

KREMLIN'S BLACK BOOK

Russian War Against Ukraine

Ukrainian losses and costs as a result of the Russian temporary occupation of Crimea and its military aggression in the Donetsk and Luhansk regions

FEBRUARY 2015

Russian War Against Ukraine

Blood and deaths on Putin's hands

The Russian Federation led by President Vladimir Putin has waged a war against Ukraine since February 2014.

Russia's temporary occupation of Crimea, its further aggression in the Donetsk and Luhansk regions, direct support of international terrorists on the territory of Ukraine, and blackmail and economic pressure have led to tremendous casualties, and economic and infrastructure damages in Ukraine.

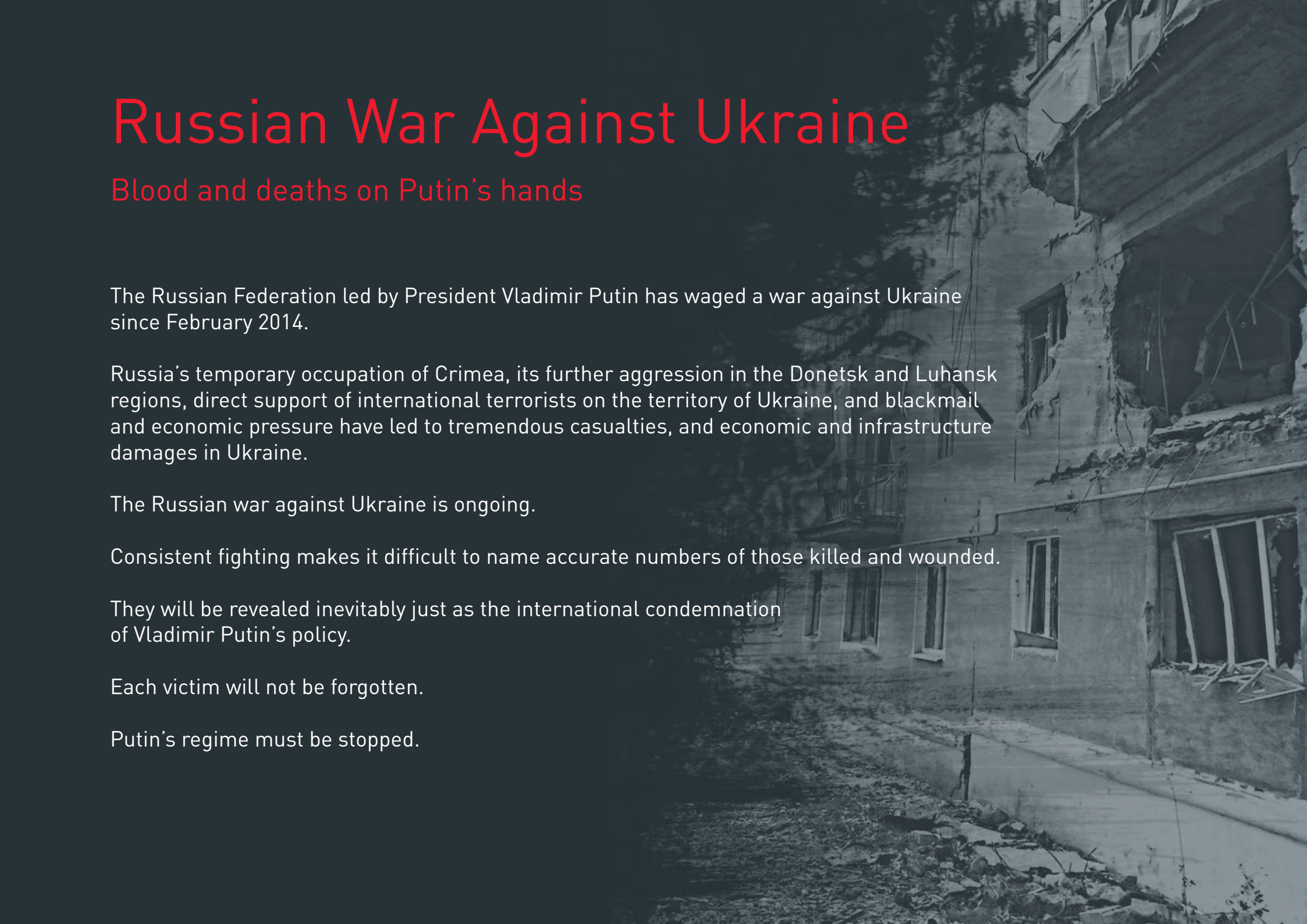
The Russian war against Ukraine is ongoing.

Consistent fighting makes it difficult to name accurate numbers of those killed and wounded.

They will be revealed inevitably just as the international condemnation of Vladimir Putin's policy.

Each victim will not be forgotten.

Putin's regime must be stopped.



CONTENTS

I. Our casualties. General information

II. Macroeconomic data

III. Industrial losses



I. Our losses




Dead. Wounded. Victims

An average of ten people die every day because of the Russian war against Ukraine.

5 086 people have been killed
as a result of Russian aggression
by early February 2015

10 948 were wounded

These numbers published by international organizations include:

-  Victims reported by civilian hospitals in the Donetsk and Luhansk regions;
-  298 dead in the MH-17 crash;
-  Participants of the Anti-Terrorist Operation according to the information of Ukrainian authorities.

More than **103,000 internally displaced persons** requested medical help. Among them **25,013 are hospitalized.**

ACCURATE NUMBERS COULD BE MUCH HIGHER



Ukrainian military casualties

According to the Ukrainian State Service on War Veterans' Affairs and Participants of the Anti-Terrorist Operation, **1,306 soldiers** of the Ukrainian Army died in military actions before January 1, 2015

Internally displaced persons. Tragedies and losses

978,482 Ukrainians were registered as internally displaced persons as of February 2, 2015. They fled from the temporarily occupied territories that suffered from the Russian troops and Russian-backed terrorist groups.

The total sum transferred to pay for insurance and social services for internally displaced persons is estimated at approximately **416.6m hryvnias**.

Between October 2014 and January 2015, the government has financed monthly social payments for the total sum of **528.4m hryvnias**.

More than **248,000 families** received these social payments.



Financial losses¹

The war waged by Russia

destroyed 20% of Ukraine's economic potential,
including its forecasted revenues and foreign exchange earnings.

Ukraine spends around 100,000,000 hryvnias daily in order to protect itself from the Russian forces and conduct the Anti-Terrorist Operation.

Budget revenues in 2014 have plummeted by **23 bn hryvnias**:

- The Autonomous Republic of Crimea and the city of Sevastopol – **9.8 bn hryvnias**.
- Donetsk and Luhansk regions – **13.2 hryvnias**.

Tax revenues reduction for the mandatory state social insurance schemes by **13.2 bn hryvnias**:

- The Autonomous Republic of Crimea and the city of Sevastopol – **6.5 bn hryvnias**.
- Donetsk and Luhansk regions – **6.7bn hryvnias**.

¹These and other indicators correspond to the currency exchange rate of 15,76 hryvnias / 1 USD by late December 2014.

Economic and infrastructure losses

The Autonomous Republic of Crimea

The estimated value of financial losses due to illegal confiscation of property of more than 4,000 enterprises by the Russian criminals on the Crimean peninsula is about

1,180bn hryvnias.

Luhansk region

More than 489 residential buildings were destroyed or severely damaged by late December 2015.

239 distribution pipelines: 17 – high-pressure, 88 – medium-pressure, 134 – low-pressure and 95 gas distribution points.

9,360 consumers (3,919 private residential households and 5,441 apartment buildings respectively) and 6 enterprises are left without gas supply.

Economic and infrastructure losses

Donetsk region

More than 9,215 apartment buildings (12% of all residential structures) were destroyed or severely damaged by February 3, 2015.

The estimate total value of destroyed and damaged property (including communal property and social infrastructure) is **1 250 765 hryvnias**:

- residential fund – **531,373 hryvnias**;
- heating facilities (thermal points, boiler rooms, heating systems) - more than **10,422 hryvnias**;
- water supply and drainage systems – **181,275 hryvnias**.

Russian terrorists destroyed and severely damaged 1,080 objects of energy infrastructure (overhead transmission lines, substations, transformer substations), damaged control and communication systems, administrative buildings and stole transport vehicles.

The estimated sum necessary for the restoration of the power supply system in the Donetsk region is **476.6m hryvnias**.

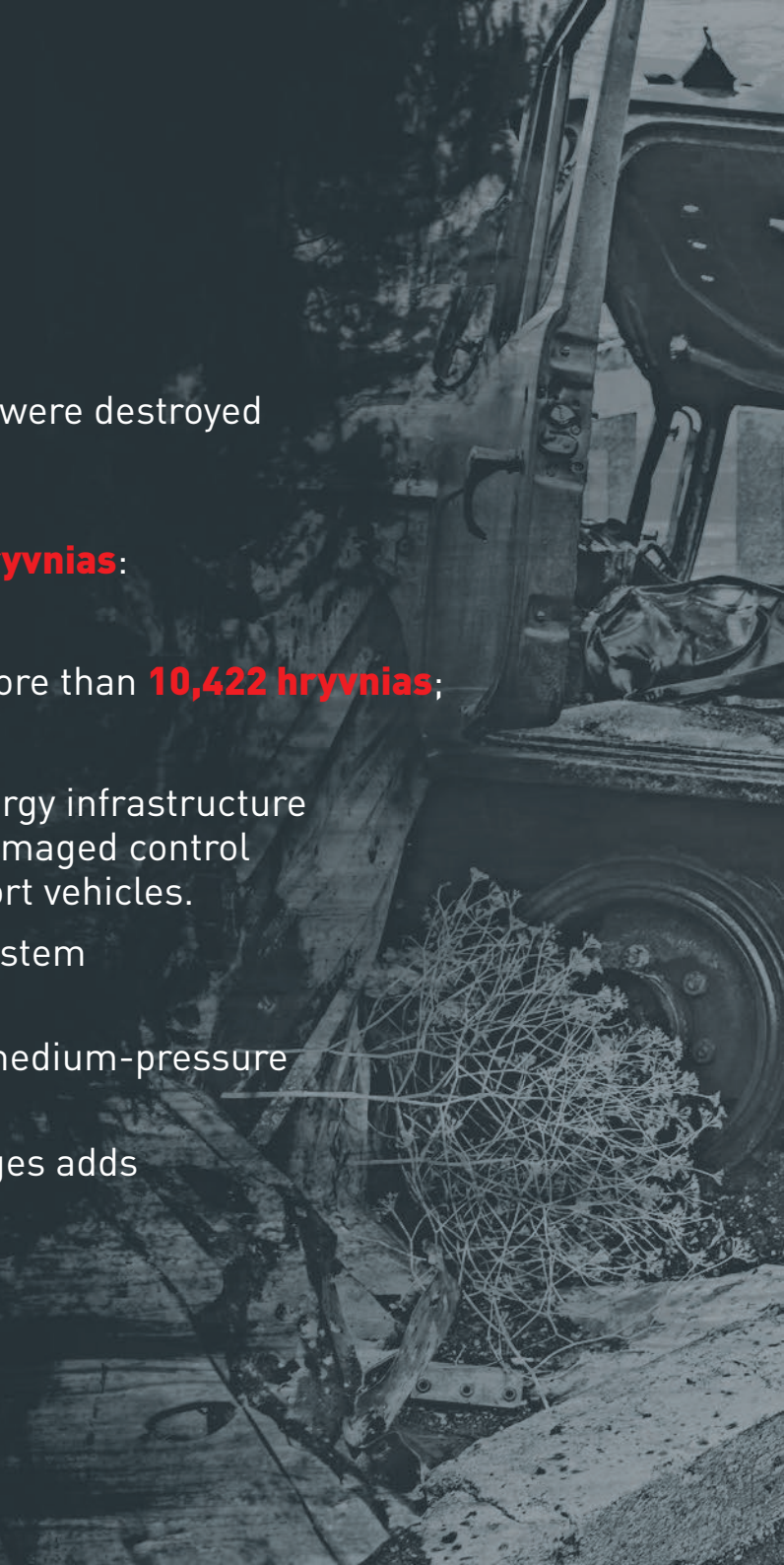
2,772 gas pipelines were severely damaged: 61 – high-pressure, 174 - medium-pressure and 2 507 - low-pressure.

The approximate worth of the enterprises and gas infrastructure damages adds up to more than **51m hryvnias**.

43,300 consumers (15,630 private households, 682 apartment buildings and 40 enterprises) are left without gas supply.

Around **117,000** are left without power supply.

Around **515,000** are left without water supply.



II. Macroeconomic Data

Ukraine's real GDP rates decreased 5.3% in Q3 2014. The National Bank of Ukraine and the Ministry of Finance of Ukraine forecasted a total drop of the GDP rates by 6.7-7% by the end of the year.

Inflation index became 124.9% by the end of 2014, while the official currency exchange rates reflected hryvnia's 97.3% depreciation to the dollar.

The industrial production rates in 2014 reduced by 10.7%, including a steep decline of 31.5% in the Donetsk region and an even more dramatic fall of 42% in the Luhansk region.

By the end of 2014, **Ukraine's state deficit** has exceeded 78bn hryvnias, whereas the general sovereign debt of Ukraine rose to 88.4% by January 1, 2015.

An outflow of foreign investments has increased for the first time in 10 years, which is estimated to be \$6.5bn, as the outflow of foreign investments (8,469.5m USD) in 9 months of 2014 has exceeded the inflow of foreign investment (1,905.8m USD).

Ukraine's foreign exchange reserves decreased three times to 7.5bn USD on January 1, 2015.

III. Industrial capacity losses

Industrial production suffered the most from the Russian aggression..

In 2014, **industrial output throughout Ukraine declined** 10.7% (4.3% in 2013), including a decline of 31.5% in the Donetsk region and 42% decrease in the Luhansk region.

In 2014, production rates in the Donetsk region decreased in every single industrial sector in comparison to 2013.

Traditional production chains "coal-coke-metal" and "coal-electricity" were distorted in the core industries.

Production volumes at the functioning enterprises in the Donetsk and Luhansk regions **decreased** due to shortages of raw material supplies and exports of finished goods, damages to industrial and infrastructure facilities, water supply and power systems, and the suspension of banking operations.





Metallurgy and coke industry

A significant share of the iron and steel capacities of Ukraine are concentrated in Donbas: Donetsk region provided 38.9% of the sales volumes of steel products from January-November 2014.

The following large iron and steel enterprises are currently out of service:

- Alchevsk PJSC (13% of Ukraine's gross iron and steel production);
- Donetsk Metalworks PJSC;
- Donetsk Electrometallurgical Plant PJSC (2% of Ukraine's gross iron and steel production);
- Stakhaniv Ferroalloy Plant (20% of Ukraine's gross ferroalloy production).

Coke production rates in the Donetsk region decreased by 31.6% and totaled 6.3 million tons in 2014.

The following large chemical recovery enterprises are out of service:

- **Horlivka Chemical Recovery Plant, Avdiivka Chemical Recovery Plant PJSC**, Yasynivka Chemical Recovery Plant PJSC, all have damaged key assets. Coke plants in the ATO zone are working at 30-40% of their full capacity.

In 2014, **exports of steel products** comprised 24.311m tones, which constituted 92.3% of 2013's export volume, in the amount of 12.6 billion dollars (88.6% in comparison to 2013). The export of seamless and welded pipes decreased to 0.951 million tons (81.1% in comparison to 2013) in the amount of 1.086 billion dollars (68.1% in comparison to 2013).

Steel products' sales in the domestic market decreased by 38% in 2014 in comparison to 2013 and comprised only 3.5 million tons (14.6% of gross production, in comparison to 19.5% in 2013).

The losses of Ukrainian iron and steel enterprises in 2014 are estimated at about 40bn hryvnias, including 25bn hryvnias as the lost income from underproduction and 15bn hryvnias as the cost of damaged key assets.



Machine-building

Key Ukrainian enterprises, producing general machinery, mining equipment, machinery and equipment for metallurgy and chemical industry, handling and transport equipment, locomotives and rail cars are concentrated in Donbas.

In 2013, Donetsk and Luhansk regions' share in the overall sales volume of machinery products in Ukraine was 15.8% and 6.9% respectively.

Donetskhormash PJSC, Donetsk Power PJSC and the Research Institute of Complex Automation SE in Donetsk are virtually out of service.

Horlivka Machine Builder PJSC, Novohorlivsk Machine Works PJSC, Yasynuvata Machine Works LLC **suspended their production activities**.

Azovmash PJSC is virtually **out of service**. Its production capacities are operating at a mere 10% of former capacity. In 2014, the number of workers was cut by 4,400 workers (more than 30% of the total).

Stakhanov Wagon Works PJSC is **out of service** because of the damages to the infrastructure and the evacuation of locals. Dormancy losses comprise about \$1.2m USD monthly.

Production at the Kirov Forging Plant "Tsentrokuz" PJSC **decreased** by 51.2%. Monthly losses comprise 1-1.5m USD.

According to preliminary calculations, losses of the national machine building enterprises in 2014 are estimated at about **10bn hryvnias**.



Coal industry

Coal output rates decreased by 35%

115 out of 150 coalmines are located on the occupied territories



Chemical industry

Production of chemicals **decreased** by 47.5% in 2014 in the Donetsk region.

Since May 2014, Stirol Concern PJSC is **out of service** (production of ammonia, urea, nitric acid, ammonium nitrate was stopped).

Ammonia production rates in Ukraine decreased by 30.8% in 2014.

Production capacities of **mineral fertilizers** decreased by 36%, and **glass production** fell by 90%.

The decline in exports of inorganic products from Ukraine has occurred due to the illegal expropriation of Crimean Soda Plant PJSC, which has an 80% share of the Ukrainian soda market, and more than 2% of the global market. The plant is one of the largest manufacturers of baking soda in Ukraine. Due to the temporary occupation of Crimea, soda supply to the mainland Ukraine was **stopped**.

There is a certain threat that glass enterprises might face shutdown, which in turn can lead to the shutdown of food, baby food, medicines and beverage industries.



Agriculture

According to preliminary calculations, Russian aggression will cost Ukraine more than 3% gross agricultural output annually (or almost 7.4bn hryvnias at constant prices of 2010)

Donetsk region suffers from agricultural underproduction of more than 321.9 m hryvnias. The financial equivalent of underproduction in the **Luhansk region** is estimated at 1072.4 m hryvnias (at constant prices of 2010).

The losses of the Ukrainian agricultural sector due to the annexation of Crimea and Sevastopol comprise about 16 bn hryvnias, while the Russian aggression in Donetsk region costs 520 m hryvnias, in Luhansk region (preliminary estimates) - around 1,179 m hryvnias.

Ukraine lost approximately 1.5 m tons of grain in the occupied territories of Crimea and eastern Ukraine because of the military conflict.

Losses from the destruction of agricultural crops (3,300 hectares) in 2014 comprise over **16.6 m hryvnias**.

According to preliminary estimates, the restoration of completely destroyed or severely damaged elements of the local agricultural industry will cost more than **133 m hryvnias**.





Transport and infrastructure

The transportation of goods decreased by 10.1%, turnover by 10.8%, passenger transportation by 5.3%, passenger turnover by 11.7%.

The passenger turnover rate in 2014 comprised 31.2% of that in 2013, including a 73.9% decline in interstate traffic and 56% reduction in domestic traffic.

Within the first 10 months of 2014, **railways lost** revenues amounting to 3508.7m hryvnias (7.8%), including the Donetsk railroad - 1743.2m (22.0%).

A total of **1,992.7m hryvnias was lost as income for air navigation services** from March to December 2014 due to the occupation of Crimea and Sevastopol, as well as the closure of airspace over the Donetsk and Luhansk oblasts.

1,514 railway infrastructure facilities with a total cost of **823.4 million hryvnias** were damaged or destroyed.

1,561 km of public roads (740.3 km in Donetsk oblast, 820.7 km in Luhansk oblast) and 33 bridges and overpasses longer than 2,800 meters with the total cost of 4,696.4m hryvnias (Donetsk region – 2386.4m hryvnias, Luhansk region - 2 310 million hryvnias) were damaged.

28 air traffic control facilities were damaged or destroyed: 17 of them were at the Donetsk Donetsk Airport, 8 at the Luhansk Airport, and 3 at the radar complex in Artemivsk, Donetsk oblast.

Based on information, provided by the central
bodies of the Government of Ukraine

February 2015

