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## THINKING AHEAD

HOW UKRAINE'S OLIGARCHS ARE  
PLANNING TO REBUILD THE NATION

BY YURI BENDER

*"Big business has been  
given a huge chance to  
participate in the building  
of a new country"*

VICTOR PINCHUK

FORMULA ONE SAO PAULO | ART FORGERS | YOUTUBE MILLIONAIRES | ALFA ROMEO 4C

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SPRING 2014

# REVOLUTIONARY FORCES IN THE WAKE OF TURMOIL IN UKRAINE, THE ROLE OF THE COUNTRY'S OLIGARCHS IS UNDER SCRUTINY

BY YURI BENDER  
PHOTOGRAPH BY ROSS MCDONNELL

**V**ictor Pinchuk has had a good revolution. Close friends with the Clintons and Tony Blair, and one of Ukraine's four wealthiest and best-connected industrialists, Pinchuk's charitable foundation is about to fly 70 demonstrators wounded in Kiev's Maidan Nezalezhnosti (Independence Square) for treatment in Germany. Prominent during the recent turmoil, he is keen to show his continuing commitment to the activists and the new government.

"Big business, like the entire country, has been given a huge chance by the Maidan heroes to participate in the building of a new country to a certain extent from scratch," Pinchuk told me in early March.

"It will be an honour to contribute to building the freshest, most surprising, most attractive country in the world."

As Kiev responds to promises of aid from the International Monetary Fund and the EU, most of the country remains nervously glued to their smartphones for the latest news about Russian incursions in Ukraine\*.

But they are also starting to ask what role the oligarchs – some of Europe's wealthiest people with fortunes made in steel, coal, gas and banking – played in supporting the pro-EU uprisings.

The unrest has given the oligarchs a further opportunity to shake off once-shady reputations and present themselves as concerned business leaders and reputable partners for investors from European and US markets. The most vocal voice coming from the oligarchs throughout the protests, in condemning the authorities' brutality, was that of metals magnate Pinchuk.

We meet in his palatial glass-panelled office on the 26th floor of Kiev's Parus Business Centre.

On his desk, on top of a pile of documents, Pinchuk has a signed photograph of boxer Wladimir Klitschko – younger brother of former world heavyweight champion and presidential contender Vitali. The logo of Pinchuk's Interpipe metallurgical mill was embossed on the younger fighter's trunks in his title bout with Russia's Alexander Povetkin last October.

"I made the mistake of sponsoring a boxer in a fight for Ukraine versus Russia," shrugs Pinchuk. ➤

**Opening times:**  
Victor Pinchuk  
says big business  
has a huge chance  
to help build a  
new country







**Fighting talkers:** protests in Maidan Nezalezhnosti in February, above left; former president Leonid Kuchma, above right; potential presidential candidate Vitali Klitschko, opposite



Crucial to delivering a future based on “European values” is Pinchuk’s hand-picking of future Ukrainian leaders, educating them in western universities and seconding them to London banks and law firms at the “right moment”, before they are seduced by the system. “I hope the people we have sent abroad will increasingly take responsibility,” he says.

Pinchuk himself had several head-starts in life. He grew up the son of art-loving parents, well connected in the metallurgical industry of Dnipropetrovsk. This Soviet powerhouse city was closed to outsiders due to its secret rocket research facility.

“We used to hear our walls shaking and we didn’t know why it was,” says Yura, a weather-beaten driver in his 50s who ferries guests to Pinchuk’s environmentally friendly Interpipe factory, built on the banks of the Dnipro river, complete with art installations from Danish-Icelandic sculptor Olafur Eliasson. “Then we found out it was rockets being tested at the factory where Leonid Kuchma was a director.”

Kuchma later became president of Ukraine and soon after his daughter Olena became Pinchuk’s second wife, catapulting his businesses and personal standing from regional to national and eventually international prominence.

“Maybe I am influential, but it is the power of influence, not the influence of power,” Pinchuk says. “I don’t hold any governmental position.”

“But I can establish certain benchmarks and I can share my vision about how to be more efficient in different areas.”

**D**espite these occasional displays of chutzpah, Pinchuk is prepared to admit his mistakes, such as overplaying family connections in a run-in with former Dnipropetrovsk business partner Yulia Tymoshenko, who has recently been released from prison.

Most Ukrainians believe she was jailed on trumped-up political charges, but few trust her implicitly.

Tymoshenko turned on her fellow oligarchs following the Orange Revolution of 2004. After she was appointed prime minister, she reprivated the Kryvorizhstal steel factory, bought for the knockdown price of \$800m by Pinchuk and Ukraine’s richest man and coal king Rinat Akhmetov. The enterprise was later sold to London-based Indian steel magnate Lakshmi Mittal for \$4.8bn.

“From a legal point of view, everything was OK,” says Pinchuk, who, unlike some tycoons, is not tainted by allegations of links with organised crime. “But as a member of the family of the president [Kuchma], I made a mistake.”

Bridges are clearly being built with Tymoshenko, expected to run for president in May, while “Chocolate King” Petro Poroshenko, a vocal backer of the protests and potential rival presidential candidate, has been a guest at Pinchuk’s high-profile meetings in Davos.

During an encounter at Kiev’s Ukraina hotel, ➤

‘THERE ARE VARIOUS RICH PEOPLE IN UKRAINE. THERE ARE THOSE WHO USE THEIR STATE POSITION FOR THEIR OWN PERSONAL ENRICHMENT’





## 'THESE OLIGARCHS WANT A DECLARATION OF THE RULES OF THE GAME – THEY ARE SCARED OF LIVING IN A COUNTRY WITH NO LAWS'

which was used as a field hospital during the recent uprisings, Poroshenko accused me of “offending the country” when I asked if the role of oligarchs in politics should be reduced.

“There are various rich people in Ukraine. There are those who use their state position for their own personal enrichment,” says the greying businessman and television mogul, whose Roshen chocolate exports suffered when Russia specifically targeted him for import restrictions in 2013.

“And there are those who build honest and transparent businesses that bring investment to Ukraine, create jobs and declare and document every kopek.”

Sipping espresso in the O’Panas restaurant in Kiev, Vadym Karasyov, formerly an adviser to Victor Yushchenko, Ukraine’s president after the Orange Revolution, takes endless calls from journalists and clients in both Ukraine and Russia, concerned about the precarious state of the relationship between the two countries.

Under recently ousted president Victor Yanukovich, the oligarchs’ interests were threatened by his “Family” of owners of interlinked companies. These interests are now likely to be shared out among the remaining tycoons. “Today they can say they are Ukrainian patriots

who are making sure the country stays united,” says Karasyov.

Guarded praise for the involvement of the oligarchs comes from the unlikelyst of sources, such as Oleksandra Kuzhel, the formidable head of the parliamentary committee for entrepreneurship and regulatory and antimonopoly policy and a long-time critic of big business.

**W**hile chastising various business owners during a meeting at Kiev’s Intercontinental hotel, she turns to answer my question about the role of oligarchs in society and breaks into a disarming smile. “I

thank [Donetsk industrialist] Mr [Serhiy] Taruta and [Dnipropetrovsk governor and PrivatBank owner] Mr [Ihor] Kolomoisky for coming to help us in this difficult time and for working towards the rebirth of the regions,” she says, referring to the government’s appointment of key oligarchs to run restive eastern regions.

“They won’t need to seize control of the markets and kiosks, like most new people do. These are serious people, with reputations in business. But we will be monitoring them closely.”

“I know all these oligarchs well,” says Vitali Klitschko, leader of the Udar political party (the Ukrainian Democratic Alliance for Reform, the acronym being Ukrainian for “punch”) and the man many think could be a serious presidential contender. Speaking after a press

**Forces of change:**  
acting president of  
Ukraine Oleksandr  
Turchynov, below  
on the right with  
prime minister  
Arseniy Yatseniuk;  
anti-government  
protesters in  
February in front of  
a banner featuring  
Yulia Tymoshenko,  
below right



conference at a fortified opposition building, deep in the Kiev suburbs, he says: “They want a declaration of the rules of the game, so things don’t keep changing. They too are scared of living in a country with no laws.”

The imposing yet affable 6ft 7in former boxer had also spoken about the oligarchs during a previous encounter in London, when he told me he would not be expropriating any assets or reversing any deals if he became president, preferring to “sit down with all of them round the table, when we discuss the nation’s future”. Prime minister Arseniy Yatseniuk has also confirmed that renationalisation is off the agenda.

According to his aides, Akhmetov is an admirer of both Yatseniuk and Klitschko. “All of the oligarchs were financing the protests. European association suits them well as it expands the metallurgical quota for Pinchuk and Akhmetov, both of whom have already done so much to legalise their capital in the west,” says Karasyov, who is also Ukraine’s best-known TV political pundit.

Pinchuk may not be happy about the governorship of his native Dnipropetrovsk region being handed to his rival Kolomoisky, but he proclaims himself ready to serve Ukraine. “It goes without saying that we [the oligarchs] are all ready to defend the unity of the country,” Pinchuk says. “By whatever means it takes.”

*\* At the time of going to press on March 13*

‘THESE ARE SERIOUS PEOPLE WITH REPUTATIONS IN BUSINESS. WE WILL BE MONITORING THEM CLOSELY’



PHOTOS: AFP/GETTY; REUTERS

## THE BIG FISH IN DONBASS

Unlike the intellectual Pinchuk, who grew up buried in books among the technocratic elite of Dnipropetrovsk, coal-miner’s son Rinat Akhmetov hails from a down-at-heel industrial area on the fringes of Donetsk.

“He loved boxing and ran his street football team. Even then he was a leader, who could bring people together,” says Ludmila Dmytriuk, head teacher of School No 63 in the Kubushevsky district.

She also recalled Akhmetov’s “phenomenal memory”, and the oligarch, whose picture adorns her office wall, has certainly never forgotten his roots. His Foundation for Development of Ukraine, employing 40 of its 80 staff in his native Donetsk, refurbished the school with state-of-the-art cinema and workshop facilities, plus an artificial football pitch. He also finances the nearby tuberculosis hospital, to fight a disease that once afflicted his brother Igor.

“The Donbass region is always first in Rinat Akhmetov’s thinking,” says Anatoliy Zabolotny, head of the foundation. Many staff at the Donbass Arena, home to Akhmetov’s Shakhtar Donetsk football club, believe their own “president” could do far better running Ukraine than the recently ousted Victor Yanukovich.

“Business people here are demonised, not held up as civilised role models,” says Jock Mendoza-Wilson, a director of Akhmetov’s SCM holding company. “There is always a question of how they got there. Ukraine should stop looking backwards and judge people by how they behave today.”

With his once reddish fringe well on the way to grey, Akhmetov appears almost statesmanlike, waving to fans from his seat high in the Donbass Arena during Champions League matches.

“A customs union [with Russia] would mean 20 or 30 years of rule by Vladimir Putin and spells the end for all of the oligarchs,” says political analyst Vadym Karasyov. Akhmetov has been criticised for not doing enough to prevent his former friend Yanukovich’s bloody crackdown, though his aides confirm he refused to yield to threats from the security services to his KievEnergogroup, which supplied electricity to the anti-Yanukovich protesters.

“Akhmetov has not even reached 50 yet and he plans to live for a long, long time,” says Karasyov.

**Loyal supporters:**  
Rinat Akhmetov, above, greets the crowd at a Shakhtar Donetsk match