hour stay, the guests will get a chance to sample 5–6 Biologist wines along with a fresh meal. The price is Hr 4,500 (\$167) per person. Each guest also gets a bottle of Biologist wine as a gift.

Lisnyky Village, Kyiv Oblast. 7 Haiova St. Hr 4,500. Book at +38098383607

Vinoman Winery, Chernihiv Oblast

Vinoman is the first and only winery in Chernihiv Oblast. But that's not the only reason why it's worth visiting.

The winery is located in a thickly forested area and is surrounded by numerous bodies of water, including the Desna River.

Vinoman offers its guests a three-and-a-half-hour tour to explore the vineyard and production facilities, and taste six of their wines such as Chardonnay, Rose Pinot Noir, Merlot Reserve and others.

The price of the tour depends on the appetizers served with the wine. A group of eight and more people will pay Hr 6,900 (\$257) for a tour and wine tasting accompanied by a selection of cheese, meat, olives and grissini. Another option is Hr 10,800 (\$402), which gives the chance to also try locally produced black and red caviar.

Zhavynka Village, Chernihiv Oblast. 11 Dachna St. Hr 6,900–10,800 for groups of 8 and more. Book at +380932527176. 🍷

Ukraine aims West, but finds trade and loans from China irresistible

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rowed from China to launch a new Budapest campus of Shanghai-based Fudan University in 2024. Under the contract, the manpower and building materials are shipped in from China, alongside the country's ideology. In 2019, the university charter's chapters on academic freedom were replaced by a declaration of allegiance to the Chinese Communist Party.

Speak no evil

Ukrainian officials appear to have learned quickly how to be politically agreeable.

David Arakhamia, head of the ruling Servant of the People Party in Ukraine's parliament, told the Chinese press that the principles of his party dovetail to that of the Chinese Communist Party.

"Politically, Ukraine is always pro-Western, but we need to build infrastructure with the lowest cost, at the lowest rate, which China provides," Dovhan said.

Past China loans

Ukraine has its own unfortunate history of borrowing from China.

In 2012, Ukraine's state-run State

Food and Grain Corporation of Ukraine (DPZKU) received a \$1.5 billion loan from Exim Bank of China under state guarantees to support the supply of Ukrainian grain to China. However, the two got into a legal dispute over the amount that Ukraine must pay back.

Prior to that in 2011, China lent \$372 million to Ukraine under state guarantees for 15 years to build the Air Express railway line between Kyiv and Boryspil airport. Eventually, Ukraine found a Polish constructor to build it more cheaply.

"Getting deeper into bed with Beijing is not a wise decision," Paul said. "China is already a major trade partner of Ukraine." China is the top trade partner, in fact: In 2020, bilateral trade turnover amounted to \$15.4 billion.

Frustration over the U.S.

Ukraine appears to be borrowing from China out of growing disappointment with the West.

"Kyiv seems to be trying to use China as a bargaining chip with the EU and the U.S. — particularly following President Biden's decision on Nord Stream 2, which had a devastating impact on Ukrainians,"



Motor Sich, Ukraine's strategic aerospace company, demonstrates its latest aircraft engine at the Arms and Security 2021 exhibition in Kyiv on June 15, 2021.

said Paul. Financial analyst Alexei Kushch agreed, accusing Ukraine of "blackmailing Western countries, primarily Germany and the U.S. in order to receive compensation for the launch of Nord Stream 2."

On July 21, the U.S. and Germany signed an agreement aimed to solve a dispute over Nord Stream 2, the \$11 billion gas pipeline running from Russia to Germany under the Baltic Sea, now almost complete. In return, Ukraine got no concrete

commitments from either the U.S. or Germany to compensate for the multibillion-dollar loss in gas transit revenue.

Ukraine's turn to China "can significantly complicate relations between the West and Ukraine," Kushch said. "In this scenario, Ukraine will find itself in a geopolitical vacuum."

While Ukraine insists that it is committed to Western integration, including becoming members of the EU and NATO, Paul said Zelensky

is "aware that Biden is concerned about Chinese expansionism in Ukraine and the broader region."

Motor Sich tug of war

The U.S. and China competition has left Ukraine sometimes caught in the middle.

Since 2016, China has been trying to acquire shares in Motor Sich, Ukraine's strategic aerospace company that produces helicopter and jet engines. Washington persuaded Kyiv not to sell it to the Chinese as it believed that Beijing aimed to use Motor Sich to advance its military capabilities or sell it to Russia, with which China has joint defense projects.

In January, Kyiv imposed sanctions against Skyrizon, the Chinese company trying to obtain a majority stake in Motor Sich. Later in March, Ukraine said it would nationalize Motor Sich.

Kyiv must ensure it will keep standing against China's future attempts to get hold of parts of Ukraine's economy, Paul said.

"The danger to Ukraine would be borrowing too big and not being in a position to repay the money and/or allowing China to get its teeth into massive parts of the country's economy," she said. ❄

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The EU Anti-Corruption Initiative in Ukraine (EUACI, <https://euaci.eu/>) implemented by the Ministry of Foreign Affairs of Denmark (MFA) on behalf of the EU is seeking qualified candidates for a position of:

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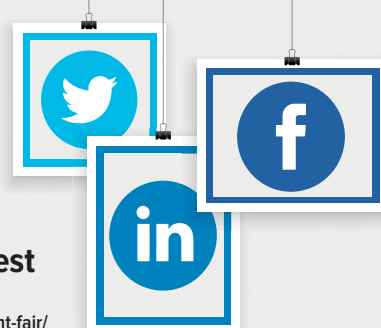
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