

RELEASE IN PART
B6

From:
Sent: Fri, 6 Jan 2017 14:29:27 -0500
To:
Subject: FW: Ukrinform: Literally on the last days of his term, the US Vice President Joe Biden is going to Kyiv. How can we explain this attention to us?

B6

Official
UNCLASSIFIED

From: lbi@lbicompany.com.ua [mailto:lbi@lbicompany.com.ua]
Sent: Friday, January 06, 2017 11:49 AM
To: Kyiv, Media Alerts
Subject: Ukrinform: Literally on the last days of his term, the US Vice President Joe Biden is going to Kyiv. How can we explain this attention to us?

Ukrinform:

Literally on the last days of his term, the US Vice President Joe Biden is going to Kyiv. How can we explain this attention to us?

06.01.2016

US Vice President Joe Biden plans visiting Ukraine on January the 15th. It's quite unexpected news. Of course, we are not aware of the specific tasks, which Joe Biden wants to solve in Kyiv on January the 15th. There are only versions, a part of which are voices by the interviewed experts. We can only state the obvious: after Maidan, the value of Ukraine and problems related to it has increased sharply in the US foreign policy. All this time Joe Biden was the main one responsible (supervisor) in Obama's Administration for the policy towards Ukraine and he will always have some important things to discuss with the Ukrainian leaders.

So, the question of Ukrinform is this: why the US Vice President Joe Biden is visiting Ukraine in the last week of his term?

Viktor Nebozhenko, a political scientist

"Biden is getting prepared for the possible consideration of the issue of the effectiveness of aid to Ukraine in the US Congress"

Donald Trump said that he will carry out an audit of investments in security and democracy in Ukraine. For 8 years the US Administration has turned a blind eye to our corruption and gave a lot of money through the IMF and various funds. And all this has disappeared somewhere. Trump, as the new director of the company under the name of the United States, wants to know where that money went. Biden may become a subject of consideration in the US Congress on the effectiveness of aid to Ukraine, and then he will be asked where the money of the American taxpayers went in Ukraine? Most likely, Biden is

addressing this issue. Only this can explain his hasty interest in Ukraine, and not in any other country.

Vadym Karasyov, a political scientist

"Obama's Administration still has time to influence the IMF on the issue of the USD 1 billion tranche."

First, there are personal reasons. Perhaps Biden is coming with a soothing visit due to the beginning of the work of the new US Administration to give Ukraine new instructions. Second, it's the financial issue related to the IMF. Obama's Administration still has time to influence the IMF on the issue of the USD 1 billion tranche, which Ukraine was to receive in December. It is possible that Biden could bring good news to us.

Third, Mr. Vice President has a business interest here and the former Vice President even more. Here, in the shale gas Burisma company, his son had been working at a time. Perhaps, the behind the scenes part of the visit can be attributed to the fact that the Ukrainian authorities guaranteed some business positions to the former Vice President and his family."

Volodymyr Fesenko, a political scientist

"It is accepted in the American political tradition to make such farewell visits that have symbolic value"

To remind Ukraine at the end of the activities of Obama's Administration that it has not been forgotten and it remains on the agenda of the American leadership.

Yuliya Horban. Kyiv

<https://www.ukrinform.ua/rubric-politycs/2152193-ci-zgadae-ukraina-bajdena-nezlim-tihim-slovom.html>

--

*With best regards,
LBI Team*

www.lbi.com.ua



B6

RELEASE IN FULL

From: White House Press Office <noreply@messages.whitehouse.gov>
Sent: Thu, 5 Jan 2017 18:09:07 -0600
To: Nuland, Victoria J
Subject: President Obama Announces More Key Administration Posts

THE WHITE HOUSE
Office of the Press Secretary

FOR IMMEDIATE RELEASE

January 5, 2017

President Obama Announces More Key Administration Posts

WASHINGTON, DC – Today, President Barack Obama announced his intent to appoint the following individuals to key Administration posts:

- **Barbara Jenkins** – Member, Board of Directors of the National Board for Education Sciences
- **Tarajean Yazzie-Mintz** – Member, Board of Directors of the National Board for Education Sciences
- **Herbert Block** – Member, Commission for the Preservation of America's Heritage Abroad
- **Eric D. Schwerin** – Member, Commission for the Preservation of America's Heritage Abroad
- **Gary P. Zola** – Member, Commission for the Preservation of America's Heritage Abroad
- **Sylvia Orozco** – Member, National Museum and Library Services Board
- **Annette Evans Smith** – Member, National Museum and Library Services Board
- **Deborah Taylor** – Member, National Museum and Library Service Board
- **Jonathan L. Zittrain** – Member, National Museum and Library Service Board
- **Tamar Newberger** – Member, United States Holocaust Memorial Council
- **Eric Ortner** – Member, United States Holocaust Memorial Council
- **Michael Posner** – Member, United States Holocaust Memorial Council
- **Menachem Rosensaft** – Member, United States Holocaust Memorial Council

President Obama said, “These fine public servants bring a depth of experience and tremendous dedication to their important roles. I know they will serve the American people well.”

President Obama announced his intent to appoint the following individuals to key Administration posts:

Barbara Jenkins, Appointee for Member, Board of Directors of the National Board for Education Sciences

Barbara Jenkins is the Superintendent for Orange County Public Schools, a position she has held since 2012. She was named the 2017 Florida Superintendent of the Year. Dr. Jenkins previously served as the Deputy Superintendent and Chief of Staff for Orange County and oversaw five area superintendents and the Division of Teaching and Learning. Dr. Jenkins also served as president of the Florida Association of District School Superintendents from 2015 to 2016. She was named CEO of the Year in 2015 by the Orlando Business Journal. Dr. Jenkins is a member of the Aspen Urban Superintendent's Network. Dr. Jenkins received a B.A., M.A., and Ed.D. from the University of Central Florida.

Tarajean Yazzie-Mintz, Appointee for Member, Board of Directors of the National Board for Education Sciences

Tarajean Yazzie-Mintz is Co-Director of the Office of Research and Sponsored Programs and Senior Program Officer of Tribal College and Universities (TCUs) Early Childhood Education Initiatives at the American Indian College Fund. Dr. Yazzie-Mintz previously served as Program Officer of the College Fund's Wakanyeya "Sacred Little Ones," Ké' Family Engagement, and Cultivating Lakota Early Childhood Education Initiatives. She has worked with TCUs and with early learning centers serving Native children, developing curriculum and strengthening early learning programs. Previously, she was an assistant professor at Indiana University, Bloomington from 2005 to 2011. Dr. Yazzie-Mintz was the 2016 recipient of the Harvard Graduate School of Education's Alumni Council Award for Outstanding Contributions to Education. Dr. Yazzie-Mintz received a B.S. and M.Ed. from Arizona State University and an Ed. D. from Harvard University.

Herbert Block, Appointee for Member, Commission for the Preservation of America's Heritage Abroad

Herbert Block is the Principal at Montrose Strategies, a position he has held since 2015. Mr. Block was Assistant Executive Vice President of the American Jewish Joint Distribution Committee from 1999 to 2015. He served as Assistant Director for Intergovernmental and Public Affairs for the New York City Independent Budget Office from 1996 to 1999 and was Deputy Director for Intergovernmental Relations at the Corporation for National and Community Service from 1994 to 1995. Mr. Block was Assistant to the Mayor of the City of New York from 1990 to 1993 and a Special Assistant to the Manhattan Borough President from 1986 to 1989. He is a member of the Board of Directors of the Hebrew Free Burial Association and the Museum of Jewish Heritage – A Living Memorial to the Holocaust. Mr. Block was first appointed to the Commission for the Preservation of America's Heritage Abroad in 2011. Mr. Block received a B.A. from Columbia University and a J.D. from Brooklyn Law School.

Eric D. Schwerin, Appointee for Member, Commission for the Preservation of America's Heritage Abroad

Eric D. Schwerin is President of RSP Investments, LLC, a position he has held since 2013. Mr. Schwerin is also President and Founding Partner of Rosemont Seneca Advisors, LLC, a position he has held since 2008. He was previously Partner at Oldaker, Biden & Belair, LLP from 2002 to 2008 and worked in various roles at the Department of Commerce, including as Senior Policy Advisor from 1999 to 2002 and International Trade Specialist from 1994 to 1999. He was an Associate Director in the Office of Public Liaison at the White House from 2000 to 2001. Mr. Schwerin was appointed to the Industry Trade Advisory Committee for Information and Communications Technologies, Services, and Electronic Commerce in 2003. He was first appointed to the Commission for the Preservation of America's Heritage Abroad in 2015. Mr. Schwerin received a B.A. from the University of Pennsylvania and an M.A. from the Elliott School of International Affairs at George Washington University.

Dr. Gary P. Zola, Appointee for Member, Commission for the Preservation of America's Heritage Abroad

Dr. Gary P. Zola is the Edward M. Ackerman Family Distinguished Professor of the American Jewish Experience and Reform Jewish History at Hebrew Union College-Jewish Institute of Religion in Cincinnati, Ohio, a position he has held since 2014. He is also the Executive Director of The Jacob Rader Marcus Center of the American Jewish Archives, where he has worked since 1998. Dr. Zola is a member of the Organization of American Historians, the American Historical Association, and the Academic Council of the American Jewish Historical Society. He was first appointed to the Commission for the Preservation of America's Heritage Abroad in 2011. Dr. Zola received a B.A. from the University of Michigan, an M.A. from Northwestern University, and an M.A., M.Phil., and Ph.D. from the Hebrew Union College - Jewish Institute of Religion.

Sylvia Orozco, Appointee for Member, National Museum and Library Services Board

Sylvia Orozco is Co-Founder and Executive Director of the Mexic-Arte Museum of Austin, Texas, positions she has held since 1984. Ms. Orozco served on the Advisory Board of the Emma S. Barrientos Mexican American Cultural Center from 2008 to 2012 and the Mayor's Community Cabinet in Austin, Texas from 2009 to 2011. She was inducted into the Austin Arts Hall of Fame in 2009 and received the Ohtli Award from the Instituto de los Mexicanos en el Exterior from the General Consulate of Mexico in Austin in 2007. Ms. Orozco received a B.F.A. from The University of Texas at Austin.

Annette Evans Smith, Appointee for Member, National Museum and Library Services Board

Annette Evans Smith joined the Alaska Native Heritage Center (ANHC) in 2003, and has served as its President and CEO since 2011. In 2012, Ms. Evans Smith worked on the legislation that established the Alaska Native Language Preservation and Advisory Council. Ms. Evans Smith previously worked with the Southcentral Foundation and

The Northern Forum from 2000 to 2001 and from 2001 to 2003, respectively. She is a member of the Foraker Group Operations Board, the Alaska Native Advisory Panel for the Alaska State Council on the Arts, and the University of Alaska Anchorage's College of Business and Public Policy's Alaska Native Organizational Management Advisory Committee. Ms. Evans Smith is also Chair of the Governor-appointed Alaska Native Language Preservation & Advisory Council. In 2009, Ms. Evans Smith was recognized by the Governor of Alaska for Distinguished Service to the Humanities. Ms. Evans Smith received a B.A. from Stanford University.

Deborah Taylor, Appointee for Member, National Museum and Library Service Board

Deborah Taylor is Coordinator of School and Student Services at the Enoch Pratt Free Library, where she has worked since 1974 in various additional roles including as a Branch Librarian and Head of the Office of Children and Youth. Ms. Taylor is a member of the Voice of Youth Advocates Editorial Advisory Board and served as President of the Young Adult Library Services Association and Chair of the Coretta Scott King Book Awards. She received the Coretta Scott King-Virginia Hamilton Practitioner Award for Lifetime Achievement from the American Library Association in 2015. Ms. Taylor received a B.A. and M.A. from the University of Maryland, College Park.

Jonathan L. Zittrain, Appointee for Member, National Museum and Library Service Board

Jonathan L. Zittrain is a Professor of Computer Science at the Harvard School of Engineering and Applied Sciences and the George Bemis Professor of International Law at Harvard Law School, positions he has held since 2010 and 2008, respectively. Mr. Zittrain is also Vice Dean for Library and Information Resources at the Harvard Law School Library and Co-Founder and Faculty Director of the Berkman Klein Center for Internet & Society at Harvard University, positions he has held since 2012 and 1997, respectively. He was the Distinguished Scholar in Residence at the Federal Communications Commission from 2011 to 2012, and Chair of its Open Internet Advisory Committee from 2012 to 2014. Mr. Zittrain is a member of the Board of Directors of the Electronic Frontier Foundation and the Board of Advisors for Scientific American. Mr. Zittrain has a B.S. from Yale University, an M.P.A. from the John F. Kennedy School of Government, and a J.D. from Harvard Law School.

Tamar Newberger, Appointee for Member, United States Holocaust Memorial Council

Tamar Newberger is a computer scientist. Ms. Newberger was Chief Marketing Officer of Catbird Security from 2004 to 2013 and also served as Director for Enterprise Accounts and Channel Sales and Product Marketing and Analyst Relations at Tarantella, Inc. from 2002 to 2004 and 2000 to 2002, respectively. She worked as Director for Server Product Marketing and Product Management at SCO, Inc. from 1996

to 2000 and was Senior Product Planner, Product Marketing Manager, and Product Engineer at Novell, Inc. from 1993 to 1996. Ms. Newberger was the Product Marketing Manager at Magic Software Enterprises, Inc. from 1992 to 1993 and a Member of Technical Staff at AT&T Bell Laboratories, Inc. from 1985 to 1992. She is a board member of the International School of Prague, a trustee of the Jewish Women's Federation of Chicago and was previously a member of the Board of Trustees for the Young Women's Leadership Charter School. Ms. Newberger received a B.A. and M.S. from Columbia University.

Eric Ortner, Appointee for Member, United States Holocaust Memorial Council

Eric Ortner is Principal of The Ortner Group, a position he has held since 2013. Mr. Ortner was a Journalist and Producer with NBC News, ABC News, and CBS News, a Senior Producer of Good Morning America, and a Producer for the Today Show from 1996 to 2009. He is a member of the Board of the Global Poverty Project and an Executive Producer of the Global Citizen Festival. Mr. Ortner was appointed to the President's Committee on the Arts and the Humanities in 2015. Mr. Ortner received a B.A. from the University of Rochester.

Michael Posner, Appointee for Member, United States Holocaust Memorial Council

Michael Posner is the Jerome Kohlberg Professor of Ethics and Finance and Co-Director of the Center for Business and Human Rights at New York University Stern School of Business, where he has worked since 2013. Mr. Posner served as Assistant Secretary of State for the Bureau of Democracy, Human Rights, and Labor at the State Department from 2009 to 2013. He served in a variety of roles at Human Rights First from 1978 to 2009, including President and Executive Director. Mr. Posner was a lawyer at Sonnenschein, Nath & Rosenthal from 1975 to 1978. He lectured at Columbia Law School from 1984 to 2008 and at Yale Law School from 1981 to 1984 and again in 2009. Mr. Posner received a B.A. from the University of Michigan and a J.D. from the University of California, Berkeley.

Menachem Rosensaft, Appointee for Member, United States Holocaust Memorial Council

Menachem Rosensaft is Lecturer in Law at Columbia Law School, General Counsel of the World Jewish Congress, and Adjunct Professor of Law at Cornell Law School, positions he has held since 2011, 2009, and 2008, respectively. Mr. Rosensaft worked at Van der Moolen Specialists USA, LLC from 2004 to 2007 in a variety of roles including General Counsel, Senior Legal Counsel, and Special Counsel. He served as Chairman of the Editorial Board of the Holocaust Survivors' Memoirs Project from 2004 to 2013 and was Director and Editor-in-Chief of the Project from 2000 to 2004. Mr. Rosensaft worked as Executive Vice President of the Jewish Renaissance Foundation, Inc. from 1996 to 2000 and as Senior International Counsel at The Ronald S. Lauder Foundation from 1995 to 1997. He is the Founding Chairman of the International Network of Children of Jewish Holocaust Survivors, a former National President of the Labor

Zionist Alliance, and a past President of Park Avenue Synagogue in New York City.

Mr. Rosensaft was appointed to the United States Holocaust Memorial Council in 2010, 1999, and 1994. Mr. Rosensaft received a B.A. and M.A. from John Hopkins University, an M.A. from Columbia University, and a J.D. from Columbia University School of Law.

###

[Unsubscribe](#)

The White House · 1600 Pennsylvania Avenue, NW · Washington DC 20500 · 202-456-1111

RELEASE IN
FULL

From: White House Press Office <noreply@messages.whitehouse.gov>
Sent: Mon, 19 Dec 2016 18:31:54 -0600
To: Nuland, Victoria J
Subject: Readout of Vice President Biden's Call with President Petro Poroshenko of Ukraine

THE WHITE HOUSE
Office of the Vice President

FOR IMMEDIATE RELEASE
December 19, 2016

Readout of Vice President Biden's Call with President Petro Poroshenko of Ukraine

Vice President Joe Biden called President Petro Poroshenko today to commend him, the government of Ukraine, and the Central Bank for their decisive action to strengthen the country's banking sector and protect Ukrainian depositors through the nationalization of PrivatBank. The Vice President expressed strong support for President Poroshenko's leadership in reinforcing the financial stability of the country, and President Poroshenko reaffirmed his close cooperation with the International Monetary Fund as the nationalization process continues and Ukraine works to meet the remaining benchmarks under Ukraine's IMF program. The leaders expressed their grave concern about the latest surge in violence perpetrated by combined Russian/separatist forces in the Donbas, and expressed condolences for the recent loss of five Ukrainian soldiers near Svitlodarsk. The leaders reiterated their unwavering support for the full implementation of the Minsk agreements.

###

[Unsubscribe](#)

The White House · 1600 Pennsylvania Avenue, NW · Washington DC 20500 · 202-456-1111

RELEASE IN PART B6

From:
Sent: Tue, 13 Dec 2016 10:02:03 +0000
To:
Attach: IMG_1417.PNG, ATT00001.txt

B6

Kolomoysky

B6

RELEASE IN FULL

From: White House Press Office <noreply@messages.whitehouse.gov>
Sent: Tue, 18 Oct 2016 16:19:35 -0500
To: Nuland, Victoria J
Subject: EXPECTED ATTENDEES AT TONIGHT'S ITALY STATE DINNER

THE WHITE HOUSE
Office of the First Lady

FOR IMMEDIATE RELEASE
October 18, 2016

**EXPECTED ATTENDEES AT TONIGHT'S
ITALY STATE DINNER**

Below is a list of expected attendees at tonight's Italy State Dinner. Additional details about the State Dinner are available [HERE](#).

THE PRESIDENT AND MRS. OBAMA

Honorees

**HIS EXCELLENCY MATTEO RENZI, PRIME MINISTER OF THE REPUBLIC OF
ITALY AND MRS. AGNESE LANDINI**

The Honorable Adewale Adeyemo, Deputy Assistant to the President & Deputy
National Security Advisor for International Economics, National Security Council

Ms. Mae Podesta

The Honorable Salman Ahmed, Special Assistant to the President & Senior Director for
Strategic Planning & Counselor to the National Security Advisor, National Security
Council

Ms. Shaheen Ahmed

Professor Elizabeth Alexander, Poet

Mr. Mark C. Alexander

Mr. Mario Andretti, Former Racing Driver

Ms. Barbra Andretti-Curto

Ms. Paola Antonelli, Architect & Designer, Guest of the Prime Minister of the Republic
of Italy

Mr. Giorgio Armani, Fashion Designer, The Armani Group, Guest of the Prime Minister
of the Republic of Italy

Mr. Mario Batali, Chef
Ms. Susan Cahn

Mr. Richard Bates, Senior Vice President of Governmental Relations, The Walt Disney Company

Ms. Rose Bates
Ms. Giovanna Battaglia, W Magazine & Vogue Japan
Mr. Oscar Engelbert

Mr. Roberto Benigni, Actor, Guest of the Prime Minister of the Republic of Italy

The Honorable Steve Keith Benjamin, Mayor of Columbia, South Carolina
Ms. DeAndrea Gist Benjamin

Mr. Chance Bennett, Rapper
Mr. Kenneth Bennett

Ms. Susan Berghoef, Attorney
Mr. Patrick Croke

Ms. Megan Beyer, Executive Director, President's Committee on the Arts & Humanities
The Honorable Don Beyer, Jr.

Ms. Ashley Blazer Biden, Executive Director, Delaware Center for Justice

Mr. Hunter Biden, Chairman, Rosemont Seneca Advisors

The Honorable Joseph R. Biden, Jr., Vice President of the United States
Dr. Jill Biden

Mr. Paul Blavin, Founder, FOR GOOD
Ms. Amy Blavin

The Honorable Tony Blinken, Deputy Secretary of State, U.S. Department of State
The Honorable Evan Ryan
Dr. Paul Boskind, Chief Executive Officer, Deer Oaks Mental Health Associates, PC
Mr. Robby McMillin-Boskind

Mr. David Bradley, Chairman & Owner, Atlantic Media
Ms. Katherine Bradley

Ms. Nicoletta Braschi, Actress, Guest of the Prime Minister of the Republic of Italy
The Honorable Anita Breckenridge, Assistant to the President & Deputy Chief of Staff
for Operations, The White House
Ms. Rebekah Bader

Mr. Donato R. Buccini, Vice President, Edward J. DeSeta Company, Inc.
Ms. Bernadette De Seta Buccini

Ms. Carrie Budoff, Politico
Mr. Thomas Brown

Ms. Cathy Burns, President, Produce Marketing Association
Mr. Kenneth Burns

The Honorable Kristie Canegallo, Assistant to the President & Deputy Chief of Staff for
Implementation, The White House
Mr. Mark James Canegallo, Jr.

Mr. Raffaele Cantone, President, National Anticorruption Authority, Guest of the Prime
Minister of the Republic of Italy

The Honorable Ashton Carter, Secretary of Defense, U.S. Department of Defense
Ms. Stephanie Carter

Mr. Paul Cejas, Chairman, PLC Investments
Mr. Gertie Cejas

Mr. Jim Chanos, Chief Executive Officer, Kynikos Associates
Ms. Crystal Connors

Mr. Timothy Collins, Chief Executive Officer, Ripplewood Holdings LLC
The Honorable Gerald Connolly, U.S. Representative (Virginia)
Ms. Catherine Smith

The Honorable Michael Connor, Deputy Secretary, U.S. Department of the Interior
Ms. Shari Connor

The Honorable Maria Contreras-Sweet, Administrator, U.S. Small Business
Administration
Ms. Kelly Williams

The Honorable Ertharin Cousin, Executive Director, The United Nations World Food
Programme
Ms. Tybra Arthur

The Honorable Bathsheba Crocker, Assistant Secretary of State for International Organization Affairs, U.S. Department of State

Ms. Saone Crocker

The Honorable Andrew Cuomo, Governor of New York

Ms. Sandra Lee

The Honorable Chase Cushman, Assistant to the President & Director of Scheduling & Advance, The White House

Ms. Ashley Cushman

Ms. Daniela D'Antonio, Journalist, Guest of the Prime Minister of the Republic of Italy
Mr. Giuliano Da Empoli, Advisor to the Prime Minister, Delegation of the Republic of Italy

Ms. Yene Damtew, Hairstylist

Mr. Tsegaye Shiferaw Assefa

The Honorable Brian Deese, Assistant to the President & Senior Advisor, The White House

Ms. Bree Arsenault

Mr. Joseph Del Raso, Chairman, National Italian American Foundation

Ms. Anne Del Raso

The Honorable Suzan Delbene, U.S. Representative (Washington)

Mr. Kurt Delbene

Ms. Kelly Dibble, Senior Vice President & Director of Public Affairs, Northern Trust Corporation

Mr. Andrew Dibble

Mr. John DiEleuterio, Director of Intergovernmental Relations, Delaware National Guard

Ms. Maureen DiEleuterio

Mr. John Doerr III, Partner, Kleiner, Perkins, Caufield & Byers

Ms. Ann Doerr

The Honorable Shaun Donovan, Director of the Office of Management & Budget, The White House

Ms. Liza Gilbert

Ms. Amy Dove, Director for European Union, Southern Europe & European Affairs, National Security Council

Mr. Patrick Lacey

The Honorable Josh Earnest, Assistant to the President & Press Secretary, The White House

Ms. Natalie Earnest

The Honorable Jennie Easterly, Special Assistant to the President & Senior Director for Counterterrorism, National Security Council

Mr. Jason Easterly

The Honorable Neil Eggleston, Assistant to the President & Counsel to the President, The White House

Ms. Rachel Eggleston

Mr. Ken Ehrlich, Producer

Ms. Harriet Ehrlich

Mr. Carlos Elizondo, Resident Manager & Social Secretary to the Vice President & Dr. Biden

Mr. Mark William Dumas

Mr. John Elkann, Chairman, Fiat Chrysler Automobiles

Ms. Lavinia Borromeo Arese Taverna

Dr. Anthony Fauci, Director of the National Institute of Allergy & Infectious Diseases, National Institute of Health

Dr. Christine Grady

The Honorable Jon Finer, Chief of Staff, U.S. Department of State

Ms. Emily Finer

Mr. Larry Fink, Chairman & Chief Executive Officer, BlackRock Inc.

The Honorable Chris Fonzzone, Deputy Assistant to the President & Deputy Counsel to the President & NSC Legal Adviser, National Security Council

Ms. Jillian Catalanotti

Mr. Fabrizio Freda, President & Chief Executive Officer, Estee Lauder Companies Inc.

Ms. Mary-Ann Jeanine Lannoy

The Honorable Julia Frifield, Assistant Secretary for Legislative Affairs, U.S. Department of State

Ms. Shannon Kula

The Honorable Jason Furman, Chairman of the Council of Economic Advisers, The White House

Ms. Eve Gerber

Ms. Laetitia Garriott De Cayeux, Co-Founder, Escape Dynamics

Mr. Richard Garriott De Cayeux

Ms. Maria Gavrilovic, CBS

Mr. Emil Jahic

His Excellency Paolo Gentiloni, Minister of Foreign Affairs & International Cooperation
of the Republic of Italy, Delegation of the Republic of Italy

The Honorable Suzanne George, Deputy Assistant to the President & Executive
Secretary & Chief of Staff, National Security Council

Mr. David George

Ms. Fabiola Gianotti, Director of the European Organization for Nuclear Research,
Guest of the Prime Minister of the Republic of Italy

Mr. Henry Goldberg, Chief Executive Officer & Founder, Artery Capital Group, LLC
Ms. Carol Brown Goldberg

Mr. Alex Gorsky, Chairman & Chief Executive Officer, Johnson & Johnson

Ms. Patricia Gorsky

Ms. Rachel Goslins, Director of the Arts & Industries Building, The Smithsonian
Institution

Mr. Julius Genachowski

Ms. Savannah Guthrie, NBC

Mr. Michael Feldman

The Honorable Avril Haines, Assistant to the President & Deputy National Security
Advisor, National Security Council

Mr. David Davighi

Tamron Hall, MSNBC

Mr. Jonathan Todd Capehart

The Honorable Jane Harman, Director, President & CEO, The Wilson Center

Mr. Robert Dickie, Boston

Ms. Cynthia H. Harrell-Horn, Philanthropist

Ms. Cassidy Horn

Mr. Mel Heifetz, Real Estate Developer

Mr. John Di Pietro

Ms. Mary Kay Henry, International President, SEIU

Ms. Paula Macchello

Mr. Stephen Hightower, President & Chief Executive Officer, Hightowers Petroleum
Company

Mr. Stephen Hightower II

The Honorable Jim Himes, U.S. Representative (Connecticut)

Ms. Mary Himes

The Honorable Amos Hochstein, Special Envoy & Coordinator for International Energy Affairs, U.S. Department of State

Ms. Julie Ringel

Ms. Susan Holland, Event Designer, Susan Holland Events

Mr. Richard Klein

The Honorable Sarah Hurwitz, Special Assistant to the President, Senior Strategic & Policy Advisor to the Council on Women & Girls & Senior Presidential Speechwriter, The White House

Mr. Tyler Lechtenberg

Ms. Denise Ilitch, President, Ilitch Enterprises, LLC

Mr. Jeffrey Krupcale

The Honorable Valerie Jarrett, Senior Advisor & Assistant to the President for Intergovernmental Affairs & Public Engagement, The White House

Ms. Laura Jarrett

Ms. Kristen Jarvis, Chief of Staff, Ford Foundation

Mr. Shaun West

The Honorable Sally Jewell, Secretary of the Interior, U.S. Department of the Interior

Mr. Warren Jewell

The Honorable Broderick Johnson, Assistant to the President & Cabinet Secretary, The White House

Ms. Michele Norris

Dr. Fisk Johnson III, Chief Executive Officer, SC Johnson & Son, Inc.

The Honorable Jeh Johnson, Secretary of Homeland Security, U.S. Department of Homeland Security

Dr. Susan DiMarco

Ms. Kristin Jones, Special Assistant & Director of Special Projects for the First Lady, The White House

Mr. Lawrence Jackson

The Honorable Cody Keenan, Assistant to the President & Director of Speechwriting, The White House

Ms. Kristen Bartoloni

Ms. Janet Keller, President, Keller Consultants

Ms. Leslie Ray

Ms. Angela Kennedy, Staff Attorney, Public Defender Service for the District of Columbia

Mr. Henry Kennedy, Jr.

The Honorable John Kerry, Secretary of State, U.S. Department of State

Mr. Naeem Khan, Fashion Designer, House of Khan

Ms. Ranjana Khan
Ms. Gayle King, CBS
Ms. Kirby Bumpus
Ms. Meredith Koop, Special Assistant to the First Lady, The White House
Mr. Tomas Motta
The Honorable Charlie Kupchan, Special Assistant to the President & Senior Director
for European Affairs, National Security Council
Ms. Simma Kupchan
Mr. Mark Landler, The New York Times
Ms. Angela Tung
Mr. Josh Lederman, The Associated Press
Ms. Amy Lederman

Ms. Bel Leong-Hong, President, Knowledge Advantage, Inc.
Mr. Kenneth Hong

Ms. Christina Lewis, Founder & Executive Director, All Star Code
Ms. Loida N. Lewis
Ms. Mara Liasson, National Public Radio
Mr. Jonathan Cuneo
The Honorable Loretta Lynch, Attorney General, U.S. Department of Justice
Mr. Stephen Hargrove
The Honorable Robert Malley, Special Assistant to the President, White House
Coordinator for the Middle East & North Africa Region & Senior Advisor to the
President on the Counter ISIL Campaign, National Security Council
Ms. Caroline Brown

Major General Carmine Masiello, Military Advisor to the Prime Minister, Delegation of
the Republic of Italy
Ms. Colleen McCain Nelson, Wall Street Journal
Mr. Jon Nelson

Mr. Cornell McClellan, Fitness Coach, Trainer & Member of The President's Council on
Fitness Sports & Nutrition

The Honorable Robert A. McDonald, Secretary, U.S. Department of Veterans Affairs
Ms. Diane McDonald

The Honorable Denis McDonough, Assistant to the President & Chief of Staff, The
White House
Ms. Karin McDonough

Ms. Gail McGovern, President & Chief Executive Officer, The American Red Cross
Mr. Donald McGovern
The Honorable Brett McGurk, Special Presidential Envoy for the Global Coalition to
Counter ISIL, U.S. Department of State
Ms. Gina Chon

Mr. Mike Memoli, Los Angeles Times
Mr. Matthew Memoli
Ms. Micheline Mendelsohn, Deputy Chief Executive Officer, Good Stuff Eatery
Mr. Clifford Luhn
Mr. Jamie Meritosis, President & Chief Executive Officer, Lumina Foundation
Ms. Colleen O'Brien

Ms. Carolyn Miles, President & CEO, Save the Children USA
Mr. Carlos Carrazana

Mr. Doug Mills, The New York Times
Ms. Katherine Mills
Ms. Connie Milstein, Principal & Co-Founder, Ogden CAP Properties LLC
Mr. Ian Kahn
Ms. Cindy Moelis, President, Pritzker Traubert Family Foundation
Mr. Robert Rivkin
The Honorable Lisa Monaco, Assistant to the President for Homeland Security &
Counterterrorism, National Security Council
Dr. Anthony Monaco
Mr. James Montgomery, Sr., Principal, James D. Montgomery & Associates
Ms. Pauline Montgomery
Mr. Phil Munger, Analyst
Ms. Georgia Travers
The Honorable Shailagh Murray, Assistant to the President & Senior Advisor, The
White House
Mr. Neil King
The Honorable Cecilia Muñoz, Assistant to the President & Director of the Domestic
Policy Council, The White House
Mr. Amit A. Pandya
Ms. Giuseppina Nicolini, Mayor of Lampedusa Sicily, Guest of the Prime Minister of
the Republic of Italy

The Honorable Victoria Nuland, Assistant Secretary of State for European & Eurasian
Affairs, U.S. Department of State
Mr. Robert Kagan

Mr. Frank Ocean, Singer & Songwriter
Ms. Katonya Breaux

Mr. Eric Ortner, Producer & Manager, The Ortner Group
Mr. Chuck B. Ortner
Ms. Casey Owens, Senior Brand Manager, Starbucks Corporation
Mr. Christopher Castello

Mr. Clarence Page, The Chicago Tribune
Ms. Lisa Page

Ms. Carrin Patman, Attorney, Brocwell and Giuliani LLP
Mr. Jim Derrick, Jr.

Mr. Art Peck, Chief Executive Officer, The Gap Inc.
Ms. Kirsten Peck

The Honorable Bill Peduto, Mayor of Pittsburgh, Pennsylvania
Mr. Frank Peduto

The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives
Mr. Paul Pelosi

Ms. Denielle Pemberton-Heard, Business Affairs Attorney, Public Broadcasting Company
Mr. Greg Heard

The Honorable Tom Perez, Secretary of Labor, U.S. Department of Labor
Ms. Ann Marie Staudenmaier

Mr. Andrew Peterson, Special Olympic Athlete for the United States
Mr. Craig Peterson

The Honorable John Phillips, U.S. Ambassador to the Italian Republic & the Republic of San Marino, U.S. Department of State
Ms. Linda Douglass

Mr. Diego Piacentini, Government Commissioner for the Digital Agenda, Delegation of the Republic of Italy

Mr. Sundar Pichai, Chief Executive Officer, Google Inc.
Ms. Anjali Pichai

Mr. Bill Plante, CBS
Ms. Robin Smith

Mr. Michael Polsky, President & Chief Executive Officer, Invenergy LLC
Ms. Tanya Polsky

The Honorable Stephen Pomper, Special Assistant to the President & Senior Director for Multilateral Affairs & Human Rights, National Security Council
Ms. Karen Manning

Ms. Ai-jen Poo, Director, National Domestic Workers Alliance

Ms. Ting Poo

The Honorable Samantha Power, U.S. Ambassador to the United Nations

Professor Cass Sunstein

Mr. Richard Price, Chief Executive Officer, Mesirow Financial

Ms. Eva Tyree

Mr. Matthew Pritzker, Chief Executive Officer, The Matthew Pritzker Company

Ms. Cristina Curcio

The Honorable Penny Pritzker, U.S. Secretary of Commerce, U.S. Department of Commerce

Mr. Donald Traubert

Mr. Andrew Prozes, Founder, TAEVAST

Ms. Laura Heery

The Honorable Jennifer Psaki, Assistant to the President & Director of Communications, The White House

Ms. Eileen Medvey

Mr. Carl Ray, Makeup Artist

Ms. Hillary Korutz

Ms. Rachael Ray, The Rachael Ray Show

Mr. John Cusimano

The Honorable Jack Reed, U.S. Senator (Rhode Island)

Ms. Julia Reed

The Honorable Ben Rhodes, Assistant to the President & Deputy National Security Advisor for Strategic Communications & Speechwriting, National Security Council

Ms. Ann Norris

The Honorable Steven Ricchetti, Assistant to the President & Chief of Staff to the Vice President, The White House

Ms. Amy Ricchetti

The Honorable Susan Rice, Assistant to the President & National Security Advisor, National Security Council

Mr. Ian Cameron

The Honorable Anne Richard, Assistant Secretary of State for Population, Refugees, & Migration, U.S. Department of State

Mr. William Davis

Mr. John Rogers, Jr., Chairman, Chief Executive Officer & Chief Investment Officer, Ariel Investments

Ms. Marion Brooks

The Honorable Amy Rosenbaum, Assistant to the President & Director of Legislative Affairs, The White House

Mr. Joshua Lahey
The Honorable Catherine Russell, U.S. Ambassador-at-Large for Global Women's Issue,
U.S. Department of State
Mr. Thomas Donilon

Mr. Haim Saban, Chairman & Chief Executive Officer, Saban Capital Group
Ms. Cheryl Saban
Mr. Jerry Seinfeld, Comedian
Ms. Jessica Seinfeld
The Honorable Peter Selfridge, Chief of Protocol, U.S. Department of State
Ms. Parita Selfridge

Mr. Filippo Sensi, Press Office of the Prime Minister, Delegation of the Republic of Italy
Mr. J Rutherford Seydel, Attorney, Davis Pickren Seydel & Sneed LLP
Ms. Laura Seydel
The Honorable Thomas Shannon, Jr., Under Secretary of State for Political Affairs, U.S.
Department of State
Mr. John Shulman, Founder & Managing Director of Juggernaut Capital Partners
Ms. Alison Shulman

The Honorable David Simas, Assistant to the President & Director of Political Strategy
& Outreach, The White House
Ms. Shauna McCarty
The Honorable MacKenzie Smith, Special Assistant to the President & Director of
Scheduling & Advance for the First Lady, The White House
Ms. Pam Smith

Mr. Mark Smith, The Associated Press
Ms. Mina Smith

Mr. Michael Smith, Interior Designer, Michael S. Smith Inc.
Ms. Katherine Malkin
Mr. Alan Solow, Partner, Resolute Consulting
Ms. Andrea Solow
Mr. Arne Sorenson, President & Chief Executive Officer, J.W. Marriott International
Ms. Ruth Sorenson
Mr. Paolo Sorrentino, Film Director, Guest of the Prime Minister of the Republic of Italy
Ms. Emily Soweck, Letter Writer
Ms. Susan Andrews

Ms. Gwen Stefani, Singer & Songwriter

Mr. Blake Shelton

The Honorable Rick Stengel, Under Secretary of State for Public Diplomacy & Public Affairs, U.S. Department of State

Ms. Mary Stengel

Mr. George Stephanopoulos, ABC

Ms. Alexandra Wentworth

Ms. Margaret Talev, Bloomberg

Mr. Richard Micklethwait

Mr. James Taylor, Singer & Songwriter

Ms. Kim Taylor

The Honorable Tina Tchen, Assistant to the President & Chief of Staff to the First Lady, The White House

Ms. Emma Tchen

The Honorable Caroline Tess, Special Assistant to the President & Senior Director for Legislative Affairs, National Security Council

Mr. Thiago Lourenco Dos Reis

Ambassador David Thorne, Senior Advisor to the Secretary of State, U.S. Department of State

Ms. Rose Thorne

Mr. Chuck Todd, NBC

Ms. Kristian Todd

Mr. Conrad Tribble, Deputy Assistant Secretary of State, U.S. Department of State

Ms. Christina Tribble

Ambassador Raffaele Trombetta, Chief of Cabinet of the Minister of Foreign Affairs and International Cooperation, Delegation of the Republic of Italy

Mr. John Turturro, Actor

Ms. Katherine Borowitz

Mr. Hamdi Ulukaya, Founder & Chief Executive Officer, Chobani LLC

Ms. Louise Vongerichten

His Excellency Armando Varricchio, Ambassador of the Republic of Italy to the United States, Delegation of the Republic of Italy

Ms. Micaela Barbagallo

Ms. Krishanti Vignarajah, Policy Director to the First Lady, The White House

Mr. Collin O'Mara

The Honorable Tom Vilsack, Secretary of Agriculture, U.S. Department of Agriculture

Ms. Christie Vilsack

Ms. Beatrice Vio, Olympic Athlete for Italy, Guest of the Prime Minister of the Republic of Italy

Ms. Teresa Angela Grandis

Mr. Charles Ward III, Architect, June Street Architecture

Mr. Michael Lombardo

The Honorable Constance Williams, Former State Senator (Pennsylvania)

Ms. Elizabeth Williams

Mr. Evan Williams, Founder & Chief Executive Officer, Medium

Ms. Sara Williams

The Honorable Jonathan Winer, Special Envoy for Libya & Senior Advisor for MEK Resettlement, U.S. Department of State

Ms. Libby Lewis

The Honorable Melissa Winter, Deputy Assistant to the President & Senior Advisor to the First Lady, The White House

Mr. Joshua Alkin

Mr. Johnny Wright, Hairstylist

Ms. Jacqueline Tarrant

Mr. Kevin Xu, Chief Executive Officer, MEBO International

Mr. Guoxin Tao

Her Excellency Maria Angela Zappia, Senior Diplomatic Advisor to the Prime Minister, Delegation of the Republic of Italy

The Honorable Jeffrey Zients, Assistant to the President for Economic Policy & Director of the National Economic Council, The White House

Ms. Mary Zients

###

[Unsubscribe](#)

The White House · 1600 Pennsylvania Avenue, NW · Washington DC 20500 · 202-456-1111

RELEASE IN
PART B6

From: Anders Aslund <[REDACTED]>
Sent: Wed, 30 Mar 2016 16:16:47 +0000
To:
Subject: Shokin's Revenge: Ukraine's Odious Prosecutor General Fires Honest Deputy Before Parliament Sacks Him

B6

Dear Friends,

Please find below my comment on the ouster of Ukraine's Prosecutor General Viktor Shokin. The ousters of Sakvarelidze and Kasko might be more significant than the long-overdue retirement of Shokin.

With best regards,

Anders

<http://redirect.state.sbu/?url=http://www.atlanticcouncil.org/blogs/new-atlanticist/shokin-s-revenge-ukraine-s-odious-prosecutor-general-fires-honest-deputy-before-parliament-sacks-him>

MARCH 29, 2016

Shokin's Revenge: Ukraine's Odious Prosecutor General Fires Honest Deputy Before Parliament Sacks Him

BY ANDERS ASLUND

On March 29, the Ukrainian Rada finally approved the resignation of Ukraine's disreputable Prosecutor General Viktor Shokin. He was voted out with an overwhelming majority of 289 votes, including 114 of the 134 deputies of the Poroshenko Bloc. On February 16, Shokin was forced to submit his letter of resignation in connection with the failed vote of no confidence in the government of Prime Minister Arseniy Yatsenyuk.

The amazing thing is not that he was sacked but that it has taken so long. President Petro Poroshenko appointed Shokin to the role in February 2015. From the outset, he stood out by causing great damage even to Ukraine's substandard legal system. Most strikingly,

Shokin failed to prosecute any single prominent member of the Yanukovych regime. Nor did he prosecute anyone in the current government.

Shokin skillfully blocked reform. He was in charge of implementing the 2014 law on prosecution, which the European Union had insisted on for years. It aimed to reduce the role of the prosecutors, who were absurdly superior to judges in the Soviet legal system that persisted in post-Soviet Ukraine. The law also involved a reevaluation of all prosecutors with the intention of weeding out corrupt and incompetent prosecutors. Shokin manipulated the process so successfully that the old prosecutors prevailed and minimal renewal occurred.

For these reasons, Shokin has stood out as the most obvious obstacle to judicial reform. US Ambassador Geoffrey Pyatt called for his ouster in all but name in a [speech last September](#), and Vice President Joe Biden did so explicitly during his visit to Ukraine last December.

To an outsider, it seems strange that Shokin was allowed to do so much damage for so long, but he has clearly enjoyed Poroshenko's full confidence and is even godfather to one of Poroshenko's children.

The reason for the delay became clear today. Minutes before his demise, Shokin sacked Deputy Prosecutor General Davit Sakvarelidze, who has actually fought corruption. Vitaliy Kasko, another young deputy prosecutor general, gave up and resigned in mid-February, understanding that the prosecutor general's office could not be reformed from within. As a consequence, Shokin has cleansed it from young intruders who want to prosecute wrongdoing. First Deputy Prosecutor General Yuriy Sevruck, a reliable old Shokin hand, has become acting prosecutor general.

The ousters of Sakvarelidze and Kasko are more significant than the long-overdue retirement of the 64-year-old Shokin. These two young prosecutors became famous for arresting the top prosecutor in Kyiv after finding vast amounts of cash, gold, and precious stones in his office. Shokin responded by prosecuting them for this and Kasko just had his assets frozen. Shokin has also instigated a case against a leading anticorruption activist in

Kyiv, Vitaliy Shabunin, and the Poroshenko Bloc has expelled two deputies, Mykola Tomenko and Yegor Firsov, from parliament under a controversial law it recently adopted. Their crime was their protests against corruption.

While few will miss Shokin, his belated ouster is unlikely to help the battle against corruption in Ukraine. Instead, a fight against anticorruption activists has been launched. What a sordid story to say the least.

Anders Åslund is a senior fellow at the Atlantic Council and author of "Ukraine: What Went Wrong and How to Fix It."



Anders Åslund | Senior Fellow

1030 15th Street, NW, 12th Floor | Washington, DC 20005

E: | Phone:

Follow me on twitter: @anders_aslund

www.facebook.com/AtlanticCouncil | [@AtlanticCouncil](https://twitter.com/AtlanticCouncil) | www.atlanticcouncil.org

Read my new book: "Ukraine: What Went Wrong and How to Fix It"

B6

From: Yovanovitch, Marie L
Sent: Mon, 12 Dec 2016 07:24:44 +0200
To: [REDACTED] Pfleger,
Gregory W.; Ciaramella, Eric A [REDACTED]
Cc: Kent, George P
Subject: Fw: Kyivpost: Brian Bonner: Poroshenko overreacts to Onyshchenko allegations

RELEASE IN PART
B6

B6
B6

Strong, persuasive.

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Monday, December 12, 2016 6:48 AM
To: Kyiv, Media Alerts
Subject: Kyivpost: Brian Bonner: Poroshenko overreacts to Onyshchenko allegations

Kyivpost

Brian Bonner: Poroshenko overreacts to Onyshchenko allegations

11.12.2016

In American slang, the letter from Atkins & Thomson law firm in London came out of left field — meaning unexpected, odd and strange.

It was a warning not to publish articles containing allegations made by fugitive member of parliament Oleksandr Onyshchenko, who fled Ukraine in July, ahead of being stripped of immunity from prosecution for allegedly stealing \$64 million from a state gas producer.

Why strange?

Let me count the ways.

Firstly, the letter came on Dec. 10, after we had already published two articles — on Dec. 6 and on Dec. 9 — about Onyshchenko's explosive corruption accusations against President Petro Poroshenko and his allies.

Secondly, the letter starts out with "To Whom It May Concern," although it was sent to my work email address. It came from Graham Atkins, a partner in the London firm whose biography says he specializes in "principally suing newspapers and broadcasters for libel or breaches of privacy, or seeking to prevent them publishing such information for his corporate and individual clients."

Thirdly, the Presidential Administration hasn't gotten back to me over the weekend on my question to his spokespeople about whether the law firm actually represents Poroshenko, his parliamentary Bloc of Petro Poroshenko and the government of Ukraine, as the letter claims.

And fourthly, I do not know what law would give the president of a democratic nation — the ultimate public figure who routinely espouses his strong support for free speech — the right to prevent publication of such a story.

But the threat from the letter is clear: “We will sue if required and we will hold responsible any broadcaster and publisher for any republications of these libelous allegations in Europe and worldwide, if necessary and appropriate.”

Let’s assume that the president’s denials of Onyshchenko’s allegations are true — that they are simply fabricated as part of a Russian plot to discredit the president and to politicize legitimate criminal charges against the People’s Will member of parliament who used to be an ally of fugitive ex-President Viktor Yanukovich.

The place to argue the case is in the public domain, with evidence and arguments, not with a threat of lawsuit and censorship. Additionally, I don’t believe it’s possible to libel a president — they deservedly get the toughest scrutiny because of the vast powers they wield, whether the criticism is fair or not.

In America, at least, the standard for proving defamation in libel for public figures is rightfully so high that nobody bothers suing and those who do don’t win. In the Supreme Court’s New York Times vs. Sullivan decision in 1964, the plaintiff would have to show that the news organization acted with actual malice and reckless disregard for the truth.

That does not even remotely apply in this situation. We have no malice for Poroshenko, who Kyiv Post publisher Mohammad Zahoor publicly endorsed for election in 2014. (The Kyiv Post editorial board did not endorse anyone.)

And we don’t know what the truth is in this matter.

But we do know that Onyshchenko, despite the charges against him, is entitled to the presumption of innocence. He has not been convicted in court. He managed to escape or delay justice because of the time-consuming process for removing a member of parliament’s legal immunity from prosecution, which shouldn’t exist in the first place.

Taking to its logical (or illogical) conclusion, Poroshenko and his lawyers are saying that journalists should ignore allegations against the president made by a member of parliament simply because they say the allegations are rubbish or because the Russians might be behind them.

There’s no reason given other than the allegations are false — from their point of view, which we have reported. We have also reported the very legitimate reasons to doubt Onyshchenko’s credibility in making allegations of widespread bribery of members of parliament, looting of state and private companies and abuse of State Fiscal Service to put pressure on taxpayers, among other claims.

I do not know whether the allegations are true, but they are credible in the sense that they are very consistent with what many people have complained about since the Poroshenko administration came to power in 2014.

The other illogical argument, I believe, coming from the president and this law firm is this: If Onyshchenko has absolutely no credibility and his allegations are “completely false” and not supported by any evidence “whatsoever,” then how can he cause “maximum damage” to the reputations of the president or the government of Ukraine?

Truth is found during a public competition for ideas, facts and evidence — not with threats of censorship and lawsuits. I would have thought that Poroshenko, the owner of channel 5 who stood on the right side of Ukraine's last two democratic revolutions, should know better. His response, instead, barely rises above the civility and enlightenment of autocrats. In fact, the presidential sensitivity and overreaction leads one to wonder whether at least some of Onyshchenko's allegations are true.

Sue the Kyiv Post and any other news outlet that reports on Onyshchenko's allegations? I don't think the president has thought that one through in terms of how much such a blunder will harm his reputation and simply give more attention to Onyshchenko's claims.

What I suspect, but don't know, is happening is that Poroshenko wants to show results in fighting corruption. He (and his appointed prosecutor general, Yuriy Lutsenko) are selectively choosing targets that are the most politically expendable and not allies and against whom evidence exists to make criminal charges stick.

However, if Ukraine's corrupt practices are as intertwined as most people think, going after one "bad apple" invites the kind of retribution, mudslinging and accusations that Onyshchenko — as a former insider — is now only too happy to provide now that he's been cast aside by Ukraine's elite.

Adding it all up, it's no wonder that nobody among Ukraine's powerful is in prison today for murder or the multibillion-dollar theft that has impoverished this nation since statehood. Looks like we are heading into a new year where a lot of the rich and powerful will go to jail — or, as usual and more likely, no one does.

<https://www.kyivpost.com/article/opinion/op-ed/brian-bonner-poroshenko-overreacts-onyshchenko-allegations.html>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

*(044) 501 58 41
(097) 479-13-50*



Игорь Коломойский

14 · 🌐

RELEASE IN
FULL

У меня нету никаких комментариев по "национализации Приватбанка". А что комментировать? Программу докапитализации мы исполнили полностью. Никаких ЗАКОННЫХ оснований для национализации нету и быть не может. Но конечно же у власть имущих есть огромное желание. И не для выполнения каких-то требований МВФ, а чтобы урвать еще себе пару миллиардов за счет 20 миллионов вкладчиков.

Комментариев у меня нет, но есть неофициальное обращение к Гонтаревой. Валерия, вы помните судью Чауса? Тот, кто издевался над Корбаном, правосудием и здравым смыслом. И думал, что безнаказанный за всемогущей президентской крышей. Знаете, где он сейчас? Вот и я не знаю. Исчез, пропал. Прячется наверное. В лучшем случае. У нас в стране взятки берут почти все судьи, а поймали именно Чауса. Странное совпадение, не находите?

Думайте, Валерия Алексеевна, думайте прежде чем совершать противоправные действия.

From:
Sent: Fri, 25 Nov 2016 14:27:12 +0200
To: Kyiv, Sitrep
Subject: Ukraine Daily Update: November 25, 2016

**RELEASE IN PART
B6**

B6

Ukraine Daily Update – November 25, 2016

*****This is an unclassified product; some information may be unconfirmed.*****

Political Developments

- President Petro Poroshenko participated in the 18th Ukraine-EU Summit on November 24, where officials discussed reforms, visa liberalization, the Association Agreement, trade cooperation, and the situation in eastern Ukraine and Crimea. During the summit, Poroshenko, European Council President Donald Tusk, and European Commission (EC) President Jean-Claude Juncker signed a series of agreements on bilateral cooperation. Tusk announced that as Ukraine has met the relevant standards for visa liberalization, EU officials will discuss how to best implement a visa-free regime in the coming weeks.
- Former President Viktor Yanukovich's testimony is expected today via video conference at in Kyiv's Svyatoshyn District Court at 13:00 Kyiv time.
- The Trilateral Contact Group met in Minsk on November 23 to discuss the situation in eastern Ukraine with no significant progress reported. The sides discussed detainees, disengagement, and other humanitarian issues.
- Kyiv's Mykolaiv Central District Court upheld a motion to deny Alexander Baranov and Maxim Odyntsov bail. The two servicemen are suspected of desertion (Part 1, Article 408 of the Ukrainian Criminal Code) and high treason (Part 1, Article 111 of the Ukrainian Criminal Code) for joining the Russian military after the occupation of Crimea.
- In a FSB press service announcement, the Russian Federal Security Service of Russia announced the arrest of Leonid Parkhomenko, a retired Black Sea Fleet worker, on November 22 in Sevastopol, Crimea for allegedly working for the Ukrainian Ministry of Defense's Intelligence Department and passing state secrets.
- The Opposition Bloc (OB) has demanded the dismissal of Culture Minister Yevhen Nishchuk over his statement on November 22 on the ICTV talk show, "Svoboda Slova" (Freedom of Speech). On the talk show, Nishchuk stated "...when we speak about genetics in Zaporizhia, in Donbas, these are imported cities. There are no genetics there - they are deliberately imported." The OB responded to Nishchuk's statement on their website saying, "These words are a direct insult to millions of Ukrainian citizens, who are effectively regarded as 'second-grade', insinuating that they are a foreign element, an obstacle in the path of Ukrainization, accused of reluctance to assimilate and abandon their native language, culture, traditions, faith." In response to criticism, Nishchuk apologized and stated that the story is the work of Russian propaganda and disinformation.

- On November 23, President Petro Poroshenko met with Israeli Speaker of the Knesset Yuli-Yoel Edelstein to discuss political and economic cooperation. Poroshenko informed Edelstein that he signed a law ratifying the agreement between the Cabinet of Ministers and Israel to allow the temporary employment of thousands of Ukrainian specialists in Israel. Poroshenko also thanked Israel for supporting the recent UNGA resolution on human rights in Russian-occupied Crimea.
- In Hungary on November 24, PM Volodymyr Groysman signed a framework agreement on financial cooperation and infrastructure coordination for bridge maintenance and the development of checkpoints along the mutual border. Groysman met with Hungarian PM Viktor Orban to discuss increasing gas imports. In the evening on Facebook, Groysman relayed that Orban has announced the abolition of Hungarian visa fees for Ukrainians.
- Defense Minister Stepan Poltorak met with Chief of General Staff of the Armed Forces of the United Arab Emirates Lt. General Hamad Mohammed Thani Al Rumaithi on November 24 to discuss the situation in eastern Ukraine, military, and medical bilateral cooperation.
- Khasier Jemilev, son of the Head of the Crimean Tatar Mejlis Mustafa Jemilev, was granted early release from a Russian prison on November 25. Jemilev was convicted in 2013 for manslaughter and weapons possession.

Economic Developments

- **PrivatBank Eurobonds Falling amid Nationalization Rumors:** [Privatbank's](#) Eurobonds maturing in January and February 2018 have fallen by 15.242 percentage points and 13.754 respectively since November 17 amid rumors that the bank could be nationalized. In the an epravda article on the trend Concord Capital's Analysis Department Head Alexander Parashchiiy noted that "According to the memorandum of cooperation between Ukraine and the IMF, if the bank is nationalized, its Eurobond holders will have to agree to forced conversion or restructuring of debt (bail-in)..."
- **Court Restores Bank Licenses:** A Ukrainian court restored licenses of Veles and Union banks which had been closed by the NBU because of fraudulent activities. NBU Governor Hontareva expressed frustration over the decision "This year, the courts have failed to impress, well, really. I can tell you that it can be called the return of the zombies," she said.
- **President Signs Law on the Energy Regulator:** President Poroshenko signed the Law on the Energy Regulator on November 23 which will create an independent energy regulatory commission. The passage of the law is a requirement for EU assistance to Ukraine and an integral part of further energy reforms. The Rada passed the legislation on September 22.
- **Poroshenko Reiterates Ukraine's Hope to be the Main Russian Gas Transit Country:** Following the EU-Ukraine summit in Brussels on November 24, Poroshenko said that Ukraine should continue to play a key role in gas shipments to the European Union. During a press conference Poroshenko stated that "We reaffirmed our joint position that Ukraine is a reliable EU partner

on gas transit issues, we should further retain the key role in Russian gas transportation to European consumers." He went on to say that Ukraine has gone an entire year without purchasing gas from Russia directly. "The attempt to bring Ukraine to its knees by energy blackmail has failed," Poroshenko said.

- **Currency Rates:** NBU's official exchange rate averaged UAH 25.59/\$1. Interbank market exchange averaged UAH 25.27/\$1.

Military and Security Developments (*According to ATO Spokesperson for the Ministry of Defense COL Andrii Lysenko, unless otherwise noted.*)

- **Ukrainian combat losses over the past 24 hours:** two KIA (Opytne and Maryinka), zero WIA.
- **Luhansk sector:** Ten attacks (two heavy). Militants used SALW and armed vehicles. Mortars were fired in Krymske. Ceasefire violations by the militants occurred in Valuyske and in Popasna district.
- **Mariupol sector:** 16 attacks (ten heavy). Krasnohorivka saw the most powerful attacks by RLSF. Attacks also occurred in Maryinka district, Novohryhorivka, and near the Azov Sea. Militants violated ceasefire in Novotroitske and Starohnativka.
- **Donetsk sector:** Two attacks. RLSF fired in Avdiivka and sniper was active in Opytne.
- On Facebook, spokeswoman for the Ukrainian envoy to the Trilateral Contact Group (TCG) Darka Oliifer posted a statement saying that Luhansk separatist representatives have not been attending meetings to sign documents needed to supply water in Luhansk. Additionally, the representatives have stopped responding to telephone calls and have not picked up the electronic keys to the water meters. According to Ukrainian Deputy Minister Heorhiy Tuka, water is only supplied to residents in separatist-controlled areas of Luhansk oblast for three hours every other day. Previously, Tuka had announced that Ukraine would have no alternative but to cut off water supplies after December 1 should the separatists not pay their bill. Embassy comment: The water filtration plant that supplies water to both sides of the LOC in Luhansk is not able to pay its electricity bill due to nonpayment by the separatists. It is actually the electricity company (privately-owned) that will shut down the water distribution system by cutting off its electricity rather than the Government of Ukraine. End Comment.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/11/25-11_eng.jpg

Note: As of 14:30 Kyiv time, today's map is not yet online. Find yesterday's map below.



Ukrainian General Staff casualty statistics as of November 3, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS periodically provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- Since the ATO began: 3,040 killed; 10,656 injured
- Since the February 15, 2015 "ceasefire": 617 killed; 2,904 injured

UN OHCHR conservatively estimates that **combined civilian, military, and paramilitary casualties** consist of at least:

- **9,640 people killed** (including flight MH-17's 298 passengers) and **22,431 wounded or injured**. (Source: UN Human Rights Monitoring Mission in Ukraine Head Fiona Frazier; **September 15, 2016** – *may not reflect actual total number of casualties.*)
- The UN believes **20% of all casualties are civilian**.

If you would like to be added to or removed from this product's distribution, please email

at

B6

This email is UNCLASSIFIED.

From:
 Sent: Tue, 29 Nov 2016 13:52:46 +0200
 To: Kyiv, Sitrep
 Subject: Ukraine Daily Update: November 29, 2016

B6

 RELEASE IN PART
 B6

Ukraine Daily Update – November 29, 2016

This is an unclassified product; some information may be unconfirmed.

Political Developments

- The **Normandy Quartet Foreign Ministers are meeting in Minsk today**. The sides are expected to discuss a roadmap for implementing the Minsk agreements to resolve the conflict in eastern Ukraine, disengagement including at Stanytsia-Luhanska, opening the Zolote crossing point in Luhansk, as well as other humanitarian issues.
- Following **ex-President Viktor Yanukovich's video testimony on November 28**, Prosecutor General Yuriy Lutsenko accused Yanukovich of state treason for assisting Russia in violating Ukraine's sovereignty, under Articles 100 and 111 of Ukraine's Criminal Code. Lutsenko served the indictment to Yanukovich's lawyer, Ihor Fedorenko, as Yanukovich is still in Russia. During the hearing for the five ex-Berkut suspects, Yanukovich stated that he did not issue an order for law enforcement to use force on the 2013-2014 Maidan protestors. Oleksiy Donskoy, Head of the Department for Special Investigations at the PGO, announced that prosecutors have evidence that Yanukovich provided false testimony.
- Kyiv's Sviatoshynsky District Court has **postponed former-Commander of the Interior Troops Stanislav Shuliak's video testimony** on the mass killings that occurred during the Maidan.
- Ukrainian journalist **Roman Sushchenko** who was detained in Moscow in early October has been **charged with espionage** in a closed-door court. Moscow's Lefortovo Court has prolonged his arrest until January 30, 2017 at the request of the investigator.
- **President Petro Poroshenko met with Swedish Minister of Foreign Affairs Margot Wallström** on November 28 to discuss implementing support from Swedish partners in the modernization of Ukraine. They also reportedly discussed sanctions, the European Council session planned for December 15-16, visa liberalization, and the Association Agreement.
- On November 28, Deputy Justice Minister **Anton Yanchuk was selected as Chairman of the National Agency of Ukraine** for detection, investigation, and management of assets derived from corruption and other crimes. He has been Deputy Justice Minister since January 21, 2015.

Economic Developments

- **Reserves Decrease:** Ukraine's foreign exchange reserves fell to \$15.2 billion in November from \$15.5 billion at the end of October, NBU President Hontareva told bank executives. Hontareva

said that Ukraine was unlikely to meet its year-end reserve target of \$17.5 billion without a fourth IMF tranche. She also told bankers Ukraine's 2017 external debt obligations are \$2.6 billion.

- **Groysman, EBRD President Discuss Privatization:** Prime Minister Volodymyr Groysman and President of the European Bank for Reconstruction and Development (EBRD) Suma Chakrabarti discussed joint efforts to privatize state-owned enterprises in Ukraine November 28. In particular, the two sides discussed the Odesa Portside Plant and agreed on the need for further cooperation.
- **UZ Loan:** The European Investment Bank approved a €150 million loan to state-owned railway UZ for modernization of 250 km of railway.
- **Currency Rates:** NBU's official exchange rate averaged UAH 25.65/\$1. Interbank market exchange averaged UAH 25.56/\$1.

Military and Security Developments (*According to ATO Spokesperson for the Ministry of Defense COL Andrii Lysenko, unless otherwise noted.*)

- **Ukrainian combat losses over the past 24 hours:** zero KIA, five WIA.
- **Luhansk sector:** 11 attacks (four heavy). One ceasefire violation in Stanytsia Luhanska, several attacks in Popasna district, and numerous mortar attacks in Krymske.
- **Mariupol sector:** 22 attacks (four heavy) in traditional hotspots in Maryinka and the nearby seaside area. Mortars and armored vehicles were in Krasnohorivka and Shyrokyne.
- **Donetsk sector:** Five attacks (three heavy). RLSF were active in Avdiivka and Luhanske. RLSF fired SALW, armored vehicles, and mortars.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/11/29-11_eng.jpg



Ukrainian General Staff casualty statistics as of November 3, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS periodically provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- **Since the ATO began:** 3,040 killed; 10,656 injured
- **Since the February 15, 2015 “ceasefire”:** 617 killed; 2,904 injured

UN OHCHR conservatively estimates that **combined civilian, military, and paramilitary casualties** consist of at least:

- **9,640 people killed** (including flight MH-17’s 298 passengers) and **22,431 wounded or injured**. (Source: UN Human Rights Monitoring Mission in Ukraine Head Fiona Frazier; **September 15, 2016** – *may not reflect actual total number of casualties.*)
- The UN believes **20% of all casualties are civilian**.

If you would like to be added to or removed from this product’s distribution, please email at

B6

Official
UNCLASSIFIED

RELEASE IN FULL

From: Kavalec, Kathleen A
Sent: Tue, 1 Nov 2016 15:49:41 -0400
To: Nuland, Victoria J
Subject: FW: United Russia: Party of Crooks and Thieves, and Then Some

Here is the link to the English version

SBU
This email is UNCLASSIFIED.

From: AC Eurasia Center [mailto:eurasiaevents@atlanticcouncil.org]
Sent: Tuesday, November 01, 2016 3:13 PM
To: Kavalec, Kathleen A
Subject: United Russia: Party of Crooks and Thieves, and Then Some

To view this email as a web page, go [here](#).



United Russia: Party of Crooks and Thieves, and Then Some

Ilya Yashin //  [@IlyaYashin](#)



Only KGB Generals Stand between Putin and Absolute Power

Anders Åslund //  [@anders_aslund](#)



Why Is Ukraine's Political Class Trying to Roll Back Reforms?

Josh Cohen [Read More](#)



Recommended Reads

- [Ukraine's Women Are Kicking Ass and Taking Names](#) via *Foreign Policy's Democracy Lab*
- [Breaking Down the Surkov Leaks](#) via *Medium*
- [Ukrainian Top Officials' Wealth Exposed in E-Declarations](#) via *Kyiv Post*
- [A Step Toward Greater Transparency in Ukraine](#) via *Carnegie Europe*
- ['Hope Is Not Enough': Ukrainian University Students Prepare for War](#) via *The Daily Signal*
- [How Syria Catapulted Russia from Mideast Pawn to Power Broker](#) via *Real Clear Politics*
- [Ihor Kolomoisky: Still Throwing His Weight Around](#) via *Kyiv Post*
- [Back in Russia, Savchenko Supports Jailed Ukrainians at Supreme Court](#) via *RFE/RL*
- [Spooked by Russia, Tiny Estonia Trains a Nation of Insurgents](#) via *The New York Times*



Visit the [Ukraine in Europe Initiative](#).

Subscribe to the [UkraineAlert Newsletter](#).



© 2016 Atlantic Council
All rights reserved.

This email was sent to: kavalecka@state.gov



This email was sent by: Atlantic Council
1030 15th Street, NW, 12th Floor Washington, DC 20005 US

We respect your right to privacy - [view our policy](#)

[Manage Subscriptions](#) | [Update Profile](#) | [One-Click Unsubscribe](#)

RELEASE IN PART B6

From:
Sent: Thu, 3 Nov 2016 13:18:33 +0200
To: Kyiv, Sitrep
Subject: Ukraine Daily Update: November 3, 2016

B6

Ukraine Daily Update – November 3, 2016*****This is an unclassified product; some information may be unconfirmed.*******Political Developments**

- At the Russian Embassy in Kyiv, on November 2, protesters rallied in support of illegally detained journalists held in Russia.
- Ukrainian Prosecutor General Yuriy Lutsenko stated that five MPs who did not submit e-declarations in time can face 150-240 hours of community service or a two-year prison sentence if they do not submit them imminently. The MPs are Viacheslav Bohuslayev (People's Will), Anatoliy Hirschfeld (People's Will), Maria Matios (Bloc Petro Poroshenko), Ihor Shkir (Vidrodzhennya), and Yuriy Shukhevych (Radical Party). (Note: The list does not include Serhiy Kliuyev (independent) and Oleksandr Onyschenko (People's Will), both of whom had already fled Ukraine in the face of corruption charges).
- According to the Ukrainian law "On Preventing Corruption," SBU employees' e-declarations cannot be made public. The National Agency on Corruption Prevention (NACP) will still review SBU declarations in accordance with legal procedures.
- On November 2, the Rada ratified bill No. 0110 with 236 votes, stipulating cooperation between the Armed Forces of Ukraine and the Armed forces of the United Kingdom through consultations, exercises, official visits, and military training.
- President Petro Poroshenko spoke with Kyrgyz President Almazbek Atambayev to discuss bilateral relations and alternative transport routes for the supply of Ukrainian exports to the Kyrgyz Republic that have been hindered by Russian sanctions.
- The Canadian Minister of Employment, Workforce Development, and Labour MaryAnn Mihyshuk announced that Canada is sending ten ambulances to Ukrainian medical establishments.

Economic Developments

- **Asset Declarations Reveal Diversified Bank Accounts for Prominent Ukrainians:** Business.ua [analyzed](#) declarations of Ministerial and National Bank officials and found that while Privatbank was the most popular holder of their deposits, which are primarily dollar-denominated, large holdings tended to be at less-popular banks. President Poroshenko declared the largest accounts in dollars (\$26.1 million), at International Invest Bank, and SFS chair Roman Nasirov had the largest hryvnia-denominated account (UAH 4.6 million), held at Boguslav bank.

- **Ukraine to Hold Consultations in WTO on Transit Restrictions Imposed By Russia:** Trade Representative Natalia Mykolska said that on November 10, Ukraine will hold consultations regarding Russia's restrictions on transit to Central Asian countries within the framework of the World Trade Organization.
- **Russia Bans Salt Supply From Ukraine:** As of November 1, Russia has prohibited salt imports, including table and denatured salt from the countries that imposed sanctions against Russia, according to TASS agency. This ban will affect a total of 26 countries, that imported salt in January-August 2016, which amounted to 424.3 thousand tons, or 40.2% of total shipments," reads the statement.
- **Ukraine-Indonesia to Expand Commercial Military-technical Cooperation:** UkrOboronProm and representatives of the Armed Forces of Indonesia met November 2 to negotiate an agreement on further cooperation and sales of Ukrainian radar systems, guided air-to-air missiles, as well as new Ukrainian military transport aircraft.
- **Currency Rates:** NBU's official exchange rate is UAH 25.6/\$1. Exchange averaged UAH 25.55/\$1 at the interbank market.

Military and Security Developments (*According to ATO Spokesperson for the Ministry of Defense COL Oleksandr Motuzyanyk, unless otherwise noted.*)

- **Ukrainian combat losses over the past 24 hours:** zero KIA, one WIA (Avdiivka).
- **Luhansk sector:** Escalation in the sector – 12 attacks (eight heavy). RLSF shelled Krymske with mortars, 122mm howitzers and MLRS GRADs (30 rockets). 4-hour-long attack on Stanytsya Luhanska with SALW and mortars, firefight with RLSF sabotage group near Novozvanivka.
- **Mariupol sector:** 26 attacks (12 heavy). Hybrid forces attacked UAF positions along the entire LoC in the sector, using armored vehicles, mortars and cannon artillery.
- **Donetsk sector:** Eight attacks (five heavy). Most of RLSF shelling continues to concentrate around Avdiivka Industrial Park. Powerful shelling in Troitske and Novhorodske.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/11/03-11_eng.jpg



Ukrainian General Staff casualty statistics as of September 14, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS periodically provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- Since the ATO began: 2,977 killed; 10,454 injured
- Since the February 15, 2015 “ceasefire”: 553 killed; 2,686 injured

UN OHCHR conservatively estimates that **combined civilian, military, and paramilitary casualties** consist of at least:

- **9,640 people killed** (including flight MH-17's 298 passengers) and **22,431 wounded or injured**. (Source: UN Human Rights Monitoring Mission in Ukraine Head Fiona Frazier; **September 15, 2016** – *may not reflect actual total number of casualties.*)
- The UN believes **20% of all casualties are civilian**.

If you would like to be added to or removed from this product's distribution, please email

at .

B6

This email is UNCLASSIFIED.

From:
Sent: Thu, 3 Nov 2016 07:10:21 -0400
To: EUR-DPC-DL
Subject: EUR Press Clips

RELEASE IN PART B6

B6

Europe & Eurasia

- [Comey Was Concerned Publicly Blaming Russia For Hacks Of Democrats Could Appear Too Political In Runup To Elections \(WP\)](#)
- [Malta Says No EU Pressure To Refuse Russian Tanker Refueling \(AP\)](#)
- [Norwegian PM Voices Regional Fears About Russian Forces \(AP\)](#)
- [Russian Military Buildup Has Continued Despite Faltering Economy \(MCT\)](#)
- [Amnesty International Locked Out Of Moscow Office \(WP\)](#)
- [Amnesty International: Moscow Office Sealed Off By Officials \(AP\)](#)
- [Official: Fourth-Largest City In Russia Has HIV Epidemic \(AP\)](#)
- [Moldova: Pro-Russian Candidate Leads Ahead Of Runoff \(AP\)](#)
- [Turkey Fires Over 1,000 Soldiers, Detains University Staff \(AP\)](#)
- [May Warned Brexit Talks Might Get Vicious As Court Ruling Looms \(BLOOM\)](#)
- [France Moves Over 1,600 Child Migrants Out Of Calais \(AP\)](#)
- [Last "Jungle" Children Bussed To Shelters Around France \(AFP\)](#)
- [The Latest: Germany Approves Extra \\$2.9 Billion For Migrants \(AP\)](#)
- [Turkish Cypriot Leader Urges Realism For Peace Talks \(AFP\)](#)
- [More Than 22,000 In Shelters After Italy Quakes \(AP\)](#)
- [Italy Quake Hits Regional Economy Built On Small Producers \(AP\)](#)
- [France Closes 4 Mosques For Promoting "Radical Ideology" \(AP\)](#)

Secretary of State

- [Russia's Foreign Minister: US Can't Solve World Crises Alone \(AP\)](#)

Editorials & Op-Eds

- [You Don't Need A No-Fly Zone To Pressure Russia In Syria \(NYT\)](#)
- [Obama Knocks Comey \(WSJ\)](#)
- [Venezuela Is Holding Our Son Hostage, And The US Doesn't Seem To Care \(WP\)](#)
- [A Stronger Court For Crimes Against Humanity \(NYT\)](#)
- [China's New Jets Are Impressive. But Are They For Real? \(BLV\)](#)
- [Saudi Society Dips A Toe Into The 21st Century \(WSJ\)](#)
- [Why Deutsche Bank's Troubles Should Worry Us \(WP\)](#)
- [India's Deadly Smog \(BLV\)](#)

State Department

- [Hacked Emails Show Clinton Campaign Communicated With State \(AP\)](#)
- [WikiLeaks Email Shows Justice Official Alerting Clinton Team To House Hearing \(USAT\)](#)
- [Justice Official Said To Alert Clinton Aide In E-Mail Probe \(BLOOMPOL\)](#)
- [Justice Department Official Tipped Off Clinton Campaign About Email Probe \(WT\)](#)
- [Obama Criticizes FBI's Handling Of Clinton Email Probe \(WSJ\)](#)

- [Obama On FBI: "We Don't Operate On Innuendo" \(WP\)](#)
- [Obama Faults FBI On Emails, Citing "Incomplete Information" \(NYT\)](#)
- [Defending Clinton, Obama Draws Contrast With FBI's Comey \(AP\)](#)
- [Obama Critical Of FBI 'Leaks' And 'Innuendo' In Clinton Investigation \(USAT\)](#)
- [Obama Condemns FBI For Announcing Investigation So Close To The Presidential Election \(LAT\)](#)
- [Obama Rips FBI Director Over Clinton Email Probe: 'We Don't Operate On Leaks' \(WT\)](#)
- [Senior FBI Officials Were Told Of New Emails In Early October But Wanted More Information Before Renewing Clinton Probe \(WP\)](#)
- [Schumer Says He Lost Confidence In FBI's Comey Over E-Mail Probe \(BLOOMPOL\)](#)

Global Issues

- [Germany Hits Delay With Climate-Change Plan Ahead Of U.N. Meeting In Marrakesh \(WSJ\)](#)

ISIL

- [Iraqi Forces Consolidate Their Gains In Eastern Mosul \(AP\)](#)
- [Iraqi Forces Show New Face In Mosul \(WSJ\)](#)
- [Iraqis' Mosul Advance Pauses As Hundreds Flee An Escalating Fight \(LAT\)](#)
- [Iraqi Troops Pause Mosul Assault To Clear Territory, Reinforce Lines \(WT\)](#)
- [US Monitors: IS Group Leader Rallies His Fighters In Mosul \(AP\)](#)
- [ISIL Leader Rallies Militants In Mosul, Reports Say \(USAT\)](#)
- [IS Leader Baghdadi In Audio Message Says No Mosul Retreat \(AFP\)](#)
- [The Latest: UN Alarmed At Islamic State Using Human Shields \(AP\)](#)
- [Aid Workers "Brace For Worst" From Mosul Battle \(AFP\)](#)
- [Mosul Neighbors Wake Up To A Day Without ISIS, But A Long Path To Peace \(NYT\)](#)
- [Shiite Militias Have Joined The Battle To Push Islamic State From Mosul. But Can They Be Kept Under Control? \(LAT\)](#)
- [Russia Says Aleppo Airstrikes To Be Paused Friday To Allow People Out \(WSJ\)](#)
- [Putin Offers New Pause, Exits For Syrian's Besieged Aleppo \(AP\)](#)
- [Russia Extends Aleppo Cease-Fire And Urges Rebels To Leave \(NYT\)](#)
- [The Latest: Syria Rebels Dismiss Putin's Aleppo Initiatives \(AP\)](#)
- [Russia Portrays Its Aleppo Bombing As A Mosul-style Offensive \(LAT\)](#)
- [Pentagon Says Airstrike In Syria Killed An Al-Qaida Leader \(AP\)](#)
- [Obama's Syrian Refugee Surge Stalls \(WT\)](#)
- [What A Syrian PR Trip Says About Bashar Al-Assad's Thinking \(WP\)](#)
- [Belgian Immigration Chief Fined For Refusing Aleppo Visas \(AP\)](#)
- [Germany: Man Arrested In Berlin For Alleged Terror Ties \(AP\)](#)
- [Swiss Police Raid Mosque In Northern City; 8 Detained \(AP\)](#)
- [Two "Foreign Fighters" Arrested In Australia \(AFP\)](#)
- [In Germany, Refugees Provide Terror Tipoffs But Investigations Prove Tricky \(WSJ\)](#)

Near East & North Africa

- [US, Europe At Odds Over Revolutionary Guard-Backed Airline \(AP\)](#)

- [Europe Snubs U.S., Continues Supporting Iranian Airline Backed By Revolutionary Guard \(WT\)](#)
- [Iran's Supreme Leader Criticizes US Presidential Candidates \(AP\)](#)
- [Trump And Clinton Are "Catastrophic," Says Iran's Supreme Leader \(WP\)](#)
- ["Serial Human Rights Abuser" In Iran To Get 135 Lashes In Graft Case \(NYT\)](#)
- [Proposed UN Resolution Demands Yemen Cease-fire And Talks \(AP\)](#)
- [Israel Advances Construction Of 181 Homes In East Jerusalem \(AP\)](#)
- [Netanyahu Criticizes American Jewish Leaders Over Western Wall Protest \(NYT\)](#)
- [In Israel, A Revived Lapid Emerges As Threat To Netanyahu \(AP\)](#)
- [In Muhammad Dahlan's Ascent, A Proxy Battle For Legitimacy \(NYT\)](#)
- [Israel Jails Palestinian Minor For Life For Murder \(AFP\)](#)
- [Prominent Egyptian Rights Lawyer Banned From Travel \(AP\)](#)
- [Egypt Devalues Its Currency, Meeting Key IMF Demand \(AP\)](#)
- [Egypt Free Floats Pound, Raises Lending Rates To Spur Economy \(BLOOM\)](#)
- [Egypt Central Bank Says To Float Currency \(AFP\)](#)
- [Canada's Top Diplomat To Press Saudis On Jailed Blogger \(AFP\)](#)

USEU Newswire Highlights November 3, 2016

[Malmstrom refuses to drop TTIP, Fekl criticises the US attitude](#)
[Trade: Fekl criticises 'neo-liberal' dogmas driving EU trade policy](#)
[EU-U.S. personal data pact faces second legal challenge from privacy groups](#)
[Article 29 group welcomes transatlantic umbrella agreement on data protection](#)
[Euro zone should reform to maintain ECB-driven upswing-German experts](#)
[EMU: Regling says eurozone does not need full fiscal union](#)
[MEPs seek to water down EU bank deposit guarantee plan](#)
[Lisbon dreams of 'Europe's Silicon Valley' tag](#)
[Digital: Internet freedom campaigners oppose copyright proposal](#)
[Gazprom sceptical on EU role in Ukraine row, Opal gas pipeline access](#)
[Climate: Ahead of COP 22, UNICEF says 300 million children breathe polluted air](#)
[Energy: Miguel Arias Cañete presents outlines of next Winter Package](#)
[Renewables could lose European power grid priority, documents reveal](#)
[British court rules government failing to tackle air pollution](#)
[Agriculture: Study for Parliament recommends restructure of direct payments after 2020](#)
[Food Safety: Shortcomings in Hungarian import control system](#)
[Best outcome of Brexit talks is to avert it - German experts](#)
[London High Court to deliver verdict on EU exit case on Thursday](#)
[Brexit will test UK's institutions to the limit, warn leading academics](#)
[Brexit could overwhelm UK politicians: report](#)
[72% of UK bankers think London will keep 'financial centre status' post-Brexit](#)
[Aligning UK bank rules with EU is best after Brexit - think tank](#)
[UK fintech finds EU barriers emerging after Brexit vote](#)
[Brexit kills Irish mushrooms](#)
[Georgieva resigned from the Commission at very short notice](#)
[Günther Oettinger: 'There is nothing to apologize for'](#)

'There is no scandal': Oettinger refuses to apologise for 'slitty eyes' speech
Two years after their work ended, Commissioners still get paid
Ukraine to investigate officials with over \$100,000 in cash
Russia shuts down Amnesty International
Germany backs €2.5 billion extra to house refugees
Alarm over effectiveness of EU-Turkey refugee deal grows in Brussels
Assad denies responsibility for Syrian war
US, Europe at odds over Revolutionary Guard-backed airline
China and Russia express concerns at WTO regarding EU anti-dumping investigations into steel
Women: Europe issues statement on Equal Pay Day
EU urged to strengthen youth guarantee scheme

Malmstrom refuses to drop TTIP, Fekl criticises the US attitude

Brussels, 02/11/2016 (Agence Europe) – On Saturday 29 October, Trade Commissioner Cecilia Malmström said she had faith in the ongoing talks over an EU-United States free-trade deal (TTIP) despite the two sides' failure to reach agreement before the end of Obama administration in January 2017, due in particular to persistent disagreement over market access. After a ceremony marking Belgium's signing of the EU-Canada free-trade agreement (CETA) on Sunday 30 October (see EUROPE 11658) paving the way for the EU to sign CETA, Malmström said TTIP was not dead, but neither was it an agreement. In an interview with TV5 Monde on Monday, French Foreign Minister Matthias Fekl again criticised the lack of transparency and reciprocity in the TTIP talks. The talks are due to resume on a new basis under the next US administration, said Fekl, with the precondition that there cannot be any negotiations while the United States applies its laws unilaterally, punishing foreign companies for lack of knowledge about US law. In an interview with radio station France Inter on Wednesday 2 November, Fekl reiterated his opposition to the current TTIP negotiating process, criticising the way French agriculture was being scorned in the talks.

Trade: Fekl criticises 'neo-liberal' dogmas driving EU trade policy

02/11/2016 (Agence Europe) – On Wednesday 2 November, French Secretary of State for Trade Matthias Fekl called on national parliaments to be involved from the beginning of the free-trade talks between the EU and third countries. Speaking on France Inter radio, following the signing of the EU-Canada free-trade agreement (CETA), Fekl stated: "After 30 years of neoliberal deregulation, there is a need for a return to democracy and public authority in international economic negotiations". He called for an "overhaul" of the EU's trade policy in order to "involve parliaments at the beginning of the process... so that they are not left with a fait accompli at the end of the process". He asserted that "whatever Europe gives, it must receive in return. It has naïvely applied neoliberal dogmas for too long". He also urged "the return of public authority and the return of rules within globalisation". (EH)

EU-U.S. personal data pact faces second legal challenge from privacy groups

BRUSSELS, Nov 2 (Reuters) - A new EU-U.S. pact governing the transfer of personal data faces a second legal challenge, putting the details of the deal which underpins billions of dollars of transatlantic trade in digital services under further scrutiny. French privacy advocacy group La Quadrature du Net, non-profit Internet service provider French Data Network and its Federation FDN industry association have now challenged the adoption of the Privacy Shield pact by the European Commission at the Luxembourg-based General Court, following in the steps of Irish group Digital Rights Ireland. The Privacy Shield agreement was reached earlier this year after the European Union's highest court struck down the previous Safe Harbour Principles used by companies to enable them to transfer Europeans' personal data to the United States, due to concerns about intrusive U.S.

surveillance of online data. The new agreement gives businesses storing Europeans' data on U.S. servers - from human resources information to people's browsing histories and hotel bookings - an easy way to do so without falling foul of tough EU private data transfer rules.

Article 29 group welcomes transatlantic umbrella agreement on data protection

Brussels, 02/11/2016 (Agence Europe) – The Article 29 working group of member states' personal data protection authorities has issued a fairly positive opinion of the June 2016 transatlantic umbrella agreement on personal data protection between the European Union and the United States. In a report published at the end of October, the Article 29 group says the agreement is a positive step that will complement the existing bilateral agreements, such as the PNR agreement on the transfer of personal data of airline passengers, or the SWIFT/TFTP agreement, and in theory will considerably boost existing safeguards. European regulators now stress proper implementation of the umbrella agreement, noting the need to provide Europeans with the same guarantees as granted under the Judicial Redress Act in the United States, which in theory provides Europeans with the right to lodge an appeal in courts in the US against bad use of their personal data during US government surveillance.

Euro zone should reform to maintain ECB-driven upswing-German experts

BERLIN, Nov 2 (Reuters) - Euro zone states should implement structural reforms to sustain the economic upswing driven by the European Central Bank's expansionary policy which should be curtailed as it threatens financial stability, German economic experts said on Wednesday. The council of experts that advises the German government on economic policy also said the extent of the central bank's monetary easing was no longer appropriate given the bloc's economic recovery. "Consequently, the ECB should slow down its bond purchases and end them earlier," the experts wrote in a report that was handed to Chancellor Angela Merkel. Facing high unemployment, weak growth and the threat of deflation, the ECB has provided extraordinary stimulus in recent years, cutting interest rates into negative territory and buying euro zone government bonds to inject cash into the banking system and make banks lend to the real economy. The panel of experts said those measures have been a key factor in the euro zone upturn, but they mask structural problems in the bloc and threaten its financial stability.

EMU: Regling says eurozone does not need full fiscal union

Brussels, 02/11/2016 (Agence Europe) – The director general of the bailout fund of the eurozone (ESM), Klaus Regling, does not believe that the zone needs full fiscal union. "The euro area works well, and there is no need for a full political nor a full fiscal union", he said at a conference held by weekly magazine The Economist in Cyprus, on Tuesday 1 November. "The one problem the EMU still faces is the low degree with which asymmetric economic shocks are shared between countries", Regling went on to explain. He believes that the main priority is to complete Banking Union, first through the backstop for the Single Resolution Fund, the financial arm of the 'resolution' plank of this Union, to "make it more credible for markets". Negotiations between member states on this point will start once all European countries have implemented the directive on bank recovery and resolution (BRRD-2014/59). At the most recent Ecofin Council, held in early October, only Belgium had still to do so. Secondly, a European deposit insurance scheme (EDIS) "is needed". "This will not be easy because existing national schemes are very different and because some countries must sort out legacy problems first".

MEPs seek to water down EU bank deposit guarantee plan

EurActiv (November 2) - European lawmakers plan to water down a European Commission plan to guarantee bank deposits, according to a draft report seen by Reuters, throwing up another hurdle to regulators' plan to boost savers' confidence and the financial sector. The proposed European Deposit Insurance/Reinsurance Scheme (EDIS) is seen as the third

element of a European banking union aimed at reinforcing the banking sector in the wake of the 2008 global crisis. The plan envisions deposits up to €100,000 in any euro zone bank being guaranteed with funds from national schemes, but it has drawn criticism from some quarters, with Germany viewing it as an unfair pooling of risk. The Commission has proposed that bank deposits within the EU up to €100,000, no matter which bank or country they are in, should be guaranteed by 2024 by a European fund. But others, especially Germany, think the European scheme is going too far as it is, because they do not want their own national funds guaranteeing savings in other EU countries. The report seen by Reuters was drafted by the European Parliament's economic and monetary affairs committee and suggested a number of changes to the Commission's plan, indicating that some lawmakers have doubts about its effectiveness.

Lisbon dreams of 'Europe's Silicon Valley' tag

EurActiv (November 2) - Lisbon is betting that hosting the Web Summit, Europe's largest tech event, will spur the growth of startups and draw foreign investors, helping it compete with the continent's main innovation hubs. Portugal, struggling with a high debt and low growth, requested a three-year €78 billion international bailout in 2011 that imposed higher taxes and steep spending cuts. While the crisis hammered the economy, depriving it of state funding and easy bank loans, it also drove change, pushing people to come up with new ideas for businesses – many of them tech startups. During the first half of the year the number of new companies that were created was 3.3 times higher than the number of firms that went under, according to government figures. To fuel the expansion of the startup sector the government lobbied hard to bring the annual Web Summit to Lisbon. The tech expo has been held every year in Dublin since its launch in 2010. Some 50,000 participants and 15,000 companies from around the world are expected to attend the November 8-10 event, nearly double the 27,500 people who attended last year. Lisbon will host the annual event until at least 2018. Portugal's Secretary of State for Industry, Joao Vasconcelos, said he hoped hosting the event will give rise to a new generation of entrepreneurs. "A Web Summit generation, with a global mentality," he told AFP.

Digital: Internet freedom campaigners oppose copyright proposal

Brussels, 02/11/2016 (Agence Europe) – According to two civil rights and public freedoms defence organisations, the new Commission proposals on copyright are unsatisfactory. On Wednesday 2 November, EDRI and Communia published a guide in which they present counterproposals. Communia, the European Thematic Network on the Digital Public Domain and EDRI, the international digital rights association stated: "We believe that the current reform is a chance to empower users across Europe to access culture in ways that have been proved not to undermine authors' revenues. This would boost the creation of new business models that will support authors, creators and journalists, and not only powerful intermediaries such as book publishers and record companies". Their short guide concentrates on three provisions that the two organisations consider problem areas. First, EDRI and Communia criticise the limited number of exceptions to copyright rules which implies that, "users will continue to enjoy different rights according to the country in which they reside".

Gazprom sceptical on EU role in Ukraine row, Opal gas pipeline access

MOSCOW, Nov 2 (Reuters) - Russia's Gazprom on Wednesday played down the EU's decision to ease access to the Opal gas pipeline, crucial to Moscow's plans to boost supplies via the Baltic Sea, and dismissed the bloc's role as mediator in a row with Ukraine. Last week, the European Union lifted a cap on Gazprom's use of the Opal pipeline in Germany which takes gas from its Nord Stream Baltic Sea pipeline to end-users in Germany and the Czech Republic, opening the way for Russia to expand Nord Stream's capacity and bypass Ukraine as a gas transit route. However, Gazprom's Deputy Chief Executive Alexander

Medvedev told the Russia-24 TV channel on Wednesday that the Russian gas giant still has to analyse the decision. "Unfortunately, the European Commission has made changes to our agreement ... unilaterally. That's why, before saying that the problem is solved, it should be analysed," Medvedev said. Since its completion in 2011, Gazprom has only been allowed to use 50 percent of the Opal pipeline under an EU ruling aimed at preventing dominance of the supply infrastructure. The decision drew rebukes from Poland and Ukraine. Neighbouring Ukraine has not bought gas from Russia for about a year due to a political stand-off with Moscow, which annexed Ukraine's Crimea in 2014. In the past, the European Commission has successfully brokered gas deals between Russia and Ukraine.

Climate: Ahead of COP 22, UNICEF says 300 million children breathe polluted air

Brussels, 02/11/2016 (Agence Europe) – Across the globe, 300 million children (almost one child in seven) are living in areas with the highest toxic levels of outdoor air pollution – six or more times higher than international guidelines – reveals UNICEF, a European Commission partner, in a report published on Monday 31 October. The report *Clear the Air for Children* uses satellite imagery to show for the first time how many children are exposed to outdoor pollution that exceeds global guidelines set by the World Health Organisation (WHO), and where in the world they live. The report also examines the effect of indoor pollution, inside homes. Four days before the Paris climate agreement comes into force and a week before COP 22 opens in Marrakesh, Morocco (7-18 November), UNICEF calls on world leaders to take urgent action to cut air pollution in their countries, increase children's access to healthcare, minimise children's exposure to air pollution and improve monitoring of this air pollution.

Energy: Miguel Arias Cañete presents outlines of next Winter Package

Brussels, 02/11/2016 (Agence Europe) – During a conference organised by the electricity industry sector, Eurelectric, on Thursday 27 October, Commissioner for Energy and Climate Miguel Arias Cañete provided an initial insight into the great raft of measures covering renewable energies, energy efficiency (particularly for the construction sector), the redesign of the electricity market and Energy Union governance – the new "winter package" – that the Commission will be unveiling by the end of this year. Cañete stated that this package had three key objectives: generating the investment needed for sustainable and competitive energy transition; allowing consumers to participate actively in the energy system; and deepening cross-border integration to create a genuine EU internal energy market. The starting point for this package of measures, which is said to enable €190 billion to be injected into the EU economy and up to 900,000 jobs to be created by 2030, is the "irreversible" process of the transition to a low carbon economy, protected by the international Paris climate agreement in 2015. The EU must both adapt to and drive this transition forward, and it is to this end that it is committed to reducing its CO₂ emissions by 40% by 2030, Cañete stated.

Renewables could lose European power grid priority, documents reveal

EurActiv (November 2) - Windfarms and solar power could soon lose the privilege of getting priority over other energy sources on European electricity grids, leaked documents show. EurActiv's media partner, The Guardian, reports. Paring back the "priority dispatch" system could increase carbon emissions by up to 10%, according to a confidential EU impact assessment seen by the Guardian. But the document goes on to model four scenarios for doing just that, in a bid to make Europe's energy generators more flexible and cost-competitive. Some industry sources have told the Guardian they are alarmed and think it highly likely that priority dispatch for clean energy will be scrapped from the EU's renewable energy directive, which is currently being redrafted for the post-2020 period. Oliver Joy, a spokesman for the WindEurope trade association, said: "Removing priority dispatch for renewable energies would be detrimental to the wind sector, which would face more

curtailment across the continent. It also seems to be at odds with Europe's plans to decarbonise and increase renewables penetration over the next decade." "Investors took priority dispatch into account when projecting revenues in the original investment decisions, and it could have a bearing on existing projects if they are not protected from the change."

British court rules government failing to tackle air pollution

LONDON, Nov 2 (Reuters) - UK government measures to tackle air pollution still don't comply with European Union legislation to improve air quality and meet nitrogen dioxide limits, Britain's High Court ruled on Wednesday. Nitrogen oxides reduce air quality and member states have been flouting EU limits on a range of pollutants associated with respiratory and other illnesses and more than 400,000 premature deaths per year, according to European Commission data. Britain's highest court, the Supreme Court, ordered the government last year to come up with a plan to bring air pollution within legal limits as soon as possible. Environmental law firm ClientEarth said those plans did not go far enough to tackle nitrogen dioxide emissions and launched legal proceedings against the government in the High Court. In Wednesday's ruling, the court said the government's calculation of future vehicle emissions was "too optimistic" and its plan was inconsistent with measures to improve pollution as soon as possible. The ruling comes a week after Britain gave the green light to build a new \$22 billion runway at London's Heathrow Airport, Europe's busiest airport, which has faced opposition due to worries over noise and air pollution.

Agriculture: Study for Parliament recommends restructure of direct payments after 2020

Brussels, 02/11/2016 (Agence Europe) – A contractual framework for direct payments comprising several levels depending on the objectives and commitments undertaken and also on needs: that is the system proposed for the common agricultural policy (CAP) after 2020 in a study carried out for the European Parliament. Ahead of a European Parliament agriculture committee workshop on 8 November at which the post-2020 agricultural challenges in the EU will be considered and discussed and preparatory work done for the next reform of the CAP, the Parliament's policy department has prepared a document that extends to over 300 pages and includes three studies, each by different researchers and academics, on the future of direct payments; the future of market measures and risk management schemes; and the future of rural development. On the first of these issues, Professor Alan Matthews of Trinity College Dublin recommends a single pillar CAP, with a contractual framework rather than the current direct payments system.

Food Safety: Shortcomings in Hungarian import control system

Brussels, 02/11/2016 (Agence Europe) – Problems remain in the import control system in Hungary, according to a report by the EU Food and Veterinary Office (FVO) published on 31 October. The European Commission experts carried out an audit in Hungary from 25 November to 3 December 2015 to evaluate the official control system for imports and transits of live animals and products of animal origin. The FVO notes that several issues, including insufficient awareness of the requirements for identity and physical checks, and incomplete identification of consignments for controls, in a number of border inspection posts "weaken the compliance and effectiveness of the official controls". Verification of the import control system has "been under development" since the last audit in 2014 but "had not been fully implemented at the time of the (2015) audit. The system still fails to identify deficiencies and corrective actions are not taken when they are detected", the report states. The FVO notes, too, that two out of three recommendations issued in two audit reports carried out during 2014 have "only been partially addressed".

Best outcome of Brexit talks is to avert it - German experts

BERLIN, Nov 2 (Reuters) - The best outcome of Brexit negotiations between Britain and the European Union would be to keep the country in the bloc, a committee of academic advisers to the German government said in a report on Wednesday. The Council of Economic Experts said the biggest threat to the EU from Britain's departure was the political fallout. "An exit of the United Kingdom from the EU would not only mean an economic loss, but above all a bigger political loss," they wrote in their report. "The best outcome of the upcoming negotiations would therefore be if a Brexit could be averted." Speaking at a news conference after handing the report to German Chancellor Angela Merkel, Council chairman Christoph Schmidt said Britons' vote in June to leave the EU had had little economic effect on Germany so far, but that the long-term economic effects were hard to identify. "Regarding Brexit, we see hardly any economic effects (on Germany) in the short term; of course we see the biggest (impact) on the United Kingdom itself," he said. The panel of five experts said in its report that Britain should not be allowed to "cherry-pick" which of the "four freedoms" that underpin the EU's internal market it wanted to respect, as this would threaten the political stability of the bloc. Merkel told a separate news conference after receiving the report that the negotiations should cause as little friction as possible within the bloc.

London High Court to deliver verdict on EU exit case on Thursday

LONDON, Nov 2 (Reuters) - London's High Court will deliver its verdict on Thursday on whether British lawmakers, rather than the government, must trigger the formal process of leaving the European Union, lawyers involved in the case said. The court heard a challenge last month from campaigners who argue Prime Minister Theresa May and her ministers do not have the authority to invoke Article 50 of the EU Lisbon Treaty, the mechanism by which a nation can leave the bloc, without the explicit backing of parliament. Lawyers representing a number of the challengers said on Wednesday that the verdict would be handed down on Thursday at 1000 GMT.

Brexit will test UK's institutions to the limit, warn leading academics

New Europe (November 2) - British institutions are unprepared for Brexit and this might even affect the constitution, a group of leading academics have warned. A report from The UK in a Changing Europe, an independent group of academics, commissioned by the Political Studies Association, found that identifying and transposing the legislation to be adopted after triggering article 50 - the two-year process of negotiating a separation from the EU - will be an extremely difficult task for civil servants. Prime minister Theresa May has proposed what she calls the 'great repeal bill' with the aim to end the authority of EU law by converting all its provisions in British law on the day of exit from the bloc. At the same time, the 1972 European Communities Act giving direct effect to all EU law will be repealed. But the report of the experts warns that Parliament will have its work cut out dealing with the volume of work triggered by the Government's 'Great Repeal Bill'. Identifying and transposing all relevant EU law will be a daunting and time consuming task. The alternative is to work via secondary legislation, which would raise concerns about transparency, legitimacy and legislative quality. There is a lack of clarity over what the Article 50 negotiations will address, the report shows, notably whether negotiations over the future UK-EU relationship can be conducted simultaneously.

Brexit could overwhelm UK politicians: report

Politico Europe (November 2) - Brexit is such an enormous legal, constitutional and bureaucratic challenge that could prove too much for British politicians and civil servants to untangle, according to a report from independent think tank U.K. In A Changing Europe, published Wednesday. "Our parties and party system are mutating before our eyes, our

constitutional settlement is in flux, and the fate of our economy is highly uncertain," said Anand Menon, director of the think tank. Prime Minister Theresa May's mantra that "Brexit means Brexit" is not a clear enough guide to future policy, Menon said. The process by which Britain will leave the European Union — not least of all how and when it will trigger Article 50 and what a future deal with the bloc will look like — will put enormous strain on government resources. The end result is still very uncertain, with far-reaching implications for U.K. politics, he said. "By far the bigger task will be transposing into domestic law all the EU law which currently has direct effect in the U.K.," the report says. "This body of work is widely regarded as the largest legislative task the U.K. parliament has ever undertaken." "The prospect that the legislative 'heavy lifting' of Brexit will be done through huge volumes of hastily drafted and poorly scrutinized secondary legislation has raised concerns about the democratic legitimacy of the project, and of the opening-up of legal 'black holes.'" The report warns that Brexit will impose "a major legislative burden well into the post-2020 parliament."

72% of UK bankers think London will keep 'financial centre status' post-Brexit

EurActiv (November 2) - Almost three-quarters of British bankers believe London will still be the financial centre of Europe in five years' time, despite risks surrounding Brexit, according to a study published Wednesday (2 November). US financial services firm Synechron, which carried out the research with the TABB Group, said it questioned 80 capital markets executives in banks based in Britain. Of those surveyed, 72% thought that London would remain the heart of the European financial system in the years to come, despite many anticipating increased compliance costs and red tape because of Brexit. Big banks have publicly voiced their fears about the impact of Britain leaving the European Union, including potential loss of access to the European single market. The powerful British banking lobby has even warned that international banks based in Britain are ready to transfer some of their activities out of the country from early 2017. The study shows that 55% of banks have put in place "Brexit steering committees" to prepare for life outside the European Union. Synechron estimates that it would cost banks an average of £50,000 (55,000 euros) per employee to relocate staff from London to another European financial centre.

Aligning UK bank rules with EU is best after Brexit - think tank

LONDON, Nov 2 (Reuters) - Britain should focus on convincing the European Union that it will abide by rules that are robust enough for its financial sector to continue serving customers across the bloc after Brexit, a think tank said on Wednesday. In its "Blueprint for Brexit" paper, think tank Politeia said Britain should not seek to preserve "passporting" rights for financial services at all costs. Under current EU rules, a bank authorised in London can serve customers across the bloc in return for Britain respecting unfettered free movement of EU citizens. British Prime Minister Theresa May has said there must be some controls on immigration once the UK has left the EU, a step EU leaders have said would mean ending full access to the European market. The blueprint written by Barnabas Reynolds, a partner at international law firm Shearman & Sterling, proposes two models for "re-booting" the UK financial sector after Brexit without cutting off access to Europe. Reynolds was the first after the Brexit vote to propose an equivalence model, which caught the attention of the government. The paper fleshes out his ideas and is likely to be closely read by ministers who need to come up with a negotiating position. The first "expanded equivalence" model builds on an existing EU framework that gives firms from a non-EU country access to the bloc if their home rules are equivalent or similarly strict. This would allow for the removal of some EU rules and a reworking of others, although there would still be some constraints on British regulation after Brexit, Reynolds said.

UK fintech finds EU barriers emerging after Brexit vote

LONDON, Nov 2 (Reuters) - Fallout from the vote to leave the European Union is already threatening the growth of financial technology firms in Britain, industry officials said on Wednesday. The "fintech" sector comprises new forms of online lending, such as crowdfunding and peer-to-peer lending, and Apps for making payments and sending money abroad. It is being touted by the government as key to creating new jobs and growth in financial services. Bruce Davis, managing director of crowdfunder Abundance Investment, said that since Britain voted to leave the EU, fintech was finding it harder to make its voice heard in government and Brussels. The EU is currently revising rules for how fintech companies set out information for potential investors. Davis said the ability of Britain to influence those rules has been hampered by the resignation of Briton Jonathan Hill, who quit his role as financial services commissioner due to the Brexit vote. "What we found immediately, particularly since Lord Hill's departure in his role in the commission, is that we have been shut out of those discussions, particularly around the development of the prospectus directive, which will have a direct impact on how our business is run," Davis told a House of Lords committee. Davis said while UK members of the European Parliament were "shut out" of meetings to finalise the rules, Germany - which wants to lure fintech firms to Berlin from London - was proving to be an ally in Brussels.

Brexit kills Irish mushrooms

Politico Europe (November 2) - Seated at her farmhouse kitchen table, Lavinia Walsh frowned over a payment ledger that sums up the grim fate of the Irish mushroom industry. Since Britain's vote to leave the European Union, the pound has sunk and is hauling down the livelihood of thousands of Irish farmers with it. "The night before Brexit, I thought 'This will be fine, they're not going to do it.' And they did. I couldn't believe it," said Walsh, 54, nursing a cup of tea on the farm where she lives with her two children and husband Donal. "It has developed into a catastrophe. It is a catastrophe for us." Five Irish mushroom farms have gone out of business since the June 23 vote. More are expected to follow by Christmas. Like many Irish mushroom farmers, the Walshes sell their entire crop to the British market for prices fixed months in advance in sterling. The currency's 15 percent drop against the euro since the Brexit referendum has wiped out their operating margin and tipped the sector into a crisis that could spell trouble for all exporters to the U.K. "The mushroom producers were the first casualties of Brexit" — Pat Deering, MP
The Irish are not alone. Because the U.K. imports almost half of its food, the impact is widely felt.

Georgieva resigned from the Commission at very short notice

EurActiv (November 2) - European Commission President Jean-Claude Juncker only learned that his deputy Kristalina Georgieva would take a job at the World Bank on the same day she resigned from the EU executive (28 October), a source close to Juncker told EurActiv.com. Reportedly, Juncker was unaware of Georgieva's job hunting, or at least he was not informed about her plan to return to the World Bank, where she was previously vice president. Last Friday Georgieva informed Juncker that as of 2 January she will take up a new responsibility, as Chief Executive Officer (CEO) of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), known collectively as the World Bank. On the same day the Commission published a press release, in which Juncker congratulated Georgieva on her new role and expressed regret at her decision to leave the Commission. It is arguable whether Georgieva's return to the World Bank can be seen as a promotion compared to the post of Commission Vice President responsible for the budget and human resources. Georgieva was a candidate for the job of UN Secretary General which ultimately went to Portugal's António Guterres. In the case of her UN bid, Georgieva had informed Juncker, as his spokesperson Margaritis Schinas confirmed in November 2015. (...) The website Politico.eu quoted a source saying

that Georgieva considers Martin Selmayr, Juncker's chief of cabinet, to have a "poisonous" influence on the Commission, and that she had reached the limits of her patience working in such an environment.

Günther Oettinger: 'There is nothing to apologize for'

Politico Europe (November 2) - Under fire European commissioner Günther Oettinger on Wednesday said "there is nothing to apologize for" in relation to his comments about "slant eyes" Chinese ministers, after being stopped on the street by a journalist in Brussels. Oettinger went on to accuse the journalist of manufacturing the scandal. The chorus of critics who disagree is growing, and now includes the Chinese government. "The relevant remarks reveal a baffling sense of superiority entrenched in some Western politicians," Chinese foreign ministry spokeswoman Hua Chunying told a press conference Tuesday. "We hope that they can learn how to view themselves and others objectively and respect and treat others as equals," she said. The Liberal ALDE group in the European Parliament has become the latest to condemn Oettinger's remarks, joining the Socialists and Democrats, European Conservatives and Reformists, Greens/Free Alliance, and the left-wing GUE-NGL group. Most members of the European People's Party are sticking by Oettinger.

'There is no scandal': Oettinger refuses to apologise for 'slitty eyes' speech

EurActiv (November 2) - EXCLUSIVE/ Under-fire Commissioner Günther Oettinger this morning (2 November) refused to apologise for describing the Chinese as "slitty eyes" and mocking women and gay marriage. EurActiv.com asked Oettinger if he would say sorry for the comments he made in a secretly filmed speech in Hamburg last week. He has faced calls for his resignation in Brussels and Berlin, after the scandal over his "racist and homophobic" statements broke. Oettinger, 63 said, "Everything has been said. There is nothing to apologise for." Germany's Commissioner, in line for promotion to Commission Vice-President, had defended the comments as "sloppy" but not racist in a German newspaper interview. Since then, the European Commission has refused to apologise or investigate the incident. Despite the gaffe-making headlines across Europe, Oettinger told EurActiv, "There is no scandal. "It's you [the press], it's EurActiv that has made the scandal," he said near the Commission's Berlaymont building at about 10:15AM. Oettinger, who held the energy portfolio in the Barroso Commission, then got in his car and drove himself to the airport.

Two years after their work ended, Commissioners still get paid

Politico Europe (November 2) - BERLIN - Although they left office in 2014, 16 former EU Commissioners from José Manuel Barroso's Commission still receive monthly payments of at least €8,333 each, German weekly newspaper Die Zeit reports. The original idea behind the payments was to avoid conflicts of interest and to prevent Commissioners from changing into well-paid industry jobs immediately after leaving office. Ironically, many of the Commissioners who according to Die Zeit currently receive "transitional allowance," have long gone back into working in well-paid positions as lobbyists, managers, or in other political offices. The names on the list, seen by POLITICO, include Karel De Gucht, currently on the supervisory board of steel company ArcelorMittal and telecommunication company Proximus, and Connie Hedegaard, a member of the supervisory board of energy company Danfoss, as well as Ferdinando Nelli Feroci, who served as stand-in Commissioner for around four months in 2014, and Dacian Cioloș, now Prime Minister of Romania. Earlier this year, the maximum length of the benefits, which are based on a regulation from 1967, was shortened from three to two years, although that only applies to new appointments and re-appointments.

Ukraine to investigate officials with over \$100,000 in cash

EurActiv (November 2) - Ukrainian authorities will investigate politicians and officials who declare cash assets of more than \$100,000 (905,000 euros) and will impose prison

sentences of up to 15 years on any found guilty of wrongdoing, General Prosecutor Yuriy Lutsenko said today (2 November). His announcement came after Ukraine completed a landmark anti-corruption reform on Sunday obliging tens of thousands of officials, all the way up to the president and prime minister, to declare their wealth in an online database. Although a Western-backed government came to power in 2014 promising reform, corruption remains entrenched. Declarations of millions of dollars in cash, expensive Swiss watches and luxury cars have shocked many in a country where the average monthly salary is little over \$200. "The online declaration is not the end of the process, but only the beginning," Lutsenko told a briefing, adding more than half of the lawmakers in parliament had declared possession of more than \$100,000 in cash. The reform, which is backed by the EU and the International Monetary Fund, faced what some lawmakers and activists said were repeated attempts to sabotage it or water it down.

Russia shuts down Amnesty International

Politico Europe (November 2) - Amnesty International's Moscow office has been sealed off by city authorities, the human rights group's director, Sergei Nikitin, wrote on Facebook on Wednesday. Members of staff found official seals pasted across the entrances when they arrived to work Wednesday morning. The locks had been changed and the power shut off. Staff was not given prior warning, they said, and hoped there was a "simple administrative explanation." Amnesty International has been renting city property for 20 years and always paid its rent on time, staff member Alexander Artemyev told independent Dozhd TV broadcaster. "We do not know what prompted Moscow authorities to prevent our staff from accessing our offices," John Dalhuisen, Amnesty International's Europe director, said. "Given the current climate for civil society work in Russia, there are clearly any number of plausible explanations, but it's too early to draw any conclusions." Since 2012, a law requires NGOs receiving funding from overseas to register as foreign agents. Russia defends the law as a protective measure against outside influence over its internal affairs, but organizations have complained the government has used the law to clamp down on their activities.

Germany backs €2.5 billion extra to house refugees

Politico Europe (November 2) - BERLIN — The German government on Wednesday backed a draft law approving more than €2.5 billion in additional funds to deal with the influx of refugees. That brings the financial support pledged by Angela Merkel's government to help the country's states house refugees to €9.5 billion. Although asylum seekers in Germany file their application with a national agency, the country's 16 states are in charge of housing refugees during the application process. In September last year, Germany's regional state premiers and Merkel's government agreed that her federal government would support the states financially. In 2015 almost 900,000 asylum seekers were registered in Germany, mainly from Syria, Iraq and Afghanistan, in addition to those refugees arriving via U.N. resettlement programs. Overall, the response to the refugee crisis — including measures to toughen up security at the EU's external borders and increased development aid — will cost Merkel's government around €21 billion this year, according to Süddeutsche Zeitung newspaper. Despite the additional costs, Germany will not have to take on additional debt, thanks to a rise in tax revenue as well as the zero interest rate policy of the European Central Bank, according to Handelsblatt.

Alarm over effectiveness of EU-Turkey refugee deal grows in Brussels

EurActiv (November 2) - Some seven months after the European Union and Turkey struck an agreement to turn back the tide of Syrians fleeing west, very few refugees have been sent back from Greece, and Brussels is losing its patience as overcrowded camps grow violent. The agreement reached in March was designed to reduce the number of migrants crossing into Europe from Turkey, after more than a million people arrived in Europe last year, most reaching Greek islands by boat and continuing by land to Germany. Under the

deal, the European Union declared Turkey "a safe third country", meaning those who make the crossing can be returned there, even if found to have fled Syria or other countries as refugees deserving protection. Turkey agreed to take them back, in return for a range of EU concessions.

Assad denies responsibility for Syrian war

Politico Europe (November 2) - Syria's President Bashar al-Assad expects to remain in power until at least 2021, he told a group of British and American reporters, the New York Times reported Tuesday. Assad denied he was responsible for the violence that has gripped the country since 2011, turning half of its citizens into refugees and killing nearly half a million people, and rejected claims of war crimes. "Let's suppose that these allegations are correct and this president has killed his own people, and the free world and the West are helping the Syrian people," Assad said during the interview, which was conducted in Syria Monday. "After five years and a half, who supported me? How can I be a president and my people don't support me? This is not a realistic story." Assad also denied allegations that Syrian government forces had indiscriminately pounded residential areas in insurgent-held regions, imposed starvation sieges or arbitrarily arrested and tortured thousands of political prisoners without trial. "If you support the terrorists, it's not political prisoner," Assad said. "You are supporting the killers." The Syrian president maintained he was fighting to preserve his country and criticized the West for intervening. "Good government or bad, it's not your mission" to change it, he said.

US, Europe at odds over Revolutionary Guard-backed airline

WASHINGTON (AP, November 2) — An Iranian airline, backed by the country's notorious Revolutionary Guard and used to ferry weapons and fighters to support Syria's government, has acquired rights to fly commercial routes in more than a dozen European and Asian countries in spite of U.S. terror-related sanctions. The agreement Iran and six other world powers signed last year ended some of the sanctions that had punished and isolated Iran for its nuclear program. But sanctions for ballistic missile research, terrorism, human rights violations and money laundering remain in place. Mahan Air, the country's second-largest carrier, is under terror-related sanctions. The U.S. has accused the company of providing "transportation, funds transfers and personnel travel services" to the Revolutionary Guard's elite Quds Forces, flying them and weapons to Syria to train Hezbollah militants, Syrian army troops and others. Many countries honored the U.S. terror sanctions and blocked Mahan Air. But weeks before the nuclear deal was signed in July 2015, the airline announced it was launching a route to Munich — its second German destination. A wave of new routes to 15 countries followed, including France, Russia, China and Italy. France and Denmark were added in June 2016, and talks continue to add more routes in Europe. A U.S. Treasury official told The Associated Press that the U.S. has been trying to get those countries to cooperate with U.S. efforts to block the airline's financial network, but has met with stiff resistance.

China and Russia express concerns at WTO regarding EU anti-dumping investigations into steel

Brussels, 02/11/2016 (Agence Europe) – China and the Russian Federation expressed concerns during a WTO committee meeting on Thursday 27 October, with regard to the investigations initiated by the European Union on imports of cold-rolled and hot-rolled steel. According to a WTO summary of the meeting, Russia said that the EU had arrived at excessive dumping margins which led to the imposition of excessive anti-dumping duties on Russian cold-rolled steel. It also said that it was concerned the EU would take a similar approach with regards to an investigation on imported hot-rolled steel. China said it was concerned about the EU's investigation on hot-rolled steel products and that there was insufficient evidence to justify the investigation. China urged the EU to reconsider its

findings in the final determination. The EU said it disagreed with both Russia and China and that it was confident its investigations were fully conducted in line with WTO requirements.

Women: Europe issues statement on Equal Pay Day

Brussels, 02/11/2016 (Agence Europe) – As it does every year, the European Commission has published a statement pointing out that 3 November is the day when European women workers stop being paid, given the pay gap between men and women. It has announced that it will be unveiling a proposal in 2017 to strike a balance between home and working life but makes no mention of the deadlock at the Council over quotas for women. European Equal Pay Day on 3 November is the day when women start working without pay because the average hourly rate for European women is 16.7% less than that for men so in effect, women have to work 16.7% of the year for free. This is a European average, with big gaps between countries, ranging from a 28% pay gap in Estonia to 4.5% in Romania. Glass ceilings are still in existence. Although more women than men gain university qualifications, only 5% of company chiefs in the EU are women, which is a waste of female talent, explained European Commission vice-president Frans Timmermans, Employment Commissioner Marianne Thyssen and Equality Commissioner Vera Jourová in a joint statement.

EU urged to strengthen youth guarantee scheme

EurActiv (November 2) - The European Union's flagship Youth Guarantee programme has been criticised for yielding disappointing results. Yet, Brussels has been told to invest more money and time in the scheme in order to push down the bloc's youth jobless rate. The European Commission's Youth Guarantee initiative was first endorsed by the member states back in 2013, but three years later youth unemployment across the EU remains at 19%. In Greece, it stands at 50.3% and in Spain it is 43.9%. The programme is intended to provide guidance towards a job or further training within four months of a young person leaving education or already being unemployed. But, Tom Vrijens, president of European Trade Union Confederation (ETUC) Youth, said that its results have been "disappointing" so far. Despite some progress, the proportion of young people not in employment, education or training (NEET) has hardly changed since the initiative started. Many young people are also being directed towards precarious and low-paid jobs, leading the ETUC to suggest that the Commission and member states better define the criteria for jobs and training.

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: Yovanovitch, Marie L
Sent: Mon, 31 Oct 2016 08:52:54 +0200
To: Nuland, Victoria [REDACTED] Pfleger,
 Gregory W.; Ciaramella, Eric A [REDACTED]; Makanju, Anna; Kahl, Colin H.
 EOP/OVP; Charles A. Kupchan; Celeste A. Wallander
Cc: Kent, George P
Subject: Fw: FP: What Will Ukraine Do Without Uncle Joe?

B6

 FYI.

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Monday, October 31, 2016 8:29 AM
To: Kyiv, Media Alerts
Subject: FP: What Will Ukraine Do Without Uncle Joe?

Foreign Policy

What Will Ukraine Do Without Uncle Joe?

Vice President Joe Biden led the administration's support of Ukraine. But Kiev worries whether the next White House will have its back as Putin looks to ramp up pressure.

By [Dan De Luce](#), [Reid Standish](#)

30.10.2016

No one in the U.S. government has wielded more influence over Ukraine than Vice President Joe Biden. As the Obama administration's point person on Ukraine policy, he has rallied support for Kiev in the face of Russian military intervention and cultivated a personal rapport with its leaders. But he has delivered tough love as well, delaying financial aid more than once over concerns about rampant corruption.

With Biden's tenure as vice president about to expire, the next U.S. president will have to decide who will take up his unique role as Kiev's go-to guy. The transition comes at a pivotal moment for the festering war in Ukraine, America's increasingly tense rivalry with Russia, and Europe's growing fatigue with Kiev's incessant corruption.

The new commander in chief will take the oath of office on Jan. 20, 2017, against mounting alarm at the State Department, the Defense Department, and Congress over Russian behavior in Ukraine and elsewhere. From Russia's indiscriminate bombing of the Syrian city of Aleppo to its hacking of the Democratic National Committee to its support for armed separatists in eastern Ukraine to its nuclear saber rattling, U.S. diplomats, senior military officers, and lawmakers are increasingly arguing for an aggressive tack against Moscow.

"There's an appetite for a more assertive approach," said one congressional staffer who works on Ukraine and Russia policy.

It's widely believed Democratic nominee Hillary Clinton is better prepared to take on Russia on behalf of Ukraine and walk a more hawkish line on foreign policy than the Obama

administration. But Ukrainian officials are extremely apprehensive about her Republican counterpart, Donald Trump, who has spoken warmly of Russian President Vladimir Putin.

Even President Barack Obama, a Democrat, has been reluctant to help shoulder the complete burden of Ukraine's woes, in part out of fear of provoking a direct confrontation with Moscow. In 2014, Russian troops seized and annexed the Crimean Peninsula and then reportedly deployed Moscow's own soldiers to eastern Ukraine to back separatists there. At the time, Obama overruled Biden and most of his advisors in deciding against arming Ukrainian soldiers.

Obama was worried about triggering an escalating military standoff between Kiev and Moscow that Russia probably would win and was mindful of European capitals' strong opposition to the move. Instead, Obama pushed for economic sanctions against Russia and agreed to have Germany and France lead diplomatic efforts with Kiev and Moscow to resolve the conflict.

But the fighting has continued, and patience for Russia is running out in Congress, where some lawmakers now favor slapping fresh economic sanctions on Moscow. Senior diplomats are also frustrated at the state of the fraying Minsk peace agreement and believe the time has come for the United States to take a leading role in the talks, instead of deferring to Berlin and Paris.

The internationally brokered Minsk deal has helped reduce fighting from a peak in 2014. But it has failed to secure a lasting cease-fire or the reintegration of separatist-controlled areas in Ukraine's east. According to the United Nations, the conflict has killed nearly 10,000 people since it began in April 2014.

Obama administration officials said there is a remote chance that the roughly 10 weeks between the U.S. election on Nov. 8 and when the next president enters office could serve as a window of opportunity for progress on the Minsk arrangements. But that will depend on Putin's unlikely willingness to move away from Ukraine's current low-level conflict, in which Moscow regularly dials up provocations from separatist forces to exert leverage over Kiev.

According to emails allegedly belonging to senior Putin aide Vladislav Surkov, and recently obtained by a Ukrainian hacker group, the Kremlin has detailed plans on how to further destabilize Ukraine's politics and economy. The authenticity of the documents has not yet been verified.

The Biden Effect

Ukraine's government has relied heavily on its direct channel to the U.S. vice president, and Biden's departure will leave a gaping hole. The vice president's impact is largely based on the force of his big personality, his backing from Obama, and his long track record of promoting a robust American role in Eastern Europe — from supporting NATO's enlargement to pushing for U.S. military intervention in the Balkans in the 1990s.

If Clinton is elected, which looks likely if current public opinion polls hold, it's possible the job of overseeing U.S. ties with Ukraine could shift back to the State Department. Clinton herself could take up the mantle, as she has shown strong interest in the conflict, according to current and former administration officials.

It's even possible Biden will have a role in a future Clinton administration. Her advisors are toying with the idea of having Biden serve as her secretary of state, according to a report in *Politico*, though the prospects for that outcome remain unclear at best.

But it's clear the next president will "have to have a point person for Ukraine," whether at the White House or the State Department, said a senior administration official who spoke on condition of anonymity.

Biden speaks to Ukrainian leaders on the phone two or three times a month, and "he is very hands-on," the administration official told *Foreign Policy*.

Ukrainian officials echoed that portrayal and heaped praise on Biden's outreach.

"Joe's role was unique and valuable and will be very hard to duplicate," former Ukrainian Finance Minister Natalie Jaresko, now a fellow at the Atlantic Council, told *FP*.

Obama and Biden have divided up responsibilities of responding to the crisis in Ukraine. The president has focused on shoring up support for retaining sanctions against Russia in his talks with German Chancellor Angela Merkel and other European leaders. Biden's mission, meanwhile, has sought to keep Ukraine in the loop while also ensuring Kiev doesn't violate the Minsk deal or fail to tackle corruption at home — either of which could spur European capitals into abandoning the sanctions regime.

"The vice president has been extraordinarily involved in helping communicate to the Ukrainians to stay whiter than snow as it relates to reforms, and their obligations under Minsk, so there's no excuse for the Europeans to walk away," the administration official said.

The Battle to Reform A Country

Biden's connection with the Ukrainians began shortly after the ouster of former President Viktor Yanukovych in February 2014. After Yanukovych failed to sign a long-awaited trade association agreement with the European Union, and instead accepted an offer of \$15 billion in government bond purchases and discounted gas from the Kremlin, massive protests erupted in Kiev. After months of protests and [deadly clashes](#) between protesters and police, Yanukovych [fled](#) the capital on Feb. 22, 2014, making his way to Russia, where he lives today.

Washington's immediate problem was to ensure a new government in Kiev was credible enough to handle the difficult political transition and salvage the country's tanking economy. But Ukraine's political culture had become dysfunctional and its institutions hollowed out, with the country run by a partnership between politicians and oligarchs.

[Arseniy Yatsenyuk](#) — a former foreign minister, economy minister, and presidential candidate — emerged from the fray and won Western support, becoming prime minister after the Maidan revolution. Petro Poroshenko, a billionaire politician who had [served](#) in several cabinet posts over the previous decade and made his money in the confectionary business, also emerged on the post-Maidan political scene as a key player. Poroshenko would be elected president on May 25, 2014.

Biden developed a personal bond with the governing duo and would go on to champion various reforms in Ukraine. He helped the fledgling government gain a \$17.5 billion International Monetary Fund package, supported the overhaul of the country's inefficient and corrupt gas sector, assisted in a high-profile move to reform Ukraine's notoriously dishonest [police force](#), and pushed for the creation of an independent anti-corruption bureau to combat graft. The vice president's attention to Kiev's precarious situation was also backed up by Victoria Nuland, the assistant secretary of state for European and Eurasian affairs, who worked closely with Ukraine's new cabinet of pro-Western technocrats, and by Commerce Secretary Penny Pritzker, who helped push market reforms.

"The most important thing has been the timing. Biden came when Ukraine desperately needed attention from the international community, and he gave it," said Balazs Jarabik, a nonresident scholar at the Carnegie Endowment for International Peace.

But it was the vice president's personal signature on diplomacy that pushed his advocacy further and allowed him to build a strong relationship with Ukrainian politicians.

"[Biden] is the real man. He does what he believes in. He has the vision; he has guts," Yatsenyuk, who resigned in April, told FP.

Yatsenyuk credited Biden's drive in cementing U.S. credibility with Ukrainian lawmakers strongly enough for Washington's criticism to be heeded as Kiev began to stall on reforms. One such example came in December 2015, when the vice president in a [fiery speech](#) urged the Ukrainian parliament to curb the power of the country's oligarchs and to fulfill the promise of the Maidan revolution.

Biden's brand of tough love became more pronounced as the old ways of Ukrainian politics resumed. Despite a series of measures to increase government transparency and salvage the country's teetering economy, Kiev began to slow — and in some cases completely halt — carrying out anti-corruption reforms.

Public dissatisfaction was growing in late 2015 with Poroshenko's choice for general prosecutor: Viktor Shokin, a veteran of Ukrainian politics and a close associate of the president. Shokin fumbled the corruption case of a former Yanukovich crony and let him flee the country.

The position of general prosecutor, who is appointed by the president, enjoys outsized importance in Ukraine and is often used to exert pressure on rivals and cut deals for political and commercial gains. The Maidan revolution was supposed to bring an end to this type of horse-trading, but Shokin served as a reminder that little had changed. He reinforced that perception by hindering an investigation into two high-ranking state prosecutors arrested on corruption charges and after Economy Minister Aivaras Abromavicius cited him by name before quitting in protest over the delayed reforms.

Dismayed by Poroshenko's backtracking, the White House withheld \$1 billion in loan guarantees until Shokin was fired. Biden delivered that message directly to Poroshenko over the phone.

"Petro, you're not getting your billion dollars," Biden recalled telling the president in an [interview](#) with the *Atlantic*. "It's OK, you can keep the [prosecutor] general. Just understand—we're not paying if you do."

Poroshenko [eventually](#) sacked Shokin. But the Ukrainian leader's reputation in Washington — and in Ukraine — soured as a result, and his approval ratings have hovered close to a dismal 10 percent ever since.

"It's hard to root out corruption in your system if the equivalent of the attorney general is not only corrupt but has a bunch of corrupt cronies in other positions and is actively thwarting investigations of oligarchs and government officials," the senior U.S. administration official said. "Removing Shokin was a necessary — if not wholly sufficient — factor in continuing Ukraine on the reform path."

Following the incident with Shokin, the pro-Western coalition of Yatsenyuk and Poroshenko was also thrown into peril as the two men began to clash, smearing each other in local media. Yatsenyuk narrowly [survived](#) a no-confidence vote brought against him by

Poroshenko's party, sparking a tense political crisis. After months of infighting and lost confidence by Ukraine's Western partners, Yatsenyuk resigned as prime minister in April.

Since then, Kiev has continued to sputter on reforms, as the vested interests of the past have been confronted by a new wave of politicians and activists trying to take the country in a Western direction.

The latest clash was illustrated in an ongoing feud between the Office of the General Prosecutor and the recently established National Anti-Corruption Bureau of Ukraine (NABU). The new bureau was created to tackle high-profile corruption cases, but NABU has directly conflicted with the prosecutor's office, which sees it as a political rival. In a dramatic incident in August, agents from the prosecutor's office raided NABU's offices on a charge of illegal surveillance and later detained two of its investigators and beat them while in custody.

Shipping Weapons to Ukraine

Apart from prodding Kiev on reforms, U.S. policy toward Ukraine will hinge on the still simmering war in the country's eastern Donbass region. If the Minsk deal collapses and violence spikes, the next president would face renewed debate — not only about new sanctions on Moscow, but about whether to arm Ukrainian forces as they fight Russian-backed separatists.

The question of whether to provide arms to Kiev — particularly anti-tank weapons — sparked a heated debate in and outside the administration when the war was at its peak in 2014.

According to Derek Chollet, who at the time served as a top Defense Department official, Obama's advisors were virtually unanimous in calling for weapons for Ukraine's security forces. "This was one of the few occasions I can recall in the Obama administration in which just about every senior official was for doing something that the president opposed," Chollet wrote in his book *The Long Game*.

The White House was so concerned about avoiding any tensions with Russia that it trucked in nonlethal military gear to Ukraine instead of flying it on U.S. military aircraft — just in case the planes' "gray tails" were perceived as a provocation.

Low-level fighting continues, with casualties reported every week. Yet there are no large-scale military offensives underway, and front lines have frozen in place. And as a result, calls for arming Kiev's forces have faded.

"The issue was riper when the conflict was hotter," the senior administration official said.

The Ukrainian armed forces also have become much more capable and organized over the last two years, after receiving training and assistance from the United States and after Kiev began a reform program. Still, Ukrainian officials say they will raise the issue of receiving lethal aid from Washington with the next U.S. president and expect to win bipartisan support for the move on Capitol Hill.

Kiev and a New White House

Looking ahead, Ukraine and the tenuous Minsk peace accord will remain a foreign-policy priority for the next president because of their central role in Washington's strained relations with Moscow. Officials in Kiev look upon a possible Clinton presidency favorably and have high hopes that their needs will be met.

"Hillary is a champion of Ukraine. She knows everything about Ukraine," said Yatsenyuk, the former prime minister.

By contrast, Trump has expressed little sympathy for Ukraine's plight and even parroted Russia's point of view on events.

After Trump gave a July [interview](#) to George Stephanopoulos on ABC News, in which he implied Russia had not invaded Ukraine and said those living in Crimea might actually be happier under Moscow's control, Kiev [expressed](#) outrage. On his Facebook page, Yatsenyuk [wrote](#) that Trump's comments had violated "the very values of the free world, civilized world order and international law."

On the sidelines of the U.N. General Assembly in September, Clinton met with Poroshenko, and the two agreed that "solidarity with Ukraine is important in resisting Russian aggression," [according](#) to the press release from Poroshenko's office.

The Ukrainian president also reached out to Trump, but no meeting occurred: At the time, a spokesperson for Poroshenko's administration said the GOP nominee's campaign never gave a [clear answer](#) about holding a meeting.

<http://foreignpolicy.com/2016/10/30/what-will-ukraine-do-without-joe-biden-putin-war-kyiv-clinton-trump/>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

(044) 501 58 41

(097) 479-13-50

RELEASE IN PART
B5, B6

From: Yovanovitch, Marie L
Sent: Fri, 21 Oct 2016 21:25:07 +0300
To: Nuland, Victoria J [REDACTED]; Pfleger,
Gregory W.; Ciaramella, Eric A [REDACTED]; Makanju, Anna
Cc: Kent, George P; Purcell, Alan S
Subject: Fw: Privat

B6

[REDACTED]

B5

In the meantime article below appeared today and has folks nervous.

Sent from my BlackBerry 10 smartphone.

From: [REDACTED]
Sent: Friday, October 21, 2016 6:58 PM
To: Yovanovitch, Marie L
Cc: Kent, George P; [REDACTED]
Subject: Privat

Ambassador,

This is the Privat article:

<http://economy.apostrophe.ua/article/finansy-i-banki/2016-10-21/privatbank-perehodit-gosudarstvu-sroki-natsionalizatsii-opredelenyi/7888>

And a quick Google Translate:

PrivatBank was transferred to the state: the nationalization of the terms defined

PrivatBank nationalized in the coming weeks. By agreement with the IMF for this purpose allocate UAH 166 billion

Yuri boardwalk Friday, October 21, 2016, 13:05

The government plans to nationalize PrivatBank in the next two weeks. Allocation of funds for these purposes agreed with the International

Monetary Fund and recorded in the Memorandum of Cooperation. Experts joke that the nationalization of PrivatBank will be a natural result of the "privatization" of the National Bank. The fact that the government still decided to nationalize the largest private bank in Ukraine, indicating a detailed analysis of the text of the latest edition of the Memorandum of Cooperation between Ukraine and the IMF. Information about the nationalization of the bank also unofficially confirmed by the decision makers of the country's banking system, the government and the Presidential Administration. PrivatBank's salvation will come from increasing the debt burden on the budget.

On a bad state of affairs in the bank oligarch Igor Kolomoisky in recent months I did not say just lazily. The largest bank in the country - PrivatBank experienced system problems due to lending "their" business, in which the merged banks, factories, oil wells, the media and the party. Falling markets, restriction of access to resources and the diminishing of budget flows could not but lead to the use of bank resources to patching holes in the Corporate Business tangle. But the hole, as well as the energy will not disappear: they just move from one business to another.

As reported, "Apostrophe. Economy" back in April, PrivatBank's debt to the NBU in the beginning of the year was estimated to be worth over 26 billion USD. As indicated in the investigation of the newspaper, the National Bank has secretly granted the exclusive owners of the bank favorable conditions for the repayment of this debt. In addition, the owners had to replenish the authorized capital by only 10 billion UAH, not immediately, but in 2019. However, according to unofficial information from reliable sources in the NBU, the results of stress tests have shown that the size of the necessary capital increase many times more than the indicated 10 billion USD, with additional capitalization needs now, not in three years.

Today, thanks to the memorandum of the IMF, we can finally ensure that the size of the necessary capital increase for the salvation of PrivatBank is at least 10 times greater than previously known amount.

In Sec. 13, p. b the latest edition of the Memorandum on cooperation between Ukraine and the International Monetary Fund clearly states: "In the case of **the nationalization** of the bank, we will attract well-known international company recognized for managing regulated bank with the aim of turning it into an attractive commercial project in the future." In addition, not later than 90 days after entry into the bank Ministry of Finance will develop and publish a "Memorandum of

Understanding" with a regulated bank under the conditions specified in para. 17 of this memorandum.

As we found out "Apostrophe. Economy", in this case we are talking about Privatbank. And several sources, including the senior management of the country's banking system, confirmed the newspaper that the bank's name is not mentioned in the Memorandum consciously - so as not to create resonance. "The text is not clear about what exactly the bank in question, but this is done deliberately, so as not to strain the situation, - said one of the representatives of the banking sector familiar with the process of preparation of the document -. But this - Privatbank," - said the source publication.

From Table 2b application of the Memorandum in English (in the Ukrainian edition, published by the National Bank, it is not) it is clear that additional capitalization of banks **scheduled to release government bonds by 166 billion USD for the total 2016, while in 2017 - only 12 billion. For comparison: at the end of 2014. "Oschadbank" and "Ukreximbank" has been to capitalize on the 16.6 billion, and by the end of 2015, - to 14.3 billion.**

Attachment I. Table 2b. Ukraine: Quantitative Criteria

(End of period; millions of Ukrainian hryvnias, unless o

54

I. Quantitative performance criteria

Ceiling on the cash deficit of the general government (- implies a surplus) 2/

Ceiling on the cash deficit of the general government and Naftogaz (- implies a surplus) 2/

Floor on cumulative change in net international reserves (in millions of U.S. dollars) 3/ 4/

Ceiling on cumulative change in net domestic assets of the NBU 3/ 4/

Ceiling on publicly guaranteed debt 2/

II. Continuous performance criterion

Non-accumulation of new external debt payments arrears by the general government (millions of U.S. dollars) 2/

III. Indicative Targets

Ceiling on cumulative change in base money 3/

Ceiling on stock of VAT refund arrears 2/

Inflation (mid-point, percent) 5/

Ceiling on current primary expenditure of the state budget 2/

IV. Memorandum Items

Naftogaz deficit (- implies a surplus) 2/

External project financing 2/

NBU loans to DGF and operations with government bonds issued for DGF financing or banks recapitalization 3/

Government bonds issued for banks recapitalization and DGF financing 2/

15

Programmed disbursements of international assistance except IMF (millions of U.S. dollars) 3/ 4/

Conversion of a non-reserve currency under a central bank swap line into a reserve currency through an outright sale 3/ 4/

Net financing from debt operations (millions of U.S. dollars) 3/ 4/

Projected payments of interest on government bonds held by NBU 2/

Net issuance of central government domestic FX debt 3/

Program accounting exchange rate, hryvnia per U.S. dollar

15

Sources: Ukrainian authorities; and IMF staff estimates and projections.

2/ Definitions and adjustors are specified in the Technical Memorandum of Understanding (TMU).

2/ Targets for 2016 are cumulative flows from January 1, 2016. For 2017, cumulative flows from January 1, 2017.

3/ Targets for 2016 and 2017 are cumulative flows from January 1, 2016.

4/ Calculated using program accounting exchange rates specified in the TMU.

5/ End of period, year-on-year headline inflation. Mid-point within a +/- 3 percent range.

Photo: Apostrof.Ekonomika

166 billion USD - it's almost a quarter of the state budget of Ukraine. "Of course, not all of the amount of 166 billion USD will go to PrivatBank It includes capitalization." Oschadbank "and" Ukreximbank ", however the main part, and it will be much more than 100 billion USD, - course same for Privat ", - said the source publication.

The amount of recapitalization may be comparable to the size of the funds that the bank keeps the population. According to the NBU, it is about 143 billion USD - 57% of all the bank's liabilities.

The press service of Privatbank deny the probability of occurrence of the state in Kapitalbank. "We are not considering the possibility of nationalization, as it is zero But privatization of state-owned banks -. Just a reality", - reported "Apostrophe economy." The press-service financial institution. However, according to the publication, in the Dnieper, where the office of Privatbank, the NBU has already gone a working group to prepare the nationalization of the bank.

The decision to nationalize virtually output

According to sources "Apostrophe. Economy" in the government, the National Bank and the President's Administration, the decision to join the state capital Privatbank can be taken by the Cabinet during the next few weeks. "Over the next two weeks, maybe even before the end of October, but no later than the beginning of November a decision to be taken", - said one of the interlocutors edition. He also confirmed that the originally planned to nationalize the bank in September, but negotiations with the current owner of the bank businessman Igor Kolomoisky was delayed.

The procedure of entering state in the capital of the bank, said the publication of a government source, most likely, will take place in the normal way - through the issuance of treasury bonds by the Ministry of Finance of the internal bonds, which then will be converted into the bank's capital.

According to the ICU Group analyst Michael Demkiva States entry into the capital of private banks may be not less than 75% + 1 share. "It is envisaged that nationalization may occur with the consent of the current shareholders, without recognition of the bank insolvent, and during an investor for insolvent bank Deposit Guarantee Fund of the search procedures," - said the expert. In both cases will be the emission of new shares of the bank and their implementation in exchange for government bonds. As a result, elaborate demos on the bank's

balance sheet there are government securities, which nationalized the bank will be able to sell or attract money for them.

However, the memorandum is very difficult to understand how the nationalization will take place, as in the Ukrainian and English versions of the document written by several different things. "In the IMF the English version says that the government will enter the capital of the bank" only after the (full blur) the existing owners and "bail in" unsecured creditors and associated contributors. "The Ukrainian translation of the NBU phrase" bail in "translated" conversion of debt (deposits) to equity "But in a broad sense." bail in "- this division of the creditors of the debtor losses", - told the newspaper the head of analytical department of the IR "Concord capital" Alexander steam.

What will the nationalization Privat

Bank Nationalization certainly stir the market and become one of the main events of the year, all the consequences of which count is difficult. But even the most optimistic forecasts can not exclude the occurrence of turbulence in the market, the outflow of deposits from the bank, as well as deterioration of its loan portfolio. In addition, for the redemption of Treasury bonds, issued for recapitalization of PrivatBank, the National Bank will have to spend an additional issue, which may lead to a weakening hryvnia, some fall in the national currency and increase inflation.

However, experts say, if the government and the NBU carefully calculated all the risks, the major shocks can be avoided. "Privat too big to just fall with him falls the entire banking system I even find it difficult to say who is more important for the Ukrainian banking sector -... PrivatBank or National Bank therefore nationalize the decision, if it is indeed accepted, would be Privatbank can not be ruined. . it is especially so, and was created - to even the termination of its existence brought profit to its owner Kolomoisky -. talent, a genius, that there is still you say well, what of it once again pay the budget and the citizens of Ukraine, -. so that for him sorry, surplus production ", - commented one of the ex-finance ministers, who asked that his last name was not called.

Analyst group ICU Demkiv believes that the NBU is not required to, and most likely will not buy government bonds once the full amount. "If in the process of nationalization will happen massive outflow of deposits in obmenkah, in 2014, it will not affect the course hryvnia Another important point is to ensure that the bank's continuous operation, taking into account a large share of retail transactions,

which it serves." - Said the expert . It is obvious that this scrip - indicative and will be adjusted in accordance with the situation in the bank.

According to unofficial information, the question of nationalization of the bank is practically agreed with Igor Kolomoisky, but the conditions are not yet known. The market is full of rumors about the auction Kolomoisky and its political satellites of the president, about the desires Poroshenko gain control of the TV channel 1 + 1.

It is possible that in the process of harmonization "Ukrnafta" the question of nationalization Privat discussed the problem of debt.

If, after the official confirmation of the state entering the capital Privat will permit other contentious issues associated with the group Privat, it almost becomes a confirmation that the National Bank has completely discredited itself as an independent regulator, and proved an instrument in the hands of the country's leadership to address those or other political or business issues . The level of the problems created for the Ukrainian society of the existing management policy of the National Bank, was demonstrated this week at the famous pamphlet People's Deputy Sergei Taruta, head of the NBU Valerie devoted Gontareva "as a threat to the economic stability of the country." Joked in conversation with the publication of a prominent Ukrainian banker, "nationalization Privat will be a natural result of a past" privatization "of the National Bank."

Yuri boardwalk

[Redacted]

Treasury Attaché
U.S. Embassy Kyiv

Office:

Mobile:

[Redacted]

B6

SBU

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Yovanovitch, Marie L
Sent: Sat, 15 Oct 2016 16:11:40 +0300
To: Nuland, Victoria J ([redacted]) Pfleger,
Gregory W.; Ciaramella, Eric A ([redacted])
Subject: Weekend reading from the KyivPost: All In The Family: The Sequel

B6

For those who haven't already seen this, here's a long, but really interesting read (or refresher) on P2 and those around him.

This email is UNCLASSIFIED.

From: lbi@lbicompany.com.ua [mailto:lbi@lbicompany.com.ua]
Sent: Friday, October 07, 2016 7:49 AM
To: Kyiv, Media Alerts
Subject: KyivPost: All In The Family: The Sequel

KyivPost:

All In The Family: The Sequel

By Oleg Sukhov, Oksana Grytsenko, Alyona Zhuk.
Published Oct. 7.

Story At A Glance

Petro Poroshenko is, in many ways, the ultimate insider: He was a co-founder of Viktor Yanukovich's disgraced Party of Regions and served the former president as his economic minister, served as foreign minister under former President Viktor Yushchenko and served for five years on the board of directors of a corrupt, non-transparent National Bank of Ukraine. He has the keen ability to change political tack when needed.

One person who studied with him, Vitaly Bala, said Poroshenko doesn't trust many people – common for those who built their fortunes in the gangster capitalism era of Ukraine's early independence years.

Nonetheless, his approachability before assuming the presidency in 2014 made him popular. During two revolutions, he waded into crowds on his own, in contrast to the bodyguard-protected, Soviet-style apparatchiks who dominated politics. He also, importantly, took the right side in both revolutions.

He is widely suspected of making a deal two years ago with exiled billionaire oligarch Dmytro Firtash, the so-called "Vienna Agreement," in which Poroshenko agreed not to prosecute Firtash, in exile in Vienna, and other Yanukovich allies in exchange for support in

the May 25, 2014 presidential election. Poroshenko admits to meeting Firtash in Vienna, but denies any deal.

A return to authoritarianism under Poroshenko is unlikely. His temperament is softer and the nation has changed. However, Poroshenko is now unpopular. While winning the May 25, 2014 election with 55 percent of the vote, a poll by the Rating agency released in August shows his approval rating has dropped to 6.4 percent – close to the ratings that denied Yushchenko re-election in 2010. Rather than changing course to meet the public's demands, the president appears to be digging in, putting him on a collision course with the electorate.

Editor's Note: This article is the start of the "Oligarch Watch" series of reports supported by Objective Investigative Reporting Program, a MYMEDIA project funded by the Danish government. All articles in this series can be republished freely with source credit and are available in the Russian or English languages. Contact news@kyivpost.com for details. Content is independent of the donor.

He is the president of Ukraine, living in a luxurious mansion in the suburbs of Kyiv with a high fence concealing a vast estate that even has its own chapel.

He's one of the founders in 2000 of the now-defunct Party of Regions. His son is a lawmaker. His business is on the rise when the rest of the country is struggling to crawl out of a deep recession.

No, this is not a story about Viktor Yanukovych, the disgraced former president who fled after riot police and snipers from behind police lines gunned down protesters demanding a break from cronyism, kleptocracy and nepotism nearly three years ago during the EuroMaidan Revolution.

This is the story about his successor and vehement critic, Petro Poroshenko.

But is he really very much different?

An oligarch president

"They have a symmetrical, mirror-like image in many ways," says Igor Lutsenko, a lawmaker from the opposition Batkivshchyna Party and former EuroMaidan Revolution activist. "The difference is that Poroshenko is more sensitive to Western demands and Western support. But in all other things, he is just the same."

Like Yanukovych, Poroshenko has shown a proclivity to monopolize power and surround himself in government not with professionals whose credentials are based on merit, but with close friends, business partners and other loyalists – some of whom are accused of massive corruption.

But in contrast with the previous president, Poroshenko is more constrained by Ukraine's emboldened civil society and a public less fearful of state power. He has, as a consequence, not built a fully centralized, let alone authoritarian, regime.

Ukraine's future may depend on whether Poroshenko succumbs to the more sinister inclinations of his predecessor, or meets society's demands for rule of law and an end to systemic kleptocracy. The outcome of the ongoing struggle will determine whether

Poroshenko goes down in history as a national hero or ends his political career in disgrace, like his four predecessors.

Poroshenko did not agree to be interviewed by the Kyiv Post for this profile.

When asked at a press conference in June on how different from his predecessor he is, Poroshenko answered: "You see the difference yourself."

He added that his son, Oleksiy, got elected to parliament in 2014 in a competitive way and his confidant Yuriy Lutsenko, appointed prosecutor general on May 12, is bringing positive changes and reforms.

Yanukovych built his massive billion-dollar Mezhyhirya mansion and established a crony and kleptocratic "family capitalism" style of government as president from 2010-2014. After years of serving as a political front man representing the interests of Donbas-based oligarchs, he had finally taken his place among their ranks.

On contrast, Poroshenko made the leap to president after having established himself in prior years as an oligarch with his own business empire, television channel, political party and mansion.

Early life

A glance into the early life of Poroshenko, who owns a diversified business empire spanning from the Roshen confectionary group to banking and shipbuilding, provides insights that could explain what drives him as a person, and his behavior as president.

Poroshenko was born in the Soviet Union, in Bolgrad, Odesa Oblast, a city of 15,000 people located 700 kilometers south of Kyiv in the far southwestern corner of Ukraine. When he was a schoolboy, his family moved away from Bolgrad, with its strong ethnic Bulgarian makeup, to the city of Bendery, now part of Moldova's Russian-speaking breakaway Transdnister region.

The president's allies say they moved because Poroshenko's father, Oleksiy, received a job as a top executive at an automotive repair plant. But residents in Bolgrad have said the Poroshenko brothers had a reputation for getting involved in fights, noting that the reason the family left Bolgrad may have been related to an incident involving Poroshenko's elder brother, Mykhailo.

Petro Poroshenko demonstrated a short temper during his youth. While serving in the Soviet army, he was in 1984 sent to serve in a strategic missile unit in Kazakhstan as a penalty for a fight with two other conscripts. From 1982 to 1989, Poroshenko studied international economics at the Kyiv Institute of International Relations, a prestigious university where children of top Soviet officials and those of big bosses from Soviet satellite countries studied. At the university, Poroshenko met Mikheil Saakashvili, who went on to become Georgia's president and now serves as governor of Odesa Oblast.

Poroshenko took part in the family business starting from the late 1980s, though details remain clouded by the reluctance of the president and his relatives to discuss in detail the early years of their family and the formation of their now-vast business empire.

Brother dies

Poroshenko was dealt a heavy blow when his elder brother Mykhailo died tragically in 1997, but family members do not discuss the incident in detail.

In a Kyiv Post interview, Poroshenko's son Oleksiy, a lawmaker in parliament, got nervous when asked about what happened to his uncle.

"To be honest, at that time I was quite small, and I don't remember or have the information. So I can't provide you with any insider information," he told the Kyiv Post, adding: "I know that he died when he was fairly young, but how and in which circumstances – I don't know."

In Poroshenko's official biography published on the presidential website, details of his business career are limited to 1993-1998, when he headed the Ukrprominvest diversified business group.

Friends made during his service in the army became his business partners. Then he made the shift into politics, ultimately ushering associates along with him into the highest levels of government.

"Poroshenko's problem is that he's a businessman of the 1990s, so he doesn't trust anyone," said political analyst Vitaly Bala, referring to the chaotic early days following independence when business was ruthless, often involving gangster-style hits and racketeering. Bala studied alongside Poroshenko at university in Kyiv.

Poroshenko's wife Maryna was born in the Russian city of Lipetsk, where Poroshenko later built a confectionary.

Her father, Anatoly Perevedentsev, was a deputy health minister of the Ukrainian Soviet Socialist Republic.

Kuchma's protege

Poroshenko emerged as a politician under President Leonid Kuchma and borrowed patterns of behavior from him, said Sergii Leshchenko, a lawmaker from the Poroshenko Bloc, yet a fierce critic of the president himself.

Similarly to Kuchma, Poroshenko plays several scenarios at the same time and arbitrates among several business-political clans, Leshchenko added.

Unlike Yanukovich, who has been more or less consistent in his political positions, Poroshenko has changed tack many times and served in many different Ukrainian governments. Having backed Viktor Yushchenko before and after the 2014 Orange Revolution, he was briefly economy minister under Viktor Yanukovich.

Critics accuse him of extreme conformism, arguing that he has always jumped onto the bandwagon of the winning side.

Start with oligarchs

Poroshenko's path into politics started in 1998, when he joined the then highly influential United Social Democratic Party of Ukraine, or the so-called "oligarch party," which was headed by Viktor Medvedchuk, who was then an ally of Kuchma and is today a close friend of Russian President Vladimir Putin. In that year Poroshenko was elected to parliament for the first time.

Two years later, he left Medvedchuk's party and created his own party – Solidarnist.

In 2000 Solidarnist merged into the Party of Regions, which later became Yanukovych's power base. Poroshenko, ironically, was one of its co-founders.

But in 2001 he switched to the political camp of Viktor Yushchenko's Our Ukraine, which was opposed to Kuchma and Yanukovych. According to Ukrainian political analyst Kostyantyn Bondarenko, Poroshenko then decided that Yushchenko's political project "was more promising." Poroshenko was also tied to Yushchenko, as he was the godfather of Yushchenko's twin daughters.

"The Party of Regions at that moment didn't have any bright leaders, they didn't have Yanukovych, who became the party's chairman only in 2003," Bondarenko says.

After two terms as a lawmaker with Yushchenko's camp, Poroshenko went on to head the National Security and Defense Council in 2005, the supervisory board of the National Bank of Ukraine in 2007 to 2012 and the Foreign Ministry in 2009 to 2010.

Poroshenko switched sides again in 2012, when Yanukovych appointed him economy and trade minister. He lasted less than a year on the job, however.

Bondarenko said that Poroshenko had managed to have good relations with all governments because he is a businessman.

"Big business can't be opposed to the authorities because otherwise it would lose its profits," Bondarenko said. "In Europe it's the same – when a new political force comes to power, business gradually starts orienting itself towards it. (Poroshenko) is still a businessman foremost."

War-time president

Despite having served Viktor Yanukovych, Poroshenko joined the EuroMaidan Revolution, which toppled the disgraced president on Feb. 22, 2014. At that time, he was known mostly as a pro-Western lawmaker whose business was suffering from Russia's ban on the imports of Ukrainian confectionary products.

While Yanukovych was seen as a Soviet-style apparatchik who was uncomfortable with direct contact with ordinary people, Poroshenko was not afraid of facing crowds.

On Dec. 1, 2013 Poroshenko unexpectedly appeared out of the crowd to placate radical protesters who were clashing with the police in front of the Presidential Administration. It

didn't help, but Poroshenko stood out among opposition politicians as brave and decisive. His public approval rating grew steadily. Just four months later,

Poroshenko won the early presidential election with almost 55 percent support, as voters sought to quickly and decisively choose a new national leader after Yanukovych fled, and the country faced war with Russia over Crimea and the eastern Donbas region.

"A good education, a flexible mind and fast reactions" helped Poroshenko to seize the moment, said Vasyl Gorbaliy, a former Yanukovych party lawmaker and banker who studied alongside Poroshenko during their university days.

"It's no secret that he spoke to (the EuroMaidan Revolution's) opponents... So he probably had more information than his other colleagues, (and) could analyze it faster and come to a decision," Gorbaliy added.

Faces enemies

On Feb. 28, 2014, before being elected president, Poroshenko tested his skills as a power broker when he arrived in the soon-to-be-annexed Crimea to negotiate with local politicians and persuade them to deal with Kyiv. But he failed to meet anyone, recalling later that the local authorities proposed meeting at a local bath and laundry complex near Simferopol – an offer that he refused. An angry crowd of locals attacked him with shouts of "Russia" and "Out of Crimea" in front of Crimea's parliament.

On April, 24, 2014, Poroshenko risked making a one-day visit to Luhansk, which was already under Kremlin-backed separatist control. He had to storm through a blockade of hundreds of pro-Russian locals at Luhansk Airport. Later in May, he claimed that separatists had tried to kidnap him.

"When I traveled to Luhansk Oblast, my car was fired at and there was an attempt to take our entire group hostage," he told journalists.

Firtash deal?

Dmytro Firtash, a Yanukovych ally who has been a partner of Russia's Gazprom in supplying natural gas to Ukraine and European markets, claimed that he played an important role in clearing Poroshenko's path to the presidency. Firtash said that in April 2014 he had met in Vienna with Poroshenko and Vitali Klitschko, the heavyweight boxing champion turned politician whom polls predicted in 2013-2014 would win the early presidential election. Firtash claimed to have convinced Klitschko to back down from his presidential ambitions and back the candidacy of the more experienced Poroshenko.

"The main thing is that we got what we wanted: Poroshenko is the president, and Klitschko has become the mayor (of Kyiv)," Firtash said at a court hearing on his extradition to the United States in a bribery case. Both Poroshenko and Klitschko have admitted to meeting Firtash in Vienna, but denied seeking Firtash's blessing for a political power-sharing agreement or offering him legal protection from prosecution.

In spite of the EuroMaidan Revolution bringing him to power, Poroshenko has not moved to purge ex-Yanukovych allies from key government positions. He has been accused of consistently violating the lustration law, which envisages firing top Yanukovych-era officials. The lustration law does not apply to Poroshenko, first because he is an elected official, and second because he served under Yanukovych for less than a year.

Instead, Poroshenko "is exploiting fossils of the Yanukovych era at the Central Election Commission and the Constitutional Court," Leshchenko said.

Like Yanukovych, Poroshenko appears to trust only a narrow inner circle of political allies. And he expects them to follow his own working regime.

'Control freak'

Borys Lozhkin, Poroshenko's chief of staff who resigned on Aug. 29, describes Poroshenko's working schedule in his book *Fourth Republic* in the following way: "We work 15-16 hours per day. A working day looks like this: I'm in the office at about 10-10:30. We leave at about 2 a.m... We always work on Saturdays. We almost always work on Sundays."

Hard-working, a night owl who has suffered in past years from diabetes, a control freak – that's how people who know Poroshenko well describe him. The president's other qualities reportedly include strong English language and diplomacy skills, toughness in negotiations, bravery and ability to seize the moment. All are features that helped him to come to power.

But critics also notice an authoritarian streak similar to that of his predecessor. Both Poroshenko and Viktor Yanukovych have been accused of using the Prosecutor General's Office and other agencies to crack down on political opponents and as a form of leverage, pressuring lawmakers into backing pro-presidential initiatives, for example.

Yanukovych jailed his political nemesis, Yulia Tymoshenko, and her ally, Yuriy Lutsenko, the former interior minister and current prosecutor general. Similarly, prosecutors loyal to Poroshenko have temporarily jailed close confidantes of oligarch Igor Kolomoisky and Radical Party leader Oleh Lyashko.

Yanukovych-lite

Poroshenko's authoritarian impulses and scale of repression are far less than Viktor Yanukovych's. But these protective tactics are stonewalling crucial reforms that, among other consequences, prevent Ukraine from establishing an independent and effective law enforcement system – including judiciary, prosecution and police. Poroshenko's loyalists at the Prosecutor General's Office have opened numerous investigations against critics of prosecutorial corruption, including ex-deputy prosecutors general Davit Sakvarelidze and Vitaly Kasko. In another high-profile case, a court in Vinnytsia, Poroshenko's political base, sentenced a protester who tore up the president's portrait to four-and-a-half years in prison on hooliganism charges in April.

Yanukovych's allies also took over many of Ukraine's media outlets and introduced censorship there, while Poroshenko and Roman Nasirov, head of the State Fiscal Service, have been accused of pressuring critical journalist Savik Shuster through tax inspections and the cancellation of his work permit.

Poroshenko has denied persecuting opponents for political reasons and cracking down on free speech.

Freewheeling bloc

People who worked with both Poroshenko and Viktor Yanukovych admit there are significant differences in their management style. Poroshenko is prone to substantive debate, while

Yanukovych "could end up with some (irrelevant) memories... and start talking about tennis and stuff like that," said Gorbai, an ex-Party of Regions lawmaker and the governor of Lviv Oblast under Yanukovych.

Gorbai also says that the Bloc of Petro Poroshenko, the fractious pro-presidential faction with 143 members, more than any other in the 423-member body, is a much more liberal political grouping than the Party of Regions.

"In the Party of Regions's parliamentary faction, voting differently from the rest of the faction was a big event, while in the Poroshenko Bloc it seems to be the rule," Gorbai said. "I can count just a few cases when some lawmakers (of Yanukovych's party) voted differently."

One reason of Poroshenko's liberalism is that "the system of decision-making was less flexible in Yanukovych's times," Gorbai says.

Leshchenko agreed that both the current political system and Poroshenko's political style are much less authoritarian than under Yanukovych.

"The Party of Regions was a monolith," Leshchenko said. "There were people there who were ready to die for Yanukovych and fled with him... Poroshenko doesn't have such people... You can't pursue an authoritarian line with such an amorphous structure."

In contrast with Yanukovych, Poroshenko doesn't try to force a majority in parliament into his party and doesn't seize competitors on the chocolate market, Leshchenko said.

This spring, however, Poroshenko copied Yanukovych's coalition-building methods when 11 lawmakers switched to his faction.

"While Yanukovych was able to control the country in an authoritarian way, Poroshenko can't do this," said political analyst Bala. "People identify themselves in a different way. There were the Revolution of Dignity, the war, and many other factors that don't allow Poroshenko to be like Yanukovych."

Reputation matters

Unlike Viktor Yanukovych, who resisted demands that he release his political foe Yulia Tymoshenko from prison, Poroshenko is more susceptible to both Western pressure and civil society's influence. After two years as president, he relented to months of pressure to fire loyalists, most recently former Prosecutor General Viktor Shokin. And unlike Yanukovych, Poroshenko cherishes his reputation in the West.

"Poroshenko (has said he) wants to become a member of the European Parliament after his presidency. He doesn't see himself in Rostov breaking pencils," Leshchenko said, referring to a much-ridiculed incident when Yanukovych angrily broke a pencil during a news conference in Rostov following the EuroMaidan Revolution.

Offshore, tax schemes

Just like Viktor Yanukovich, Poroshenko has had problems with transparency and accountability. Recently, the biggest of them was the April 3 publication of documents showing that Poroshenko has an undeclared offshore firm in the British Virgin Islands. The publication is part of the Panama Papers, a massive leak of documents from Panama's Mossack Fonseca consulting firm.

Critics said Poroshenko's failure to declare the company is a violation of the law, and may indicate intent to optimize or evade taxes. Poroshenko denied the accusations, insisting he has relinquished the management of his businesses, ultimately to a blind trust. The claim was this year confirmed in a statement by Rothschild Wealth Management & Trust.

Channel 5 conflict

One more problem is a potential conflict of interest with Poroshenko's ownership of Channel 5, one of Ukraine's main television channels.

He has been consistently criticized for his reluctance to sell the channel. His former chief of staff Borys Lozhkin explained in his book that, if sold, the channel would probably be bought by a rival oligarch. But he never explained what makes Poroshenko different from other oligarchs who keep unprofitable but influential television channels as necessary attributes of their power.

Poroshenko has regularly urged businesspeople to be diligent taxpayers, but ex-journalists of his channel claim that management paid a portion of salaries under the table to minimize, perhaps evade, tax obligations.

The channel's executives have told journalists that the company doesn't want to support corrupt officials with taxes, Khrystyna Bondarenko, an ex-journalist of Channel 5 told the Kyiv Post. That implies that Poroshenko doesn't trust even the tax agency, although it is headed by one of his loyalists.

Reporters of the channel have been issued two bank cards by International Investment Bank, which is co-owned by Poroshenko.

"One card has an official salary, which is minimal," Bondarenko said. "And the second card is for the shadow salary."

Poroshenko's son Oleksiy has allegedly imposed strict fines for journalists for violations, which were deducted from the "shadow" salary cards, she said.

"Once I was fined Hr 3,000 and another time Hr 2,000," Bondarenko said. "There was no way to prove you were fined."

Oleksiy Poroshenko denied the accusations, saying that he was involved in Channel 5 only as an adviser on cost-cutting. He said he had not been in charge of any decisions at the channel.

Several other journalists have also spoken out about the shadow salaries at the channel.

The channel's chief editor, Volodymyr Mzhelsky would not comment.

Flashes of arrogance

In January Khrystyna Bondarenko asked Poroshenko a question at a news conference as a journalist of independent Hromadske TV, and received a mocking response from the president, who said she "had had more viewers at Channel 5."

"This is the way a feudal lord talks to his subordinates," Bondarenko said, adding that Poroshenko had never apologized.

Poroshenko's palace

Another parallel with Yanukovych is Poroshenko's luxurious suburban residence, which by its extravagance has been compared with his predecessor's Mezhyhirya estate.

Journalist turned lawmaker Igor Lutsenko has filmed Poroshenko's residence using a drone. The estate includes a spacious white mansion resembling the U.S. White House, two smaller houses and even a chapel. The total area of the buildings is over 1,300 square meters, according to the state register of real estate. Poroshenko also has a land plot of over 3.3 hectares in the same area.

In August 2015 Poroshenko also leased a 0.7 hectare land plot on the banks of the Dnipro River next to his estate. The lease runs until 2064, at \$1,000 per year. Ukrainian law bans the purchasing of river banks and sea shores. Lawmaker Igor Lutsenko believes the cost of the lease is at least 100 times below the market price.

"This land should be available to everyone, but he restricted access to it," he said. "We can make parallels with ... Mezhyhirya here," he added, comparing Poroshenko's estate with the famous palatial residence owned by Yanukovych.

Poroshenko also has a land plot of some 0.5 hectares in the upscale Pechersk district of Kyiv, according to the state register. This plot is part of the territory of an 18th century fortress that is protected by the state. Radio Liberty reported in 2014 that Poroshenko had started construction on this land plot, which violates the law on the protection of historic heritage, and that the work had damaged the territory.

Poroshenko's son, Oleksiy, argued that the Mezhyhirya parallel was unfair.

"About the mansions: When people elected Poroshenko, everyone knew where (the mansions) came from, journalists filmed them with drones and from the ground," he told the Kyiv Post, insisting that his father as an oligarch owning a massive confectionary business, could easily explain his wealth and expensive lifestyle. "Where

Yanukovych got his mansions from – that's a completely different story."

The grey cardinal

Both Poroshenko and Yanukovych handed key jobs to close allies. Poroshenko has preferred to entrust government to business associates. And like Yanukovych's cronies, several allies of the incumbent president face major corruption accusations.

Viktor Yanukovych's son, Oleksandr, was his "grey cardinal" who, along with his business partners and other associates, was accused of running large-scale corruption schemes and illegally seizing large chunks of the economy. Poroshenko's grey cardinal and right-hand man in parliament is Ihor Kononenko, a deputy

head of the Poroshenko Bloc. Kononenko and Poroshenko are co-owners of the International Investment Bank and have been acquainted for 30 years, since serving in the Soviet military together. The ties between them are so strong that Poroshenko has told Leshchenko not to write about Kononenko because he is "a member of his family," Leshchenko told the Kyiv Post.

Vitaly Shabunin, head of the Anti-Corruption Action Center's management board, speaks at a rally in favor of appointing an independent prosecutor general on March 28. Ex-prosecutor generals Vitaly Yarema and Viktor Shokin, current Prosecutor General Yuriy Lutsenko and top prosecutors Yuriy Stolyarchuk and Yuriy Sevruck (all pictured above) are Poroshenko loyalists who have failed to deliver justice, according to critics.

"If Poroshenko leaves, Kononenko as a politician will disappear," Leshchenko says. Kononenko's style of leadership is different from that of the Party of Regions, which was a much more authoritarian and centralized structure. Unlike Yanukovich and his allies, Kononenko does not place his friends in the most important positions, Leshchenko said.

Instead, he has created a more business-like management structure and delegates functions to people who are not his friends or relatives, he added. One of Kononenko's top confidantes is Oleksandr Hranovsky, another lawmaker from the Poroshenko Bloc.

Lawmakers Ihor Kononenko (left) and Oleksandr Hranovsky (right) are seen as President Petro Poroshenko's grey cardinals and have been accused of corruption and interfering with law enforcement. They deny the accusations. Prosecutor General Yuriy Lutsenko (center), a Poroshenko loyalist, has come under fire for failing to combat corruption or curb the alleged interference of Kononenko and Hranovsky with law enforcement.

Neither Kononenko nor Hranovsky would comment to the Kyiv Post.

"Kononenko is the president's man, and Hranovsky is Kononenko's man. It's a matryoshka within a matryoshka," Leshchenko said, referring to the traditional Russian nesting dolls.

Odesa Port Plant

Ihor Kononenko and Oleksandr Hranovsky are targets of numerous corruption accusations. Specifically, they have been accused of profiteering from state-owned firms by appointing their placeholders. They deny the accusations. One of the alleged schemes is linked to a contract concluded in October between the Odesa Port Plant and Antra, a little-known Austrian company. Under the deal, Antra supplied natural gas to the plant in exchange for ammonia and other fertilizers that are produced.

Ex-Deputy Prosecutor General Davit Sakvarelidze, who has investigated the scheme, claims that the plant effectively supplies fertilizers to Antra at below-market prices, which deprives it of revenues.

Olga Tkachenko, until recently a member of the plant's executive board, used to be an aide to Hranovsky and chief executive of Hranovsky's Sky Mall shopping center. Odesa Oblast Governor Mikheil Saakashvili said in December that Tkachenko could be linked to lawmakers of the Poroshenko Bloc. Hranovsky did not respond to Kyiv Post requests for comment. Nashi Groshi, an anti-corruption watchdog, reported on May 19 that a court had banned the

National Anti-Corruption Bureau of Ukraine from accessing Viber messages written by Tkachenko.

Centerenergo

Another company that is allegedly linked to Kononenko is power producer Centerenergo. Samopomich Party lawmaker Victoria Voytsytska and Poroshenko Bloc lawmaker Sergii Leshchenko have accused Kononenko of influencing the state company through his placeholders in its management and siphoning money out. Leshchenko wrote in his blog this year that Kononenko was behind a court ruling that blocked a competition for the job of Centerenergo's chief executive in April.

Ukrzaliznytsa

Sergii Leshchenko claimed in January that Kononenko's placeholders had been appointed to state-owned railway monopoly Ukrzaliznytsa. Kononenko has also been lobbying against increasing Ukrzaliznytsa's freight shipping tariff, a step to remove hidden subsidies for vested interests.

Abromavicius scandal

Another high-profile corruption scandal around Ihor Kononenko erupted on Feb. 3, when then-Economy Minister Aivaras Abromavicius said Kononenko had "interests" at ammonia shipping company Ukrkhimtransamiak and had been trying to install his protégé as the chief executive of the firm.

Kononenko has also been trying to have his people appointed to Derzhzovnishinform, a market research company, powder metallurgy companies and to the National Accreditation Agency, Abromavicius said. Abromavicius also said that Kononenko had been trying to impose his protégé Andriy Pasishnik as a deputy economy minister. In March the National Anti-Corruption Bureau of Ukraine filed a notice of suspicion for Pasishnik, accusing him of illegally interfering with a government official's work. The case against Pasishnik was sent to court on April 25.

The Prosecutor General's Office said later that it had found no proof of Abromavicius' accusations against Kononenko, triggering speculation that prosecutors were covering up for him. Kononenko, who was suspended as a deputy head of the presidential faction in January, was reinstated in the job on May 12.

Energomerezha

The National Anti-Corruption Bureau of Ukraine is also investigating a Hr 346 million (\$13.8 million) embezzlement case against Energomerezha, a firm that acquired debt claims from state regional power company Zaporizhzhiaoblenergo. According to Sergii Leshchenko and sources cited by Ukrainska Pravda, Ihor Kononenko is lobbying for Energomerezha's interests. Critics accuse Leshchenko of being biased in favor a rival businessman, Kostyantyn Grigorishin.

Ukrprominvest

Last October British journalist Graham Stack and ex-Security Service of Ukraine Chief Valentyn Nalyvaichenko also accused Ihor Kononenko of money laundering. The alleged laundering scheme involved moving money from Ukrprominvest, a group founded by

Kononenko and Poroshenko, to the British Virgin Islands through offshore companies Intraco Management Ltd and Ernion.

According to payment orders published by Stack, Kononenko's daughter, Daria, received money from Intraco Management Ltd. The Panama Papers leak revealed that Intraco is owned by Serhiy Zaitsev, a deputy CEO of Roshen. Blogger Denys Kazansky has published documents according to which Intraco paid for Daria Kononenko's studies and recreation abroad, as well as for Poroshenko's charter flights.

In April the liga.net news site published customs documents according to which Intraco bought jet fuel from Russian gas giant Gazprom in 2014. Zaitsev was quoted in domestic media denying wrongdoing, insisting the purchases were made while a jet was refueling at a Russian airport where other suppliers were not available.

Another controversy has emerged around allegations that Oleksandr Hranovsky and his partner Andriy Adamovsky illegally seized the Skymall shopping center in Kyiv from Estonian businessman Hillar Teder. In May a London court ruled in favor of Teder, ordering the mall to be transferred to his firm Arricano Real Estate.

Hranovsky has also admitted getting \$700,000 in cash from his partners in a British Virgin Islands court, according to the court records. He did not include the money in his declaration.

Kononenko-Hranovsky

Oleksandr Hranovsky has also been repeatedly accused of interfering with the prosecutorial and judicial system on behalf of Poroshenko and Kononenko. He denies influencing judges and prosecutors.

Hranovsky and Ihor Kononenko are believed to control the anti-corruption department at the Prosecutor General's Office, which has been accused of routinely fabricating political cases.

In May Radio Liberty filmed Hranovsky meeting with a major judge and the head of the Kyiv Institute for Forensic Research, while investigative journalist Dmytro Gnap took a picture of Hranovsky meeting with Serhiy Lysenko, a prosecutor who threatened to beat up a photographer last year and who faces corruption accusations.

Corporate family

Borys Lozhkin, who stepped aside as Poroshenko's chief of staff in late August, is also a former business partner of Poroshenko.

Together they bought and co-owned KP Media, a holding company that until 2009 included the Kyiv Post, the English-language newspaper founded by American Jed Sunden in 1995.

Poroshenko's decision to appoint Lozhkin, a long-time media tycoon, as his chief of staff suggests that public relations is paramount for him, Gorbaliy said.

Lozhkin is believed to manage relations with oligarchs including Rinat Akhmetov, Serhiy Lyovochkin and Ihor Kolomoisky. Historically, he has run media assets for rival oligarchs and served as a liaison among them. "He communicates with oligarchic clans," Sergii Leshchenko said.

Lozhkin's role is comparable to that of Lyovochkin, who was the chief of staff for Yanukovych, Leshchenko added. Like Lozhkin, Lyovochkin was seen as the liberal pillar of the president's entourage and a tool of oligarchic influence.

"The Lozhkin-Kononenko duo can be compared to the Lyovochkin-Klyuyev tandem," Leshchenko said, referring to Andriy Klyuyev, who was also a chief of staff for Yanukovych.

But Gorbaliy said that Lyovochkin had had a much greater political weight under Yanukovych and "was playing his own game," unlike Lozhkin.

"Lyovochkin worked even under (Ukrainian President Leonid) Kuchma, and the administrative experiences of Lyovochkin and Lozhkin are incomparable," he added.

Lozhkin has been trying to cast himself as a reformer, arguing that it was his idea to invite Georgian reformers to Ukraine. Leshchenko disputes his reformist credentials.

Lozhkin's tax scandal

Boris Lozhkin's image has also been tainted due to a corruption scandal. In 2013 Integrity International Holdings Ltd, a British Virgin Islands firm owned by Lozhkin, sold his UMH media group to tycoon Serhiy Kurchenko, a Yanukovych ally, for \$315 million. The money was not included in any of Lozhkin's Ukrainian property declarations. Moreover, it's not clear if the sale was taxed in Ukraine.

In 2014 Austrian authorities opened a money laundering investigation into the sale but Deutsche Welle reported in April, citing Austrian prosecutors, that it had been closed due to the reluctance of the Prosecutor General's Office of Ukraine to provide information on the matter.

"Shokin didn't want to investigate this criminal case," Leshchenko wrote in his blog in April. "This is a real Offshoregate that's being covered up by the president's servile prosecutor general."

Lozhkin did not reply to a request for comment.

Kostyantyn Grigorishin

Another prominent figure who has business ties to Poroshenko is Zaporizhia-born tycoon Kostyantyn Grigorishin, until recently a Russian citizen who holds a diversified portfolio of business assets in Ukraine. Grigorishin, who was reportedly granted Ukrainian citizenship this year, used to co-own the Sevastopol Sea Plant and Kyiv, a firm that has 6.4 hectares in the city center.

Informed sources said Grigorishin clashed viciously with Boris Lozhkin and ex-Prime Minister Arseniy Yatsenyuk over influence at state companies and agencies. Critics have described Grigorishin as another Poroshenko grey cardinal, though Sergii Leshchenko, who has himself faced criticism for being close to Grigorishin, says his influence is overestimated and is incomparable to Ihor Kononenko's.

Grigorishin was at the center of a major corruption scandal centered on purchases of transformers for state-owned power company Ukrenergo. In 2015 Ukrenergo said it planned to buy transformers for over Hr 500 million from Zaporizhtransformator, a firm controlled by

Grigorishin. The company's transformers were 72.6 percent more expensive than those of German engineering company Siemens.

Grigorishin has been accused of profiteering from Ukrenergo due to his ties to Poroshenko. Yury Kasich, Ukrenergo's CEO, previously worked at Grigorishin's companies. He denied the accusations. Subsequently the plans were cancelled under public pressure, though in February Zaporizhtransformator won another Ukrenergo supply contract.

Valeria Gontareva

Other people with business links to Poroshenko include Information Policy Minister Yuriy Stets, who used to be the chief producer at Poroshenko's Channel 5, and National Bank Chief Valeria Gontareva, who was a co-founder of investment bank ICU, which has managed the president's assets.

Like Poroshenko, Gontareva was also involved in the scandal around the Panama Papers. The offshore leak revealed that she had business ties to top executives from Russia's VTB Bank before she became the central bank's head.

Critics said this could imply a conflict of interest, while she denied the accusations.

Meanwhile, Oleh Gladkovsky, a deputy secretary of the National Security and Defense Council, co-owned bus maker Bogdan with Poroshenko until he bought out Poroshenko's stake in 2009. According to the Panama Papers leak, Gladkovsky owns Teckford Investments Financial Corporation, a British Virgin Islands firm affiliated with bus maker Bogdan.

Nina Yuzhanina

Nina Yuzhanina, a lawmaker from the Poroshenko Bloc and a potential candidate to become head of the State Fiscal Service, reportedly used to be the chief executive of Express-Inform, a firm that co-founded Poroshenko's Channel 5. She has also worked at European Auditing Group, which reportedly provided auditing services to Poroshenko's firms.

Contacted by the Kyiv Post, she refused to answer questions on whether she had worked at any Poroshenko firms in the past, or done work for them.

Another manager linked to Poroshenko, ex-Roshen executive Dmytro Vovk, is the head of the National Commission for Energy and Utilities Regulation. This puts him in the crucial position of controlling utility tariffs.

Kostyantyn Vorushylyn

Kostyantyn Vorushylyn, the head of the state-financed Deposit Guarantee Fund that has paid out at least \$3 billion since 2014 to bank depositors who lost their money in Ukraine's banking scandal, has done business with Poroshenko. He has previously worked for such Poroshenko assets as the International Investment Bank, Bogdan Corporation and Mriya Bank, which now belongs to Russian-owned VTB Bank. He denied any conflict of interest.

President Petro Poroshenko greets newly appointed Prime Minister Volodymyr Groysman (C) at the parliament in Kyiv on April 14.

'Vinnytsia clan'

However, not all of Poroshenko's allies are his current or former business partners. Some are politicians from his political and business base in Vinnytsia.

While Yanukovich appointed his loyalist from his native Donbas region Mykola Azarov as prime minister, ex-Verkhovna Rada Speaker Volodymyr Groysman, a protege of Poroshenko, was appointed as prime minister on April 14. Groysman, from 2006 to 2014 the mayor of Vinnytsia, long a political power base for the president, has long been Poroshenko's ally. Poroshenko's Roshen confectionary is a major regional employer by virtue of having a local factory.

Though Groysman is a Poroshenko loyalist, he could become more independent due to the political weight of the prime minister's office.

"He has his own ambitions," Leshchenko said. "I don't think he's like (ex-Verkhovna Rada Speaker Volodymyr) Rybak, who burned in the same fire as Yanukovich."

Groysman, a native of Vinnytsia, has brought with him to Kyiv a number of allies colloquially known as the "Vinnytsia clan." These include Deputy Prime Minister Volodymyr Kistion; Oleksandr Sayenko, the Cabinet's chief of staff, and Social Policy Minister Andriy Reva.

The Vinnytsia clan has been compared with Yanukovich's Donetsk clan, though their sizes and influence are very different.

While Yanukovich's placeholders from Donetsk controlled all branches of government and the economy, the up-and-coming Vinnytsia clan is more modest. "To count members of the Vinnytsia clan, the fingers on two hands would be enough," Leshchenko said. "For Yanukovich's Donetsk clan, all the fingers and toes wouldn't be enough." Shokin 'part of family'

Another Poroshenko protege, Viktor Shokin, was the prosecutor general in 2015-2016.

Shokin has been close to Poroshenko since at least 2005, when he was a deputy prosecutor general, Yegor Sobolev, a lawmaker from the Samopomich Party, told the Kyiv Post.

He is so loyal to Poroshenko that his spokesman said in February that "the president's word is the law for Shokin." Leshchenko said that Poroshenko considers Shokin "part of the family."

That is one of the reasons why Poroshenko stubbornly refused to fire Shokin until February, despite increasing pressure from civil society and the West. Shokin was criticized for failing to send a single high-profile corruption case to court and for sabotaging prosecutorial reform.

With Shokin out of office, Poroshenko appointed another loyalist and ex-head of his faction in parliament, Yuriy Lutsenko, as prosecutor general on May 12. Lutsenko has been linked to Poroshenko since the time when both of them were part of President Viktor Yushchenko's inner circle. Poroshenko was the secretary of the National Defense and Security Council, while Lutsenko was the interior minister under Yushchenko.

Common threads

Poroshenko and Viktor Yanukovych are quite different in intellect and temperament. They have different inner circles. Yet both fall far short not only of civil society's demands but also the demands of the Ukrainian people, judging by polls that show plummeting voter support for Poroshenko.

Activists wear masks depicting President Petro Poroshenko and then-Prosecutor General Viktor Shokin flushing criminal cases down a toilet bowl at a rally on June 17, 2015. Poroshenko and Shokin were accused of sabotaging corruption cases against ex-President Viktor Yanukovych and his allies.

"Any president would be more open compared to Yanukovych because he was a political tyrannosaurus – a fossil that came to power by accident in the 21st century and the head of a criminal gang that's been involved in banditry for 20 years," said Sergii Leshchenko, the lawmaker and former investigative journalist. "But society still wants a more modern, transparent and honest politician (than Poroshenko)."

Surveys back up Leshchenko. A poll conducted by the Rating polling agency in late August shows Poroshenko ranks third with an approval rating of 6.4 percent – dangerously close to the unpopularity that denied Yushchenko re-election in 2010.

Mykola Tomenko, an ex-member of parliament and the Poroshenko Bloc, argued that "Poroshenko has two problems: greed and distrust. He's greedy in the sense that he views every government program as his own business project and seeks to appoint a loyalist of his to oversee it, because he's sure that anyone else would steal," he told the Liga.net news site in May. "His distrust is manifested in the fact that, other than his narrow circle of cadres, he doesn't see anyone who he can work with... For Poroshenko, Ukraine is no more than a bigger version of Roshen." Tomenko has changed his view on Poroshenko several times.

In 2005 he accused him and other allies of then-President Viktor Yushchenko of corruption, yet by 2014 he was on the campaign trail with Poroshenko during the presidential election.

But he left the Poroshenko Bloc's faction in 2015 and was expelled from parliament in February.

"When I supported him during the presidential election, I thought that the businessman Poroshenko could become the statesman Poroshenko," he said "But this didn't happen."

Petro Poroshenko
 Date of birth: Sept. 26, 1965.
 Place of birth: Bolgrad, Odesa Oblast; then moved to Bendery, Moldova; his political and business base was in Vinnytsia.
 Wealth: \$858 million, sixth richest person in Ukraine, according to a 2016 Forbes ranking.
 Key Assets: Roshen confectionary, Fifth Channel, Leninska Kuznya shipyard.
 Personal: Married to Maryna Poroshenko; two sons and two daughters.
 Praised for: Signing an association agreement with the European Union that secured the West's political and trade support for Ukraine; going against corrupt power structures by

supporting the 2004 Orange Revolution and 2013-14 EuroMaidan Revolution. Criticized for: Obstructing legal and economic reforms; covering up for controversial allies accused of corruption.

-- <https://www.kyivpost.com/ukraine-politics/540626.html>

*With
LBI Team*

best

regards,

www.lbicompany.com.ua

(044)

501

58

41

(097) 479-13-50

B6

From:
Sent: Fri, 23 Sep 2016 14:34:21 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update: September 23, 2016

RELEASE IN PART B6

Ukraine Daily Update – September 23, 2016

This is an unclassified product; some information may be unconfirmed.

Political Developments

- **National Police (NP) Chief Khatia Dekanoidze told the Rada Committee for Legal Provision of Law Enforcement that the NP “does not have the money or budget to provide policemen with clothes and shoes...crimes have increased by 23%...people are getting poorer and poorer.”** The NP estimates that approximately 34,000 convicts will be released under the so-called “Savchenko law,” which counts pretrial detention as time already served under a criminal’s eventual sentencing; Dekanoidze added that every tenth crime is committed by one of these early releasees.
- Prosecutor General Yuriy Lutsenko told Odesa press that **European experts will join the Odesa Trade Union House fire investigation. 48 people were allegedly killed and over 200 wounded** in Odesa riots May 2, 2014. Most were victims of the Trade Union House fire.
- The Rada renamed the Autonomous Republic of Crimea with 233 votes “Crimean Tatar Autonomous Republic.”
- Ukrainian media reported heavily on the U.S. House of Representative’s passage on September 22 of the “Stability and Democracy for Ukraine Act,” stipulating that efforts to support Ukraine may include lethal defensive weapons systems. Ukrainian press trumpeted this as U.S. Congressional approval for lethal weapons provision.
- On an official visit to the United States, Rada MP Nadia **Savchenko urged the CabMin to resign and said that supplying lethal weapons to Ukraine would be unwise**, considering “the current level of corruption.”
- Arrested September 21 in the process of receiving a \$500,000 bribe, High Council of Justice member Pavel Hrechivskiy was released today on UAH 3.9 million bail.

Economic Developments

- **Rada Passes Key IPR Law:** the draft law “On State Support of Cinematography” that contains provisions that address Internet piracy.
- **Ukraine Prices Loan Guarantee Bonds:** underwriters priced \$1 billion of five-year Eurobonds carrying a U.S. guarantee, at a yield of 1.471% or a spread of 30bp to the 5-year UST. Dragon Capital commented that “The first \$1bn guaranteed bond was placed in May 2014 at 1.844% (28bp over 5Y UST), and the second \$1bn in May 2015 at 1.847% (+32bp). The three bonds each

have a tenor of five years. As the government's F/X holdings are counted towards central bank reserves, we estimate the latest placement will increase NBU reserves to \$15.5bn as of end-September, up 10% m-o-m and 17% YTD, covering 4.0 months of imports." (Note: due to a translation error, many media outlets erroneously reported the bonds had been sold.)

- **Currency Rates:** NBU's official exchange rate is 25.97 UAH/\$1 on September 21. The exchange rate averaged 25.92 UAH/\$1 at the interbank market.

Military and Security Developments (*According to ATO Spokesperson for the Ministry of Defense COL Oleksandr Motuzyanyk, unless otherwise noted.*)

- **Ukrainian combat losses over the past 24 hours:** zero KIA, one WIA (by sniper in Mariupol sector)
- **Donetsk sector:** Russian-separatist forces observed the ceasefire, except for SALW fire and short mortar shellings in Avdiivka, Novoselivka 2, and Horlivka.
- **Mariupol sector:** Russian-separatist forces launched a "few" SALW attacks near Maryinka, and snipers wounded one UAF soldier near Taramchuk.
- **Luhansk sector:** Russian-separatist forces launched several SALW provocations near Novooleksandrivka and Popasna. Attacks now involve a wider area.
- SBU head Vasyl Hrytsak announced that SBU found eight torture chambers on the territory of the so-called "people's republics": six in Donetsk; two in Luhansk. SBU is taking victim testimonies, including military men, civilians, and clergy; as of now 124 victims have testified. 3,000 Ukrainians have been released since the beginning of the conflict; 111 remain hostages of the so-called "people's republics."
- Ukrainian military intelligence report that Russian and separatist personnel are "replenishing and rotating."
- Ukraine is sending 10 train-loads of supplies to reinforce security between Kherson Oblast and illegally annexed Crimea.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/09/23-09_eng.jpg



Ukrainian General Staff casualty statistics as of September 14, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS periodically provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- **Since the ATO began:** 2,977 killed; 10,454 injured
- **Since the February 15, 2015 “ceasefire”:** 553 killed; 2,686 injured

UN OHCHR conservatively estimates that **combined civilian, military, and paramilitary casualties** consist of at least:

- **9,640 people killed** (including flight MH-17’s 298 passengers) and **22,431 wounded or injured**.
(Source: UN Human Rights Monitoring Mission in Ukraine Head Fiona Frazier; **September 15, 2016** – *may not reflect actual total number of casualties.*)
- The UN believes **20% of all casualties are civilian**.

If you would like to be added to or removed from this product’s distribution, please email
 at .

B6

B6

From:
Sent: Thu, 15 Sep 2016 16:23:45 +0300
To: Park, Rebecca C.
Subject: Moscow Media Message: 09-15-16

RELEASE IN PART
B6

Moscow Media Message

Major news stories and commentary in Russian media on September 15:

[Syria](#)

[Russian elections](#)

[OCPW should clarify disappearance of 200 tons of chemical weapons' precursors in Libya](#)

[Hacked WADA data on U.S. athletes](#)

[Corruption](#)

[Investigations Committee Chairman Bastrykin reportedly to resign after Duma elections](#)

[Investigations Committee spokesman Markin may also resign](#)

[Russian banks](#)

[Ukraine](#)

[Snowden movie](#)

[U.S. elections](#)

[U.S./Israel Military Aid MoU](#)

Syria

- Primetime newscasts offered brief segments on Syria. NTV reported that the Russian air force launched attacks against the forces of the Islamic State north of Palmyra, which prepared for an attack on the city. Rossiya 1 and Channel One said that Russia is prepared to extend the ceasefire in Syria for two more days and carried reports on violations of ceasefire by militants.
- **Russian-U.S. executive center to open in Geneva for coordinating strikes on terrorists.** A Russian-U.S. executive center tasked with coordinating strikes on terrorists will open in Geneva within days, Deputy Foreign Minister Gennady Gatilov told Interfax in an interview, adding that military experts from the two countries would decide which terrorist groups would be the target of joint air raids. "Consistent with the [September 9] agreements, the center will open within a seven-day period since the moment the deal was reached. This will happen within days, in Geneva, with our and U.S. partners," Gatilov said. As to the statement of Department of State spokesman Mark Toner that Russia and the United States agreed on September 9 to strike only on Jabhat al-Nusra positions but not the Islamic State, Gatilov said, "Practical issues should be coordinated between military experts from the two countries. If this is applicable to Aleppo, then, as far as we know, mostly al-Nusra operates there. However, there is a common understanding in principle that military strikes on the Islamic State and al-Nusra will continue; both organizations are put on the United Nations sanctions list, branded as terrorist and are ineligible for the cessation of hostilities regime," he said. (Interfax)
- **UNSC should back up Russian-U.S. agreements on Syria:** Moscow counts on the United Nations Security Council to support its agreement with the United States regarding Syria before the end of this month in order to avoid misinterpretations of this document, Gatilov told Interfax in his interview. "Perhaps, this will happen not before the departure of the Russian delegation [from the General Assembly session] but some time at the end of this month. I

believe that the process of UN Security Council consultations on this matter will enter into an active stage as early as next week. We are interested in proceeding without any delay. If the Security Council approves them rapidly, this will only help strengthen the cessation of hostilities and the search for a political settlement in Syria. I cannot give you any particular dates yet, because the process has just begun, it is necessary to hold discussions and consultations with all Security Council members and after that, if this is deemed possible, the Council will make such a decision," he said. "We believe it would be right to approve the attained package of documents with a relevant resolution of the UN Security Council. That would help avoid misinterpretations of this document and pool efforts of the entire international community on its basis," the deputy minister remarked. (Interfax)

- **Russian, U.S. military discuss Syria truce extension, intensified U.S. interaction with moderate opposition.** Head of the Russian center for reconciliation of opposing sides in Syria Vladimir Savchenko has held negotiations with the chief of the U.S. group in Amman on the subject of Syria truce extension and U.S. interaction with the moderate opposition, the Russian Defense Ministry said in a report. "The head of the Russian reconciliation center has held negotiations with the chief of the U.S. military-political analysis group stationed in Amman regarding the need to extend the truce and to step up U.S. interaction with the so-called moderate opposition," the Russian center for reconciliation of opposing sides in Syria said in its report. "The Russian Aerospace Forces and the Syria Air Force did not strike opposition paramilitary units, which had declared a cessation of hostilities and had informed either the Russian or U.S. reconciliation center about their location," the report said. (Interfax-AVN)
- **Government forces comply with Syria truce, while opposition steps up attacks.** Only the government army has been complying with the Syria truce declared three days ago, while the U.S.-controlled moderate opposition has been intensifying gunfire, Defense Ministry spokesman Gen. Igor Konashenkov charged on Thursday. "At the end of the third day of implementation, only the Syrian army has been complying with the truce, while the U.S.-led 'moderate opposition' has been increasing the number of attacks on residential areas. Russia has been honoring its obligations on the provision of the cessation of hostilities regime in Syria since the very first minute. Remarks of various representatives of the U.S. Department of State and the Pentagon on prospects for 'Russia's fulfillment' of the Syria deal are perplexing. What is more, there is an impression that the 'verbal screen' of Washington aims to conceal non-fulfillment on their part of obligations, primarily delineation between 'moderate opposition' units and terrorists," Konashenkov said. (Interfax)
- **Russia sees as counterproductive U.S. remarks on Russian role in Syria truce compliance.** Moscow has called counterproductive the U.S. skepticism about the readiness of Moscow to comply with the Syria cessation of hostilities regime and has expressed hope for a responsible attitude of the United States to the implementation of the Geneva agreements on Syria settlement. "We have paid attention to the White House's remarks on the role of Russia in the compliance with the cessation of hostilities regime in Syria. For some reason, American colleagues are skeptical about the readiness of our country to fulfill the agreements," Foreign Ministry spokesperson Maria Zakharova said at her weekly press briefing Thursday. "They [the Americans] believe or, at least, this is how media reports go, that this is sort of a test for the Russian reputation. That is a strange way to put this question," Zakharova said. "Such statements are counterproductive," she said. (Interfax)
- **Moscow insists on publication of U.S.-Russian agreements on Syria to avoid media leaks.**
- Foreign Ministry official Maria Zakharova told a briefing on Thursday, "Russia initially - both in the course of the approval and after the achievement of the final agreement - suggested, did it very persistently, one can even say it was persuading the U.S. side to publish the entire package

of documents. We believe that it can be done, it should be done, to prevent the package of these documents from being an object of speculation. We know very well how often there are [information] leaks to the media at the initiative of the American colleagues, not at Russia's initiative," she said. (Interfax)

- **Foreign Ministry: Russia, U.S. differ on group Ahrar ash-Sham that is active in Syria.** The positions of Russia and the U.S. on the group Ahrar ash-Sham, which is active in Syria, differ, the Foreign Ministry said on Thursday. "Our position on this organization and generally on the issue of disassociation of terrorists from moderate opposition is well-known. This position differs from the position of the United States on some issues," Foreign Ministry official Maria Zakharova told a briefing, responding to a question as to whether work is being done to put Ahrar ash-Sham on the list of terrorist organizations. "Russia's position on this matter is fairly definite and clear," she said. (Interfax)
- Under "Fire ceases, shooting continues," *Kommersant* looked at the first 48 hours of a ceasefire declared in Syria.

Russian elections

- All three primetime newscasts carried segments on Sunday's Duma elections: Rossiya 1 and Channel One reported on campaigning of the four parliamentary parties, as well as Yabloko and the Party of Growth. (Rossiya 1 also showed an anodyne clip about the Green Party.) Channel One showed the chairwoman of the Central Electoral Commission, Yelena Pamfilova, speaking of violations and complaining that some local leaders have tried to exert pressure on voters. NTV showed how early voting was organized for nomadic reindeer herders in northern Siberia.
- In an article titled "Navalny Decides Not to Share Voters," centrist *Nezavisimaya Gazeta* reported that the opposition is greatly dissatisfied with Alexey Navalny's pre-election moves, including his "R550 Strategy." Presented in his video clip, it has won acclaim in the social media. Among other things, Navalny urges the electorate to take into account the economic consequences of support for one or another political party, which is seen by experts as a veiled appeal to boycott the elections. Experts say that, in calling for a boycott, Navalny hopes to put himself at the head of the liberal opposition - after its current leaders lose the 2016 campaign.
- According to *Vedomosti's* "How to drive monitor away," the stances of the Central Electoral Commission and the Interior Ministry, amid instances of banning monitors from elections, have become completely different.
- Under "United States exerts pressure on international monitors," government-leaning *Izvestiya* ran a page-one report: "Foreign observers who are planning to work or have already started to work in the Russian elections have come under pressure from their U.S. colleagues. According to a source in diplomatic circles, the U.S. side is putting pressure on representatives of some international organizations, including the Parliamentary Assembly, OSCE and Organization of American States, advising them not to take part in monitoring the Russian elections. Americans working as members of international missions are very active, and their assessment of the vote will most certainly be negative, the source said."
- **Central Elections Commission hopes to resolve problems with Russians voting in Ukraine.** The final decision on the issue of the voting by Russians who are in Ukraine will be made some time later, Central Elections Commission Chairperson Ella Pamfilova told reporters on Wednesday. "I think we will resolve this issue. We are now considering different options. Our specific final

decision will be made some time later. I am currently not ready to comment because many issues now do not depend on me or on our colleagues. Wait a little, please," she said. (Interfax)

- Government-leaning [Izvestiya](#) commented: "Preparations for the September 18 vote have left no doubt in anyone's mind that any result will honestly reflect the balance of political forces, each playing its role in the renewed political system and expressing the position of the main social groups. This means that the vote will add to the legitimacy of the political system as a whole, with the trust it causes as vivid evidence of national consolidation. Our cohesion directly depends on our trust not only in a particular election campaign but also in the institution of elections. Strengthening this trust is exactly what system reform is all about. This is only possible when people see for themselves that any authority – from municipal to federal – is formed not through the use of the notorious administrative resources and tricks, but as a result of their own, that is, right choice."

OCPW should clarify disappearance of 200 tons of chemical weapons' precursors in Libya

- The Organization for the Prohibition of Chemical Weapons (OCPW) should investigate what happened to 200 tons of chemical weapons' precursors stored at a site in Libya, Foreign Ministry spokesperson Maria Zakharova said at her regular press briefing Thursday. "The OCPW confirmed on September 8 that toxic agents were removed from Libya's territory by sea on August 31 and successfully reached a German chemical plant in Munich for the liquidation purposes. The withdrawal was uneventful," she said. At the same time, "the OCPW has yet to clarify circumstances of the so-called evaporation of more than 200 tons of chemical weapons' precursors at the Libyan facility, which was approximately a third of the remaining highly toxic chemicals," she said. (Interfax)

Hacked WADA data on U.S. athletes

- Media outlets have been incensed that the press and the international community is paying more attention to the question of *who* hacked into the World Anti-Doping Agency than to supposed fact of doping.
- The lead story on two of three primetime news channels was the WADA hacking and the leaking of data on therapeutic use exemptions granted to some top U.S. athletes. (State channel Rossiya 1 gave pride of place to President Vladimir Putin's meetings, but ran the story directly thereafter.) All channels were adamant that the pharmaceutical products authorized by WADA gave the U.S. athletes an unfair advantage. For example, Channel One said that gymnast Simone Biles was shortly before Olympics tested positive for "methylphenidate, a very strong psychotropic stimulant banned in many countries, including in Russia - in our country it is equated to narcotic substances. However, she was allowed to the Olympics. What is more, according to medical certificates, Biles took this psychostimulant on those very days when she won the medals at the Olympics in Brazil." The report noted that U.S. swimmer Michael Phelps had admitted to having the same condition as Biles - attention-deficit hyperactivity disorder. It also questioned the excellent performance by Serena Williams in London in 2012 "while suffering from a serious illness" as her medication is prescribed for serious conditions. Rossiya 1 showed Olympic gymnastics champion Svetlana Khorkina saying that WADA was obviously obediently playing for one side and suggested holding "competitions in pharmacology or in who writes more interesting certificates" instead of sporting competitions.
- Several papers wrote about the hacking and the alleged doping. [Nezavisimaya Gazeta's](#) "Hackers catch U.S. athletes red-handed using doping" reported that, the Fancy Bear hacker group, which the West associates with Russia, hacked the WADA database and obtained information about "U.S. athletes using doping with WADA's permission." [Moskovsky](#)

Komsomolets' "They are not guilty, Biles and Williams sisters" considered the likely consequences of recently disclosed information about U.S. athletes using doping. A Russian expert comments on the issue in the lengthy, front-page piece. *Izvestiya's* "'WADA discredited, its reform is inevitable'" also carried comments by Russian experts.

- *Vedomosti* carried an editorial titled "Rules of Use" which focused on the alleged doping and the hack into the WADA database. *Izvestiya* also carried an op-ed titled "Everything for friends, law for enemies."
- Moscow has called inappropriate the opinion of WADA Director General Olivier Niggli that hacker attacks on the WADA server would hinder restoration of confidence in Russian athletes. "One cannot link the fight against cyber attacks and reinstatement of athletes. These issues belong to completely different categories," Foreign Ministry spokesperson Maria Zakharova told reporters in her weekly press briefing Thursday. She also called such a link inappropriate. (Interfax)

Corruption

- **Detectives look into 'family business' as possible source of Col. Zakharchenko's billions:** Detectives are looking into a theory of 'family business' as a possible source of money found in the inquiry into deputy head of the T division of the Interior Ministry's Main Economic Security and Anti-Corruption Department Dmitry Zakharchenko, the newspaper Kommersant reported on Thursday. Sources from the banking community told the newspaper that they knew Zakharchenko's father, Viktor Zakharchenko, as the author of various financial schemes applied by owners and top managers from distressed banks. According to the theory currently being examined by the police, Viktor Zakharchenko and his son helped bankers minimize losses before their licenses were revoked by the Central Bank, and NOTA Bank owners were among his clients, the newspaper said. Detectives believe that the family helped bankers transfer funds abroad and cash the rest, but the money was unclaimed after the arrest of the bankers and Federal Security Service officers found it, the newspaper said. Detectives also have another theory about the origin of those billions, the newspaper said. It could be a group controlled by Dmitry Zakharchenko and his colleagues, which illegally cashed money and transferred funds abroad.
- According to that theory, the apartment of the officer's sister was used as a bank storage, a corporate rather than a family one, Kommersant said. Deputy head of the T division of the Russian Interior Ministry's Main Economic Security and Anti-Corruption Department, Dmitry Zakharchenko, was arrested by the Moscow Presnensky Court on Saturday. He is being implicated in taking a bribe, abusing his office and obstructing justice. Investigative Committee spokesman Vladimir Markin said that foreign currency equivalent to a total sum of 8.5 billion rubles was found at the places of Zakharchenko's work and residence in the course of a criminal inquiry against him. The defendant told the court he had nothing to do with that money. "The money was found in my sister's apartment, and I had never been there. I have nothing to do with this money," Zakharchenko claimed. He also refuted accusations of taking a bribe of seven million rubles. (Interfax)
- The Rosbalt on-line news service reported Wednesday that Russian law enforcement authorities learned about approximately 300 million euros deposited in Swiss bank accounts of Zakharchenko's father. Investigative Committee spokesman Markin said no such sum has so far been mentioned in the court case. (Interfax)
- *Komsomolskaya Pravda's* report "Zakharchenko warned about arrest hour in advance" looked at the record haul of cash seized in the apartment and deposits of Col Dmitry Zakharchenko

from the Interior Ministry's anti-corruption division. Separately, *Komsomolskaya Pravda's* report "Is it the 'black cash' of the Russian Maydan?" looked at the source of money found in the "apartment of an Interior Ministry colonel."

Investigations Committee Chairman Bastrykin reportedly to resign after Duma elections

- In a front-page story, *RBK* reported that Investigations Committee Chairman Alexander Bastrykin is to leave his post after Sunday's State Duma elections. Investigative Committee spokesman Vladimir Markin, himself reported to be stepping down, called the media reports "laughable." "Don't make people laugh. What sources, other than defendants, could RBK possibly have in the Federal Security Service and the Investigative Committee?" Markin asked Interfax rhetorically on Thursday. The RBK article cited sources in the Investigative Committee, the Federal Security Service, and the Kremlin. Kremlin spokesman Dmitry Peskov said he knew nothing about Bastrykin's possible resignation. (Interfax)

Investigations Committee spokesman Markin may also resign, according to media reports

- Under "Major-general of RusHydro for public relations," *Nezavisimaya Gazeta* reported that official representative of the Investigations Committee Vladimir Markin is about to resign. He is likely to become head of RusHydro, according to the article. Under "Investigation loses face" *Vedomosti* reported the same news. Markin has been in his position since the Investigative Committee was established in 2007.

Russian banks

- Under "Foreigners assess front of Russian banking system," *Nezavisimaya Gazeta* considered the results of a Fitch report dedicated to the Russian banking system and noted that in 2013-15 the authorities spent about R3,300bn for support and purges in the banking sector.

Ukraine

- All three newscasts reported on the ceasefire that was unilaterally declared by the self-proclaimed republics in Donbass. It is to come into force from midnight. The reports all accused the Ukrainian side of stepping up artillery strikes on civilians.
- Channel One showed a report according to which "Ukrainian security services recruit school kids and force them to commit crimes." Video showed one of the youngsters saying that he had been threatened and received money for sabotage, other two asked for forgiveness. It also showed a school that had been damaged by a shell.
- Rossiya 1 and NTV showed report on clash between Ukrainian Prosecutor-General Yuriy Lutsenko and Interior Minister Arsen Avakov.
- *Izvestiya's* "Division to fight against saboteurs set up in Crimea" reported that the 47th division of the territory defense has been formed in Sevastopol to help law-enforcement agencies fight against terrorists and saboteurs.

Snowden movie

- All three primetime newscasts carried substantial reports on the screening of Oliver Stone's movie about former Central Intelligence Agency whistleblower Edward Snowden, who is hiding in Russia. Channel One pointed out that the Russian viewers saw the director's cut while for the U.S. release was cut. Rossiya 1 and NTV pointed out that returning home would not be easy for Snowden and illustrated the point with a poster printed by Pentagon, which describes Snowden as an "infamous spy"- to be displayed in U.S. military bases. NTV's correspondent said that Obama has been asked to pardon Snowden but "the incumbent president, who has sent to

prison more dissidents than all the previous administrations taken together, is unlikely to oblige."

U.S. elections

- Under "Why does Hillary need 'hand of Moscow'?" official government newspaper *Rossiyskaya Gazeta* claimed that President Barack Obama is "jealous of Republicans' contacts with Vladimir Putin." According to the paper: "There is no doubt that, along with Democratic candidate Hillary Clinton's health problems, the so-called Russian factor has become part and parcel of the ongoing presidential campaign in the United States. The name of the Russian president is used in the local media headlines far more often than, say, those of candidates from small parties – Libertarian or Green. A wide-spread joke has it that one might think the Russian leader himself is involved in the U.S. elections. Experts and veteran journalists agree that in the past several decades Americans have never been intimidated so much with stories about direct foreign interference in the election process."
- Under "Hillary or her lookalike," pro-Kremlin *Komsomolskaya Pravda* reported claims that Hillary Clinton uses the services of a lookalike.

U.S./Israel Military Aid MoU

- Independent *Kommersant* observed on the front page: "Apart from its purely technical aspects, the document has an important political component: in the opinion of experts, signing it two months before the U.S. presidential elections is supposed to demonstrate that Israel was and remains a strategic ally of Washington. Now Barack Obama will list relations with Israel as one of his accomplishments. This in spite of the fact that it was under his presidency that relations between the two countries went through an unprecedented crisis, their disagreement on the Iran nuclear program being the main reason."

[Redacted]
Assistant Information Officer
U.S. Embassy, Moscow

[Redacted]

B6

This email is UNCLASSIFIED.

RELEASE IN PART B6

From:
Sent: Thu, 15 Sep 2016 15:09:46 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update: September 15, 2016

B6

Ukraine Daily Update – September 15, 2016

*****This is an unclassified product; some information may be unconfirmed.*****

Political Developments

- President **Poroshenko hosted French and German Foreign Ministers Jean-Marc Ayrault and Frank-Walter Steinmeier** yesterday. Poroshenko underscored the absence of progress on liberating Ukrainians held by Russian-separatist forces, called for non-recognition of Russian Duma elections from Crimea, and thanked the OSCE and EU for the decision not to observe elections in Crimea. Ayrault told press he expects a bilateral withdrawal from three LOC pilot zones next week, and that he reminded GOU counterparts of the need to grant Donbas special status as a key Minsk condition.
- The Foreign Ministers' comments on special status raised the ire of Batkivshchyna and the Radical Party, as both parties' representatives spoke out against it in the press as a failure of Ukrainian diplomacy, vowing that their parties will not support such laws.
- Ukraine's Foreign Minister Pavlo **Klimkin and OSCE Chairman Ertugrul Apakan today accompanied the Foreign Ministers on their first visit to the conflict zone in government-controlled Donbas cities of Slovyansk and Kramatorsk**, where they met with OSCE SMM monitors.



- **New UK Foreign Minister Boris Johnson told press yesterday during his Kyiv visit that Brexit has not changed UK policy**, Donbas peace primarily depends on Russia, and that the Minsk process remains the only way forward, despite moving “at a snail’s pace.”
- **Prosecutor General Yuriy Lutsenko announced that PGO and SBU launched searches in Kharkiv this morning of Mayor Hennadiy Kernes’ and acquaintances’ residences**, in connection with criminal investigations of misappropriation of 654 hectares of local land worth UAH 4 billion (\$153 million).

Economic Developments

- **National Bank of Ukraine (NBU) says IMF tranche will replenish international reserves:** The NBU issued a statement welcoming the IMF Executive Board's decision on September 14 to approve the second review of the Extended Fund Facility program: "This shows support for the program of reforms in Ukraine by the international organization and is a signal for domestic and foreign investors." The NBU noted that the successful review will help unlock additional financing, in particular, \$1 billion from Eurobond placement under U.S. guarantees, as well as EUR600 million from the European Commission.
- **Easing currency controls:** The NBU continues its work to gradually liberalize the currency market. On September 14 NBU announced a decision to allow depositors to withdraw amounts equivalent to UAH 250,000 (\$9,542) from f/x deposit accounts; the previous limit was UAH 100,000 (\$3,817). Also, resident companies will be permitted to buy hard currency to repay f/x loans to non-residents, even if f/x balances on their accounts exceed \$25,000.

- **Defense Sector:** Ukraine's National Security and Defense Council Secretary Oleksandr Turchynov and Foreign Minister of Poland Witold Waszczykowski discussed the involvement of experts from Poland and other NATO countries to support reform in the security sector and defense industry.
- **Currency Rates:** The interbank exchange rate averaged UAH/\$26.20 as of 12PM September 15.

Military and Security Developments (*According to ATO Spokesperson for the Presidential Administration COL Oleksandr Motuzyanyk, unless otherwise noted.*)

- Separate from the ATO Spokesperson's daily briefing, Ukrainian media reported massive fighting around Avdiivka/Yasynuvata last night, along with attacks in other areas of the LOC.
- **Ukrainian combat losses over the past 24 hours:** zero KIA, three WIA (Stanytsia Luhanska tripwire bomb and Avdiivka shelling).
- **Donetsk sector:** Russian-separatist forces launched 26 attacks with mortars and 122 mm and 152 mm artillery near Zaitseve, Verkhniotoretske, Avdiivka, Pivdenne, Kamianka, and Pisky, firing 666 shells.
- **Mariupol sector:** Russian-separatist forces launched 20 attacks with mortars and armored vehicles near Pavlopil and Shyrokyne.
- **Luhansk sector:** Russian-separatist forces launched four attacks near Popasna.
- UAF personnel spotted five **UAVs** throughout the ATO.
- Russia delivered additional ordnance to the separatists:
 - Ilovaisk received five train cars of Grad rockets and ammunition;
 - Khartsyzk, five cars of T-72 tanks, BMP-2 infantry fighting vehicles, and Grad rocket launchers;
 - Rovenky, 12 cars of diesel fuel; and
 - Sverdlovsk, three cargo trucks of ammunition.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/09/15-09_eng.jpg



Ukrainian General Staff statistics as of July 20, 2016: *(Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)*

- Since the ATO began: **2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.**
- Since the February 15, 2015 “ceasefire”: **504 Ukrainian military personnel have been killed; and 2,451 have been injured.**

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured.** (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

B6

This email is UNCLASSIFIED.

From: Yovanovitch, Marie L
Sent: Sat, 8 Oct 2016 07:47:35 +0300
To: [REDACTED]
 Gregory W.;Ciaramella, Eric A [REDACTED];Charles A. Kupchan
Cc: Kent, George P
Subject: Fw: NV(print): Patience has run out

RELEASE IN PART
 B6

B6

Serhiy on US-Ukrainian relations after his visit.

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Friday, October 7, 2016 9:26 PM
To: Kyiv, Media Alerts
Subject: NV(print): Patience has run out

Novoe
Patience has run out
 Serhiy Leshchenko
 07.10.2016

Tiredness from Ukraine reached its climax in the United States. News from Kyiv disappoint Americans. It's still not too late to come to senses, but the point of no return in the relationship with the United States will come sooner than they think on Bankova.

Last week, me and my colleagues Mustafa Nayyem and Svitlana Zalishchuk held dozens of meetings in the United States. The impression is disappointing: tiredness from Ukraine has reached its climax, which is especially noticeable after the Washington's favorite Arseniy Yatsenyuk left, the further spread of corruption and lack of progress in the peaceful settlement in the east.

Today Ukraine is mentioned in America in two cases. First – negotiations about the future of the so-called LPR / DPR. Though the Administration of Barack Obama has not given lethal weapons to Ukraine, the President himself wants to retire with one more star on the fuselage – the resolution of a smoldering conflict in the Donbas.

At the same time, Washington does not hide its disappointment with the obligations Ukraine took upon itself in Minsk, leaving America behind the door of the meeting room. In a sense, Kyiv succumbed to pressure from Berlin: back then the Chancellery of Angela Merkel was wary that the Americans could undermine the exclusivity of Germany being a European leader.

Trying to take the initiative into their hands, the US lull Kyiv into enacting laws from the package of the Minsk Agreements under guarantee that Russian weapons will be taken into the ring of the OSCE observers and then withdrawn from the Ukrainian territory through a special corridor.

However, if Washington is still able to hear the arguments of Ukraine in respect of the Minsk Agreements, the failure in the fight against corruption has no excuses.

"You know, a year ago I was more reserved. Now I agree that personal sanctions can rectify the situation," - says one of the most influential Americans to another during our private meeting. Both went to work in analytical centers from the State Department.

The pool of Americans who are interested in Ukraine is quite small: Atlantic Council, Institute of McCain, Brookings, Kennan Institute, political foundations of Republicans and Democrats, the Foundation for Democracy. It's the kitchen where policy recommendations are being prepared and public opinion is being formed. However, patience has run out here as well: the authorities in Kyiv are deaf not only to their own people, but also to the recommendations of the American advisers. Therefore, the thesis about sanctions against the top corrupt officials of the era of Poroshenko may soon migrate from the expert agenda to the political one.

Especially since there is an effective mechanism in America to punish the Ukrainian corrupt officials. Back in 2004, President George W. Bush issued a decree ordering to impose sanctions against foreign corrupt officials, who harm the US national interests.

The first figure, against whom this norm was applied, was Hryhoriy Surkis. In 2004 he was denied entry into the United States. Later the penalties were applied several times. The candidate falling under sanctions is submitted to the State Department by the US Embassy in the country of accreditation.

During the meetings in Washington, I directly called to expand sanctions against the current corrupt officials from Poroshenko's surroundings, who continue to parasitize on state flows and fill pockets even during the war. Attempts to stop the theft through persuasion failed.

And the Americans themselves are starting to notice the fact that the Kyiv administration has begun to show arrogance in dealing with them, which was not characteristic earlier. Like, "Petro Oleksiyovych, don't grovel before the Americans." They say that the author of the change of the approach is the new Deputy Head of the Presidential Administration On International Affairs Konstantyn Eliseev, who was trying to promote the same approach when being the Ambassador to the EU in times of Yanukovych.

All this is happening against the background of the fight against anti-corruption bodies and activists. Attempts of the Prosecutor General Yuriy Lutsenko to deprive NABU of full power shocks the Americans who invested a lot of effort and funds to launch it. By smearing authority to combat corruption among all corrupt structures from the Tax Office to the SSU we will kill the key idea behind the creation of NABU.

Attempts to discredit corruption fighters also don't go unnoticed. Assistant Secretary of State Victoria Nuland invited me and Mustafa Nayeem after a meeting to her office and offered to take a picture, trying to use the language of diplomacy to demonstrate the dissatisfaction with the orchestrated attacks against those who are not afraid to expose the current government.

For months, Ukraine has been a platform for the Americans, by an example of which one can prove the theory that removal of the dictator's power leads to an increase in well-being and building a just society. In the name of this Americans sacrificed their reputation and money. As a result, news from Kyiv are disappointing. It's still not too late to come to senses, but the point of no return in the relations with the United States will come sooner than they think on Bankova. And the whole country will pay for the sins of its leaders.

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

(044) 501 58 41

(097) 479-13-50

From: Krich Publications <info@krichpublications.com>
Sent: Mon, 12 Sep 2016 09:00:30 +0000
To: Nuland, Victoria J
Subject: Torching the Channel: Suppressing Media Freedom in Ukraine

RELEASE IN FULL

Young Ukrainian Journalist Describes Attack on INTER First-Hand

Some divide Ukraine's media environment into us versus them. To the limited extent the world is still paying attention to this searing issue, that is a mistake. One young journalist describes what she saw a week ago when officially-protected thugs torched the television station at which she works. Worth a read, especially for those who care about getting Ukraine back on track.



Torching the Channel: Suppressing Freedom of Speech or Just Another Information War in Ukraine

By Iuliia Mendel

It's already a week since the biggest Ukrainian TV station was set on fire by an

"unknown" group of people and attacked by another group in military uniforms. Nearly 70 workers were at that moment in the building, 25 of them had to hide on the roof and were taken off by a rescue team. One damaged her spine while running, 5 suffered carbon monoxide poisoning, a few barely survived. Almost everyone experienced light shock. The approximate damage is estimated at \$430,000.

Liuda, 22, who is originally from Western Ukraine, is known for her patriotic tendencies, and as a journalist of the international department, she was preparing a text about G20 summit when nearly 20 guys in military uniforms arrived to the front door of the channel bringing tires -- the symbol of the Revolution of Dignity that happened almost 3 years ago when Ukrainians were fighting with the then dictator-president using tires. These days, groups of far-right nationalists and provocators use tires for different purposes. Often, for Russian channels -- to discredit the revolutionary values and show a picture of a radical, violent Ukraine out of control of the government. The picture that often reminds military zone in the Ukrainian capital that announces movement to European values and demands access to the EU.

Both of us -- Liuda and me who'd just arrived for the evening shift -- didn't take it seriously first. In Ukraine, Inter channel is accused of having a pro-Kremlin position. This was what guys were writing on the walls. I filmed the guys for few seconds -- just for memories -- and called to my editor to say that the text was ready. Instead I heard a shout: "Close the windows and doors!" And she hung up the phone.

I thought the guys entered the building and I went to the corridor. It was full of smoke, two guys in respirators arrived from the stairs and shouted: "There is a fire here! Run away! Run!" Only late at night talking to the colleagues did I realize that those guys didn't have firefighters' uniforms. Those were the arsonists.

It took us a few seconds to grab our bags and run down the stairs. There I felt the biggest moment of panic: Guys in military uniforms were blocking the entrance while the building was full of smoke. I thought if the guys could ignite a building with people inside, they could also attack us physically. But that feeling lasted only a few seconds. They allowed us to go out. As well, later -- I think nearly in 15 minutes -- they allowed the firebugs to leave the channel that was already burning. This fact is fixed on the channel's cameras.

All the time I was filming the events on my telephone. The thick smoke from burning tires was rising in the sky. The military attackers were presenting a short performance: There was a girl with a bunch of flowers symbolizing Ukraine hugged by a guy wearing the dress of the Ukrainian heroes of the Middle Age - the Cossacks. I still don't understand the performance. In any case, it was never paid any attention in the media.

The Cossack guy himself paid attention to all the people around him, TV workers who survived and the police. While the fire was already raging out of the windows, he started walking around smiling and smoking a pipe. Searching his social media pages, one can guess he really thinks himself to be a patriotic hero fighting the Russian Empire.

At that moment the people from inside started breaking the front Windows and screaming: "There are people here! Let us out!" The military guys kept standing without reaction.

Despite Inter channel is accused in supporting Opposition Block -- the pro-Russian party of the ex-President known as a hugely corrupt dictator -- it also shares the lead position for its ratings and is fought for by different parties, politicians and oligarchs. Especially now when many believe snap parliamentary elections are close and the election of the President will be held in 2.5 years.

The investigation that currently takes place is never going to be transparent and objective, Ukrainian and foreign journalists believe.

Here's why.

The same day when the arson happened, the interior minister, his advisors and a spokesperson made accusing speeches. The minister himself, Arsen Avakov, announced that the guys in military uniform had a peaceful protest against pro-Kremlin policy and named them as ATO veterans of the 30th brigade. The next day this brigade rejected any connection to the arson.

Six attackers were detained by the police and released the same day. The next day, they attacked another building of Inter channel where they also brought tires, but never made a fire.

One of the attackers -- the guy with the pipe mentioned earlier -- is known in the Internet where he posts about his nationalist views, homophobic position, belief in God and chauvinistic anti-female jokes. He belongs to the Brotherhood of Dmytro Korchynskyy well-known for earning money for raider attacks for many years. Korchynskyy used to give interviews where he recognized his connections to people in Kremlin and is personal friend of Avakov's advisor Illia Kiva. The guy with the pipe has a picture with Kiva during an anti-gay protest in the city of Kherson, bordering the annexed Crimea.

There is another curious aspect -- about media. My Facebook posts were the first in the Internet to tell about the fire. They attracted media to the event. The first picture of the then-peaceful protest was made at 4:29 and posted at 5:29 pm. The fire itself was posted at 5:34. But an hour earlier I understood that Espresso TV, one of the lowest rated channels, was already covering the event: It is the channel sponsored by Avakov. I know this because I had been working there and

two of my programs -- one of which was investigative -- were closed because of pressure and corruption. I was told there that Avakov was donating to the channel and so his schemes couldn't be revealed. This channel is also known to be a voice of freedom of speech in Europe and the U.S. who donated media grants to it as it started its work during the Revolution of Dignity and was the one of few channels to stream the events all over the world.

The channel is situated a 20 minute drive from Inter. It usually takes an ordinary channel at least 10-15 minutes to find a free journalist, a cameraman, equipment and a car to get to the event. That's why all other media arrived about an hour later. Espresso TV has a lack of everything: staff, cars, cameras etc. The only reason for their appearance at the event that hadn't been announced anywhere, was a coincidence. The group could have been filming something far from the center city and any regular conference places and returning back or headed to their next assignment when they decided to pass by Inter's office.

This was the channel whose crew became famous that day for taking a selfie with the arson at Inter in the background captioned: "There is a fire! First we make a selfie, then we go on air." And this was Espresso TV who brought their site editor to the event and went with him on air as if he was an expert on arson. In few days Espresso site shared the article about expert's credentials. He has improved his career.

Avakov is known to be a friend of the oligarch Ihor Kolomoisky, whose other channel, 1+1, shares the leadership position with Inter and is its biggest competitor. This is the reason why this oligarch could have had a connection to the arson. At least, first I heard this from my faraway friend who has connections to the government. Later, my source from the intelligence forces told me that Kolomoisky people were proposing money to them for fighting Inter. At last there was a Facebook advertisement from ex-Kyiv mayor Lenoid Chernovetsky, who fled the country because of being corrupt and whose son is detained for the same accusations -- that Kolomoisky hired the firebugs.

At the same time, political experts and people connected to the parliament believe that the owners of the channel -- oligarch Dmytro Firtash, whose extradition is demanded by the U.S. for international corruption, and Serhii Lyovochkin, the ex-head of the Administration of Presidential dictator -- organized the crime by themselves. As they want to sell the channel. These rumors can be supported by the fact that the firebugs arrived in the building by a hidden corridor closed off by a light wall. First, they knew about the corridor, second they knew they could break the wall easily. Finally, it's not clear why my international department appeared to suffer most of all. But the rumors exist and have a right to be mentioned.

And let's not forget about the other powerful player whose ratings fell down and are even lower than those of Opposition Block and who accordingly is very interested in better media coverage. President Petro Poroshenko, the owner not

only of the 5th channel, but one person who influences all other media. For a long time he has tried to buy the information leader, 112.Ukraine, that also appeared during the revolution. Recently, they became very loyal to the president. The workers of another young channel NewsOne, which is doing not so bad, are sure that the President is going to buy it, relying on internal rumors and the fact that the closest Presidential managers started visiting the channel. Recently there was the news that President was going to buy the half of the shares of Kolomoysky's channel which Kolomoysky rejected the next day. Anyway, he had a huge oligarchical war with the President just one year ago, but recently both have entered into a settlement.

This situation shows that the President wants to take as much power over the Ukrainian media market as possible. And of course he would be interested in at least partial control of Inter channel or not to let his enemy - Avakov - to control it.

Whoever is the real organizer of the arson, Interior Minister Avakov has already made several mistakes that show that a transparent investigation won't be held. The President won't push it either as is afraid to reveal other information that will show his pressure on freedom of speech. Oligarchs will still continue the information war that started after the revolution.

It may sound cruel, but if the firebugs were really fighting the pro-Kremlin propaganda, they wouldn't have lit Inter channel on fire, but would have gone after the person they accuse of being the pro-Kremlin top-manager – Ihor Shuvalov. Sadly, the recent example of the assassinated journalist Pavlo Sheremet shows that Ukraine still hasn't abandoned such intolerable practices.

Krich Publications
38 Doroshenko Street

Lviv, Ukraine
[Unsubscribe](#)

RELEASE IN PART B6

From:
 Sent: Tue, 13 Sep 2016 15:12:49 +0300
 To: Kyiv, Sitrep
 Subject: Ukraine Daily Update: September 13, 2016

B6

Ukraine Daily Update – September 13, 2016

This is an uncleared product; some information may be unconfirmed.

Correction: Yesterday's sitrep incorrectly reported that a Crimean illegally detained in Russia had died in prison after refusing medical care. According to the [source](#), this prisoner did not actually refuse treatment; his Russian jailers refused to treat him.

Political Developments

- Prime Minister Groyzman announced that the **Cabinet will submit its 2017 draft budget to the Rada this week**. "We will introduce the following key priorities: defense and security, decentralization, road construction, energy efficiency programs, and agriculture and farmer support to produce high-quality national products. Another important task is supporting teachers. This year, we'll embark on raising wages for Ukrainian teachers."
- President Poroshenko stated that he will convene an NSDC meeting this week to discuss the **FY17 defense budget, projected at 129 billion UAH: 5% of GDP**.
- President Poroshenko [called on](#) the G7 to not recognize the legitimacy of Russia's upcoming parliamentary elections if voting occurs in illegally occupied Crimea.
- Foreign Minister Klimkin asserted that **Duma elections in Crimea would not affect already moribund diplomatic ties with Russia**, but would result in a Ukrainian [boycott](#) of PACE (Parliamentary Assembly of the Council of Europe) if monitors were to observe the "elections."
- **EU Press Secretary Maya Kosyanchich issued a statement addressing Russian "elections" to the Duma from illegally occupied Crimea:** "We once again underline our support for the sovereignty and territorial integrity of Ukraine."
- OSCE ODIHR (Office for Democratic Institutions and Human Rights) Election Observation Mission Head Jan Petersen told media that **ODIHR will not observe Duma "elections" in Crimea:** "...because OSCE works based on the consensus of all member states, Crimea is not part of our observer mission."
- Deputy Chairman of the Crimean Tatar Mejlis Ilmi Umerov's lawyer Nikolay Polozov tweeted that **illegally occupied Crimea's Kremlin-controlled "supreme court" has dismissed Umerov's three appeals:** the criminal case against him, his illegal psychiatric transfer, and the abolishment of his forcibly signed nondisclosure agreement.

- Prosecutor General Yuriy **Lutsenko** told press that the **GOU will prosecute Russian-separatist officers both in absentia in Ukraine and at the ICC in The Hague**, where they might “face the fate of Slobodan Milosevic.”

Economic Developments

- **Privatization:** State Property Fund Head Igor Bilous shared with the press his opinion that the starting price for the **Odesa Portside Plant (OPP)** privatization should be no more than \$150 million to entice potential investors to bid. Bilous added that OPP currently has \$285 million in debt. Note: Today, the Privatization Working Group, which includes the USG, European Bank for Reconstruction and Development, and International Monetary Fund, among other representatives, will vote on a formal recommendation to the GOU on OPP’s starting price.
- **Anti-Corruption/Aviation:** The indictment against the ex-head of Ukraine’s State Aviation Administration, Denys Antoniuk, was endorsed by a prosecutor from the Specialized Anti-Corruption Office and sent to Kyiv’s Solomyansky district court. Agents of the National Anti-corruption Bureau of Ukraine (NABU) said they have completed their pretrial investigation, and found that **Antoniuk abused his power** when he cancelled UM Air’s flights between Kyiv and Tehran in favor of Ukrainian International Airlines. Note: UM Air and its owner, Rodrigue Merhaj, have been sanctioned by the U.S. for reported support to Iran-based Mahan Air.
- **Currency:** The exchange rate averaged UAH/\$ 26.56 on the interbank market as of 12PM on September 13.

Military and Security Developments *(According to ATO Spokesman for the Presidential Administration COL Andriy Lysenko, unless otherwise noted.)*

- **Ukrainian combat losses over the past 24 hours:** Three KIA (Stanytsia Luhanska and Chermalyk), 15 WIA, and one MIA.
- **Donetsk sector:** Russian-separatist forces launched 16 attacks in Luhanske and the Avdiivka industrial zone. Militants shelled Ukrainian positions in Zaitseve for two and a half hours. No CFVs (ceasefire violations) reported around the airport.
- **Mariupol sector:** Russian-separatist forces launched nine attacks with heavy mortars in Krasnohorivka and Shyrokyne and 45 bombardments by 122 mm artillery in less than one hour near Chermalyk. Militants also launched provocations near Maryinka.
- **Luhansk sector:** Russian-separatist forces launched nine attacks, including a significant cross-river incursion near Artema. Militants attacked with SALW, armored vehicles, and 82 mm mortars over a period of 15 minutes. Russian personnel delivered IFVs (infantry fighting vehicles) and APCs to Luhansk from Izvayrne.
- UAF personnel spotted three **UAVs**: two in Mariupol sector; one in Donetsk.

- Russian border guards detained militant Sergiy Tymoshenko, allegedly attempting to smuggle three crates of ammunition across the border from “LPR”-controlled territory into Russia.
- HUR (Ukrainian military intelligence) reported that **Russian regulars were reassigned September 5 from the front line to dismantle equipment and salvage the remnants of the Pervomaysk and Interinvest coal mines.**
- **Media reported that “DPR” militants “arrested” seven teenagers,** claiming they were agents provocateur dispatched by the SBU (Security Service of Ukraine) to sabotage infrastructure targets.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/09/13-09_eng.jpg



Ukrainian General Staff statistics as of July 20, 2016: *(Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)*

- **Since the ATO began: 2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.**
- **Since the February 15, 2015 “ceasefire”: 504 Ukrainian military personnel have been killed; and 2,451 have been injured.**

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured**. (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

This email is UNCLASSIFIED.

B6

From: [REDACTED]
Sent: Wed, 14 Sep 2016 15:06:11 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update: September 14, 2016

RELEASE IN PART B6

B6

Ukraine Daily Update – September 14, 2016

*****This is an unclassified product; some information may be unconfirmed.*****

Political Developments

- Ukrainian representative at the Joint Center for Control and Coordination (JCCC) Major-General Borys Kremenetskyi reiterated to press that the **UAF is ready to permanently honor the back-to-school “ceasefire,”** which separatist “leaders” Zakharchenko and Plotnytskyi made headlines by officially endorsing only after yesterday’s TCG (Trilateral Contact Group) videoconference.
- Ukraine’s National Security and Defense Council (NSDC) approved Ukraine’s projected FY17 defense budget for 129 billion UAH (\$4.9 billion): 5% of GDP.
- **Ukrainian activist and filmmaker Oleh Sentsov smuggled a letter out of the Russian jail where he is serving a 20-year sentence:**

“We attacked no one and are just defending ourselves. However, there are other enemies besides the known, outside ones. They are smaller and on the inside... Some of them are leftovers from old times, times of poverty and fear. Some desire just to live in the old ways but in a new guise: newly rich and empowered...I’m not going to state: “we’ll see who wins.” I know who will win. The desire for freedom and progress is unstoppable.”



Illegitimate Russian occupational “authorities” accused and arrested Sentsov in 2014 for terrorist conspiracy, arson, and attempting to blow up a Lenin statue during Russia’s illegal annexation of Crimea.

- Deputy Minister for the Temporarily Occupied Territories Georgiy Tuka told press that **Russian-separatist militants have kidnapped from Ukrainian territory and imprisoned in Russia 150 Ukrainian soldiers and volunteers** taken captive during the ATO.
- **PGO updates:** Prosecutor General Yuriy Lutsenko told press yesterday that:
 - He will fire Deputy Prosecutor General Yuriy Stolyarchuk;
 - He has no plans to pursue the Presidency;
 - PGO will open a criminal investigation into the business dealings of Interior Minister Arsen Avakov; and
 - PGO will question President Poroshenko as a customary step in its investigation of the Maidan shootings.

Economic Developments

- **Budget/Infrastructure:** At a meeting of the National Security and Defense Council (NSDC) on September 13, President Poroshenko cited road repairs and construction as a priority for the state budget. Poroshenko added that 2016 to 2018 should be the “years of road construction.” Poroshenko also stressed the importance of continuing decentralization efforts.
- **Currency:** The interbank exchange rate averaged UAH/\$ 26.35 on market as of 12PM on September 14.

Military and Security Developments *(According to ATO Spokesman for the Presidential Administration COL Andriy Lysenko, unless otherwise noted.)*

- **Ukrainian combat losses over the past 24 hours:** one KIA, one WIA (152 mm shelling in Zaitseve).
- Escalations overnight, as both sides unload in anticipation of the latest “ceasefire.” According to Ukrainian military intelligence, the Russian General Staff has ordered Russian-separatist forces to observe the “ceasefire” as of midnight tonight, though shelling intensity in the last 24 hours has equaled the worst days of this past summer.
- **Donetsk sector:** Russian-separatist forces launched 37 attacks, shelling Ukrainian positions all along the LOC with 82 and 120 mm mortars and 122 and 152 mm artillery: five hours’ nonstop bombardment in Avdiivka; over 200 mortar rounds fired in Luhanske. UAF returned fire.
- **Mariupol sector:** Russian-separatist forces launched 14 attacks near Maryinka and Shyrokyne with SALW and snipers.
- **Luhansk sector:** Russian-separatist forces launched five SALW attacks and fired an APC-mounted turret gun near Popasna.
- UAF personnel spotted three **UAVs:** two in Donetsk sector (one crossed from Russia) and another in Mariupol.

- **Update:** Yesterday's sitrep reported that a Russian-separatist sabotage group killed two Ukrainian soldiers and wounded five during an incursion across the Donets river near Artema. However, [media](#) today began to speculate that these were actually casualties of a shootout between UAF checkpoint personnel and a UAF deserter from their unit, who ATO reports initially listed as MIA. According to press, 41-year-old Kryvyi Rih conscript Viktor Holovan shot his Captain and other members of the unit, seized weapons, and fled on foot toward "LPR"-controlled territory. Survivors of the sudden attack were allegedly able to detain him as he approached the LOC.

ATO map: http://mediarnbo.org/wp-content/uploads/2016/09/14-09_eng.jpg



Ukrainian General Staff statistics as of July 20, 2016: *(Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)*

- Since the ATO began: **2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.**
- Since the February 15, 2015 “ceasefire”: **504 Ukrainian military personnel have been killed; and 2,451 have been injured.**

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured.** (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

This email is UNCLASSIFIED.

B6

RELEASE IN PART
B6

From: [REDACTED]
Sent: Mon, 15 Aug 2016 11:44:48 -0400
To: Pyatt, Geoffrey R; [REDACTED] Nuland, Victoria
[REDACTED]
[REDACTED] EUR-ACE-BAPP-DL; EUR-ACE-CENTRAL ASIA; EUR-ACE-EURASIA; EUR-ACE-Europe-DL; Romanowski, [REDACTED]
[REDACTED] Zentos, Elisabeth
[REDACTED] Anna_A_Makanju [REDACTED]
Cc: Yovanovitch, Marie L; Kent, George P; [REDACTED] Kyiv, POL FSOs; Kyiv, ECON FSOs; Kyiv, INL [REDACTED]
[REDACTED]

B6

B6

B6

B6

Subject: RE: UKRAINE: July 25-August 12 INL Policy and Assistance Update

We're very glad [REDACTED] was able to support post and INL efforts during the last six months, and we'll be even happier when [REDACTED] returns to WashDC next month!

This email is UNCLASSIFIED.

From: Pyatt, Geoffrey R
Sent: Monday, August 15, 2016 11:32 AM
To: [REDACTED] Nuland, Victoria J; [REDACTED]
[REDACTED]
[REDACTED] EUR-ACE-BAPP-DL; EUR-ACE-CENTRAL ASIA; EUR-ACE-EURASIA; EUR-ACE-Europe-DL;
[REDACTED]
[REDACTED] Zentos, Elisabeth [REDACTED] Anna_A_Makanju [REDACTED]
Cc: Yovanovitch, Marie L; Kent, George P; [REDACTED] Kyiv, POL FSOs; Kyiv, ECON FSOs; Kyiv, INL; [REDACTED] (KYIV/ODG); [REDACTED]
[REDACTED]

B6

B6

B6

B6

[redacted]

Subject: Re: UKRAINE: July 25-August 12 INL Policy and Assistance Update

B6

Thanks [redacted] What this leaves out is that this update marks the end of your run as acting INL Kyiv director. I am so grateful for your superb leadership of that section while [redacted] took a well deserved break. And you should be proud of all that you kept moving. Thank you!

Sent from my BlackBerry 10 smartphone.

From: [redacted]

Sent: Monday, August 15, 2016 6:29 PM

To: [redacted], Nuland, Victoria J; [redacted]

[redacted]

[redacted] EUR-ACE-BAPP-DL; EUR-ACE-CENTRAL ASIA; EUR-ACE-EURASIA; EUR-ACE-Europe-DL; [redacted]

[redacted]

[redacted] Zentos, Elisabeth [redacted]; Anna A Makanju [redacted]

Cc: Pyatt, Geoffrey R; Yovanovitch, Marie L; Kent, George P; [redacted] Kyiv, POL FSOs; Kyiv, ECON FSOs; Kyiv, INL; [redacted]

[redacted]

Subject: FW: UKRAINE: July 25-August 12 INL Policy and Assistance Update

B6
B6
B6

UNCLASSIFIED

SBU

Action Office: POL, AMB_IN, EXBS
Info Office: DAO_INFO, CONS_INFO, POL_INFO

MRN: 16 KYIV 1484
Date/DTG: Aug 15, 2016 / 151514Z AUG 16
From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE IMMEDIATE
E.O.: 13526
TAGS: PREL, PGOV, KJUS, PHUM, KCOR, UA
Captions: SENSITIVE
Subject: UKRAINE: July 25-August 12 INL Policy and Assistance Update

1. (SBU) Summary: OPDAT led a four-day criminal justice workshop with 42 law students to discuss the

Ukrainian justice system, the role of international standards and the European Court of Human Rights, and building criminal investigations. Ambassador Pyatt joined police and city officials in celebrating National Police Day on August 4, marking the one-year anniversary of the Law on National Police. Prosecutor General Lutsenko announced the creation of a commission to stand up an Inspector General Unit. INL will support this effort through embedded advisor Bohdan Vitvitsky. CBP trainers concluded the first phase of a three-month training program to assist the State Border Guard Service (SBGS) in selecting and vetting new recruits. INL Ukraine and the DEA Warsaw Office joined efforts to conduct a week-long airport interdiction training at Boryspil Airport. INL partnered with the Houston Police Department to train 30 Patrol instructors in crowd control methods. Half of those instructors will take part in the second phase of the Houston PD training, which will cover advanced tactics. End summary.

2. (SBU) Update on key INL activities, July 25-August 12

- **OPDAT Workshop:** On July 25-28, OPDAT Ukraine brought 42 English-speaking law students to a rural Ukrainian site in the Carpathians for a four-day workshop which focused on criminal justice issues. Daily sessions were led by American and Ukrainian experts with significant experience in criminal justice. American experts were OPDAT Ukraine RLA Jeffrey Cole, OPDAT Serbia RLA Joseph Huynh, and OPDAT Kosovo RLA Michelle Lakomy. The Ukrainian experts included a European Court of Human Rights advocate, a Ukrainian High Specialized Court judge, and a Ukrainian prosecutor who had participated in an earlier OPDAT Training-of-Trainers program. All daily activities were interactive and included exercises addressing the new roles of judges, defense attorneys and prosecutors in an adversarial system, building successful criminal investigations, and the role of international standards and the European Court of Human Rights in the Ukrainian justice system. In addition, students learned basic trial advocacy skills and practiced those skills in a courtroom setting.
- **National Police Day Celebrations:** On August 4, Ukraine celebrated National Police Day on Sofiivska Square in Kyiv, marking the one-year anniversary of President Poroshenko's signing of the Law on National Police. The Law was ratified by the Rada on November 7, 2015. National Police Day was also celebrated one month after the first new Patrol force was stood up in Kyiv on July 4, 2015. The main event was an awards ceremony for prominent police officers from around Ukraine. The ceremony was attended by many high level officials from the Government of Ukraine including Head of National Security and Defense Council Turchynov, First Vice Prime Minister Kubiv, Deputy Minister of Interior Yarovyi, Kyiv Mayor Klitchko and the Chief of the National Police Khatia Dekanoidze, who concluded the ceremony with words of gratitude to the people of Ukraine for the trust in the new police and in her as its Chief. International donors and community also attended the ceremony including Ambassador Pyatt, who thanked Chief Dekanoidze for her tremendous commitment and leadership on police reform and assured her of continued U.S. support for police reform.
- **New Inspector General:** On August 8, Prosecutor General (PG) Yuriy Lutsenko signed an executive order to create a commission for selecting Inspector General Unit personnel. The commission will consist of seven members, including two staff from the Prosecutor General's Office (PGO), one from Security Service of Ukraine (SBU), and four "society" representatives (embedded U.S. advisor Bohdan Vitvitsky, Defense Attorney Valentyna Telychenko, Human Rights activist Yuriy Belousov, and Yaroslav Yurchyshyn from Transparency International). The PG appointed PGO Deputy Anzhela Strizhevskaya as Head of the Selection Commission and requested Vitvitsky serve as Strizhevskaya's co-chair. Vitvitsky will be actively involved in the

recruitment and selection process, and INL will support testing for the IG unit.

<https://www.youtube.com/watch?v=RmUzWuDchiU>

- **Donation of Tactical Gear, Uniforms, and Equipment to NABU:** At the beginning of August, INL donated \$88K worth of tactical gear, uniforms, and equipment to the Special Operations Department of NABU to support its ability to effectively investigate high-level corruption cases.
- **Phase 1 of Border Guard Selection and Recruitment Training:** August 12 marked the first graduation ceremony for the three-phase selection and training course for the State Border Guard Service's (SBGS) 10th Mobile Detachment. This INL-funded, CBP-implemented training consisted of four intensive weeks of specialized tactical training as well as rigorous physical, mental, and team building challenges. The course was designed and delivered with the intent of providing an example and model of the selection and training system utilized within the U.S. Border Patrol Tactical Unit, and to help SBGS identify and vet future members of their highly specialized tactical team. This graduation recognizes the first 29 members of the 10th Mobile to successfully complete this training phase, of which 10 were identified to create an instructor cadre. These 10 will continue to work closely with the INL/CBP Mission Training Team throughout the next two months and assist in the delivery of subsequent and identical training phases for the remaining personnel of the 10th Mobile.
- **DEA Training for Border Guards, Customs, and Patrol:** From August 8-12, the DEA Warsaw Country Attaché's office partnered with INL/Ukraine to conduct an airport interdiction training in Kyiv. Participants included 10 border guards, 10 customs officers, and five patrol police officers. Four DEA instructors from the DEA Academy in Quantico, Virginia, presented on issues such as interviewing techniques, checkpoint interdiction, use of K-9 programs, etc. Two of the five training days included practical exercises in basic interviewing and search techniques at Boryspil International Airport.

Analysis: Patrol and Crowd Control

(SBU) On July 29, 30 Patrol Police instructors graduated from a three-week crowd control train-the-trainer course provided by the Houston Police Department. All instructors successfully passed the final exercises in team tactics, formations, and other skills. Houston trainers noted that this group of Patrol cadre was one of the best to work with – highly receptive, inquisitive, and very skilled, despite having only served one year in the police and having non-law enforcement backgrounds. In the middle of the training, on July 27, the Orthodox Church in Kyiv held a "Procession of the Cross," with thousands of church-goers participating in two marches. The National Police deployed the 30 patrol instructors to support this event, allowing them to put their western style crowd control principles into action. Staying in front of the procession, armed only with batons, the instructors showed excellent professionalism and received high praise from both Chief of Police Dekanoidze and the organizers of the procession, saying that the participants of the procession felt safe and comfortable with the police for the first time.

(SBU) The fifteen most capable shooting instructors have been selected for the next phase of tactical

training by Houston PD, which started August 1. The concept is to create special response teams whose mission will be to support regular patrol police in high risk situations, such as armed robberies, domestic violence, gang fights, etc. Patrol instructors are training together with five KORD officers in an effort to promote closer collaboration between law enforcement agencies. The KORD officers possess advanced tactical and shooting skills and provide support to the Houston trainers. The training is also happening at the KORD training base, Vita Poshtova, as it provides better shooting and physical fitness facilities and equipment. The training covers grappling, wrestling and defensive countermeasures, medical training, high-risk traffic stops, vehicle assaults, and warrant planning. The training will conclude on August 19.

Signature: PYATT

Drafted By: KYIV [REDACTED]

Cleared By: U.S. Embassy Kyiv: [REDACTED]

RLA [REDACTED]

Approved By: POLECON [REDACTED]

Released By: KYIV: [REDACTED]

Info: NATIONAL SECURITY COUNCIL WASHINGTON DC *IMMEDIATE*; DEPT OF JUSTICE WASHINGTON DC *IMMEDIATE*; EUROPEAN POLITICAL COLLECTIVE *IMMEDIATE*

Action Post: NONE

Dissemination Rule: POL, AMB_IN, DAO_INFO, CONS_INFO, EXBS, POL_INFO

UNCLASSIFIED

SBU

SBU

This email is UNCLASSIFIED.

B6

From: [REDACTED]
Sent: Thu, 18 Aug 2016 15:36:41 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update August 18, 2016

B6

RELEASE IN PART B6

Ukraine Daily Update – August 18, 2016

*****This is an unclassified product; some information may be unconfirmed.*****

Political Developments

- Prosecutor General Yuriy Lutsenko and National Anti-Corruption Bureau Head Artem Sytnyk held a joint press conference:
 - Lutsenko stated that the Security Service of Ukraine (SBU) should investigate the recent incident involving the alleged kidnapping/torture of NABU investigators by PGO officials, noting that the PGO official leading the NABU investigation Dmytro Sus had received death threats. Sytnyk suggested that international experts should join the investigation.
 - Lutsenko announced that Panama, at the GOU's request, detained disgraced Yanukovych-era State Investments Agency Head Vladyslav Kaskiv on suspicion of theft.
- President Poroshenko vetoed a bill that would have granted amnesty to Ukrainian ATO veterans suspected of committing minor crimes.
- Ukrainian Yuri Ilchenko, previously detained by Russian occupation authorities in Crimea in July 2015 for "inciting ethnic hatred" when he refused Russian citizenship, publicly spoke about his time in Russian captivity, the story of his escape, and the inhumane conditions of the prison where he was held.
- Interior Minister Arsen Avakov submitted a draft resolution to President Poroshenko suggesting a 100-person staff cut among MOI's general officer corps: "It is suggested that the number of general officer personnel in all the paramilitary and law enforcement formations of the Interior Ministry be reduced from 194 to 95...There will be more focus on those who perform tasks under the control of less numerous, more professional, and decent generals," facebooked the Minister.

Economic Developments

- **ProZorro:** Electronic procurement system ProZorro saved more than \$119 million (UAH 3 billion) for the budget since its launch in February 2015. ProZorro became mandatory for all public procurement as of August 1, with already 8,180 public procurers and more than 25 thousand tenders' participants.
- **Nuclear Energy:** Energoatom President Nedashkovskiy informed the press that Energoatom and British-German-Netherlands company URENCO signed a contract on the supplies of

enriched uranium product to the Westinghouse plant in Sweden where uranium assemblies will be made for the needs of Ukrainian NPPs.

- **Currency:** The exchange rate averaged 25.177 UAH/\$ at the interbank market as of 11:30 am on August 18.

Military and Security Developments (*According to COL Oleksandr Motuzyanyk, ATO Spokesman for the Presidential Administration unless otherwise noted.*)

- **ATO combat losses over the past 24 hours:** three KIA, six WIA.
- **Donetsk sector:** Russian/separatists launched 45 attacks (34 heavy) with 120 mm mortars, 122 mm artillery, and armored vehicles near Avdiivka industrial zone, Svitlodarsk, Horlivka, Novhorodsk, and the airport.
- **Mariupol sector:** Russian/separatists launched 32 attacks (more than one third heavy) with mortars and 152 mm artillery in Hranitne, Talakivka, Vodiane, Shyrokyne, and all along the Krasnohorivka-Maryinka segment of the LOC.
- **Luhansk sector:** Russian/separatists launched 19 attack with artillery and large caliber mortars near Popasna. Militants also opened fire with grenade launchers, heavy machine guns, and IFVs near the Bakhmut highway in Stanytsia Luhanska.
- Ukrainian intelligence reported that Russia supplied Luhansk separatists with five T-72 tanks, Sverdlovsk with three T-64s, and Khartsyzk with four trucks carrying POL (petroleum, oil, and lubricants) and two train cars of munitions.

High-resolution ATO map: http://mediarnbo.org/wp-content/uploads/2016/08/18-08_eng.jpg

THE SITUATION IN THE EASTERN REGIONS OF UKRAINE

18 August 2016 (00:00)



Ukrainian General Staff statistics as of July 20, 2016: *(Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)*

- Since the ATO began: **2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.**
- Since the February 15, 2015 “ceasefire”: **504 Ukrainian military personnel have been killed; and 2,451 have been injured.**

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured.** (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

This email is UNCLASSIFIED.

B6

From:
Sent: Mon, 8 Aug 2016 15:40:21 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update – August 8, 2016

B6

RELEASE IN PART B6**Ukraine Daily Update – August 8, 2016*******This is an uncleared product; some information may be unconfirmed.*******Political Developments**

- Various media reported that the Ihor Plotnitsky, the head of the so-called “Luhansk People’s Republic” (“LPR”), was injured Saturday morning in a car bombing in Luhansk and taken to the hospital. He is reportedly currently in stable condition after undergoing surgery to remove metal and glass shrapnel. There are yet no indications of who was responsible for the alleged assassination attempt.
- According to the Security Service of Ukraine (SBU), Lviv’s SBU agents arrested 5 individuals who allegedly planned simultaneous explosions in three locations on a railroad near Lviv. One suspect was detained while trying to plant an IED under the rail tracks in Dublyany (Lviv oblast); he resisted arrest and wounded an officer in the process. The SBU agents returned fire and arrested the individual. The SBU also found a large weapons and ammo cache including 5 kg of IX 25 blast agent, grenade launchers and hand grenades. The suspects appear to be the members of the right-wing OUN nationalist movement, according to media reports.
- Former Party of Regions MP Vladimir Medyanik was detained over the weekend in connection with the case against Alexander Yefremov. Medyanik is being investigated for several criminal offenses, including deliberately engaging in behavior to change Ukraine’s borders and working to create the LPR.
- Nadiya Savchenko led a rally today in front of the Presidential Administration in order to urge the government to take necessary steps to release Ukrainian hostages. She called for President Poroshenko to develop the necessary framework for a prisoner release as soon as possible.
- The number of foreign tourists who visited Kyiv in the first half of 2016 grew by 9.3 percent year-over-year, to 513,400 people, according to the head of Kyiv City State Administration's tourism department Anton Taranenko. Israeli tourists represented the largest country of origin with 57,100 people. The Ukrainian capital was also popular with tourists from Turkey, the United States, the United Kingdom, Belarus, Germany, Azerbaijan, France, and Georgia. Taranenko also stated that in 2015, 465,600 tourists visited Kyiv, which was 12 percent higher than 2014. Taranenko also stated that in 2015, 465,600 tourists visited Kyiv, which was 12 percent higher than 2014. While Kyiv has seen an increase, the number of international tourists that visited Ukraine in 2015, 13 million people, was half that in 2013.

Economic Developments

- Local budget revenues totaled UAH 77.8 billion in January-July 2016, by UAH 25.4 billion more than in 2015, DPM Zubko said.
- The Cabinet increased fuel subsidies (for buying solid fuel and liquefied petroleum gas) and raised budget expenditures for this purpose from UAH 1.2 billion to UAH 2.5 billion.
- Trade: In January-May, imports of goods decreased by 6.2% y-o-y to reach 14.4 billion.
- The Prosecutor General's Office (PGO) conducted a pretrial investigation of the misuse of UAH 19 billion refinancing by Privatbank officials. Privatbank refuted the allegations, explaining these amounts were used for covering gaps occurring from the outflow of individuals' deposits.
- Naftogaz renewed a credit line at a state-owned bank. In July, the company received a UAH 3.9 billion loan and repaid UAH 1.27 billion.
- NBU resolution #366 simplified operations on purchase and transfer of foreign currency by allowing banks and their clients to use electronic documents and modern communication technologies. Effective August 12, banks will accept scanned copies of documents, except for the ones on sources of hryvnia revenue for non-resident individuals that still require submission of hard copy originals.
- NBU reported that the amount of shadow scheme operations with currency is decreasing due to increased operations analysis in banks. In July, the NBU declined only 305 operations as compared with 1,500 in January.
- The exchange rate averaged 24.82 UAH/\$ at the interbank market as of 1 pm on August 8.

Military and Security Developments *(According to COL Andriy Lysenko, ATO Spokesman for the Presidential Administration unless otherwise noted.)*

- **ATO combat losses over the past 48 hours:** 0 KIA, 11 WIA.
 - **Luhansk sector:** Russian/separatist forces launched eight attacks near Novozvanivka. Militants attacked Ukrainian positions near Shchastya and Popasna district.
 - **Donetsk sector:** Russian/separatist forces launched 24 attacks, 17 of which included the use of heavy weapons. Provocations occurred along the entire line of contact in the sector. The main hot spots included Avdiivka industrial zone, Zaitseve, and Donetsk airport.
 - **Mariupol sector:** Russian/separatist forces launched 31 attacks, seven of which included heavy weapons. Mortars were used in Krasnohorivka, Maryinka, Vodiane. 122mm howitzers were used near Pavlopil. Sniper fire was reported in Maryinka and Hnutove. A combat clash occurred in Starohnativka, when militants attacked Ukrainian strongpoint. Furthermore, provocations occurred along the entire line of contact in the sector.

- Six enemy UAV flights detected in ATO area: one in Luhansk sector, three in Donetsk sector and two in Mariupol sector.
- Ukrainian intelligence reported that 70 individuals arrived from Russia to militant ranks in Novoazovsk and 50 arrived to Debaltseve.

High-resolution ATO map (as of August 8, 2016): http://mediarnbo.org/wp-content/uploads/2016/08/08-08_eng.jpg

THE SITUATION IN THE EASTERN REGIONS OF UKRAINE

8 August 2016 (00:00)



Ukrainian General Staff statistics as of July 20, 2016: *(Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)*

- **Since the ATO began: 2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.**
- **Since the February 15, 2015 “ceasefire”: 504 Ukrainian military personnel have been killed; and 2,451 have been injured.**

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured**. (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

B6

SBU

This email is UNCLASSIFIED.

From:
Sent: Tue, 26 Jul 2016 14:22:41 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update – July 26, 2016

B6

RELEASE IN PART B6

Ukraine Daily Update – July 26, 2016

This is an unclassified product; some information may be unconfirmed.

Political Developments

- Ukraine's Interior Minister Arsen Avakov announced on July 26 that permission for the procession into Kyiv of members of the Ukrainian Orthodox Church-Moscow Patriarchate (UOC-MP) had been cancelled for security reasons following the discovery of two roadside IEDs, which consisted of hand grenades and smoke pots, and two mock IEDs along one of the procession routes, west of Kyiv. Officials announced plans to instead bus UOC-MP members to Kyiv's Pechersk Lavra monastery, where UOC-MP marchers from eastern and western Ukraine are scheduled to meet on July 27 to participate in religious services coinciding with the anniversary of the Baptism of the Kyivan Rus. Earlier on July 26 protestors near Boryspil, Kyiv Oblast, threw eggs at the procession from eastern Ukraine, and protestors had unsuccessfully attempted to block the procession in Boryspil the previous day.

- Ukrainian President Poroshenko signed a law on Ukrainian Special Operations Forces, which the Rada adopted earlier this month. The law defines the legal status and use of special operation forces independently or in conjunction with other types of Ukraine's armed forces in the interest of Ukraine's national security.

- EU Commissioner for Digital Economy and Society Gunther Oettinger is meeting with Ukrainian officials in Kyiv from July 25-26. Oettinger met with Prime Minister Volodymyr Groysman today to discuss Ukraine's participation in information support to the EU, after which Groysman announced they agreed to set up a joint working group to create an action plan for Ukraine's accession to the EU digital community.
 - On July 25 Ukraine's Ministry of Foreign Affairs (MFA) sent an official note of protest to the Russian MFA in response to Russian Prime Minister Dmitry Medvedev's visit to Crimea on July 25, which the Ukrainian MFA said it had not agreed to. Medvedev reportedly held meetings in Sevastopol to discuss road infrastructure development in Crimea.

- Ukraine's Prosecutor General Yuriy Lutsenko announced the upcoming arrests of several unnamed high-level officials in Ukraine's Security Service (SBU) for their alleged involvement in torture and extortion. The announcement follows the publication of a report by Amnesty International and Human Rights Watch last week that accuses both sides of the conflict in eastern Ukraine of alleged human rights abuses, including the illegal detention, ill-treatment, and torture of civilians.
- Head of Ukraine's National Police Khatia Dekanoidze on July 25 stated that her First Deputy Vadim Troyan would "answer all questions" after he returned from leave regarding media claims that Troyan had ordered warrantless surveillance of journalist Pavel Sheremet and his partner, Ukrainska Pravda owner Olena Prytula, before Sheremet's assassination last week.
- On July 22, Ukraine's Cabinet of Ministers accepted Deputy Interior Minister for European Integration Tigran Avakyan's resignation. Avakyan had served in his position since August 2014. Officials have not provided a reason for his resignation.

Military and Security Developments *(According to COL Andriy Lysenko, ATO Spokesman for the Presidential Administration unless otherwise noted.)*

- **ATO combat losses over the past 24 hours:** 0 KIA, five WIA.
 - **Luhansk sector:** Sporadic separatist ceasefire violations occurred in the areas around Novotoshivske, Lopaskyne, Zolote, and Popasna.
 - **Donetsk sector:** Separatists staged a total of 27 attacks, including 13 with heavy weapons, in areas around Avdiivka, Novoselivka Druha, Opytne, and Nevelske.
 - **Mariupol sector:** Separatists launched a total of 27 ceasefire violations, including 11 with heavy weapons, with attacks concentrated around Maryinka, Krasnohorivka and Talakivka. The attacks in Krasnohorivka and Talakivka included the use of 82mm and 122mm mortars and tanks.
- The intensity of fighting in Mariupol Oblast has caused Mariupol city to switch to reserve water supplies.

High-resolution ATO map (as of July 26, 2016): http://mediarnbo.org/wp-content/uploads/2016/07/26-07_eng.jpg



Ukrainian General Staff statistics as of July 20, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- Since the ATO began: 2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.
- Since the February 15, 2015, "ceasefire": 504 Ukrainian military personnel have been killed; and 2,451 have been injured.

Tracking by UN OHCHR:

From mid-April 2014 to June 3, 2016, conservative estimates of **combined military and civilian casualties** in eastern Ukraine consist of at least:

- **9,371 people documented killed** (including flight MH-17's 298 passengers) and **21,532 people documented wounded or injured**. (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product's distribution, please email

at

B6

This email is UNCLASSIFIED.

RELEASE IN PART B6

From:
Sent: Mon, 25 Jul 2016 15:01:28 +0300
To: Kyiv, Sitrep
Subject: Ukraine Daily Update – July 25, 2016

B6

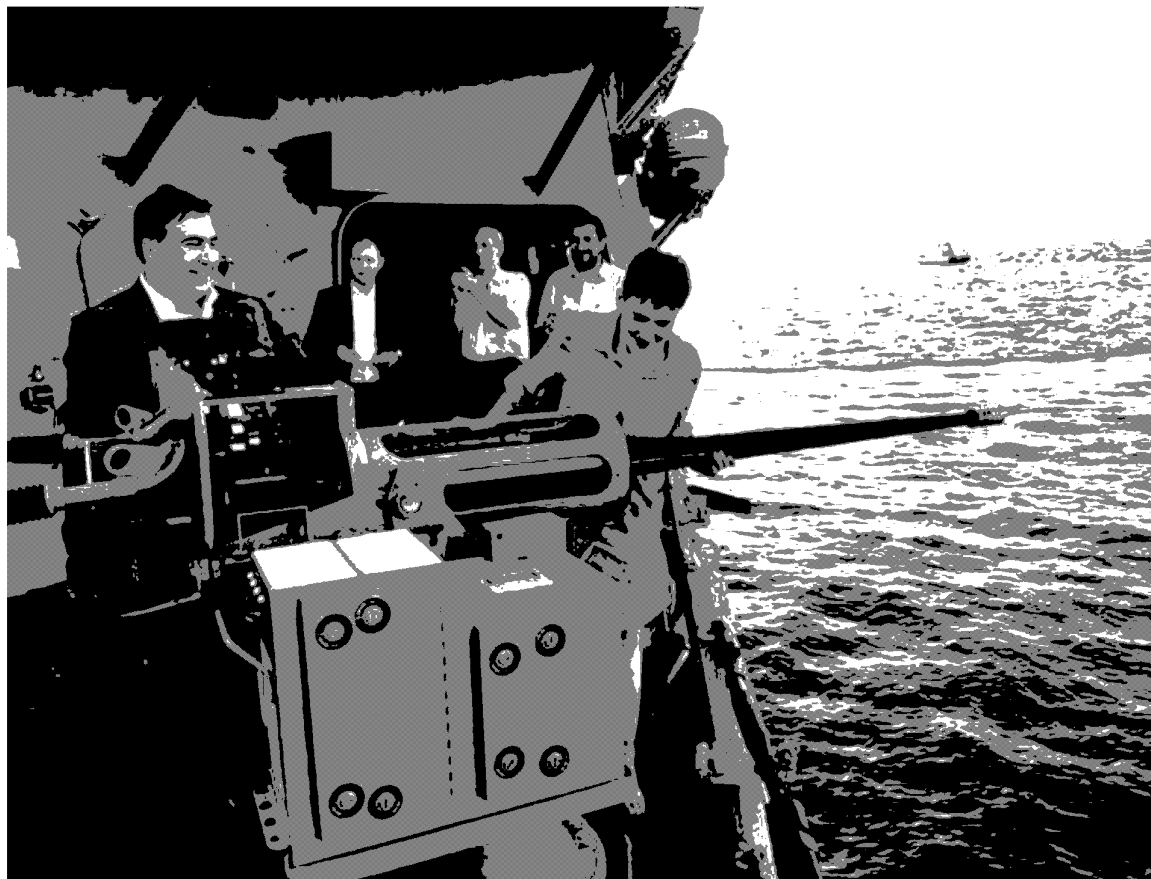
Ukraine Daily Update – July 25, 2016

*****This is an uncleared product; some information may be unconfirmed.*****

Political Developments

- On July 23 President Petro Poroshenko replaced the acting head of Ukraine's Public Affairs Administration Serhiy Borzov and appointed the Administration's deputy head Ivan Kutsyk as acting head. The Public Affairs Administration is responsible for servicing logistical needs for other government agencies, including the Presidential Administration, Rada, National Security and Defense Council, and carries out functions such as owning and operating government property, printing houses for reports, and logistics to hospitals.
- The so-called "Donetsk People's Republic (DPR)" and "Luhansk People's Republic (LPR)" postponed local elections in separatist-controlled territories until November 6. The DPR and LPR had previously scheduled local elections to take place on July 24.
- Head of Ukraine's National Police Khatia Dekanoidze announced that 4,500 police officials will provide security during a procession of members of the Ukrainian Orthodox Church-Moscow Patriarchy (UOC-MP) in Kyiv on 27 July. Reportedly approximately 1,000 total UOC-MP members are planning to process into Kyiv from the east and west on 27 July in a so-called "Procession for Peace," culminating at Kyiv's Pechersk Lavra monastery.
- Ukraine's Prosecutor General Yuriy Lutsenko stated on 23 July that investigators are considering all possible motives for journalist Pavel Sheremet's assassination last week. Lutsenko also stated on 22 July that he suspected a group of people were involved in Sheremet's death, referencing a video that surfaced online of individuals appearing to tamper with the car he was driving when an explosion killed him. Dekanoidze told press today that authorities have opened an investigation into the publication of the video in the media and social networks.

- On July 24, Odesa governor Mikheil Saakashvili and Rada MP Nadiya Savchenko (pictured below) visited the US naval destroyer USS Ross, which along with the dock landing ship USS Whidbey Island is taking part in the annual joint US-Ukraine naval exercise "Sea Breeze." This year is the first time two US naval vessels have participated in the exercise, which entered its active phase on July 24.



Military and Security Developments (According to COL Andriy Lysenko, ATO Spokesman for the Presidential Administration unless otherwise noted.)

- **ATO combat losses over the past 72 hours:** nine KIA, 22 WIA.
 - **Luhansk sector:** Ukrainians reported two attacks in Orekhovo, near the Bakhmut highway.
 - **Donetsk sector:** Ukrainians reported a total of 21 attacks, nine of which involved heavy weapons. The attacks were centered around Avdiivka, Novoselivka Druha, Opytne, and Nevalske.

- **Mariupol sector:** Ukrainians reported a total of 35 attacks, some of which involved heavy weapons, including 122-mm, 120mm, and 82-mm mortars, a Gvozdika self-propelled artillery system, mortar launchers, and AIV. The attacks were concentrated around Novohorivka, Talakivka, Vodyane, Starohnativka, and Shyrokyne.

High-resolution ATO map (as of July 25, 2016): http://mediarnbo.org/wp-content/uploads/2016/07/25-07_eng.jpg



Ukrainian General Staff statistics as of July 20, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- Since the ATO began: 2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.

- Since the February 15, 2015, “ceasefire”: 504 Ukrainian military personnel have been killed; and 2,451 have been injured.

Tracking by UN OHCHR:

From mid-April 2014 to June 3, 2016, conservative estimates of **combined military and civilian casualties** in eastern Ukraine consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured**. (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

B6

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: Pyatt, Geoffrey R
Sent: Tue, 5 Jul 2016 14:18:44 +0300
To: Nuland, Victoria J; [REDACTED] EUR-Ukraine Desk-DL; Zentos, Elisabeth [REDACTED] Ciaramella, Eric A [REDACTED]; Makanju, Anna A. EOP/OVP
Cc: Kent, George P [REDACTED]
Subject: RE: Rada moves against Onyschenko

B6

A bit more background. As desk will recall he was in Washington not long ago looking to buy some friends. I have asked to make sure that doesn't happen again.

krainian Lawmaker Stripped of Immunity Over \$64 Million Fraud

Volodymyr Verbyany
 July 5, 2016 — 1:57 PM EEST

-
- Case signals renewed crackdown on graft after efforts stalled
 - Onyshchenko accused of misappropriating cash from energy firm
-

Ukraine's parliament stripped a lawmaker of his immunity and allowed his arrest on charges of misappropriating more than \$60 million, the first high-profile anti-corruption case since promises of a renewed crackdown from President Petro Poroshenko.

The motion against Oleksandr Onyshchenko, a former member of ousted President Viktor Yanukovych's party, was backed by 263 legislators in the 450-seat house Tuesday in the capital, Kiev. He's charged in a 1.6 billion hryvnia (\$64 million) natural gas fraud at state energy company PAT Ukrhazvydobuvannya. He fled Ukraine July 2, Prosecutor General Yuriy Lutsenko told parliament.

Two years after a street revolution demanding European levels of transparency in the former Soviet republic, Poroshenko replaced his top prosecutor and vowed to kickstart anti-graft efforts, bowing to criticism from voters and international creditors. Clamping down on corruption is a focus of Prime Minister Volodymyr Hroisman's government, which took power in April after delays in tackling the problem sparked resignations within the administration.

"This is an important precedent," Tetyana Chornovol, a legislator from the People's Front party of ex-Premier Arseniy Yatsenyuk, said after the vote. "The real fight against corruption has started in Ukraine."

Onyschenko told the online newspaper Ukrayinska Pravda last month that he didn't plan to flee from justice, though often travels abroad to participate in horse-riding competitions.

From: Pyatt, Geoffrey R

Sent: Tuesday, July 05, 2016 2:13 PM

To: Nuland, Victoria J; [REDACTED] EUR-Ukraine Desk-DL; Zentos, Elisabeth
[REDACTED] Ciaramella, Eric A [REDACTED]; 'Makanju, Anna A.

EOP/OVP'

Cc: Kent, George P; [REDACTED]

Subject: Rada moves against Onyschenko

B6

Big day in the Rada as it votes to strip immunity of Oleksander Onyschenko, details, Groysman's welcoming statement and vote count underneath – Ukraine is changing.

Rada strips MP Onyschenko of immunity, gives consent to his arrest

The Verkhovna Rada of Ukraine has supported the request by Ukraine's Prosecutor General Yuriy Lutsenko to give its consent to criminal prosecution, detention and arrest of MP Oleksandr Onyschenko of the People's Will parliamentary group.

The parliament on Tuesday voted separately on three positions: for criminal prosecution of Onyschenko - 275 votes, for his detention – 265, and for his arrest – 263.

Onyschenko was absent from the parliamentary session hall.

According to media reports, Onyschenko is currently in Russia.

As reported, on June 16, Lutsenko signed a request to the Verkhovna Rada to arrest MP Oleksandr Onyschenko.

Lutsenko said Onyschenko while being a member of parliament had full control over the three operators of Ukgazvydobuvannia – Nadra Geocenter LLC, Khas LLC, and Karpatnadrainvest LLC.

The formation and management of a criminal organization by Onyschenko is evidenced by the fact of Onyschenko's participation in a criminal organization

made of the founders of Nadrageocentre LLC, Khas LLC, Karpatnadrainvest LLC, where he was the main beneficiary, the prosecutor general said.

Lutsenko said that Onyschenko created the criminal group with the participation of a number of other people, including representatives of Ukrgezvydobuvannia in order to gain possession of the company's funds. The group illegally took hold of UAH 1.613 billion, he said.

The prosecutor general said that Onyschenko's actions fall under Article 191 (misappropriation, embezzlement of property through abuse of office), Article 205 (creation of sham companies) and Article 255 (creation of a criminal organization) of the Criminal Code of Ukraine.



Volodymyr Groysman [VGroysman](#) 1h1 hour ago

Parliament today lifted the parliamentary immunity of Alexander Onishchenko and allowed his arrest!



Volodymyr Groysman

Шойно - 1

Верховна Рада сьогодні зняла депутатську недоторканність з Олександра Онищенка та дозволила його арешт!

Усі ті корупційні схеми, які роками діяли в газовому секторі, мають бути врешті-решт виявлені правоохоронними органами. а всі ті, хто брали в них участь і покривали їх на політичному рівні, мають понести відповідальність.

А ми, як уряд, своїми рішеннями, які приймаємо зараз і які спрямовані на реформування енергетичного сектору, робимо те, що необхідно з нашого боку, щоб закласти прозорі правила гри в газовому секторі та не допустити продовження в майбутньому мільярдної корупції, яка існувала досі.

From: [redacted]

Sent: Tuesday, July 05, 2016 12:16 PM

To: Pyatt, Geoffrey R; Kent, George P

Cc: Kyiv, POL Core; [redacted]

Subject: FW: July 5 Rada Update

B6

All 3 votes on Onyschenko passed in the Rada, including a vote for his arrest (though he's in Moscow now so won't end up behind bars anytime soon, if ever). Seems Lutsenko put in a good performance at the Rada. We'll report all this front channel.

Great job to [] and [] reporting from the Rada.

B6

SBU

This email is UNCLASSIFIED.

From: []
Sent: Tuesday, July 05, 2016 12:07 PM
To: Toko, Kenichiro (Ken)
Cc: Purcell, Alan S; Glaser, Stephen T; Murri, W. Marc; Shynkaruk, Kateryna O; Meyers, Jeffrey (KYIV/ODG)
Subject: Re: July 5 Rada Update

Results of the vote:

- 1) 275 voted for stripping immunities
- 2) 265 voted for detention
- 3) 263 voted for arrest

[]
Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: []
Sent: Tuesday, July 5, 2016 12:06 PM
To: Toko, Kenichiro (Ken)
Cc: []
Subject: Re: July 5 Rada Update

Krulko (BA) claims Onyschenko is already out of the country.

Teteryuk (PF) urges MPs to support all three resolutions. He attacked in his remarks Tymoshenko for her involvement with Shevchenko (Former Minister of Ecology (2014-2015) that was recommended by BA) who covered up Onyschenko's schemes, and said that is the reason why BA has no clear position on this case.

Lozovoy (RP) said that Onyschenko used to brag that P2 called him more often than Onyschenko called P2.

Yemets (PF) praised Rada for its work against corruption. He said the reason Onyschenko case is even presented today is because Rada is truly working to root out corruption. Yemets said that

Shevchenko used Onyschenko's private planes for his personal trips and it looks interested, he added, to look in a greater detail into Shevchenko-Onyschenko link.

Lutsenko (PGO) took the floor again and showed the scheme of Onyschenko's dealings. He added that PGO is currently conducting 21 searches on connection with this case. Lutsenko said that Onyschenko departed the country on July 2 and assured that PA or PGO did not assist him in his departure.

Lutsenko said that if MPs do not support the resolution for arrest of Onyschenko, then should just sit quietly and not claim that they are for "clean procedure." PGO basically was supposed to submit 3 separate requests but they are "violating the procedure" by submitting only one request with 3 resolutions. Some MPs are not happy with this. Lutsenko basically said that MPs should ignore this fact and vote for all three resolutions.

Lyashko criticized PGO and said what kind of PGO is this if he asks to break the procedure.

[REDACTED]
Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)
From: [REDACTED]
Sent: Tuesday, July 5, 2016 11:37 AM
To: [REDACTED]
Cc: [REDACTED]
[REDACTED]
Subject: Re: July 5 Rada Update

B6

Lyashko (RP) criticized P2 for supporting Onyschenko in 2014 and claimed that now the PA is scheming to allow him flee the country.

PW will not support the arrest resolution.

Sobolev (SP and head of a/c committee) said that there is more to this case - others in gov provided cover ups in this case for years.

Sobolev (BA) said that there are others that are involved in Onyschenko's schemes, including those in BPP. BA supports the resolution to lift the immunities but not arrest. Sobolev said that BA would only support the arrest resolution IF PGO submits a separate request - clean procedure.

Sobolev (BA), Leshchenko (BPP), and Pinzenyk (PF) exchanged heated remarks. Leshchenko criticised Tymoshenko for questioning the authority of NABU and gas corruption with Lazarenko in 90s. Pinzenyk called Leshchenko a "bolobol."

See below photo from Shabunin's (AntAC) protest outside of Rada. Prison mugs with Onyschenko's name.

<https://pbs.twimg.com/media/CmlIPXIWcAA0y65.jpg:small>

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 11:11 AM

To: [Redacted]

Cc: [Redacted]

[Redacted]

Subject: Re: July 5 Rada Update

Lutsenko (PGO) delivered great remarks on the case, highlighting the fact that MPs would not support the arrest are those that "either show solidarity for corruption or are fed by gas mafia." (original quote is in Ukr).

Rules Committee (MP Pinzenyuk) is presenting their case now. The Committee found that Onyschenko stole 1.6 billion UAH from UKRGAZDOBYVANNYA that were supposed to go to state budget.

To clarify - there will be a total of 3 Onyschenko resolutions today:

- 1) Stripping of immunities
- 2) permission to detain
- 3) permission to arrest

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 10:55 AM

To: [Redacted]

Cc: [Redacted]

Subject: Re: July 5 Rada Update

Lutsenko still speaking on the case. It looks like SP, RP, PF, and BPP will support the to strip Onyschenko of immunities and arrest. BA - no consensus. OB likely to support lifting of

immunities but not arrest. Based on our preliminary calculations, the Onyschenko bill is likely to pass today.

MPs will vote soon.

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]
Sent: Tuesday, July 5, 2016 10:42 AM
To: [Redacted]
Cc: [Redacted]
Subject: July 5 Rada Update

B6

Lutsenko (PGO), Sytnyk (NABU), and Kholodnotsky are in Rada hall today. Onyschenko is absent today.

Lutsenko will now take the floor for the next 15 min and Rules Committee present their case on Onyschenko for 15 min. Then, the voting will take place.

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

RELEASE IN PART B6

From: Pyatt, Geoffrey R
Sent: Sat, 2 Jul 2016 18:21:12 +0300
To: Nuland, Victoria J; [REDACTED] Kent, George P; Heffern, John A; EUR-Ukraine Desk-DL; [REDACTED]
 [REDACTED] Charles A. Kupchan; Ciaramella, Eric A [REDACTED]
Subject: RE: LB: Donbas on demand

B6

B6

Will reinforce with P2 today. 1 KIA and several injured overnight. Talked to Apakan last night who said Debaltseve sector remains very hot. Hope everyone saw the WaPo report today of Slipak's death.

A "dawn assault involving artillery, mortars & heavy machine guns with fire reportedly coordinated by aerial drones"

B6

SBU
 This email is UNCLASSIFIED.

From: Nuland, Victoria J
Sent: Saturday, July 02, 2016 6:15 PM
To: Pyatt, Geoffrey R; [REDACTED] EUR-Ukraine Desk-DL; [REDACTED]
 [REDACTED] Anna Makanju;
 Charles A. Kupchan; Ciaramella, Eric A ([REDACTED])
Cc: Pyatt, Geoffrey R
Subject: Re: LB: Donbas on demand

No question there is Northern mischief here. Further to why Kyiv must change the conversation to the security deficit, and negotiating what it needs. Good for all players to be seen pushing this and mean it.

From: Pyatt, Geoffrey R
Sent: Saturday, July 2, 2016 3:13 AM
To: Nuland, Victoria J; [REDACTED] EUR-Ukraine Desk-DL; Baer, [REDACTED] Anna Makanju;
 Charles A. Kupchan; Ciaramella, Eric A ([REDACTED])
Cc: Pyatt, Geoffrey R
Subject: Fw: LB: Donbas on demand

B6

Kyiv is completely wound up with this conspiracy mongering about an imminent surprise in the Rada. Major topic of discussion at our July 4 yesterday. Lots of imagined dots connecting -- your visit, AY to Washington, Groysman to Berlin, S visit etc. I keep reassuring but am confident that the Russians are stirring the pot in the opposite direction. Madness.

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua

Sent: Saturday, July 2, 2016 9:24 AM
To: Kyiv, Media Alerts
Subject: LB: Donbas on demand

Livij Bereg:

Donbas on demand

July 1, 2016

Sonya Koshkina

«It will happen not today, not tomorrow, not on July 4, as all kinds of lies are being spread here..." Standing behind the parliamentary tribune, Poroshenko spoke about the possibility of granting special status for Donbas.

The date "fourth of July" was not voiced by chance. Recently, talks have been intensified on the sidelines: under pressure from the West, Petro Poroshenko will try to "push" the constitutional changes through the hall. Whether on 4th, or 14th - the last day of the current session. Actually, these changes have been planned for January. However, due to the lack of 300 votes the question has been postponed. Since the beginning of summer the western partners intensified the pressure. Thus, the elections in Donbas became the main subject of discussion between Victoria Nuland and the Ukrainian politicians during her last visit to Kyiv. And suddenly – a peremptory statement of Angela Merkel. After it – the one of Petro Poroshenko. So, what happened with the "topic of Donbas" in the last days? Why have the authorities backtracked and how long will the installment actually last? LB.ua sees into it in detail.

Ukraine is already on the path of constitutional changes meant to provide Donbas with if not a "special" status, then definitely a different one from those of other regions. The question is, when and in what form it will complete them.

It's logical to divide the answer into three components.

First – three hundred votes.

Off-records, Bankova assures: if necessary, votes can be collected for anything. Given the will. However, it should be taken into account: communication with the deputies -is a complex process, nonlinear.

Until recently, it had several levels.

First - PA. At this stage, Borys Lozhkin was in charge of talking with potential allies.

Second - VR. Here Yuriy Lutsenko and Ihor Kononenko were calling the shots from BPP.

After Lutsenko left for the GPO of Ukraine, the BPP faction has been led by Ihor Hryniv. Having a solid reputation, Hryniv is able to expertly moderate the discussion within the political forces, to reconcile warring factions, etc. However, collecting voices ... Let's leave a respectful ellipsis here.

As for Lozhkin, he - in the words of Bankova's supreme confidants - is firm in his intention to leave the PA after all, which is why he deliberately distances himself from participating in overly "sensitive" and long-playing topics.

Point number two. The position of "Narodnyi front." A successful voting for the C-reform cannot take place without the participation of the VR's second largest faction. Under any circumstances. "Narodnyi front" has repeatedly - both publicly and during private consultations in high offices - made it clear: it does not intend to support the "special status." Up to a complete rupture of relations with the presidential political force.

Only the United States can force NF to change the position about the "special status." Where Arseniy Yatsenyuk is now with a prolonged visit. Is it possible that, on his return, he will gather his faction and announce an about-face? Theoretically - yes, practically - it's unlikely. If only because the arguments for it must be more than significant.

Point number three: principled position of Western partners regarding the elections. Especially Americans. In a public plane, as we know, the main lobbyist of the theme is [Victoria Nuland](#). Higher interested parties - Obama and Biden. Too much effort was invested in Ukraine, to leave without "balancing the accounts." And for Nuland herself the issue is personal to a large extent. According to the Washington expert circles, the solution to the "Ukrainian problem" will multiply increase her chances to become Deputy Secretary of State in the new administration. However, in view of the expiry of the cadence of the current US authorities, not just the process, but the result is important for her.

And now let's count. There will be no voting on Donbas till the end of the current plenary sitting. Most likely, in September too. The most optimistic scenario - October. At the same time - the adoption of a number of by-laws necessary for the elections to take place. Later the CEC enters the game. The election process itself - a minimum of 60 days. So, we're at the end of January. And that's, I repeat, with the most optimistic (and least likely) scenario. In late January, there will be a different administration in the United States already. So, the game is not worth it (party affiliation, in this case, is not the point).

Voting for the "special status" of Donbas - whenever it happens - risks seriously undermining the current strong position of the President Poroshenko. Strong, because in the two-plus years of his cadence, the current period is the most prosperous. The war is not finished, but active fighting subsided (for now, at least), Bankova has full control over the governor's vertical, the Supreme Council of Justice, GPO of Ukraine, pretty tightly - the parliament and - in spite of the multiple conflicts with Volodymyr Groysman (there's as much of them as with Arseniy Yatsenyuk, it's just that they have not reached the surface yet) - CMU. The opposition is rather conventional and is mostly active on Facebook. Early parliamentary elections are not expected in the coming year. Actually, the issue of Donbas is the only one that can shake the status quo. And Bankova, of course, is not interested in this.

http://redirect.state.sbu/?url=http://lb.ua/news/2016/07/01/339146_donbass_vostrebvaniya.html

--

*With best regards,
LBI Team*

www.lbicompany.com.ua
(044) 501 58 41
(097) 479-13-50

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Wed, 28 Dec 2016 21:51:40 +0000
To: Yovanovitch, Marie L; [REDACTED]
Subject: Re: TV_eveningnews27122016_resume

B6

Or that even a 93 year old could do better

From: [REDACTED]
Date: December 28, 2016 at 8:19:08 AM EST
To: Nuland, Victoria J [REDACTED], Yovanovitch, Marie L
<[REDACTED]>
Subject: Re: TV_eveningnews27122016_resume

B6

I love how only Kissinger can follow after Nuland (!)

From: Nuland, Victoria J [REDACTED]
Date: December 28, 2016 at 7:25:12 AM EST
To: [REDACTED] Yovanovitch, Marie L [REDACTED]
Subject: Re: TV_eveningnews27122016_resume

B6

B6

Nice.

From: Yovanovitch, Marie L [REDACTED]
Date: December 28, 2016 at 4:58:51 AM EST
To: Nuland, Victoria J [REDACTED], [REDACTED]
Subject: FW: TV_eveningnews27122016_resume

B6

This is being reported:

6. Henry Kissinger might become a special representative for Donald Trump – Inter, Podrobnosti, 20:00-27.12.2016

The diplomat is portended to take over after Viktoria Nuland to be responsible for Ukraine and Russia, but with a different status and much greater powers. As the Bild newspaper wrote in its article, there is a so called “Kissinger plan” on Ukraine, which offers a compromise. According to this plan, it will be required of Moscow to provide firm guarantees of safety in Donbas and completely withdraw from the

conflict area. In exchange, the West will soften its positions on Crimea and Washington will relax its sanctions.

Marie L. Yovanovitch

Ambassador

U.S. Embassy Kyiv

Office:

Email:

B6

**Official - SBU
UNCLASSIFIED**

From: tvlbi@lbicompany.com.ua [mailto:tvlbi@lbicompany.com.ua]

Sent: Wednesday, December 28, 2016 12:22 AM

To: Kyiv, Media Alerts; Kyiv, Media Alerts Digest

Subject: TV_eveningnews27122016_resume

Top-news of the day on 1+1 and Inter: militants released two female prisoners. The 5th channel did not air this news at all. Summary is included in a report for 1+1.

The 5th channel, Chas Novyn -27.12.2016, 19:00_resume

1.The next year to become a turning point for the situation in eastern Ukraine – The 5th channel, Chas Novyn, 19:00- 27.12.2016

RNBO Secretary Oleksandr Turchynov said this in a hope, adding that Ukraine already started to regain its territory, meter by meter.

2.Russia-backed militant forces almost 30 times attacked ATO troops during Tuesday – The 5th channel, Chas Novyn, 19:00- 27.12.2016

Militants barraged from large-caliber mortar guns near Shyrokyne and used small arms near Talakivka, Vodiane and Marinka. Militant fire was also recorded in Donetsk and Luhansk directions.

3.Ukraine has done its “homework” on the IMF requirements – The 5th channel, Chas Novyn, 19:00- 27.12.2016

As a Minister for Economic Development and Trade Stepan Kubiv said during a briefing, Ukraine had fulfilled its obligations under the Memorandum in the part that it had met the required macroeconomic marks and carried out structural reforms. All this speaks strongly in favor of receiving a new tranche from the IMF, Kubiv said.

4. Donald Trump presidency will not impact relations between NATO states – *The 5th channel, Chas Novyn, 19:00- 27.12.2016*

John McCain, an American senator, assured of this during his visit to Tallinn as a head of group of the U.S. diplomats set out to tour the countries of Eastern Europe and Balkans. In particular, McCain said that the Alliance will fend Moscow's aggression regardless of who will occupy the White House.

Announcement for the program “Chas. Summary of the Day”

Program's topics: What are the threats entailed in a prisoners release when it is performed in bypass of the SBU? Who is to benefit from the blockade of the occupied territories? What should be done to a peace plan that even staunch supporters of Ukraine have lost faith in?

Program's guests: Nataliia Sevostianova, Oksana Syroid and Ivan Vinnyk.

1+1, TSN, -27.12.2016, 19:30_resume

1. A chain of informers was uncovered in ATO – *1+1, TSN, 19:30- 27.12.2016*

Three citizens of Rubizhne were collecting information on dislocation and deployment of Ukrainian military units and traded it to pro-Russian militants for remuneration and out of immense hatred to everything Ukrainian. They received salaries, pensions and subsidies from Ukraine and subverted against their own country.

2. Militants released two female prisoners – *1+1, TSN, 19:30- 27.12.2016*

The released are an ex-judge and a journalist. SBU declined to comment to the TSN on what influenced the pick. Now Kyiv plans unilaterally to hand 15 prisoners over to rebels.

3. High tension remains in ATO – *1+1, TSN, 19:30- 27.12.2016*

4. A district court of Moscow ruled events in February 2014 in Kyiv as a forceful power takeover – *1+1, TSN, 19:30- 27.12.2016*

Thus the judge satisfied the claim submitted by an ex-deputy of the Party of regions Volodymyr Oliynyk. The court ruled that Yanukovych was divested of his powers illegally while EuroMaidan was masterminded from Georgia, Poland and the Baltic states. Ex-deputy went further and alleged that the headquarters of EuroMaidan was located in the U.S. Embassy. Experts in Ukraine called this notion laughable.

Inter, Podrobnosti, -27.12.2016, 20:00_resume

1. Militants freed two female prisoners – *Inter, Podrobnosti, 20:00- 27.12.2016*

2.Terrorists offered their plan of prisoners exchange – *Inter, Podrobnosti, 20:00- 27.12.2016*

Militants demand to set free 690 of their accomplices in exchange for 47 Ukrainian prisoners. Kyiv calls this claim unacceptable. According to Iryna Gerashchenko, representatives of self-proclaimed republics intentionally downplay the number of hostages they still keep.

3.Militants continue breaking ceasefire in eastern Ukraine – *Inter, Podrobnosti, 20:00- 27.12.2016*

4.A “Normandy Four” format should be expanded – *Inter, Podrobnosti, 20:00- 27.12.2016*

A top polish diplomat Witold Waszczykowski is convinced that in order to settle the conflict in Donbas, Washington and Warsaw should be invited to the peace talks. As the Foreign Minister reasoned, Poland must be the part of the process because it borders both Ukraine and Russia and as such is potentially located in a risk zone.

5.U.S. ponders how to quell the conflict in Donbas – *Inter, Podrobnosti, 20:00- 27.12.2016*

For example, John McCain is not sure that Donald Trump will lift sanctions on Russia. When asked how Congress will react if the head of the White House will make a move to roll back the sanctions, McCain answered that no matter who occupies the White House, he or she must realize that except for military force, sanctions is the only actual deterrent on Russia.

6.Henry Kissinger might become a special representative for Donald Trump – *Inter, Podrobnosti, 20:00- 27.12.2016*

The diplomat is portended to take over after Viktoria Nuland to be responsible for Ukraine and Russia, but with a different status and much greater powers. As the Bild newspaper wrote in its article, there is a so called “Kissinger plan” on Ukraine, which offers a compromise. According to this plan, it will be required of Moscow to provide firm guarantees of safety in Donbas and completely withdraw from the conflict area. In exchange, the West will soften its positions on Crimea and Washington will relax its sanctions.

7.Some 10 Yanukovych associates voluntarily returned hundreds of millions of hryvnia stolen from Ukraine – *Inter, Podrobnosti, 20:00- 27.12.2016*

A Prosecutor General said this. According to Yuriy Lutsenko, the culprits made a plea bargain with investigation and admitted they were members of a criminal group. The prosecutor did not reveal the names.

8.Moscow court held the 2014 Maidan events as a takeover of power – *Inter, Podrobnosti, 20:00- 27.12.2016*

9.Law-enforcers investigate facts of embezzlement by regional branches of “Ukrzaliznytsia” – *Inter, Podrobnosti, 20:00- 27.12.2016*

Civil activists counted that over the last months the company filed procurements totaling over \$15 billion part of which could have been pocketed by officials and at least one third mishandled. “Ukrzaliznytsia” says it is aware of corruption schemes installed and says it fights them.

10.Steinmeier voices concerns over the situation in Europe – *Inter, Podrobnosti*, 20:00-27.12.2016

According to a diplomat, the European Union, while going through highly turbulent phase, must find resources to rebuild and regenerate to brace for current challenges most important of which are migrant policy, internal and external safety and growing level of unemployment. Tackling these problems, Steinmeier says, requires a united Europe and not separated states holding on to their national idea.

From: Nuland, Victoria J
Sent: Thu, 22 Dec 2016 20:07:40 +0000
To: Yovanovitch, Marie L
Subject: Re: KyivPost: Deposit Guarantee Fund: PrivatBank becomes fully state-owned bank

RELEASE IN PART
B6

Good

From: Yovanovitch, Marie L [redacted] >
Date: December 22, 2016 at 3:40:45 AM EST
To: Nuland, Victoria J [redacted]
Subject: Fw: KyivPost: Deposit Guarantee Fund: PrivatBank becomes fully state-owned bank

B6

Found his big boy pants.

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Thursday, December 22, 2016 10:37 AM
To: Kyiv, Media Alerts
Subject: KyivPost: Deposit Guarantee Fund: PrivatBank becomes fully state-owned bank

Kyiv Post

Deposit Guarantee Fund: PrivatBank becomes fully state-owned bank

22.12.2016

The Individuals Deposit Guarantee Fund and the Finance Ministry of Ukraine on December 21 signed an agreement to sell 100 percent of shares in PrivatBank, the press service of the fund reported.

"Since the moment of the transfer the state is the owner of 100 percent of shares in the bank in the person of the Finance Ministry. This was made thanks to coordinated actions of the Finance Ministry, National Bank of Ukraine (NBU), Deposit Guarantee Fund, National Commission for Securities and the Stock Market, National Depository of Ukraine, Ukrgasbank and Ukreximbank," the fund said on its Facebook page.

All the required procedures were settled within 72 hours: reserves for active transactions have been formed, additional shares have been issued and placed, amendments to the bank's regulations have been made, the transition balance has been formed and all the procedures for selling the shares and reshuffle the owners of the bank have been finished.

"PrivatBank's capital is negative. According to the law on the individuals deposit guarantee system, the Deposit Guarantee Fund sold all the shares of the bank to the Finance Ministry for Hr 1," the fund said.

In general, it took two days to buy ownership rights to the shares of PrivatBank since the start of the procedure for removing the bank from the market.

<https://www.kyivpost.com/ukraine-politics/deposit-guarantee-fund-privatbank-becomes-fully-state-owned-bank.html>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

(044) 501 58 41

(097) 479-13-50

RELEASE IN PART
B5,B6

From: Nuland, Victoria J
Sent: Sun, 18 Dec 2016 15:51:07 +0000
To: [REDACTED]
[REDACTED] Yovanovitch, Marie L
Cc: [REDACTED] Pflegger, Gregory W.; [REDACTED]; Makanju, Anna A.
EOP/OVP; [REDACTED]
Subject: RE: Proposed G-7 draft statement

B6

Thank you!

From: [REDACTED]
Date: December 18, 2016 at 10:25:21 AM EST
To: [REDACTED] Nuland, Victoria J [REDACTED]
[REDACTED]
Yovanovitch, Marie L [REDACTED]
Cc: Pflegger, Gregory W. [REDACTED], Makanju, Anna A. EOP/OVP
[REDACTED]
[REDACTED]
Subject: RE: Proposed G-7 draft statement

B6

Anton and I are in the office putting the finishing touches on a draft call sheet (high side) to send to Anna shortly. We've already folded in post's input from this morning. We'll be sure to add this framework too.

Official - SBU
UNCLASSIFIED

From: Nuland, Victoria J
Sent: Sunday, December 18, 2016 9:44 AM
To: [REDACTED] Yovanovitch, Marie L; [REDACTED]
Cc: Makanju, Anna A. EOP/OVP; Pflegger, Gregory W.; [REDACTED]
[REDACTED]
Subject: Re: Proposed G-7 draft statement

Good
+. Anna for same bones for VP call readout

From: Yovanovitch, Marie L <[REDACTED]>
Date: December 18, 2016 at 7:14:27 AM EST
To: Nuland, Victoria J <[REDACTED]>

B6

Cc: [REDACTED]
[REDACTED]

Subject: Proposed G-7 draft statement

Fyi, this is the text that we are shopping with G7 colleagues here. [REDACTED]
Question remains re timing. We are coordinating closely with IFIS here.

B5

Sent from my BlackBerry 10 smartphone.

DRAFT STATEMENT

From: Nuland, Victoria J
Sent: Tue, 13 Dec 2016 19:49:01 +0000
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: K threatens Gontareva publically...or not (fake??)

RELEASE IN PART
B5,B6

B6

Then he should say it publicly

Official - SBU
UNCLASSIFIED

From: [REDACTED]
Sent: Tuesday, December 13, 2016 12:08 PM
To: Nuland, Victoria J; [REDACTED]
Cc: [REDACTED]
Subject: FW: K threatens Gontareva publically...or not (fake??)

FYI, Kolomoyskiy rep now saying the whole Facebook account is a fake.

Official - SBU
UNCLASSIFIED

From: Kent, George P
Sent: Tuesday, December 13, 2016 9:07 AM
To: Pfleger, Gregory W.; [REDACTED]
[REDACTED]
Cc: Yovanovitch, Marie L; [REDACTED]
[REDACTED]
Subject: RE: K threatens Gontareva publically...or not (fake??)

[REDACTED]
The latest: Please note update from K rep who claims this was a fake.

From: [REDACTED]
Sent: Tuesday, December 13, 2016 3:56 PM
To: Yovanovitch, Marie L; Kent, George P
Cc: [REDACTED]
Subject: Kolomoyskiy Says Facebook Post is Fake
Importance: High

He asked Alex Tkanchenko to tell us that he doesn't have a Facebook page and that the whole account is fake. I'm sort of surprised, as it's really, really extensive – he “posts” political diatribes every few days that are very critical of Poroshenko – someone is putting in a lot of time. Then again, I found three other “Ihor Kolomoyskiy” Facebook accounts that look much more amateur-ish. Alex says K is adamant he has no social media presence.

Best,

[redacted]

B6

[redacted]

U.S. Embassy Kyiv
4, I. Sikorsky Street
04112 Kyiv, Ukraine

[redacted] w
[redacted] c

Official - SBU
UNCLASSIFIED

Official - SBU
UNCLASSIFIED

From: Pfleger, Gregory W. EOP/NSC [mailto:[redacted]]

Sent: Tuesday, December 13, 2016 4:01 PM

To: [redacted]

Cc: Yovanovitch, Marie L; Kent, George P; [redacted]

Subject: RE: K threatens Gontareva publically

Chaus was a judge in Kyiv, in the Dnipropetrovsk raion. While Kolomoyskyi's people were definitely "after" him, including having Korban's lawyers spread information of his misdeeds in relation to the Korban case around the diplomatic community, Chaus was also the target of others – including Maidan, anti-corruption types like Leshchenko – for his rulings against AutoMaidan during the Revolution of Dignity and the fact that Poroshenko reportedly provided "krisha" for him (as IK suggests), a symbol of the unchanging nature of the judiciary. Very concerning that IK takes responsibility for his disappearance/flight from the law – should be used to open a case against IK, no?

From: [redacted]

Sent: Tuesday, December 13, 2016 7:53 AM

To: [redacted]

[redacted]; Pfleger, Gregory W.

EOP/NSC <[redacted]>

Cc: Yovanovitch, Marie L <[redacted]>; Kent, George P <[redacted]>

Subject: FW: K threatens Gontareva publically

As translated below (and attached), Kolomoisky publicly threatened NBU Governor Hontareva on his Facebook page. For more context, Chaus was a judge in Dnipro who was charged with accepting a \$150,000 bribe. They found a jar full of cash at his house. Chaus had earlier ordered the detention of

B6

B6

Gennadiy Korban, the then-UKROP leader and Kolomoisky ally. Korban was released on medical grounds and never prosecuted; he may be living in Israel.

B5

[REDACTED]

B6

Official - SBU
UNCLASSIFIED

From: [REDACTED]
Sent: Tuesday, December 13, 2016 1:36 PM
To: Yovanovitch, Marie L
Cc: Kent, George P; [REDACTED]
Subject: K threatens Gontareva publically

B6

Ambassador,

FYI that Governor Gontareva just forwarded this to me (see attached). Direct threats from K on his Facebook page.

Anne's translation:

I have no commentary on the "nationalization of PrivatBank." And what is there to say. We have fully complied with the recapitalization program. No LEGAL basis for nationalization exists. Nevertheless, the authorities very much want to. And not for fulfilling some sort of IMF requirement, but to clean out a few million dollars on the backs of 20 million depositors.

I have no commentary, but I do have an unofficial statement for Hontareva: Valeria, do you remember the judgement of Chaus? That happened under Korban, legally and transparently. And he thought that he was protected by the Presidential roof. (Anne note: Chaus was a civil servant who is now on the Interpol list for corrupt activities. End note.) Do you know where he is now? I don't know either. He has disappeared, fallen away. Whereabouts unknown. In the best case. Almost any court in this country will take a bribe, just like they did with Chaus. Strange coincidence, right?

Think hard, Valeria Alekseevna, think before you do anything against me. I have long arms.

From: Nuland, Victoria J
Sent: Mon, 31 Oct 2016 14:10:21 +0000
To: Yovanovitch, Marie L
Subject: RE: FP: What Will Ukraine Do Without Uncle Joe?

RELEASE IN PART
B6

nice

From: Yovanovitch, Marie L
Sent: Monday, October 31, 2016 2:53 AM
To: Nuland, Victoria J; [REDACTED]
Ciaramella, Eric A [REDACTED]; Makanju, Anna; Kahl, Colin H. EOP/OVP; Charles A. Kupchan; Celeste A. Wallander
Cc: Kent, George P
Subject: Fw: FP: What Will Ukraine Do Without Uncle Joe?

B6

FYI.

Sent from my BlackBerry 10 smartphone.

From: ibi@lbicompany.com.ua
Sent: Monday, October 31, 2016 8:29 AM
To: Kyiv, Media Alerts
Subject: FP: What Will Ukraine Do Without Uncle Joe?

Foreign Policy

What Will Ukraine Do Without Uncle Joe?

Vice President Joe Biden led the administration's support of Ukraine. But Kiev worries whether the next White House will have its back as Putin looks to ramp up pressure.

By [Dan De Luce](#), [Reid Standish](#)

30.10.2016

No one in the U.S. government has wielded more influence over Ukraine than Vice President Joe Biden. As the Obama administration's point person on Ukraine policy, he has rallied support for Kiev in the face of Russian military intervention and cultivated a personal rapport with its leaders. But he has delivered tough love as well, delaying financial aid more than once over concerns about rampant corruption.

With Biden's tenure as vice president about to expire, the next U.S. president will have to decide who will take up his unique role as Kiev's go-to guy. The transition comes at a pivotal moment for the festering war in Ukraine, America's increasingly tense rivalry with Russia, and Europe's growing fatigue with Kiev's incessant corruption.

The new commander in chief will take the oath of office on Jan. 20, 2017, against mounting alarm at the State Department, the Defense Department, and Congress over Russian behavior in Ukraine and elsewhere. From Russia's indiscriminate bombing of the Syrian city of Aleppo to its hacking of the Democratic National Committee to its support for armed

separatists in eastern Ukraine to its nuclear saber rattling, U.S. diplomats, senior military officers, and lawmakers are increasingly arguing for an aggressive tack against Moscow.

"There's an appetite for a more assertive approach," said one congressional staffer who works on Ukraine and Russia policy.

It's widely believed Democratic nominee Hillary Clinton is better prepared to take on Russia on behalf of Ukraine and walk a more hawkish line on foreign policy than the Obama administration. But Ukrainian officials are extremely apprehensive about her Republican counterpart, Donald Trump, who has spoken warmly of Russian President Vladimir Putin.

Even President Barack Obama, a Democrat, has been reluctant to help shoulder the complete burden of Ukraine's woes, in part out of fear of provoking a direct confrontation with Moscow. In 2014, Russian troops seized and annexed the Crimean Peninsula and then reportedly deployed Moscow's own soldiers to eastern Ukraine to back separatists there. At the time, Obama overruled Biden and most of his advisors in deciding against arming Ukrainian soldiers.

Obama was worried about triggering an escalating military standoff between Kiev and Moscow that Russia probably would win and was mindful of European capitals' strong opposition to the move. Instead, Obama pushed for economic sanctions against Russia and agreed to have Germany and France lead diplomatic efforts with Kiev and Moscow to resolve the conflict.

But the fighting has continued, and patience for Russia is running out in Congress, where some lawmakers now favor slapping fresh economic sanctions on Moscow. Senior diplomats are also frustrated at the state of the fraying Minsk peace agreement and believe the time has come for the United States to take a leading role in the talks, instead of deferring to Berlin and Paris.

The internationally brokered Minsk deal has helped reduce fighting from a peak in 2014. But it has failed to secure a lasting cease-fire or the reintegration of separatist-controlled areas in Ukraine's east. According to the United Nations, the conflict has killed nearly 10,000 people since it began in April 2014.

Obama administration officials said there is a remote chance that the roughly 10 weeks between the U.S. election on Nov. 8 and when the next president enters office could serve as a window of opportunity for progress on the Minsk arrangements. But that will depend on Putin's unlikely willingness to move away from Ukraine's current low-level conflict, in which Moscow regularly dials up provocations from separatist forces to exert leverage over Kiev.

According to emails allegedly belonging to senior Putin aide Vladislav Surkov, and recently obtained by a Ukrainian hacker group, the Kremlin has detailed plans on how to further destabilize Ukraine's politics and economy. The authenticity of the documents has not yet been verified.

The Biden Effect

Ukraine's government has relied heavily on its direct channel to the U.S. vice president, and Biden's departure will leave a gaping hole. The vice president's impact is largely based on the force of his big personality, his backing from Obama, and his long track record of promoting a robust American role in Eastern Europe — from supporting NATO's enlargement to pushing for U.S. military intervention in the Balkans in the 1990s.

If Clinton is elected, which looks likely if current public opinion [polls](#) hold, it's possible the job of overseeing U.S. ties with Ukraine could shift back to the State Department. Clinton herself could take up the mantle, as she has shown strong interest in the conflict, according to current and former administration officials.

It's even possible Biden will have a role in a future Clinton administration. Her advisors are toying with the idea of having Biden serve as her secretary of state, according to a [report](#) in *Politico*, though the prospects for that outcome remain unclear at best.

But it's clear the next president will "have to have a point person for Ukraine," whether at the White House or the State Department, said a senior administration official who spoke on condition of anonymity.

Biden speaks to Ukrainian leaders on the phone two or three times a month, and "he is very hands-on," the administration official told *Foreign Policy*.

Ukrainian officials echoed that portrayal and heaped praise on Biden's outreach.

"Joe's role was unique and valuable and will be very hard to duplicate," former Ukrainian Finance Minister Natalie Jaresko, now a fellow at the Atlantic Council, told *FP*.

Obama and Biden have divided up responsibilities of responding to the crisis in Ukraine. The president has focused on shoring up support for retaining sanctions against Russia in his talks with German Chancellor Angela Merkel and other European leaders. Biden's mission, meanwhile, has sought to keep Ukraine in the loop while also ensuring Kiev doesn't violate the Minsk deal or fail to tackle corruption at home — either of which could spur European capitals into abandoning the sanctions regime.

"The vice president has been extraordinarily involved in helping communicate to the Ukrainians to stay whiter than snow as it relates to reforms, and their obligations under Minsk, so there's no excuse for the Europeans to walk away," the administration official said.

The Battle to Reform A Country

Biden's connection with the Ukrainians began shortly after the ouster of former President Viktor Yanukovich in February 2014. After Yanukovich failed to sign a long-awaited trade association agreement with the European Union, and instead accepted an offer of \$15 billion in government bond purchases and discounted gas from the Kremlin, massive protests erupted in Kiev. After months of protests and [deadly clashes](#) between protesters and police, Yanukovich [fled](#) the capital on Feb. 22, 2014, making his way to Russia, where he lives today.

Washington's immediate problem was to ensure a new government in Kiev was credible enough to handle the difficult political transition and salvage the country's tanking economy. But Ukraine's political culture had become dysfunctional and its institutions hollowed out, with the country run by a partnership between politicians and oligarchs.

[Arseniy Yatsenyuk](#) — a former foreign minister, economy minister, and presidential candidate — emerged from the fray and won Western support, becoming prime minister after the Maidan revolution. Petro Poroshenko, a billionaire politician who had [served](#) in several cabinet posts over the previous decade and made his money in the confectionary

business, also emerged on the post-Maidan political scene as a key player. Poroshenko would be elected president on May 25, 2014.

Biden developed a personal bond with the governing duo and would go on to champion various reforms in Ukraine. He helped the fledgling government gain a \$17.5 billion International Monetary Fund package, supported the overhaul of the country's inefficient and corrupt gas sector, assisted in a high-profile move to reform Ukraine's notoriously dishonest police force, and pushed for the creation of an independent anti-corruption bureau to combat graft. The vice president's attention to Kiev's precarious situation was also backed up by Victoria Nuland, the assistant secretary of state for European and Eurasian affairs, who worked closely with Ukraine's new cabinet of pro-Western technocrats, and by Commerce Secretary Penny Pritzker, who helped push market reforms.

"The most important thing has been the timing. Biden came when Ukraine desperately needed attention from the international community, and he gave it," said Balazs Jarabik, a nonresident scholar at the Carnegie Endowment for International Peace.

But it was the vice president's personal signature on diplomacy that pushed his advocacy further and allowed him to build a strong relationship with Ukrainian politicians.

"[Biden] is the real man. He does what he believes in. He has the vision; he has guts," Yatsenyuk, who resigned in April, told FP.

Yatsenyuk credited Biden's drive in cementing U.S. credibility with Ukrainian lawmakers strongly enough for Washington's criticism to be heeded as Kiev began to stall on reforms. One such example came in December 2015, when the vice president in a fiery speech urged the Ukrainian parliament to curb the power of the country's oligarchs and to fulfill the promise of the Maidan revolution.

Biden's brand of tough love became more pronounced as the old ways of Ukrainian politics resumed. Despite a series of measures to increase government transparency and salvage the country's teetering economy, Kiev began to slow — and in some cases completely halt — carrying out anti-corruption reforms.

Public dissatisfaction was growing in late 2015 with Poroshenko's choice for general prosecutor: Viktor Shokin, a veteran of Ukrainian politics and a close associate of the president. Shokin fumbled the corruption case of a former Yanukovich crony and let him flee the country.

The position of general prosecutor, who is appointed by the president, enjoys outsized importance in Ukraine and is often used to exert pressure on rivals and cut deals for political and commercial gains. The Maidan revolution was supposed to bring an end to this type of horse-trading, but Shokin served as a reminder that little had changed. He reinforced that perception by hindering an investigation into two high-ranking state prosecutors arrested on corruption charges and after Economy Minister Aivaras Abromavicius cited him by name before quitting in protest over the delayed reforms.

Dismayed by Poroshenko's backtracking, the White House withheld \$1 billion in loan guarantees until Shokin was fired. Biden delivered that message directly to Poroshenko over the phone.

“Petro, you’re not getting your billion dollars,” Biden recalled telling the president in an [interview](#) with the *Atlantic*. “It’s OK, you can keep the [prosecutor] general. Just understand—we’re not paying if you do.”

Poroshenko [eventually](#) sacked Shokin. But the Ukrainian leader’s reputation in Washington — and in Ukraine — soured as a result, and his approval ratings have hovered close to a dismal 10 percent ever since.

“It’s hard to root out corruption in your system if the equivalent of the attorney general is not only corrupt but has a bunch of corrupt cronies in other positions and is actively thwarting investigations of oligarchs and government officials,” the senior U.S. administration official said. “Removing Shokin was a necessary — if not wholly sufficient — factor in continuing Ukraine on the reform path.”

Following the incident with Shokin, the pro-Western coalition of Yatsenyuk and Poroshenko was also thrown into peril as the two men began to clash, smearing each other in local media. Yatsenyuk narrowly [survived](#) a no-confidence vote brought against him by Poroshenko’s party, sparking a tense political crisis. After months of infighting and lost confidence by Ukraine’s Western partners, Yatsenyuk [resigned](#) as prime minister in April.

Since then, Kiev has continued to sputter on reforms, as the vested interests of the past have been confronted by a new wave of politicians and activists trying to take the country in a Western direction.

The latest clash was illustrated in an [ongoing feud](#) between the Office of the General Prosecutor and the recently established National Anti-Corruption Bureau of Ukraine (NABU). The new bureau was created to tackle high-profile corruption cases, but NABU has directly conflicted with the prosecutor’s office, which sees it as a political rival. In a dramatic incident in August, agents from the prosecutor’s office [raided](#) NABU’s offices on a charge of illegal surveillance and later detained two of its investigators and beat them while in custody.

Shipping Weapons to Ukraine

Apart from prodding Kiev on reforms, U.S. policy toward Ukraine will hinge on the still simmering war in the country’s eastern Donbass region. If the Minsk deal [collapses](#) and violence spikes, the next president would face renewed debate — not only about new sanctions on Moscow, but about whether to arm Ukrainian forces as they fight Russian-backed separatists.

The question of whether to provide arms to Kiev — particularly anti-tank weapons — sparked a heated debate in and outside the administration when the war was at its peak in 2014.

According to Derek Chollet, who at the time served as a top Defense Department official, Obama’s advisors were virtually unanimous in calling for weapons for Ukraine’s security forces. “This was one of the few occasions I can recall in the Obama administration in which just about every senior official was for doing something that the president opposed,” Chollet wrote in his book *The Long Game*.

The White House was so concerned about avoiding any tensions with Russia that it trucked in nonlethal military gear to Ukraine instead of flying it on U.S. military aircraft — just in case the planes’ “gray tails” were perceived as a provocation.

Low-level fighting continues, with casualties reported every week. Yet there are no large-scale military offensives underway, and front lines have frozen in place. And as a result, calls for arming Kiev's forces have faded.

"The issue was riper when the conflict was hotter," the senior administration official said.

The Ukrainian armed forces also have become much more capable and organized over the last two years, after receiving training and assistance from the United States and after Kiev began a reform program. Still, Ukrainian officials say they will raise the issue of receiving lethal aid from Washington with the next U.S. president and expect to win bipartisan support for the move on Capitol Hill.

Kiev and a New White House

Looking ahead, Ukraine and the tenuous Minsk peace accord will remain a foreign-policy priority for the next president because of their central role in Washington's strained relations with Moscow. Officials in Kiev look upon a possible Clinton presidency favorably and have high hopes that their needs will be met.

"Hillary is a champion of Ukraine. She knows everything about Ukraine," said Yatsenyuk, the former prime minister.

By contrast, Trump has expressed little sympathy for Ukraine's plight and even parroted Russia's point of view on events.

After Trump gave a July [interview](#) to George Stephanopoulos on ABC News, in which he implied Russia had not invaded Ukraine and said those living in Crimea might actually be happier under Moscow's control, Kiev [expressed](#) outrage. On his Facebook page, Yatsenyuk [wrote](#) that Trump's comments had violated "the very values of the free world, civilized world order and international law."

On the sidelines of the U.N. General Assembly in September, Clinton met with Poroshenko, and the two agreed that "solidarity with Ukraine is important in resisting Russian aggression," [according](#) to the press release from Poroshenko's office.

The Ukrainian president also reached out to Trump, but no meeting occurred: At the time, a spokesperson for Poroshenko's administration said the GOP nominee's campaign never gave a [clear answer](#) about holding a meeting.

<http://foreignpolicy.com/2016/10/30/what-will-ukraine-do-without-joe-biden-putin-war-kiev-clinton-trump/>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua
(044) 501 58 41
(097) 479-13-50

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Mon, 31 Oct 2016 13:56:21 +0000
To: Dr. Colin Kahl ([REDACTED])
Subject: FW: FP: What Will Ukraine Do Without Uncle Joe?

B6

Not bad. Nice shoutouts from Ukr friends

From: PA Press Clips
Sent: Monday, October 31, 2016 6:16 AM
To: PA Monitoring Group
Subject: FP: What Will Ukraine Do Without Uncle Joe?

REPORT

What Will Ukraine Do Without Uncle Joe?

BY DAN DE LUCE, REID STANDISH

OCTOBER 30, 2016

No one in the U.S. government has wielded more influence over Ukraine than Vice President Joe Biden. As the Obama administration's point person on Ukraine policy, he has rallied support for Kiev in the face of Russian military intervention and cultivated a personal rapport with its leaders. But he has delivered tough love as well, delaying financial aid more than once over concerns about rampant corruption.

With Biden's tenure as vice president about to expire, the next U.S. president will have to decide who will take up his unique role as Kiev's go-to guy. The transition comes at a pivotal moment for the festering war in Ukraine, America's increasingly tense rivalry with Russia, and Europe's growing fatigue with Kiev's incessant corruption.

The new commander in chief will take the oath of office on Jan. 20, 2017, against mounting alarm at the State Department, the Defense Department, and Congress over Russian behavior in Ukraine and elsewhere. From Russia's indiscriminate bombing of the Syrian city of Aleppo to its hacking of the Democratic National Committee to its support for armed separatists in eastern Ukraine to its nuclear saber rattling, U.S. diplomats, senior military officers, and lawmakers are increasingly arguing for an aggressive tack against Moscow.

"There's an appetite for a more assertive approach," said one congressional staffer who works on Ukraine and Russia policy.

It's widely believed Democratic nominee Hillary Clinton is better prepared to take on Russia on behalf of Ukraine and walk a more hawkish line on foreign policy than the Obama administration. But Ukrainian officials are extremely apprehensive about her Republican counterpart, Donald Trump, who has spoken warmly of Russian President Vladimir Putin.

Even President Barack Obama, a Democrat, has been reluctant to help shoulder the complete burden of Ukraine's woes, in part out of fear of provoking a direct confrontation with Moscow. In 2014, Russian troops seized and annexed the Crimean Peninsula and then reportedly deployed Moscow's own soldiers to eastern Ukraine to back separatists there. At the time, Obama overruled Biden and most of his advisors in deciding against arming Ukrainian soldiers.

Instead, Obama pushed for economic sanctions against Russia and agreed to have Germany and France lead diplomatic efforts with Kiev and Moscow to resolve the conflict.

Obama was worried about triggering an escalating military standoff between Kiev and Moscow that Russia probably would win and was mindful of European capitals' strong opposition to the move. Instead, Obama pushed for economic sanctions against Russia and agreed to have Germany and France lead diplomatic efforts with Kiev and Moscow to resolve the conflict.

But the fighting has continued, and patience for Russia is running out in Congress, where some lawmakers now favor slapping fresh economic sanctions on Moscow. Senior diplomats are also frustrated at the state of the fraying Minsk peace agreement and believe the time has come for the United States to take a leading role in the talks, instead of deferring to Berlin and Paris.

The internationally brokered Minsk deal has helped reduce fighting from a peak in 2014. But it has failed to secure a lasting cease-fire or the reintegration of separatist-controlled areas in Ukraine's east. According to the United Nations, the conflict has killed nearly 10,000 people since it began in April 2014.

Obama administration officials said there is a remote chance that the roughly 10 weeks between the U.S. election on Nov. 8 and when the next president enters office could serve as a window of opportunity for progress on the Minsk arrangements. But that will depend on Putin's unlikely willingness to move away from Ukraine's current low-level conflict, in which Moscow regularly dials up provocations from separatist forces to exert leverage over Kiev.

According to emails allegedly belonging to senior Putin aide Vladislav Surkov, and recently obtained by a Ukrainian hacker group, the Kremlin has detailed plans on how to further destabilize Ukraine's politics and economy. The authenticity of the documents has not yet been verified.

Vice President Joe Biden gestures with enthusiasm after addressing deputies of the Ukrainian parliament in Kiev on Dec. 8, 2015. (Photo by SERGEI SUPINSKY/AFP/Getty Images)
The Biden Effect

Ukraine's government has relied heavily on its direct channel to the U.S. vice president, and Biden's departure will leave a gaping hole. The vice president's impact is largely based on the force of his big personality, his backing from Obama, and his long track record of promoting a robust American role in Eastern Europe — from supporting NATO's enlargement to pushing for U.S. military intervention in the Balkans in the 1990s.

If Clinton is elected, which looks likely if current public opinion polls hold, it's possible the job of overseeing U.S. ties with Ukraine could shift back to the State Department. Clinton herself could take up the mantle, as she has shown strong interest in the conflict, according to current and former administration officials.

It's even possible Biden will have a role in a future Clinton administration. Her advisors are toying with the idea of having Biden serve as her secretary of state, according to a report in Politico, though the prospects for that outcome remain unclear at best.

But it's clear the next president will "have to have a point person for Ukraine," whether at the White House or the State Department, said a senior administration official who spoke on condition of anonymity.

Biden speaks to Ukrainian leaders on the phone two or three times a month, and "he is very hands-on," the administration official told Foreign Policy.

Ukrainian officials echoed that portrayal and heaped praise on Biden's outreach.

"Joe's role was unique and valuable and will be very hard to duplicate,"

Natalie Jaresko

"Joe's role was unique and valuable and will be very hard to duplicate," former Ukrainian Finance Minister Natalie Jaresko, now a fellow at the Atlantic Council, told FP.

Obama and Biden have divided up responsibilities of responding to the crisis in Ukraine. The president has focused on shoring up support for retaining sanctions against Russia in his talks with German Chancellor Angela Merkel and other European leaders. Biden's mission, meanwhile, has sought to keep Ukraine in the loop while also ensuring Kiev doesn't violate the Minsk deal or fail to tackle corruption at home — either of which could spur European capitals into abandoning the sanctions regime.

"The vice president has been extraordinarily involved in helping communicate to the Ukrainians to stay whiter than snow as it relates to reforms, and their obligations under Minsk, so there's no excuse for the Europeans to walk away," the administration official said.

Protesters clash with police in Independence square in central Kiev at the height of protests against former President Viktor Yanukovich on Feb. 20, 2014. (Photo by JEFF J MITCHELL/Getty Images)
The Battle to Reform A Country

Biden's connection with the Ukrainians began shortly after the ouster of former President Viktor Yanukovich in February 2014. After Yanukovich failed to sign a long-awaited trade association agreement with the European Union, and instead accepted an offer of \$15 billion in government bond purchases and discounted gas from the Kremlin, massive protests erupted in Kiev. After months of protests and deadly clashes between protesters and police, Yanukovich fled the capital on Feb. 22, 2014, making his way to Russia, where he lives today.

Washington's immediate problem was to ensure a new government in Kiev was credible enough to handle the difficult political transition and salvage the country's tanking economy. But Ukraine's political culture had become dysfunctional and its institutions hollowed out, with the country run by a partnership between politicians and oligarchs.

Arseniy Yatsenyuk — a former foreign minister, economy minister, and presidential candidate — emerged from the fray and won Western support, becoming prime minister after the Maidan revolution. Petro Poroshenko, a billionaire politician who had served in several cabinet posts over the previous decade and made his money in the confectionary business, also emerged on the post-Maidan political scene as a key player. Poroshenko would be elected president on May 25, 2014.

Biden developed a personal bond with the governing duo and would go on to champion various reforms in Ukraine. He helped the fledgling government gain a \$17.5 billion International Monetary Fund

package, supported the overhaul of the country's inefficient and corrupt gas sector, assisted in a high-profile move to reform Ukraine's notoriously dishonest police force, and pushed for the creation of an independent anti-corruption bureau to combat graft. The vice president's attention to Kiev's precarious situation was also backed up by Victoria Nuland, the assistant secretary of state for European and Eurasian affairs, who worked closely with Ukraine's new cabinet of pro-Western technocrats, and by Commerce Secretary Penny Pritzker, who helped push market reforms.

"The most important thing has been the timing. Biden came when Ukraine desperately needed attention from the international community, and he gave it," said Balazs Jarabik, a nonresident scholar at the Carnegie Endowment for International Peace.

But it was the vice president's personal signature on diplomacy that pushed his advocacy further and allowed him to build a strong relationship with Ukrainian politicians.

"[Biden] is the real man. He does what he believes in. He has the vision; he has guts," Yatsenyuk, who resigned in April, told FP.

Yatsenyuk credited Biden's drive in cementing U.S. credibility with Ukrainian lawmakers strongly enough for Washington's criticism to be heeded as Kiev began to stall on reforms. One such example came in December 2015, when the vice president in a fiery speech urged the Ukrainian parliament to curb the power of the country's oligarchs and to fulfill the promise of the Maidan revolution.

Biden's brand of tough love became more pronounced as the old ways of Ukrainian politics resumed. Despite a series of measures to increase government transparency and salvage the country's teetering economy, Kiev began to slow — and in some cases completely halt — carrying out anti-corruption reforms.

Public dissatisfaction was growing in late 2015 with Poroshenko's choice for general prosecutor: Viktor Shokin, a veteran of Ukrainian politics and a close associate of the president.

Public dissatisfaction was growing in late 2015 with Poroshenko's choice for general prosecutor: Viktor Shokin, a veteran of Ukrainian politics and a close associate of the president. Shokin fumbled the corruption case of a former Yanukovich crony and let him flee the country.

The position of general prosecutor, who is appointed by the president, enjoys outsized importance in Ukraine and is often used to exert pressure on rivals and cut deals for political and commercial gains. The Maidan revolution was supposed to bring an end to this type of horse-trading, but Shokin served as a reminder that little had changed. He reinforced that perception by hindering an investigation into two high-ranking state prosecutors arrested on corruption charges and after Economy Minister Aivaras Abromavicius cited him by name before quitting in protest over the delayed reforms.

Dismayed by Poroshenko's backtracking, the White House withheld \$1 billion in loan guarantees until Shokin was fired. Biden delivered that message directly to Poroshenko over the phone.

"Petro, you're not getting your billion dollars," Biden recalled telling the president in an interview with the Atlantic. "It's OK, you can keep the [prosecutor] general. Just understand—we're not paying if you do."

Poroshenko eventually sacked Shokin. But the Ukrainian leader's reputation in Washington — and in Ukraine — soured as a result, and his approval ratings have hovered close to a dismal 10 percent ever since.

"It's hard to root out corruption in your system if the equivalent of the attorney general is not only corrupt but has a bunch of corrupt cronies in other positions and is actively thwarting investigations of oligarchs and government officials," the senior U.S. administration official said. "Removing Shokin was a necessary — if not wholly sufficient — factor in continuing Ukraine on the reform path."

Following the incident with Shokin, the pro-Western coalition of Yatsenyuk and Poroshenko was also thrown into peril as the two men began to clash, smearing each other in local media. Yatsenyuk narrowly survived a no-confidence vote brought against him by Poroshenko's party, sparking a tense political crisis. After months of infighting and lost confidence by Ukraine's Western partners, Yatsenyuk resigned as prime minister in April.

Since then, Kiev has continued to sputter on reforms, as the vested interests of the past have been confronted by a new wave of politicians and activists trying to take the country in a Western direction.

The latest clash was illustrated in an ongoing feud between the Office of the General Prosecutor and the recently established National Anti-Corruption Bureau of Ukraine (NABU). The new bureau was created to tackle high-profile corruption cases, but NABU has directly conflicted with the prosecutor's office, which sees it as a political rival. In a dramatic incident in August, agents from the prosecutor's office raided NABU's offices on a charge of illegal surveillance and later detained two of its investigators and beat them while in custody.

Ukrainian servicemen play soccer on a road at Svitlodarsk, approaching Debaltseve on Feb. 15, 2015 as a cease-fire is cautiously observed (Photo by VOLODYMYR SHUVAYEV/AFP/Getty Images)
Shipping Weapons to Ukraine

Apart from prodding Kiev on reforms, U.S. policy toward Ukraine will hinge on the still simmering war in the country's eastern Donbass region. If the Minsk deal collapses and violence spikes, the next president would face renewed debate — not only about new sanctions on Moscow, but about whether to arm Ukrainian forces as they fight Russian-backed separatists.

The question of whether to provide arms to Kiev — particularly anti-tank weapons — sparked a heated debate in and outside the administration when the war was at its peak in 2014.

According to Derek Chollet, who at the time served as a top Defense Department official, Obama's advisors were virtually unanimous in calling for weapons for Ukraine's security forces. "This was one of the few occasions I can recall in the Obama administration in which just about every senior official was for doing something that the president opposed," Chollet wrote in his book *The Long Game*.

The White House was so concerned about avoiding any tensions with Russia that it trucked in nonlethal military gear to Ukraine instead of flying it on U.S. military aircraft — just in case the planes' "gray tails" were perceived as a provocation.

Low-level fighting continues, with casualties reported every week. Yet there are no large-scale military offensives underway, and front lines have frozen in place. And as a result, calls for arming Kiev's forces have faded.

"The issue was riper when the conflict was hotter," the senior administration official said.

The Ukrainian armed forces also have become much more capable and organized over the last two years, after receiving training and assistance from the United States and after Kiev began a reform program. Still, Ukrainian officials say they will raise the issue of receiving lethal aid from Washington with the next U.S. president and expect to win bipartisan support for the move on Capitol Hill.

Hillary Clinton meets with Petro Poroshenko at the Intercontinental Hotel on Sept. 19 in New York City. (Photo by JUSTIN SULLIVAN/Getty Images)
Kiev and a New White House

Looking ahead, Ukraine and the tenuous Minsk peace accord will remain a foreign-policy priority for the next president because of their central role in Washington's strained relations with Moscow. Officials in Kiev look upon a possible Clinton presidency favorably and have high hopes that their needs will be met.

"Hillary is a champion of Ukraine. She knows everything about Ukraine," said Yatsenyuk, the former prime minister.

By contrast, Trump has expressed little sympathy for Ukraine's plight and even parroted Russia's point of view on events.

After Trump gave a July interview to George Stephanopoulos on ABC News, in which he implied Russia had not invaded Ukraine and said those living in Crimea might actually be happier under Moscow's control, Kiev expressed outrage. On his Facebook page, Yatsenyuk wrote that Trump's comments had violated "the very values of the free world, civilized world order and international law."

On the sidelines of the U.N. General Assembly in September, Clinton met with Poroshenko, and the two agreed that "solidarity with Ukraine is important in resisting Russian aggression," according to the press release from Poroshenko's office.

The Ukrainian president also reached out to Trump, but no meeting occurred: At the time, a spokesperson for Poroshenko's administration said the GOP nominee's campaign never gave a clear answer about holding a meeting.

Photo Credit: Getty Images/Foreign Policy illustration

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Sun, 30 Oct 2016 19:40:01 +0000
To: [REDACTED]; Yovanovitch, Marie L [REDACTED]
[REDACTED]; Ciaramella, Eric A [REDACTED]
Cc: [REDACTED]; Kent, George P [REDACTED]
Subject: Re: KyivPost: Ukrainian top officials' wealth exposed in e-declarations

B6

P2 has his own chapel on the estate

From: Yovanovitch, Marie L <YovanovitchML2@state.gov>
Date: October 30, 2016 at 1:14:59 PM EDT
To: Pfleger, Gregory W. <[REDACTED]> Nuland,
Victoria J <[REDACTED]>, Ciaramella, Eric A [REDACTED]
<[REDACTED]>
Cc: Kent, George P <[REDACTED]>
<[REDACTED]>
Subject: Fw: KyivPost: Ukrainian top officials' wealth exposed in e-declarations

Aggregated. We'll do some more--and figure out who owns the church and the Fabrege eggs!

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Sunday, October 30, 2016 5:16 PM
To: Kyiv, Media Alerts
Subject: KyivPost: Ukrainian top officials' wealth exposed in e-declarations

KyivPost: Ukrainian top officials' wealth exposed in e-declarations

By [Olena Goncharova](#).
Published Oct. 30.

Ukraine's Prosecutor General Yuriy Lutsenko shows some documents to Artem Sytnyk, head of the National Anti-Corruption Bureau as they attend a parliament session on July 5. As the deadline for Ukrainian officials to file online asset declarations nears, around 50,000 top public officials, including civil servants, politicians and judges, have already submitted information.

The e-declarations, as they are known, have to be submitted by the end of Oct. 30, and thereafter all the documents can be found in a publicly searchable database.

The e-declarations submitted so far have already revealed that Ukraine's top officials keep millions dollars in hard cash, and own collections of luxurious watches and Faberge eggs, clothes, and even a church.

In a country where a minimum wage was Hr 1,450 (\$56), the e-declaration is a key element of the country's anti-corruption agenda, a reform backed by the Ukraine's main creditor – International Monetary Fund.

The e-declaration law demands that officials disclose not only their own assets but also those held by family members, eliminating the possibility of officials hiding their wealth under the names of relatives.

The Kyiv Post looked into some of the e-declarations by Ukrainian top officials.

Roman Nasirov, head of State Fiscal Service of Ukraine

Roman Nasirov is a head of the State Fiscal Service in Ukraine.

Official salary for 2015: Hr 36,096 (\$1,500)

Declared cash: \$1,160,000, 450,000 euros and Hr 4,350,000

Nasirov, who is in charge of all tax and customs policies, owns some five land plots in the village of Kozyn, an elite Kyiv suburb where the most wealthy Ukrainians live, including President Petro Poroshenko. He also has five apartments in Kyiv and two houses – one in Kozyn with total 414 square meters and another one in Vita Poshtova, just 18 km from Kyiv, which totals 199 square meters.

Other property belonging to Nasirov includes Rolex and Breguet watches, while his wife has two Rolex watches, and Breguet, Cartier, and Chopard timepieces. They also declared five jewelry sets by De Beers, two Cartier jewelry sets, five Van Cleef and Arpels jewelry, sets of Damiani earrings and three Hermes bags.

He also owns four cars, including a 2008 Toyota Camry, a 2013 Lexus LS600, a 2013 Range Rover, a 2014 Toyota Land Cruiser Prado 150, and a Harley Davidson motorbike (FLS TFB 1690).

Volodymyr Groysman, prime minister of Ukraine

Prime Minister Volodymyr Groysman answers questions from moderator Stephen Sacker of the BBC at a Yalta European Strategy conference in Kyiv on Sept. 17.

Official salary for 2015: Hr 77 270 (\$3,030)

Declared cash: \$870,000, 460,000 euros and Hr 2,280,000

Groysman, a long-term ally of the president, was appointed as prime minister on April 14. He served as the mayor of Vinnytsia from 2006 to 2014. According to his declaration, Groysman owns two land plots in Vinnytsia Oblast and two houses – one of those is 534 square meters in areas, while the other one is 461.1 square meters.

Together with his wife, Groysman declared 12 watches, including ones made by Boucheron, Ulysse Nardin, Rolex, Breguet, Girard-Perregaux, Parmigiani, Audemars Piguet, and Ulysse Nardin. The cheapest Rolex watch costs at least \$4,000, according to price tracking websites. For comparison, U.S. President Barack Obama owns a Shinola Runwell Sport Chrono 42mm watch, which he wears on a plain black leather strap. This Detroit-based luxury lifestyle brand model of watch costs \$1,100, their website says.

Groysman also owns a 2013 Land Rover.

Nestor Shufrych, Opposition Bloc lawmaker

Official salary for 2015: Hr 74,942 (\$2,939)

Shufrych also earned some Hr 80, 559 while doing other work as a lawmaker.

Declared cash: \$4,230,000, 3,750,000 euros and Hr 25,000,000.

Shufrych, a former ally of the overthrown President Viktor Yanukovych and now a lawmaker with the Opposition Bloc owns nine apartments – seven in Kyiv and two in the western Ukrainian city of Uzhgorod. The largest apartment is 467.10 square meters. The lawmaker also has a house of 701.5 square meters in the village of Kozyn in Kyiv Oblast and a 336.3 square meter-house located in Uzhgorod. He also declared a country house in Kozyn with a total area of 400 square meters, and 969 square meter recreation area in the village of Kamianytsia in Zakarpattya Oblast.

He has a collection of 287 paintings, a 121-piece collection of ancient porcelain, and some 17 watches. He also has a 156-piece firearms collection and a vast collection of 568 knives. According to his declaration, Shufrych is also an antiques collector, with 71 vintage books and some 51 old icons – religious panel paintings.

Shufrych owns a 2008 Land Rover Defender SUV, a 2013 Mercedes-Benz G350 2013, and a 2012 Toyota 4 Runner.

Valeria Gontareva, head of the National Bank of Ukraine

National Bank of Ukraine Governor Valeriya Gontareva.

Official salary for 2015: Hr 1,754,000 (\$68,794)

Deposits: \$1,831,000 in state-run Ukreximbank and Hr 61,9000 in state-owned Oschadbank

Gontareva, who recently topped the list of 100 most influential women compiled annually by Ukrainian magazine Focus, owns a 900-square-meter land plot in Kyiv Oblast, an apartment in Kyiv with a total area of 106 square meters, and a country house (250 square meters).

Gontareva owns a 2012 Porsche Panamera and a 2013 Porsche Cayenne, while her husband drives a 2006 Toyota Land Cruiser Prado. She didn't declare any watches, jewelry or valuable paintings.

Yury Lutsenko, Ukraine's prosecutor general

Ukraine's Prosecutor General Yuriy Lutsenko.

Official salary for 2015: Hr 75,562 (\$2,963)

Declared cash: Hr 150,000

Lutsenko, the former interior minister and current prosecutor general, declared an apartment in Rivne Oblast with a total area of 108.6 square meters, owned jointly with his wife, son and brother. He owns only 20 percent of the apartment, while his wife – Iryna Lutsenko who is a deputy head of the Petro Poroshenko Bloc faction – owns two apartments in Kyiv – 181 square meters and 92 square meters in size respectively. She also owns a house and land in a city of Dubno in Rivne Oblast.

Lutsenko has a collection of books from the late 19th and early 20th century, and a Ulysse Nardin watch. His wife owns a collection of paintings by contemporary Ukrainian artists from 2006-2011, a Dior bag and a Breguet watch among other luxury items. She drives a 2014 Mercedes-Benz GL 500 and a 2012 Toyota Camry. Iryna Lutsenko also had a 2010 Toyota Land Cruiser, which was stolen, according to the declaration.

Former investigative journalist turned lawmaker Sergii Leshchenko said on Oct. 23 that Lutsenko "had all his properties signed over to stooges," referring to a palatial residence in a downtown Kyiv that reportedly has been registered to Lutsenko's wife's accountant. Lutsenko brushed off the accusations. On Oct. 26, the National Anti-Corruption Bureau started checking the information on the real estate.

Among other officials, Gennadiy Kernes, the controversial mayor of Ukraine's second biggest city Kharkiv, has declared that he has more than \$1,600,000 in hard currency. The lawmaker with presidential Petro Poroshenko Bloc Anatoliy Matviyenko has a building of the Assumption church in a village of Byrlivka in Vinnytsia Oblast. Matviyenko has owned a 40.9-square-meter church since 2012.

A member of the 23-member Vidrozhennya Party, Gennadiy Bobov, has declared that he has \$2,500,000 in cash in state-run Oschadbank, and some jeweled Faberge eggs, while Ihor Kotvitsky, a lawmaker with the former Prime Minister Arseniy Yatsenyuk's People's Front party, has declared his two Brunello Cucinelli coats, a suit of the same brand, a Christian Dior bag and Loro Piana coat together worth more than Hr 600,000 (\$23,533).

<https://www.kyivpost.com/ukraine-politics/ukrainian-top-officials-wealth-exposed-e-declarations.html>

*With
LBI Team*

best

regards,

www.lbicompany.com.ua

(044)

501

58

41

(097) 479-13-50

RELEASE IN FULL

From: Nuland, Victoria J
Sent: Tue, 11 Oct 2016 16:54:08 +0000
To: Yovanovitch, Marie L
Subject: RE: AtlanticCouncil: Washington's Patience with Kyiv Runs Thin

ha

From: Yovanovitch, Marie L
Sent: Monday, October 10, 2016 11:35 AM
To: Nuland, Victoria J
Subject: Fw: AtlanticCouncil: Washington's Patience with Kyiv Runs Thin

Hadn't seen the photo. Looking good girl!
Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Monday, October 10, 2016 6:30 PM
To: Kyiv, Media Alerts
Subject: AtlanticCouncil: Washington's Patience with Kyiv Runs Thin

AtlanticCouncil

Washington's Patience with Kyiv Runs Thin

10.10.2016

Author: SERGII LESHCHENKO

Last week my colleagues Mustafa Nayyem, Svitlana Zalishchuk, and I had dozens of meetings in the United States. Our impression was disappointing. Since the resignation of Arseniy Yatsenyuk (Washington's favorite Ukrainian politician), reports of further corruption, and the lack of progress in resolving the conflict in eastern Ukraine, the United States has grown weary of Ukraine.

There are two main issues in Ukraine that register on the US agenda today. First is the negotiations over the future of the so-called Donetsk and Luhansk People's Republics and the resolution of the simmering conflict in the Donbas. Although the White House has refused to provide lethal military aid to Ukraine, President Barack Obama would like to enhance his legacy by resolving the conflict before leaving office.

Washington is disappointed with the obligations Ukraine assumed under the Minsk accords, which left the United States out of the negotiation process. In a way, Kyiv succumbed to political pressure from Berlin. At the time, the German Chancellery was wary of the United States undermining its exclusive leadership role in Europe.

By taking the initiative to push the peace process forward, the United States is encouraging Kyiv to adopt laws stipulated by the Minsk accords, which in return guarantee the surrender of Russian weapons to OSCE observers and their further withdrawal from Ukraine through a safe corridor.

However, even if Washington listens to Ukraine's arguments about the Minsk accords, it sees no excuse for Kyiv's failure to curb corruption, which is the second biggest problem.

"Just a year ago, I was much more aloof, you know. Now I agree that sanctions against individuals may rectify the situation," one influential American said to another during one of our private meetings. Both moved from the Department of State to work at think tanks.

The pool of Americans interested in Ukraine is quite small. Among Washington's think tanks with programs on Ukraine are the Atlantic Council, the McCain Institute, the Brookings Institution, the Kennan Institute, the International Republican Institute, the National Democratic Institute, and the National Endowment for Democracy. These are the idea factories where policy recommendations are made and public opinions shaped.

Here again, patience has run out. Kyiv has not only turned a deaf ear to its own people but also to US policy advice. Hence, a recommendation by policy experts to impose sanctions on President Petro Poroshenko's top corrupt officials may soon gain political momentum.

The United States already has an effective mechanism for punishing corrupt Ukrainian officials. In 2004, President George W. Bush issued [proclamation 7750](#) that suspends the entry of corrupt foreign public officials who have adverse effects on the national interests of the United States.

Hryhoriy Surkis, a Ukrainian businessman and politician, was among the first individuals to face this sanction. In 2004, he was banned from entering the United States. These sanctions have been used several times since then. The US Embassy in each host country submits a list of individuals to the State Department to consider for sanctions.

During our meetings in Washington, I bluntly called for expanding this list on officials in Poroshenko's inner circle who continue to infest the government and public institutions and line their own pockets even in time of war. Efforts to eradicate theft through persuasion have failed.

Some American officials have noticed that Kyiv has begun to give off an arrogance that has never been seen before. "President Poroshenko, do not grovel before the Americans," Konstantin Eliseev, deputy head of the presidential administration of foreign affairs, advised. He is thought to be behind such an approach, which is similar to what he advocated while serving as Ukrainian ambassador to the EU under former President Viktor Yanukovich.

Meanwhile, the fight against institutions and civil society activists who work to prevent corruption continues. Having invested much effort and resources in launching the [National Anti-Corruption Bureau of Ukraine \(NABU\)](#), the United States is shocked by Ukrainian Prosecutor General Yuriy Lutsenko's attempts to strip the agency of its powers. The fundamental idea behind the creation of NABU is being threatened by the poor delegation of powers to investigate corruption among such agencies as the state tax administration and the Security Service of Ukraine.

Efforts to discredit anticorruption activists do not go unnoticed. After our meeting with US Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland, she invited Mustafa Nayyem and me to her office and offered to take a picture together. She was trying to diplomatically express discontent with the orchestrated attacks against those who fearlessly expose the current regime.



From left to right, Sergii Leshchenko and Mustafa Nayyem meet with US Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland at the US Department of State on September 29, 2016. Credit: Courtesy photo.

For months, Ukraine has been a platform that allowed the US to prove the theory that ousting a dictator leads to greater prosperity and a just society. The United States has committed its reputation and resources to support this cause. As a result, the news from Kyiv is disappointing. But it is still not too late for Kyiv to come to its senses. Otherwise, US-Ukraine relations could reach the point of no return sooner than Bankova thinks. And the Ukrainian people will pay for the sins of their leaders.

Sergii Leshchenko is a member of parliament in Ukraine and former deputy editor of Ukrayinska Pravda. This article was originally published in Russian by Novoe Vremya and translated by Vera Zimmerman.

<http://www.atlanticcouncil.org/blogs/new-atlanticist/patience-has-run-out>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua
(044) 501 58 41
(097) 479-13-50

RELEASE IN PART
B5,B6

From: Nuland, Victoria J
Sent: Tue, 26 Jul 2016 19:44:50 +0000
To: Finer, Jonathan J; [REDACTED]
Cc: [REDACTED]
Subject: RE:

B6

Kolomoysky lobbyist. [REDACTED]

B5

From: Finer, Jonathan J
Sent: Tuesday, July 26, 2016 3:42 PM
To: Nuland, Victoria J; [REDACTED]
Cc: [REDACTED]
Subject: Fw:

B6

?

From: Laurence Harris <[REDACTED]>
Sent: Tuesday, July 26, 2016 3:29 PM
To: Finer, Jonathan J
Subject: Re:

Jonathan if the Secretary is unable to meet a meeting with a senior staffer would be greatly appreciated

Larry

On Jul 26, 2016, at 2:54 PM, Laurence Harris <[REDACTED]> wrote:

Dear Jonathan

The current economic and political situation in Ukraine is unstable. However, Ukraine's PrivatBank has undergone reforms at the request of the National Bank of Ukraine (NBU) to help stabilize the country. PrivatBank is the largest private bank in Ukraine. Ludmila Shmalchenko, the Deputy Chairman of PrivatBank, would like to meet with Secretary Kerry to affirm the Bank's support of the IMF-led reforms, including stress tests and recapitalization, and recognition of the role the NBU plays in overseeing the banking sector in Ukraine. Please see the below article regarding the Bank's commitment to financial transparency and reform. Ms. Shmalchenko would like to discuss how these measures are good for Ukraine's economy and offer her unique perspective on the banking and political sectors as a whole.

Shmalchenko is in DC August 3-5, do you have time to meet with her? I would be happy to arrange a time. If another time works better for you please let me know. Thank you.

Larry

PrivatBank Chairman Discusses 2015 Revenue, Affirms Commitment to NBU and IMF
Yahoo Finance

Alexander Dubilet, the Chairman of Ukraine's PrivatBank, recently sat down for a question and answer session to discuss the bank's recent release of financial results and how events in Ukraine are impacting the bank.

Q: What is PrivatBank's current financial condition?

A: PrivatBank's current financial condition is strong. While many other Ukrainian banks have had to close over the past few years, PrivatBank's strong and experienced management, extensive business plan, attention to technology and commitment to international banking standards has enabled it to maintain its position as the country's largest privately-owned bank. We are also the Ukrainian bank that has the highest level of confidence among depositors.

Q: How did PrivatBank perform in 2015?

A: Our recently published audited 2015 consolidated annual report shows that the bank's consolidated profit by 11.4 per cent over the last year. Our capital adequacy ratio (CAR) according to Basel requirements improved from 13.7 per cent in 2014 to 14.9 per cent in 2015. Our CAR according to the requirements of the National Bank of Ukraine was 11 per cent, which is above the mandatory minimum of 10 per cent. We anticipate continuing this growth in 2016 as our increased profits are a testament to our resilient business model.

Q: Is the National Bank of Ukraine a help or hindrance to PrivatBank?

A: PrivatBank recognizes the NBU's statutory authority and, as we have amply demonstrated, fully supports the IMF-led reform effort in Ukraine. We are committed to working with both the NBU and the IMF so Ukraine's economy can move forward.

However, PrivatBank working with the NBU also means that NBU needs to work with PrivatBank. We have important and extensive expertise that NBU should use to inform its decisions and it needs to include us when it is formulating its regulations instead of simply dictating them.

Q: How has PrivatBank been able to survive Ukraine's recent economic problems when so many other Ukrainian banks failed?

A: PrivatBank has survived because our superior technological and management skills have allowed us to nimbly adapt to the ever-changing economic situation in Ukraine. Our endurance as Ukraine's premier privately-held financial institution demonstrates our commitment to proper capitalization and risk management.

Some of the recent changes coming from the NBU have unnecessarily limited our ability to make new loans and that has reduced the economic growth of the country. This would not be the case if the NBU were applying the standards put forth by the International Monetary Fund and were using the expertise of the Big Four global accounting firms.

Q: What is PrivatBank's future?

A: Given how strongly PrivatBank has come through the past few years of economic difficulties in Ukraine and the continued confidence of our depositors, it's impossible to conclude that it has anything but a very bright future. And we're taking significant steps to ensure that's the case by making further investments in technology and continuing to enforce strict codes of conduct, ethics and the lowest possible risk.

We expect PrivatBank to be one of the big reasons the Ukraine economy will move forward. That will happen if the NBU and international institutions work together and with us.

Disclaimer The information in this email and any attachments may contain proprietary and privileged information that is intended for the addressee(s) only. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, retention or use of the contents of this information is prohibited. When addressed to our clients or vendors, any information contained in this e-mail or any attachments is subject to the terms and conditions in any governing contract. If you have received this e-mail in error, please immediately contact the sender and delete the e-mail..

RELEASE IN PART
B5,B6

From: Nuland, Victoria J
Sent: Wed, 6 Jul 2016 19:12:09 +0000
To: Pyatt, Geoffrey R
Subject: Re: Re where the IMF is

Just talked to [redacted] again. Our line: condition is firm. Figure it out. Your decision how.
July board meeting prob gone.

B6

From: Pyatt, Geoffrey R
Sent: Wednesday, July 6, 2016 11:09 PM
To: Nuland, Victoria J
Subject: RE: Re where the IMF is

Good – IMF has homework to do. [redacted]
[redacted]

B5

SBU
This email is UNCLASSIFIED.

From: Nuland, Victoria J
Sent: Wednesday, July 06, 2016 9:13 PM
To: Pyatt, Geoffrey R
Subject: Re: Re where the IMF is

Short call w [redacted] Mr D tried to convince him to ignore the prob, go ahead w the meeting. R
shut that down.

B6

I got Anne's report -messy.

From: Pyatt, Geoffrey R [redacted]
Date: July 6, 2016 at 10:08:19 PM GMT+4
To: Nuland, Victoria J [redacted]
Subject: Re where the IMF is

SBU
This email is UNCLASSIFIED.

B6

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:37 PM
To: Pyatt, Geoffrey R
Cc: Kent, George P; [REDACTED] EUR-Ukraine Desk-DL; Zentos, Elisabeth [REDACTED]
Subject: RE: Dragon Daily for July 6, 2016

Sir,

Thank you for clarifying. My imagination had run wild.

I put the sleepwalking into a crisis/manufactured crisis line to Jerome as well. For what it's worth, his view was that this was a dirty open secret that was going to come to a head one way or another, and that you'd might as well take care of it on your own terms. I know there are arguments on both sides, but that's the Fund's perspective. They think it's inevitable.

SBU
This email is UNCLASSIFIED.

From: Pyatt, Geoffrey R
Sent: Wednesday, July 06, 2016 7:25 PM
To: [REDACTED]
Cc: Kent, George P; [REDACTED] EUR-Ukraine Desk-DL; Zentos, Elisabeth [REDACTED]
Subject: RE: Dragon Daily for July 6, 2016

Thanks – I don't get these so appreciate receiving it.

Ski resort is Bukovel. The tank farm is presumably the Ukrnafta stuff he holds (as in fuel storage tanks)
http://www.ukrnafta.com/en/business/map_of_assets

The most important part of this is the highlighted last bit. Really feels like somebody is sleepwalking on this. The Dragon posture is the right one.

SBU
This email is UNCLASSIFIED.

B6

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:18 PM
To: Pyatt, Geoffrey R
Cc: Kent, George P; [REDACTED]
Subject: FW: Dragon Daily for July 6, 2016

I know everyone gets these, but I am just now seeing this...

SBU
This email is UNCLASSIFIED.

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:17 PM
To: [REDACTED]
Subject: FW: Dragon Daily for July 6, 2016

All, I just read Dragon's daily. Lots of good info, including the breakdown of the collateral:

"...of UAH 32bn of collateral (UAH 10bn attributable to a ski resort, UAH 8.5bn to tank farms, UAH 5.0bn to a tire plant, and UAH 8.3bn to hotels, sports clubs and other real estate)..."

I have no idea what a "tank farm" is.

No wonder there are issues.

[REDACTED]

Privatbank — Reports 2015 audited results

News: Privatbank reported audited 2015 IFRS results, booking net profit of UAH 275m (\$13m), vs. UAH 247m or \$21m in 2014, and other comprehensive income of UAH 1.2bn (\$49m), down from UAH 1.6bn (\$100m) in 2014. Equity was reported at UAH 29.0bn (\$1.2bn), +13% y-o-y. Total assets (in UAH terms) increased by 20% y-o-y, with net loans +21% y-o-y. Customer deposits increased 26% y-o-y in UAH. NIM (based on net interest-bearing assets and in USD terms) decreased by

3.1pp y-o-y to 0.9%. Cost of risk stood at 3.1%, +0.3pp y-o-y. NPLs (loans more than 90 days overdue) were reported at 11.5% of gross loans, +5.9pp q-o-q, with coverage by provisions at 112%, -102pp y-o-y. The share of overdue and individually impaired loans was much higher at 40%, +6pp y-o-y, with coverage by provisions at 32%, -3pp y-o-y.

The capital adequacy ratio (NBU standards) came in at 11%, flat y-o-y, with regulatory capital at UAH 25.5bn, flat q-o-q. Cash (in UAH terms) increased 82% y-o-y to UAH 35.6bn (\$1.5bn), rising by 4pp y-o-y as the share of total assets to 13%.

Separately, Privatbank acknowledged it was in breach of certain prudential ratios and terms of refinancing facilities provided by the central bank as of end-2015. As part of negotiations with the NBU, the bank drafted a restructuring plan under which it “was required to further increase the share capital, repossess collateral by Apr. 1, 2016, gradually decrease the share of loans issued to related parties and insiders of the bank, obtain additional collateral for significant part of loans by Sep. 1, 2016, gradually repay overdue principal and interest on the NBU refinancing loans by August 2017 and provide additional collateral for the NBU refinancing loans in the form required by the NBU.”

Following the approval of the restructuring plan the bank took implementing measures as follows:

- (i) as of end-June 2016, the bank obtained legal title to the required collateral volume of UAH 31.8bn and accounted for it in its consolidated balance sheet as repossessed collateral. However, due to long and complex legal procedures of collateral repossession in Ukraine and the necessity of obtaining NBU permission for repossession of certain assets, which had been pledged in favor of the NBU for the refinancing loans, the Bank was able to repossess the required part of collateral by early June rather than by Apr. 1 as was stipulated by the restructuring plan. The NBU has not applied any regulatory measures for the late collateral repossession*
- (ii) in the course of 1H16, the bank made timely interest and principal payment on NBU refinancing loans, under a schedule agreed with the NBU, for a total of UAH 5.6bn;*
- (iii) one of Privatbank’s major shareholders, Igor Kolomoysky, provided his personal guarantee for the bank’s ability to follow the restructuring plan.*

Regarding the repossessed collateral, the bank plans to lease out the majority of these assets under operating leases to their previous owners as some of those assets form an integral part of larger businesses. Judgement is required (a) to determine whether such transactions mean that either the bank or its significant shareholders had a significant influence or control over the bank's borrowers, whose assets are now partially owned by the bank or whose loans were partially settled by the bank's major shareholders, and (b) to determine timing from when such parties became related parties of the bank. Management of the bank has not yet completed its assessment of the impact that these transactions had on its related-party list and the respective disclosure in these financial statements. External auditors issued a qualified opinion in relation to the bank's related party operations disclosure, citing their inability to verify the effect of the UAH 31.8bn asset repossession.

Management believes that their ongoing actions will ensure that the bank, in the course of at least the next 12 months, follows the restructuring plan, complies with the regulatory requirements of the countries where the group operates, sustains its customer base and manages its liquidity gap. Further support from and maintaining a constructive dialogue with the NBU would significantly contribute to the bank's going concern assessment, it said. (Bank)

Dragon view: Privatbank's 2015 statements reveal it endured a challenging year. NIM shrank, with net interest income received in cash being negative. Net profitability was supported by F/X-related income, mainly gains from embedded derivatives (F/X-linked gains on loans), while cash flow from operating activity (before changes in working capital) was negative at UAH 16.4bn vs. positive UAH 4.3bn in 2014. The negative operating cash flow number resulted mostly from cash outflow of UAH 12.2bn related to derivatives embedded into liabilities (mainly privately placed UAH bonds). The share of NPLs (90+ days overdue) at 11.5% remained below the sector average, yet total impaired loans (40%) stood at a level comparable with selected peers. Low provisions (32% coverage) imply pressure on profitability going forward.

On a positive note, the liquidity position, with sizable cash balances, looked adequate. NBU refinancing loans have been repaid on schedule thus far (the end-2015 amount stood at UAH 27.1bn, reducing by UAH 2.6bn in 1H16 and the final maturity having been pushed back to August 2017 under an extension agreement reached in 1Q16).

Related-party loans were reported at 15% of gross loans (UAH 34.5bn), up from 10.0% at end-2014. According to the report, loans to oil trading businesses

accounted for 18% (UAH 41bn) of the total book, followed by ferroalloy production and trading with 15% (UAH 33bn), air transportation with 6% (UAH 14bn), and “ski resorts and football club” with 4% (UAH 8bn), with these presumably related-party sectors adding up to 43% of total loans (UAH 96bn).

Privatbank increased its share capital by UAH 2.2bn in July 2015. Regulatory capital was also supported via maturity extension and issuance of subordinated debt for \$230m last year.

While the bank continues with resolving its recapitalization needs and related party issues, and repossession of UAH 32bn of collateral (UAH 10bn attributable to a ski resort, UAH 8.5bn to tank farms, UAH 5.0bn to a tire plant, and UAH 8.3bn to hotels, sports clubs and other real estate) marks a positive step, it seems discussions with the central bank on the sufficiency of the steps being made are still not finished. Privatbank’s status as “too big to fail” lends support to its negotiating stance vis-à-vis the central bank.

[Back to Headlines](#)

SBU

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Wed, 6 Jul 2016 18:10:19 +0000
To: [REDACTED]
Subject: Fwd: Re where the IMF is

B6

From: Pyatt, Geoffrey R <[REDACTED]>
Date: July 6, 2016 at 10:08:19 PM GMT+4
To: Nuland, Victoria J <[REDACTED]>
Subject: Re where the IMF is

SBU
This email is UNCLASSIFIED.

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:37 PM
To: Pyatt, Geoffrey R
Cc: Kent, George P; [REDACTED] EUR-
Ukraine Desk-DL; Zentos, Elisabeth [REDACTED]
Subject: RE: Dragon Daily for July 6, 2016

B6

Sir,

Thank you for clarifying. My imagination had run wild.

I put the sleepwalking into a crisis/manufactured crisis line to Jerome as well. For what it's worth, his view was that this was a dirty open secret that was going to come to a head one way or another, and that you'd might as well take care of it on your own terms. I know there are arguments on both sides, but that's the Fund's perspective. They think it's inevitable.

SBU
This email is UNCLASSIFIED.

From: Pyatt, Geoffrey R
Sent: Wednesday, July 06, 2016 7:25 PM
To: [REDACTED]
Cc: Kent, George P; [REDACTED] EUR-
Ukraine Desk-DL; Zentos, Elisabeth [REDACTED]
Subject: RE: Dragon Daily for July 6, 2016

B6

Thanks – I don't get these so appreciate receiving it.

Ski resort is Bukovel. The tank farm is presumably the Ukrnafta stuff he holds (as in fuel storage tanks)
http://www.ukrnafta.com/en/business/map_of_assets

The most important part of this is the highlighted last bit. Really feels like somebody is sleepwalking on this. The Dragon posture is the right one.

SBU
This email is UNCLASSIFIED.

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:18 PM
To: Pyatt, Geoffrey R
Cc: Kent, George P; [REDACTED]
Subject: FW: Dragon Daily for July 6, 2016

I know everyone gets these, but I am just now seeing this...

SBU
This email is UNCLASSIFIED.

From: [REDACTED]
Sent: Wednesday, July 06, 2016 7:17 PM
To: [REDACTED]
[REDACTED]

Subject: FW: Dragon Daily for July 6, 2016

All, I just read Dragon's daily. Lots of good info, including the breakdown of the collateral:

"...of UAH 32bn of collateral (UAH 10bn attributable to a ski resort, UAH 8.5bn to tank farms, UAH 5.0bn to a tire plant, and UAH 8.3bn to hotels, sports clubs and other real estate)..."

I have no idea what a “tank farm” is.

No wonder there are issues.



B6

Privatbank — Reports 2015 audited results

News: Privatbank reported audited 2015 IFRS results, booking net profit of UAH 275m (\$13m), vs. UAH 247m or \$21m in 2014, and other comprehensive income of UAH 1.2bn (\$49m), down from UAH 1.6bn (\$100m) in 2014. Equity was reported at UAH 29.0bn (\$1.2bn), +13% y-o-y. Total assets (in UAH terms) increased by 20% y-o-y, with net loans +21% y-o-y. Customer deposits increased 26% y-o-y in UAH. NIM (based on net interest-bearing assets and in USD terms) decreased by 3.1pp y-o-y to 0.9%. Cost of risk stood at 3.1%, +0.3pp y-o-y. NPLs (loans more than 90 days overdue) were reported at 11.5% of gross loans, +5.9pp q-o-q, with coverage by provisions at 112%, -102pp y-o-y. The share of overdue and individually impaired loans was much higher at 40%, +6pp y-o-y, with coverage by provisions at 32%, -3pp y-o-y.

The capital adequacy ratio (NBU standards) came in at 11%, flat y-o-y, with regulatory capital at UAH 25.5bn, flat q-o-q. Cash (in UAH terms) increased 82% y-o-y to UAH 35.6bn (\$1.5bn), rising by 4pp y-o-y as the share of total assets to 13%.

Separately, Privatbank acknowledged it was in breach of certain prudential ratios and terms of refinancing facilities provided by the central bank as of end-2015. As part of negotiations with the NBU, the bank drafted a restructuring plan under which it “was required to further increase the share capital, repossess collateral by Apr. 1, 2016, gradually decrease the share of loans issued to related parties and insiders of the bank, obtain additional collateral for significant part of loans by Sep. 1, 2016, gradually repay overdue principal and interest on the NBU refinancing loans by August 2017 and provide additional collateral for the NBU refinancing loans in the form required by the NBU.”

Following the approval of the restructuring plan the bank took implementing measures as follows:

- (i) *as of end-June 2016, the bank obtained legal title to the required collateral volume of UAH 31.8bn and accounted for it in its consolidated balance sheet as repossessed collateral. However, due to long and complex legal procedures of collateral repossession in Ukraine and the necessity of obtaining NBU permission for repossession of certain assets, which had been pledged in favor of the NBU for the refinancing loans, the Bank was able to repossess the required part of collateral by early June rather than by Apr. 1 as was stipulated by the restructuring plan. The NBU has not applied any regulatory measures for the late collateral repossession*
- (ii) *in the course of 1H16, the bank made timely interest and principal payment on NBU refinancing loans, under a schedule agreed with the NBU, for a total of UAH 5.6bn;*
- (iii) *one of Privatbank's major shareholders, Igor Kolomoysky, provided his personal guarantee for the bank's ability to follow the restructuring plan.*

Regarding the repossessed collateral, the bank plans to lease out the majority of these assets under operating leases to their previous owners as some of those assets form an integral part of larger businesses. Judgement is required (a) to determine whether such transactions mean that either the bank or its significant shareholders had a significant influence or control over the bank's borrowers, whose assets are now partially owned by the bank or whose loans were partially settled by the bank's major shareholders, and (b) to determine timing from when such parties became related parties of the bank. Management of the bank has not yet completed its assessment of the impact that these transactions had on its related-party list and the respective disclosure in these financial statements. External auditors issued a qualified opinion in relation to the bank's related party operations disclosure, citing their inability to verify the effect of the UAH 31.8bn asset repossession.

Management believes that their ongoing actions will ensure that the bank, in the course of at least the next 12 months, follows the restructuring plan, complies with the regulatory requirements of the countries where the group operates, sustains its customer base and manages its liquidity gap. Further support from and maintaining a constructive dialogue with the NBU would significantly contribute to the bank's going concern assessment, it said. (Bank)

Dragon view: Privatbank's 2015 statements reveal it endured a challenging year. NIM shrank, with net interest income received in cash being negative. Net profitability was supported by F/X-related income, mainly gains from embedded

derivatives (F/X-linked gains on loans), while cash flow from operating activity (before changes in working capital) was negative at UAH 16.4bn vs. positive UAH 4.3bn in 2014. The negative operating cash flow number resulted mostly from cash outflow of UAH 12.2bn related to derivatives embedded into liabilities (mainly privately placed UAH bonds). The share of NPLs (90+ days overdue) at 11.5% remained below the sector average, yet total impaired loans (40%) stood at a level comparable with selected peers. Low provisions (32% coverage) imply pressure on profitability going forward.

On a positive note, the liquidity position, with sizable cash balances, looked adequate. NBU refinancing loans have been repaid on schedule thus far (the end-2015 amount stood at UAH 27.1bn, reducing by UAH 2.6bn in 1H16 and the final maturity having been pushed back to August 2017 under an extension agreement reached in 1Q16).

Related-party loans were reported at 15% of gross loans (UAH 34.5bn), up from 10.0% at end-2014. According to the report, loans to oil trading businesses accounted for 18% (UAH 41bn) of the total book, followed by ferroalloy production and trading with 15% (UAH 33bn), air transportation with 6% (UAH 14bn), and “ski resorts and football club” with 4% (UAH 8bn), with these presumably related-party sectors adding up to 43% of total loans (UAH 96bn).

Privatbank increased its share capital by UAH 2.2bn in July 2015. Regulatory capital was also supported via maturity extension and issuance of subordinated debt for \$230m last year.

While the bank continues with resolving its recapitalization needs and related party issues, and repossession of UAH 32bn of collateral (UAH 10bn attributable to a ski resort, UAH 8.5bn to tank farms, UAH 5.0bn to a tire plant, and UAH 8.3bn to hotels, sports clubs and other real estate) marks a positive step, it seems discussions with the central bank on the sufficiency of the steps being made are still not finished. Privatbank’s status as “too big to fail” lends support to its negotiating stance vis-à-vis the central bank.

[Back to Headlines](#)

SBU

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Tue, 5 Jul 2016 17:09:36 +0000
To: [REDACTED]
Subject: FW: Parliament Strips Onyshchenko of Immunity, Approves His Arrest and Detention

B6

Good news

SBU
This email is UNCLASSIFIED.

From: Pyatt, Geoffrey R
Sent: Tuesday, July 05, 2016 1:09 PM
To: Nuland, Victoria J; [REDACTED]
Cc: [REDACTED] Charles A. Kupchan; [REDACTED]
[REDACTED] Ciaramella, Eric A ([REDACTED]); Kent, George P; [REDACTED]
[REDACTED] EUR-StaffAssistants; Zentos, Elisabeth [REDACTED]
Subject: Parliament Strips Onyshchenko of Immunity, Approves His Arrest and Detention

B6

A feather in Lutsenko's cap. Also covered in a private meeting today with AY, who was very upbeat on recent developments (more later on that from Chip)

Subject: Ukraine: Parliament Strips Onyshchenko of Immunity, Approves His Arrest and Detention

UNCLASSIFIED

SBU

DECONTROLLED



MRN: 16 KYIV 1080
Date/DTG: Jul 05, 2016 / 051529Z JUL 16
From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE ROUTINE
E.O.: 13526
TAGS: PREL, PGOV, KCOR, UA, RU
Captions: SENSITIVE
Subject: Ukraine: Parliament Strips Onyshchenko of Immunity, Approves His Arrest and Detention

1. (SBU) Begin Summary. The Verkhovna Rada (parliament) voted July 5 in favor of three resolutions

that would strip People's Will MP and Deputy Chair of the Rada Energy Committee Oleksandr Onyshchenko of parliamentary immunity. The case against Onyshchenko was launched by National Anti-Corruption Bureau (NABU) and submitted by the Prosecutor General. The Rada also voted to allow law enforcement the ability to detain and arrest Onyshchenko. While the debate included contentious arguments about whether the way in which the Prosecutor General filed the requests followed all proper procedures, as well as interfactional accusations of connections with Onyshchenko, many aimed at Yulia Tymoshenko's Batkivshchyna party, ultimately the MPs produced a majority for what civil society representatives are calling a historic move against corruption among the membership of the Rada. It is unclear, however, if the arrest warrant will be carried out, as Onyshchenko has reportedly already fled to Moscow. End Summary.

Rada Approves all Three PGO Requests, Procedural Errors Derail Debate

2. (SBU) 275 MPs voted to strip Onyshchenko of immunity; 265 MPs voted for his detention, and 263 MPs approved the resolution on July 5 that would allow law enforcement to arrest him. This followed the PGO's submission of a request for parliament's authorization to bring MP Onyshchenko to justice on charges under Article 255 of Ukraine Criminal Code (creating a criminal organization). The Rada Rules of Procedure Committee recommended that on July 29 MPs approve the PGO request of stripping Onyshchenko of immunity. However, the Rules committee also argued that the PGO should have filed separate requests for the detention and arrest of Onyshchenko, instead of a single application. Thus, according to the acting chair of the Rules Committee Pavlo Pynzenyk, the committee decided to leave it for the Rada to decide whether to allow Onyshchenko's detention and arrest in three separate votes, to avoid the legal inconsistencies of making the arrest procedure legally vulnerable to be challenged in the Court of Appeals.

3. (SBU) During the July 5 plenary session, PG Yuriy Lutsenko presented PGO, Special Anti-Corruption Prosecution (SAPU), and National Anti-Corruption Bureau of Ukraine (NABU) findings concerning Onyshchenko's involvement in corruption schemes in the gas sector. Lutsenko argued that MPs who would not support the resolution for Onyshchenko's arrest "either show solidarity for corruption or are fed by the gas mafia." [Note: the main accusation of corruption against Onyshchenko involved fake trading of gas from the state budget in the amount of 1.6 -3.0 billion USD. End note.] While Lutsenko's case for Onyshchenko's arrest was strong, some MPs, including Radical Party leader Lyashko, criticized the PGO for violating the parliamentary procedure of submitting a single request packaged with three different resolutions, instead of filing three separate requests for Rada consideration.

MPs Overcome Internal Bickering

4. (SBU) While most MPs from pro-democratic factions supported the resolution to strip Onyshchenko of immunity, some expressed concern over the second and third resolutions, which would enable law enforcement to arrest Onyshchenko. Batkivshchyna (BA) MPs were divided on the party position. Serhiy Leshchenko (BPP) criticized Tymoshenko for questioning the authority of NABU and for her involvement in gas corruption with then-PM Lazarenko in 1990s. Andriy Teteruk from People's Front (PF) also criticized Tymoshenko for her support of Ihor Shevchenko, who served as a Minister of Ecology in 2014-2015. Shevchenko was in turn involved with Onyshchenko and reportedly used his private plane for his personal trips.

5. (SBU) A number of MPs, including Leshchenko (BPP), Mustafa Nayem (BPP), and Leonid Yemets (PF), commended the PGO, SAPU, and NABU on the case, as the first that has reached parliament and has

the possibility for a trial. Nayem said that by developing this case, the NABU and SAPO have proven themselves "one of the few symbols of a different country, about which we are all so loudly and pompously talked for the last three years. With all the advantages and disadvantages that we had." Yemets praised parliament (especially the Anti-Corruption Committee) for its work on Onyshchenko's case. The Onyshchenko case, Yemets added, serves as a demonstration of parliament's efforts to uproot corruption.

Signature: PYATT

Drafted By: KYIV: [REDACTED]

Cleared By: EUR: [REDACTED]
POLECON [REDACTED]

Approved By: EUR: Kent, George P

Released By: KYIV: [REDACTED]

Info: CIS COLLECTIVE *ROUTINE*

Dissemination Rule: Released Copy

B6

SBU

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Tue, 5 Jul 2016 12:21:17 +0000
To:
Subject: FW: : Parubiy's political journey from revolutionary to Rada speaker

B6

Trip folder pls

This email is UNCLASSIFIED.

From: Pyatt, Geoffrey R
Sent: Friday, July 01, 2016 1:54 AM
To: Kyiv, Sitrep
Subject: : Parubiy's political journey from revolutionary to Rada speaker

Worth reading this profile of Ukraine's Rada speaker

This email is UNCLASSIFIED.

From: lbi@lbicompany.com.ua [<mailto:lbi@lbicompany.com.ua>]
Sent: Friday, July 01, 2016 7:12 AM
To: Kyiv, Media Alerts
Subject: KyivPost: Parubiy's political journey from revolutionary to Rada speaker

Kyiv Post

Parubiy's political journey from revolutionary to Rada speaker

June 30, 2016

Author: [Olga Rudenko](#)

Twice a month, Andriy Parubiy makes one of the longest commutes in Ukrainian politics.

He travels for seven hours by car between Kyiv, where since April he has been parliament speaker, and his family home in Lviv in western Ukraine, where his wife and daughter live. He hasn't bought or rented a home in Kyiv, preferring for the last nine years to live in a parliament-funded hotel room.

Although a veteran of Ukrainian politics since 1991, Parubiy was rarely in the political limelight. He came to prominence during the EuroMaidan Revolution, but paid a dear price for it: As commander of the self-organized defenders of the protesters camp, he saw dozens of his comrades shot dead by riot police and unidentified snipers.

"I always have a feeling that I should have died with them," Parubiy says in a subdued voice as he sits in a back room of his office on the second floor of the Verkhovna Rada, Ukraine's parliament.

His days now are a far cry from the EuroMaidan routine. His office of several rooms is typical for a top-level official: spacious, impersonal, with eggshell-paint walls and dull landscape paintings. A glossy white iMac towers over his desk, while a much smaller, black laptop peeks out from behind it.

Parubiy has only been here since April, when he became speaker of the Rada, succeeding Volodymyr Groysman, who became prime minister. Before that, Parubiy occupied the cozier office of a deputy speaker on the same floor.

He has his interview with the Kyiv Post in the back room, which has only a sofa and a few chairs.

It was in this room, Parubiy said, that he first heard the suggestion that oligarchs be appointed as governors in several oblasts in 2014. Back then he was outraged by the idea.

Oligarch influence

Today, he probably hears of oligarchs more than ever, but if he's still outraged, he doesn't show it. Reports by Ukrainian media suggest that some of the most notorious oligarchs, including billionaire Ihor Kolomoisky, retain their influence on parliament. But Parubiy says that they don't impair the reform work.

"I have reason to believe that some oligarchs have representatives in the Verkhovna Rada," he says. "But at the same time, this parliament hasn't failed a single test in the fight with the oligarchy."

He said that he met Kolomoisky two years ago, but has never been in contact with him since he became deputy speaker in 2014. He sidesteps a question about the alleged influence of oligarchs on Vidrodzhennya, 23 lawmakers who sometimes vote with the governing coalition on key issues.

"Every other decision by parliament has a different mosaic of support," he says. "It would be unfair to say that every time there's some sort of horse-trading behind it. It would be unfair to speak about things I don't know about."

Defining moment

Parubiy was a 13-year-old boy in Lviv, when one day his father called him up to the attic of their house.

There, making sure they weren't overheard, his father told him a great, exciting secret: Everyone in their family used to be in the Ukrainian Insurgent Army.

The army, known as UPA, was a resistance movement fighting against the Soviets in western Ukraine. By the end of the 1950s, the resistance had been defeated. Many of its members were exiled in Siberia - including relatives of Parubiy.

For a teenager in 1984, learning about the family's ties to a resistance movement was a watershed moment, and a patriotic awakening. In a way, Parubiy was ready to continue the

cause of the UPA: He was sure that one day he would have to fight a war for Ukraine's independence.

Then independence came, bloodlessly, in 1991.

But that formative episode could explain why as a professional politician, Parubiy so readily threw himself into the revolutions of 2004 and 2013-2014, taking on grueling roles such as a commander of protesters' defense fighters, while his peers were just making speeches from the stage.

Moreover, the future revolutionary was an obsessive reader who grew up in the literary worlds of O. Henry, Mark Twain and, especially, Jack London -- whose stories championed fortitude and courage in harsh circumstances.

Branded a radical

Parubiy started his political career as an anti-Soviet activist in the last years of the doomed union. In 1991, he co-founded the Social-National Party. Thirteen years later it was rebranded as Svoboda, a nationalist party that was briefly a force in the Ukrainian parliament in 2012-2014.

Parubiy left the party even before it became Svoboda, but the labels of nationalist and radical have stuck. Some publications go as far as accusing him of sympathizing with Nazism -- which he strongly denies.

"They don't have anything on me, so the only thing they can do is hyperbolize my patriotism," he says.

His early political career, the 1990s and early 2000s, was spent in Lviv, serving on the city and oblast councils.

He participated in the 2004 Orange Revolution, which overturned the fraudulent election of Viktor Yanukovych and brought Viktor Yushchenko to the presidency. In 2007 he was elected to parliament with Yushchenko's party Nasha Ukrayina (Our Ukraine).

But over the years his political position has changed: he first switched from Nasha Ukrayina to former Prime Minister Arseniy Yatsenyuk's Front for Change, then to Yulia Tymoshenko's Batkivshchyna, and finally, after the EuroMaidan Revolution, he ended up with Yatsenyuk again in the People's Front. After the party's success in the 2014 election, he was made deputy speaker of the Verkhovna Rada.

After the revolution, he spent five months as the head of the National Security and Defense Council, confronting the challenges of the early period of Russia's war against Ukraine.

"When I was saying, ever since the 1990s, that Russia was the main threat to Ukraine, they called me a radical," Parubiy says.

Now his dream is to see Ukraine join both NATO and the European Union. Then, he says, the country will be safe and he could retire and write adventure books for teenagers.

Today's challenges

On July 5, the Verkhovna Rada will start its last two-week period of daily meetings before taking a summer recess in mid-July.

Drama is expected in these next days of plenary meetings: Lawmakers will be asked to lift immunity from prosecution from lawmaker Oleksandr Onishchenko, who is suspected of embezzling money from a state enterprise. His arrest is sought by prosecutors. Parubiy said he expected parliament to support the decision.

Another key decision is about to be postponed until the next session -- the law on elections in the occupied territories of the Donbas. The elections are part of the Minsk peace deal, but top Ukrainian officials, including Parubiy, argue that elections are impossible until there is a full ceasefire. Russian-backed separatists in Donetsk have threatened to hold elections themselves if parliament doesn't pass the law before summer break.

And away from the Rada, other troubles hang over Parubiy. Every day, as he walks the short distance to parliament from the Kyiv Hotel, where he has lived in the same room since 2007, he is reminded of the EuroMaidan protesters killed in this street and nearby.

No one has faced justice for these murders. Parubiy blames incompetent and possibly corrupt prosecutors for sabotaging the cases.

"I feel like I will never make peace with that," he says. "But if we had to go through it again... It was the right thing to do. No one knows what would have happened if we hadn't stopped Yanukovich."

<http://redirect.state.sbu/?url=http://www.kyivpost.com/article/content/ukraine-politics/parubiys-political-journey-from-revolutionary-to-rada-speaker-417552.html>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

(044) 501 58 41

(097) 479-13-50

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Tue, 5 Jul 2016 11:35:24 +0000
To: [REDACTED]
Subject: Fw: Rada moves against Onyschenko

B6

First big case against a politician by Ukr's new Anti corruption prosecutor...

From: Pyatt, Geoffrey R <[REDACTED]>
Sent: Tuesday, July 5, 2016 7:13 AM
To: Nuland, Victoria J; [REDACTED] EUR-Ukraine Desk-DL; Zentos, Elisabeth
[REDACTED]; Ciaramella, Eric A ([REDACTED]); Mekanju, Anna A. EOP/OVP
Cc: Kent, George P; [REDACTED]
Subject: Rada moves against Onyschenko

Big day in the Rada as it votes to strip immunity of Oleksander Onyschenko, details, Groysman's welcoming statement and vote count underneath – Ukraine is changing.

Rada strips MP Onyschenko of immunity, gives consent to his arrest

The Verkhovna Rada of Ukraine has supported the request by Ukraine's Prosecutor General Yuriy Lutsenko to give its consent to criminal prosecution, detention and arrest of MP Oleksandr Onyschenko of the People's Will parliamentary group.

The parliament on Tuesday voted separately on three positions: for criminal prosecution of Onyschenko - 275 votes, for his detention – 265, and for his arrest – 263.

Onyschenko was absent from the parliamentary session hall.

According to media reports, Onyschenko is currently in Russia.

As reported, on June 16, Lutsenko signed a request to the Verkhovna Rada to arrest MP Oleksandr Onyschenko.

Lutsenko said Onyschenko while being a member of parliament had full control over the three operators of Ukrgazvydobuvannia – Nadra Geocenter LLC, Khas LLC, and Karpatnadrainvest LLC.

The formation and management of a criminal organization by Onyschenko is evidenced by the fact of Onyschenko's participation in a criminal organization made of the founders of Nadrageocentre LLC, Khas LLC, Karpatnadrainvest LLC, where he was the main beneficiary, the prosecutor general said.

Lutsenko said that Onyschenko created the criminal group with the participation of a number of other people, including representatives of Ukrgezvydobuvannia in order to gain possession of the company's funds. The group illegally took hold of UAH 1.613 billion, he said.

The prosecutor general said that Onyschenko's actions fall under Article 191 (misappropriation, embezzlement of property through abuse of office), Article 205 (creation of sham companies) and Article 255 (creation of a criminal organization) of the Criminal Code of Ukraine.



Volodymyr Groysman [VGroysman](#) 1h1 hour ago

Parliament today lifted the parliamentary immunity of Alexander Onishchenko and allowed his arrest!



Volodymyr Groysman

Шоїно

Верховна Рада сьогодні зняла депутатську недоторканність з Олександра Онищенка та дозволила його арешт!

Усі ті корупційні схеми, які роками діяли в газовому секторі, мають бути врешті-решт виявлені правоохоронними органами, а всі ті, хто брав участь і покривали їх на політичному рівні, мають понести відповідальність.

А ми, як уряд, своїми рішеннями, які приймаємо зараз і які спрямовані на реформування енергетичного сектору, робимо те, що необхідно з нашого боку, щоб закласти прозорі правила гри в газовому секторі та не допустити продовження в майбутньому мільярдної корупції, яка існувала досі.

From:
Sent: Tuesday, July 05, 2016 12:16 PM
To: Pyatt, Geoffrey R; Kent, George P

B6

Cc: Kyiv, POL Core; [redacted]
Subject: FW: July 5 Rada Update

B6

All 3 votes on Onyschenko passed in the Rada, including a vote for his arrest (though he's in Moscow now so won't end up behind bars anytime soon, if ever). Seems Lutsenko put in a good performance at the Rada. We'll report all this front channel.

Great job to [redacted] and [redacted] reporting from the Rada.

SBU
This email is UNCLASSIFIED.

From: [redacted]
Sent: Tuesday, July 05, 2016 12:07 PM
To: [redacted]
Cc: [redacted]
Subject: Re: July 5 Rada Update

Results of the vote:

- 1) 275 voted for stripping immunities
- 2) 265 voted for detention
- 3) 263 voted for arrest

[redacted]
Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [redacted]
Sent: Tuesday, July 5, 2016 12:06 PM
To: [redacted]
Cc: [redacted]
Subject: Re: July 5 Rada Update

Krulko (BA) claims Onyschenko is already out of the country.

Teteryuk (PF) urges MPs to support all three resolutions. He attacked in his remarks Tymo for her involvement with Shevchenko (Former Minister of Ecology (2014-2015) that was recommended by BA) who covered up Onyschenko's schemes, and said that is the reason why BA has no clear position on this case.

Lozovoy (RP) said that Onyschenko used to brag that P2 called him more often than Onyschenko called P2.

Yemets (PF) praised Rada for its work against corruption. He said the reason Onyschenko case is even presented today is because Rada is truly working to root out corruption. Yemets said that Shevchenko used Onyschenko's private planes for his personal trips and it looks interested, he added, to look in a greater detail into Shevchenko-Onyschenko link.

Lutsenko (PGO) took the floor again and showed the scheme of Onyschenko's dealings. He added that PGO is currently conducting 21 searches on connection with this case. Lutsenko said that Onyschenko departed the country on July 2 and assured that PA or PGO did not assist him in his departure.

Lutsenko said that if MPs do not support the resolution for arrest of Onyschenko, then should just sit quietly and not claim that they are for "clean procedure." PGO basically was supposed to submit 3 separate requests but they are "violating the procedure" by submitting only one request with 3 resolutions. Some MPs are not happy with this. Lutsenko basically said that MPs should ignore this fact and vote for all three resolutions.

Lyashko criticized PGO and said what kind of PGO is this if he asks to break the procedure.

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 11:37 AM

To: [Redacted]

Cc: [Redacted]

Subject: Re: July 5 Rada Update

B6

Lyashko (RP) criticized P2 for supporting Onyschenko in 2014 and claimed that now the PA is scheming to allow him flee the country.

PW will not support the arrest resolution.

Sobolev (SP and head of a/c committee) said that there is more to this case - others in gov provided cover ups in this case for years.

Sobolev (BA) said that there are others that are involved in Onyschenko's schemes, including those in BPP. BA supports the resolution to lift the immunities but not arrest. Sobolev said that BA would only support the arrest resolution IF PGO submits a separate request - clean procedure.

Sobolev (BA), Leshchenko (BPP), and Pinzenyk (PF) exchanged heated remarks. Leshchenko criticised Tymoshenko for questioning the authority of NABU and gas corruption with Lazarenko in 90s. Pinzenyk called Leshchenko a "bolobol."

See below photo from Shabunin's (AntAC) protest outside of Rada. Prison mugs with Onyschenko's name.

<https://pbs.twimg.com/media/CmlIPXIWcAA0y65.jpg:small>

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 11:11 AM

To: [Redacted]

Cc: [Redacted]

Subject: Re: July 5 Rada Update

Lutsenko (PGO) delivered great remarks on the case, highlighting the fact that MPs would not support the arrest are those that "either show solidarity for corruption or are fed by gas mafia." (original quote is in Ukr).

Rules Committee (MP Pinzenyuk) is presenting their case now. The Committee found that Onyschenko stole 1.6 billion UAH from UKRGAZDOBYVANNYA that were supposed to go to state budget.

To clarify - there will be a total of 3 Onyschenko resolutions today:

- 1) Stripping of immunities
- 2) permission to detain
- 3) permission to arrest

[Redacted]

Political Officer | U.S. Embassy Kyiv
(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 10:55 AM

To: [Redacted]

Cc: [Redacted]

Subject: Re: July 5 Rada Update

Lutsenko still speaking on the case. It looks like SP, RP, PF, and BPP will support the to strip Onyschenko of immunities and arrest. BA - no consensus. OB likely to support lifting of immunities but not arrest. Based on our preliminary calculations, the Onyschenko bill is likely to pass today.

MPs will vote soon.

[Redacted]

Political Officer | U.S. Embassy Kyiv

(Sent from a mobile device)

From: [Redacted]

Sent: Tuesday, July 5, 2016 10:42 AM

To: [Redacted]

Cc: [Redacted]

Subject: July 5 Rada Update

B6

Lutsenko (PGO), Sytnyk (NABU), and Kholodnotsky are in Rada hall today. Onyschenko is absent today.

Lutsenko will now take the floor for the next 15 min and Rules Committee present their case on Onyschenko for 15 min. Then, the voting will take place.

[Redacted]

Political Officer | U.S. Embassy Kyiv

(Sent from a mobile device)

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Mon, 22 Aug 2016 17:27:13 +0000
To:
Subject: RE: UGV raid

B6

Cool. Looking forward to catching up on lots of stuff

This email is UNCLASSIFIED.

From:
Sent: Monday, August 22, 2016 12:59 PM
To: Nuland, Victoria J
Subject: FW: UGV raid

Remind me to give you background color on this

SEVERAL DOZEN RAIDS UNDER WAY IN UKRAINE INVOLVING UKRGZVYDOBUVANNIA CASE - LUTSENKO

KYIV. Aug 22 (Interfax-Ukraine) – Several dozen raids are under way enterprises incorporated into PJSC Ukrgezvydobuvannia on Monday as part of criminal investigations, Prosecutor General Yuriy Lutsenko has said.

"A number of investigative actions on suspicion of money laundering are under way today... Several dozen searches are on across Ukraine. We've got a half-page list of enterprises, including bogus ones, suspected of embezzling public funds on a large-scale basis," he said at a press conference in Kyiv on Monday.

Lutsenko mentioned that no specific names will be mentioned. He said, there are "legal entities and amounts of possibly embezzled funds."

Ukrgezvydobuvannia said earlier on Monday that raids were being held at its enterprises.

"According to the [court] orders presented to Ukgazvydobuvannia's security service, it appears that the searches are related to an investigation in cases dated to 2012-2014," the company said. Ukgazvydobuvannia also said that agents from the Prosecutor General's Office do not block the premises, do not remove computers and telecoms means, as the company's employees assist in investigators' work. At the same time, the searches are not conducive to the company's routine work related to documents and agreements with counterparties, it said.

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Tue, 6 Sep 2016 17:58:04 +0000
To: Kent, George P [REDACTED]
Cc: Yovanovitch, Marie L [REDACTED]
Subject: RE: Rada and the Fall session

B6

Tx George

This email is UNCLASSIFIED.

From: Kent, George P
Sent: Tuesday, September 06, 2016 10:50 AM
To: Nuland, Victoria J; Brink, Bridget A; Andrews, Jorgan K; Bauer, Jen; Montgomery, Molly C
Cc: Yovanovitch, Marie L; Laitinen, William H; Purcell, Alan S
Subject: Rada and the Fall session

Toria – we'll get you a more fleshed out version tomorrow.

The short term agenda (short-term meaning by end of next week/YES, when EU commissioner Dombrovski will visit) is to pass an independent energy regulator's bill, and an end to the ban on timber exports, in order to unlock 600 million euros of macro economic financial assistance. The Groysman government/FinMin Daniliuk also signaled intent yesterday to submit a draft budget by the September 15 date it procedurally is required (a mark generally missed in recent years).

The aspirational fall agenda faces a number of big issues, such as budget decentralization (a process that is ongoing in advance of final amendment of the constitution), land reform, and pensions. How much progress will be made on such contentious issues, given the narrow, situational majority the BPP-NF coalition has, and the determined efforts of the populists (Tymoshenko, Lyashko) is TBD.

The Rada fall preview cable we sent at the end of last week (Kyiv 997) focused on political dynamics/realities facing Poroshenko and Groisman in what promises to be a hot political fall, rather than the priorities.

Groisman, for his part, had this to say:

Volodymyr Groysman: I reckon on synergy between the Parliament and Government in the adoption of crucial laws for the country

06.09.2016 | 15:44

INFORMATION AND COMMUNICATION DEPARTMENT OF THE SECRETARIAT OF THE CMU

Prime Minister of Ukraine Volodymyr Groysman believes the Parliament and the Government will carry out smooth cooperation from the beginning of the new session as the adoption of important laws will change life within the country for the better.

"I hope that from now on the Ukrainian Parliament will demonstrate synergy between MPs, parliamentary committees, between the Parliament's leadership and the Government. Under the circumstances we should show consolidation and efficiency", said Prime Minister of Ukraine Volodymyr Groysman after the opening of the fifth

session of the Verkhovna Rada of Ukraine on Tuesday.

The Prime Minister stressed that the Government is committed to prolong constructive collaboration.

"We must focus on passing topmost acts that were designed to change life for the better. And what is vital is to introduce those changes fast", he stressed.

He noted that among the essential objectives is the work at the adoption of the State Budget for 2017. Volodymyr Groysman accentuated that the Government would submit to the Parliament "a completely honest Budget" for the broad access of the public and experts.

In the draft Budget the Government has defined as top priorities the following sectors: defence and national security, energy efficiency, reconstruction of roads, development of the national economy, support of farmers, and stimulating the national engineering industries. Another initiative of the Government to be offered to Parliament is to raise salaries to educationalists. From 2017 it is planned to conduct a comprehensive energy modernization of the country, said the Head of Government.

Among the landmarks of the Budget is preserving decentralization as an effective mechanism for solving local problems. Volodymyr Groysman noted that there had already begun the work on the creation of new infrastructure in the regions – road repairs, construction of hospitals, kindergartens as a result of decentralization, particularly financial.

"I think people expect that we can ensure efficient interaction between all branches of government. The Government demonstrates commitment, and I am sure we will succeed. The success will affect the Ukrainian citizens", highlighted the Prime Minister.

From: Nuland, Victoria J
Sent: Tuesday, September 06, 2016 5:24 PM
To: Kent, George P; [REDACTED]
Cc: Yovanovitch, Marie L; [REDACTED]
Subject: FW: Ukraine Daily Update September 6, 2016

B6

Team, maybe there is some reporting in that I missed but I'd be grateful for a sense of the Rada's legislative priorities/calendar for the session, esp stuff Groisman wants to get done. tx.

SBU

This email is UNCLASSIFIED.

From: [REDACTED]
Sent: Tuesday, September 06, 2016 8:07 AM
To: Kyiv, Sitrep
Subject: Ukraine Daily Update September 6, 2016

Ukraine Daily Update – September 6, 2016

This is an unclassified product; some information may be unconfirmed.

Political Developments

- **The fifth session of the Verkhovna Rada (parliament) of Ukraine opened this morning** with speeches from Speaker Andriy Parubiy and President Petro Poroshenko, where the president emphasized the importance of Western support to combat Russian aggression in the east and stressed the importance of national unity and political consolidation in society.

- On Sunday September 4, **a group of protestors set tires on fire outside TV Inter's headquarters and caused arson damage inside the building which led to an evacuation.** It was reported today that about **50 protestors remain outside the building**, continuing their demonstration against the news channel for allegedly being pro-Russian, and preventing employees from entering. The protestors have declared that they intend to remain outside the building "indefinitely."
- Media reported that the **Verkhovna Rada approved two resolutions today, permitting both the detention and arrest of Mykola Chaus**, a former judge of the Dniprovskyi district court of Kyiv, officially stripping him of judicial immunity, which is a benefit given to Ukrainian judges. The former judge has been accused of extortion and receiving bribes. Head of the Special Anti-Corruption Prosecutor's Office Nazar Kholodnytskyi has reported in earlier press releases that Chaus has fled to Crimea.

Economic Developments

- **Ukraine's Electricity Generation Company Initiates project to Reduce Use of Anthracite Coal:** Centrenergo, Ukraine's second largest electricity generation company signed a 4 million UAH (\$0.15m) seven-month contract to design the transformation of anthracite coal-fired units to make them capable of using steam coal. This is an important step given the insecurity of anthracite coal supplies from the Donbas and current low stockpiles which pose the risk of rolling blackouts during the upcoming winter heating season. However, since the project is just starting, it will not likely be fully operational until 2018.
- **National Bank of Ukraine (NBU) Reserves Continue to Rise:** *NBU reserves inched up by 0.1 percent (\$21 million) to \$14.1 billion in August (+ six percent or \$803 million YTD), representing 3.6 months of imports cover.* The NBU became a net seller of foreign currency in late August (and has been thus far in September) **in response to** increased seasonal devaluation pressures on the hryvnia. It sold \$13 million on a net basis in August and parted with a further \$110 million in the first three workdays of September. Dragon Capital forecasts year-end 2016 reserves at \$16 billion (4.1 months of import cover; +20 percent y-o-y).
- **Hryvnia Slides to 26.86 on the Interbank Market:** The exchange rate averaged UAH / \$ 26.86 on the interbank market as of noon today. Dragon Capital commented that seasonal pressures on the currency have been reinforced by protracted delays to IMF financing, reimbursements to depositors of failed banks, and gradual liberalization of exchange and capital controls including dividend repatriation. The hryvnia devalued by 5.3 percent m-o-m in August, to UAH 26.20 and has continued to weaken so far in September. Dragon Capital forecast a year-end rate of UAH / \$ 27 and expects the hryvnia to stay close to this level throughout 2017, though its analysts predict that volatility is likely to increase.
- **Poroshenko predicts further fall of Ukrainian exports to Russia:** Poroshenko said exports from Ukraine to Russia in first half of 2016 shrank by 34% year-over-year, and it plunged by 80% in the past five years. He said, "Russia's share of Ukrainian exports is only 9% now with the further downward trend." The president assessed the loss from this discriminatory policy and attempts to suffocate Ukraine at \$15 billion. Poroshenko said that the main alternative to the Russian

market is the EU market. Exports to the EU grew by 7%, and its share of total exports reached 39.2%, while several years ago Russia's share was around one third. The president added that Ukraine is actively opening eastern markets.

- **Ukrnafta Annual General Meeting Cancelled Again:** Ukrnafta announced its Annual General Meeting scheduled for September 15 was cancelled due to the Supervisory Board failing to convene to approve the meeting agenda and other required documents according to press reports. During this meeting majority shareholder Naftogaz and minority shareholder affiliated with Ihor Kolomoisky were to vote on a financial recovery plan for Ukrnafta to pay off its tax obligations to the state and settle a long-term dispute over gas Kolomoisky claims is owned to him by the state.
- **NBU official exchange** rate is 26.86 UAH/\$ 1 on September 6.

Military and Security Developments *(According to COL Oleksandr Motuzyanyk, ATO Spokesman for the Presidential Administration unless otherwise noted.)*

- Media reported that both sides have “generally observed” the cease-fire in eastern Ukraine. There have been about 20 reported attacks by Russia-led separatists against Ukrainian Armed Forces.
- **ATO Ukrainian combat losses over the past 96 hours:** : 1 KIA (landmine explosion near Mariupol), 6 WIA (5 wounded due to a grenade explosion in a medical vehicle)
- **Donetsk sector:** Russia led separatist forces launched 13 attacks yesterday near Luhanske, Mayorsk, Avdiivka and Nevelske. The attacks included the use of small arms and light weaponry and occurred mostly in daytime.
- **Mariupol sector:** Russia led separatist forces launched 6 attacks, 4 of which included the use of heavy weapons. Militants fired about 90 mortar shells at Ukrainian Armed Forces (AFU) in Talakivka and Shyrokyne.
- **Luhansk sector:** Two lengthy attacks were reported in the sector. The enemy shot at AFU positions in Stanytsya Luhanska and Novozvanivka after dark. No heavy weapons were reportedly used.

High-resolution ATO map: <http://mediarnbo.org/2016/09/06/map-ato-06-09-2016/?lang=en>



Ukrainian General Staff statistics as of July 20, 2016: (Note: General Staff (GS) numbers are higher than numbers reported in earlier Embassy updates, which were based solely on NSDC daily reports. We assess that this discrepancy exists because GS tallies may reflect deaths resulting from injuries after an extended period of time. The GS occasionally provides the Embassy with a new report; the numbers below were updated upon receipt of the latest report.)

- Since the ATO began: 2,907 Ukrainian military personnel have been killed; and 10,203 have been injured.

- **Since the February 15, 2015 “ceasefire”:** 504 Ukrainian military personnel have been killed; and 2,451 have been injured.

UN OHCHR conservatively estimates that **combined civilian and military casualties** consist of at least:

- **9,371 people documented killed** (including flight MH-17’s 298 passengers) and **21,532 people documented wounded or injured**. (Source: UN Office of the High Commissioner for Human Rights (OHCHR) – *may not reflect actual total number of casualties.*)

If you would like to be added to or removed from this product’s distribution, please email

at

B6

SBU

This email is UNCLASSIFIED.

RELEASE IN PART
B5,B6

From: Nuland, Victoria J
Sent: Sun, 29 May 2016 21:24:46 +0000
To: [redacted]; Pyatt, Geoffrey R; [redacted]
[redacted] Zentos, Elisabeth [redacted]; Makanju, Anna
Cc: [redacted]
Subject: Re: Mustafa Nanyem on the meeting with Lutsenko

B6

Tx team. Personal was supposed to be Personnel, obvi.

From: [redacted]
Sent: Sunday, May 29, 2016 11:14 AM
To: Pyatt, Geoffrey R; Nuland, Victoria J; [redacted]
Zentos, Elisabeth [redacted]; Makanju, Anna
Cc: [redacted]
Subject: Re: Mustafa Nanyem on the meeting with Lutsenko

B6

Got it.

Sent from my BlackBerry 10 smartphone.

From: Pyatt, Geoffrey R
Sent: Sunday, May 29, 2016 6:05 PM
To: Nuland, Victoria J; [redacted] Zentos, Elisabeth
[redacted] Makanju, Anna
Cc: [redacted]
Subject: RE: Mustafa Nanyem on the meeting with Lutsenko

B6

B6

B5

SBU
This email is UNCLASSIFIED.

DECONTROLLED

From: Nuland, Victoria J
Sent: Sunday, May 29, 2016 5:50 PM
To: Pyatt, Geoffrey R; [redacted] Zentos, Elisabeth
[redacted] Makanju, Anna
Cc: [redacted]
Subject: Re: Mustafa Nanyem on the meeting with Lutsenko

B6

B5

From: Pyatt, Geoffrey R

Sent: Sunday, May 29, 2016 2:23 AM

To: Nuland, Victoria J; [REDACTED] Zentos, Elisabeth
(nsc.eop); Makanju, Anna

Cc: [REDACTED]

Subject: Mustafa Nanyem on the meeting with Lutsenko

B6

[REDACTED]

B5

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua

Sent: Saturday, May 28, 2016 9:08 AM

To: Kyiv, Media Alerts

Subject: FB: Mustafa Nanyem on the meeting with Prosecutor General

Facebook

By Mustafa Nanyem

May 27, 2016

I met with the Prosecutor General Yuriy Lutsenko. I did not vote for his appointment, did not understand and do not accept this compromise. And after six weeks of silence and announced hundred days of moratorium for dismissals, I have decided to learn everything at first hand.

On personnel issues. As far as I have understood, three, i.e. half of his Deputies, will soon be dismissed. I cannot say that I am satisfied with the names of those who remain. I think from the point of view of reputation they will become an anchor for Yuriy himself.

At the same time I am satisfied with the name of two future Deputies. One of them is famous lawyer, another one a specialist with very well international experience.

Concerning the Maidan Cases and particularly Serhiy Horbatiuk, Yuriy has promised that the Head of Department of Special Investigations of the Prosecution General would receive a complete freedom in his actions, and in the nearest future – additional powers in the frameworks of Main Investigational Department of GPU.

He refused to inform about any details on the case of Micheil Saakashvili.

Concerning the Vitaliy Shabunin case. As far as I have understood it is closed looks like due to its inexpediency.

Concerning the Vitaly Kasko case he was talking covertly, and didn't give direct answers. But from what I was able to learn outside the Prosecutor General's office, it is quite possible that the case will be closed.

And the very positive, from what I've managed to find not in the office of Prosecutor General, but in the hallways is that position of prosecutor Vladislav Kutsenko was cut, the prosecutor took on authorized holidays, and there is every reason to believe that he will not return back.

In general, I've got twofold feeling. On the one hand, I do want everything to work out. And even during the conversation you begin to believe and want to help. But then the previous bitter experience appears, I remember my first conversation with Shokin, all the circumstances of the appointment of Yuriy Lutsenko and I want to wait with the conclusions.

<http://redirect.state.sbu/?url=https://www.facebook.com/Mustafanayyem/posts/10206823058281073>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua
(044) 501 58 41
(097) 479-13-50

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Fri, 3 Jun 2016 21:42:34 +0000
To: Pyatt, Geoffrey R
Subject: RE: Loan Guarantee

Tx!

From: Pyatt, Geoffrey R
Sent: Friday, June 03, 2016 6:54 AM
To: Nuland, Victoria J
Subject: RE: Loan Guarantee

Very positive P2-Groysman vibe, and I passed your personal congrats to both.

From: Nuland, Victoria J
Sent: Friday, June 03, 2016 1:53 PM
To: Pyatt, Geoffrey R
Subject: Re: Loan Guarantee

Hurray.

From: Pyatt, Geoffrey R
Sent: Friday, June 3, 2016 6:46 AM
To: Rudolph, Josh S. EOP/NSC; Rose, Douglas B; Benjaminson, Anne W; 'Alex.Grohovsky';
 'BenjaminsonAW@state.gov'; Benton, Jonathan S; Chumak, Boris (trade);
 'Bradley.Setser'; 'Brinkba2@state.gov'; 'Catherine.Newcombe'; Dallas, Brendan
 J; Demi, Endrit; Deters, Thomas; Dullea, Scott C. EOP/NSC; 'dunniganRL@state.gov';
 'EURACEUkraineteam-DL@state.gov'; 'EUR-UkraineDesk-DL@state.gov';
 'Evangelia.Bouzis'; Fairweather, Rob S. EOP/OMB; Hafner, Betsy (US Treasury
 Department); 'IOC-IntelligenceOperationsCenterWATCHOFFICE'; 'jokatz';
 Jones, Paul W; 'Julia.Friedlander'; 'Kelly.Johnson'; Kubiske, Lisa; Laitinen,
 William H; 'Lockwood, Andrea'; Lorenz, Andrew R; Matthew Edwards; Matthew Murray; Murray, Matthew
 (trade); 'Matthew.Malloy'; Lally, Michael (Dept of Commerce); 'Michael.Lally';
 'Michael.Leonard2'; 'Michael.Lieberman'; Montgomery, Molly C;
 'nulandvj@state.gov'; 'paul.tumminia'; 'PyattGR@state.gov'; Rodihan, Katie M. EOP/CEA;
 Romanowski, Alina L; 'RubinES@state.gov'; Ryan, Erika S. EOP/OMB; Saad, Fouad P. EOP/OMB;
 Shambaugh, Jay C. EOP/CEA; 'Skip Jones'; 'slittle'; 'Stephan.Vitvitsky'; Little,
 Stephen (FA/RGI); Rhodes, Thomas (E&E/EG); 'tmelia'; Topping, Jennifer; Urbanas, Elizabeth
 (Contact); Wagner, JoAnne; Watson, Samuel R; Wilcox, John L; Yorke, Vanessa A; Fittipaldi, Mark F.
 (GC/EGEL); Gonzales, Laura (KYIV/DIR); Katz, Jonathan; Kelley, Stephen; McPherson, Donald B.
 (GC/EA); Pennell, John (EA/DIR); Makanju, Anna A. EOP/OVP; Hartwell, Kyle E. EOP/NSC; Zentos,
 Elisabeth; Ciaramella, Eric A; Pedroni, Michael (nsc)
Cc: Dunne, Kristina M; KyivTaskForce; Nuland, Victoria J; Heffern, John A; Brink, Bridget A; Makanju,
 Anna
Subject: Loan Guarantee

B6

Bankova press release in Google translate



I am sure that we rebuild our country - President of the signing of the Agreement on rendering assistance to Ukraine US \$ 1 billion

In the presence of the President of Petro Poroshenko was signed the Declaration of Intent and Agreement on Safeguards borrowing between Ukraine and the United States.

The President noted that the result of today's signing will be even more effective cooperation between Ukraine and the USA. An agreement on this was reached during the visit of the Head of State in

Washington, meeting with US President Barack Obama, Vice President Joseph Biden. "This is evidence that the United States to Ukraine is a reliable strategic partner", - said Poroshenko.

He expressed confidence that after the signing of giving our state aid amounting to 1 billion US dollars will be signed and the instrument of our cooperation with the IMF and other financial institutions, obtaining macro-financial assistance from the EU. "It will promote economic growth in Ukraine, - he said.

"I am very grateful to the US for such an important and timely assistance to our country. I am sure that with the global coalition in support of Ukraine we rebuild our country, "- said Poroshenko.

According to him, almost only became aware of what will be an agreement on macro-financial assistance, the world-famous International rating agency Moody's immediately revised its forecast for the rate of the Ukrainian hryvnia, the Ukrainian securities in the European market have improved their performance and "it is a symbol that investors believe in Ukraine. "

"Today our common understanding - and this is a common front counter external aggression against Ukraine from Russia. They do not want to say that there is not even afraid of our success, "- he said and added that the main requirements of our soldiers - as we spend fighting the reforms we want to return from the front to another country.

Poroshenko said that this is absolutely consistent with his position and the position of the government and most of the Parliament.

The President stressed that today is a very important event - we went to this for months implementing reforms, ensuring an effective fight against corruption by making the appropriate steps for the adoption of legislation which was the finale yesterday adoption of amendments to the Constitution.

The head of state called a unique opportunity and a unique step changes with the Constitution of judicial reform. Changes were made to the Basic Law before, but this time was strictly procedural, discussion continued during the year with the assistance of the world and Ukrainian scientific establishment.

"I think that strong full judicial reform, which will provide a complete reboot of the judiciary will make its work transparent. It is apparent Ukraine achievement and demonstration of our strong willingness to reform, "- he said.

In turn, US Ambassador to Ukraine Geoffrey R. Pyatt has called an important step of signing a new President and Ukraine on the path to stability and economic growth, an additional incentive reforms already conducted, and evidence of US obligations to the people of Ukraine.

"Signing of loan guarantees is evidence of significant progress and significant reforms in Ukraine that you, Mr. President and the Ukrainian government managed to achieve," - said US Ambassador to Ukraine.

Geoffrey R. Pyatt also noted that this agreement as the previous loan guarantees will facilitate implementation of the programs of the International Monetary Fund. Ukraine managed to make significant reforms over the past two years.

"I personally and the United States express their support and appreciation to your leadership, Mr. President, in the context of the appointment of the new Attorney General, and especially in how developing our cooperation with the Office of the Prosecutor General of Ukraine Yuriy Lutsenko," - said US Ambassador to Ukraine. He added that the appointment and prosecutors reform will not only building a favorable investment climate and sustainable economic growth in Ukraine, but Ukrainian restore confidence in government.

Ambassador Pyatt congratulated the President, Prime Minister and Chairman of the Verkhovna Rada yesterday's successful vote on amendments to the Constitution in terms of justice and called it very important signal to the international community and shared his impressions on how the Parliament has demonstrated its unity. "This is an important signal to the world - Ukraine needs unity and political forces support you, Mr. President, to reform the European and democratic Ukraine. We congratulate you on this achievement, "- said the Ambassador. He also said that today in Ukraine is a large delegation of American congressmen that is very important and significant for the further development and deepening of cooperation between the US and Ukraine.

At the signing ceremony was also attended by Prime Minister of Ukraine Vladimir Groisman. From the Ukrainian side document was signed by Minister of Finance of Ukraine Alexander Danyluk, with US Acting Director of the US Agency for International Development Joel Sandefur.

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Fri, 3 Jun 2016 21:16:57 +0000
To: Pyatt, Geoffrey R
Subject: RE: Poroshenko Says No Threat to Privatbank, Liquidity Sufficient

hmm

-----Original Message-----

From: Pyatt, Geoffrey R
Sent: Friday, June 03, 2016 12:05 PM
To: Nuland, Victoria J; [REDACTED]
Subject: Fw: Poroshenko Says No Threat to Privatbank, Liquidity Sufficient

B6

Sent from my BlackBerry 10 smartphone.

Original Message

From: Timothy Ash (NOMURA INTERNATIONAL) <[REDACTED]>
Sent: Friday, June 3, 2016 5:32 PM
Reply To: Timothy Ash
Subject: Fwd: Poroshenko Says No Threat to Privatbank, Liquidity Sufficient

*** THIS IS THE PRODUCT OF THE SALES AND TRADING DESK AND NOT RESEARCH MATERIAL ***

Significant that Poroshenko met with owner, Kolomoisky. Significant that he feels the need to re-assure about liquidity and the "existence" of bank. This is the biggest deposit taking institution in the country. The bank is systemic, and if there was a problem, I have no doubt that state would step in and nationalise, if need be. Challenge would be getting keys off Kolomoisky - likely he will want state to take ownership stake to help with recapitalisation, but where he retains strategic control. That seems very hard to square with desire for level playing field in banks, and general desire to clean up the sector - reduce related party lending (significant issue at Privatbank). There cannot be one rule for one oligarch, and another for others. ST if state steps in to bail out Privatbank would be market negative, as would cost a couple of percentage points of GDP in recap costs adding to public sector debt/GDP ratio. Over slighter longer term perspective it would be positive as it would signal great progress made in cleaning up banking sector and demonstrating rule of law - no oligarch is above the rule of law. This information has been issued by the Sales/Trading departments of Nomura International plc ("NIplc") and is made available to you by NIplc and/or its affiliates (collectively, "Nomura"), in order to promote investment services and is provided without compensation. This is not investment research within the meaning of applicable regulatory rules in the European Economic Area, nor is it research under the rules of the U.S. Self Regulatory Organizations of which Nomura is a member or under applicable rules in Hong Kong. Information contained herein is provided for informational purposes only, is intended solely for your use and may not be quoted, circulated or otherwise referred to without our express consent.

** The views expressed above do not necessarily represent the house views of NIplc **

Sent from Bloomberg Professional for iPad

Sent From Bloomberg Mobile MSG

See <http://redirect.state.sbu/?url=http://www.nomura.com/europe/bb.htm> for important information. This email is confidential & intended for the named recipient(s) only. If you are not an intended recipient of this email you must not copy, distribute or take any further action in reliance on it & you should delete it & notify the sender immediately. Email is not a secure method of communication and Nomura International plc cannot accept responsibility for the accuracy or completeness of this message or any attachment(s). If verification of this email is sought then please request a hard copy. Unless otherwise stated any views or opinions presented are solely those of the author and do not represent those of Nomura International plc.

+-----+

Poroshenko Says No Threat to Privatbank, Liquidity Sufficient
2016-06-03 13:31:36.249 GMT

By Daryna Krasnolutska

(Bloomberg) -- Ukrainian President Petro Poroshenko says he met with Privatbank owner Igor Kolomoisky. Poroshenko speaks at press conference in Kiev

- * "We discussed liquidity and reliability of Privatbank's operation"
- * "There is no threat for Privatbank's existence"
- * "We discuss with the IMF stability of banking system and Privatbank's health"
- * NOTE: Privatbank Preliminary 2015 Net Income at 230M Hryvnia: Ifx

For Related News and Information:

First Word scrolling panel: FIRST<GO>

First Word newswire: NH BFW<GO>

To contact the reporter on this story:

Daryna Krasnolutska in Kiev at [REDACTED]

Hellmuth Tromm at [REDACTED]

Daryna Krasnolutska

To contact the editors responsible for this story:

B6

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Fri, 20 May 2016 10:43:37 +0000
To: Pyatt, Geoffrey R; [REDACTED]
[REDACTED]
Subject: Re: KyivPost: Timothy Ash: Reasons for optimism in Ukraine

B6

Good! Enjoy, [REDACTED] Stay away from the funny shirts.

From: Pyatt, Geoffrey R
Sent: Friday, May 20, 2016 12:29 PM
To: Nuland, Victoria J; [REDACTED]
Subject: Re: KyivPost: Timothy Ash: Reasons for optimism in Ukraine

Yes. With his technocrat deputies.

Sent from my BlackBerry 10 smartphone.

From: Nuland, Victoria J
Sent: Friday, May 20, 2016 1:27 PM
To: Pyatt, Geoffrey R; [REDACTED]
Subject: Re: KyivPost: Timothy Ash: Reasons for optimism in Ukraine

Yes, def.

Is [REDACTED] seeing Kubiv?

From: Pyatt, Geoffrey R
Sent: Friday, May 20, 2016 9:35 AM
To: [REDACTED]
Cc: Nuland, Victoria J
Subject: FW: KyivPost: Timothy Ash: Reasons for optimism in Ukraine

[REDACTED] Tim Ash wrote you a sceensetter for your visit (below).

B6

I'm having to nudge people a bit on who you need to see – trust me you want to see Poroshenko's chief of staff Boris Lozhkin. Adding Toria who I know will agree on that.

From: lbi@lbicompany.com.ua [mailto:lbi@lbicompany.com.ua]
Sent: Friday, May 20, 2016 7:24 AM
To: Kyiv, Media Alerts
Subject: KyivPost: Timothy Ash: Reasons for optimism in Ukraine

KyivPost

Timothy Ash: Reasons for optimism in Ukraine

May 19, 2016

I visited Kyiv on May 16-19 meeting with various current and former government and National Bank of Ukraine officials, politicians, representatives of the international financial institutions, diplomats, journalists, local bankers and analysts.

Summary views:

I remain constructive overall. We think the Volodymyr Groysman government should sustain in office for the next year and recommit in the near term to an International Monetary Fund reform agenda, with the resumption of IMF lending in July.

The Arseniy Yatsenyuk government, and the NBU, made some very notable reform achievements, ranging from fiscal adjustment, balance-of-payment adjustment, energy sector, banking, monetary/exchange rate reform, NBU administrative reform, police reform, and reform of public procurement. This seems to have set the stage for macroeconomic stabilisation, the stabilisation of the banking/financial system, and for a return to real gross domestic product growth this year, albeit modest and from a low base.

Russia seems to have taken a temporary respite in the east, focusing perhaps on "opportunities" which might present themselves from Brexit and the US elections.

This has given Ukraine another window for further reform and recovery. The new cabinet has received mixed reviews but should be given the benefit of the doubt and judged by results. They have made some brave initial moves, for example in liberalising gas prices.

Risks include the fact the government only has a situational majority in the Rada, and uncertainty over longer term Russian policy towards Ukraine.

I would also watch for near-term risks related to the management of issues related to large, privately owned but systemically important banks. That said, Ukrainian Eurobonds pay over 9%, offering relative value in my view, as near-term debt service risks have been moderated by the recent PSI, while Western financial backing seems strong/resilient assuming the reform agenda is maintained.

The country's long-term growth trajectory will be determined by success, or otherwise, in the rule of law agenda, which means reining in corruption and improving the business environment. Ukraine and the international financial institutions need to improve their messaging if they are to succeed in attracting foreign direct investment, pushing forward with rule of law related reforms, but at the same time highlighting huge achievements made over the past 12-18 months of the reform front.

Domestic political stability

Obviously after the recent change of government there was lots of focus during the trip on trying to gauge the durability and reform orientation of the new Groysman government. The obvious concern is that after recent political changes the Groysman government lacks a strong majority, indeed it seems only able to sustain situational majorities, with shifting support based on case by case voting on particular bills.

That said given the current low poll ratings of the two main ruling parties, the Bloc of President Petro Poroshenko and the People's Front of Yatsenyuk, the ex-prime minister, this suggests that neither party will likely want to rush to early elections.

Indeed, opinion polls suggest that early elections would play into the hands of more populist and less reformist forces, such as Yulia Tymoshenko's Fatherland faction, and Oleh Lyashko's Popular Party, plus the Opposition Bloc of former Yanukovich supporters.

Likely the Groysman government can get support for key reform votes related to getting the current IMF program back on track from the now opposition Samopomich faction of the mayor of Lviv, Andriy Sadoviy, and independents albeit political capital and some pork might need to be deployed. Further along keeping divided and possibly an unruly Rada in check could prove difficult, and perhaps now is the main risk to the durability of the government and the IMF reform agenda. The risk is that after a flurry of reforms related to kick starting the stalled IMF lending program, policy thereafter could drift with the IMF program going off track for an extended time.

I expect Yatsenyuk's People's Front to be relatively loyal to Groysman at this stage. Relations between Yatsenyuk and Groysman seem to be reasonable. As noted, Yatsenyuk has little incentive to push for early elections which could see his party decimated in terms of parliamentary representation if opinion polls are to be believed.

Meanwhile, while Yatsenyuk took no cabinet position for himself in the new government, his party is well represented, and he remains as head of the party.

Party discipline in the People's Front is also strong - much more so than the Bloc of Petro Poroshenko - and Groysman will need Yatsenyuk still to line up his loyal members of parliament behind the reform vote. Yatsenyuk himself seems happy to take something of a time out, to allow the reforms his government enacted to finally reap rewards in terms of recovery and he hopes that this will yield rising poll ratings for him and his party, and hence his political resurrection. He still has an interest in the Groysman government, of which the PF is part, succeeding.

I heard talk during the trip of the risks of impeachment efforts against Poroshenko, stemming from recent revelations, and perhaps more to come, linked to the Panama Papers. We see the risks herein as limited, as the impeachment process in Ukraine is unclear, and we don't see sufficient support in the Verkhovna Rada for this.

We also do not see a high risk of a popular uprising against the Poroshenko presidency, akin to the EuroMaidan, unless that is we see the regime using hard-hand tactics against any opposition. The popular mood at the moment seems to be frustration at the lack of progress in the rule of law agenda, and meaningful improvement in the economy (jobs, rising living standards), but most people seem to be knuckling down, and trying to survive/hunker down. The arrival of spring/summer should also serve to ease social tensions and pressures.

I expect the Groysman cabinet to endure for the next year or so, but the key challenge will be in ensuring continued support for a reform agenda from the Rada which appears increasingly fractured.

Relations with Russia

The consensus from those I met - and indeed my own view - is that Russia is willing to wait on the sidelines, and limit further near term intervention in Ukraine, waiting to see how the US elections, the Brexit referendum and domestic Ukrainian politics plays out. Moscow likely assumes that a Trump presidency could see a reset in relations with the US, and the potential for deal making between the US and Russia in redrawing the security map of Europe, and therein concessions to Russian strategic interests in Ukraine. Moscow also

assumes that Brexit will weaken the European Union, and particularly its ability to maintain a united front over policy towards Ukraine and sanctions on Russia.

An EU decision on extending sanctions on Russia, over its intervention in Donbas, is expected at the EU council meeting in June. The assumption is that EU unity is maintained until then and sanctions are rolled - albeit there is some uncertainty as to whether this will be for 6 months or less. Indeed, the US is expected to maintain pressure on European allies to retain the status quo until the US elections at least - the assumption is no easing in Western sanctions on Russia until the inauguration of the new president in the US in early 2017, albeit Brexit could yet impact on this.

The assumption is that sanctions are hurting the Russian economy, and are an embarrassment for the Putin regime and the Russian elites, and they are eager to have them removed - this suggests continued "restraint" by Russia in/over Ukraine at least until the EU Council meeting in June. It will though be interesting to see what strategy Moscow adopt in the run up to the NATO Warsaw meeting in July, where the US is expected to push for the forward deployment of NATO battalions in Eastern Europe. This is likely to irritate Moscow and could herald a counter reaction.

I heard mixed views as to whether Moscow has finished with its military intervention in eastern Ukraine. One view is that Moscow's earlier military intervention largely failed, or proved less than effective, against stubborn and unexpected Ukrainian resistance.

Meanwhile, Ukraine continues to build its own defenses, currently increasing defence spending to the equivalent of 5% of GDP, with as many as 100,000 troops now deployed in the East. This would suggest the risks for Russia of further military intervention have only increased - and if Moscow was unwilling to tolerate large-scale casualties in Ukraine from earlier interventions they are surely less so now. That said, Russia still has an array of options by which to destabilise Ukraine, including manipulation of Ukrainian domestic politics, use of the energy, economy and financial cards, albeit the effect of these latter options has surely reduced as Ukraine adopts countermeasures and adjusts over time.

The consensus still though is that Putin has not finished with Ukraine, and the long term agenda remains to pull Ukraine back into Russia's geopolitical orbit - only the main focus now might be working to exploit the fluidity and change in Western politics to deliver on its agenda.

The concern from the Ukrainian perspective from the potential lifting of Western sanctions on Russia is that this will remove potential deterrence against future Russian re-escalation in eastern Ukraine and limit prospects for Russia complying with the Minsk II ceasefire agreement. In effect it would signal "open season" for Russia in Ukraine.

Note though that this assumption that Moscow moderates its approach towards Ukraine pending the results of the US elections, obviously depends on the outcome therein. A victory by Hilary in November might see Moscow more quickly moving back into "offensive" mode, while a Trump victory might extend the "lull" until US policy towards Russia becomes clearer, and likely late in 2017.

I would add here that my own personal view is that US policy towards Ukraine will not change commensurately even under a Donald Trump presidency, as I assume Trump moves to the centre and mainstream to defeat Hilary Clinton, and is then subsumed by the D.C. establishment if he actually wins the presidency. I would add that whilst much has been made of the fact that his new campaign manager was also an adviser to former President

Viktor Yanukovych, the former Regions' regime was hardly pro-Russian but more pro-Ukrainian oligarchs, and the agenda was trying to retain reasonably favorable relations with Russia (cheap gas/financing) while keeping Russian business and political interests at bay.

Ultimately Moscow is likely to be also disappointed by a Trump presidency in terms of what it is willing and able to deliver to Russia in/over Ukraine. This might suggest that through the course of 2017 we are likely to see similar outcomes in terms of Russia-US policy in either US presidential outcome.

Assuming though that Moscow is willing to take a back seat in Ukraine until at least US elections in November, this suggests some further breathing space for Ukraine to further push on with implementing and embedding economic reforms and in shoring up its defences in the East.

On Minsk II I also expect no substantial progress until the US elections. The problem still is that the two sides are still far apart in terms of the basis for a longer term solution - essentially, and failing the election of a Moscow-compliant regime in Kyiv, Russia wants a Federal solution in Donbas, where the regions have a veto over national policy, and therein to halt Ukraine's current Western orientation. Any such solution is absolutely unacceptable to the current or any likely, government to emerge in Kyiv.

Economic policy outlook

I guess the key question is how reform oriented is the new Groysman administration as compared to the outgoing Yatseniuk team - a question is also if the latter was doing so well why the need to change?

The Groysman cabinet has clearly seen the clearing out of the high profile, market friendly foreign (English speaking) names such as Jaresko, Abromoviscius et al. And I guess if one goes back to the original crisis in February which brought down the government - amid claims that some in the cabinet, and presidency, were not doing enough to fight corruption and address rule of law issues - what has changed now? Some indeed have expressed disappointment at Groysman's cabinet line up, and the relative absence of "stars".

In responding to the above I would argue that it is perhaps too early to tell, and we should give the Groysman team the benefit of the doubt, and ultimately judge them by results.

Groysman himself is beginning to talk the talk of reform, and seems eager to get the IMF programme back on track, to secure the next disbursement of IMF funds, which will require delivery on IMF reform conditionality. He is young, ambitious, pragmatic and practical by nature. He was successful in his time as mayor of Vinnitsa where he delivered some results. He also brings experience from his time as Rada speaker, which might play well in lining up political support from the various Rada groupings for key reform votes. His youth and regional political background also to a certain extent means that he is less Kyiv "establishment" than some of his political peers.

In the near term his lack of central government policy making experience, and reform credentials means that he needs to get the IMF programme back on track to cement his own economic policy credibility. The resumption of IMF lending would be a signal by the West of support for him, helping to cement him in his position. The IMF can and will surely lever off this in the latest SBA review to push for more, in terms of delivery on prior action and commitments.

Poroshenko also now has more pressure to ensure delivery on reform, change and economic recovery. Groysman is viewed as Poroshenko's man, and the buck now squarely falls on Poroshenko and Groysman for delivery - there is no longer an option for Presidency and prime minister to blame the other for reform failings. Poroshenko, and his man Groysman, are now responsible. The buck stops with them, and they will be held to account eventually in the next presidential elections for Poroshenko at least in 2019, and perhaps earlier for Groysman in parliamentary elections if he survives that long.

Oleksandr Danylyuk's appointment as finance minister is another key role. Danylyuk lacks ministerial experience, but he served a long stint as economic policy chief in the presidential administration, and hence should be able to hit the ground running. He has international experience with McKinsey, and has made much of his desire to bring project management experience into the ministry.

Priorities will be improving the effectiveness of budget planning, reform of the State Revenue Service, the Customs Service, pension reform, and financial decentralisation, amongst others.

But his ability to identify/prioritise projects, define their scope, hire talent to lead specific projects, and then delegate will be key to his success.

His McKinsey experience should be tested to the full, but he brings new and different impetus to the MOF, which likely needs change. Communication will be key, both with his cabinet colleagues, the population and IFIs/investors - he may need support therein. Importantly though, the agenda this year does not seem to be dominated by tax reform - the reforms last year need to be bedded in with some minor tweaking, but it's about improving tax compliance.

My sense is that Western donors are willing also to give the new administration the benefit of the doubt, and to continue to support, and push for reform, and judge by results. This seems entirely fair/prudent given Ukraine's checkered track record in terms of IMF compliance.

IMF relations

The IMF were in Kyiv during the time of our visit, for discussions over the completion of the latest review under the SBA. On May 18 the IMF announced a staff level agreement with the Ukrainian government, pending further progress achieved on a range of stated areas including rule of law, SOE reform, financial stability, and further fiscal reform/consolidation, amongst others. The IMF noted the hope for final completion of the review by July.

My read of the above is that the IMF is nervous over the ability of the Groysman administration to sustain IMF related reforms over an extended period given the political setting. The Groysman government's decision to bring forward plans for energy sector liberalisation - unifying household gas prices with corporate prices from May 1, as opposed to 2017 was encouraging, and a welcome gesture, but not enough in itself to ensure sign off on the review. There is perhaps a sense that the Groysman government needs to prove its reform credentials by completing a number of further prior actions - there is also perhaps recognition that Groysman also needs to secure an agreement with the IMF to boost his own credibility. The IMF hence has some leverage, and a willingness, with G7 backing, to use this. The decision to give the government until July to deliver on reform, reflects the fact that some of the legislative requirements might be difficult to get through the Rada. The review commitments are clearly ambitious, but there is hope that Groysman can deliver on

them. Pointedly we were told that the Rada typically always delivers its most difficult legislative reforms just prior to going off on summer vacation from the third Thursday in July - deputies never want to be held back/recalled from their summer vacations in the Maldives, and elsewhere!

In terms of what the IMF seems likely to push for we assume commitments/legislative action on reform of the State Fiscal Service, the Customs Authority, Pension reform (parametric reforms to the first pillar), SOE reform (independent boards, appointment of competent management teams by open competition, privatisations - steps to sale of Odessa Sea Port, and perhaps Centrenergo), plus also continued efforts in cleaning up the banking sector, and wealth declarations/process with anti-corruption institutional setting.

On the issue of pension reform, the government will need to address the fact that pensions outlays account for 14% of GDP (EU average is around 8-9%), the pension fund is still running a deficit of 7% of GDP and dependent on budget transfers which are clearly not sustainable. The decision also to half social security contributions this year, to 22%, in an effort to "whiten" the economy, also raises further concerns over the sustainability of the social security fund. The problems are similar to other countries, in that the current system is too generous in terms of entitlement, given a retirement age of 60, an ageing population and various early retirement preferences given to various categories of employees. The retirement age needs to be raised, and entitlements reduced to allow the remaining pensioners to be paid a reasonable pension - a matter of social justice. As everywhere, such issues are politically charged, and especially now in Ukraine with difficult economic conditions playing into the hands of populists.

Worryingly perhaps, on landing back at Heathrow I learned that two key bills required for reform of the State Fiscal Service (SFS) failed to make it on to the Rada's agenda, securing only 145 votes. That said I do think that Groyzman has the political capital to deliver to the IMF agenda by the July deadline, rallying the BPP, PF, and perhaps Samopomnich. This should then see release of the latest UAD1.7bn in IMF EFF funds, a green light for the issuance of the next USD1bn US loan guarantee, and EU financial support (EUR600m).

Perhaps the single biggest challenge for the administration this year, in my view, will be addressing challenges presented by Ukraine's single most dominant and systemically important private bank, Privatbank. Privatbank has around 15 million customers, around 30% of the deposit base, assets equivalent to around 10% of GDP, but its key vulnerability remains unusually high (>80%) related party exposure to the Privat group of companies.

As with many banks in Ukraine, FX devaluation and recession has seen NPLs rise, eroding the bank's capital base. After conducting stress tests and AQRs, the NBU is working with all banks to clean up the sector, and to ensure banks are able to meet minimum capital requirements, and comply with sound banking practices including limiting risks associated with related party lending. The NBU will have agreed with Privat measures to reduce related party lending, and ensure capital reaches minimum requirements. However, a question much be raised as to whether Privatbank's owners are able to raise capital and reduce related party lending as per the agreed timeframe. Failure to do so would raise the spectre of nationalisation, which would seem the most likely course of action given the systemic importance of the bank. However, given the political connections of its owner (Kolomoisky), with strong ties to a number of factions in the Rada, the question is has the NBU the political backing should scenarios such as nationalisation arise. For the credibility of the NBU, the signalling in terms of encouraging best bank practice, and issues related to the rule of law, the spotlight will be on the NBU and the Poroshenko administration to deal with potential issues around such large and systemically important banks in an even handed, fair

and transparent way. Some might argue that with an improvement in the security situation in the east, some evidence of macro-stabilisation, and broader banking sector reform delivering real and significant results, a window is appearing for addressing the lingering challenges related to such large, systemically important banks. A further reason to deal with this particular issue is that some would argue that the business model of such banks - dominating the deposit market by paying a premium to collect deposits, and then the dominance of related party lending, causes broader distortions in money markets, and undermines the NBU's efforts to move to inflation targeting by weakening the monetary transmission effect. Some would argue that the government and NBU's willingness to face head on the challenge presented by large, systemically important private banks, with large related party exposures, will be a key test of its willingness to drive forward with a rule of law agenda - of which application of a level playing field, and equal application of the law /regulations is key. Perhaps this could present greater near term signalling of reform intentions than any likely near term developments at the Prosecutor General's Office.

Rule of law

On the rule of law related issues, the jury is still out. The population are clearly eager/desperate to see progress, and some see the appointment of Yuriy Lutsenko, a Poroshenko ally with no formal legal training as prosecutor general, as merely an effort to buy time, and kick the can over such issues.

During the trip we heard of efforts towards "de-offshorization" which seems to be shaping around some form of wealth declaration, amnesty and then windfall tax - talk of 10% on assets held offshore and 5% if held overseas. To some extent this seems to be driven by the furore over the Panama Papers.

Standing back a bit I think it is important perhaps to get some perspective on reform achievements for Ukraine, and I think the Ukrainians needs to be a bit cleverer in their communication strategy all around, particularly when talking to foreign investors.

At the outset we should accept that the two most difficult challenges for Ukraine are: a) encouraging Russia to stay out/adopt a neutral approach towards Ukraine and to refrain from continually acting to destabilise the country so as to ensure delivery on its long run strategic objectives. Russia needs to be persuaded to give Ukraine a chance. b) delivering on the rule of law agenda, which was central to the EuroMaydan revolution and ultimately will determine the rate of Ukraine's long run growth and development, and therein in attracting domestic and foreign investment.

On the first of these, there is some sense that Russia is currently content to put the conflict in/with Ukraine on the back burner, pending outcomes for Brexit and then the US elections, which could well play to Moscow's advantage. This gives Ukraine time to build its defences and push forward with key economic reforms - albeit Moscow could easily return to the script of conflict again further down the line.

On the second I think it is important to recognise that, after years of neglect, instilling and entrenching the rule of law will be a long term project. Structural reforms are never easy, and typically they require sustained reform/focus over a long time period. Therein look at the experiences of Bulgaria, Croatia and Romania, countries which have still struggled on this agenda, even with European Union membership. This is not negating the importance of these reforms, but I think some realism is needed in terms of deliverables - true many Ukrainians would argue that there have been next to no deliverables in terms of indictments

and convictions for wrong doing, past and present. The Poroshenko administration needs to prove delivery, but should be judged still over the medium to longer term.

I guess it is also important that slow progress on the rule of law agenda/fighting corruption does not overshadow some of the real progress and achievements made in other reform areas, which are truly revolutionary in some cases and have been made against the odds and in very difficult (near impossible) circumstances.

Herein I would highlight:

- * Macro stabilisation, with the economy set to post real GDP growth this year, inflation down to single digits, the UAH stabilised, FX reserves rising above 3 months of import cover, the fiscal and and current account deficits slashed.
- * Debt restructuring, and the reduction in the nominal stock of public sector debt, which has given Ukraine space to breath and crack ahead with other reforms.
- * Banking sector restructuring - closure of one third of banks, and reform towards a situation where the banking sector no longer presents systemic risks to public finances or the broader economy.
- * NBU reform, introduction of inflation targeting.
- * Energy sector reform, with the energy deficit slashed and zero dependency now on imports of gas from Russia, with BOP and fiscal benefits.
- * Police reform.
- * Public procurement reform.

None of these reforms were particularly easy, faced huge vested interest opposition typically, but we're done nonetheless.

The problem is that too little effort is being spent heralding these achievements. All too often the narrative told on Ukraine is of a bankrupt political system, corruption and graft and the message that Ukraine is simply unreformable. The evidence suggests that this is simply wrong and is being used by Ukraine's opponents abroad to its disadvantage. More should be done to buoy domestic opinion and support for further reforms and telling the good news to foreign investors by heralding the good news on key reforms as noted above.

Sure, it is good to strive for more and better reforms, and a reluctant administration needs to be continually pushed on the really difficult challenge over the imposition of the rule of law. But some balance needs to be taken in terms of what the message should be and to which audience. Sending the message only that Ukraine is failing in the fight against corruption, without highlighting the achievements will undermine domestic popular and political support for reform, undermine official creditor support for Ukraine, and deter foreign direct investment. The latter of which is key for long term development.

The economy

The consensus seems to be that the macroeconomic situation is stabilising. Low base effects, a cheap currency, some recovery in key metals markets, expectations of a good harvest are suggestive of real GDP growth of 1-2% this year, close to existing IMF

forecasts. Higher frequency indicators also point to a recovery/bounce. A high base, disinflation/deflationary trends still, and recent FX stability is helping drive inflation lower - to just 9.8% as of April from highs of close to 60% a year or so ago. Utility price hikes should put some upward pressure on inflation, but it is still expected to come in around the 10% level for the year. The hryvnia seems relatively well supported by an improved CAD position (deficit of 2-3% of GDP), with foreign-exchange reserves rising to over \$13 billion now, over 3 months of import cover. With IMF disbursements set to bolster FX reserves later in the year, the NBU is expected to further ease up on emergency administrative FX controls imposed over the past two years, and this should help boost trade and growth/recovery.

Assuming peace in the east, continued adherence to IMF related reforms, and with favorable global market conditions, near term growth of 2-3 percent seems attainable. Whether longer term growth is 3% or 5% depends on efforts to improve the business environment, imposing the ruling law and hence stimulating domestic and foreign investment.

<http://redirect.state.sbu/?url=http://www.kyivpost.com/article/opinion/op-ed/timothy-ash-reasons-for-optimism-in-ukraine-414122.html>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua
(044) 501 58 41
(097) 479-13-50

RELEASE IN PART B6

From: Nuland, Victoria J
Sent: Sun, 8 May 2016 03:37:36 +0000
To: Pyatt, Geoffrey R; [REDACTED]
Subject: Re: KyivPost: U.S. ambassador rotation: Pyatt to Greece, Yovanovitch to Ukraine?

B6

Do!

From: Pyatt, Geoffrey R
Sent: Saturday, May 7, 2016 6:36 PM
To: Nuland, Victoria J; [REDACTED]
Subject: Fw: KyivPost: U.S. ambassador rotation: Pyatt to Greece, Yovanovitch to Ukraine?

Just landed in LA to this little storm. [REDACTED] :)

Sent from my BlackBerry 10 smartphone.

From: [REDACTED]
Sent: Saturday, May 7, 2016 10:27 AM
To: Pyatt, Geoffrey R; Kent, George P
Cc: Kyiv, EXEC
Subject: Fw: KyivPost: U.S. ambassador rotation: Pyatt to Greece, Yovanovitch to Ukraine?

Here is Kyiv posts article.

Staff Aide to the Ambassador
Message sent from my Blackberry

From: lbi@lbicompany.com.ua
Sent: Saturday, May 7, 2016 18:40
To: Kyiv, Media Alerts
Subject: KyivPost: U.S. ambassador rotation: Pyatt to Greece, Yovanovitch to Ukraine?

KyivPost:

U.S. ambassador rotation: Pyatt to Greece, Yovanovitch to Ukraine?

May 7, 2016

Geoffrey R. Pyatt, in his third year as U.S. ambassador to Ukraine, may be moving from one troubled European country to another one. According to news media reports in Greece, he is set to leave Kyiv later this year to become America's new ambassador to Greece.

One name frequently mentioned as Pyatt's replacement is Marie L. Yovanovitch. She has been the principal deputy U.S. assistant secretary of state in the Bureau of European and Eurasian Affairs since September 2012. She is also a former ambassador to Armenia and Kyrgyzstan who served as the deputy chief of the U.S. mission in Ukraine from 2001-2004. Day newspaper,

citing its sources in the Ministry of Foreign Affairs, also reported that Yovanovitch has been picked to replace Pyatt.

The Kyiv Post could not get official confirmation on either possible reassignment on May 7.

The news about Pyatt's impending transfer was first reported by Greek news organization [Kathimerini](#) on May 6. The U.S. government has already asked the Greek government for permission for Pyatt's arrival, according to the report. Greece is a financially strapped European Union nation of 11 million people, with unsustainable debt, a rapidly shrinking economy and strong public resistance to austerity measures required by international creditors in exchange for multibillion-dollar bailouts.

[Pyatt arrived in Kyiv as the U.S. envoy to Ukraine on Aug. 3, 2013](#), becoming the eighth American ambassador and replacing John F. Tefft, who is now the U.S. ambassador to Russia. U.S. ambassadors and U.S. foreign-service officers are typically rotated every three to four years.

By November 2013, the EuroMaidan Revolution had started to oust President Viktor Yanukovych, who had become increasingly corrupt and autocratic during his four years in power. By February 2014, the revolution succeeded in prompting Yanukovych to flee power and take up exile in Russia, which had backed him.

Pyatt played a key role among Western leaders in talks trying to mediate the conflict between Yanukovych and opposition political leaders during the revolution.

But Yanukovych, who triggered the revolution by shunning closer ties to the European Union in favor of Russia, proved to be too violent and too inflexible. And Ukrainians, especially after the murders of 100 demonstrators in January and February 2014, were determined and powerful enough to drive him out of power.

After the revolution, the U.S. faced another dilemma in how to respond to Russia's military invasion and illegal annexation of Ukraine's Crimean peninsula. Russian President Vladimir Putin's forces took over Crimea within a month and without the Ukrainian side fighting back, exposing how badly Yanukovych had hollowed-out Ukraine's military during his four years in office. The U.S. also came under criticism for reportedly discouraging Ukrainians from putting up a fight for their territory.

Emboldened by his quick success in Crimea, Putin soon tried to stir up trouble in other cities and succeeded – with his armed forces – in instigating a war in the eastern Donbas region that continues today and that has killed 9,100 people and driven 1.5 million people from their homes.

Again, the U.S. and the West more broadly have come under criticism for not more forcefully helping Ukraine with tougher sanctions against Russia and for refusing to supply Ukraine with better weaponry to hold off the Russian-backed assault. Today, the conflict remains unresolved, chiefly because of Russia's refusal to withdraw from eastern Ukraine and return border control to Ukraine.

Unconfirmed reports are that Marie L. Yovanovitch will become the ninth U.S. ambassador to Ukraine, replacing Geoffrey R. Pyatt, who Greek news outlets say is set to become the ambassador to Greece later this year.

Pyatt is, by virtue of the country he represents and his deep engagement with Ukraine's crises, considered one of the most influential ambassadors in Ukraine.

He has been praised for his tough stance against Ukraine's corruption and his ability to project strong and unwavering U.S. support for Ukraine, even when that support hasn't been so evident to Ukrainians. The U.S. has committed only up to \$3 billion in loan guarantees and more than \$500 million in direct aid to the post-revolution governments, while U.S. President Barack Obama is set to become the first American president since Ronald Reagan not to visit Ukraine while in office.

Pyatt was among a group of G7 ambassadors who sent an open letter expressing displeasure over the reasons for the [February resignation of former Economy Minister Aivaras Abromavicius](#), who alleged that a key lawmaker, Ihor Kononenko, had been trying to perpetuate corrupt schemes in state-owned enterprises, charges Kononenko denied.

Pyatt and American officials have also come under criticism for an over-emphasis on personalities, a frequent and historic shortcoming of U.S. foreign policy in many nations.

[A February 2014 leaked conversation between Pyatt and U.S. Assistant Secretary of State Victoria Nuland](#), for example, showed them discussing the pros and cons of various Ukrainian politicians. The conversation is most remembered for Nuland's biting criticism of U.S. differences with the European Union, when she told Pyatt "Fuck the EU."

Pyatt also called public attention to [corruption in the General Prosecutor's Office](#), especially during the tenure of Viktor Shokin. While the critics succeeded in getting President Petro Poroshenko to remove Shokin in April, the corrupt ways remain in the discredited prosecutorial service.

A career diplomat, Pyatt's time in Ukraine is part of his 26 years of working at the U.S. Department of State, including stints in Vienna and South Asia.

Armenian President Serzh Sarkisian (L) shakes hands with the US Ambassador to Armenia Marie L. Yovanovitch during a ceremony of credentials in Yerevan on September 22, 2008.

Next U.S. ambassador?

The name of Yovanovitch, a former U.S. ambassador to Armenia and Kyrgyzstan, has come up frequently in conversations as the person slated to be Pyatt's replacement.

Another career diplomat, Yovanovitch has worked in the foreign service since 1986 and served in Kyiv under Ambassador Carlos Pasqual.

<http://redirect.state.sbu/?url=http://www.kyivpost.com/article/content/ukraine-politics/us-ambassador-rotation-pyatt-to-greece-yovanovitch-to-ukraine-413346.html>

*With best regards,
LBI Team*

www.lbicompany.com.ua

(044) 501 58 41

(097) 479-13-50

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Wed, 13 Apr 2016 23:21:54 +0000
To:
Subject: RE: FP - The Toxic Coddling of Petro Poroshenko

B6

yup

From:
Sent: Wednesday, April 13, 2016 7:21 PM
To: Nuland, Victoria J; Brink, Bridget A; Pyatt, Geoffrey R
Subject: Re: FP - The Toxic Coddling of Petro Poroshenko

don't know him. but I sent it around because it tracks with what i heard from several top journalists in London (was going to mention in vespers). And several journalists including from the Economist (not Edward) were praising Misha for being the only person to get stuff done. Sounded to me that misha was spending lots of time on euro press charm offensive.

From: Nuland, Victoria J
Sent: Wednesday, April 13, 2016 17:39
To: Pyatt, Geoffrey R
Subject: FW: FP - The Toxic Coddling of Petro Poroshenko

do you know this guy? Background?

B6

From: PA Press Clips
Sent: Wednesday, April 13, 2016 4:01 PM
To: PA Monitoring Group
Subject: FP - The Toxic Coddling of Petro Poroshenko

The Toxic Coddling of Petro Poroshenko
Foreign Policy
BY LEV GOLINKIN
Wednesday, APRIL 13, 2016

Only a sharp rebuke from the West can save Ukraine from itself now. Too bad that won't happen.

For the few people out there who think that the resignation of Ukraine Prime Minister Arseniy Yatsenyuk will stop the ongoing slide in Ukraine toward political crisis, let's clear something up: It won't. In fact, the most likely outcome is that the country will continue on its trajectory toward chaos. The man at the center of Kiev's problems, President Petro Poroshenko, still refuses to combat the endemic corruption that infuriates Ukrainians and strangles their economy. And thanks to the West, which continues to back him, Poroshenko is more deeply entrenched in power than ever before.

It's not that Yatsenyuk wasn't a problem: The fluent English speaker, who was favored by Washington and the International Monetary Fund, has faced plenty of scandals and accusations of being in league with Ukraine's old oligarchical class. His attempts to implement IMF-mandated reforms have done little except hurt his approval ratings.

But Yatsenyuk's poor performance as prime minister is not what triggered this crisis. It began back in February, with the resignations of two respected high-profile reformers: Economy Minister Aivaras Abromavicius and Deputy Prosecutor-General Vitaliy Kasko, who said they could no longer stand by as reform efforts continued to be systematically blocked by figures in Poroshenko's inner circle. "The deeper our reforms, and the deeper our progress, the more pressure we had to endure," Abromavicius wrote, in a scathing resignation letter. "Lawlessness, not the law, rules here," Kasko added for good measure.

The resignations came as bombshells, and things spiraled from there: Serhi Leshchenko, a respected anti-corruption crusader and member of parliament, revealed in a March 16 interview that on several occasions Poroshenko had pressured him to avoid criticizing Viktor Shokin, Ukraine's reviled prosecutor-general, because Shokin was "part of the family." Then, in late March, Poroshenko's party used a new law to expel two members of parliament who had publicly accused the president's allies of corruption. And although the president finally fired Shokin, the disgraced prosecutor's last act in office was to get rid of David Sakvarelidze, another deputy prosecutor who said that Shokin had personally stymied his efforts to root out corruption.

These, along with other revelations of corruption and intimidation, paint a sobering picture: When it comes to Kiev's inability to battle the endemic corruption crippling the country, Poroshenko and his inner circle are part of the problem.

"The desire to change one person blinded politicians," Yatsenyuk said in his resignation speech on Sunday. He's a crook – but on this, at least, he's right.

Poroshenko — a billionaire with a decades-long track record of being neither reliably pro-Russian, nor pro-Western, but pro-his own money — has lost whatever little credibility he may have once had as a reformer. Perhaps if Yatsenyuk was being replaced by an independent outsider, the new prime minister could have revived the moribund reforms process. American-born Minister of Finance Natalie Jaresko, who is highly regarded by U.S. and international entities for her work in restructuring Ukraine's debt and other measures was at one point said to be a leading contender for the role. Now, however, all signs indicate that Volodymyr Groysman, speaker of the parliament, will become the new premier. Unlike Yatsenyuk, whose People's Front party is independent from Poroshenko's, Groysman is widely seen as little more than the president's protégé. The net result is not a restructuring but a consolidation of power, with Poroshenko placing a loyalist in the prime minister's seat.

The legacy of the Poroshenko-Yatsenyuk government is a sordid record of resisting reforms in ways big and small. As U.S. Assistant Secretary of State Victoria Nuland stated in her March 15 Senate testimony, they leave behind the very real risk that Ukraine will begin "sliding backwards once again into corruption, into lawlessness, into vassal statehood." It's hard to imagine a Poroshenko-Groysman (read: Poroshenko-Poroshenko) government would do any better. The only chance at meaningful change for Ukraine now has to come from the outside.

Up until now, the West has resisted pressuring Kiev. Poroshenko's March 31 trip to Washington is a case in point. At the time, Ukraine's president was having a horrible week: It began with an uproar over Shokin's sacking of Sakvarelidze. It ended with protesters burning tires on the streets of Kiev, after the Panama Papers leak revealed that Poroshenko was busy setting up offshore accounts the same day Ukrainian soldiers were dying in a heated battle with Russian-backed separatists.

In between those two disasters, Poroshenko had lunch at the White House, where he was handed \$335 million and the promise of \$1 billion more in the near future.

Poroshenko's power lunch is the latest iteration of what is by now a predictable pattern. Every few months, new corruption allegations rock the government; Western diplomats fly in to issue rebukes and pleas for Ukraine's leaders to think of their people; Kiev promises to do better; the West relents. In the meantime, reforms stagnate, the grip of the oligarchs tightens, and the Ukrainian people grow even more disillusioned.

The reason for the West's seemingly endless patience is obvious: It's called Moscow. The reason for the West's seemingly endless patience is obvious: It's called Moscow. It's hard to imagine Kiev's brazen kleptocracy being handed dozens of "last" chances if Ukraine were involved in a conflict with, say, Burkina Faso. But Kiev is in a standoff with Russia, a land considered by many in NATO to be a top threat, which gives Ukraine a symbolic and strategic importance.

Nobody understands — and exploits — this better than Kiev's oligarchs. This is why any attempt to make Kiev accept responsibility for the lack of reforms sets off an explosion of indignant rejoinders reminding the West that the oligarchs are standing up to Russia, fighting for democracy, and defending Western values. (See: Poroshenko's response to a March 31 New York Times editorial titled "Ukraine's Unyielding Corruption," which warned that the U.S. "cannot continue to shovel money into a corrupt swamp" unless Kiev makes significant reforms. Poroshenko's response was to accuse the Times — whose editorial board has been extraordinarily sympathetic to his post-Maidan government — of participating in the "hybrid war" being waged against Ukraine by the Kremlin.)

From a realpolitik standpoint, shoveling money into a corrupt swamp is not necessarily a losing strategy. During the Cold War, America and the Soviet Union used it to secure the allegiances of regimes, juntas, and dictators whose financial, not to mention human rights policies left much to be desired. The problem, aside from the moral implications, is that the Our Man in Kiev approach won't work in Ukraine. Washington may have infinite patience with Poroshenko; the Ukrainian people will not.

In the fall of 2013, pent-up anger at Viktor Yanukovich, a corrupt Russian-backed oligarch who flouted the rule of law, erupted onto the streets of Kiev. Replacing corruption with the rule of law is part of what fueled the Maidan uprising, drove millions to endure freezing conditions and the billy clubs and bullets of riot police. Three years later, hints of that anger are once again surfacing in news and social media — except this time they're directed at Poroshenko, a Western-backed oligarch.

While the West is distracted by U.S. elections and the migrant crisis, Ukraine is turning into a 45 million person, Texas-sized pressure cooker in the middle of Europe. With every new scandal, with every editorial comparing Poroshenko to his overthrown predecessor, with every reformer resigning in frustration, the pressure grows. Sooner or later, Poroshenko, or someone in his circle, will do something so unforgivable and outrageous that it'll ignite a new wave of protests.

The difference between Ukraine in 2013 and 2016, however, is two years of war, nearly 10,000 casualties, and over 2 million refugees and internally displaced persons. Ukraine is flooded with weapons, has a hostile population in the southeastern regions, a disillusioned military, an economy fresh from teetering on the brink of collapse, and, most importantly, heavily armed battalions of far-right fighters. Another uprising is likely to push the country toward disintegration.

One telling bit of news that emerged from the Panama Papers leak is that Ukraine's constitution does not have a process for impeaching the president. Indeed, in a nation with such abysmally low trust in the government, no such process is needed: Any impeachment proceedings will take place in the streets, as in 2004 and 2014, amid burning tires and screams of gan'ba! (shame!). Neither Ukraine nor Europe can afford for this to happen now.

The West must recognize this danger, drop its charade of portraying Poroshenko as a paladin of democracy, and start forcing him to enact visible, tangible reforms. Anemic recommendations, such as the State Department's vague wish for "a new cabinet that is committed to implementing needed reforms," aren't going to cut it. Syria and Libya are straining Europe to the breaking point – imagine what a failed state of 45 million people in the middle of Europe will do.

• Press Officer • U.S. Department of State

2201 C St, NW Rm 2109, Washington, DC 20520 | 📞:BB: |
 (OPENNET)

B6

RELEASE IN FULL

From: Nuland, Victoria J
Sent: Tue, 15 Mar 2016 10:38:07 +0000
To: Pyatt, Geoffrey R
Subject: Re: Reuters: Ukrainian party has buried idea of technocrat government: president's party

Yup.

From: Pyatt, Geoffrey R
Sent: Tuesday, March 15, 2016 6:37 AM
To: Nuland, Victoria J
Subject: Fw: Reuters: Ukrainian party has buried idea of technocrat government: president's party

As we were saying...

Sent from my BlackBerry 10 smartphone.

From: lbi@lbicompany.com.ua
Sent: Tuesday, March 15, 2016 6:05 AM
To: Kyiv, Media Alerts
Subject: Reuters: Ukrainian party has buried idea of technocrat government: president's party

Reuters

Ukrainian party has buried idea of technocrat government: president's party

March 15, 2016

KIEV Ukraine's reformist Samopomich party has effectively buried lawmakers' plans to replace Prime Minister Arseny Yatseniuk's government with a technocrat cabinet, a senior lawmaker in President Petro Poroshenko's party said on Tuesday.

Poroshenko's party wants Yatseniuk to resign and the president held talks with other parties on Monday night about possible replacements, including the technocrat Finance Minister Natalia Yaresko.

The idea of a technocrat government "was basically buried yesterday by Samopomich's announcement that it will not join any new coalition under any kind of government," Yuriy Lutsenko told parliament.

(Reporting by Natalia Zinets; writing by Matthias Williams; editing by Alessandra Prentice)

<http://redirect.state.sbu/?url=http://www.reuters.com/article/us-ukraine-crisis-politics-idUSKCN0WH0V3>

--

*With best regards,
LBI Team*

www.lbicompany.com.ua

*(044) 501 58 41
(097) 479-13-50*

RELEASE IN PART
B6

From: Nuland, Victoria J
Sent: Tue, 15 Mar 2016 20:24:58 +0000
To: Pfleger, Gregory W; [REDACTED]
Cc: Pyatt, Geoffrey R; [REDACTED]
[REDACTED]

B6

Subject: RE: NYT: Chances of Ukraine Technocrat Government Fade After Talks Stall

Helpful, tx

From: Pfleger, Gregory W
Sent: Tuesday, March 15, 2016 10:04 AM
To: Nuland, Victoria J; [REDACTED]
Cc: Pyatt, Geoffrey R; [REDACTED]
[REDACTED]

Subject: Fw: NYT: Chances of Ukraine Technocrat Government Fade After Talks Stall

Toria, [REDACTED]

B6

Not sure if this will get to you late, but I just received a call from Oksana Syroyid regarding Yuriy Lutsenko's statements which have precipitated these media reports of "hopes for a technocratic gov fail after Samopomich says no."

SP remains willing to vote for the installation of any gov on the conditions they have previously voiced: Yats resigns, new head of PGO transparently appointed, and new open list electoral law. Syroyid says this move by Bankova is meant to place blame on someone else for the fact that an NJ gov is less likely now.

Comment: SP's stance is to vote in a new gov, and they would vote for reform legislation, but joining a new coalition is less likely (so that part of Lutsenko's statement is not the all-out "lie" Oksana called it). Still, they can and will be supportive of a "technocratic" gov, and their 26 seats are not make or break for a coalition (though they would be very useful).

V/r,
Greg

From: ibi@ibicompany.com.ua
Sent: Tuesday, March 15, 2016 14:04
To: Kyiv, Media Alerts
Subject: NYT: Chances of Ukraine Technocrat Government Fade After Talks Stall

The New York Times

Chances of Ukraine Technocrat Government Fade After Talks Stall

By REUTERS

MARCH 15, 2016

KIEV — The chances of Ukraine forming a new technocrat government to replace Prime Minister Arseny Yatseniuk faded on Tuesday after cross-party talks failed to produce a breakthrough, likely prolonging a months-long political crisis.

Yatseniuk's government has been hanging by a thread since three smaller parties quit his coalition and President Petro Poroshenko pushed for the premier to resign. Technocrat Finance Minister Natalia Yaresko was touted as a possible replacement.

Ukraine needs a stable government to conclude negotiations with the International Monetary Fund for new aid worth \$1.7 billion (£1.2 billion) to keep its war-torn economy afloat and pass economic and judicial reforms demanded by its Western backers.

If Poroshenko cannot get parties to agree on an alternative to Yatseniuk, it will leave in power a prime minister opposed by the majority of lawmakers and whose party's popularity ratings has fallen to 1 percent, according to a February poll.

"Last week I said with confidence that 80 percent of the government issues would be resolved this week," said Vadim Denisenko, a lawmaker in Poroshenko's party. "Now I see that everything has hit a dead end."

After Monday's cross-party evening talks, a senior lawmaker in Poroshenko's faction accused the reformist Samopomich party of killing off the chances of a technocrat cabinet to tackle financial problems and the blight of corruption.

The idea "was basically buried yesterday by Samopomich's announcement that it will not join any new coalition under any kind of government," Yuriy Lutsenko told parliament.

Samopomich has said it would agree to a new government on three conditions, including the introduction of a new electoral law.

NOTHING IS CERTAIN

The Ukrainian public has grown increasingly disillusioned with the pro-Western government that took over after the 2013/2014 Maidan street protests ousted a pro-Kremlin president.

Despite the government launching an ambitious reform programme, corruption is still endemic in the ex-Soviet country and Ukrainian soldiers are dying every week in the war against pro-Russian separatists in its eastern industrial heartland.

A foreign-born investment manager, Yaresko has been championed by Washington as a reformer. But several lawmakers in the 450-strong parliament told Reuters that not enough MPs would back her.

"Parliament will not consider the question of prime minister in the near future because nothing is agreed yet," said Boryslav Bereza, an independent lawmaker.

"There's no absolute certainty yet in any particular candidate. For example, Yaresko only has 100-150 votes. It's not worth going to the vote with that level of support."

(Additional reporting by Natalia Zinets; writing by Matthias Williams; editing by Ralph Boulton)

http://redirect.state.sbu/?url=http://www.nytimes.com/reuters/2016/03/15/world/europe/15reuters-ukraine-crisis-politics.html?_r=0

--

*With best regards,
LBI Team*

www.lbi.com.ua
(044) 501 58 41

B6

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From: [REDACTED]
Sent: Fri, 23 Dec 2016 15:47:18 +0200
To: EUR-SE-CY-DL
Cc: [REDACTED]; Nuland, Victoria J [REDACTED]
[REDACTED] Nicosia ECON; Nicosia PAS; Nicosia
EXEC; [REDACTED]

B6

Subject: Cyprus Weekly Update: December 19-23, 2016



Cyprus Weekly Update: December 19-23, 2016

Political:

(U) Three Turkish Military Officers Arrested in "TRNC" for Suspected Gulen Ties: The soldiers were apprehended as part of a roundup of more than 500 Turkish military personnel with suspected Gulenist links. The soldiers are all alleged users of ByLock, a secure mobile phone app similar to Whatsapp, considered by Turkish authorities to be the preferred method of communication among Gulenists. To date, no TCs have been implicated in the Gulenist movement. (R. Cole)

Economic:

~~(S)~~ [REDACTED]

1.4(B)
1.4(D)
B1

(SBU) Cypriot Electronics Retailers Targeted in Cyber Attack: The Cyprus National Police Office for Combating Cybercrime Deputy Director George Karkas confirmed to PolEcon Officer December 12 that hackers used "ransomware" to attack two local electronic stores in November. The malware had been isolated and was sent to Europol for analysis, Karkas said. According to press reports, hackers demanded a 20 bitcoin ransom (\$14,850) from one target to stop the attack, of which the store paid 13 bitcoins (\$9,700). A separate store was allegedly attacked next using the same virus,

and it reportedly paid a ransom of 3.5 bitcoins (\$2,600). Another police official said several companies had fallen victim to similar attacks, with a shipping company reportedly paying \$63,000 in bitcoins. *(D. German)*

(U) European Commission (EC) Wags Finger at Cyprus: In its first post-program report, the EC noted that as economic growth picked up, the pace of structural reforms lagged. The report cited Cyprus had done little to address macroeconomic imbalances, including taking measures to tackle bad loans. The EC urged Cyprus to pass public sector reform bills (rejected in Parliament last week), initiate privatizations, and introduce a nationalized health care program. *(G. Demetriou)*

(SBU) DP World Set to Take Over Limassol Port: General Manager Charles Meaby told PolEcon Deputy Chief the company would assume operations February 1 for mixed port services, including cargo shipments and a cruise line passenger terminal. DP World, an Emirati company, will share port responsibilities with P&O Maritime, EuroGroup, and local partner GAP Vassilopoulos. Meaby reported being in discussions with energy firms operating in Cyprus to license dock space in support of exploration and exploitation activities. He added the company presented Hard Rock International with a commercial proposal to operate a casino in the cruise line terminal. DP World acquired the 25-year concession rights April 26. *(V. Torres)*

(U) Carbon Accreditation Certificate Awarded to Airports Operator: Hermes, which operates the Larnaca and Paphos airports, received the Airport Carbon Accreditation (ACA) December 15, joining approximately 200 other airports worldwide. To receive the distinction—the first in a four-step program to encourage airports to reduce their carbon use—Hermes had to catalog all sources of carbon emissions from its airports and submit a carbon footprint report. The next three stages require increased evidence of implementation and success of carbon reduction measures. In 2015, an estimated five million passengers transited through Larnaca airport. *(A. Agrotou)*

(SBU) Upcoming Events and Visits:

Jan. 9	Cyprus Leaders in Geneva
Jan. 12	International Conference on Cyprus in Geneva
Jan. 23	UNSC Consultations re: UNFICYP
Jan. 26	UNFICYP Mandate Renewal

Cables

<u>16 NICOSIA 547</u>	Cyprus: TC Leader Akinci Opposed to P5 at International Conference
<u>16 NICOSIA 549</u>	Cyprus Local Elections Confirm Weakening Party Loyalty
<u>16 NICOSIA 551</u>	Cyprus: Greek Cypriot Hardline Parties Join Forces to Scuttle a Settlement
<u>16 NICOSIA 553</u>	Cyprus: Special Envoy Hochstein Underscores Regional Energy Cooperation Is Incentive to Settlement

<u>16 NICOSIA 555</u>	Cyprus: 2016 Country Report on Terrorism
<u>16 NICOSIA 764</u>	Embassy Nicosia's Designation of Officer Responsible for IPCA Cases
<u>16 NICOSIA 557</u>	CYPRUS MFA RECEIVES BIOGRAPHIC INFORMATION PERTAINING TO E.O. 13224 DESIGNATIONS OF ABDULLAH AHMED AL-MESHEDANI, BASIL HASSAN, AND ABDELILAH HIMICH (S)
<u>16 NICOSIA 559</u>	CYPRUS: MFA INFORMED OF RUSSIA SANCTIONS MAINTENANCE UPDATES

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From: [redacted]

B6

Sent: Thu, 14 Jul 2016 17:30:35 +0300

To: Nuland, Victoria J;Pyatt, Geoffrey R;Kent, George P, [redacted]

Cc: [redacted]

Subject: Forwarding [redacted]

B1
1.4(D)
B1
1.4(D)

I am forwarding [redacted]

Kind regards,

[redacted]

1.4(B)
1.4(D)
B1

Page Denied

RELEASE IN PART
1.4(B),B1,1.4(D),B6

Action: WASHDC, SECSTATE
Info: EUROPEAN POLITICAL COLLECTIVE; CIS COLLECTIVE;
Tags: PGOV, PREL, OREP, UA
Captions: Sensitive, CODEL
Ref: A) 16 KYIV 824 B) 16 Kyiv 569

Subject: Ukraine: Ukrainian Leaders Emphasize Reform to CODEL Roskam

1. (S)

B1
1.4(B)
1.4(D)

2. (SBU) CODEL Roskam consisted of a delegation from the House Democracy Partnership of the U.S. House of Representatives, led by Congressman Peter Roskam, and including Congressman David Price, Congressman Ander Crenshaw, Congresswoman Susan Davis, Congressman Jim McDermott, Congressman Tim Murphy, Congressman Gerry Connolly, and Congresswoman Dina Titus.

Groysman Committed to Reform

3. (SBU) PM Groysman affirmed to CODEL Roskam and the Ambassador June 3, that he and his team were committed to reform, specifically pointing to his recently announced Priority Action Plan (Reftel A) and citing the Rada's June 2 passage of constitutional amendments on the judiciary. Groysman also shared his appreciation for U.S. "friendship and cooperation" as Ukraine continued to face Russian aggression from the outside while trying to manage and implement challenging domestic reforms from within. Groysman said that Ukraine still suffered from serious corruption, but that it had created laws and institutions needed to address this problem, assuring the delegation that Ukraine's anti-corruption efforts would in the end succeed.

4. (SBU) Responding to questions from the CODEL about building on the momentum of the recent passage of constitutional amendments on the judiciary to implement other urgently-needed reforms, Groysman referenced the Rada's June 2 passage of legislation to reform governance of SOEs, adding that Ukraine was not just making these changes to satisfy the IMF, but because the country "needs these reforms." On pension reform specifically, Groysman said it was "one of the

most difficult subjects,” but that just two numbers—an almost 60 percent shortfall in pension revenues and Ukraine’s UAH 250 billion (\$10 billion) pension spending commitments for this year—quickly and convincingly conveyed the scope of the problem. Stating that Ukraine “has no choice” but to make changes, Groysman said his government’s strength lies in “telling the truth,” and he expressed confidence that the people would understand in two, three, or ten years’ time that pension reform was a “step in the right direction.”

5. (SBU) In response to the CODEL’s question about trade practices of Ukraine’s steel industry and its approach to privatization, Groysman said that Ukraine shared the U.S. commitment to exporting goods at fair market prices, and that the sheer scope of Ukraine’s 3,500 state-owned enterprises necessitated a more than 90 percent downsizing for Ukraine to have a chance at efficient management. The Prime Minister pledged that “Ukraine will be a success story,” adding, “we will not let you down and we will be a reliable partner.”

Parubiy Helping Rada Move Ukraine Forward, Step by Step

6. (SBU) Rada Speaker Andriy Parubiy thanked the CODEL members for their support and added that even setting aside the historic passage of constitutional amendments on the judiciary and related implementing legislation June 2, the past week demonstrated that Ukraine continued to “move forward, step by step.” The Speaker noted that the Rada had passed five bills the week of May 31 related to the IMF package, as well as a bill championed by PM Groysman allowing for expedited registration of pharmaceuticals already registered in the EU and the United States. Parubiy expressed his hope that the pharmaceutical bill would combat high prescription drug prices in Ukraine, cut down on corruption in that sphere, and help the elderly who had suffered through Ukraine’s economic recession. Given the need to focus on vulnerable populations, the Rada had also cancelled taxes on pensions below a certain threshold. Recalling that he had set for himself four primary tasks as Speaker, Parubiy noted that in 40 days he had been able to see two of them through: a confirmation vote on a new Prosecutor General and the passage of constitutional amendments on the judiciary.

7. (SBU) Parubiy shared that the judiciary amendments’ passage was not easy: “we were working around the clock for three months.” He lamented that through difficult political consultations, certain groups that had promised their support decided to pull out at the last moment – specifically, Samopomich changed its position at midnight before the vote, and the Radical Party decided to do a U-turn at 2 am the day of the vote. Despite these setbacks, the judicial amendments passed, and Parubiy suggested the Ukrainian Prayer Breakfast the morning of the vote may have helped. [Note: Batkivshchyna party leader Yuliya Tymoshenko at the Prayer Breakfast urged support for the amendments, reversing her previous position. End Note.] Parubiy stressed that there was no time to lose, and said that his focus had now returned fully to IMF-related legislation, explaining that although seven of 14 bills had been passed, much more work needed to be done. In response to the CODEL’s question about sequencing and momentum on reform bills, Parubiy underlined that the lack of security in the Donbas or any demonstrable will by the Kremlin to implement Minsk made passage of constitutional amendments on decentralization politically impossible at the moment. The CODEL raised the issues of pension reform and SOE governance, to which Parubiy agreed that social misunderstanding on the former and deep-rooted corruption in the latter generated political resistance. Nonetheless, Parubiy emphasized “both [reforms] must happen.” On electoral reform, Parubiy criticized endemic corruption in single-mandate districts and expressed hope that open party lists would introduce “young blood” into Ukrainian politics.

[REDACTED]

B1
1.4(B)
1.4(D)
1.4(B)
1.4(D)

8. ~~(S)~~

[REDACTED]

9. ~~(S)~~

B1
1.4(B)
1.4(D)

[REDACTED]

Rada Faction Leaders Grateful for Support

10. (SBU) Rada members from Bloc of Petro Poroshenko (BPP), Opposition Bloc (OB), People's Front (PF), Radical Party (RP), and Batkivshchyna (BA) expressed gratitude to the United States and asked for continued support in a meeting with the CODEL on June 3. Victor Halasyuk (RP) expressed his gratitude for U.S. support on the economic side and called for synchronization of efforts on humanitarian and anti-corruption reforms. Hrihoriy Nemyria (BA) expressed his gratitude for the U.S. role in the release of BA faction leader Yuliya Tymoshenko and BA MP Nadiya Savchenko. Nemyria mentioned to the Members that there was a strong public distrust of political institutions in Ukraine. Although the Rada just approved judiciary reforms, there was still a need for an independent PGO. On a more positive note, Andriy Teteruk (PF) opined that the PF faction had been focusing its efforts constructively and had given consistently the highest number of

votes for reform legislation. Teteruk also thanked the United States for its efforts to maintain sanctions on Russia and reiterated that the occupied territories were part of Ukraine and should be governed by Ukrainian laws. Ukraine did not need troops, Teteruk added, but it did need the support of civil experts who could assist Ukraine in liberating its occupied territories.

Drafted:

Cleared:

B6

Approved:

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From: [REDACTED]
Sent: Mon, 30 Nov 2015 15:29:29 +0200
To: Nuland, Victoria J;Heffern, John A;Brink, Bridget A;EUR-Ukraine-Desk-DL; [REDACTED]
 [REDACTED] EZentos [REDACTED] EUR ACE Ukraine team-DL
Cc: Pyatt, Geoffrey R;Kyiv, POL Core;Kyiv, ECON All; [REDACTED]
Subject: FW: Ukraine: Shokin Seething, Civil Society Pleased Over Selection of Anti-Corruption Prosecutor Finalists

B6

Sensitivity: Sensitive
Classification: ~~CONFIDENTIAL~~
Classified By: Geoffrey Pyatt, Ambassador, EXEC, U.S. Department of State
Derived From: Derived from previous message.
Declassify On: 2025/11/30

From: SMART Core
Sent: Monday, November 30, 2015 3:15 PM
To: [REDACTED]
Cc: KYIV-SMARTS; ADANA-SMARTS; ALMATY-SMARTS; ANKARA-SMARTS; Ashgabat, SMARTS; ASTANA-SMARTS; BAKU-SMARTS; BARCELONA, SMARTS; BERLIN-SMARTS; BERN, SMARTS; Bishkek, SMARTS; BRATISLAVA-SMARTS; USEU-SMARTS; BRUSSELS-SMARTS; BUCHAREST-SMARTS; BUDAPEST-SMARTS; CHISINAU-SMARTS; Copenhagen-SMARTS; DUBLIN, SMARTS; Dushanbe, SMARTS; FLORENCE, SMARTS; FRANKFURT, SMARTS; GENEVA, SMARTS; HELSINKI-SMARTS; ISTANBUL, SMARTS; KRAKOW-SMARTS; LISBON, SMARTS; LJUBLJANA-SMARTS; LONDON-SMARTS; LUXEMBOURG-SMARTS; MADRID-SMARTS; MILAN-SMARTS; MOSCOW-SMARTS; MUNICH-SMARTS; NAPLES, SMARTS; NICOSIA, SMARTS; OSLO-SMARTS; Ottawa-SmartS; PARIS-SMARTS; PODGORICA, SMARTS; PRAGUE, SMARTS; Pristina, SMARTS; SMARTS, Reykjavik; Riga, SMARTS; ROME, SMARTS; Sarajevo, SMARTS; SKOPJE, SMARTS; SOFIA-SMARTS; Stockholm-SMARTS; TALLINN, SMARTS; Tashkent, SMARTS; TBILISI, SMARTS; THEHAGUE-SMARTS; TiranaSMARTS; UNVIE-SMARTS; USNATO, SMARTS; OSCE-SMARTS; USUN, SMARTS; Valletta, SMARTS; VATICAN, SMARTS; VIENNA-SMARTS; VILNIUS, SMARTS; WARSAW-SMARTS; YEREVAN-SMARTS; ZAGREB-SMARTS; THESSALONIKI-SMARTS; BELGRADE-SMARTS; ATHENS-SMARTS
Subject: Ukraine: Shokin Seething, Civil Society Pleased Over Selection of Anti-Corruption Prosecutor Finalists

~~CONFIDENTIAL~~



MRN: 15 KYIV 1421
Date/DTG: Nov 30, 2015 / 301313Z NOV 15

From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE *IMMEDIATE*
E.O.: 13526
TAGS: PGOV, UP
Pass Line: AMCONSUL FRANKFURT PASS TO AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT PASS TO AMCONSUL HAMBURG
AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG
AMEMBASSY MOSCOW PASS TO AMCONSUL ST PETERSBURG
AMEMBASSY PARIS PASS TO AMCONSUL STRASBOURG
AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

Subject: Ukraine: Shokin Seething, Civil Society Pleased Over Selection of Anti-Corruption Prosecutor Finalists

1. ~~(C)~~ Summary: In a blow to Prosecutor General (PG) Viktor Shokin, the Selection Committee for the Anti-Corruption Prosecutor did not choose his preferred candidate, Deputy PG Roman Hovda, as one of two finalists for this key, new position. Instead, the committee chose Maksym Hryshchuk and Nazar Holodnitsky, two young and relatively unknown prosecutors, whom civil society and Rada (parliament) contacts considered the best viable candidates among the finalists. Shokin was reportedly seething over this turn of events but will have to select from the two finalists by December 1.

1.4(B)
1.4(D)
B1

1.4(B)
1.4(D)
B1

5. (C)

B1
1.4(B)
1.4(D)

Signature: PYATT

Classified By: Name: Geoffrey Pyatt, Title: Ambassador
Office: EXEC
Agency: U.S. Department of State

Derived From: DSCG 11-01

Declassify On: 2025/11/30

Drafted By: POL

Cleared By: POL

RLA

Approved By: AMB:Pyatt, Geoffrey R

Released By: KYIV:

Info: EUROPEAN POLITICAL COLLECTIVE *ROUTINE*; ZEN/DUSSELDORF,
AMCONSUL; ZEN/HAMBURG, AMCONSUL; ZEN/LEIPZIG,
AMCONSUL; ZEN/ST PETERSBURG, AMCONSUL;
ZEN/STRASBOURG, AMCONSUL; ZEN/VLADIVOSTOK, AMCONSUL;
ZEN/YEKATERINBURG, AMCONSUL

B6

Dissemination Rule: Released Copy

CONFIDENTIAL

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From: [REDACTED]
Sent: Fri, 23 Oct 2015 19:25:11 +0300
To: Nuland, Victoria J [REDACTED] A;EUR-Ukraine-Desk-DL [REDACTED]
[REDACTED]; Charles Kupchan; [REDACTED]
[REDACTED]
[REDACTED]
Cc: Pyatt, Geoffrey R; Kent, George P; Kyiv, POL Core [REDACTED]
[REDACTED]; Kyiv, ECON All
Subject: FW: Ukraine: Local Elections with National Implications

B6

B6

Please find below our final pre-election wrap-up cable.

Sensitivity: Sensitive

Classification: ~~CONFIDENTIAL~~

Classified By: Geoffrey Pyatt, Ambassador, EXEC, U.S. Department of State

Derived From: Derived from previous message.

Declassify On: 2025/10/23

From: SMART Core

Sent: Friday, October 23, 2015 7:19 PM

To: Toko, Kenichiro (Ken)

Cc: KYIV-SMARTS; ADANA-SMARTS; ALMATY-SMARTS; ANKARA-SMARTS; Ashgabat, SMARTS; ASTANA-SMARTS; BAKU-SMARTS; BARCELONA, SMARTS; BERLIN-SMARTS; BERN, SMARTS; Bishkek, SMARTS; BRATISLAVA-SMARTS; USEU-SMARTS; BRUSSELS-SMARTS; BUCHAREST-SMARTS; BUDAPEST-SMARTS; CHISINAU-SMARTS; Copenhagen-SMARTS; DUBLIN, SMARTS; Dushanbe, SMARTS; FLORENCE, SMARTS; FRANKFURT, SMARTS; GENEVA, SMARTS; HELSINKI-SMARTS; ISTANBUL, SMARTS; KRAKOW-SMARTS; LISBON, SMARTS; LJUBLJANA-SMARTS; LONDON-SMARTS; LUXEMBOURG-SMARTS; MADRID-SMARTS; MILAN-SMARTS; MOSCOW-SMARTS; MUNICH-SMARTS; NAPLES, SMARTS; NICOSIA, SMARTS; OSLO-SMARTS; Ottawa-SMARTS; PARIS-SMARTS; PODGORICA, SMARTS; PRAGUE, SMARTS; Pristina, SMARTS; SMARTS, Reykjavik; Riga, SMARTS; ROME, SMARTS; Sarajevo, SMARTS; SKOPJE, SMARTS; SOFIA-SMARTS; Stockholm-SMARTS; TALLINN, SMARTS; Tashkent, SMARTS; TBILISI, SMARTS; THE HAGUE-SMARTS; Tirana-SMARTS; UNVIE-SMARTS; USNATO, SMARTS; OSCE-SMARTS; USUN, SMARTS; Valletta, SMARTS; VATICAN, SMARTS; VIENNA-SMARTS; VILNIUS, SMARTS; WARSAW-SMARTS; YEREVAN-SMARTS; ZAGREB-SMARTS; THESSALONIKI-SMARTS; BELGRADE-SMARTS; ATHENS-SMARTS

Subject: Ukraine: Local Elections with National Implications

~~CONFIDENTIAL~~

Sensitive



MRN: 15 KYIV 1259
Date/DTG: Oct 23, 2015 / 231616Z OCT 15
From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE *IMMEDIATE*
E.O.: 13526
TAGS: PGOV, UP
Captions: SENSITIVE
Pass Line: AMCONSUL FRANKFURT PASS TO AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT PASS TO AMCONSUL HAMBURG
AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG
AMEMBASSY MOSCOW PASS TO AMCONSUL ST PETERSBURG
AMEMBASSY PARIS PASS TO AMCONSUL STRASBOURG
AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

Subject: Ukraine: Local Elections with National Implications

1. ~~(S)~~

B1
1.4(B)
1.4(D)

2. ~~(S)~~

B1
1.4(B)
1.4(D)

Page Denied

1.4(B)
1.4(D)
B1

7. (SBU) Official results will trickle in slowly for the 168,450 local races nationwide. Following the close of polling stations after 8:00pm October 25, results will be tabulated by 30,000 Precinct Election Commissions and reports delivered to 10,778 Territorial Election Commissions at centralized locations. Due to the number of races and complicated tabulation process under the new election law, official local election numbers will come in to the Central Election Commission throughout the week. Deadlines for finalizing results in many of the mayoral races are due by October 30, while finalizing results for councils under the new system is not due until November 5. For locations with mayoral races that go to a second round, the election will be held November 15, with a November 20 deadline for finalizing the results.

Signature: PYATT

Classified By: Name: Geoffrey Pyatt, Title: Ambassador
Office: EXEC
Agency: U.S. Department of State

Derived From: DSCG 11-01

Declassify On: 2025/10/23

Drafted By: POL [REDACTED]

Cleared By: POL [REDACTED]

A/DCM:Kent, George P

Approved By: AMB:Pyatt, Geoffrey R

Released By: KYIV: [REDACTED]

Info: EUROPEAN POLITICAL COLLECTIVE *ROUTINE*; ZEN/DUSSELDORF, AMCONSUL; ZEN/HAMBURG, AMCONSUL; ZEN/LEIPZIG, AMCONSUL; ZEN/ST PETERSBURG, AMCONSUL; ZEN/STRASBOURG, AMCONSUL; ZEN/VLADIVOSTOK, AMCONSUL; ZEN/YEKATERINBURG, AMCONSUL

Dissemination Rule: Released Copy

~~CONFIDENTIAL~~
Sensitive

B6

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From: Pfleger, Gregory W <[REDACTED]>
Sent: Mon, 2 Nov 2015 18:15:08 +0200
To: Nuland, Victoria J; [REDACTED] EUR-Ukraine-Desk-DL; [REDACTED]
[REDACTED] 'Zentos, Elisabeth'
Subject: FW: Ukraine: Suspected Criminal Authority Arrested, Political Questions Muddle the Plot

B6

B6

Colleagues, please find Kyiv's short cable on the Korban arrest below.

Sensitivity: Sensitive
Classification: ~~CONFIDENTIAL~~
Classified By: Geoffrey R. Pyatt, Ambassador, Executive Office, Department of State
Derived From: Derived from previous message.
Declassify On: 2025/11/02

From: SMART Core
Sent: Monday, November 02, 2015 6:12 PM
To: Pfleger, Gregory W
Cc: KYIV-SMARTS; ADANA-SMARTS; ALMATY-SMARTS; ANKARA-SMARTS; Ashgabat, SMARTS; ASTANA-SMARTS; BAKU-SMARTS; BARCELONA, SMARTS; BERLIN-SMARTS; BERN, SMARTS; Bishkek, SMARTS; BRATISLAVA-SMARTS; USEU-SMARTS; BRUSSELS-SMARTS; BUCHAREST-SMARTS; BUDAPEST-SMARTS; CHISINAU-SMARTS; Copenhagen-SMARTS; DUBLIN, SMARTS; Dushanbe, SMARTS; FLORENCE, SMARTS; FRANKFURT, SMARTS; GENEVA, SMARTS; HELSINKI-SMARTS; ISTANBUL, SMARTS; KRAKOW-SMARTS; LISBON, SMARTS; LJUBLJANA-SMARTS; LONDON-SMARTS; LUXEMBOURG-SMARTS; MADRID-SMARTS; MILAN-SMARTS; MOSCOW-SMARTS; MUNICH-SMARTS; NAPLES, SMARTS; NICOSIA, SMARTS; OSLO-SMARTS; Ottawa-SMARTS; PARIS-SMARTS; PODGORICA, SMARTS; PRAGUE, SMARTS; Pristina, SMARTS; SMARTS; Reykjavik; Riga, SMARTS; ROME, SMARTS; Sarajevo, SMARTS; SKOPJE, SMARTS; SOFIA-SMARTS; Stockholm-SMARTS; TALLINN, SMARTS; Tashkent, SMARTS; TBILISI, SMARTS; THEHAGUE-SMARTS; Tirana-SMARTS; UNVIE-SMARTS; USNATO, SMARTS; OSCE-SMARTS; USUN, SMARTS; Valletta, SMARTS; VATICAN, SMARTS; VIENNA-SMARTS; VILNIUS, SMARTS; WARSAW-SMARTS; YEREVAN-SMARTS; ZAGREB-SMARTS; THESSALONIKI-SMARTS; BELGRADE-SMARTS; ATHENS-SMARTS;
[REDACTED]

Subject: Ukraine: Suspected Criminal Authority Arrested, Political Questions Muddle the Plot

B6

~~CONFIDENTIAL~~
Sensitive



MRN: 15 KYIV 1309
Date/DTG: Nov 02, 2015 / 021610Z NOV 15
From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE *ROUTINE*
E.O.: 13526
TAGS: PGOV, KJUS, JUS, UP
Captions: SENSITIVE
Pass Line: AMCONSUL FRANKFURT PASS TO AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT PASS TO AMCONSUL HAMBURG
AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG
AMEMBASSY MOSCOW PASS TO AMCONSUL ST PETERSBURG
AMEMBASSY PARIS PASS TO AMCONSUL STRASBOURG
AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

Subject: Ukraine: Suspected Criminal Authority Arrested, Political Questions
Muddle the Plot

1. ~~(C)~~ Summary and Comment: The State Security Service (SBU), working with the Prosecutor General's Office (PGO), arrested Hennadiy Korban (close ally of Ihor Kolomoyskyi and recent, unsuccessful candidate for mayor of Kyiv) October 31 on charges including creation of a criminal group, embezzlement of charitable donations, and abduction of two government officials. [REDACTED]

1.4(B)
1.4(D)
B1

[REDACTED] Korban's shady history and brazen embrace of questionable "business" tactics as a notorious "corporate raider" have long been accepted public knowledge.

2. ~~(C)~~ Concerned public reaction, however, has focused on whether this was an act of selective prosecution of a political critic, raising the question of the timing of the arrest, and demonstrating a level of mistrust, particularly of Prosecutor General Viktor Shokin, and more importantly by extension President Petro Poroshenko. [REDACTED]

B1
1.4(B)
1.4(D)

Public and Private Assurances of Impartiality

3. (SBU) The PGO and SBU held a joint press conference October 31 to brief the media on the Korban arrest. They outlined charges including: embezzlement of donations made to the Foundation for Defense of the Country (a non-profit supporting the anti-terrorist operation,

including with support from the U.S. diaspora); the abduction of Serhii Rudyk (Head of the State Land Agency at the time); the abduction of the Secretary of the Dnipropetrovsk City Council Oleksandr Velichko; and the creation of organized criminal group. Korban, according to the SBU and PGO, laundered over 40 million UAH of public donations via hundreds of fake firms. The SBU and PGO stressed they had been pursuing the case for almost a year, telling assembled media that tapped phone lines and video surveillance revealed purposeful destruction of evidence precipitating Korban's arrest October 30. Searches of offices owned by Korban turned up numerous automatic weapons, significant amounts of cash, and the official stamps of over 210 companies the authorities allege Korban used to embezzle money (all of which the SBU and PGO demonstrated at the press conference).

4. ~~(S)~~ [REDACTED]

B1
1.4(B)
1.4(D)

Still, Conspiracy Theorists Read Much into the Timing

5. (SBU) The immediate reaction of Korban associates, such as MP Borys Filatov (a current candidate for mayor of Dnipropetrovsk who was on the scene at Korban's arrest and attempted to prevent it), has played heavily on the theme of political persecution. Adding to the theme, Korban's lawyers filed official complaints of denial of access to their client October 31. (Note: Post is following up to assess the veracity of these claims. End Note.) The argument made is that: the fledgling UKROP party, a political vehicle of Kolomoyskyi's under whose banner both Korban and Filatov ran, openly opposed Poroshenko and a range of GoU policies; Poroshenko could not tolerate this opposition, and so has turned to force. However, with the exception of pockets of low-level support, UKROP only had a strong showing in Kolomoyskyi's base of Dnipropetrovsk and in the election of the Volyn oblast council.

And Reformers Stress Need for Consistency and Timeliness

6. ~~(C)~~ [REDACTED]

B1
1.4(B)
1.4(D)

Publicly, MP Mustafa Nayyem released a statement outlining the reformist intra-parliamentary group Euro-Optimists' position that justice must be consistently applied and served expediently. "We support the investigation of persons suspected of committing crimes, regardless of their party affiliation or their employment positions," he wrote on social media, warning the punitive apparatus of the state must be used impartially. [REDACTED]

B1
1.4(B)
1.4(D)

Signature: PYATT

Classified By: Name: Geoffrey R. Pyatt, Title: Ambassador
Office: Executive Office
Agency: Department of State

Derived From: DSCG 11-01
Declassify On: 2025/11/02
Drafted By: KYIV:Pfleger, Gregory W
Cleared By: A/DCM:Kent, George P

Approved By: Ambassador:Pyatt, Geoffrey R
Released By: KYIV:Pfleger, Gregory W

Info: EUROPEAN POLITICAL COLLECTIVE *ROUTINE*; CIS
COLLECTIVE *ROUTINE*; ZEN/DUSSELDORF, AMCONSUL;
ZEN/HAMBURG, AMCONSUL; ZEN/LEIPZIG, AMCONSUL; ZEN/ST
PETERSBURG, AMCONSUL; ZEN/STRASBOURG, AMCONSUL;
ZEN/VLADIVOSTOK, AMCONSUL; ZEN/YEKATERINBURG,
AMCONSUL

1.4(B)
1.4(D)
B1

Dissemination Rule: Released Copy

~~CONFIDENTIAL~~
Sensitive

B6

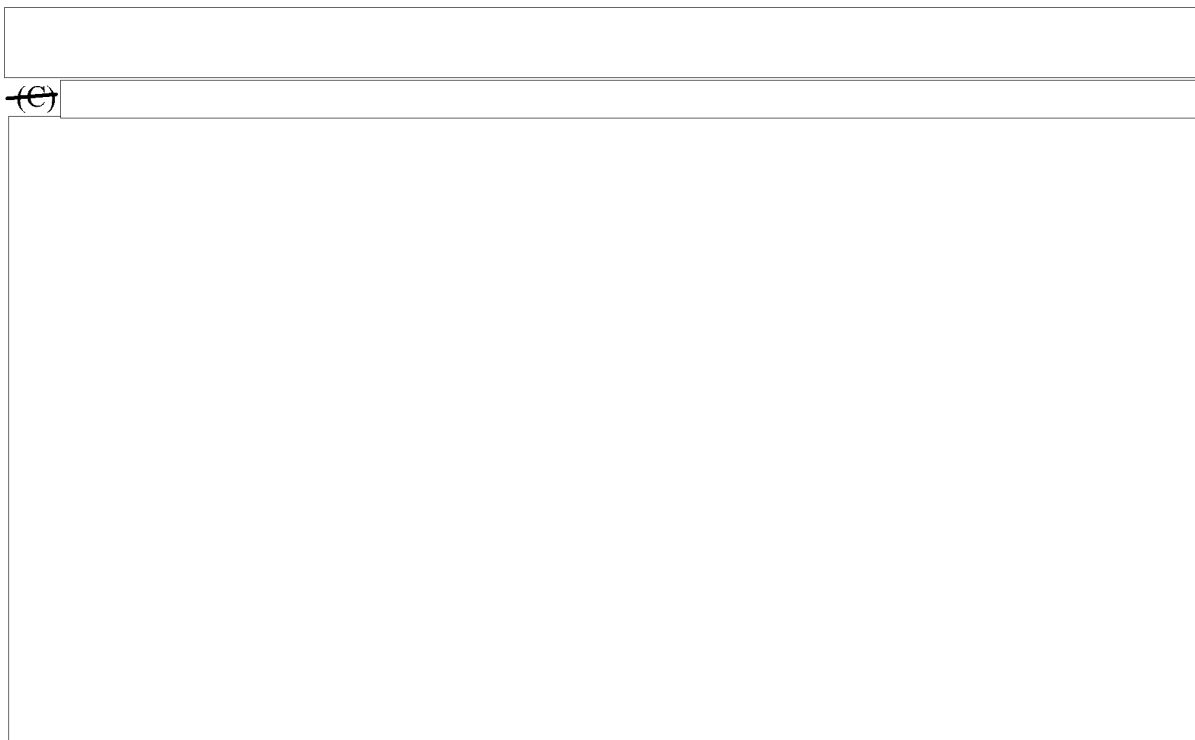
B1
1.4(B)
1.4(D)
B6

B1
1.4(B)
1.4(D)

B1
1.4(B)
1.4(D)

UNCLASSIFIED U.S. Department of State Case No. F-2019-07153 Doc No. C06834030 Date: 06/15/2021

(U) On October 13, German FM Steinmeier issued a statement on the final report by the Dutch Safety Board on the cause of the crash of Flight MH17 in eastern Ukraine in July 2014 (see para 3 for the full text of the statement). Steinmeier said that the investigation into the crash "was conducted in a neutral, transparent manner in accordance with the rules of the International Civil Aviation Organization (ICAO)." While noting that the report explains how the crash happened, Steinmeier pointed out that it does not yet provide the answer of who was responsible. Nevertheless, he stresses that those who are responsible must be held accountable, adding that Germany will continue to support "international efforts to implement binding and credible law enforcement measures."



B1
1.4(B)
1.4(D)



This document is ~~SECRET//NOFORN~~ when separated from ~~SECRET//NOFORN~~ attachment(s).

Sensitivity: Sensitive

Classification: ~~SECRET~~

Classified By Victoria Nuland, Assistant Secretary, EUR, State

Derived From: Derived from previous message in thread.

Declassify On: 2040/10/14

RELEASE IN PART
1.4(B),B1,1.4(D),B6

From:
Sent: Wed, 30 Sep 2015 09:11:30 -0400
To: EUR-Cable-Summary-DL
Subject: ~~(S/NF)~~ EUR Cable Summary for Wednesday, September 30, 2015

B6

Attach: Ukraine:

 Ukraine Local Election Update #2: Parties,
Candidates, and Issues

B1
1.4(B)
1.4(D)

~~SECRET/NOFORN~~
DECL: 09/30/2025

**EUR Cable Summary
Wednesday, September 30, 2015**

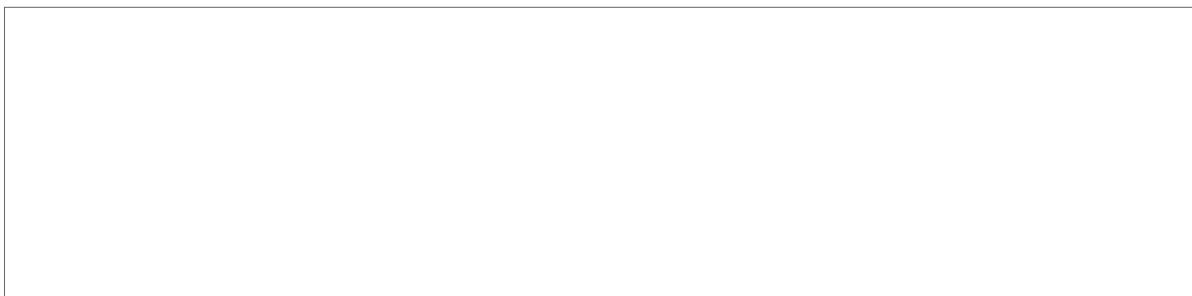
~~(S/NF)~~

B1
1.4(B)
1.4(D)



~~(C)~~

B1
1.4(B)
1.4(D)

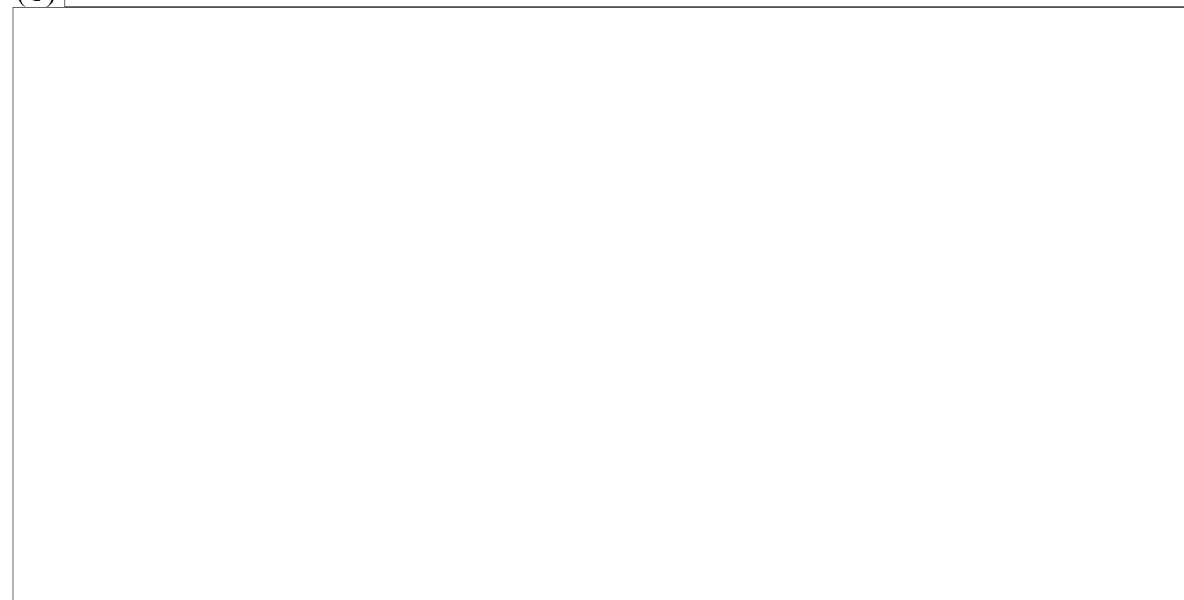


B1
1.4(B)
1.4(D)



B1
1.4(B)
1.4(D)

(C)



DECONTROLLED

Ukraine Local Election Update #2: Parties, Candidates, and Issues (15 KYIV 1776)

(SBU) As Ukraine gets closer to October 25 local elections, many Ukrainian political parties continue to be dominated by strong personalities, some of whom regularly change party loyalties or create entirely new party brands. 142 parties have registered to participate, including some viable new projects, some ghosts from Ukraine's past, many small projects with little chance of beating the 5% threshold to receive mandates, and some "technical" parties that pundits say were created to pull votes from established parties. Campaign advertisements feature a mix of patriotic and Maidan-associated symbols, support for the Ukrainian military and volunteer battalions, populist messages, attacks on the current government, and promises for infrastructure



and economic development.

This document is ~~SECRET//NOFORN~~ when separated from ~~SECRET//NOFORN~~ attachment(s).

Sensitivity: Sensitive

Classification: ~~SECRET~~

Classified By Victoria Nuland, Assistant Secretary, EUR, State

Derived From: Derived from previous message in thread.
Declassify On: 2040/09/30

RELEASE IN
PART B6

From: SMART Core
Sent: Tue, 29 Sep 2015 11:21:13 -0400
Cc:

B6

Subject: Ukraine Local Election Update #2: Parties, Candidates, and Issues

Attach: 15-KYIV-1776.eml.PDF

UNCLASSIFIED
SBU



Info Office:

SCE_CROATIA, RPM_NATO_AFGAN, WE_FRANCE, WE_MALTA,
ACE_DIR, CARC_Deputy_DIR, SCE_PRIN, PGI_BLACK_SEA,
SCE_ALBANIA, UMB_MOLDOVA, SE_TURKEY, RUS_DEP_DIR,
NB_NORWAY, ERA_POL_USEU_DESK, EUR_FO_SCE_ERA,
RUS_POL, ACE_UKRAINE, EUR_FO_STAFF_2, UMB_UKRAINE,
EUR_FO_CARC_SE, ERA_ECON, SCE_BOSNIA, ACE_FSA,
PGI_CVE, SCE_MONTENEGRO, EUR_FO_STAFF, EUR_FO_AS,
PGI_CT, UMB_PRIN, CARC_CONFLICT_ADV, WE_GERMANY,
ACE_SECURITY, SE_CYPRUS, GEORGIA, CE_MOS_KYIV,
PPD_INTERNS, ACE_HUMANITARIAN, SE_GREECE,
EUR_ALL_COUNTRIES, EUR_KRAKOW_WARSAW, RUS_OMS,
RUS_UMB_REG_PDO, ERA_DIR

MRN: 15 KYIV 1776
Date/DTG: Sep 29, 2015 / 291513Z SEP 15

From: AMEMBASSY KYIV
Action: WASHDC, SECSTATE *ROUTINE*
E.O.: 13526
TAGS: PGOV, UP
Captions: SENSITIVE
Reference: A) [15 KYIV 1658](#)
B) [15 KYIV 1059](#)
Subject: Ukraine Local Election Update #2: Parties, Candidates, and Issues

1. (SBU) Summary: As Ukraine gets closer to October 25 local elections, many Ukrainian political parties continue to be dominated by strong personalities, some of whom regularly change party loyalties or create entirely new party brands. 142 parties have registered to participate, including some viable new projects, some ghosts from Ukraine's past, many small projects with little chance of beating the 5% threshold to receive mandates, and some "technical" parties that pundits say were created to pull votes from established parties. Campaign advertisements feature a mix of patriotic and Maidan-associated symbols, support for the Ukrainian military and volunteer battalions, populist messages, attacks on the current government, and promises for infrastructure and economic development. End summary.

2. (U) This is the second in a series of cables previewing Ukraine's October 25 local elections (reftel).

Old, New Faces in Extensive List of Parties

3. (SBU) Ukrainian elections tend to involve a large number of registered parties, some putting forward serious candidates and other serving as "technical" or publicity parties. The current campaign for the October 25 elections is no exception; the 142 parties that have registered with the Central Election Commission represent a mix of established, national, local, artificial and "seasonal" projects. The list includes all parties currently represented in parliament, with the exception of Prime Minister Arseniy Yatsenyuk's People's Front (PF), which reached an agreement with Bloc of Petro Poroshenko-Solidarnist (BPP-Solidarnist) to run PF candidates in the BPP party lists (reftel). Svoboda has also reportedly discussed running a joint party list with Pravy Sektor, but with the October 1 deadline for registering candidates approaching rapidly, has not made any final announcement on the issue.

4. (SBU) Other notable parties running include Vidrodzhennya and Ukrop. Ukrop, broadly acknowledged to be a project of oligarch

Ihor Kolomoisky, is trying to appeal to Ukrainian patriotic-nationalist sentiments, while Vidrodzhennya, consisting mainly of former Party of Regions types, is a self-identified Kolomoisky ally running on a platform of "constructive opposition." Remnants from Ukraine's past will also appear on the ballot, including Serhiy Tihypko's Strong Ukraine party and Oleksandr Danylyuk's Spilna Sprava ("Common Cause"), which took over several government buildings during the height of the Maidan.

5. (SBU) The CEC list includes several new parties, some of which may be intended to pull votes from more established parties. One of these is People's Control, led by MP Dmytro Dobrodomov. (N.B. Dobrodomov represents a single member district in Lviv and joined BPP in November 2014 before leaving the faction in 2015 to become an independent MP.) Dobrodomov is a former producer and director general of Zik, a Lviv media company that competes with Lviv mayor (and Samopomich party leader) Andriy Sadoviy's media holdings. Dobrodomov has some support in Lviv, and some analysts speculate that People's Control is a Poroshenko project designed to weaken Samopomich on its home turf.

6. (SBU) Another alleged "technical" party is "Nash Krai" ("Our Land"), whose billboards feature prominently in Kyiv. The party lists five co-chairs including independent MP Oleksandr Feldman and Vidrodzhennya MP Anton Kisse as its official leaders; however, commentators believe Deputy Head of Presidential Administration Vitaliy Kovalchuk is actually the main driving force behind this political project. The party's goal is presumably to draw votes away from Opposition Bloc.

7. (SBU) Many small, local parties are campaigning in specific localities and are not found elsewhere in the country. This phenomenon is especially prominent due to the personality-based political culture that dominates local elections in many parts of the country.

Familiar Faces in Big Mayoral Races

8. (SBU) Several prominent politicians have thrown their hats in the ring for mayoral races. Current Kyiv Mayor Vitaliy Klychko, who was appointed leader of BPP-Solidarnist party after its merger with UDAR, will compete for reelection with Kyiv city council member and restaurateur Serhiy Husovsky (Samopomich) and former Dnipropetrovsk deputy governor Hennadiy Korban (Ukrop), among others.

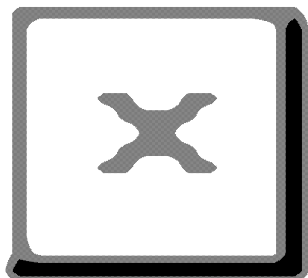
9. (SBU) Incumbent Kharkiv Mayor Hennadiy Kernes is the favorite to win on the Vidrodzhennya ticket in Kharkiv (Ref C). Current Odesa Mayor Hennadiy Trukhanov is also predicted to win re-election, running with a party of his own creation, Dohodyi Delam (Trust Actions). Former Odesa mayor Eduard Hurvits will run against him as an independent, while Sasha Borovik, an advisor to Odesa Governor Mikhael Saakashvili and ex-advisor to the Minister of Economy, has thrown his name in the hat on the BPP-Solidarnist ticket.

Campaign Ads: Patriotism, Populism, Corruption and Development

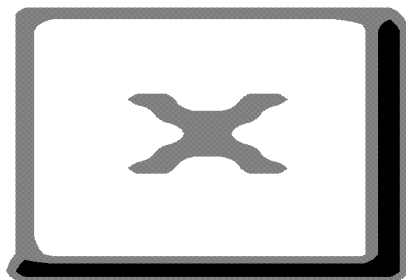
10. (SBU) Parties and candidates have plastered advertisements on billboards throughout the country, with messaging hitting notes of general patriotism, populism, business and economic development, and attacks on the governing establishment. Below are some examples:



"Fair salaries and pensions": Batkivshchyna sounds a populist note, coinciding with their demands to increase salaries and pensions as part of the recently passed debt package.

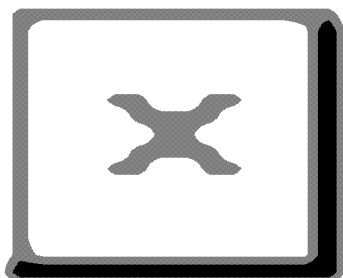


Samopomich advertises with its customary European veneer and an emphasis on volunteerism. In this ad, Yehor Sobolev (head of the Rada's anti-corruption committee) calls for volunteers to help end political corruption.

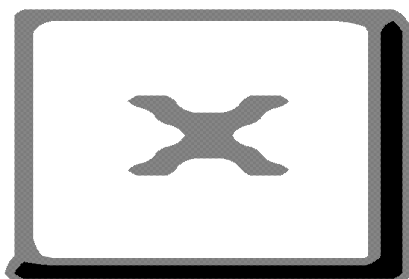


"Let's Change Our City with Real Actions": Incumbent mayor Vitaliy Klychko continues to enjoy high personal approval ratings. However, his administration has come under fire for not making enough big changes in the city, and for not standing up to construction companies. Although Klychko was recently named head of the BPP-Solidarnist party, his ads feature no

explicit party branding.

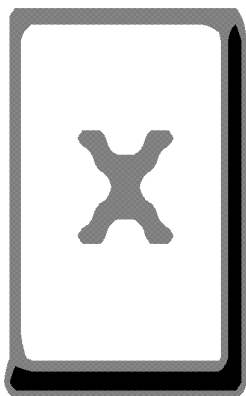


BPP, the current establishment party, encourages voters to "Save the Country" by electing its city council candidates. BPP will support incumbent Mayor Klychko's bid for re-election.

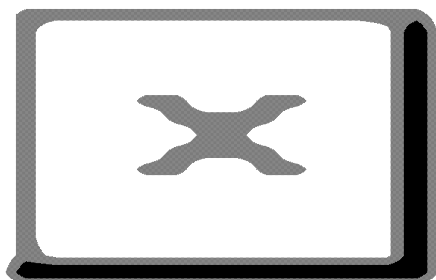


Vidrodzhennya, so far a relatively moderate opposition party primarily aiming for Opposition Bloc and former Party of Regions electorates, trumpets "Peace for Ukraine, Security for the

People.” Vidrodzhennya is looking for major local elections wins in some eastern and southern regions.

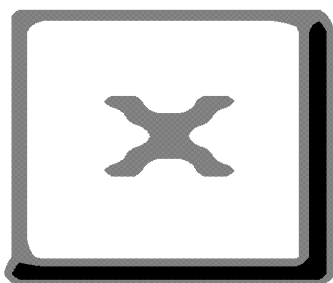


UKROP is widely regarded as a political project of oligarch Ihor Kolomoisky. The party gained particular notoriety for its reportedly underhanded approach to Hennadiy Korban's July 2015 by-election campaign in Chernihiv, where Korban lost a vacant Rada seat to BPP candidate Serhiy Berezenko amid charges of violations on both sides. Korban is now campaigning for Kyiv mayor, targeting the current administration with highly visible advertising and slogans including "Time to Change the Mayor," "Victory, Not Parades," "Contracts, not Mobilization," and "Field Commanders, Not Parquet Generals." [Note: "parquet generals" refers to careerist military officers who focus on climbing bureaucratic ranks instead of working in the field.]



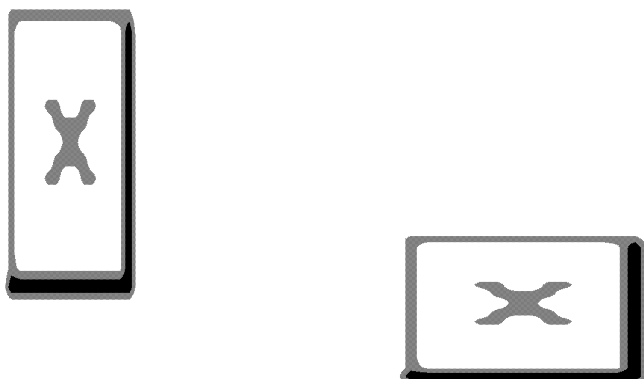
While Svoboda (Freedom) is predicted to sink in national popularity following its suspected involvement in the fatal August 31, 2015, violence outside the Rada, the party's outreach to patriotic supporters of volunteer battalions and military veterans is something to keep an eye on. Other parties may attempt to draw on this demographic if Svoboda's support declines. The party's advertising features its customary slogan: "For Peace in Our God-Given Land."

—

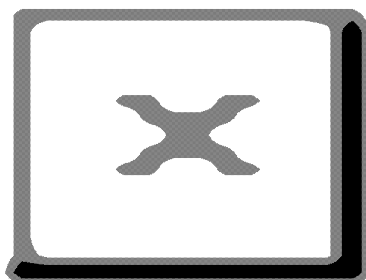


Opposition Bloc enjoys its highest popularity in eastern and southern regions. The party may soon undergo a rebranding

process, with prominent Opposition Bloc MP Serhiy Lyovochkin recently announcing that the party will probably rename itself "Party of Development and Peace." Ukrainian-language Kyiv billboards promise "Opposition Bloc for Kyivans" and feature well-known Kyiv landscapes.



Serhiy Dumchev's "Rukh za Reformy" (Movement for Reforms) has been campaigning aggressively with tents and billboards around Kyiv. Dumchev is known as a former ally of Arbuzov and Kolobov, cronies of Viktor Yanukovych's son Oleksandr Yanukovych, and was also associated with Yanukovych family money laundering schemes. The party's advertising targets Mayor Klychko, claiming that "A true mayor would need only one year to bring things in order," as well as the internal reform process: "We guarantee real reforms! Away with high tariffs, bureaucracy, kickbacks."



"Narodniy Kontrol" (People's Control) is expected to campaign most heavily in Lviv, but also has a noticeable advertising presence in Kyiv, promising to "make the government work honestly." Advertising draws on general patriotic imagery, featuring a press badge, traditional Ukrainian embroidery, military camouflage and patriotic wristbands that refer to Maidan values.

Signature: PYATT

Drafted By:

KYIV:

Cleared By:

USAID:

POL:

POL:

Approved By:

POL:

Released By:

KYIV:

Info:

CIS COLLECTIVE *ROUTINE*; EUROPEAN POLITICAL
COLLECTIVE *ROUTINE*

Attachments:

15-KYIV-1776.eml.PDF

Action Post:

NONE

Dissemination Rule:

DIS_SCE_CROATIA, DIS_RPM_NATO_AFGAN, DIS_WE_FRANCE,
DIS_WE_MALTA, DIS_ACE_DIR, DIS_CARC_DEP_DIR,
DIS_SCE_PRIN, PASS_BLACK_SEA, DIS_SCE_ALBANIA,
DIS_UMB_MOLDOVA, DIS_SE_TURKEY, DIS_RUS_DEP_DIR,
DIS_NB_NORWAY, DIS_ERA_POL_USEU_DESK,
DIS_EUR_FO_SCE_ERA, DIS_RUS_POL, DIS_ACE_UKRAINE,

B6

DIS_EUR_FO_STAFF_2, DIS_UMB_UKRAINE,
DIS_EUR_FO_CARC_SE, DIS_ERA_ECON, DIS_SCE_BOSNIA,
DIS_ACE_FSA, DIS_PGI_CVE, DIS_SCE_MONTENEGRO,
DIS_EUR_FO_STAFF, DIS_EUR_FO_AS, DIS_PGI_CT,
DIS_UMB_PRIN, DIS_CARC_CONFLICT, DIS_WE_GERMANY,
DIS_ACE_SECURITY, DIS_SE_CYPUS, DIS_GEORGIA,
DIS_CE_MOS_KYIV, DIS_PPD_INTERNS, DIS_ACE_HUMANITARIAN,
DIS_SE_GREECE, DIS_EUR_ALL_COUNTRIES,
DIS_EUR_KRAKOW_WARSAW, DIS_RUS_PDO_MEDIA

UNCLASSIFIED

SBU

B6

From: Beth Neary [REDACTED]
Sent: Fri, 8 Feb 2013 12:47:01 -0500
To: Summers, Matthew R
Subject: RE: USGLC Meeting Request - David Wade

Thanks. Just to clarify 4:30 on February 27th?

Beth Neary (Fellman) | Director of Program & Membership | [REDACTED]
U.S. Global Leadership Coalition | 1129 20th Street NW, Suite 600, Washington, DC 20036 | [@USGLC](#)

From: Summers, Matthew R [REDACTED]
Sent: Friday, February 08, 2013 12:46 PM
To: Beth Neary
Subject: RE: USGLC Meeting Request - David Wade

Sounds good – let's move it to then at 4:30.

From: Beth Neary [REDACTED]
Sent: Friday, February 08, 2013 12:44 PM
To: Summers, Matthew R
Subject: RE: USGLC Meeting Request - David Wade

Thank you, Matt. That sounds great. Also, I did discover that both Liz and Hunter are available on February 27th at 3 or 3:30 should that be a possibility as well.

Many thanks,
Beth

Beth Neary (Fellman) | Director of Program & Membership | [REDACTED]
U.S. Global Leadership Coalition | 1129 20th Street NW, Suite 600, Washington, DC 20036 | [@USGLC](#)

From: Summers, Matthew R [REDACTED]
Sent: Thursday, February 07, 2013 5:43 PM
To: Beth Neary
Subject: RE: USGLC Meeting Request - David Wade

Hi Beth – it's tough to plan so far ahead as we never know when David is going to be with the Secretary – but for now, let's try for 4:30 on the 13th of March if that works for them.

**Best,
Matt**

From: Beth Neary [REDACTED]
Sent: Thursday, February 07, 2013 4:12 PM
To: [REDACTED]
Subject: USGLC Meeting Request - David Wade

Hi

B6

I am writing on behalf of U.S. Global Leadership Executive Director, Liz Schrayner and Board Member, Hunter Biden to request a meeting with David Wade in the coming weeks at his convenience. Ms. Schrayner and Mr. Biden would welcome the opportunity to meet with Mr. Wade to share our work to support America's civilian programs.

The USGLC is a broad-based coalition of over 400 businesses and NGOs; national security and foreign policy experts; and business, faith-based, academic and community leaders in all 50 states who support a smart power approach of elevating diplomacy and development alongside defense. Among our coalition members are Fortune 500 companies and leading NGOs including AIPAC, Boeing, CARE, GE, Lockheed Martin, Pfizer, Save the Children, Walmart and World Vision. Our national Advisory Council is chaired by General Colin Powell and features prominent foreign policy leaders, including all of the former Secretaries of State.

While we are happy to work around Mr. Wade's schedule, I can share that both Mr. Biden and Ms. Schrayner are flexible on March 11, 13, and 20th.

Please let me know if you have any questions.

Many thanks and I look forward to hearing from you,
Beth Neary

Beth Neary (Fellman) | Director of Program & Membership | p
U.S. Global Leadership Coalition | 1129 20th Street NW, Suite 600, Washington, DC 20036 | @USGLC

RELEASE IN PART
B6

From: [REDACTED]
Sent: Tue, 24 Mar 2015 16:41:45 +0000
To: Finer, Jonathan J
Subject: RE: AP: Obama taps top Biden aide to be senior White House adviser

B6

I told [REDACTED] the story about Wade's interaction with her re: a recent Hunter Biden - Andre Heinz issue. Wow indeed!

From: Finer, Jonathan J
Sent: Tuesday, March 24, 2015 12:39 PM
To: [REDACTED]
Subject: Re: AP: Obama taps top Biden aide to be senior White House adviser

Wow

From: [REDACTED]
Sent: Tuesday, March 24, 2015 12:29 PM Eastern Standard Time
To: Finer, Jonathan J; [REDACTED]
Subject: AP: Obama taps top Biden aide to be senior White House adviser

Wouldn't have ever guessed but interesting!

Obama taps top Biden aide to be senior White House adviser

WASHINGTON (AP) President Barack Obama has chosen one of Vice President Joe Biden's top aides to be his new senior adviser.

The White House says Shailagh Murray is Obama's pick to replace his longtime aide Dan Pfeiffer, who left this month.

Murray is Biden's communications director and his deputy chief of staff. She's also a former reporter for The Washington Post.

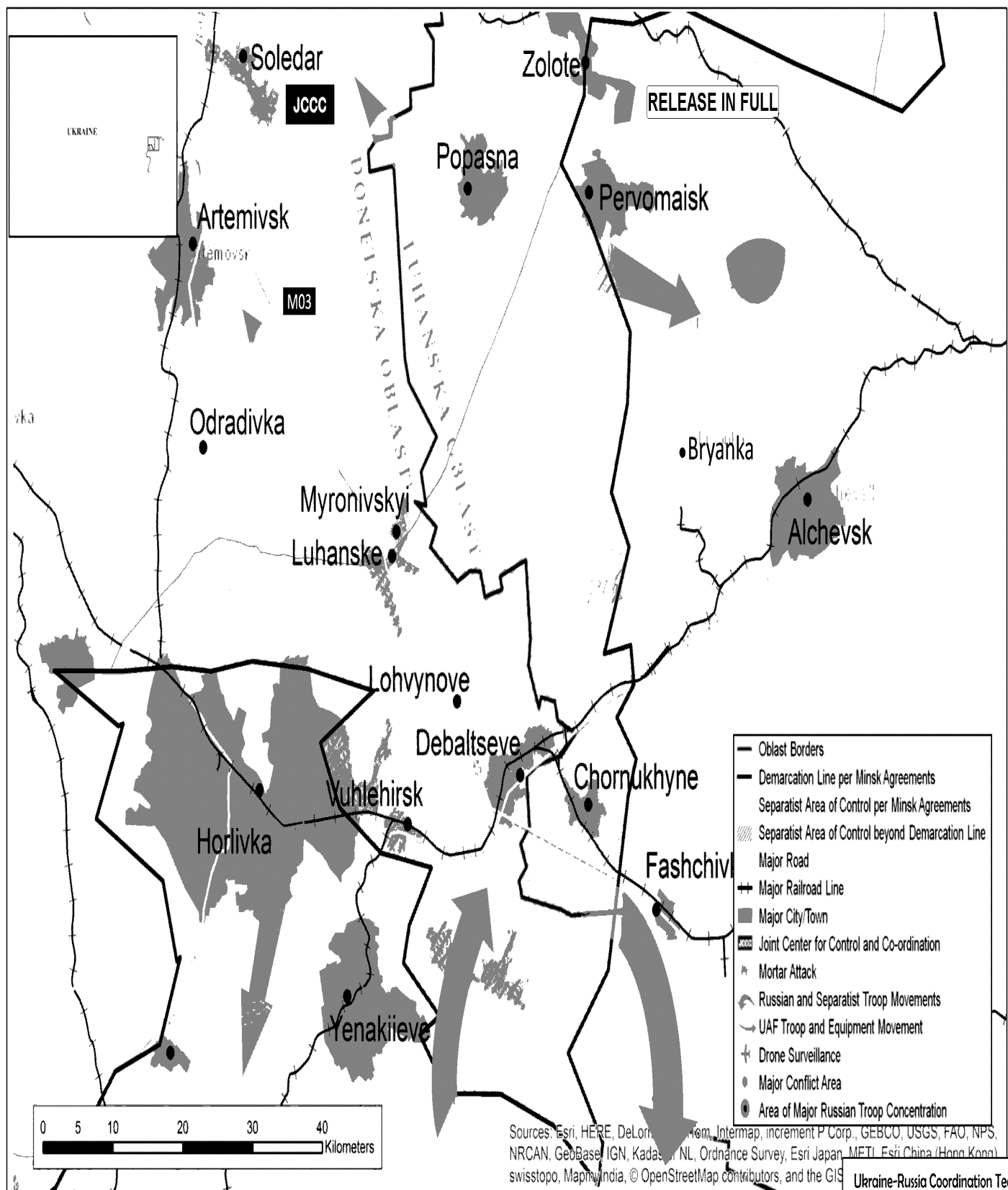
Obama says in a statement that he's relied on Murray's strategic advice for years. The White House says Murray will work on a range of issues and special projects.

Obama is also tapping Jason Goldman to be the new White House chief digital officer. Goldman worked previously at Google and Twitter.

Murray and Goldman join a number of new advisers Obama has hired recently, amid a string of second-term staff departures.

Debaltseve – February 26-27, 2015

Both Ukrainian forces and separatists claim to have begun withdrawing heavy weapons from Debaltseve. Some suspect the separatists have been rotating heavy equipment instead of pulling it back from the line of contact and/or redeploying heavy weaponry to other positions.

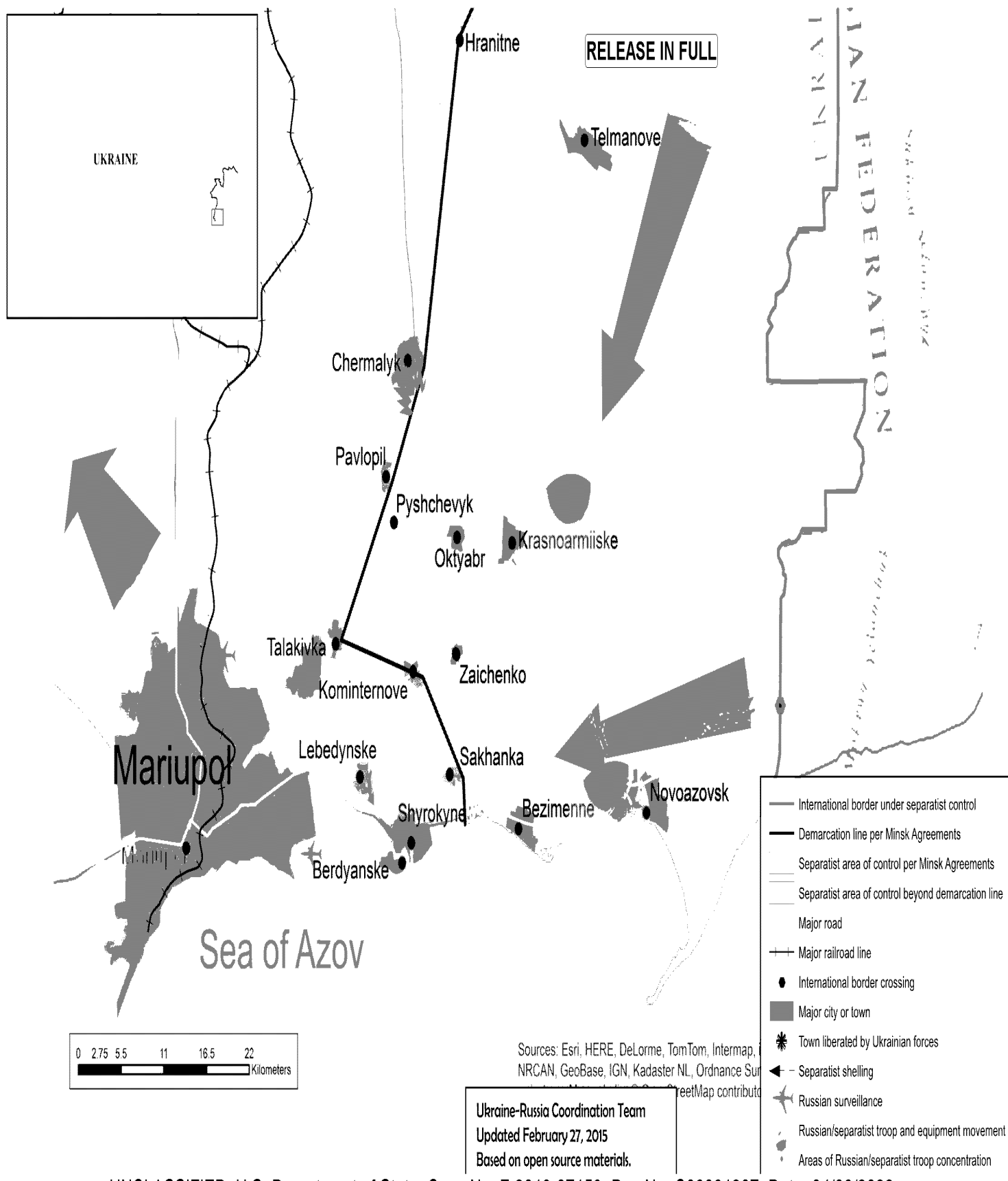


Ukraine-Russia Coordination Team
Last Updated February 27, 2015

[illegible]

Mariupol - February 26-27, 2015

Ukrainian forces have begun withdrawing heavy weaponry from Mariupol. Separatists claim to be doing the same although some suspect they are actually redeploying weaponry from Debaltseve to the east of Mariupol. Separatist shelling of Shyrokyne continues as does fighting in the town of Chermalyk. The Ukrainian government reports columns of Russian tanks and armored vehicles moving in the direction of Mariupol and Russian drones flying over the outskirts of Mariupol.



RELEASE IN FULL

The following is the text of the Minsk Implementation Plan of February 12, 2015 [the original document is in Russian].

Package of Measures for the Implementation of the Minsk Agreements

Minsk, February 12, 2015

1. Immediate and comprehensive ceasefire in certain areas of the Donetsk and Luhansk regions of Ukraine and its strict implementation as of 15 February 2015, 12 AM local time.

2. Withdrawal of all heavy weapons by both sides by equal distances in order to create a security zone of at least 50 km wide from each other for the artillery systems of caliber of 100 and more, a security zone of 70 km wide for MLRS and 140 km wide for MLRS „Tornado-S“, Uragan, Smerch and Tactical Missile Systems (Tochka, Tochka U):

for the Ukrainian troops : from the *de facto* line of contact ;

for the armed formations from certain areas of the Donetsk and Luhansk regions of Ukraine : from the line of contact according to the Minsk Memorandum of Sept. 19th, 2014 ;

The withdrawal of the heavy weapons as specified above is to start on day 2 of the ceasefire at the latest and be completed within 14 days.

The process shall be facilitated by the OSCE and supported by the Trilateral Contact Group.

3. Ensure effective monitoring and verification of the ceasefire regime and the withdrawal of heavy weapons by the OSCE from day one of the withdrawal, using all technical equipment necessary, including satellites, drones, radar equipment, etc.

4. Launch a dialogue, on day one of the withdrawal, on modalities of local elections in accordance with Ukrainian legislation and the Law of Ukraine “On interim local self-government order in certain areas of the Donetsk and Luhansk regions” as well as on the future regime of these areas based on this law.

Adopt promptly, by no later than 30 days after the date of signing of this document a Resolution of the Parliament of Ukraine specifying the area enjoying a special regime, under the Law of Ukraine “On interim self-

government order in certain areas of the Donetsk and Luhansk regions”, based on the line of the Minsk Memorandum of September 19, 2014.

5. Ensure pardon and amnesty by enacting the law prohibiting the prosecution and punishment of persons in connection with the events that took place in certain areas of the Donetsk and Luhansk regions of Ukraine.

6. Ensure release and exchange of all hostages and unlawfully detained persons, based on the principle “all for all”. This process is to be finished on the day 5 after the withdrawal at the latest.

7. Ensure safe access, delivery, storage, and distribution of humanitarian assistance to those in need, on the basis of an international mechanism.

8. Definition of modalities of full resumption of socio-economic ties, including social transfers such as pension payments and other payments (incomes and revenues, timely payments of all utility bills, reinstating taxation within the legal framework of Ukraine).

To this end, Ukraine shall reinstate control of the segment of its banking system in the conflict-affected areas and possibly an international mechanism to facilitate such transfers shall be established.

9. Reinstatement of full control of the state border by the government of Ukraine throughout the conflict area, starting on day one after the local elections and ending after the comprehensive political settlement (local elections in certain areas of the Donetsk and Luhansk regions on the basis of the Law of Ukraine and constitutional reform) to be finalized by the end of 2015, provided that paragraph 11 has been implemented in consultation with and upon agreement by representatives of certain areas of the Donetsk and Luhansk regions in the framework of the Trilateral Contact Group.

10. Withdrawal of all foreign armed formations, military equipment, as well as mercenaries from the territory of Ukraine under monitoring of the OSCE. Disarmament of all illegal groups.

11. Carrying out constitutional reform in Ukraine with a new constitution entering into force by the end of 2015 providing for decentralization as a key element (including a reference to the specificities of certain areas in the Donetsk and Luhansk regions, agreed with the representatives of these areas), as well as adopting permanent legislation on the special status of certain areas of the Donetsk and Luhansk regions in line with measures as set out in the footnote until the end of 2015. *1*

12. Based on the Law of Ukraine “On interim local self-government order in certain areas of the Donetsk and Luhansk regions”, questions related to local elections will be discussed and agreed upon with representatives of certain areas of the Donetsk and Luhansk regions in the framework of the Trilateral Contact Group. Elections will be held in accordance with relevant OSCE standards and monitored by OSCE/ODIHR.

13. Intensify the work of the Trilateral Contact Group including through the establishment of working groups on the implementation of relevant aspects of the Minsk agreements. They will reflect the composition of the Trilateral Contact Group.

[Footnote per paragraph 11]

I Such measures are, according to the Law on the special order for local self-government in certain areas of the Donetsk and Luhansk regions :

Exemption from punishment, prosecution and discrimination for persons involved in the events that have taken place in certain areas of the Donetsk and Luhansk regions ;

Right to linguistic self-determination ;

Participation of organs of local self-government in the appointment of heads of public prosecution offices and courts in certain areas of the Donetsk and Luhansk regions ;

Possibility for central governmental authorities to initiate agreements with organs of local self-government regarding the economic, social and cultural development of certain areas of the Donetsk and Luhansk regions ;

State supports the social and economic development of certain areas of the Donetsk and Luhansk regions ;

Support by central government authorities of cross-border cooperation in certain areas of the Donetsk and Luhansk regions with districts of the Russian Federation ;

Creation of the people’s police units by decision of local councils for the maintenance of public order in certain areas of the Donetsk and Luhansk regions ;

The powers of deputies of local councils and officials, elected at early elections, appointed by the Verkhovna Rada of Ukraine by this law, cannot be early terminated.

Participants of the Trilateral Contact Group :

Ambassador Heidi Tagliavini

Second President of Ukraine, Leonid Kuchma

Ambassador of the Russian Federation to Ukraine, Mikhail Zurabov

Alexander Zakharchenko

Ihor Plotnitski



RELEASE IN FULL

USGLC STATE LEADERS SUMMIT**TUESDAY, JUNE 16, 2015****ATTENDEES LIST****USGLC State Leaders, including:**

- The Honorable James Smith, SC State Representative, MAJ, USAR, South Carolina
- Matt Moore, Chairman, SC Republican Party, South Carolina
- Rick Cantwel, President, Odell International, North Carolina
- John Castellaw, CEO, FarmSpace Systems, Lt. Gen., USMC, Tennessee
- Craig Lesser, Managing Partner, The Pendleton Group, former Commissioner of Economic Development, Georgia
- Joyce E. Piersanti, Former Director of Sales Worldwide, United Nations, Georgia
- June Atkinson, State Superintendent, Department of Public Instruction, North Carolina
- Wayne Holden, President & CEO, RTI International, North Carolina
- The Honorable Rodney W. Moore, Representative(D-99), General Assembly, North Carolina
- Yuri Cunza, President & CEO, Nashville Hispanic Chamber of Commerce, Tennessee
- The Honorable Jason Altmire, Senior Vice President, Florida Blue, former U.S. Congressman (PA-4), Pennsylvania
- The Honorable Tom Feeney, President & CEO, Associated Industries of Florida, former U.S. Congressman (FL-24), Florida
- Joe Grandmaison, Strategic Advisor, APCO Worldwide, New Hampshire
- Paul Chevalier, Former State Commander, New Hampshire VFW SGT MAJ, USMC, New Hampshire
- Patrick Griswold, Founder and President, Why Africa Now, Ohio
- The Honorable Mark Schweiker, Former Governor, Pennsylvania
- The Honorable Kathy Dahlkemper, County Executive, Erie County, PA; former U.S. Congresswoman (PA-3)
- The Honorable Anne Petera, Former Secretary of Virginia, Virginia
- Gerard Mauer, RDML, USN, Virginia
- The Honorable John Hager, Former Lieutenant Governor, CPT, USA, Virginia
- John Hewko, President, Rotary International, former VP of Operations and Compact Development, Millennium Challenge Corporation, IL
- The Honorable Blair Milo, Mayor, City of La Porte, LCDR, USNR, Indiana
- The Honorable Mark Ritchie, Former Minnesota Secretary of State, Minnesota
- Michael Hostad, Executive Director of Innovation in Milwaukee, Greater Milwaukee Committee, Wisconsin
- Jim Falk, President, Dallas Council on World Affairs, Texas

- Katie Mabardy, Executive Director, Project C.U.R.E., Arizona
- Leland Clegg, President, Africa Business Portal, Arizona
- Paul Johnson, President, Phoenix Committee on Foreign Relations, USN, Arizona
- Karen de Barolome, Executive Director, WorldDenver, Colorado
- Norma Mozee, Principal, Afinidad Americas, LLC, Colorado
- Bernd (Bear) McConnell, Former Principal Deputy Assistant Secretary for International Security Affairs, Former Director of Office of Foreign Disaster Assistance, Dept. of Defense, USAID, COL, USAF, Colorado
- Carina Black, Executive Director, Northern Nevada International Center, Nevada
- Susan Clark, Founder and President, Nevada Venture Accelerator, Nevada
- Zach Nunn, Iowa State Representative, MAJ, IA ANG, Iowa
- Jon Troen, President, MITTERA Group, Iowa
- Judy Schweikart, Partner, Kutack Rock LLP, Nebraska
- The Honorable John Cavanaugh, Holland Children's Institute, former U.S. Congressman (NE-2), Nebraska
- The Honorable Jim Smith, Speaker of the NE Senate, Nebraska
- Dean Gorder, Executive Director, North Dakota Trade Office, North Dakota
- Mike Nunnally, COL, USMC, Georgia
- Nick Kesler, LCDR, USNR, Virginia
- John Adams, BGEN, USA, Florida
- Nelson Lees, COL, USA, Ohio
- Joe Kirlin, COL, USA, Pennsylvania
- Wayne Culbreth, MAJ, USA, Tennessee
- Joe Rice, LT COL, USA, Colorado
- Carlos Silva, USA, Nevada

Summit Program Speakers, including:

- Paul Begala, Political Consultant and CNN Analyst
- General Michael Hagee (Ret.), Commandant, U.S. Marine Corps (2003-2006)
- Kathleen Hicks, Director of International Security program, Center for Strategic and International Studies
- Dana J. Hyde, CEO, Millennium Challenge Corporation
- Bill Kristol, Founder and Editor, The Weekly Standard
- Nancy Lindborg, President, USIP
- Ambassador John Negroponte, U.S. Deputy Secretary of State (2007-2009), U.S. Ambassador to Iraq (2004-2005)
- Preston Schultz, Partner & Chief Strategy Officer, Hecate Energy
- David Weiss, President & CEO, Global Communities
- The Honorable Leocadia Zak, Director, USTDA

USGLC National Leadership, including:

- Liz Schrayner, President & CEO, USGLC
- Secretary Dan Glickman, Chairman, Executive Director, Aspen Institute Congressional Program; Senior Fellow, Bipartisan Policy Center
- William Lane, Co-Chair, Global Government Affairs Director, Caterpillar, Inc.
- Carolyn Miles, Co-Chair, President & CEO, Save the Children
- Hunter Biden, Managing Partner, Rosemont Seneca
- Jeffrey Colman, Deputy Director, Policy & Government Affairs, AIPAC
- Michael Crow, President, Arizona State University
- Michael Deich, Director of Government Relations, United States, Canada, & Asia Pacific, Bill & Melinda Gates Foundation
- Matt Echols, Vice President, The Coca-Cola Company
- Jo Ann Emerson, CEO, National Rural Electric Cooperative Association
- Mike Fernandez, Corporate Vice President, Corporate Affairs, Cargill
- Helene Gayle, President and CEO, CARE
- Michael Gerson, Senior Fellow, ONE
- Anne Goddard, President and CEO, ChildFund International
- Ambassador Mark Green, President & CEO, International Republican Institute
- Leslie Griffin, Senior Vice President, International Public Policy, UPS
- Ambassador Karl Hofmann, President & CEO, PSI
- James Horner, Principal, Deloitte Consulting LLP
- Bill Inglee, Senior Partner, Inglee Sauer Moseley Strategies, LLC
- George Ingram, Senior Fellow, The Brookings Institution
- Andrea Koppel, Vice President of Global Engagement and Policy, Mercy Corps
- Jessica Kruvant, Director of External Affairs, Creative Associates
- Craig Lasher, Senior Policy Analyst, PAI
- Ann Lewis, Former White House Communications Director
- Kristin Lord, President & CEO, IREX
- Greta Lundeborg, Vice President, Strategy and Advocacy, Boeing
- Lisa Malloy, Director of Policy Communication, Intel
- John Murphy, Vice President, International Affairs, U.S. Chamber of Commerce
- Bill O'Keefe, Senior Director, Advocacy, Catholic Relief Services
- Norman Ornstein, Resident Scholar, American Enterprise Institute
- Linda Padon, General Manager, Global Corporate Public Policy, Chevron
- Chris Policinski, President & CEO, Land O'Lakes, Inc.
- Eric Reading, Senior Vice President, Afghanistan and Pakistan, Chemonics
- Caroline Roan, Vice President, Corporate Responsibility, Pfizer Inc; President, Pfizer Foundation
- Nancy Ziuzin Schlegel, Vice President, Washington International Business Development, Lockheed Martin Corporation
- Ed Scott, Co- Founder & Chairman, Center for Global Development

- Ritu Sharma, Co-Founder & President, Sharma Solutions
- Andrew Tisch, Co-Chairman of the Board and Chairman, Loews Corporation
- Sarah Thorn, Senior Director, Federal Government Relations, Wal-Mart
- Sharon Waxman, Vice President, Public Policy and Advocacy, International Rescue Committee
- Sherrie Westin, Executive Vice President, Sesame Workshop
- Aaron Williams, Executive Vice President, RTI International
- Samuel Worthington, President & CEO, InterAction
- Peter Yeo, Vice President, Public Policy, UN Foundation
- Robert Zachritz, Director, Advocacy & Government Relations, World Vision

RELEASE IN PART
B6

From: Finer, Jonathan J
Sent: Sat, 14 Feb 2015 18:01:15 -0500
To: SESTravel1, User
Subject: Fw: Ukraine Midnight Spot Update - February 14-15, 2015

From: [REDACTED]
Sent: Saturday, February 14, 2015 05:52 PM Eastern Standard Time
To: Kyiv, Sitrep
Cc: [REDACTED] Finer, Jonathan J;
Kenna, Lisa D
Subject: Ukraine Midnight Spot Update - February 14-15, 2015

B6

Ukraine Midnight Spot Update – February 14-15, 2015

*****This is an unclassified product. Some information may be unconfirmed.*****

Military and Security Developments

- Just after midnight all ATO sector commanders reported their units ceased fire. "DPR" also stated they ceased fire completely. "DPR" Eduard Basurin, deputy defense minister, said "DPR" forces ceased all fire in compliance with the leader of the so-called "peoples' republic" Oleksandr Zakharchenko's order. Initial reports from OSCE-SMM contacts and various local media stated that it had gone quiet around Debaltseve and Mariupol (both in Donetsk oblast) and in Luhansk oblast. Social media users reported quiet in the following areas in the Donetsk oblast: Debaltseve, Donetsk, Zhdanivka, Makiivka, Khartsyzsk, Yenakieve, Shakhtarsk, Volnovakha, Pisky. Just after midnight some social media users reported hearing shelling coming from Stakhanov (Luhansk oblast). **As of 12:30am Kyiv time, quiet is still being reported.**
- At five minutes before midnight Kyiv time, Ukrainian President Poroshenko went on live TV, with the general staff, and the commanders of all 4 ATO sectors and gave the order to cease fire. Field commanders confirmed they had heard the order and would fulfill it. He also pointed out there was no "Debaltseve kettle" but a salient where fierce fighting went on, and that the Ukrainian forces continued to supply and rotate forces and equipment into Debaltseve.
- Poroshenko then switched into English and told the world that they had witnessed what he had done in ordering the cease fire, that Ukraine counted on the support of the whole world for peace. He said Ukraine had wanted an immediate cease fire in Minsk but the other party wanted another 60 hours, and it had become clear why, and unfortunately dozens of Ukrainians had lost their lives in those 60 hours, including kids and women.
- According to local media, Zakharchenko ordered all "DPR" forces to observe the ceasefire starting at midnight Kyiv time. He also instructed them to stop "all the moves by the adversary that may be viewed as an attack or fire aimed at "DPR" troops, residential buildings or infrastructure". Chairman of the "LPR Council of Ministers" Gennadiy Tsypkov announced that the "LPR" is ready to implement the February 12 Minsk agreements and observe the ceasefire.

- According to local media, Donbas Battalion and MP Semen Semenchenko stated that the Russia-backed militants still control the main road thru Logvinove. However, he said that Ukrainian forces control a smaller road to the north through Lozovoe, and therefore Debaltseve is not cut off.
- A video was posted on YouTube on February 14 in which Zakharchenko made statements regarding key points of the Minsk agreements. In the video he refused to let Ukrainian border guards enter the occupied territories, in violation of the agreements' provision to restore Ukraine's control over the border with Russia. He also said local elections in the eastern part of Ukraine will be held according to "local law" not Ukrainian law. Zakharchenko also claimed the whole of Donetsk oblast to be DPR territory. (<https://www.youtube.com/watch?v=5y3p7q1hkZM>)
- On February 14 the Ukrainian Ministry of Defense (MOD) claimed that the Russia-backed militants were planning a provocation to attack Russian territory in order to get the Russian military to enter Ukraine. According to the MOD the Russia-backed militants' launch vehicles will bear Ukrainian flags and the event will be filmed and used as evidence of Ukraine's aggression against Russia. Local media reported around 22:00 that the Russia-backed militants fired Grads from militant-controlled Bezimenne (east of Mariupol in Donetsk oblast) towards Russian territory. Mariupol city council reported that the Grad rockets hit an area near Novoazovsk and did not reach the Russian territory.

Political and Social Developments

- On February 14 Poroshenko had a phone conversation with German Chancellor Merkel and French President Hollande, according to the president's website. They emphasized that implementation of the recent Minsk agreements is key and that all parties, namely Russia, had to fulfill their commitments under the given agreements, first of all, in the context of the ceasefire that is to begin at midnight. They have also expressed concerns over Debaltseve and agreed to closely follow the situation.
- Approximately two hours later Poroshenko had a phone conversation with President Obama, according to the president's website. During the phone call they discussed the situation in Donbas and expressed concerns over the events unfolding around Debaltseve. Poroshenko and Obama agreed on further coordination of efforts in case of escalation of the conflict.
- According to the OSCE's website, the Trilateral Contact Group (TCG), consisting of senior representatives of Ukraine, Russia and the OSCE Chairperson-in-Office held a video-conference on February 14 with representatives of the so-called "peoples' republics" to discuss implementation of the Minsk agreements. Particular emphasis was placed on full respect of provisions concerning the ceasefire, which should be strictly implemented from February 15 at 00.00 hours Kyiv time, as well as the withdrawal of heavy weapons.
- According to a statement by newly-appointed Prosecutor General Viktor Shokin, former Party of Regions faction leader Oleksandr Yefremov has been detained. Yefremov's charges include office abuse and funding Donbas separatists, according to Shokin.

National Security and Defense Council (NSDC) Situation Map, last updated February 14, 2015 at 1600 Kyiv time.

ATO Deaths and Injuries:

- 1,473 Ukrainian military personnel have been killed since the ATO began. (source: NSDC daily reports, last tabulated by Embassy Kyiv February 14 at 1600 Kyiv time)
- 4,115 Ukrainian soldiers injured since ATO began (source: NSDC daily reports, last tabulated by Embassy Kyiv February 14 at 1600 Kyiv time)
- 5,486 people (military and civilian) killed in eastern Ukraine from mid-April 2014 to February 5, 2015 (including the 298 people from flight MH-17) (source: OHCHR/WHO)
- 12,972 people (military and civilian) wounded in eastern Ukraine from mid-April 2014 to February 5, 2015 (source: OHCHR/WHO)

If you would like to be added to or removed from the distribution list for this product, please email

at

B6

This email is UNCLASSIFIED.

This email is UNCLASSIFIED.

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Hunter Biden <[REDACTED]>
Sent: Tue, 5 Mar 2013 23:29:31 -0500
To: Wade, David E
Subject: Thanks

B6

Sorry for the late thank you- appreciate you taking the meeting with Liz last week. When things settle (relatively speaking) lets grab coffee. Best, Hunter.

RHB

[REDACTED]

RELEASE IN PART
B6

B6

From: [REDACTED]
Sent: Thu, 7 Feb 2013 21:44:07 +0000
To: Wade, David E
Cc: Summers, Matthew R
Subject: FW: USGLC Meeting Request - David Wade

Hi David –

Here is an email inviting you to meet with the USGLC. Let me know if I can help with anything.

Best,

[REDACTED]

From: Beth Neary [REDACTED]
Sent: Thursday, February 07, 2013 4:12 PM
To: [REDACTED]
Subject: USGLC Meeting Request - David Wade

Hi [REDACTED]

I am writing on behalf of U.S. Global Leadership Executive Director, Liz Schraye and Board Member, Hunter Biden to request a meeting with David Wade in the coming weeks at his convenience. Ms. Schraye and Mr. Biden would welcome the opportunity to meet with Mr. Wade to share our work to support America's civilian programs.

The USGLC is a broad-based coalition of over 400 businesses and NGOs; national security and foreign policy experts; and business, faith-based, academic and community leaders in all 50 states who support a smart power approach of elevating diplomacy and development alongside defense. Among our coalition members are Fortune 500 companies and leading NGOs including AIPAC, Boeing, CARE, GE, Lockheed Martin, Pfizer, Save the Children, Walmart and World Vision. Our national Advisory Council is chaired by General Colin Powell and features prominent foreign policy leaders, including all of the former Secretaries of State.

While we are happy to work around Mr. Wade's schedule, I can share that both Mr. Biden and Ms. Schraye are flexible on March 11, 13, and 20th.

Please let me know if you have any questions.

Many thanks and I look forward to hearing from you,
Beth Neary

Beth Neary (Fellman) | Director of Program & Membership | [REDACTED]
U.S. Global Leadership Coalition | 1129 20th Street NW, Suite 600, Washington, DC 20036 | @USGLC

RELEASE IN PART
B6

From: Summers, Matt
Sent: Fri, 16 May 2014 16:58:18 -0400
To: Wade, David E; Psaki, Jennifer R; Finer, Jonathan J
Subject: RE: Ukraine/Biden/Kerry - in case you missed it

Also – the email was sent to him three days ago. He’s just getting to it now?

From: Wade, David E
Sent: Friday, May 16, 2014 4:52 PM
To: Psaki, Jennifer R; Summers, Matt; Finer, Jonathan J
Subject: RE: Ukraine/Biden/Kerry - in case you missed it

Exactly!

From: Psaki, Jennifer R
Sent: Friday, May 16, 2014 4:51 PM
To: Wade, David E; Summers, Matt; Finer, Jonathan J
Subject: Re: Ukraine/Biden/Kerry - in case you missed it

And it was 3 days ago...

From: Wade, David E
Sent: Friday, May 16, 2014 04:38 PM Eastern Standard Time
To: Psaki, Jennifer R; Summers, Matt; Finer, Jonathan J
Subject: FW: Ukraine/Biden/Kerry - in case you missed it

Seriously – does he think I don’t track these things?

From: Thorne, David H
Sent: Friday, May 16, 2014 4:29 PM
To: Wade, David E
Subject: FW: Ukraine/Biden/Kerry - in case you missed it

Just a heads up...

From: Hengel, Douglas C
Sent: Wednesday, May 14, 2014 12:38 PM
To: Thorne, David H
Cc: Martin, Peter G
Subject: Ukraine/Biden/Kerry - in case you missed it

Biden’s Son Joins Gas Firm In Ukraine. The [AP](#) (5/14) reports Vice President Biden’s son, Hunter, is joining the board of the a gas company operating in Ukraine. Biden will head Burisma Holdings’ legal unit and “seek support for Burisma among international organizations.”

The [Washington Times](#) (5/14, Chasmar, 455K) reports White House Press Secretary Jay Carney said Hunter Biden’s new position “does not reflect an endorsement by the administration,” and [Reuters](#) (5/14, Rampton) reports Vice President Biden’s spokeswoman,

Kendra Barkoff, said he “does not endorse any particular company and has no involvement” with Burisma.

The Wall Street Journal (5/14, Sonne, Grimaldi, Subscription Publication, 5.51M) reports Hunter Biden is a close friend of Secretary Kerry’s stepson, Christopher Heinz. The Journal notes the hiring comes a few weeks after Devon Archer, a college roommate of Heinz’s, joined the company’s board.

Douglas Hengel

Office of the Senior Advisor to the Secretary (S/SRA)

[Redacted]

B6

RELEASE IN PART B6

From: Summers, Matt**Sent:** Thu, 30 Jun 2016 10:17:55 -0400**To:** Chris Alleman [REDACTED]**Subject:** 3rd List

B6

Shaun Donovan: [REDACTED]
 Jack Manning: [REDACTED] **YES + Lyle (2)**
 Bob Crowe: [REDACTED] **YES - + Caitlin (2)**
 David Leiter: [REDACTED] **YES + Hilary Stephens (3)**
 Abby Johnson: [REDACTED] **YES - + Chris (2)**
 Eric Schmidt: [REDACTED] **NO**
 David Rubenstein: [REDACTED] **NO**
 Chris Matthews: [REDACTED] **YES + Kathleen (2)**
 Luke Russert: [REDACTED]
 Maureen Orth: [REDACTED] **YES**
 David Gregory: [REDACTED] **Yes + Beth Wilkinson (2)**
 Vicki Kennedy: [REDACTED] **YES (1)**
 Jeff Morash: [REDACTED] **Yes - + Judith Salter (2)**
 Bill Codhina: [REDACTED] **Yes - + Cathy (2)**
 Bruce Percelay: [REDACTED] **Yes - + Elizabeth (2)**
 Chad Gifford: [REDACTED] **NO**
 Michael Clayton: [REDACTED]
 Ginnie Hess: [REDACTED]
 Kerim: [REDACTED]
 Elizabeth Bagley: [REDACTED]
 Tim Collins: [REDACTED] **YES: Andrea, Paul and Anke Volcker (4)**
 Jonathan Lavine: [REDACTED]
 Lou Susman: [REDACTED] **YES+ Marjorie (2)**
 Scott Nathan: [REDACTED] **YES + Laura, two kids (4)**
 Barnicle & Finucane: [REDACTED] **YES (2)**
 Mike Alpert: [REDACTED] **NO**
 Christina Martin: [REDACTED] **YES (2)**
 George Cloutier: [REDACTED] **Yes + Tiffany (2)**
 George Bassett: [REDACTED] **YES + Sharon (2)**
 Ben Barnes: [REDACTED] **YES - + Amy and Mark Updegrove (3)**
 Wayne Rogers: [REDACTED] **Yes + Valerie Rogers, Jim and Gail Luce (4)**
 Arie & Coco Kopelman: [REDACTED] **YES - (2)**
 Tom Bresette: [REDACTED] **Yes + Leslie (2)**
 Dr. Timothy Lepore: [REDACTED] **YES (2)**

Matt Summers
 Office of the Secretary
 U.S. Department of State
 [REDACTED]

RELEASE IN PART
B6

From: Summers, Matt
Sent: Thu, 12 Dec 2013 12:14:08 -0500
To: [REDACTED] Wade, David E
Cc: [REDACTED]
Subject: RE: Need contact for Hunter Bidenen or G-town office

B6

Hunter Biden [REDACTED]

From: [REDACTED]
Sent: Thursday, December 12, 2013 12:13 PM
To: Wade, David E
Cc: Summers, Matt; [REDACTED]
Subject: Need contact for Hunter Bidenen or G-town office

David – we're going to lock in a time and [REDACTED] will get 8th Floor room. Do you have contact for us to reach out?

From: Wade, David E
Sent: Tuesday, November 26, 2013 2:15 PM
To: [REDACTED] Bass, John R; [REDACTED] (S); Finer, Jonathan J
Subject: 3/18/14

B6

Just spoke with Hunter Biden, good friend of S, who teaches a class at Georgetown on advocacy. He'd like S to speak to his class on 3/18. If S is here, he'll for sure want to do this. Class would come here to HST.
Can we pencil this in, pls, pending S travel? (Hunter knows that with travel, plans could change.) It'll be an hour somewhere in the 5-730 window, depending on what works best for S.
Thanks,
David

David E. Wade
Chief of Staff
Secretary of State John Kerry
State Department
Washington, D.C.

RELEASE IN FULL

From: Wade, David E
Sent: Wed, 22 Oct 2014 09:38:29 +0000
To: Finer, Jonathan J
Subject: Re: Daily Beast: Where There's Trouble, You'll Usually Find Joe Biden

I just feel like they don't try. There's no Klain there any more.

From: Finer, Jonathan J
Sent: Wednesday, October 22, 2014 05:27 AM
To: Wade, David E
Subject: Re: Daily Beast: Where There's Trouble, You'll Usually Find Joe Biden

Over their heads, unfortunately.

From: Wade, David E
Sent: Wednesday, October 22, 2014 05:24 AM Eastern Standard Time
To: Finer, Jonathan J
Subject: Re: Daily Beast: Where There's Trouble, You'll Usually Find Joe Biden

Oof. Poor VP. It sucks. And what bugs me is, I feel like no one's fighting for him.

From: Finer, Jonathan J
Sent: Wednesday, October 22, 2014 05:21 AM
To: Wade, David E
Subject: Fw: Daily Beast: Where There's Trouble, You'll Usually Find Joe Biden

Scattershot, with about 20 factual errors, but they are really taking on water.

From: PA Press Clips
Sent: Wednesday, October 22, 2014 05:16 AM Eastern Standard Time
To: PA Monitoring Group
Subject: Daily Beast: Where There's Trouble, You'll Usually Find Joe Biden

VEEP DOO-DOO

Where There's Trouble, You'll Usually Find Joe Biden

His crisis-creating remarks and his son's drug-related discharge from the Navy are just the beginning. This guy's a train wreck.

According to the polls, Joe Biden doesn't have a prayer in 2016. And according to former Secretary of Defense Robert Gates, Biden "has been wrong on nearly every major foreign-policy and national-security issue over the past four decades."

But two things are also certain: First, Biden is still Barack Obama's go-to-guy when partisan loyalty is at a premium. Faced with rising concern and criticism over the outbreak of Ebola, Obama tapped Ron Klain, Biden's former chief of staff, to be America's Ebola czar. Second, Biden's friends and family have not hesitated to profit from their ties to the vice president. Biden's brother, James, and his son, Hunter, have cashed in on the family name, whether it be in Iraq or Ukraine. Biden may have the mien of the crazy uncle in the basement, but he is also a real reminder of what is wrong with politics.

Let's start with Klain. Like Biden, Klain is a consummate fixer, with Georgetown and Harvard Law School degrees thrown in for good measure. But for his political pedigree, Klain would have no business being Ebola coordinator. Ebola is not just another messaging problem.

Klain was the aide to Al Gore who was memorialized by Kevin Spacey in the HBO movie *Recount* as pushing for a more aggressive approach to, well, the 2000 Florida recount. Then, after failing in Florida, Klain became a Fannie Mae lobbyist who helped convince Congress and Fannie Mae's regulators that all was well with the world, even as Fannie Mae was inflating what would prove to be a catastrophic housing bubble.

And yet, Biden and Obama now seek to again unleash Klain on America. To be sure, Klain's public-health credentials are invisible, a fact that Obama himself has tacitly acknowledged. In announcing Klain's selection, Obama framed things this way: "Klain comes to the job with extensive experience in overseeing complex governmental operations and has good working relationships with leading members of Congress as well as senior administration officials." Not one word about Klain, medicine, and immunology.

In that sense, Klain is all too reminiscent of Harriet Miers, George W. Bush's White House counsel and his personal lawyer. Bush nominated Miers to the Supreme Court but was then compelled to pull her nomination after it became clear that Miers' loyalty to the president far exceeded her legal chops.

What prevented Miers from joining the court was the fact that she would have to run the gantlet of Senate confirmation, which is something that Klain, the Ebola czar, will not need to do. He is a creature of the White House, cloaked in executive privilege.

Ron Klain is cut from the same mold as Tom Donilon, Obama's former national security adviser, who, like Klain, also served at Fannie Mae.

Klain is not the first to crawl out of the swamp of Biden World on to the larger stage. He is cut from the same mold as Tom Donilon, Obama's former national security adviser, who, like Klain, also served at Fannie Mae; had his own ties to Biden; and worked in a job in which he was over his head. For the record, Donilon's brother, Mike, was Biden's counselor between 2009 and 2013.

According to *The Nation*, "Fannie Mae paid Donilon, a longtime Democratic Party operative, \$15 million to lobby Congress to gut the power of government regulators." He was "a top executive at Fannie Mae during the period when cooking the books to increase executive compensation would later lead to a \$400 million fine."

More disturbingly, Donilon took center stage as national security adviser despite the fact that he was lightly regarded in national-security circles. In Bob Woodward's telling, Gen. Jim Jones, Donilon's predecessor at NSA, said to Donilon, "You have no credibility with the military.... you frequently pop off with absolute declarations about places you've never been, leaders you've never met, or colleagues you work with." Donilon was also Obama's guy while the president was laying out imaginary red lines to Syria.

But it's not just Biden placing loyalty over competence that makes him who he is, his tropism toward plagiarism, or even his tendency to say the wrong thing at the wrong time. It's Biden's willingness to turn a blind eye in the face of his family members trading on Biden's job as vice president for fun, profit, and disgrace that completes the picture.

Take Hunter Biden, the veep's younger son. Just last week, it was reported that the 44-year-old Hunter was discharged from the Navy after testing positive for cocaine. But here's the thing. To get into the Navy, Hunter needed a separate waiver on account of his prior drug use. History does repeat itself.

And then there's that matter of Hunter and Ukraine. Back in May, Burisma Holdings, Ukraine's largest private natural-gas producer, announced that Hunter had joined its board. To which the White House could only reply, "Hunter Biden and other members of the Biden family are obviously private citizens, and where they work does not reflect an endorsement by the administration or by the vice president or president."

And then there's James Biden, the vice president's brother, who made a go at winning public-housing contracts in Iraq. As reported in the waning days of the 2012 presidential campaign, after Joe became vice president, James joined New Jersey-based Hill International as its executive vice president.

So what? So this. Hill's business is managing construction projects in the Middle East and the United States, and lo and behold, six months after James joined Hill in 2010, the company won a \$1.5 billion contract to build at least 100,000 affordable homes in Iraq. Talk about coincidence.

Or not. According to published reports, the State Department, then run by Hillary Clinton, and the Iraqi government were instrumental in Hill winning the contract. Also at the time, Biden was Obama's point person on Iraq, and like Klain, who is no expert on public health, James Biden was no maven on public housing.

The White House may have contemplated dumping Joe Biden from the ticket. But that was then. These days, it is Biden who again finds himself at the center of all things Obama.

Even as the United States struggles to build a coalition against ISIS, it is Biden who tweaks Turkey, Qatar, and the United Arab Emirates, without appreciating the havoc that he would wreak, tweaks for which he would ultimately be forced to apologize. We have seen the diplomatic crises Biden can stir up. But sadly, it's hardly the worst of Biden's handiwork.

This email is UNCLASSIFIED.

RELEASE IN PART
B6

From: Wade, David E
Sent: Thu, 12 Dec 2013 12:14:39 -0500
To: [REDACTED]
Cc: Summers, Matt; [REDACTED]
Subject: RE: Need contact for Hunter Biden or G-town office

B6

Attach: Hunter Biden.vcf

Hunter Biden
Rosemont Seneca Partners, LLC
[REDACTED]
1010 Wisconsin Ave., NW
Suite 705
Washington, DC 20007
United States of America

From: [REDACTED]
Sent: Thursday, December 12, 2013 12:13 PM
To: Wade, David E
Cc: Summers, Matt; [REDACTED]
Subject: Need contact for Hunter Biden or G-town office

David – we're going to lock in a time and Natter will get 8th Floor room. Do you have contact for us to reach out?

From: Wade, David E
Sent: Tuesday, November 26, 2013 2:15 PM
To: [REDACTED] Bass, John R; [REDACTED] Finer, Jonathan J
Subject: 3/18/14

B6

Just spoke with Hunter Biden, good friend of S, who teaches a class at Georgetown on advocacy. He'd like S to speak to his class on 3/18. If S is here, he'll for sure want to do this. Class would come here to HST.
Can we pencil this in, pls, pending S travel? (Hunter knows that with travel, plans could change.) It'll be an hour somewhere in the 5-730 window, depending on what works best for S.
Thanks,
David

David E. Wade
Chief of Staff
Secretary of State John Kerry
State Department
Washington, D.C.

RELEASE IN FULL

From: Pyatt, Geoffrey R
Sent: Sat, 4 Apr 2015 09:24:50 +0300
To: Nuland, Victoria J;Fried, Daniel;Jones, Paul W;Rubin, Eric S;Charles A. Kupchan
Subject: Struggle for new order: The New Yorker (Watching the Ukrainian Oligarchs)

Gets the color perfect.

From: lbi@lbicompany.com.ua [mailto:lbi@lbicompany.com.ua]
Sent: Saturday, April 04, 2015 12:06 AM FLE Standard Time
To: Kyiv, Media Alerts
Subject: Mustafa Nayyem @mefimus Struggle for new order by The New Yorker (Watching the Ukrainian Oligarchs)

Mustafa Nayyem @mefimus

Struggle for new order by The New Yorker:

Watching the Ukrainian Oligarchs

APRIL 2, 2015

BY SOPHIE PINKHAM

Late last month, two videos appeared on YouTube that seemed to enact, in real time, the struggle between the old and new orders in Ukraine. The star of both videos was the oligarch Igor Kolomoisky, whose fortune comes from banking, aviation, media, and oil and gas. His power is not limited to the business world; in March 2014, he was appointed the governor of the Dnipropetrovsk region, where he used his wealth and influence to quell separatism, keep the violence in the neighboring regions of Donetsk and Luhansk from spreading westward, and protect his own financial interests. He accomplished this, in part, by providing substantial funding and assistance to some of the volunteer battalions that have been compensating for the inadequacies of the Ukrainian Army.

In mid-March of this year, Ukraine's government put in place reforms meant to improve corporate governance, curb the power of oligarchs, and, in particular, to reduce Kolomoisky's authority over the oil-and-gas sector. Kolomoisky wasn't pleased, and on March 19th, Radio Liberty (a branch of Radio Free Europe that was founded as an American news source for the Soviet Union) posted his first YouTube hit.

The video opens with a group of men, who are dressed like soldiers, carrying boxes, sports bags, and what appear to be firearms into the headquarters of the state-owned oil-pipeline company UkrTransNafta. Its C.E.O., a Kolomoisky ally, had just been replaced, meaning that Kolomoisky would lose his considerable influence over the company. Kolomoisky is then seen leaving the building, flanked by thick-necked men in black.

Radio Liberty's Serhiy Andrushko, one of several journalists at the scene, asked what the governor was doing at a state-owned company at night.

A reasonable question. But Kolomoisky, who is known for his talent for invective, exploded with rage. Despite clear signs that he himself was engaged in an illegal raid, he claimed that

he was saving the company from corporate raiders and Russian “saboteurs.” The absurdity of his argument was overshadowed by its obscenity.

“Why don’t you ask how the corporate raid on UkrTransNafta happened? And how Russians infiltrated the place? Or you just want to fucking see Kolomoisky? We liberated the UkrTransNafta building from Russian saboteurs. And you and your Liberty sit here and fucking guard it, like some bimbo with her cheating husband.” It wasn’t journalists or Westernizers who would save Ukraine, it seemed, but brave oligarchs.

Shocked, Andrushko remained silent.

“Why aren’t you saying anything?” Kolomoisky taunted him. “Do you have any questions? Or did your tongue get lost in your ass? You’re Radio Liberty—you broke up the Soviet Union, threw out the Bolsheviks!”

Many thousands of people watched the video. Serhiy Leshchenko, an M.P. and investigative journalist who is one of Kolomoisky’s harshest critics, argued that Kolomoisky’s attack on the Radio Liberty journalist would mark the end of his career. “Radio Liberty is supported by taxes paid by American citizens,” Leshchenko wrote on March 19th on Facebook, the preferred mode of communication for Ukrainian journalists, activists, and politicians. “The Ukrainian budget is also being rescued using taxes paid by American citizens. American leaders, who are sharing taxpayer money with Ukraine, really don’t like it when you insult journalists. Especially American radio stations that are meant to be defending democratic values around the world.” Ukraine’s government would soon get a call, Leshchenko said, from the American government, telling them they had to choose between corrupt oligarchs and Western values.

On the morning of March 20th, Leshchenko got a tip that armed men in camouflage and bulletproof vests had arrived at the Kiev headquarters of Ukrnafta, Ukraine’s largest oil and gas producer. Kolomoisky’s PrivatBank Group has a forty-two per cent stake in the company. The men spent the weekend securing the building: they brought in supplies, blocked the entries, and even welded metal grills onto the front entries. One of the men told Leshchenko that he was from the Dnipro-1 Battalion, which has been funded largely by Kolomoisky. Dnipro-1 representatives and government officials denied that the men came from the battalion, taking the allegation as a grave insult to patriotic volunteer fighters. But many people feared that the direst predictions about the volunteer battalions—that their oligarch backers would use them to seize power and resources—had come true. Kolomoisky had encouraged these fears, having recently told some Ukrainian officials that he was ready to send battalions from the war zone to defend his financial interests.

The second video of the week was filmed on the night of March 22nd, when the M.P. Mustafa Nayyem, a former investigative journalist, arrived at Ukrnafta to try to find out what was going on. (Nayyem is widely credited with helping to start the Maidan movement, by writing a Facebook post summoning people to Kiev’s Independence Square to protest then President Viktor Yanukovich’s refusal to sign an E.U. Association agreement.) Nayyem’s visit to Ukrnafta was filmed from many angles, by a crowd of journalists who had gathered outside.

After being forcibly denied entry to the building, Nayyem ran into Kolomoisky.

“Hello,” Kolomoisky said, as if greeting a favorite nephew.

“Hello,” Nayyem answered. “What are you doing here?”

"I came to watch you!" Kolomoisky replied. Smiling and white-bearded, with eyes that sparkled behind his spectacles, Kolomoisky looked like Santa Claus in a black leather jacket. "And what are you doing here?" he asked Nayyem.

"I came to see what's happening."

Kolomoisky beamed. "Let's go look together!" He put his arm around Nayyem's shoulders and started walking him down the street.

Nayyem allowed Kolomoisky to guide him for a few moments. "Take your hands off me!" he said at last, half laughing and half angry. He pulled out of Kolomoisky's embrace and stopped in front of the entrance to the building. Nayyem kept moving to enter the building, and Kolomoisky kept inviting him for coffee. Nayyem was playing the role of a journalist, or of a type of politician that is not familiar in Ukraine; Kolomoisky seemed to be asking him to be the old kind of politician, the kind that cuts deals in private. ("Drinking coffee with Kolomoisky" soon became a running joke online.)

Under pressure from Nayyem, Kolomoisky finally said that Ukrnafta was preparing for a corporate raid. Barricading the office was a matter of prevention, he said, and the men in camouflage were just company security. Were they armed? Probably, he shrugged.

This video, too, racked up hits online. It is fascinating, in part, because the late-night disagreement between Kolomoisky and Nayyem is emblematic of the conflict between what Ukraine has been and what it hopes to become. Kolomoisky, who has admitted to making his fortune by illegal means during the wild days of the nineteen-nineties, and who was involved in violent corporate raids as recently as 2006, redeemed himself in the eyes of many, during his governorship, by helping to defend the nation. But his decision to seize state-controlled companies by force was seen as a slap in the face to the Maidan movement, a return to the bad old days. It also underscored the continued vast economic inequality between oligarchs and ordinary Ukrainians, who are poorer than ever. With I.M.F. austerity in place, Ukraine is reducing already paltry pensions and decreasing heating subsidies: some Ukrainians fear that they will have to start choosing between groceries and heat.

Before his seizure of Ukrnafta, Kolomoisky had been accused of using his stake in the company to enrich himself at the cost of the state: for example, he refused to pay 1.8 billion hryvnia (now worth about \$76.7 million, but worth nearly twice as much in October 2014, when it should have been paid) in dividends owed to his fellow stakeholders, claiming that another state-controlled company had stolen gas from Ukrnafta. As Leshchenko put it (perhaps rather optimistically given Ukraine's continuing government corruption), "this is money for Ukrainian teachers, doctors, and pensioners." Leshchenko pointed out that the 1.8 billion could also have been spent on equipment for Ukraine's soldiers, who have had to buy their own helmets, bulletproof vests, and medical supplies. Instead, Kolomoisky paid armed men to guard his money.

The next day, President Petro Poroshenko, himself an oligarch who has broken his campaign promise to sell his lucrative confectionary company, stated that volunteer battalions must be subordinated to the national armed forces and that no governor could have a "pocket army." The interior minister, Arsen Avakov, gave private security companies twenty-four hours to give up their illegal arms. "Personal security groups of businessmen and politicians won't roam the city streets with firearms," Avakov said. "This applies to everyone—quasi-patriots and real patriots, big businessmen and oligarchs."

Ukrnafta was liberated, and Kolomoisky's man at UkrTransNafta was removed for good. On March 25th, Poroshenko accepted Kolomoisky's resignation; they were filmed together at a meeting table in a gilded room. Kolomoisky took the news quite well, leading to speculation about what he'd received in return. Leshchenko and others have argued that he ought to be prosecuted, but at the moment this seems unlikely; he is simply too powerful. He has already threatened to sue the state for the money he claims it owes Ukrnafta. In an interview with The Washington Post, he said, rather menacingly, "A large number of people think Kolomoisky's great, and the only patriot in the country." In fact, many Ukrainians see that Kolomoisky is a patriot only when patriotism is in his own best interest.

<http://redirect.state.sbu/?url=http://www.newyorker.com/news/news-desk/watching-the-ukrainian-oligarchs>

--

With best regards,
LBI Team

<http://redirect.state.sbu/?url=www.lbicompany.com.ua>

(044) 501 58 41

(097) 479-13-50

These are all
press clips.

RELEASE IN PART
B7(C),B3,B6

From: [redacted]
Sent: Wed, 14 May 2014 11:03:07 -0400
To: EAP-Press;EUR-Press;WHA-Press;NEA-Press-DL;SCA-Press;PA Special Assistants;PA
HUB DIRECTORS;PA-IME Staff;PA Office Directors;Ukraine Neg
Narratives [redacted] EUR-Ukraine Desk-DL;Kyiv,
PAS FSOs; [redacted] Ukraine-Russia Coordination;The
Brussels Hub;USNATO PUBLIC AFFAIRS [redacted]

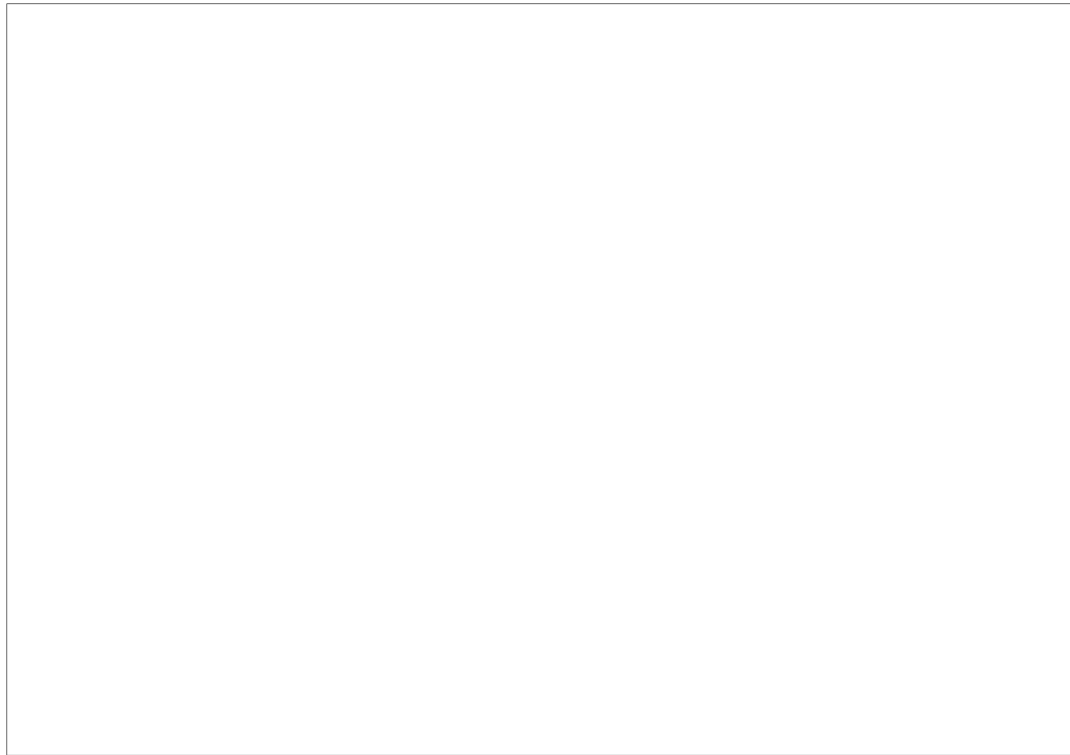
B6

B3
B6
B7(C)

[redacted]
[redacted] Wade, David E; [redacted]
[redacted]

B3
B6
B7(C)

Cc:



Subject: RRU Special Report Ukraine

Attach: Rapid Response 05-14 Special Report Ukraine.doc



Ukraine

Wednesday 05/14/14

Global media note Secretary Kerry's dismissal of the eastern regions' referenda during a meeting with the Italian Prime Minister, and announce the publication of new satellite photos that show Russian forces near the Ukrainian border contradicting Moscow's assertions of the opposite. Coverage reports White House Spokesman Carney referring any questions about Hunter Biden joining the board of a Ukraine gas company to the Vice President's office. Commentators revisit fears of a proxy "Cold War" between the US and Russia.

EUROPE

'US Promotes Roundtable Conferences': Russia's *ITAR-TASS* picks up comments by the Secretary during the appointment of German diplomat Wolfgang Ischinger to co-chair the OSCE-sponsored roundtable conferences in Ukraine. The Secretary said the conferences would focus on decentralization and

constitutional reforms, and he expected the OSCE to help de-escalate the situation and start a dialogue. He also emphasized that the Ukrainian polls May 25 will be a good opportunity for the population to express its will.

Donetsk 'Bans Obama,' Other World Leaders: The UK's *Guardian* and Turkey's *Daily Sabah* report the breakaway Ukrainian region of Donetsk slapped travel sanctions on President Obama, German Chancellor Merkel, UK PM Cameron, and EU foreign affairs chief Ashton – banning them from entering the territory as well as flying over it.

'US Releases Satellite Images of Russian Forces Near Ukraine': Spain's *Antena3*, the UK's *Daily Telegraph*, Russia's *Moscow Times*, and Turkey's *Daily Sabah* all note that Washington released new satellite images Tuesday which it said showed Russian forces were still near the Ukrainian border in recent days. According to the *Antena3* report, the photos were meant to show that "the Russian President lied last week when he asserted his army was retreating." The images were published by the State Department and on the US Mission to NATO's Twitter account, showing helicopters near the border as late as May 9, and a group of armored vehicles nearby on May 12.

'Biden's Son Appointed to Board' of Ukrainian Gas Producer: Russia's *Voice of Russia* reports that Hunter Biden, son of VP Biden, has been appointed to the board of directors for Burisma Holdings, the largest private gas producer in Ukraine. According to the announcement, Biden will consult the company "on matters of transparency, corporate governance and responsibility, international expansion and other priorities" with the aim of contributing "to the economy and benefit the people of Ukraine." *Moscow Times* and *RT* hear a Biden spokesperson and the White House "brush aside" questions about whether Biden's appointment "raised ethical issues." White House spokesman Carney declared Biden and other relatives of the Vice President "are obviously private citizens, and where they work does not reflect an endorsement by the administration or by the vice president or president." A spokeswoman for the Vice President added he "does not endorse any particular company and has no involvement with this company." State Department spokesperson Psaki said only that Hunter Biden is a private citizen.

'France Refuses to Block Mistral Warship Deal': France's *Le Figaro* follows French FM Fabius' trip to Washington and meeting with Secretary Kerry Tuesday. Among other topics, the two officials discussed France's decision to follow through on the sale of two Mistral ships to Russia. The report continues, "While arguing the need to honor the contract with Moscow, for which a part payment has been received, Laurent Fabius did not rule out a reconsideration of the matter, if the 25 May elections in Ukraine are sabotaged by the separatists and their sponsors in Russia. The Americans' emphasis on the issue reflects their broader frustration over a Russian crisis that they failed to anticipate and that they would have loved to 'subcontract' to the Europeans, who are themselves divided over what response to issue." *RFI* hears Fabius tell the Secretary "France needs firmness lessons from absolutely no one," insisting that "France will do its duty, whether in regard to Ukraine or elsewhere." He nonetheless insisted that signed contracts must be honored. The paper points out that Fabius said Kerry "did not formally request the contract be scrapped."

Secretary Kerry Discusses Ukraine with Italian FM Mogherini: Italian media say the Ukrainian crisis was among the main topics of discussion during Italian FM Mogherini's visit to Washington. Mogherini is quoted by *ANSA* and other news sources as stressing that there seems to be "an 'opening of credit' [among the parties]....both Moscow and Kyiv seem willing to work on a minimum base of mutual acknowledgement right now." *Corriere della Sera* writes that "the minister stressed the importance of the presidential election on 25 May and she said that her German counterpart Frank-Walter

Steinmeier's trip to Ukraine yesterday was "useful": "It is positive that Germany is taking on a higher-profile role, with a vision to which it is absolutely possible to subscribe." The aim is to build "a national dialogue in which all of the parties feel involved."

Renewed US-Russia Cold War? France's *L'Opinion* depicts the "paranoid and calculating Putin reinventing the Cold War," positing that he "sees American support to human rights organizations as a way of weakening Russia. He accuses the U.S. of wanting to extend NATO's borders to Russia's doorstep. Putin wants to establish a new world order." Germany's *Deutsche Welle* worries "US-Russian relations have reached one of their lowest points since the end of the Cold War. The question is, as Moscow and Washington face off over Ukraine, can they continue to cooperate on Syria and Iran?" For Russia's *Rossiyskaya Gazeta*, "Russian-American relations have virtually turned into a confrontation. Moscow and Washington are back to seeing each other as open opponents, and they make no secret of this. The relations between Vladimir Putin and Barack Obama will not become constructive again. But then, they have never been particularly close, because of the obvious difference in mentality. Wary of Beijing's growing might, Washington may seek Russia's neutrality. But it would take something bigger for the two countries to put an end to the Cold War in relations between them."

Meanwhile, Russia's *Rossiyskaya Gazeta* suspects "Washington is trying not to miss the moment and to breathe new life into NATO. And, at the same time, to explain Europe, a large part of which pays minor attention to defense potentials, that their security completely depends on Uncle Sam." An expert tells *Center TV* "the United States is using the crisis in Ukraine to drive a wedge between Russia and Europe." The UK's *Guardian* worries "the US is dragging us towards war with Russia," warning that under US influence "we are backing neo-Nazis in a country where Ukrainian Nazis backed Hitler."

US Mercenaries Involved? Germany's *Sueddeutsche Zeitung* speculates on the presence of US mercenaries in Ukraine, cautioning: "The fact that Russian agents and special forces support separatists cannot be an excuse for the West or Kiev to interfere with mercenaries themselves. This would be a way to add fuel to the civil war instead of preventing it...A company like Acadami – the successor to the infamous mercenary company Blackwater – would not accept such a tricky order like the one in Ukraine without getting Washington's approval. Such companies earn a lot of money with government orders. Are there American mercenaries in Ukraine? Who knows...One thing is certain: if mercenaries were deployed they were not worth their money. Eastern Ukraine is still in the hand of separatists."

REST OF THE WORLD

Secretary Kerry Dismisses Referenda, Urges National Dialogue: Kuwait's *KUNA* highlights the Secretary's meeting with Italian Foreign Minister Mogherini counting Ukraine among the topics they discussed in their bilateral. The news agency quotes the Secretary saying: "We all stand together, united for the independence and sovereignty of Ukraine, and we do not believe that ballots that are marked in Moscow or referenda directed from there should decide Ukraine's future... We deplore today's violence and senseless killings, and the separatists who are very busy spreading fear and violence in Donetsk and Luhansk really need to answer the real call of the people of Ukraine, which is under the banner of 'Let us vote,' and that vote, the real vote, will take place in the election on May 25... Kerry said he welcomed the news that the European Union has applied additional sanctions on Russian individuals and Russian companies involved in the occupation of Crimea."

New Satellite Photos Show Russian Forces 'Still Near Ukrainian Border': Australia's *ABC* radio announces the "US has released satellite photos showing Russian soldiers still in position on the border

of Ukraine.” South Africa’s *IOL News* reports that “new commercial satellite photos, published by the US State Department and on the US Mission to NATO’s Twitter account, showed what appeared to be about 20 Russian helicopters at Belgorod, near the Ukrainian border, on May 9...contradicting Russian assertions they had been withdrawn.”

‘Hunter Biden to Join Ukraine Gas Company Board’: Pan-Arab *Al-Jazeera* reports the youngest son of Vice President Biden “has been appointed as head of legal affairs at Ukraine’s largest private gas producer, Burisma. India’s *International Business Times* notes White House Spokesman Carney at Tuesday’s press briefing “referring questions on the issue to the Vice President’s office,” and saying: “the news did not indicate that President Obama was involved with or approved of the appointment... Hunter Biden and other members of the family are obviously private citizens, and where they work is not an endorsement by the President or Vice President.” The paper also quotes the Spokeswoman for the Vice President’s Office Kendra Barkoff saying “Hunter Biden is a private citizen and a lawyer. The Vice President does not endorse any particular company and has no involvement with this company. For any additional questions, I refer you to Hunter’s office.”

Washington ‘Has Not’ Asked Paris to Scrub Sale of Warships to Russia: Singapore’s *Channel NewsAsia* reports that speaking at a Think Tank event on Tuesday, French Foreign Minister Laurent Fabius defended the sale of two warships to Russia, despite US opposition -- while leaving open the door to re-examine the contract in October.” The source notes that “France has so far resisted pressure to suspend the controversial contract, which has triggered protests from the United States and other NATO allies.” It further says “the United States has pushed for France to halt the sale, saying it would be a clear sign of global anger at what they said was the ‘aggression’ of Russian President Vladimir Putin toward Ukraine. The State Department expressed ‘concerns’ and the issue was discussed during Fabius’ meeting with his US counterpart John Kerry on Tuesday... The French official said Kerry had not formally requested Paris renounce the military contract, and he repeated that ‘the final decision will be made in October’.”

US ‘Wary of Russia’ as ‘Europe Presses for Dialogue’: Australia’s *ABC* radio quotes the White House saying “Moscow’s actions remain a concern,” while European nations, led by Germany “are urging dialogue to defuse the ongoing crisis.” The station notes that Moscow says “it supports that dialogue.”

Condemnation of Eastern Ukraine Referenda: Japan’s *Nikkei* argues that “as the plebiscites simply compounded the turmoil, it is only natural for the US, Japan, the EU, and the Ukrainian government to criticize them as ‘illegitimate and invalid.’ The pro-Russian residents are likely to take an even harder line toward the government in Kiev by taking advantage of the results of the referendums. Concerns remain high about possible bloodshed as a result of violent confrontation.” Canada’s *Globe and Mail* argues that “Russian efforts to destabilize Eastern and Southern Ukraine so as to bring the country to heel can slip into war, creating a human catastrophe in Ukraine, and a flood of refugees beyond. An easy Russian victory in Ukraine can encourage Russian actions against the other republics... The West has a strong interest therefore in supporting the territorial integrity and independence of Ukraine. The West must continue to pursue an activist diplomacy backed by strong sanctions.”

RELEASE IN FULL

CQ Transcript

FULL SENATE FOREIGN RELATIONS COMMITTEE HEARING ON "UKRAINIAN REFORMS TWO YEARS AFTER THE MAIDAN REVOLUTION AND THE RUSSIAN INVASION"

March 17, 2016 09:44AM ET | Federal News Service

Full committee hearing on "Ukrainian Reforms Two Years After the Maidan Revolution and the Russian Invasion."
(24/48)

Subject: Ukrainian Reforms Witnesses: Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland; Ian Brzezinski, senior fellow in the Atlantic Council's Brent Scowcroft Center on International Security; and former U.S. Ambassador to Ukraine John Herbst, director of the Dinu Patriciu Eurasia Center at the Atlantic Council, testify Location: 419 Dirksen Senate Office Building Time: 10:00:00 Date: 2016-03-15

CORKER: The Foreign Relations Committee will come to order. I want to thank our distinguished witness for being here and our -- our panelists coming after this.

We appreciate all of the input on Ukraine we can get. And to our secretary, you've been up here on a number of occasions and I think you know that Congress has tried to support Ukraine in their efforts.

We've passed several pieces of legislation that have become law. All of them have been focused on the fact that we've been concerned, really, at multiple levels and with differences.

But generally speaking, we've been concerned about the lack of support for Ukraine. Some of which has emanated from the administration. We know that you've been a strong voice.

Sometimes your rhetoric -- and -- and we've had some discussions about this -- has been beyond what the administration is actually doing. And we've had conversations about that.

But we know that you're a career servant and we appreciate the role that you play certainly in the region and -- and throughout Europe. But again, our -- our focus in the past has been to make sure that we're doing the things that we need to be doing to -- to support Ukraine.

Today's hearing is a little different. And that is that there are some things that Ukraine needs to be doing itself. And let's face it, had Ukraine 20 years ago really tried to focus on some of the same issues the rest of Europe had focused on, than it would have been a very different place.

And so we have a country that has tremendous reforms that need to be put in place. There's an agreement that has been negotiated. You know, a lot of concerns about Russia's adherence to this agreement -- Minsk too.

Parts of it, though, require the country of Ukraine to be taking steps itself. And so, you know, we're at a point now where I think Congress, again, has been pushing -- heavily pushing the administration to be more involved in helping Ukraine.

We're at a point now where -- where there's a balance, I guess, that we're seeking where Russia still is doing those things to create a -- a frozen conflict, if you will, on Eastern Ukraine.

At the same time, there are things that Ukraine needs to do for its own good. I do want to say as an advertisement, we had as part of one our bills the -- the IMF reform. And we were unable to pass a bill that dealt with that.

But through the omnibus process, our office was able to work with the Treasury Department to put in place IMF reforms that now has caused us to -- to live up to our obligations with the IMF.

And let's face it, the IMF is playing one of the biggest roles in causing Ukraine to be able to move ahead with reforms by the carrot and stick approach that they're able to employ.

But again, we appreciate you being here today. I think, you know, there are concerns about Ukraine's own ability to fight corruption. To deal with the economic issues that need to be dealt with inside the country -- the fiscal issues.

CQ Transcript

Certainly there have been some bold steps that have been taken. Some isolated bold steps. At the same time, we've had some resignations from people who feel like that those steps aren't enough or feel like they're being marginalized.

Simultaneously, again -- simultaneously we have a Russia that continues to aid some of that corruption and at the same time do things on the Eastern border that keep the Ukrainian government, sort of, off step and not able to fully focus on their own internal issues.

This hearing today hopefully will give us a much better sense of what type of pressure the United States should be placing where we should be as it relates to Ukraine today.

We thank you very much for being here and with that, I'll turn it over to our distinguished Ranking Member, my friend, Ben Cardin.

CARDIN: Well, thank you very much, Mr. Chairman. And thank you for the way that you've got our committee engaged in what's happening in Ukraine and Russia. It's -- it's truly been, I think, appropriate oversight by the United States Senate.

So thank you very much and particularly for this hearing. Secretary Nuland, I thank you for your incredible service to our country. It's an interesting day for you to be here with the Chief of Commission's (ph) in town.

I don't know if that's good or bad that you can escape them for a little bit. But anyway, I know that you're very busy and we very much appreciate you taking time to be with us today to go over the critical next step as it relates to Ukraine and U.S. policy in Ukraine.

Since the Maidan demonstrations in 2013, the United States supported the people of Ukraine and reformers and the government as they withstood Russia's illegal annexation of Crimea and Russia's supported violence in the Eastern Ukraine.

Russia continues to wage war in the East. The popular sentiment in the West is that the Minsk cease-fire is holding.

But I see reports of Ukrainian soldiers being killed and the overall level of violent attacks increasing. Tanks in the region circulate without restraint while observers from the OSCE are severely limited in their movement.

I understand that the Ukrainian friends must implement political elements of Minsk, constitutional reforms, and elections. But we also must seek commensurate (ph) progress from the Russians on the security and political fronts.

The United States and E.U. should maintain and even consider strengthening robust sanctions on Russia until it fully implements the Minsk agreements. Despite the persistent threat from the East, events over the course of the last few months have demonstrated that Ukraine's central struggle lies within.

Earlier this year, Ukraine's reformist economy minister resigned due to the government's inability to root out entrenched corruption. The deputy prosecutor also resigned citing similar concerns.

There's been progress in the reform movement -- there's no question about that. But it has been too slow. This committee has held several hearings in Ukraine since the start of the crisis that have sought to identify the security, economic, and technical assistance the United States can provide to help support Ukraine's internal reforms as well as fight against Russia.

But over the course of this time, the United States has committed \$760 million dollars of assistance to the Ukraine -- including security assistance. Ukraine's parliamentarians responded by passing critical pieces of reform legislation and have dramatically improved Ukraine's microeconomic situation.

The government should be commended for reducing public expenditures by nine percent -- cutting the budget deficit to just two percent of GDP from 10 percent -- undertaking reform to the energy sector to eliminate energy subsidies imploding an exchange rate to eliminate Ukraine's current account deficit.

CQ Transcript

NON-RESPONSIVE

Earlier this year, parliament passed broad-based tax reform and the government adopted a budget for 2016 that is in line with the IMF requirements.

So while Ukraine has made progress on the economic reforms, it has been hampered by entrenched interests that wish to maintain the corrupt system upon which they have built massive fortunes.

I again call on Ukraine's leaders to show courage and resolve in -- in pursuing progress against corrupt individuals who wield influence in the country. I believe the United States can play a role as well as exposing and pursuing corrupt Ukrainian officials who use U.S. financial institutions to direct ill-gotten gains.

As an important step was taken on General Prosecutor Shokin resigned earlier this year. But parliament must now accept his resignation. And this must be followed by a commitment to take concrete steps towards judicial reform, civil service reform, law enforcement reform, and a transparent and open privatization process of Ukraine's 1,800 state-owned enterprises.

The Ukrainian people have suffered under multiple corrupt regimes. And took to the streets to demand good governance, democracy, respect for human rights, and rule of law.

The current government, while having made substantial strides, the pay up (ph) to reform is struggling with corruption. Simply put, the government is moving far too slow on the reform process.

It is imperative that the government re-energize the reform process or it will lose the support of the international community. And more importantly, it will lose the support of the Ukrainian people.

Mr. Chairman, I look forward to hearing from the secretary and distinguished guests on the second panel.

CORKER: Well, thank you for those comments. And I think that, you know, if I could get to the essence of what many of our concerns are. And we express these directly to leaders who come here from Ukraine and those that we visit there.

I think we're at a point where we're concerned about these sanctions in Europe being continued. We want them to be continued, obviously. We -- we consider Russia to be the villain in this process.

But we're worried that without Ukraine taking steps forward to -- to do the things that they've agreed to do, that Europe will view them as the reason that the Minsk II agreement is not being put in place. And that will fracture Europe's ability, if you will, to continue working together to keep those sanctions in place.

So again, thank you for being here today. Our first panel witness, as we've stated, is the Honorable Victoria Nuland -- commonly called Victoria. Who serves as the Assistant Secretary for the Bureau of European and Eurasian Affairs, U.S. Department of State.

We thank you for your distinguished service to our country and for being here today. And with that, please summarize your comments in about five minutes or so. Without objection, your written testimony will become part of the record. Thank you.

NULAND: Well, thank you very much Chairman Corker, Ranking Member Cardin, members of this committee. Your bipartisan support, your visits to Ukraine, the assistance you have provided has been absolutely essential to the American goal of supporting Ukraine's democratic security (ph) and future.

Before I begin today let's just take a moment, if we may, to honor the sacrifice of Ukrainian pilot Rada deputy Nadiya Savchenko. Who was seized in Ukraine in 2014, dragged across the Russian border, and unjustly held and tried in Russia.

Today, her hunger strike continues as the court in Rostov (ph) again delays an announcement of its verdict. Nadiya's struggle is a stark reminder of the pressures Ukraine continues to face even as it works to build a stronger, more resilient country for its citizens.

CQ Transcript

I want to thank this committee for its continued focus on Nadiya Savchenko and all Ukraine's hostages and for the passage of Senate Resolution 52. We call on Russia to release her immediately and return her to Ukraine and to her family before it's too late.

Like Nadiya, all across Ukraine, citizens are standing up and sacrificing for the universal values that bind us as a transatlantic community. For sovereignty, for territorial integrity, for human rights and dignity, for clean and accountable government, and for justice for all. The United States has stood by Ukraine as Russia has sought to stymie its democratic rebirth at every turn.

Today, however, as you both mentioned, Ukraine's European future is put at risk as much by enemies within as by external forces. The oligarchs and kleptocrats who control Ukraine for decades know that their business model will be broken if Maidan reformers succeed in 2016.

So they're fighting back with a vengeance, using all the levers of the old system -- their control of the media, state-owned enterprises, Rada deputies, the courts and the political machinery. While holding old loyalties and threats over the heads of decision makers to block change.

Against this backdrop, Ukraine's own leaders have been locked for months in a cycle of political infighting and indecision about how to restore unity, trust, and effectiveness in the reform coalition and how to reboot the government and its program.

Every week that Ukraine drifts internally, that reform is stalled. IMF and international support goes undisbursed and those inside and outside the country who prefer the old Ukraine grow more confident.

The ability of the United States and the international community to continue to support Ukraine depends upon the commitment of its leaders to put their country and their people first.

So all those who call themselves reformers in Ukraine have to work harder now to rebuild consensus behind a leadership team and an IMF and E.U. compliant program of aggressive measures to clean up corruption, restore justice, and liberalize the economy.

We continue to believe that 2016 can and should be the year that Ukraine breaks free from the unholy alliance of dirty money and dirty politics which has ripped off Ukrainians for far too long.

But without that, Ukraine risks sliding backwards once again into corruption, into lawlessness, into vast old statehood (ph). But here's the good news, since I last testified before this committee about five months ago, Ukraine has stabilized its currency. It's rebuilding its reserves.

It passed its first winter without relying on Gazprom gas. It approved a 2016 budget that's in line with IMF requirements. It passed civil service reform, it broke its own record for wheat exports, it stood up an anti-corruption bureau and a special prosecutor. And it began to decentralize power and budget authority to local communities.

The very week that -- in February -- that the current government survived a no confidence vote, Rada deputies also approved five critical pieces of legislation to stay on track with IMF conditions and E.U. requirements for their bid for visa free travel and they passed another piece of legislation just today.

U.S. assistance has been critical to all of these efforts. As you said, Mr. Ranking Member, we committed over \$760 million dollars in assistance so far plus two \$1 billion dollar loan guarantees.

And U.S. advisers serve in almost a dozen Ukrainian ministries and localities helping to deliver services, eliminate fraud and abuse, improve tax collection, and modernized Ukrainian institutions.

With U.S. help, newly vetted and trained police officers are patrolling the cities -- the streets of 18 Ukrainian cities. In court rooms across Ukraine, free legal aid attorneys funded by the U.S. have won two-thirds of all the acquittals in the country. Treasury and State Department advisers have helped Ukraine shutter over 60 failed banks and protected the assets of depositors.

CQ Transcript

And since there can be no reform in Ukraine without security, over \$266 million dollars of our support has been in the security sector, training 1,200 soldiers and 750 Ukrainian National Guard personnel and supplying life saving gear. In F.Y. '16, we are continuing that training and equipment of more of Ukraine's border guards, military, and Coast Guard.

But it is urgent that Ukrainian President Poroshenko, Prime Minister Yatsenyuk, and the leaders of the Rada come together now behind a government and a reform program that deliver what the Maidan demanded: clean leadership, justice, an end to zero-sum politics and backroom deals and public institutions that serve Ukraine citizens rather than impoverishing them or exploiting them.

In 2016, our U.S. assistance program, with your generous support, is designed to support all of these priorities.

Specifically, we will support Ukraine as it takes further steps to clean up its energy sector, to appoint and confirm a clean and new prosecutor general who's committed to rebuilding the integrity of the PGO and indicting and prosecuting the -- the corrupt as it takes steps to improve the business climate and move ahead with privatization, state-owned enterprises, and strengthen the banking system and strengthen judicial independence and to improve services and eliminate graft in areas that affect every Ukrainian including health care, education, transportation, and also to modernize the Ministry of Defense.

Of course, Ukraine's greatest challenge remains the ongoing occupation of its territory in Crimea and Donbass and its effort to restore sovereignty in the East through the full implementation of the Minsk agreements.

These agreements, we believe, remain the best hope for peace. Last time I came before this committee, Ukraine was in a better place. The September 1st cease-fire had largely silenced the guns and some Ukrainians were even beginning to go back to Donbass.

But as you both have said today, things are heating up again. We've seen a spike in cease-fire violations taking the lives of 68 Ukrainian military personnel and injuring 317.

In February alone, the OSCE monitors reported 15,000 violations. The vast majority of which originated from the separatist controlled side of the line of contact.

And despite President Putin's commitment to the other Normandy leaders, Russia and separatist forces continue to deny OSCE monitors access to large swaths of the Donbass.

At the early March meeting of Normandy foreign ministers, Ukraine supported concrete steps to pull back forces from the line of contact, to increase OSCE monitors and -- and equipment in key hotspots, and to establish more OSCE bases deeper in the Donbass and on the border.

Taking these steps now and releasing hostages would greatly improve the environment for compromising Kiev on election modalities and political rights for Donbass.

In the meantime though, neither Moscow nor the self-appointed Donbass authorities should expect the Ukrainian Rada to take up key outstanding political provisions of Minsk. Including election modalities and constitutional amendments before the Kremlin and its proxies meet their basic security obligations under Minsk.

Here again, with will and effort on all sides, 2016 could be a turning point year for Ukraine. If security can improve in the coming weeks, if more hostages can be returned, if the parties can finalize the negotiations on the political issues of Minsk, we could see legitimate leaders elected in free and fair elections in Donbass by the fall and the withdrawal of Russian forces and equipment and the return of Ukraine sovereignty over its border before the end of the year.

We will keep working with Ukraine to do its part to implement Minsk. And working with our European partners to assure that Russia stays under sanctions until it does its part -- all of it.

CQ Transcript

And of course, Crimea sanctions must remain in place so long as the Kremlin imposes its will on that piece of Ukrainian land. Mr. Chairman, Mr. Ranking Member, members of this committee -- we always knew that Ukraine's road to peace and sovereignty, to clean and accountable government, and to Europe would not be easy.

Today the stakes are as high as ever. With strong leadership in Kiev, 2016 can and should be a turning point year for Ukraine sovereignty and its European future.

If and as Ukraine's leaders recommit to drive the country forward, the United States must be there to support them. At the same time, we must be no less rigorous than the Ukrainian people themselves in demanding the Kiev leaders take their own responsibility now and deliver a truly clean, strong, just Ukraine while they still have the chance.

I thank this committee for its support for Ukraine -- for a Europe whole, free, and at peace. I look forward to answering your questions.

CORKER: Thank you very much for that testimony and for your efforts on our behalf. I'm gonna focus on one issue and then save the rest of my time for interjections along the way.

But on the -- the issue of the sanctions that we, along with the European Union, have put in place against Russia, there's no question is there -- that Putin is sully (ph) some degree of discord there and that keeping those in place beyond June is something that's very important to see this through. Is that correct?

NULAND: Absolutely.

CORKER: No question that -- or at least my observation would be that the announcements yesterday in Syria by Putin relative to their withdrawal -- we don't know the size and scope of that yet, although it sounds like it could be fairly sizable -- is intended to somehow influence that. Is that correct?

NULAND: We continue to look at the Syria theater and the Ukraine theater as two separate places. We will judge the Ukraine action based on what is done in Ukraine. And as you know, the sanctions are linked to Ukraine.

So for more perspective, what is done in Syria should not impact the choices that Ukraine...

CORKER: But do you now -- do you not agree that Putin is -- is trying to be perceived as someone who's working well with the international community and in essence, some of his actions are intended to hopefully, over time, cause the European Union to -- to break apart relative to their resolve, if you will, relative to the sanctions?

NULAND: I think there's no question that he is lobbying hard inside Europe to come out from under sanctions.

CORKER: So as we meet -- if you could give us guidance -- as we meet in Tompft (ph) with Ukraine officials. I think everyone on this committee has -- certainly understands what happened on the Maidan. Understands the -- the -- what has taken place in Ukraine heralds that.

But at the same time there are concerns about the progress. That's what this hearing is about. If you were to look at the Minsk II agreement, what are the pieces of that that are in Ukraine's hands?

That -- that maybe Southern Europe or components of Europe might look at and say, "well, Ukraine is not fully doing the things that it needs to do and therefore maybe we ought to consider lightening up Ukraine."

What are the things that worry you the most?

NULAND: I think what's worrying me the most is -- is -- are the comments that we hear from some parts of Europe. That as week after week, Ukraine is unable - - Ukraine's leaders are unable to come together behind a refreshed government. That the country is drifting. That there isn't the will to drive forward with Ukraine.

And therefore there probably won't be the will to implement Minsk. We don't agree with that but it is causing doubt in Europe about whether continued support for Ukraine is warranted.

CQ Transcript

CORKER: And if you were, you know, with our many interactions with the country, obviously, we passed legislation. I know that the administration is working to support efforts. The IMF is doing the same.

What -- just the formation of that government itself, the continuation is, in essence, the most important thing that we can push for. Is that correct?

NULAND: Absolutely. But not just coming together in terms of reloading the government but reloading the government and the leadership coalition in the Rada behind an aggressive program of IMF compliant reform.

There is, as I said, a lot still to do. So they have -- it's not just about the people, it's about the program.

CORKER: Thank you. I'll reserve my time. Senator Cardin?

CARDIN: Well, again thank you very much for your testimony. I'm gonna follow up on what Senator Corker's referring to. Because it seems to me if Europe does not extend the sanctions and we have not -- if Minsk is not implemented and if Europe is not -- is not willing to extend the sanctions in June, it has profound impact on Europe, let alone Ukraine.

Here we are seeing Russia's influence in Europe, or its national sentiments growing. We've seen that in some of the recent elections and some of the European countries.

So I'm -- I'm deeply concerned that our strategies during the next couple months need to be focused on European unity. And focused on the culprit in -- in Ukraine, which is Russia.

They're the ones who caused the current violent activities that are taking place in that country. So I want to focus on how we can be more effective in getting Ukraine to implement the critical reforms that they have not been able to do.

I agree with you. The economic reforms, the budget, the monitoring -- that's been -- they've been on schedule doing a lot of important changes. And this winter, without the reliance on the energy issue, that's a huge change in behavior in -- in the country at incredible cost, politically.

It's not an easy thing to implement these changes. But the oligarchs still control the political process. And when a country's coming towards reform, you always have the problems within the civil service that you need to root out the corruption there by adequate budgets and paying civil servants adequate salaries.

But in Ukraine, the problem stems from the top. And that is the relationship between the business interests in the political system to preserve a corrupt system which the elitists benefit from and want to continue to benefit from.

How does the United States be more effective in rooting out that type of corruption and supporting leaders in that country that take brave stands and the right stand that the people of Ukraine want? How specifically can 2016, you say, can be a great year? What can the United States do to make 2016 that type of a year?

NULAND: Well, the first thing that we do is what we've done throughout this. Which is to peg our assistance to those things that the IMF and the E.U. need to see for reform.

So in particular, we have pegged our next one billion dollar loan guarantee, first and foremost, to having a rebooting of the reform coalition so that we know who we're working with.

But secondarily, to ensuring that the Prosecutor General's Office gets cleaned up, as I said. The current prosecutor general, as you mentioned, has -- has resigned.

We need to see a clean model citizen who is really gonna take justice forward in Ukraine -- appointed there and confirmed.

We need to see the next stage in de-oligarching (ph) the economy, if that is a word. And -- and by that, it's some of the things that I mentioned including privatization of the state-owned enterprises that are used to siphon off money.

CQ Transcript

It is cleaning up the tax service, the customs service. All of these places where money is siphoned off. It's creating transparency in media holdings and these kinds of things.

It is shoring up the banking system further so that it can't be used to -- to rip people off. It's -- it's strengthening private agriculture so that agriculture can't become -- can't -- can't persist as an oligarchic haven.

And -- and more unbundling in the energy sector. And all of our assistance programs are designed to support those concrete steps as Ukraine takes them. But if they don't take them then we won't be able to disperse in those areas.

CARDIN: Let me ask you specifically about judicial reform. The judiciary historically in Ukraine has not only been a facilitator of corruption, it's been a source of corruption.

NULAND: Right.

CARDIN: So what do we do to specifically hold Ukraine accountable on judicial reform?

NULAND: Well, as I said, the first thing is to see that the Prosecutor General's Office gets cleaned up. We have advisers in that office which have helped us to better understand what needs to happen.

It will start with new leadership. It will start with a review of all the justices. We're also supporting the constitutional amendments to the judicial aspects of -- of Ukraine's leadership.

It's passed the Rada in the first reading and needs to pass in a second reading that will help create more accountability for justices. More transparency in terms of their -- their own ownership, et cetera. And we're doing a lot of judicial retraining and would like to do more.

CARDIN: As I also understand in Ukraine, there's a history of loyalty of judges to particular political interests rather than an independence of -- are the reforms aimed at giving judges the independence they need to make independent choices rather than just following the will of the political elite?

NULAND: Well, as you know Senator Cardin -- because you've been a champion of this across Europe -- it is a long process, but absolutely. And it starts with transparency and their -- and their own financial holdings.

It -- it -- it also goes to stress testing the -- the qualifications of all justices. It goes to breaking the link between politics and their appointments.

All of those kinds of things that we've had to do in other -- had to support in other parts of Europe. And we're really just at the beginning in Ukraine.

CARDIN: Thank you. Thank you, Mr. Chairman.

CORKER: Senator Perdue?

PERDUE: Well, it's good to see you again. Thank you for being here and your testimony is always very direct and enlightening. I also appreciate your recent trip to the European Defense Conference in Munich.

And -- and some of your off-the-record comments were very helpful. But I want to talk about two things that I didn't hear talked about there. And I know you have a heart for both of these.

But I'd like to get just an update for the committee. One is Crimea and the other is Georgia. You know, it's hard to believe it's been two years since Russia went in and illegally annexed, in my opinion, Crimea. And have basically cut them off from their Ukrainian news and also Internet providers and so forth.

Russia's submitted their control of Sevastopol -- their warm water port there. And in connection with what they're doing in Tartus and Latakia. In Syria as well as Kaliningrad and Murmansk.

CQ Transcript

It's easy to see what Russia is doing and why Crimea is so important to them militarily. My question is very simple. Can you give us an update about where we are with Crimea -- is in the active conversation about returning Crimea to Ukraine? And what other pressure can we put on Russia to -- to actually entertain a conversation about returning Crimea to Ukraine?

NULAND: Well, thank you Senator. We obviously share your concerns. Not only about what is happening inside Crimea and human rights for citizens -- in particularly minority populations -- but also the militarization of Crimea, which has an impact.

So the primary lever that we have are the continuing U.S. and European Union sanctions that preclude any investment by any of us in Crimea and put under sanctions any entities that would try to trade.

So again, the theory of the case here is that if you bite off a piece of another country's territory, that it dries up in your mouth.

PERDUE: Is it the position of the administration though that Crimea and the occupied portions of the Eastern Ukraine are all one and the same in the conversation with regard to the sanctions in -- in Russia?

NULAND: Well, we're pursuing them in parallel but separately. The Minsk accords govern how the Donbass conflict could be settled and sovereignty could be returned to Ukraine.

We have made clear that we will never recognize Crimea's occupation and incorporation into Russia. And the sanctions will stay in place until that is resolved.

PERDUE: Good. Thank you. That -- that clears that up. Let's talk about Russia just a minute -- or Georgia just a minute. You know, it's a -- I guess technically a frozen conflict, as some people term it.

And Russia has a history of creating these frozen conflicts. You know, it's hard to also believe it's been eight years since Russia invaded Georgia. And now today, eight years on one-fifth of Georgia's territory and about a third of the population resides in Russia-controlled territory within Georgia.

Our own state of Georgia has a National Guard relationship and a partnership with the -- the country there. And I know there's some forward moving activities this spring in Georgia.

And I've spoke recently with our own acting (ph) general about their efforts there. Can you give us an update, you know, their defense -- or Georgia's Defense Minister Tina Khidasheli.

And she's talking about ongoing concerns. This is the former chief (ph), I guess. The -- the recent occupation of the territory and what efforts we can make there to bring that into an active conversation?

I understand these are part of the sanctions but can you give us an update on that frozen conflict?

NULAND: Well, thank you, Senator. And thanks for what Georgia does for Georgia. It's a great partnership. And the Georgian -- people of Georgia very much appreciate it.

I think you know that in the early days of the U.S. and -- and -- and the NATO partnership with Georgia, our security assistance was primarily directed towards helping Georgia to deploy with us to Afghanistan and other -- other places. Make them interoperable -- able to go at distance, et cetera.

We have, in -- in the recent period both in U.S. assistance to Georgia and in NATO assistance to Georgia as we head towards our NATO summit in Warsaw, reoriented that assistance on the security side at Georgia's request to help strengthen resilience, self-defense.

Address their concerns about not only the continuing APAs (ph) issues but the -- the fact that there may be efforts to move the lines, et cetera. So we're very much focused on the self-defense aspects of that relationship.

CQ Transcript

PERDUE: Do we oppose -- sorry -- do we oppose the Russian effort to put that rail line down to Armenia through occupied Georgia?

NULAND: The -- the Georgians are trying to work with the Russians now on a more appropriate rail link that can be of positive benefit to everybody and not exploit the situation.

One thing I would say though is that we have encouraged the government into policy (ph) to continue to reach out, particularly to the people of Abkhazia, and to help them to benefit from the new arrangements that they have with Europe. And ensure that they increasingly see benefits from those kinds of arrangements which stand the change to make Abkhazia far more prosperous than anything Russia has to offer.

PERDUE: Well, in meeting with Defense Minister from Georgia, Tinatin Khidasheli -- she's the current, not the former, but the current Defense Minister. She's very concerned about that rail line as I'm sure you guys are aware.

NULAND: Yep.

PERDUE: One last question with the time remaining. If, you know, let's go back to Russia. Last year, the administration had Ambassador Paula Dobriansky -- former Undersecretary of State for Democracy and Global Affairs -- actually propose to this committee the West-imposed embargo on spare parts for Russian oil refineries.

I know this is getting into weeds a bit. But as -- as we look at having these sanctions have more bite in Russia -- and to actually get them to moderate their activity -- Russia's heavily dependent on Western spare parts for their refining industry.

Is this something that we're thinking about? Is this a possibility for things like pumps, compressors, catalytic agents and so forth -- within their refining industry?

NULAND: Senator, as you know we have maintained an active list of the kinds of future sanctions we might need if Russia were to go further in Ukraine, et cetera.

I -- I will talk to you, if I may, in a separate setting about those kinds of things.

PERDUE: OK. Thank you. Thank you, Mr. Chairman.

CORKER: Thank you. Senator Shaheen?

SHAHEEN: Good morning. Thank you for all of your work on a daily basis and for being here this morning, Secretary Nuland.

I wanted to pick up on Senator Corker's question about the impact of Russia's actions in Syria and how that affects Ukraine. I was in Ukraine with several other senators back in October.

And it was shortly after Russia made its move into Syria. And the Ukrainians that we talked to were convinced that that was a diversion and that once they decided to leave Syria, they were gonna be refocused back on Ukraine and heat up the conflict in Ukraine again.

So don't we have to assume that they're -- that whatever Russia's doing is gonna have some impact on what happens in the Ukraine?

NULAND: Well, I would -- I would argue, Senator, as I said in my opening that in recent weeks and months, we've seen a good level of low-level violence perpetuated primarily by Russia and the separatists they support on the line of conflict.

So it never really calmed down in -- in Ukraine. I think the world's attention has been more focused on what Russia has been up to in Syria. So I think the question becomes whether there will be more bandwidth to pay attention, as well to what's happening in Ukraine.

CQ Transcript

SHAHEEN: You talked about a number of things that need to happen in Ukraine. The kinds of things that you mentioned -- judicial reform, reducing the influence of the oligarchs in the economy, agriculture reform -- the whole list of things.

Those are things that take time. And as I'm watching what's happening in Ukraine, people want to see something happen now. So as you assess where things are, what's the most important change that you think would have an impact on the public so that they would feel like there's positive momentum there to address their concerns?

NULAND: Improvement across the board in the justice system so that individual people feel like justice is served. Locking up some big corrupt fish, including some folks from the Yanukovich era.

Improving services, you know? People are still ripped off when they go to the hospital, when they try to get education, et cetera. Things that impact human beings. That's why the police reform has been so impactful. Because everybody sees it on the street.

But also cleaning up graft in the tax system, in the customs service. Because, you know, everybody trying to do business gets ripped off at every stage. And then really beginning, as could happen in 2016 and 2017, to first create transparent boards for all of these state-owned enterprises and then to privatize them.

SHAHEEN: So are we concerned by the IMF's decision to delay their planned disbursement of debt assistance to Ukraine? That that will have a negative impact on some of these initiatives?

NULAND: I think the IMF, like the U.S. government, doesn't have a choice right now so long as we are not sure who our partner will be on the other side of the table.

SHAHEEN: And how -- how aware do you think President Poroshenko is of these realities? Let me -- and let me just preface that with when we were there in October and we met with him, he was all about, "we've got to address corruption."

But when we said to him, "you know, that starts with you." He -- he didn't seem to have any -- didn't acknowledge any awareness that -- that that was important to setting a -- a model for the public.

NULAND: I would commend (ph) to you the speech that Vice President Biden gave on the floor of the Rada in the middle of December. He couldn't have been clearer or more public about what our support depends on.

I also joined his meeting with President Poroshenko in Davos where the same points were made. And he's made the same points in repeated phone calls over the last couple of weeks with both President Poroshenko and Prime Minister Yatsenyuk. As has Secretary Kerry in his meeting with President Poroshenko at Munich.

SHAHEEN: Again, I also want to explore some of the issues that have been raised relative to Russia's continued narrative that Ukraine is the problem with resolving Minsk II, it's not Russia.

And what more we can do to support Ukraine -- assuming they take the steps that we're interested in -- but to try and change that narrative, in your opinion?

And let me just ask as part of that, obviously, the challenges that Europe is facing with the migrant crisis and certainly the impact that that's had in Germany on Chancellor Merkel. How does that affect her focus on what's happening in the Ukraine and resolving Minsk II?

NULAND: Well, just to start with the -- the last part first. We've been very gratified by the Chancellor's incredible resolve with -- with regard to Ukraine and her willingness to call it out honestly in terms of who's at fault.

And to support real negotiations on how to -- how to implement Minsk. As I said in my opening, the -- the number one thing here is to stop the violence on the line. Get OSCE access all the way to the border like they're supposed to have.

CQ Transcript

We've been encouraging the Ukrainians to listen to some of the ideas that OSCE has had because the forces are too close in certain hotspots to pull them back.

Get more OSCE in there so that it is more obvious when the firing starts -- where it initiates from -- make it harder for separatists with Russian support to mask the initiation of violence. That's one thing.

Second, to continue to support the negotiations that France and Germany are doing on election modalities under Ukrainian law and compliant with OSCE standards. That includes things like election security, that includes free access to media, et cetera.

Because without those things and without clear, obvious evidence to the Rada that these are gonna be Ukrainian elections -- not some fake elections -- they won't be ready to support the -- the underlying legislation. So we're working on all of those.

SHAHEEN: Thank you. Thank you, Mr. Chairman.

CORKER: Thank you. I want to thank Senator Shaheen for her line of questioning and -- and go back to the comment you made about how we look at Syria as one issue and Ukraine as another.

While in Munich -- and I know Senator Perdue and several other people were there -- General Breedlove reiterated the point that he's made to me on multiple occasions, is that's the problem with U.S. policy right now.

Is that Russia looks at what's happening, they look at the entire blanket. We tend to look at little patches and deal with them as if they're independent and not connected to the other.

And that's why Putin, with the small amount of resources that he has -- a country that's, let's face it, the economy's in shambles -- has been able to have the impact that they're having right now on Europe.

And I would just say, Europe's at the lowest level of self confidence probably seen in modern times. And he's had a huge effect on that. So again, I appreciate your comments about Syria and -- and Ukraine being different.

Russia doesn't view it that way. And they're looking at the entire portfolio in a way where they've been very successful. And they've undermined our interest in the region by doing so.

So I would just ask that, instead of looking at them separately, we -- we look at them as a continuum and realize that our NATO policy -- as General Breedlove says so forthrightly in everything we're doing in Europe -- we have to look at the entire blanket and not look at these as isolated issues.

With that, Senator Barrasso?

NULAND: Senator, may I just quickly say that I didn't mean to imply that we don't look at the totality of Russian actions and intentions. Of course, we do. And how the things interact.

My point was simply because they're withdrawing or have said they're withdrawing troops in Syria, should not mean that we let them off the hook in terms of sanctions, vis-a-vis, their activity in Ukraine.

CORKER: I understand that's us. I'm just saying that when he's used refugees as a weapon of war, when he's done the things that he's done with energy and other -- other assets that causes him to have leverage over Europe, all of these things are playing a role in weakening Europe's resolve relative to these sanctions.

With us doing \$50 billion a year in trade with Russia and them doing \$450 to \$500 billion dollars a year in trade with Russia. Obviously, us helping them keep that resolve in place is very, very important.

And again, I think Putin is looking at the entire blanket as he looks at these issues. And hoping that somehow in June he's gonna be able to break down Europe's resolve in combination with the other things that he's doing in the region. With that, Senator Barrasso?

CQ Transcript

BARRASSO: Thank you, Mr. Chairman. Great to see you again, Madame Secretary. I agree with Senator Corker. Putin has been very obvious. His objective is to restore the former Soviet Union and show his strength. Everything else, as Senator Corker just pointed out, they're just tactics to do that.

And it's very aggressive and opportunistic and no matter where he's playing that game, that's I think, based on his objective and everything else is attacking -- we ought to take a look at the overall objective.

And with regard to Vice President Biden's statements in December with regard to Crimea, he made the speech and he said, "let me be crystal clear." He said the United States does not, will not, never will recognize Russia's attempt to annex the Crimea.

So you know, what additional sanctions should we put -- put in place? What actions is the administration taking right now to press for the return of Crimea?

NULAND: Well, Senator, just to say that our sanction regime, vis-a-vis Crimea with the European Union, is pretty much complete. We don't allow any investment, any trade, by any of our people. We don't allow, you know, tourist travel or any of that in Crimea.

So it really is an investment-free zone for all of us and we will continue to maintain that -- that strong regime. We also try to speak out as we -- as we learn about what's happening inside. In particularly, human rights abuses against minority populations, expropriation of libraries, those kinds of things...

BARRASSO: It doesn't seem to be having the intended effect. So just looking to see what additionally can be done...

NULAND: I think we'll continue to look at what else we can do.

BARRASSO: With regard to energy security. I wanted to visit about -- we've seen Russia. They continue to demonstrate over and over again willingness to use energy resources as a weapon.

And Putin's used Russia's natural gas to extort, to threaten, to coerce our allies as well as our partners. The international community saw Putin use natural gas as a political weapon against Ukraine in 2006-2009.

So talk a little bit about support the United States could have in assisting Ukraine to advance its energy independence, to support energy diversification and reform in the -- in the energy sector.

Because it continues to be a problem in my trips there visiting with folks on the ground. Energy and the ability of Russia to control and command has a huge impact.

NULAND: Well, first just to say that -- that Ukraine has made really terrific progress on the energy front. As I said in my opening, this was the first winter that they didn't have to depend on Gazprom gas. Which, you know, for those of us who follow Ukraine is -- is pretty miraculous.

There is obviously much more work to be done. They've -- just to go through some of the things they've already done -- they've taken the first steps towards unbundling the state-owned companies.

Separating it into two entities with our -- by linking our assistance to their willingness to take energy steps, we've now encouraged the establishment of an independent board of naphtha gas. They've begun to increase gas tariffs to market levels as they need to.

They're improving the corporate governance of naphtha gas. Next, they have to fully unbundle the market. They have to liberalize it. They have to privatize more of it. They have to establish an independent regulator which is one of our main reform requests at this next stage.

They need a separate electricity market law. They have to do more to harmonize with E.U. regulations. So we have assistance in the 2016 budget to help them do all of those things.

CQ Transcript

But again, it's gonna depend on how having a strong government committed to those things that's unified behind them.

BARRASSO: You know, when I was there they were asking about us exporting some of our...

NULAND: LNG.

BARRASSO: LNG. We certainly have an abundance in this country and we should be using this as the master resource that it is. Do you agree that natural gas exports from the United States can serve as an important diplomatic tool for us to strengthen our national security and assist our allies in helping them alleviate some of the manipulation and the threats from Russia?

NULAND: I absolutely do and now that we have reverse flow gas back into -- into Ukraine, it's very important. We have folks all over Europe hoping some of that gas that's now available will make it whether it's to Lithuania or Poland or other parts.

BARRASSO: Well, they've built that regasifier with the independence that -- that has been not built, but brought into the -- into the -- into the waters to be able to...

NULAND: Right.

BARRASSO: They're just waiting for us to be able to -- to export.

NULAND: And I think, you know, that we have, for the last two years, worked really aggressively I have, as has Secretary Kerry and Secretary Moniz and -- and Amas Hoeksteen (ph), our special adviser on all kinds of projects to help diversify European energy markets and -- and make them more open to other forms of gas than Russian gas.

BARRASSO: Bring us up to date, if you could. I was just thinking, in the middle of December Ambassador to the United Nations -- Samantha Powers -- said Russia continues to violate cease-fires daily.

And in October, General Breedlove told reporters that what we have not seen is Russia removing any of its forces from the Ukraine. And he said, "you have not heard me report at this podium before command and control air defense, artillery spotting, support -- artillery support, personnel supplies -- all still supplied to Donbass by Russia."

Are these assessments still true today as they were in October? As they were in December? And is Russia continuing to send its mercenaries, its troops, its tanks into Ukraine?

NULAND: Absolutely. We still have hundreds and hundreds of pieces of Russian heavy equipment in the Ukraine. We still have thousands of Russian forces in support in Ukraine.

BARRASSO: So Russia is currently in violation of its political agreements and cease-fire commitments to Ukraine?

NULAND: So those forces and that equipment will have to be withdrawn before Minsk is fully implemented, yes.

BARRASSO: So are there additional things we should be doing to -- again I ask the question regarding -- to Crimea I ask the same question with regard to Ukraine. Are there additional things we should be doing?

You said we've done everything we can with Crimea to stop all the, you know, we have sanctions. But it doesn't seem to have the impact that we'd like. Anything additionally we should be doing with Ukraine?

NULAND: On the security side, I think the training that we've now been doing for more than a year with Ukrainian forces has helped to give them confidence. It's helped to give them better understanding of how to defend their territory.

How to -- how to handle the line of contact to the best of their ability. I think what we need to do now, as I said in answer to Senator Shaheen, is help to get forces separated enough so that we can get more OSCE in there and we can truly demonstrate who is starting it when these flares happen.

CQ Transcript

But we also have to push for more OSCE all the way up to the -- up to the border. Because there are large parts of Donbass where we have no eyes and ears still.

BARRASSO: And then in terms of prepared to provide lethal aid?

NULAND: So as you know, no decision has been made on that. But we are continuing to train and we'll have a big training budget for 2016 as well.

BARRASSO: Thank you, Mr. Chairman.

CORKER: It is my understanding, just for what it's -- thank you for those questions and it's sad to me that we haven't made a decision yet and it's several years now.

But it's my understanding our training also is not really helping them in any offensive way. It's all about defensive issues. Is that correct?

NULAND: Well, again, we haven't provided lethal assistance but we have...

CORKER: But they have some lethal capability themselves. It's my understanding that one of the big complaints in the region is they have assets but we're not really helping them relative to any kind of offensive training that might need to take place. Again, being concerned that Russia might view us as being proactive more so than they would like to see.

But with that, Senator Menendez?

MENENDEZ: Thank you, Mr. Chairman. Madame Secretary, thank you for your service. You know, I -- I want to explore a bit of a different set of questions here.

And they're premised on the fact that I have strongly supported -- have said in my visits to Ukraine, as well as those who have visited from Ukraine to the United States, that there is a need to continue vigorously on the path to reform. And not only to pass flows (ph) but to implement them. And I -- I totally believe in that.

However, I also understand the reality that if I was sitting in the equivalent of our Congress, their Rada, and seeing what the Russians are still doing and talking about doing all of these things -- including the decentralization legislation -- I don't know how far in that process, without reciprocity (ph), that I'm going to be able to succeed at the end of the day.

So you know, I -- I look at the -- the eve of the second anniversary of Russia's invasion of Crimea, which is March 16th. And I believe that Russia maintained control, by one means or another, over the autonomous regions which it seeks to fortify in one way or another.

Cease-fire violations are on the rise. I look at your own written testimony and you talk about OSCE monitors reporting 15,000 violations in February alone. The vast majority which have originated on the separatist control side of the line of contact -- is your testimony.

And I wonder, while we are focused, and rightfully so, in getting the Ukrainians to do what is necessary to reform, that the other side of the equation is lacking. And so, the administration and you have often, here, talked about four pillars. Support, financial, technical, non-lethal security assistance, support other front-line states from Russian aggression, raising economic costs for Russian behavior, and leaving the door open for diplomatic de-escalation, should Russia commit to its commitments.

And so, in that regard, on the third pillar, raising economic costs for Russia's behavior, it still seems to me that our efforts are not creating the conditions where Minsk can be successful. And we've heard from many Ukrainian officials who have circulated to the Senate about their challenges with this. And I think one of the reasons we saw a vote of no-confidence take place, although it was ultimately beaten back, but thinly -- that we have a great challenge there.

CQ Transcript

How can we expect Ukrainians, with all the obstacles they face, not the least of which is occupation by hostile and violent foreign forces, to muscle the political capacity and capability to meet their Minsk obligation when Russia still controls parts of Ukraine and holds military superiority? And is not meeting, from my perspective, their elements of Minsk?

And secondly, as a corollary to that, I'm concerned to read in Jeffrey Goldberg's recent Atlantic article, entitled The Obama Doctrine, where the President said, quote, "The fact is that Ukraine, which is a non-NATO country, is going to be vulnerable to military domination by Russia, we do."

Now, I'm not sure how well that was received in Kiev. And I certainly hope that we have not resigned ourselves to -- that that's going to be the reality at the end of the day. When we don't -- when we train but we train in a way that doesn't provide lethal assistance for the ability to -- self-defense. Because nobody believes that Ukrainians are going to go invade, you know, Russia, right? So, but for self-defense, to give night vision goggles to be able to see the enemy, but not be able to do anything to stop them, well, that's -- that's pretty challenging.

So, I'm really concerned that, on that one pillar between the President's comments and our actions, that we are undermining the rest of the pillars at the end of the day. So, speak to me about that.

NULAND: Well, first on Ukraine's ability to meet its obligations, as I tried to set out clearly in the testimony, before the Ukrainian Rada can be asked to pass the next stage of political agreements for Donbass, whether it's election modalities, whether it's the last reading on the constitution, we've got see Russia and the separatists meet their obligations in terms of security.

So we clearly see a sequence here for Minsk. It's in that context that we are, as I said, trying to encourage the Ukrainians to work with the OSCE, to patrol (ph) these ideas of pullback so we can continue to help them demonstrate where the security problems lie.

But, you know, for months and month and months now, the Russians have been saying that they will give -- they will ensure that their proxies give full access to the territory to the OSCE. And that still hasn't happened. So, you know, this has to happen in the sequence that it was agreed at Minsk, and that's what we expect of the Ukrainians.

At the same time, we're working with them to ensure that, as they negotiate the terms of what an election might look like, that it also truly meets the Minsk obligations, that it be under Ukrainian law, that it be OSCE-compliant, and that we not be having some kind of fake election out there.

With regard to the security assistance that we're providing, you know, our assessment is that the training that we're offering, first to the national guard, now to the regular army and the special forces have manifestly improved their self-defense capability, their unity of command, et cetera.

MENENDEZ: Let me stop you because I have less than a minute left.

You haven't satisfied me about what we are doing to get Russia to move on its obligations. And I know that I hear that you say we expect that the sequencing will happen in the manner in which Minsk envisions. But the reality is I hear a lot about the Ukrainians, and what we expect the Ukrainians to do.

NULAND: Right.

MENENDEZ: What I don't hear virtually anything about is about getting the Russians to live up to their obligations. And it just seems to me that if we saw progress on the Russians living up to their obligations, that we would see greater political will in the Ukrainian congress, the Rada, to achieve the things we want them to do.

But largely I get the sense this is a pretty unilateral pressure. Get the Ukrainians to do -- which we -- I agree. They should do some of these things. But there's no question that doing them without the countervailing real -- with the countervailing reality of Russia as it exists today is an enormous challenge. And I get a sense we've sort of, like, you know, moved on. And that's a problem. And that's a problem.

CQ Transcript

NULAND: Senator, I have to just disagree with that premise. The President raised these issues, including the importance of ending violations and allowing full OSCE access with President Putin. Yesterday, we raised this in every single conversation with the Russians. And of course, the number one issue is maintaining unity of sanctions with the European Union, which we have been able to do, and making it clear who's at fault on the security side, which we'll continue to do.

MENENDEZ: Thank you.

CORKER: Thank you. Senator Risch.

RISCH: Ms. Nuland, that article that Senator Menendez referred to in the -- by the Atlantic Council, painted a pretty bleak picture of the situation. Are you familiar with that article? Did you read that?

NULAND: I am.

RISCH: Are you in general agreement that that's an appropriate assessment of where things stand today?

NULAND: Senator, I'm not sure that's appropriate for me to comment on a journalist's interpretation of where the President stands or doesn't stand. I think the testimony that I gave today speaks to where the administration is on our policy towards Ukraine.

RISCH: But just, the journalist issue aside, does the article -- is the article generally accurate as far as the current situation in the Ukraine?

NULAND: I'm not sure what aspect you're referring to. But I would simply say that the President has led on the issue of maintaining sanctions until Minsk is fully implemented. And that's going to continue to be the administration's policy until we see all aspects of Minsk, including return of sovereignty.

RISCH: I wanted to change subjects for a minute, and I want to talk about the Open Skies Treaty.

NULAND: Yes.

RISCH: And, starting on February 22nd, the administration has 120 days to make a decision on this upgrade that the Russians have asked for, for infrared and some other things that will greatly enhance their ability when they do overflights in the United States. And you're familiar with that, I assume.

NULAND: I am, yes.

RISCH: Where are you in that process?

NULAND: There are still interagency discussions going on. We can brief you in a classified setting, if you'd like.

RISCH: I don't -- I supposed it's not surprising to you that there's a lot of angst here in this body and in your own administration regarding allowing that enhancement. You're aware of that, I assume.

NULAND: I think we would have settled it if it were an easy question.

RISCH: Correct. And I can tell you that in the very near future, you're going to be getting some input from members of this body. And it's going to be not just one-sided. It's going to be very bipartisan, stating real concerns about it.

Are you familiar with the testimony that General Stewart gave in the House Armed Services Committee, the Defense Intelligence Agency (inaudible). Are you familiar with his testimony?

NULAND: Forgive me, Senator. I'm not.

RISCH: OK. He was pretty tough on it. He thought that this is a really bad idea. Are you getting that from anywhere else? Have you heard that from anyone else within the administration?

CQ Transcript

NULAND: Well, again, interagency discussions are continuing on how to manage this, so.

RISCH: The -- I think most Americans would be surprised to hear that there is such a treaty, and that we allow actually spy planes to fly, Russian spy planes to fly over the United States, and do the kind of intelligence gathering that they do.

To be fair, the door swings both ways. That is, we're supposed to be able to do the same. But the Russians routinely prohibit flights over the Russian territories in the Caucasus, around Moscow, and Kaliningrad, and some other places. Do we deny them any access here in the United States?

NULAND: Senator, I'm going to have to take that question. I haven't looked at it in a while, at whether we've had denials of those flights.

RISCH: In your assessment as to whether or not you're going to allow this, are other discussions going on about the fact that they are routinely prohibiting us from doing what they're doing here? Do you know whether that's ...

NULAND: Well, we do try to maintain reciprocity in general. That's what the treaty is about, as you said. So when we have concerns about constraints, we look at how we can ensure that there is a reciprocal response.

RISCH: Who's the lead person in your agency handling this issue?

NULAND: It would be Undersecretary for Security Affairs, Rose Gottemoeller.

RISCH: Thank you very much. Thank you, Mr. Chairman.

CORKER: Thank you. Senator Murphy.

MURPHY: Thank you very much, Mr. Chairman. Thank you for all your work, Madam Secretary. Thanks for coming back again.

Just to try to square the circle on this question of the Syria-Ukraine connection, because I think it's important to underscore what you said. I think there's no doubt that there is a connection between -- in Russia's mind...

NULAND: Yes.

MURPHY: ... between their policy in Syria and their policy in Ukraine. If you ask our friends on the ground in Ukraine, they will tell you that when Russia started to move on Syria, it was like a clicker was switched in Eastern Ukraine. And for a period of time, Russia was very focused on Syria, and that did mean a diminution of offensive activity in Eastern Ukraine.

But until (ph) you said that doesn't mean that we should start blending the boxes together. The worst mistake we could make is to concede that Russia's policy in Syria is tied to our sanctions regime in Ukraine. If you do blend those boxes together, you start to let Europe off the hook

And so I think -- I don't think there's really a distinction between -- at least as I see it, between some of the feelings being articulated by members of the Committee and what you're suggesting. We all acknowledge the connection that Russia is trying to make.

NULAND: Correct.

MURPHY: That doesn't mean that we allow for the Europeans, those that are in the sanctions regime with us, to look at it that way as well.

My question is on this continuing conversation of conditionality of IMF and U.S. support. And let me be slightly contrarian on this fact. I worry that onerous conditions upon our aid and the IMF's decision to do the same thing, in some way plays into the hands of Russia. You know, let's take for example the reforms that we require and that Minsk requires, to devolve power to the contested regions.

CQ Transcript

Well, that become politically unpalatable the more that Russia inflames tensions along that border. The more people that are killed by Russia snipers, the less willing the Ukrainians are to come together on those necessary reforms. The more news there is about Savchenko and her captivity which, of course, is controlled by the Russians, her future is controlled by the Russians, the less willing that Ukrainians are to come together to make some of these reforms.

So, I guess I put this question to you before. But do you worry that by placing all these conditions upon U.S. aid, that we essentially put the Russians in charge of whether it's released or not? Because their ability to, sort of, play politics inside Ukraine is maybe most determinative, or at least substantially determinative on whether the Ukrainians can actually come together and make these reforms.

NULAND: Well, Senator, here, again, I think we need to split the apples and the oranges. So, on the one side there is implementation of Minsk where, as you said...

MURPHY: Right.

NULAND: ... where Russia has the ability with their proxies in Donbass, to heat up the line and make it politically harder for Ukraine to meet political obligations it has to Donbass, which is why we have to maintain the integrity of the sequence of Minsk, as it was negotiated. That there has to be real quiet on the line, there has to be real access before Ukraine can be expected to take the next steps in the political package on Minsk.

That's a different matter than whether we have a strong unified governing coalition of unity between President, Prime Minister, and the key Rada sessions on the next step of reform for Ukraine internally, the breaking of corruption, the cleaning up of institutions, all of those things.

So frankly the IMF program is condition on Ukraine staying the course on reform. And our assistance is conditioned on them being inside their IMF program. So I think we have to become -- we have to stay rigorous, because otherwise we are just funding the continued oligarchic capture of the country. And those folks are certainly not interested in Minsk either.

MURPHY: We're just playing a dangerous game of chicken here, which is...

NULAND: Yes.

MURPHY: ... that at some point their reserves run out, and we will be faced -- and of course, this is the game that Russia is playing. They are hoping to undermine unity inside Ukraine so long as is necessary to prevent its assistance from becoming real. And so at some point we may just have to reconcile our desire to keep Ukraine economically afloat, and our desire to push them at the speed that we would like on reforms that are admittedly very difficult, if not impossible, to make while your country is being occupied.

And my last question is, on our Committee's path forward here, and Congress's path forward, as to how we can be most useful in support for Ukraine. There's, you know, always a feeling, a paranoia inside Kiev that the U.S. Congress and the U.S. government is going to focus its attention somewhere else. And I hope that we've answered most of those concerns.

But what I hear is that the most important thing that we can do is to pass a multi-year assistance commitment to Ukraine, so that they know that we are partners with them, not just on the military side but on the economic and anti-corruption program. And so I know that discussions here about, you know, what a new Ukraine support bill could look like. But isn't some sort of multi-year commitment -- isn't some signal that we are, as a Congress, still willing to put money into this endeavor, whether it be in IECA (ph) or some other source, an incredibly important message to send?

NULAND: Well, we very much appreciate the plus above IECA (ph) and the reestablishment of IECA (ph) that we have now. And there is some hope in the Department at large that it would be flexible enough for all kinds of global contingencies. You know, we do budget on a year by year basis, but we always welcome multi-year commitments by the Congress to the projects that we share interest in, including Ukraine.

CQ Transcript

MURPHY: OK. Thank you, as always, for your service. An advertisement, again, for our great staff inside Kiev who are continually working 24/7. Ambassador Pyatt got to visit with some of us this week. We're very lucky to have you and to have your team on the ground there.

Thank you very much, Mr. Chair.

CORKER: Thank you, Senator Murphy. Senator Gardner.

GARDNER: Thank you, Mr. Chairman. Thank you, Secretary Nuland, for being here and your testimony today.

In September of 2014, President Poroshenko was addressing a joint session of Congress, and I believe he had made this statement, urging lawmakers to provide more political support, as well as military equipment, both lethal and non-lethal, to Ukrainian soldiers. And the quote that was so memorable from that speech was, "Blankets and night vision goggles are important," he said. "But one cannot win a war with blankets."

I know the conversation that we've had before this Committee, you've talked about a decision on military equipment, lethal equipment, not being made yet. Could you talk a little bit about -- the decision to do that hasn't been made yet.

NULAND: Right.

GARDNER: If you were to decide to allow lethal weapons -- first of all, do we have a time frame for that (inaudible)?

NULAND: Well, first of all, Senator, let me just say that, since the appearance by President Poroshenko before the joint session, we really have, with all of your support, plussed up what we are doing in Ukraine.

And not just in terms of the 1,200 soldiers and 750 national guard we've already trained, and the next stage going into the army and the special forces, but also in terms of the kind of equipment that we've provided, including Humvees and UAVs and two counter-artillery radars, and mortar radars, and all kinds of thermal vision devices and secure radios and, you know, exploded ordinance, robots, and all these kinds of things. So we are really giving a lot more than we were at that time.

I don't have a time table for you on a lethal decision.

GARDNER: If a decision was made to allow lethal weapons, what would that allow? What would Ukraine forces be able to accomplish with those lethal weapons?

NULAND: Well, again, I don't want to speculate on what we would actually go for if that decision were made. But there are a range of issues -- of things that they have asked for in the past.

GARDNER: If -- again, I'm not saying that you would do it, but if some of those were allowed, what would the Ukraine forces be able to accomplish?

NULAND: I think the original proposal that they made, at a time when the separatist forces in Russia were still taking additional territory quite aggressively, were things that would deal with the weapons superiority, in terms of dealing with Grads, dealing with tanks, advancing, et cetera. They also have always wanted more on the ISR side.

GARDNER: And if this assistance were granted, that they would be able to push back on those territorial gains as well as the equipment advantage you're talking about?

NULAND: Conceivably. But as you know, we don't have offensive combat now. We have skirmishing on the line, but the hope both on the Ukrainian side and on the international community is that we can settle this through implementation of Minsk and the withdrawal of Russian forces.

GARDNER: And I believe you may have had this conversation with Senator Perdue in relation to his question, but what has, sort of, our position and our inability to really effect change in Crimea -- what has that done to our allies in the region from their perspective, when it comes to the U.S. assistance rate (ph), like Georgia and others?

CQ Transcript

NULAND: Well, I think we are, as I said earlier, trying to change the way we approach Georgia. So our security assistance is less about preparing them to deploy elsewhere and now more about hardening their self-defenses, their resilience, their ability to ensure that they don't lose further territory. So that is very much in keeping with what they want.

I think there is concern in the region with the increased militarization that we're seeing in Crimea. And that is something that we are concerned about, and allies and partners are raising with Russia as well.

GARDNER: There was a -- I guess, this past January, I had the opportunity to visit NATO headquarters in Brussels. I visited directly with General Breedlove. I talked about, sort of, the Russian situation both in Ukraine and beyond, threats to Estonia, the Baltics, and others.

How well prepared do you believe NATO is to counter the Russian threat if it does indeed lead to aggression in the Baltics, or Poland?

NULAND: Well, Senator, I think this is one thing we can all be proud of, is the work we've done through the European Reassurance Initiative with your terrific support. And, as you know, the administration has put forward a four-fold increase, for \$3.4 billion this year for European reassurance.

We now -- as compared to just two years ago, we now have U.S. forces and other NATO forces, land, sea, and air, in all of those countries. We have prepositioned equipment. We have a much more aggressive training schedule. We've worked with each of those countries bilaterally on the continuum of securities, from border security, civilian security, to military security. We now have NATO headquarters elements in each one of those six countries. So it is a much tougher and harder target for Russia. And we've made clear that that deterrent will continue.

GARDNER: With that being said, though, do you agree or then disagree with the assessment. I believe it was a RAND study, just a few months ago, that said if Russia decides to move on Europe, that it would just take a matter of days before they could overpower NATO. Is that an inaccurate assessment, then?

NULAND: Again, I haven't read the -- I've read the summary, but not the details of the RAND study that you saw. I think a Russia that challenged NATO would ultimately come to grief over that.

GARDNER: But, I mean, the assessment said it would take three days. I mean...

NULAND: Again, I haven't...

GARDNER: ... come to grief over that, I agree. I mean, it would be disastrous. But...

NULAND: I mean, I've seen various studies that say that Russia would take some territory in initial phases, but I have every confidence that NATO would be able to restore sovereignty.

GARDNER: Do our allies in the Baltics share that confidence?

NULAND: What they want from us is continued presence, particularly presence of American forces. So these rotational elements that we've been able to maintain through the ERI are extremely important, where we've had, you know, 700 young Americans out there in these countries on a regular rotational basis. So it's on that basis that we ask you to continue to support ERI and particularly the very big increase that we've asked for in 2017.

GARDNER: And what do you anticipate in terms of the agreements to fulfill their two percent requirement in Europe, that it will be ultimately achieved?

NULAND: It remains a problem. We are doing better at reversing the slide. We have very few allies now, just a handful who are still cutting. And we are now starting to see -- I think we have 12, 13 allies who have started to grow their defense budgets again, but this is very much a focus of all of our bilateral, multilateral work as we head to the Warsaw Summit, to be able to say that we definitively started to grow back to two percent all across the Alliance.

CQ Transcript

GARDNER: Yes. And I guess I'm running out of time here, but I would like to ask you this. If you could get back to me on this point, with the RAND assessment, I would like to know whether or not you agree at this point in time, whether or not that is an accurate assessment of NATO's capabilities in Europe?

NULAND: We'll take a look at that,...

GARDNER: Thank you.

NULAND: ... and get back to you.

CORKER: Well, thank you, Madam Secretary. We appreciate you being here today, and your service to our country. I think, you know, obviously the topic today was the reforms inside Ukraine that need to occur. And we obviously want to see those happen, and understand, on the other hand, the constraints.

I think you also heard from people on both sides of the aisle of a concern that exists relative to our push-back against Russia, their ability to punch way beyond their weight. No doubt some of this -- a lot of this is right in their neighborhood and causes them to have greater influence than otherwise they would.

But I think, again, the balance here is that, yes, we need to continue to encourage and work with Ukraine to create the reforms that need to take place inside the country. But I think there's still a dissatisfaction, generally speaking, with the push-back that's taken place relative to Russia. And we still want to push the administration to assist Ukraine as much as possible.

I'm, you know, very disappointed with the outcome in Syria, and Russia's ability to really take advantage of a vacuum and play an outsized (ph) role there, in a way that put us in a very -- in a very difficult situation, which we shouldn't have been put into because we, ourselves, allowed that vacuum to exist.

So, anyway. We thank you for your service. We appreciate your comments. We look forward to working with you. And with that, we'll call on Panel Two.

NULAND: Thank you very much.

CORKER: We thank you for sitting through that, and hopefully that will help you somewhat with your questions that you'll have in a moment. But we want to thank our second panel for being here.

Our first witness is Mr. Ian Brzezinski, Brent Scowcroft Center on International Security at the Atlantic Council in Washington, D.C. Mr. Brzezinski served as Deputy Assistant Secretary of Defense for Europe and NATO Policy from 2001 to 2005. We thank you for your continued involvement in helping us with this topic.

The second witness is the Honorable John E. Herbst, Director of the Dinu Patriciu -- I'm going to let you pronounce it -- Eurasia Center, also at the Atlantic Council from 2003 to 2006. He served as our ambassador to Ukraine. We thank you for the knowledge you're going to share with us today.

If you could summarize your comments in about five minutes and, without objection, your written testimony will be a part of the record. And if we could begin in the order you were introduced, we'd appreciate it. Again, thank you, both.

BRZEZINSKI: Chairman Corker, Ranking Member Cardin, members of the Committee, I'm honored to participate in this hearing addressing the progress of reform in Ukraine following the Maidan Revolution and the launch of Russia's invasion of that country.

Those two events transformed the course of history in Ukraine. The Maidan Revolution was a powerful demonstration of popular demand for democracy and good governance, and also the nation's desire to be a fully integrated member of the West.

The second event, Russia's unprovoked military invasion of Crimea and Eastern Ukraine stand amongst the most dramatic actions in President Putin's campaign to re-establish Moscow's control over the space for the former Soviet Union.

CQ Transcript

What is at stake is of critical interest to the United States. If allowed to succeed, Putin's ambitions will lead to a new confrontational divide in Europe, between a community defined by self-determination, democracy and rule of law, and one burdened by authoritarianism, corruption, hegemony, and occupation.

It is in this context that Ukraine launched its most aggressive effort at comprehensive economic and political reform since attaining independence. This undertaking has been only made more challenging by the tragedies caused by Russia's invasion, 9,000 Ukrainian deaths, countless wounded, 1.6 million internally displaced persons, and the loss of economically valuable territory.

Ukraine's reform efforts have also been undermined by Russia's decades-old campaign of subversion, one that includes information warfare, energy embargoes, economic sanctions, and terrorist and cyber-attacks.

Despite these challenges, Ukraine has made progress. Its tax collection, pension, and government procurement systems have improved. New vetted and trained police forces now operate in Kiev, Lviv, Odessa, Kharkiv, and elsewhere. Anti-corruption laws have been passed, and a government austerity program is being implemented. With that said, and as was pointed out by Assistant Secretary Nuland, the process of reform is far from complete, it moves too slowly, and remains too easily reversible.

A strategy to assist Ukraine must integrate initiatives to, one, impose greater costs on Russia for its aggression, two, enhance Ukraine's capacity for self-defense, three, assist Ukraine's efforts at reform and, four, further its integration into the Euro-Atlantic community.

Toward these ends, current targeted sanctions against Russian individuals and firms should be escalated to a broader and more comprehensive sectoral sanctions, including against Russian financial and energy sectors. Today's sanctions may be hurting the Russian economy in the context of low oil prices, but if their intended outcome has been to deter Russian aggression, they have failed.

One specific step that was mentioned earlier today is to embargo the sale of spare parts to Russia's vulnerable refinery industries, oil refinery industry. This step, proposed to this Committee by Paula Dobriansky, would degrade an important source of revenues that help sustain Russian military operations.

Second, NATO should significantly reinforce its presence in central Europe, larger and more responsive exercises and operations, and the establishment of bases in Poland and the Baltic States, equipped with brigade and battalion level capacities, respectively, are in order. These are reasonable steps in light of Russia's military buildup and the magnitude of its aggression in the region.

Third, Western assistance has been helpful to Ukraine's armed forces. The time is long overdue to grant Ukraine the lethal defensive equipment it has requested. The provision of anti-tank, anti-aircraft, and other systems would complicate, add risk, and increase the cost of operations against Ukraine. In light of Moscow's rhetoric and its belligerent force posture, this requirement has not lost its urgency.

We must do more to counter Russia's significant information campaigns. This is not just a media battle. It's also a matter of physical presence. U.S. consulates should be established in key cities, such as Odessa and Kharkiv. This would expand economic ties between these cities and the West, and provide us greater situation -- awareness of the surrounding regions.

Fifth, we should work to link Ukraine's energy sector to an emerging north-south corridor of gas and oil pipelines in Central Europe. This corridor, linking the Baltic, Black, and Aegean Seas, promises to unify Central European energy markets and bind them into the broader European energy market.

A robust Ukrainian link to the north-south corridor would further diversify Ukraine's energy supplies, facilitate Ukraine's integration into an emergent single-European energy market, and actually strengthen Europe's energy resiliency, Europe as a whole, by enabling it to leverage Ukraine's significant gas storage facilities.

CQ Transcript

Sixth, we should assist Ukraine to design a national strategy to restructure its defense industry, a very significant element of its economy, so that it can become better aligned with Western business practices and western market structures.

Finally, assistance to Ukraine in its reform efforts should rest upon a firm embrace of Ukraine's trans-Atlantic aspirations. Those aspirations are powerful drivers of reform.

Mr. Chairman, the recommendations I listed are prudent, defensive, mutually reinforcing, and consistent with the desire of the Ukrainian people to live in peace, freedom, and under the rule of law, and to see their nation become a fully integrated member of the West. It pays us also to enhance the prospects of peace in Europe.

Thank you.

CORKER: Thank you very much. Mr. Ambassador.

HERBST: Chairman Corker, Ranking Member Cardin, members of the Committee, thank you for the invitation.

For more than two years, Ukraine has faced a double challenge, Kremlin aggression and the crisis of reform. In May of 2014, newly elected President Poroshenko faced economic catastrophe and an advancing Russian-led, financed, and supplied offensive in the Donbass. Ukraine's sharp economic decline bottomed out in the third-quarter of last year, which was a year of substantial reform and economic stabilization.

Today there is a largely stabilized line of contact in the east between Russian forces and their proxies in the occupied territories, and Ukraine's troops to the west. In short, Ukraine has pulled back from the brink of disaster, but its circumstances remain difficult.

For a year and a half, the Minsk process has been the key -- a key factor in the effort to bring peace to the east. Cease-fires have been in effect officially since September of 2014, but both the Minsk I and Minsk II cease-fires have been violated regularly, with most violations coming from the Russian side.

The terms of the Minsk II agreement were similar to Minsk I but worse for Ukraine. Under the Minsk II cease-fire, 375 Ukrainian soldiers have died, 1,500 have been injured. Since the Minsk I cease-fire went in place, Russia has seized over two -- 700 additional square kilometers of Ukrainian territory. This has not been a real cease-fire.

Minsk II's terms are worse than Minsk I, but they are adequate as long as the E.U. insists that sanctions imposed on Moscow remain in place until Minsk II is fully implemented. Thus far, sanctions have been the most effective tools the West has used to encourage Moscow to end its war on the Donbass. They are responsible for a 1.0 percent to 1.5 percent drop in the Russian GDP, and while last year Russia's GDP dropped 3.7 percent, wages dropped up to 10 percent, and the IMF expects Russian GDP to fall again this year.

It is essential that sanctions stay in place. Chancellor Merkel has been key in this. She says that Russia's operations in Syria will not affect sanctions policy, but Chancellor Merkel's political standing is weaker as a result of the immigration crisis. If she becomes substantially weaker, the E.U. sanctions on Russia are in jeopardy. Her drubbing in Sunday's provincial elections were not a good sign.

President Poroshenko and Prime Minister Yatsenyuk are the best senior team in Ukraine's history, but they must make the right decisions for reform to succeed. Ukraine's vibrant civil society and impressive cohort of young reformers in the Rada and in minister and deputy minister slots have been encouraging the president and the prime minister to make those decisions. Ongoing advice and assistance from the E.U., the United States, and especially the IMF are critical in helping Ukraine's leadership to make the right choices.

2015 was ultimately a successful year for reform. The budget passed in 2015 reduced public expenditures by nine percent of GDP, and cut the budget deficit from 10 percent to two percent. Parliament passed a host of laws that were also very reform-minded. Ukraine's GDP dropped 11 percent, but most of that was in the first half of the year. In the fourth quarter there was no decline in GDP, and the IMF projects modest growth for Ukraine this year.

CQ Transcript

While reform was substantial in 2015, it was not enough for many Ukrainians. Critics focused on the absence of any change in the prosecutor general's office and the judiciary, and claimed that the president and the prime minister were not interested in going after these major sources of corruption. Early this year, three reform ministers resigned quietly. Then, Economic Minister Abromavicius resigned, complaining that he could not do his job because of corruption. And that corruption goes all the way to the top.

Reformers in civil society spoke up for Mr. Abromavicius. So did the U.S., the E.U., and the IMF. In response, President Poroshenko called for the removal of Prosecutor General Viktor Shokin, and the Rada passed reform language -- reform legislation that had been blocked for months.

In February, two parties resigned from the coalition. Since then, Mr. President -- President Poroshenko's party has been negotiating with other parties to ensure that it retains a majority. Those negotiations continue. The president has to name a prime minister who can gain a majority of votes in the Rada and who is acceptable to the West and especially the IMF.

This whole affair, starting with the resignation of the Economics Minister, has damaged Ukraine's reform credentials. Many observers read the headlines and assume that reform in Ukraine has not made progress, but that is not true. Progress has been made consistently since 2014, and even during this crisis, the Rada passed reform legislation.

Under the current line-up in the Ukrainian government and in the Rada, there will always be one step backwards before you get to two steps forward for reform. This is the way that progress will take place in Ukraine, and we need to understand that.

The Obama Administration has a mixed record regarding Moscow's aggression and its support for Ukraine. It has been a strong and effective advocate for imposing and maintaining sanctions on Russia. Dan Fried and Tori Nuland were -- to get credit for that. The Obama Administration has also provided important military training and some hardware to Ukraine, as Tori outlined.

But the -- and the administration also understands the way reform will move in Ukraine. Vice President Biden has been a great advocate for reform in Ukraine, but the Obama Administration has failed to recognize the magnitude of this crisis.

President Obama has said that the crisis in Ukraine is a regional crisis. This is false. When a nuclear superpower changes borders in Europe by military force, this is a global crisis requiring strong American leadership. Mr. Putin has not hid his goal of changing the post-Cold War order in Europe, which is a vital threat to American interests.

To increase the odds that Mr. Putin does not commit aggression elsewhere in Europe, we must help Ukraine defeat Moscow's war in the Donbass. At an absolute minimum, we should make the war on Ukraine by Russia as painful as possible for the Kremlin. With these goals in mind, we should provide Ukraine with robust military support, at least \$1 billion a year for three years.

Ukraine needs four to six more units of counter-battery radar for long-range missiles. Ukraine needs lethal defensive weapons to defeat Russia. If the U.S. had provided 25 Javelins to Ukraine in January of 2015, Ukraine forces would have defeated Moscow's Debaltseve offensive. If we gave Ukraine 50 Javelins today, we would make it very, very painful for Russia to continue its territorial aggression in Ukraine.

There is another reason for thwarting the Kremlin aggression. Moscow's war against Ukraine, the seizure of Crimea, is the single greatest blow to the nuclear non-proliferation movement ever. Ukraine gave up its nuclear weapons in return for assurance from Russia, from Great Britain, from the United States, and from France, and we have ignored those assurances.

Our economic assistance should also be much greater. It should be seen as an investment in our security, a point that former Treasury Secretary Larry Summers made in advocating \$10 billion of Western aid for Ukraine. The U.S. should shoulder up to \$5 billion of this package. It should consist of loan guarantees, direct budget support, debt swaps, as well as assistance to support reforms in key sectors, such as banking.

CQ Transcript

Coupled with strong military assistance and the maintenance of sanctions on Moscow, a large aid package would help Ukraine defeat the Kremlin's aggression and transform itself into a prosperous democracy with close links to the West.

Thank you. I'm sorry for going over my time.

CORKER: Well, thank you very much for your testimony. And obviously the title of this hearing has been more about reforms in Ukraine, and obviously concerns that Europe may utilize the lack of some of those reforms occurring as a reason to loosen sanctions, which we don't want to see happen.

But could you follow up, Mr. Herbst. It appears that, in your testimony -- and I want to ask Mr. Brzezinski the same thing, that you feel like now our push toward Ukraine's reformation process is not balanced, that we're not doing enough on the other side of the equation to push Russia. Is that correct?

HERBST: Absolutely. Our military support for Ukraine has been growing, and it's much better today than it was a year ago, but it's still inadequate. And we still worry far too much about, quote/unquote, "annoying or provoking Russia" than about defending our interests in Ukraine. Because the Kremlin -- Mr. Putin is vulnerable in Ukraine. His people do not want the Russian Army fighting in Ukraine. And there are thousands and thousands of Russian soldiers right now.

The lethal defense of the -- the lethal defensive equipment we would provide we make it much more painful for Russia to commit its next offensive action. And while I'm not expecting a major offensive, the Russians are grabbing land every week, or trying to grab land every week. They've taken at least 700 additional square kilometers under the cease-fires, the Minsk cease-fires. We want to make it much more painful for them to do that.

CORKER: You heard Secretary Nuland speak to the fact they've not made decisions yet relative to defensive lethal weaponry. What do you think is causing the Administration to be so slow in that process? Or actually just stall it off, and it's evident it's not going to happen. But what is the reasoning for this?

HERBST: I think that the Administration -- the President does not want to provide military -- defensive military -- defensive lethal equipment to Ukraine because, quote/unquote, "it will provoke Moscow." And I think there's a fundamental geopolitical misunderstanding at the top.

The crisis -- if you understand that changing borders in Europe by aggression is a major crisis, then you will take steps to deal with that major crisis. We have taken good steps, although not enough, to strengthen the position of NATO, especially the Baltic States and Poland, and Romania. But the point is, the Kremlin has been emboldened, first by our weak reaction towards aggression in Georgia, then our weak reaction to the seizure of Crimea.

If we provide Javelins to Ukraine, if we provide, as Ian suggests, anti-aircraft, serious anti-aircraft capacity to Ukraine, it would make it much more painful for the Kremlin to continue its aggression in Ukraine.

The President, if you believe the article that Jeff Goldberg did in the Atlantic that Senator Menendez referred to, the President believes that will lead to war with Russia. That is simply false. If we permit the Kremlin to succeed in Ukraine, they'll be emboldened to commit provocations in the Baltics where we have an Article 5 obligation to defend them. And that's more likely to lead to war, giving the Russians a free hand in Ukraine, than a policy of helping Ukraine defend itself.

CORKER: Now, to coin a phrase one of my colleagues used, but it appears that Russia's appetite is growing by eating them. In other words, as they continue to do what they're doing, their appetite grows for that.

Mr. Brzezinski, do you want to respond to the balance issue and the lack of lethal defensive weaponry?

BRZEZINSKI: Yes, sir. I would say, in short, look at our current posture and our policies towards Russia. They have not succeeded, specifically when it deals with Ukraine. After two years, Russia is still occupying eastern Ukraine, still occupying Crimea. It's consolidated -- it's used the last two years to consolidate its position in both.

CQ Transcript

In eastern Ukraine, over the last year General Breedlove, SACEUR Commander, reported that they've moved in over 1,000 pieces of heavy equipment. They've tightened their command and control capacities. Coordination remains deep and resupply continues. They continue to amass forces on Ukraine's eastern frontier. In Crimea, they've been using the time to transform Sebastopol and the other bases on Crimea into basically a hub of an A2/AD zone in the area, aerial denial access zone that reaches deep into Ukraine and much of the Black Sea. So we haven't had effect.

And on lethal assistance, you know, while the U.S. military assistance to Ukraine has been useful at the institutional level, helping the Ukrainian ministry of defense and general staff further develop their doctrines, their personnel structures, the logistical capabilities and such, there is a real need, an urgent need, for lethal assistance at the tactical level.

Why? Just look at Russia's force posture. It has those mass forces on Ukraine's eastern frontier, increased forces now in Crimea. They regularly conduct SNAP exercises involving tens of thousands of forces to demonstrate capability to rapidly mobilize and deploy, and conduct offensive operations into a neighboring country, like Ukraine. And Ukraine right now doesn't really have the capacity, as John pointed out, to really impose significant costs on an aggressor.

Providing lethal assistance such as anti-tank weapons, anti-aircraft weapons, advance forms of artillery, better UAVs, targeting systems, Ukraine would be in a better position to deter such aggression. It's long overdue.

CORKER: What is a -- and both of you talk to officials inside the country, as we do. But from your perspective, obviously we want to see reforms take place inside of Ukraine. They've been their own worst enemy. They'd be in a very different place had they moved along with reforms like much of Eastern Europe did years ago. We understand it's a problem. It's endemic in their society. It's a holdover from the Soviet Union in many ways.

So they have issues that they have to deal with. We want to push them along. We want their country to be better. We want the things that happened on the Maidan to be realized after a country that certainly is western-oriented and have both types of values.

And at the same time, we're concerned about Europe's response to the lack of progress that may be occurring, and then shifting blame, if you will, to Ukraine, away from Russia. But you just listed a host of things that we're not doing, that we're not doing to help Ukraine on the other hand, with the frozen conflict. I actually listened to testimony -- not that frozen, initial land being taken by Russia.

What is the -- what are the conversations that you hear within, as we push for reform, on one hand, and needed reform, and on the other hand, don't fully support, if you will, their efforts to push back against Russia? What kind of - what does that generate internal to Ukraine?

BRZEZINSKI: I think it sends a mixed message. I mean, when we ask Ukrainian leaders to undertake aggressive, systemic political and economic reform, we're asking them, we're encouraging them -- the people are asking them to undertake changes that involve a certain amount of risk.

Change creates opportunities and vulnerabilities, even as you're pursuing higher ends. And if we don't complement our efforts to support and pressure reform in Ukraine with a stronger position against Russia, I think we're actually creating risk to the reform process.

Russia's actions are not just designed to seize territory. They're designed also to undercut the prospects of reform. And so we have to impose a higher penalty on Russia.

It's stunning to me that, after two years in which Russia has been basically occupy -- not only occupying territory of Ukraine, but sustaining a campaign of information warfare, economic embargoes, cyber-attacks, even terrorism, we haven't increased the pressure on Russia. We haven't transformed our sanctions from targeted sanctions that basically hit a limited number of individuals and entities, including entities that have very little relationships with the vestiges (ph) or arms industry. We haven't escalated. We haven't really leveraged the full weight of our economic power against Russia.

CQ Transcript

That resonates in Ukraine, and I think it makes them less confident to take the steps that are inherently risky, albeit necessary.

CORKER: Mr. Herbst. Ambassador. Excuse me.

HERBST: (inaudible) I would endorse Ian's points on the impact of our reluctance to provide more military assistance and our less -- not as aggressive as it could be sanctions policy. But I would add one more dimension.

We provide Ukraine substantial economic assistance, but just not nearly enough. We are asking them to make reforms that are politically dangerous, although in their interest. And if we provided greater assistance, it would make the risk of those reforms less. And, again, the justification for greatly increasing our already substantial assistance is, this is a direct -- of direct interest to our security.

Because, again, if the Kremlin succeeds in Ukraine, the odds go up that they'll do something nasty vis-a-vis another NATO country. And we want to defeat them or stop them in Ukraine.

CORKER: Thank you both.

Senator Cardin.

CARDIN: Well, thank you both for your testimony. It's very interesting. Both of you have a common theme here, that we have to be more aggressive in supporting Ukraine and isolating Russia's influence. You point out, Mr. Brzezinski, that we should -- that the existing sanctions, although they've certainly had an impact, and you haven't had the desired results, therefore we should look at more targeted sanctions in addition to the current sanctions and be more aggressive in regards to isolating Russia.

You also pointed out, I thought, a very good suggestion about public diplomacy by setting up consulate offices in different parts of Ukraine to counter the public relations battle that Russia has been waging within the Ukraine. I thought that was a good suggestion.

And Ambassador Herbst, you've been pretty aggressive. Five billion dollars, that's a pretty big number of additional aid. And of course the military assistance, which is something our Committee has looked at in the past and been very sympathetic to military assistance for Ukraine.

When we look at this realistically, it looks like it's moving in the other direction, that the budget funds are tight, and the chances of getting that type of support from the United States is not likely. And we are confronting a June deadline in Europe as to whether they will continue the sanctions, the existing sanctions, let alone strengthening the other (ph) sanctions. So it looks like we're moving in the opposite direction.

So, I would welcome your observation on what the impact would be on Ukraine if Europe does not extend its sanctions in June, and the current status quo remains, that is that Minsk II has not been implemented.

HERBST: That would be a disaster. That would remove the one substantial that the U.S. has given to Russia to back off its aggression. It would also greatly dishearten the whole political class in Ukraine, whether dealing with the war in the east or deal with reform.

While I think that would should increase sanctions, and we should tie that to specific Russian actions, I suspect if we can retain sanctions and keep them in place, that may be enough on that front. And while it would be a disaster if they're removed, I would say as long as Chancellor Merkel's position remains solid, they'll stay in place. But, again, we've just seen elections, regional elections in Germany, which weaken her. How much? Well, we'll wait and see. But this is something very important.

There's one other element, though, that could keep sanctions in place. The United States holds a trump card. It's a very controversial trump card. And that is the SWIFT option. We are the -- we run the international payment system. We could suspend Russia from the SWIFT -- from SWIFT.

CQ Transcript

I suspect that if Europe were to truly weaken in its resolve to maintain sanctions, and AA put into play the notion that, in that case, we might have to use SWIFT, would help strengthen European spines.

CARDIN: Thank you. Mr. Brzezinski.

BRZEZINSKI: Sir, if Europe were to abandon the sanctions that it currently has, focus (ph) on Russia for Russia's aggression against Ukraine and its occupation of part of Ukraine, it would amount to a de facto acceptance of a new partition of Europe. The West will have communicated to Russia that it's willing to live with a Russia that is occupying and trying to assert hegemony over its neighbors. And that would return us back to an era we thought had long passed.

If the West shows the will necessary to sustain those success (ph) -- those sanctions, I'm not convinced that's a satisfactory situation, because I think what we would then expect is continuation of the status quo, which is Russia using its proximity and its geopolitical leverage, its economic leverage, its energy leverage, its military activities to further eat away at Ukraine, to further weaken Ukraine, to destabilize Ukraine. And not just Ukraine, but Georgia and maybe other states along its periphery.

That's why I think we need to move to a new stage in our engagement of Russia on this issue, which means imposing harsher penalties for Russian aggression. I think moving to SWIFT is something that's long overdue. I think sectoral sanctions, on the energy and the financial sections, are long overdue.

We have an economic advantage of almost 15 to one, if we tally up the (inaudible) of Europe and the United States, it's higher than that against Russia. We should be leveraging that.

CARDIN: So I don't disagree with your assessment of the impact if the sanctions in Europe were removed under current circumstances, and that we should be more strategic and stronger in our messaging. But let me get to the second part of this.

The concern that we have on the extension of sanctions in Europe is that there will be justification given that Ukraine hasn't implemented its aspects of Minsk, as it relates to decentralization, but also its dealing with good governance reforms that have yet to be fully implemented, as we've already pointed out with Secretary Nuland.

And, you know, Russia has been systematic in marginalization of civil society, the classification of civil society as foreign agents or undesirables, cutting off the opportunity for civil society activities within their own country. But we've seen over the last couple decades a weakening of the transatlantic ties between civil societies and our support. In Ukraine, it would be helpful if we had stronger community connections between the United States and civil societies, recognizing that historically we're going to be judged by how aggressive we were in the reforms in Ukraine.

I would just like know your comments as to whether there shouldn't be greater efforts made to help civil societies in Ukraine and in Europe, I might say, as well, of course, as our connections within Russia.

BRZEZINSKI: Let me address two points that you raised, one of civil society and then one on the Minsk.

And I think it's important to remember that the failure of Minsk hasn't been because of Ukraine. It's been a failure of Russia to live up to the very agreements it signed.

CARDIN: I don't disagree with that. I just say, it will -- it could be used as justification by Europe because there hasn't been...

BRZEZINSKI: Yes.

CARDIN: ... full compliance by Ukraine. I agree with you that Russia is the aggressor. Russia is the one that invaded Crimea, took it over, created East Ukraine. This is -- whenever -- I recognize that. I'm concerned about what might be happening in Europe.

CQ Transcript

BRZEZINSKI: I think your fear is justified. And we actually see that happening. We see Europeans placing more pressure on Ukraine to, quote/unquote, "live up to its dimensions of Minsk," and not applying equal pressure on Russia to live up to its side of Minsk.

But to counter that dialog requires, I think, stronger American leadership. We need to make clear to the Europeans that the questions be directed in the sequence that Tori Nuland articulated, should be first on Russia fulfilling its dimensions of the Minsk agreement, withdrawal of forces, release of prisoners and hostage, allowing the OSCE to get full access, allowing Ukraine to control its border. Then the other steps will come into play.

Regarding civil society, I think that's an area that really needs deeper exploration and perhaps direct support. If we're going to fight corruption in Ukraine, it's very useful for us to work with the existing authorities.

But the key to fighting corruption in a democracy, in an emerging democracy, I think really is to build up civil society, its NGOs, its press, to facilitate greater transparency so that the people themselves feel that they have a greater grip on how money is being used, how decisions are being made, and can then leverage that knowledge to force more effective change.

So I think you're spot on. If there was more (inaudible) that can be directed to NGOs, we should do that.

CARDIN: Thank you.

HERBST: My view is not surprisingly rather similar to Ian's. On Minsk, the most important thing to remember is that the immediate commitments that Russia has undertaken have not been fulfilled. There's shooting every day, most of it coming from the Russian side. There's been no real pullback of Russian military equipment. It's Russia and the separatists who don't permit the OSCE to move around the occupied territories. There's no way you can expect to hold an election under those circumstances.

So Ukraine's commitment largely comes next, comes second. And this is a point which simply needs to be reiterated forcefully and clearly to our European friends.

Regarding reform, you're absolutely right, Senator, that civil society is critical. I believe the U.S. has done a pretty good job in terms of promoting civil society in the Ukraine. And I think that the administration understands that, to ensure that there is reform in Ukraine, you need to have regular contact with civil society and work with reformers in the government. And I think that Vice President Biden's done a very good job on this account.

Regarding reform and implementation of Minsk, you're absolutely right that those in Europe who don't want sanctions will point to the ugly headlines in Ukraine and say, "Look, they're not reformers. Why should we be doing sanctions?"

But again, if you understand the stage of society, the stage of history that Ukraine is in right now, where you have senior levels in the government, senior members of society, especially the oligarchs, not so keen on fast reform, you know that -- but reform is necessary, then you'll see steps backwards, step -- wards to the side before there's progress.

And again, the crisis of the past six weeks has been very ugly. But in this crisis, serious reform legislation has been passed. And there has been progress. We simply need to repeat this to our friends in Europe so they understand it.

CORKER: Thank you. I appreciate your comments.

Ambassador, we thank you for being here. Mr. Brzezinski, thank you.

Look, I do want to correct one thing for the record. The SWIFT system is a European system, not an American system. So, just for what it's worth, as we have in the past, we would need to work with Europe on that if we're ever to utilize it.

CQ Transcript

I think that, you know, the essence of today's hearing is to look to the reforms in Ukraine that need to take place. I do want to say this is -- the context is that almost all of our hearings have been about twitching back against Russia and the kind of things we can do to support Ukraine.

I think the hearing shouldn't be misunderstood. We're concerned about the issue that Senator Cardin brought up, myself and others, and that is that we're concerned about Europe looking to the lack of reforms in Ukraine as a reason to back away from some of the sanctions that are in place.

We're only speaking to what we're seeing happen right now in Europe, as they have the lowest self-confidence level that probably they've had in 50 years, and their concerns about what is happening in the region to them, you know, what's happening with Chancellor Merkel, what's happening with Brexit, what's happening with refugees, what's happening with their economic and fiscal issues. And we're looking to ways to encourage Ukraine to continue on. At the same time, we understand that the pressure by the administration on Russia has not been what most of us would have liked to have seen occur.

So we thank you again for adding context and adding a bookend to the earlier testimony. We hope that you'll answer questions promptly. I know you will. We're going to keep the record open to the close of business Thursday.

Thank you again, both, for being here. You've been a valuable addition to this hearing, and we look forward to seeing you again.

With that, the committee is adjourned.

END (C) COPYRIGHT 2016, CQ TRANSCRIPTIONS, CQ ROLL CALL INC.

RELEASE IN FULL

SEC.PR/261/15
30 March 2015

ENGLISH only



Organization for Security and Co-operation in Europe

www.osce.org

For information - not an official document

PRESS RELEASE

OSCE Chief Monitor in Ukraine urges sides to stop fighting in Shyrokyne

KYIV, 27 March 2015 - Chief Monitor of the OSCE Special Monitoring Mission (SMM) to Ukraine Ambassador Ertugrul Apakan expressed his disappointment that the sides have breached a local ceasefire arranged by the Mission two days ago in Shyrokyne, southeast Ukraine, and urged them to stop fighting immediately.

"I am profoundly disappointed that, in the face of mounting deaths and injuries among the civilian population, the calm that prevailed in Shyrokyne for two days has not endured," said Apakan. "I urge all sides to silence their guns immediately, and to allow the residents of Shyrokyne to return to their homes and to a peaceful existence."

"The sides should comply with the Minsk agreements which provide the best roadmap for peace to take hold in the conflict-ridden eastern part of Ukraine. Innocent women, men and children have suffered for far too long," he said.

Apakan noted that when the SMM monitors led by Deputy Chief Monitor Alexander Hug finally gained access to the town yesterday, they found a situation that can only be described as catastrophic. "Not one building had been untouched by the many weeks of shelling."

For PDF attachments or links to sources of further information, please visit:

<http://www.osce.org/ukraine-smm/148091>

RELEASE IN FULL



Organization for Security and
Co-operation in Europe
Special Monitoring Mission to Ukraine

SPOT REPORT

Escalation of the situation in Shyrokyne and SMM aggressively treated at “DPR” checkpoint at Shyrokyne

28 March 2015

On 27 March, the SMM observed from an observation point in the vicinity of Berdianske (government-controlled, 18km east of Mariupol) escalating fighting in Shyrokyne (“Donetsk People’s Republic” - “DPR”-controlled, 20km east of Mariupol, 102 km south of Donetsk) counting over 225 mortar shells from 14:40hrs to 17:15hrs. The shelling had started only a few hours following an SMM visit to the “DPR” “command” in Shyrokyne.

From its position the SMM estimated that the shells were fired from a position of the Ukrainian Armed Forces located in Berdianske. The SMM assessed that the majority of these outgoing shells impacted on the southern part of the Shyrokyne village, controlled by “DPR”. About 20 mortar shells were observed to be fired back from the area controlled by “DPR”.

When the SMM departed at 17:15hrs the fire continued in a similar intensity. According to Ukrainian and Russian Federation representatives at the Joint Centre for Control and Co-ordination (JCCC) in Bezimenne (government-controlled, 28km east of Mariupol), as well as contacts within the community of internally displaced persons (IDPs) from Shyrokyne present in Mariupol, shelling had continued until 18:35hrs on 27 March. According to the JCCC representatives, sporadic small-arms and rocket-propelled grenade (RPG) fire continued in the village until approximately 20:40hrs.

On 28 March, at approximately 10:45hrs the SMM *en route* to Novoazovsk (“DPR”-controlled, 45km east of Mariupol) was halted at a “DPR” roadblock at the northern edge of Shyrokyne. A “DPR” fighter at the roadblock approached the SMM in a hostile way and ordered the SMM to depart the scene immediately. The “DPR” fighter was handling his weapon in a manner demonstrating to SMM that he would have no hesitation to use it. The same aggressive attitude had been displayed towards SMM during a visit to Shyrokyne on the previous day, when the “DPR” “commander” told the SMM that it would need a “DPR” escort when entering their territory (see SMM Daily report of 27 March, issued on 28 March). While the SMM turned around its vehicles to leave the roadblock, the “DPR” fighter fired three shots into the air. The SMM arrived safely to Mariupol at 12:05hrs.

RELEASE IN PART
B6

From: Finer, Jonathan J
Sent: Sat, 14 Feb 2015 18:01:15 -0500
To: SESTravel1, User
Subject: Fw: Ukraine Midnight Spot Update - February 14-15, 2015

From: [REDACTED]
Sent: Saturday, February 14, 2015 05:52 PM Eastern Standard Time
To: Kyiv, Sitrep
Cc: [REDACTED] Finer, Jonathan J;
Kenna, Lisa D
Subject: Ukraine Midnight Spot Update - February 14-15, 2015

B6

Ukraine Midnight Spot Update – February 14-15, 2015

*****This is an uncleared product. Some information may be unconfirmed.*****

Military and Security Developments

- Just after midnight all ATO sector commanders reported their units ceased fire. "DPR" also stated they ceased fire completely. "DPR" Eduard Basurin, deputy defense minister, said "DPR" forces ceased all fire in compliance with the leader of the so-called "peoples' republic" Oleksandr Zakharchenko's order. Initial reports from OSCE-SMM contacts and various local media stated that it had gone quiet around Debaltseve and Mariupol (both in Donetsk oblast) and in Luhansk oblast. Social media users reported quiet in the following areas in the Donetsk oblast: Debaltseve, Donetsk, Zhdanivka, Makiivka, Khartsyzsk, Yenakieve, Shakhtarsk, Volnovakha, Pisky. Just after midnight some social media users reported hearing shelling coming from Stakhanov (Luhansk oblast). **As of 12:30am Kyiv time, quiet is still being reported.**
- At five minutes before midnight Kyiv time, Ukrainian President Poroshenko went on live TV, with the general staff, and the commanders of all 4 ATO sectors and gave the order to cease fire. Field commanders confirmed they had heard the order and would fulfill it. He also pointed out there was no "Debaltseve kettle" but a salient where fierce fighting went on, and that the Ukrainian forces continued to supply and rotate forces and equipment into Debaltseve.
- Poroshenko then switched into English and told the world that they had witnessed what he had done in ordering the cease fire, that Ukraine counted on the support of the whole world for peace. He said Ukraine had wanted an immediate cease fire in Minsk but the other party wanted another 60 hours, and it had become clear why, and unfortunately dozens of Ukrainians had lost their lives in those 60 hours, including kids and women.
- According to local media, Zakharchenko ordered all "DPR" forces to observe the ceasefire starting at midnight Kyiv time. He also instructed them to stop "all the moves by the adversary that may be viewed as an attack or fire aimed at "DPR" troops, residential buildings or infrastructure". Chairman of the "LPR Council of Ministers" Gennadiy Tsypkov announced that the "LPR" is ready to implement the February 12 Minsk agreements and observe the ceasefire.

- According to local media, Donbas Battalion and MP Semen Semenchenko stated that the Russia-backed militants still control the main road thru Logvinove. However, he said that Ukrainian forces control a smaller road to the north through Lozovoe, and therefore Debaltseve is not cut off.
- A video was posted on YouTube on February 14 in which Zakharchenko made statements regarding key points of the Minsk agreements. In the video he refused to let Ukrainian border guards enter the occupied territories, in violation of the agreements' provision to restore Ukraine's control over the border with Russia. He also said local elections in the eastern part of Ukraine will be held according to "local law" not Ukrainian law. Zakharchenko also claimed the whole of Donetsk oblast to be DPR territory. (<https://www.youtube.com/watch?v=5y3p7q1hkZM>)
- On February 14 the Ukrainian Ministry of Defense (MOD) claimed that the Russia-backed militants were planning a provocation to attack Russian territory in order to get the Russian military to enter Ukraine. According to the MOD the Russia-backed militants' launch vehicles will bear Ukrainian flags and the event will be filmed and used as evidence of Ukraine's aggression against Russia. Local media reported around 22:00 that the Russia-backed militants fired Grads from militant-controlled Bezimenne (east of Mariupol in Donetsk oblast) towards Russian territory. Mariupol city council reported that the Grad rockets hit an area near Novoazovsk and did not reach the Russian territory.

Political and Social Developments

- On February 14 Poroshenko had a phone conversation with German Chancellor Merkel and French President Hollande, according to the president's website. They emphasized that implementation of the recent Minsk agreements is key and that all parties, namely Russia, had to fulfill their commitments under the given agreements, first of all, in the context of the ceasefire that is to begin at midnight. They have also expressed concerns over Debaltseve and agreed to closely follow the situation.
- Approximately two hours later Poroshenko had a phone conversation with President Obama, according to the president's website. During the phone call they discussed the situation in Donbas and expressed concerns over the events unfolding around Debaltseve. Poroshenko and Obama agreed on further coordination of efforts in case of escalation of the conflict.
- According to the OSCE's website, the Trilateral Contact Group (TCG), consisting of senior representatives of Ukraine, Russia and the OSCE Chairperson-in-Office held a video-conference on February 14 with representatives of the so-called "peoples' republics" to discuss implementation of the Minsk agreements. Particular emphasis was placed on full respect of provisions concerning the ceasefire, which should be strictly implemented from February 15 at 00.00 hours Kyiv time, as well as the withdrawal of heavy weapons.
- According to a statement by newly-appointed Prosecutor General Viktor Shokin, former Party of Regions faction leader Oleksandr Yefremov has been detained. Yefremov's charges include office abuse and funding Donbas separatists, according to Shokin.

National Security and Defense Council (NSDC) Situation Map, last updated February 14, 2015 at 1600 Kyiv time.



ATO Deaths and Injuries:

- 1,473 Ukrainian military personnel have been killed since the ATO began. (source: NSDC daily reports, last tabulated by Embassy Kyiv February 14 at 1600 Kyiv time)
- 4,115 Ukrainian soldiers injured since ATO began (source: NSDC daily reports, last tabulated by Embassy Kyiv February 14 at 1600 Kyiv time)
- 5,486 people (military and civilian) killed in eastern Ukraine from mid-April 2014 to February 5, 2015 (including the 298 people from flight MH-17) (source: OHCHR/WHO)
- 12,972 people (military and civilian) wounded in eastern Ukraine from mid-April 2014 to February 5, 2015 (source: OHCHR/WHO)

If you would like to be added to or removed from the distribution list for this product, please email

at

B6

This email is UNCLASSIFIED.

This email is UNCLASSIFIED.

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: [REDACTED]

Sent: Wed, 31 Dec 2014 13:53:24 +0200

To: Pyatt, Geoffrey R; Donahue, Bruce E; Nuland, Victoria J; [REDACTED]
 [REDACTED]
 [REDACTED]; Charles A. Kupchan [REDACTED]
 [REDACTED]

Cc: Kyiv, ECON ALL; Kyiv, POL Core

Subject: Ukraine Economic Updates

B6

Banking

New Policy Identifies Systemic Banks: During Central Bank Governor Hontareva's press conference yesterday she announced that the NBU has established criteria to identify systemically important banks. The National Bank of Ukraine (NBU) has identified a total of eight banks as systemically important including state-owned Oshchadny and UkrEximBank; Ukrainian-owned PrivatBank and Delta Bank; European-owned Raiffeisen and UkrSots; Russian-owned Sverbank and PromInvest. These banks will be subject to more stringent capital and reporting requirements.

Delta Bank Negotiations: Honaterva also announced that Delta Bank, #4 by assets as of end-9M14 and designated as systemic, may receive state support (implying subsequent nationalization). She noted that the NBU is continuing to negotiate with Delta's shareholders (local businessman Mykola Lagun with 70.6 percent and Cargill Financial Services, holding the remaining shares) to sell the bank's noncore assets and raise money for recapitalization. Delta Bank has sizable deposit base of UAH 36.6 billion, including UAH 25 billion of retail deposits representing six percent of the system's total deposit base. Dragon Capital estimates that Delta's capital needs could be as high as UAH 16 billion (approximately \$1 billion).

Currency

The interbank market system is closed until January 6th due to holidays. The shadow market rate is trading around UAH/\$ 18.7 to 19 today.

Utility Arrears

Residential debt for housing and utility services grew by 16 percent in November, following five percent growth in October, according to the State Statistics Committee. Luhansk and Donetsk oblasts posted the highest growth in non-payments in large measure because the GoU is supplying occupied territories, and even GOU-controlled areas are economically devastated by the conflict. [REDACTED]

B5

[Redacted]

B5

[Redacted]

Financial Economics and Trade Unit Chief
U.S. Embassy Kyiv

B6

[Redacted]

SBU

This email is UNCLASSIFIED.

RELEASE IN PART B6

From: [REDACTED]
Sent: Wed, 8 Apr 2015 15:09:07 +0300
To: Pyatt, Geoffrey R; Donahue, Bruce E; Nuland, Victoria J; [REDACTED]

B6

[REDACTED]	Charles A. Kupchan;	[REDACTED]
[REDACTED]		
[REDACTED]	Kent, George P	[REDACTED]
[REDACTED]		

Cc: Kyiv, ECON ALL; Kyiv, POL Core
Subject: Ukraine Economic Update

Rada Adopts Law on State Capital Investment

The new law aims to increase transparency and control over budget allocations for capital investment, which has been a source of corruption in the past.

Rada Passes Measures to Increase Budget Transparency

The Rada expanded the Audit Chamber's authority to include control over budget revenue, in addition to budget expenditures. The expanded authority is intended to increase transparency. It will also satisfy one of the EU Association requirements and a pre-condition for loan disbursements from the World Bank and Japan.

PrivatBank Promises Capital Increase

Ukraine's largest bank PrivatBank announced a plan to increase charter capital by 26 percent.

Debt Dynamics

A bin.ua article highlighted foreign debt obligations of major Ukrainian companies through May 2016. The article opines that most companies will not be able to roll-over their debt, with the exception of MHP which obtained an IFC loan.

Eurobond payments in 2015-2016

Issuer	Payment, \$ million	Date	Status
UkrEximBank	750	April 27, 2015	Under restructuring
DTEK	200	April 28, 2015	Under restructuring
MHP	200	April 29, 2015	In circulation
Metinvest	114	May 5, 2015	In circulation
PrivatBank	200	September 23, 2015	In circulation
Agroholding Avangard	200	October 29, 2015	In circulation

PrivatBank	150	February 9, 2016	In circulation
OshchadBank	700	March 10, 2016	In circulation
Ferrexpo	286	April 7, 2016	Restructured
Mriya	72	May 30, 2016	Default

Currency

The exchange rate averaged 23.55 UAH/\$ on the interbank market as of noon today.

[Redacted]

Financial Economics and Trade Unit Chief
U.S. Embassy Kyiv

[Redacted]

This email is UNCLASSIFIED.

B6

RELEASE IN PART B6

From: [REDACTED]

Sent: Wed, 18 Mar 2015 16:03:26 +0200

To: Pyatt, Geoffrey R; Donahue, Bruce E; Nuland, Victoria J; [REDACTED]
 [REDACTED]
 [REDACTED] Charles A. Kupchan; [REDACTED]
 [REDACTED]
 [REDACTED] Kent, George P; [REDACTED]
 [REDACTED]

B6

Cc: Kyiv, ECON ALL; Kyiv, POL Core**Subject:** Ukraine Economic Update**NBU Provides Series of Stabilization Credits to PrivatBank**

Further to our reporting on Monday, on March 12 the National Bank of Ukraine issued a resolution to support the liquidity of PrivatBank, and to provide a new injection of stabilization credits in the amount of UAH 1.215 billion for two years to ensure the timely fulfillment of the bank's liabilities to depositors-individuals. According to the NBU "Aircraft and the guarantee of the holder of a large stake in public joint-stock company PrivatBank were used as collateral of the NBU refinancing credit." This liquidity loan follows two previous "stabilization credits" which the NBU extended to Privat in February 2105 representing UAH 2.28 billion and UAH 700 million respectively. As with the March transaction, the February credits were both secured by collateral as well as by owner's guarantee.

PrivatBank's UAH 5 billion Share Capital Increase to be Completed by end-June 2015

Privatbank, has announced a UAH 5 billion (\$22.5 million) share capital increase to be completed by end-June 2015. According to Dragon Capital, the capital injection is in line with the Ukraine's commitment under the IMF program to have its top-15 banks recapitalized by end-1H15 based on results of last year's stress tests. Privatbank increased its capital by UAH 1bn in 2H14. With the announced injection, its equity would increase by 26 percent to UAH 24.1bn (\$1.1 billion). Dragon estimates the bank may need about UAH 20bn of new capital, necessitating further shareholder support going forward.

Promoting Reforms

Dymtro Shymkiv, Deputy Head of the Presidential Administration announced a new website <http://reforms.in.ua/> which is dedicated to Ukraine's reform efforts (Ukrainian language website).

Agriculture Still the Driving Exports in Ukraine

Minister of Agriculture Pavlenko announced that agricultural products represented 35 percent of Ukraine's exports in 2014 and generate 30 percent of its hard currency inflows.

-

Un-Winding Privatizations?

The General Prosecutor's Office has challenged the 2008 CabMin resolution in Kyiv Court of Appeals. The resolution was issued by Tymoshenko's government and enabled privatization of a range of important entities. Should the GPU win in court, it would reverse privatizations of entities such as DTEK ZakhidEnerho (owned by Akhmetov), DonbasEnergo (Humenjuk), Sumyoblenerho and MAU (Kolomojsky), and others.

Currency

The exchange rate crept up to an average of UAH/\$ 23.4 on the interbank market as of noon today. The interbank market faced higher demand for currency as the initial period of administrative regulations by the NBU has ended.

[Redacted]

Financial Economics and Trade Unit Chief
U.S. Embassy Kyiv

[Redacted]

B6

This email is UNCLASSIFIED.