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Ukraine: War and Crisis to Enrich Tycoons

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In February 2014 a coup took place in Ukraine to serve the interests of big geopolitical players and tycoons, but not grassroots. The first ones wanted to start an offensive against Russia, the second ones wanted to take advantage of instability and promote their business interests.

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Some tycoons, especially from the party of Yanukovych, suffered damage as a result of torn economic ties with Russia, the loss of control over enterprises and war devastation. Engineering, metallurgy and coal mining were hardest hit. Renat Akhmetov had been the richest man in Ukraine, his wealth dwindled by two times. But he had enough influence in Kiev to make his enterprises in the Donbass suffer minimal damage. The forces of Novorossia could destroy them, but they didn't. In September 2014 they did not attack the large port of Mariupol used by

Akhmetov to export metals to Europe. Forbes wrote his wealth was \$6, 9 billion. Combat actions were not the only reason for his losses. World steel and ore prices fell. Victor Pinchuk, the uncle of Leonid Kuchma, suffered greatly. He specialized on the production of pipes and railway wheels. His Stakhanov ferroalloy factory happened to be located in the combat area. Privat group owners Igor Kolomoisky and Gennadiy Bogolyubov were accused of using raid tactics to grab Pinchuk-owned Krivorizh iron-ore concentrate production facility. The court procedures dragged on without result. Pinchuk compensated the losses. The support of Maidan movement helped him to make the European Union lift import duties on pipes to compensate the losses suffered in 2013. Pinchuk also increased the profit from TV channels he owned against the background of general downturn of advertisement market by 19%.

Dmitry Firtash, another tycoon, also financed Maidan. Going through hard times, he minimized the losses. In March 2014 he was arrested by Austrian police upon the request of FBI. He was suspected of involvement in corruption schemes and organized crime.

The Yatsenyuk government took a decision not to use the gas bought by Firtash, but it did not kill his business. For a long time the Firtash-owned factory Stirol was the only enterprise left intact by Ukrainian military in Gorlovka. The tycoon had personal problems with Yulia Tymoshenko. She applied efforts to keep him away from go-between schemes enacted to import Russian gas. Being a sponsor of Yatsenyuk, he pulled punches to get under his control Dneprovsky Magnesium Plant, Volnogorsky Mining and Metallurgical facility and Irshan mine processing plant.

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Not all tycoons suffered damage. Yury Kasyuk, the owner of MHP Company increased his wealth. With no import duties he boosted poultry exports to Europe. Poultry consumption increased in Ukraine by 19% as population preferred poultry to other kinds of meat. Kasyuk and Firtash held in their possession the enterprises in Crimea which have become large agriculture complexes of Russian Federation.

All achievements of Yury Kasyuk pale before Igor Kolomoisky, another predator who managed to survive and take advantage of the coup. He was the leading sponsor of Maidan and neo-Nazi groups that made up the main striking force to overthrow Yanukovych. Kolomoisky was not only the governor of Dnepropetrovsk. He had his people ruling Odessa, Nikolayev and Kherson regions. He armed and funded battalions of punishers who brutally repressed people in the Donbass. They are notorious for plundering, kidnapping and mass murder. Some of the crimes were described in the reports of Amnesty International, Human Rights Watch and the Organization for Security and Cooperation in Europe. At the initial phase of combat operations they used the Kolomoisky-owned Privat bank's collector cars as armor vehicles. The neo-Nazi Pravy Sector has its headquarters in Dnepropetrovsk. In the days of Yanukovych rule many members of this organization were accused of involvement into terrorist activities.

As a sign of gratitude the new powers that be turned a blind eye on Kolomoisky's raiding activities. Privat Bank owned by Kolomoisky and Gennady Bogolyubov has become unsinkable. The so-called «war tax» was gathered through the plastic cards of this bank. After the Donetsk

and Luhansk people's republics were proclaimed, Privat remained for a long time the only bank to make transfers under the conditions of blockade. In 2014 Privat bank got the lion's share of state subsidies after the West delivered financial aid for economic restoration of the country.

By the end of March 2015 Kolomoisky tried to grab Ukrnafta and Ukrtransnafta. It sparked a scandal. He used Pravy Sector armed gangs as his personal army. Actually he declared a war on the President of Ukraine. Having lost the war and the position of governor, he left the country. Still some compromise was reached on economic issues. Kolomoisky has preserved some leverage over the government. He controls «his» members of parliament that won thanks to votes rigging and threats of violence against election committees. It makes one conjecture that the empire of Kolomoisky, the second richest man in Ukraine after Rinat Akhmetov, will not only avoid collapse, but will thrive under the conditions of crisis.

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The new President of Ukraine has greatly enriched himself. Before the election he had promised to sell his assets. He failed to keep his word, no matter he cooperated with one of Rothschild structures on the matter. His Roshen confectionery corporation increased the profit in 2014 by nine times. The International Investment Bank owned by Poroshenko increased its capitalization by three times against the background of the national banking sector's collapse. Only Valeria Gontareva, the head of National Bank, and General Prosecutor Vitaliy Yarema did better. A very indicative composition of Ukraine's banking sector's leaders.

The main thing for those who represent the new Ukraine's rulers is personal well-being. No matter Poroshenko and Kolomoisky are at war, the Ukrainian President is the holder of \$50 million deposit in Privat Bank. That's why he promised to prevent any problems for the bank's operations. Bogdan Motors car maker belongs to Poroshenko. It enjoys perks. For instance, it can change the trolleybuses prices after tenders before they are delivered to regional capitals and Kiev. The President could not stand against the temptation to buy a 1, 1 hectare large lot at the price of around \$8 million in the elite Kiev district called Tsarskoe selo near Kiev Pechersk Lavra. The Kiev city hall gave land lots to Poroshenko's companions for free.

The hostile rhetoric does not prevent Poroshenko from paying taxes in Russia where he has his chocolate business. The Roshen factory in Mariupol stopped production, part of equipment was moved to Lipetsk. The evacuation has expedited recently as Ukrainian army started to shell the positions of Novorossia forces deployed in the vicinity of the city. This haste shows that combat actions may be renewed soon by government forces. Poroshenko does not want to risk his property.

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The war unleashed by the government in the eastern part of Ukraine resulted in death and impoverishment of common people. At the same time it opened great prospects for personal enrichment of government, those who are close to it and tycoons. The higher is position, the more profit a person makes.