



Pitch-black Dutch trace of Yanukovych's business

In 2013 numerous reports^{1,2,3} have outlined the links between the Yanukovych regime and widespread corruption related to makeshift coal mining in Ukraine. The illegal mining was controlled through a state-wide administrative apparatus and private companies Ukrskhidpostach, DRFC, MAKO Trading and Trust Invest. Journalist investigations have showed that they are all connected to Dutch-registered MAKO Holding BV, which is owned by Ukraine's ex-president's eldest son Alexander Yanukovych.⁴ The coal that was sold through these structures between 2012 and 2013 was produced in hundreds of small illegal mines as well as open pits.

According to Mihailo Volynets, head of Ukraine's Association of Independent Unions, in 2012 around 10 percent of total coal production in Ukraine, or more than 6.5 million tonnes⁵, came from illegal mines. In February 2013, Victor Yanukovych claimed during an official press-conference that the problem of illegal mines was being gradually resolved and their number has been significantly reduced.⁶ These claims were in high contrast with the information from independent media.



Copanka in Donetsk region, photo by Denis Kazansky (<http://frankensstein.livejournal.com>)

Illegal coal mines, known as *copanky*, have operated in Ukraine for more than two decades. First emerging as a cottage industry of sorts, *copanky* were eventually brought under control by organised crime. Under Yanukovych illegal mining operations were centralized and turned into an extremely profitable industry.⁷

Prior to 2010, the scheme for legalizing illegal coal was fairly straightforward: state-owned mines would take coal from *copanky* and resell it as their own. Forged documents were produced to certify the legal origin of the coal from state-owned mines. After 2010, when Yanukovych rose to power, the legalization of coal from *copanky* was being done through commercial structures such as Ukrskhidpostach, DRFC, Trust Invest and MAKO Trading. Under the new arrangement, private companies bought coal from

¹ <http://www.epravda.com.ua/rus/publications/519b0ab99fc5d/>

² <http://www.epravda.com.ua/rus/publications/2013/06/10/378953/>

³ http://censor.net.ua/resonance/237005/rynok_chernogo_uglya_ili_kopanka_dlya_semi

⁴ <http://forbes.ua/news/1358471-syn-yanukovicha-dal-mako-holdingu-besprocentnyj-kredit>

⁵ <http://www.bbc.co.uk/news/world-europe-22170976/>

⁶ <http://www.nrcu.gov.ua/en/148/524556/>

⁷ <http://tyzhden.ua/Society/73562>

copanky and then processed and sold it as their own. It appears that these structures had political backing at all levels, including from law enforcement and local governments.⁸

In 2012 and 2013, pit coal mines operated unabated and produced huge returns. Coal produced in pit mines was delivered to so-called ‘platforms’: coal warehouses located in mining towns and were controlled through corrupt local authorities. Raw coal from ‘platforms’ was delivered to refining plants, where it was turned into marketable coal products and sold through commercial structures owned by Yanukovich family and his entourage.⁹



Aerial photo of coal “platform”, photo by NECU

In May 2013 an investigation revealed that five major coal refining plants were privatised by the company DRFC, which is connected to Alexander Yanukovich through figureheads.¹⁰ In recent days following the collapse of the Yanukovich regime, journalists discovered new evidence in the presidential residence further linking DRFC and the Yanukovich clan.¹¹

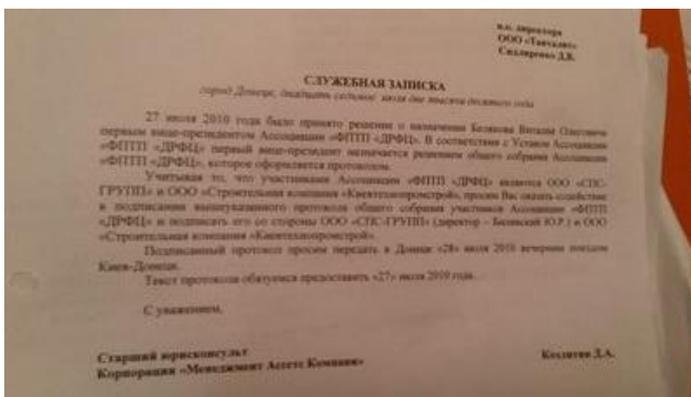


Photo of the document found in Mezhigirya. Source - Ukrainian Pravda

Action of the EU member states is needed

Dutch government and other EU authorities should act now to prevent MAKO Holding BV from moving its capital away. All associated accounts and assets of this company should be blocked and investigation on all involved individuals and legal persons should start immediately.

⁸ <http://frankensstein.livejournal.com/453051.html>

⁹ http://censor.net.ua/resonance/237005/rynok_chernogo_uglya_ili_kopanka_dlya_semi

¹⁰ <http://www.epravda.com.ua/rus/publications/2013/06/10/378953/>

¹¹ <http://www.epravda.com.ua/news/2014/02/24/421548/>

Appendix 1: Makeshift coal mining in Ukraine

Photos 1,2: Organised industrial-scale illegal mining operations in the Donetsk region - photo NECU



Photo 3: Illegal mining operations near the abandoned Sunrise mine in Kirovske, Donetsk region



Further information:

Detailed investigation on massive corruption in the Ukrainian coal sector done by Ukrainian NGO Anticorruption Action Centre:

<http://antac.org.ua/en/2014/01/this-is-how-makeshift-coalmine-business-is-arranged-in-ukraine/>

<http://yanukovich.info/oleksandr-yanukovych-assets/>

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