

## **Ukraine Collapse Is Now Imminent**

From Zerohedge, 31 February 2016

Two years have passed since Yanukovich was deposed and, as it turns out, another ruthless clan of oligarchs has taken power. No wonder then that Ukraine is heading for a new wave of violence and chaos. Oligarchs are fighting each other, the IMF is pulling out of the country, officials issue laws and regulations only to see them repealed within a day or two by others, and raided European companies are leaving the country after being robbed by the so-called pro-Brussels oligarchic elite.

It was evident from the beginning that the US and NATO-sponsored power transition was doomed to fail. Prime Minister Yatsenyuk made no secret on his personal website about his principal partners, NATO and Victor Pinchuk's foundation. Victor Pinchuk is a link between the Ukraine corrupt oligarchic establishment and the Western political elite. In 2005, the BBC depicted him as a paragon of Ukraine's kleptocracy:

*"Ukraine's largest steel mill has been bought by Mittal Steel for \$4.8bn (£2.7bn) after an earlier sale was annulled amid corruption allegations.*

*The Kryvorizhstal mill was originally sold to the son-in-law (Mr. Pinchuck) of former President Leonid Kuchma for \$800m.*

*It was one of the scandals that sparked the Orange Revolution and propelled President Viktor Yushchenko into power."*)

Directly after the power transition, European leaders understood that the situation in the Ukraine was unmanageable, which we know from a confidential telephone conversation between Minister Paet (Minister of Foreign Affairs of Estonia) and Mrs. Ashton (High Representative of the Union for Foreign Affairs and Security Policy) that became public. Both politicians understood that the Maidan protesters had no trust in the politicians who formed the new coalition. Mr Paet said, "there is now stronger and stronger understanding that behind snipers it was not Yanukovich, but it was somebody from the new coalition." Their conversation makes it clear that both European politicians understood that, contrary to the official statements coming from Brussels, Europe has no solution for Ukraine's problems and no trust in its new leaders.

### **Poroshenko, one of the oligarchs, became the fifth president**

Petro Poroshenko, one of the oligarchs, became the fifth president. In line with his predecessors, he had amassed an astonishing personal wealth by mixing politics and business on behalf of the Ukraine population. He started his career under the notorious President Kuchma and served as a minister under deposed President Victor Yanukovich. One can hardly imagine a more troubled new president for a country that has to reform itself and get rid of corruption.

In 2014 Brian Bonner, the Kyivpost chief editor, wrote: *"Allowing prosecution of Kuchma (concerning the murder of a journalist) is acid test for whether Poroshenko will put national*

*interests above his own.*". Asking Poroshenko to "kill" his close friend and crony, former President Kuchma and the father-in-law of the powerful Pinchuk is a dramatic plea by the chief editor aimed at forcing President Poroshenko to show whose side he takes. Poroshenko's answer came quickly: he rewarded Kuchma with a top position in the Minsk negotiation team.

Within months after the power transition, investigative journalist Tetiana Chornovol, who lead an anti-graft body, quit, calling her time in the government "useless" because there was no political will to conduct "a full-scale war" on corruption.

### **The biggest threat is the pro-Ukraine militia**

In the two years that followed rumour of ongoing corruption has not ceased. For Poroshenko and his fellow oligarchs, the biggest threat is not Putin and the separatists in the East, but the pro-Ukraine militia that only on paper were merged with the Ukraine army.

*The militia regards the Western-backed oligarchs as the second biggest threat to the Ukrainian nation.* We believe the oligarchs are the primary cause of the rot in Ukraine's government.

Meanwhile, the Brussels elite is trying to sell the Ukraine 2014 power grab and the resultant association treaty as a way to help Ukraine to overcome its political corruption.

The Dutch government wrote in its communique to its citizens: *"This cooperation gives Ukraine a chance for a better future. The country wants to become a genuine democracy, without corruption and with a wealthy population. The European association treaty is the foundation for the national reforms."*

Maybe this is the intention of many naive European politicians, it is not the intention of the Ukrainian elite who under Poroshenko consolidate their power. The Swiss-based company Swissport, a leading airport service company, and its French investors learned this the hard way.

In 2012 the UK-based logistic website the "theloadstar" wrote:

*"Swissport, the Swiss ground handler stands to lose some \$8m in assets in the Ukraine while other foreign investors could shun Ukraine, following an attempt to forcibly strip the company of its majority stake in Swissport Ukraine.*

*In a move alleged to be 'corporate raiding', an increasingly common phenomenon in the country, 30% shareholder of Swissport Ukraine, Ukraine International Airlines (UIA), has claimed that Swissport International (SPI) violated its minority rights – a "baseless" allegation, according to the handler. During interim court proceedings the judges were changed twice – at the very last minute – before the hearings."*

During the reign of Yanukovich, Kolomoisky (Poroshenko ally) try to strip Swissport from its assets. It did so by forcing the company to sell its multi-million majority stake for 400.000 Euro, using the corrupt Ukraine administration and the justice system. We cannot blame the company that it believed its problem was solved in 2014. The Washington and Brussels elite presented the new Kiev government as a tool in the fight against inherited Ukrainian corruption. During 2014 Swissport seems to have fought a successful battle against injustice. But at the

end of 2014, the highest judicial body in Ukraine ruled that the company had to sell its multi-million investment to Kolomoisky for 400.000 dollars. The company said that it never received the 400.000 Euro from Mr. Kolomoisky.

Ihor Kolomoisky is the oligarch President Poroshenko installed as governor of Dnepropetrovsk. That Kolomoisky enjoyed the full protection of Poroshenko became apparent as he was not prosecuted after he had orchestrated an armed raid on UkrTransNafta Ukraine state-owned oil firm. To spare President Poroshenko the embarrassment, Kolomoisky offered his resignation.

Ihor Kolomoisky is the founder of the Brussels-based European Jewish Parliament that served to increase his influence in Brussels. A worrisome sign that Ukraine's political rot is spreading into the European Union.

Swissport raid and forceful eviction from Ukraine was an embarrassment for those who try to uphold the illusion Ukraine was in the process of becoming a genuine democracy free of corruption.

It could hardly be a surprise that a year after Kyivpost publication that Swissport had left Ukraine, Aivaras Abromavius, Minister of Economics in Poroshenko's cabinet and one of Washington's principal allies in Kiev resigned.

After Abromavius it was Deputy Prosecutor General that resigns due to unstoppable corruption. 15 February Deputy Prosecutor General Vitaliy Kasko wrote in his resignation letter:

*"...This desire is based on the fact that the current leadership of the prosecutor's office has once and for all turned it into a body where corruption dominates, and corrupt schemes are covered up. Any attempts to change this situation at the prosecutor's office are immediately and demonstratively persecuted.*

***Lawlessness, not the law, rules here....."***

A day later General Prosecutor Victor Shokin, who analysts say, is an ally of President Poroshenko, has to quit. Viktor Shokin agrees to step down after President Poroshenko asked him to leave office. Western leaders and reform-minded Ukrainian officials have long been calling for Shokin's resignation.

At the same time, Ukraine headed for a standoff between its two most powerful politicians after Prime Minister Arseniy Yatsenyuk had defied President Petro Poroshenko's call for his resignation and defeated a no-confidence motion in parliament.

The current chaos in Kiev makes it for the IMF extremely hard to keep Ukraine funded. Brazil's IMF Director already in 2014 urged not to bend rules for Ukraine. Ukraine had failed the IMF twice before. There is now a sense of panic in Kiev, and so Ukraine leaders start to issue opposite orders. The Central Bank Governor's ban on money exchange was repealed immediately by Yatsenyuk.

The situation of the population deteriorates rapidly as Ukraine's currency devalues fast and bond yields spike. Companies start to understand that direct investment can disappear overnight as raided foreign companies are forced to leave the country. Protesters take over Hotels in Kyiv and return to Maidan to demand the resignation of the Ukraine rulers who came to power with the support of Washington and Brussels. Yatsenyuk now becomes a liability for its partner NATO.

It is a just matter of time before the Ukraine nationalistic militias will take power, resulting in a definite split of the country. Poroshenko can postpone the people final verdict by reviving the war in the east, but in the end, he cannot escape the day of reckoning.