

THE SVYDOVETS CASE

How oligarchs are planning to destroy
one of Ukraine's most pristine natural landscapes



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FREE
SVYDOVETS

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«The environment of the country is an investment in future generations.»

Volodymyr Zelensky
President of Ukraine

«The public has the right to say a word about the planning of this resort and its safety, environmental friendliness in a mountainous region, which is sensitive to unwanted environmental changes.»

Prof. Dr. h.c. Stepan Stoyko
Founder of the Carpathian Biosphere Reserve

«We are highly alerted by the alleged violation of international conventions and the illegal exploitation of Ukraine's rich resources to the detriment of the local population while hampering a prosperous sustainable development of the region.»

Michael Gahler, Rebecca Harms and Dariusz Rosati
Members of European Parliament

«Sooner or later, if money always stands in the first place, apart from everything else, we will come to a point in which it turns out that there is nothing to breathe, there is nothing to drink ... and for what then all these businesses!?»

Oleksandr Polozhinsky
lead singer of the band *Tartak*



*The Svydovets massif is home to some of the last primeval beech forests of Europe
(Picture: Konstantin Balabanov)*

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1 Executive Summary

Svydovets is one of Europe's most pristine forest landscapes and a biodiversity hotspot in the Carpathian Mountains. The massif is located in the Eastern Carpathians in Western Ukraine. The undisturbed ecosystem is partly inscribed as a UNESCO World Heritage site for its exceptional biodiversity and primeval beech forests. Svydovets also includes two sites of the Emerald Network of the Bern Convention and critical parts of ecological network of the Transcarpathian region (Zakarpatska Oblast). It is home to at least 93 endangered species of Red Data book of Ukraine (2009) including the European brown bear and the Eurasian lynx. More than half of Ukraine's glacial lakes are located on the mountain range. The massif provides the hydrological regime of the region and contains the source of the international Tysa river which is a main tributary of the Danube river.

In 2016, Gennady Moskal – Governor of the Transcarpathian region – announced plans to build a huge ski resort on the mountain range of Svydovets. **The project in the heart of the Ukrainian Carpathians includes the building of 230km ski slopes, 390 apartment buildings, 120 restaurants and 60 hotels.** The recreational complex is designed for a capacity of 22'000 tourists and 5'000 employees per day. Construction of a large-scale infrastructure in the high mountain area of Svydovets would cause irreversible damage to this unique ecosystem. The large amount of sewage produced by the planned tourist complex would pose a serious threat to the water cycle of the international Tysa river, which will inevitably have transboundary environmental impacts. Planned as an expansion of the Bukovel ski resort in the Ivano-Frankivsk region, Svydovets would become one of the biggest ski resorts in Europe. Since the highest peak of the territory is below 1900m, the long-term viability of the project is highly doubtful, even from a purely economic perspective.

The competent authorities are developing the project in a totally non-transparent manner, in complete disregard for the Ukrainian law on public information. In October 2017, the Tyachiv and Rakhiv District Administrations gave the go-ahead for the development of the project. These detailed plans and cartographic materials have not been published. The competent Ukrainian authorities have repeatedly denied the existence of an investor behind the project. Our own investigations have proved this to be false. Due to the lack of public information, residents from the affected village of Lopukhovo filed a lawsuit against the competent authorities. The court case is currently pending at the Supreme Court of Ukraine. However, the Transcarpathian government continues to pursue the project behind the public's back, preparing the necessary change of land use for the implementation of the project. Moreover, construction of a new road connecting the two districts to the planned Svydovets tourism complex has already begun, before the results of the environmental impact assessment are known.

Despite the fact that the Svydovets ski resort is officially being promoted as a government project, it is the investors who are in reality steering the process. Official

documents from the Tyachiv District Administration provide evidence that the company Skorzonera LLC (“Skorzonera”) is behind the Svydovets project. Skorzonera is the owner of Bukovel, the largest ski resort in Ukraine at present. The company is currently the object of ongoing investigations by Ukrainian authorities concerning the suspected misappropriation of state funds. **The beneficial owners of Skorzonera and thus the main investors behind the Svydovets project are Igor Kolomoisky, one of Ukraine’s most controversial oligarchs, and his business partner Gennady Bogolyubov.** During the planning procedures of the Svydovets project, Kolomoisky’s cronies met with top officials of the forest agency and represented the regional state administration in public hearings. Kolomoisky himself has the reputation of being a corporate raider and is at the core of a major corruption scandal that is currently being investigated by Ukrainian prosecutors, the alleged 5,5-billion-dollar fraud of PrivatBank.

Experience from other countries with similarly oversized tourist projects in mountain areas, such as in the Pirin National Park in Bulgaria, shows that local people do not adequately benefit from such massive ski resorts. The big promises about the creation of jobs are unlikely to come true. On the contrary, the local population often loses control over their villages and has to deal with the negative consequences of large-scale infrastructures. These include the privatization of community land, pollution of drinking water, water shortages, and deterioration of natural resources.

A sustainable development of the Svydovets region should focus on the preservation of the mountain range as a natural heritage of Ukraine. **The development of low-impact tourism could provide the basis of a regional economy which would benefit a large number of people instead of a small group of investors.** The Svydovets massif with its primeval forests and unique biodiversity represents an outstanding natural landscape of European importance which should be protected.



The Svydovets massif in the Ukrainian Carpathians (Picture: Free Svydovets)

2 The region

2.1 The Ukrainian Carpathians

The Carpathians are a mountain range in Central and Eastern Europe with a total area of 200'000 km². Extending over a territory from the Czech Republic in the west across Slovakia, parts of Poland, Hungary and Ukraine, across the greater part of Romania and into Serbia, they are one of Europe's last great wilderness areas. The Carpathians are a habitat for large carnivores, with about two-thirds of the continent's populations of brown bears, wolves and lynx. They are also home to the largest remaining reserves of old-growth forests outside of Russia. The mountain range is formally protected by international, EU and national legislation, including the EU's Natura 2000 network of specially protected sites as well as national structures, such as National Parks and regional nature parks.²

UNESCO World Heritage Site

The primeval beech forests of the Carpathians have been part of the UNESCO World Heritage since 2007. This particular protection of European beech forests was extended in 2017 under the name "Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe". The transboundary site stretches over 12 countries including Albania, Austria, Belgium, Bulgaria, Croatia, Germany, Italy, Romania, Slovakia, Slovenia, Spain and Ukraine. The integrated forests represent all stages of beech forests in their entirety, contain the largest remaining primeval beech forests in Europe and the largest and tallest beech specimens in the world. Out of ten separate areas within the Carpathians, six are located in Ukraine, namely Uholka-Shyrokyi Luh, Svydovets, Stuzhytsia-Uzhok, Chornohora, Maramarosh and Kuziy-Trybushany.

The Ukrainian Carpathians are part of the Eastern Carpathians and occupy over 14% of the Carpathian Mountains. They are situated on the territory of four regions (oblasts): Transcarpathia, Lviv, Ivano-Frankivsk and Chernivtsi.³ The Ukrainian Carpathians are one of the few regions in Europe where primeval forests still exist (see box UNESCO World Heritage Site in Ukraine).⁴ Europe's largest primeval beech forest – Uholka-Schyrokyi-Luh – is situated in Transcarpathia and is part of the UNESCO World Heritage Site.⁵ However, only 46% of Europe's primeval forests are under strict protection (IUCN category I). Especially in Eastern Europe, these forests are threatened by illegal logging and ski resorts and are being lost at an alarming rate.⁶

2.2 The Svydovets massif

The Svydovets massif is one of the most beautiful and least disturbed mountain ecosystems in the Carpathians. The mountain range is situated in the Transcarpathian region in Western Ukraine, embedded between the rivers Teresva and Chorna Tysa. It is one of the highest ranges of the Eastern Carpathians, with four peaks higher than 1700m and one peak over 1800m. Svydovets hosts one of the key components of the

transnational UNESCO World Heritage site “Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe.” The central part of the Svydovets mountain range and the upper part of the Chorna Tysa River are important for both the Ukrainian Carpathians and the entire Carpathian mountain system because they ensure the ecological stability of the region.⁷ The Chorna Tysa river flows through the territory of five countries (Ukraine, Romania, Hungary, Slovakia and Serbia) and is protected by the EU Water Framework Directive and the Water Code of Ukraine.⁸

2.2.1 Biodiversity

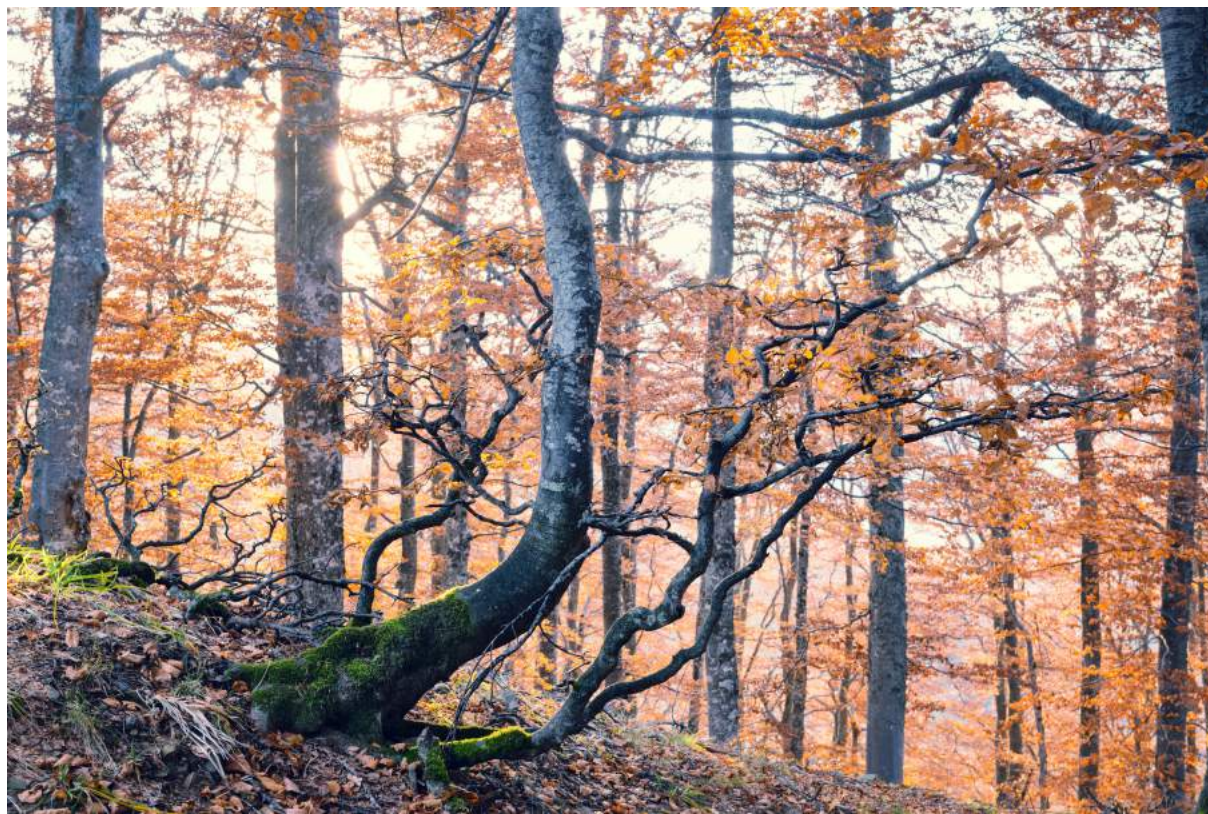
Svydovets is unique with its almost totally undisturbed high-mountain glacial landscapes, old-growth and virgin forests, natural habitats and populations of dozens of threatened species. The high-mountain zone of the Svydovets massif above the timber-line is exceptionally significant for biodiversity conservation in the Ukrainian Carpathians due to the high concentration of rare, red-listed and endemic plant, animal and fungi species.



Photos: 1 - *Rhodiola rosea*, 2 - *Saxifraga carpatICA*, 3 - *Huperzia selago*, 4 - *Lycopodium annotinum*, 5 - *Lissotriton montandoni*

The Svydovets massif is home to 42 plant species and 51 animal species listed in the Red Data Book of Ukraine (2009).⁹ The endangered animal species include the European brown bear (*Ursus arctos*), the Eurasian lynx (*Lynx lynx*), the black grouse (*Lyrurus tetrix*) and the Eurasian eagle-owl (*Bubo bubo*). There are also species endemic to the region like the Carpathian newt (*Lissotriton montandoni*). The Red-listed plant species include the rose root (*Rhodiola rosea*), the Carpathian saxifrage

(*Saxifraga carpatica*), the fir clubmoss (*Huperzia selago*), stiff clubmoss (*Lycopodium annotinum*) and many others.¹⁰



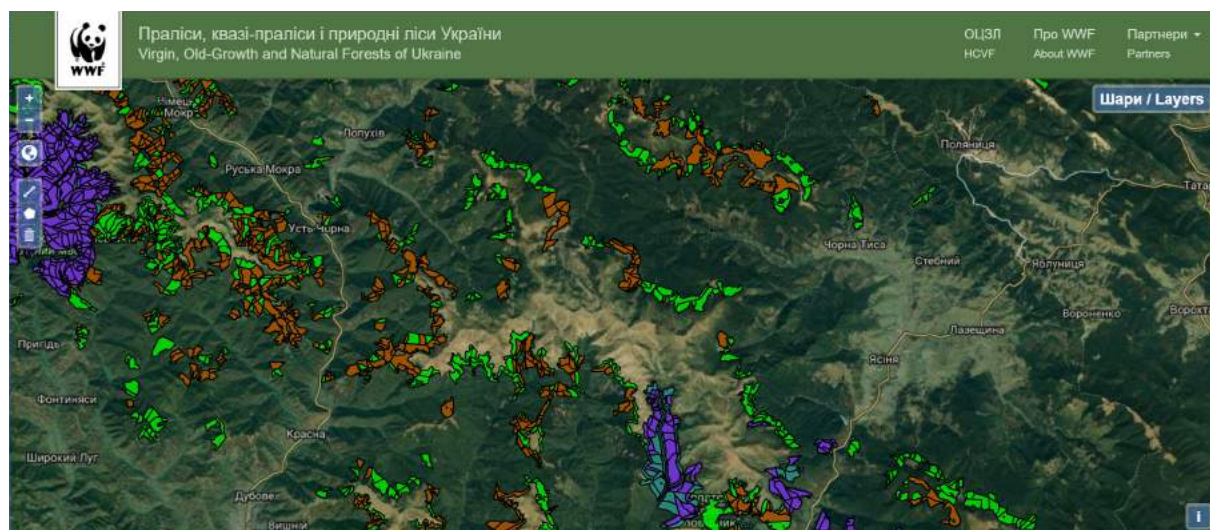
*Primeval beech forest on the slopes of the Svydovets massif
(Picture: Julia Burlachenko)*

The Svydovets area covers 17 habitat types listed in Annex 1 of the EU Habitat Directive (1992). The planned project threatens the 17 habitat types, which need special protection measures and appear in the list of Resolution No. 4 of the Bern Convention.¹¹

2.2.2 Old-growth and primeval forests

Svydovets has one of the most pristine forest landscapes not only of Ukraine but also of the whole of Europe. It is composed of diverse spruce, fir and beech forests and contains the richest flora of the Ukrainian Carpathians. In the massif, primeval beech forests grow up to 1'380m, thus representing the highest range of primeval beech forests within the World Natural Heritage site "Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe".¹² The peculiarity of Svydovets' fauna is highlighted by the fact that all of the ten woodpecker species of European deciduous forests can be found here.¹³ The inventory list of WWF Ukraine shows that Svydovets includes a significant amount of old-growth and virgin forests (see green, yellow and violet areas on map 2). 434 ha of old-growth and virgin forests were identified, which might be destroyed or fragmented by the planned ski resort.¹⁴ The cluster "Svydovets" of the UNESCO World Heritage Site is located only a few hundred meters from the planned ski resort (see map 1).

Map 2: Old-growth and virgin forests in the Svydovets massif



2.2.3 Protected areas

There are a number of protected areas in the Svydovets massif. In particular, the south-western part of the massif is part of the Carpathian Biosphere Reserve, partly included to the UNESCO World Heritage and European Wilderness Network.¹⁵ Four zones are nature protected areas (zakaznyky) of local and national importance: Smerekovi Karpaty Forest Reserve, Apshynetsky Hydrological Reserve, Bila and Chorna Tysa Ichthyological Reserve and Stanislav Botanical Reserve. Three other objects are natural monuments, namely Vorozheska Hydrological Nature Monument, Gerezhaska Hydrological Nature Monument and Andromeda Botanical Nature Monument.

Svydovets is also part of the Emerald Network which is protected by international environmental treaties, including the Bern Convention of which Ukraine is a signatory.¹⁶ This in particular affects two areas within the territory of the planned ski resort: Skhidnyi Svydovets¹⁷ and Marmaroski and Chyvchyno-Hryniavski Hory¹⁸. The implementation of the Emerald Network principles in Ukraine should ensure an improvement of the legal framework for biodiversity conservation and the harmonization of Ukrainian environmental legislation with the standards of the EU, including NATURA 2000 principles. As of November 2018, the Standing Committee of the Bern Convention approved 271 areas of the Emerald Network in Ukraine, which includes the Svydovets areas.¹⁹

2.3 Illegal logging

Ukraine has a relatively low forest cover with a national total of 15.9%. However, the proportion varies from 3.7% in Zaporizhzhia and Mykolaiv regions to 51.4% in Transcarpathia – the area with the highest forest cover in the Ukraine.²⁰ The majority of forests are concentrated in the western (Carpathians) and northern parts of the country, where they play an important environmental and economic role. At present, almost all forests in Ukraine are owned by the state. The State Agency of Forest

Resources (SAFR) is the main central executive body and manages 73% of the country's forests.²¹

Ukrainian forests are under threat from illegal logging and corruption in the timber sector. Although the problem has been known since the early 2000s, measures taken by the government have not proven effective in preventing the export of illegal wood and combating illegal forestry activity. According to a fact-finding study carried out by the Regional Environmental Centre for Central and Eastern Europe (REC) in 2010²², the main types of illegal logging in Ukraine are:

- logging without authorisation;
- false declaration of volumes and values of harvested wood;
- logging outside the limits of designated cutting areas;
- obtaining logging authorization through bribes;
- unjustified sanitary cuts
- illegal occupation of forest lands for construction or mining, accompanied by logging.

In July 2018, the British NGO Earthsight revealed the massive scale of illegal logging and timber corruption in Ukraine in its report "Complicit in Corruption: How billion-dollar firms and EU governments are failing Ukraine's forests".²³ After a two-year investigation, the authors concluded that at least 40% of Ukrainian wood exports to the EU was traded or harvested illegally and that corruption was widespread within the Ukrainian forestry sector. The main reason for this rampant illegal logging is the lack of separation of power within the State Agency of Forest Resources, which is responsible for both harvesting and monitoring Ukraine's forests.²⁴ The EU TAIEX (Technical Assistance and Information Exchange) mission and the World Wide Fund for Nature (WWF) have carried out their own investigations in 2018, which confirm Earthsight's findings. The EU TAIEX report stated that the 'forest control system in Ukraine is not working properly' and noted widespread corruption and illegal logging 'with papers' in the SAFR.²⁵ The report stated that contrary to the SAFR's data, this type of illegal logging is a far bigger problem than clandestine illegal felling in Ukraine, and involves 'corruption of public sector employees and forgery.'²⁶ The three independent investigations all recommend the splitting of the SAFR's functions and the introduction of an independent authority monitoring the forestry sector.²⁷ The SAFR has refused to acknowledge the problem and systematically distorts official data by ignoring the widespread use of forged documents.²⁸

According to the latest report by WWF Ukraine, even completely illegal felling is a growing problem - up to a quarter of the timber from the Carpathians is felled illegally, amounting to one million cubic meters of wood per year.²⁹ This includes logging without permits and in unauthorized areas like national parks. This figure should be compared with four million m³ of officially harvested timber and the SAFR's repeated claims that less than 50,000 m³ are illegally felled across the entire country.³⁰

In July 2018, following the publication of the EarthSight report, the Prime Minister of Ukraine, Volodymyr Groysman, ordered a crackdown on illegal timber. He has not, however, yet signed a key reform document which includes almost identical recommendations to those made by Earthsight, the EU and WWF.³¹ Despite plentiful evidence, the SAFR has vehemently denied allegations of systematic corruption within Ukraine's forest sector and has accused the reports of being unscientific.³²



Logging site near the village of Lopukhovo in August 2018 (Picture: KyivPost)

The old-growth forests of the Svydovets massif in the Carpathians are also under threat of illegal logging through falsification of documents, unjustified sanitary felling and logging outside the limits of cutting areas. Illegal logging in the region of Transcarpathia more than doubled between 2010 and 2016, even according to official figures, which are likely to be a gross underestimate.³³ The districts in and around Svydovets have been particularly affected, with the same figures showing that illegal logging levels in the district of Rakhiv increased 25 times in a six-year period.³⁴ According to a local insider of the timber business, logging companies are willing to pay up to 10,000 euros for a written declaration confirming the bad sanitary state of a particular zone of forest.³⁵ In 2018, two state forest enterprises of the Svydovets region lost their FSC certification due to numerous violations of the forestry law.³⁶ Forest activists have repeatedly been threatened and investigations about illegal logging have been hampered by local forestry officials.³⁷

2.4 Floods

The Svydovets mountain range is one of the areas in Ukraine with the highest rainfall – exceeding 1400 mm annually.³⁸ Many rivers such as Apshynets, Kisva, Temnyi, Turbat, Zvir have their source in Svydovets. The best-known is the Chorna Tysa (Black Tysa), which becomes the Tysa river that flows into the Danube. Due to the high precipitation rate and the steep slopes of Svydovets, the Chorna Tysa Basin is prone

to flooding. Heavy rains during the period of intensive snowmelt can lead to natural disasters, all the more so as a result of the ongoing clear-cutting in the region, which destroys the protective capacity of forests. The downstream villages of the Svydovets massif have repeatedly been hit by floods in the past decades. In 1998, a major flood caused eight victims and the displacement of 43'000 inhabitants. 33 houses in the village of Lopukhovo were destroyed. In 2001, a second major flood occurred in the region leading to the destruction of 33'000 houses. The total damage amounted to 317 million Ukrainian Hryvnia (UAH), which is approx. 12 million USD.³⁹

The deforestation in the floodplains and the drainage of peat land, swamps and natural water lakes that have happened during the past decades have significantly increased the risk of floods in the region as well as downstream of the Tysa river in the Hungarian Danube basin. Moreover, the preservation of these forests is crucial for the survival of endangered species and habitats in the Ukrainian Carpathians. According to Bohdan Prots, an expert in Carpathian ecology, the creation of a nature conservation zone combined with the development of an ecological form of tourism is the only way to effectively mitigate the risk of floods in populated areas.⁴⁰

A recent study by Prykhodko (2017) concludes that the existing anti-flood measures in the region are not sufficient. Although floods in the Carpathian region of Ukraine have cost the state 8 billion UAH (approx. 300 million USD), there is still no effective flood management for the major rivers of the region, such as the Tysa.⁴¹ As a result, downstream villages like Lophukovo and Chorna Tysa are at high risk from avalanches, landslides and floods. At the same time, the increasing soil erosion caused by the massive deforestation leads to water shortages in the villages.

2.5 Regional economy

Transcarpathia is the most western region of Ukraine. Located in the geographical centre of Europe, the Transcarpathian region has belonged to several different nations, changing nationality six times during the 20th century. These border shifts had major implications to the multi-ethnic structure and the economic development of today's Transcarpathia. Industrialization took place at a late stage and the Schengen regime – cutting Transcarpathia off from Slovakia and Hungary – poses a major obstacle to the economic development of the region. Since 50% of Transcarpathia is covered by forests, these are under severe pressure for timber production and timber processing industries. The region suffers from widespread poverty and emigration due to high unemployment rates. While the natural landscapes and old-growth forests of Transcarpathia offer a potential for the development of tourism, this branch has not yet been established in a way that ensures that local people will benefit from it.⁴²

The Svydovets ski resort project is planned on the territory of the Tyachiv and Rakhiv districts in the Transcarpathian region. Tyachiv is the largest district of Transcarpathia with an estimated population of 175'000 people.⁴³ It borders on Romania in the south and the Ivano-Frankivsk region of Ukraine in the north. Most of the district's territory is made up of mountains including Bratkovska, the highest peak of the area at 1'788m.

The main economic activity is the forest sector and the rural villages largely depend on forest resources for their livelihoods. The Brusturyansky forest and hunting agency, one of Ukraine's largest forest enterprises, operates on the territory of Lopukhovo in Tyachiv district.⁴⁴

The Rakhiv district is located to the east of Tyachiv and occupies the largest mountainous part of the Ukrainian Carpathians. The highest peak of Ukraine - Mount Hoverla at 2061m – and the largest areas of old-growth forests are located in the district. Similar to Tyachiv, the main economic activity is harvesting timber and wood processing. While a large part of the population is engaged in agriculture, access to arable land is very low with only 0.01 ha per inhabitant (compared to 0.14 in Transcarpathia and 0.63 in Ukraine).⁴⁵



*Local shepherds depend on the pasture lands of the Svydovets massif
(Picture: Roman Cherepanyn)*

The three villages affected by the Svydovets project – Chorna Tysa, Yasinia and Lopukhovo – are forest-dependent communities. The majority of residents is either engaged in the timber sector or relies for a living on non-timber forest products. The latter include the collecting of mushrooms and berries, which offers a significant source of seasonal income for many households in this region. Agriculture and livestock breeding are carried out by many residents as part of their subsistence strategy. Shepherds in the Svydovets massif use traditional methods to produce the 'brynza' cheese, a speciality that is very popular in the region. In addition, local people depend on firewood as there is no gas supply in many rural villages of Ukraine. Therefore, access to the forest and the use of its products (firewood, berries, mushrooms) is vital for local people in the Ukrainian Carpathians, both for subsistence and a source of income.⁴⁶

Swiss engagement in the region

Switzerland has a long tradition of engagement in Transcarpathia, mainly in the field of forest research and development cooperation. Back in 1930, the Swiss forestry engineer Conrad Roth traveled to Transcarpathia on behalf of a timber trading company. Enthusiastic about the primeval beech forests found there, he was among the first foreigners to describe the particularity of these forests to Western European readers. During the long years of the Cold War, access to the region was limited and international contacts almost non-existent. It was after the end of the Cold War, in 1992, that the primeval beech forests in Transcarpathia were declared a Biosphere Reserve by the UNESCO. Two years later, a group of scientists from Switzerland, Austria and Liechtenstein visited the area, which was unknown from a Western European perspective. Mario Broggi, the director of the WSL (Swiss Federal Institute for Forest, Snow and Landscape Research), participated in this field study and initiated a joint research project with Transcarpathia in 1999. This collaboration between the WSL and Ukrainian forest experts and researchers has continued to this day and resulted in an inventory list of the biggest primeval beech forest Uholka-Shyrokyj-Luh in 2010.

Switzerland was also engaged in the Transcarpathian region in the wake of the major flood events in 1998 and 2001. The Swiss Development Cooperation (SDC) began by providing humanitarian assistance, but then rapidly established flood protection projects. Since the floods were related to forest management – clear-cuts destroy the protection capacity of forests – the SDC initiated a development project focused on forestry. The so-called FORZA project – meaning Forest Zakarpattia – aimed to establish sustainable, multi-functional forest management with a strong emphasis on developing ecological methods and improving the livelihoods of the local population. The Ukrainian NGO FORZA emerged out of the project and is committed to sustainable development. Today, Ukraine is still a partner of the Swiss Development Cooperation. During the period 2015-2018, a total amount of 98.7 million Swiss Francs was spent for governance and peacebuilding, health, sustainable energy management and economic development. However, Switzerland has terminated its work on forest sustainability in Ukraine. Faced with the major problems of illegal logging and floods, Switzerland should help to address the current threats in the Transcarpathian region.

3 The Project

3.1 Ski resorts in the region

3.1.1 Carpathians

Skiing in the Carpathians is more popular than many people in Alpine countries might think. Since the beginning of the 21st century there has been a boom in ski development in the Carpathian Mountains, especially in Romania, Slovakia and Ukraine. In most cases, the ski facilities have been promoted by private investors with substantial support from the public sector due to the expectation of significant benefits for local and regional development.⁴⁷ However, the idea that ski resorts can provide an economic cure-all for the Carpathian region is a fallacy. The International Danube-Carpathian Programme already warned in 2008 about the long-term costs of the many planned ski resorts in the Carpathian Mountains:

We risk having 'white elephants' dotting our increasingly green mountains – **expensive investments whose cost, both financial as well as social and environmental, exceed their supposed usefulness.**⁴⁸

What is particularly striking regarding the recent boom of ski development in the Carpathians is that the likely changes in snowfall due to climate change are not taken into account. Most of the skiing areas that have been developed in the last years are located at less than 1'500 meters above sea level. According to climate change models, skiing at this altitude will become economically unviable already within a few decades.⁴⁹

There are a number of negative environmental impacts associated with the construction and operation of ski resorts, not only due to deforestation to build ski slopes, access roads and infrastructure, but also due to fragmentation of wildlife habitats. Furthermore, the use of water for artificial snow production and the high frequentation by tourists are detrimental for biodiversity.⁵⁰ Thus, the location and design of ski tourism infrastructure are crucial factors for the preservation of biodiversity and ecosystem services. This requires at least sound baseline data on flora and fauna prior to the planning procedures.⁵¹

Several constructions of ski areas in Central and Eastern Europe have been reported to be in violation of the national and EU legislation (see box on the Pirin National Park in Bulgaria).⁵² Public authorities including national governments and EU institutions should take a much more critical look when deciding on the construction of ski resorts in the Carpathian Mountains. They should above all compare the potential benefits of ski development with the long-term costs for the environment and local population.⁵³

In the Transcarpathian region there are already 54 mostly small-scale ski resorts with a total of 73 km of ski slopes.⁵⁴ Located next to the Svydovets massif, there are two

ski resorts called Dragobrat and Bukovel, which represent two completely different models of ski tourism in Ukraine.

Pirin national park, Bulgaria

Located in the south-west of Bulgaria, the Pirin national park has been a UNESCO World Heritage site since 1983 due to its exceptional biodiversity. The ecosystem includes mountain landscapes and old-growth forests and it is home to the brown bear, wolves and many other threatened species, some of them unique to Europe. But the park has faced grave threats from commercial logging and skiing infrastructure. In 2000, the Bulgarian environment minister approved the construction of the Bansko ski resort within the UNESCO World Heritage site. The company built ski zones on 60% more National Park territory than had been authorised, which caused irreversible damage to the ecosystem. In 2017, the Bulgarian government approved a new management plan of Pirin without the necessary environmental impact assessment. This plan would allow the construction of ski infrastructure on an area 12 times bigger than the current zone. A coalition of NGOs appealed the decision and started a campaign for the protection of Pirin. In addition, a WWF report revealed that the ski expansion would compromise Pirin's economic value and have negative impacts on the local economy, with increased unemployment, a fall in population and a drastic lowering of property values. Local people are already facing huge problems with sewage in relation to the existing ski facilities. In January 2019, the Bulgarian Supreme Administrative Court ruled that the government's decision to open Pirin for construction was illegal.

3.1.2 Dragobrat

Dragobrat is currently the highest ski resort in Ukraine with an altitude from 1400m to 1700m. It is located on the municipal territory of Yasinia in the Tyachiv District. The resort offers 13 ski lifts and 10km of ski slopes as well as the possibility of freeriding and heli-skiing. Dragobrat was created during the Soviet Union and reopened in 1993.⁵⁵ While it is still a popular destination for skiers and especially the freeride community, access to the ski area is difficult. Tourists have to use a 12km forest road from Yasinia passable only with four-wheel military trucks.⁵⁶

3.1.3 Bukovel

Bukovel is located in the village of Polyanitsa in the Ivano-Frankivsk region and is the largest ski resort in Ukraine. It comprises 16 ski runs with a total of 68 km, numerous hotels, wellness areas and sports facilities. Bukovel advertises itself as 'world class' and there were even plans to host the 2022 Winter Olympics in the region.⁵⁷

The Bukovel project was launched in 2000 by Skorzonera LLC⁵⁸. In 2004, the Ukrainian oligarch Igor Kolomoisky began to invest heavily in Bukovel (see chapter 4).⁵⁹ According to the Ukrainian news portal *Mind*, the total investments in Bukovel amount to 600 million USD. The recreational complex stretches over an area of 800 ha, while a further 220 ha are still under construction.⁶⁰ However, the majority of local people from Polyanitsa do not benefit from the gigantic investment made in their village. The local population is rather faced with the negative side-effects of the ski resort such as water pollution, water shortages and the privatization of community land. In addition, promises such as the construction of a school and a high-quality sewage treatment plant were not kept.⁶¹

3.2 The Svydovets project

3.2.1 Facts & figures

Plans for building a gigantic ski resort on the Svydovets massif became known for the first time in July 2016. Gennady Moskal, Governor of the Transcarpathian Regional State Administration (TRSA), proudly announced on his website the expansion of the Bukovel ski resort to the Svydovets mountain range.⁶² According to Moskal, ‘this will be a large resort called “Svydovets”, which will host up to 28’000 tourists at a time’.⁶³ In May 2017, the Tyachiv and Rakhiv District State Administrations (DSA) approved the detailed territorial plan for the construction of the Svydovets ski resort.⁶⁴ Subsequently, the Transcarpathian Regional State Administration started the environmental impact assessment (EIA) in March 2018. The corresponding “Notice on planned activities which are subject to environmental impact assessment” (hereafter public notice) was published on the website of the Ministry of Ecology and Natural Resources of Ukraine on 14th March 2018.⁶⁵ This document includes the economic and technical specifications regarding the scale and location of the project. It was signed by Governor Moskal who operates as the economic agent of the project. According to the public notice, the objectives of the planned ski resort are as follows:

A new recreational location for quality family leisure is planned, i.e. **Svydovets tourist complex with a network of aerial lifts, ski runs, hotel and commercial infrastructure**, summer and winter attractions.⁶⁶

The Svydovets recreational complex includes a ski resort with 23 ski lifts and 230 km of ski slopes. This would not only make it the largest ski resort in the Carpathians but also one of the largest in the whole of Europe.⁶⁷ Beyond that, the tourist complex includes 390 apartment buildings, 60 hotels, 120 restaurants, 10 shopping centres, 17 rental equipment units, 2 bank branches, 3 fitness centres and 5 multi-storeyed parking spaces for 6,000 cars. Altogether, the infrastructure is designed to accommodate 22,000 people and 5,000 employees at the same time. The total area of the ski resort would cover 1,430 hectares, whereby 800 hectares are dedicated to housing, commercial, economic and recreational infrastructure.⁶⁸

Table 1: Key figures of the Svydovets ski resort project



3.2.2 Location & territory

The Svydovets massif has been chosen as the territory for the planned ski resort due to its high precipitation rate (1'400mm per year) and the height of its peaks of over 1'700m.⁶⁹ The main area for the location of ski runs and ski lifts covers southern, south-western and eastern slopes of the mountains Hropa (1'759m), Durnya (1'750m), Bratkovska (1'788m), Ruska (1'677m), Chorna Kleva (1'725m) and Velykyi Menchul (1'771m). According to the public notice, these natural factors would result in a skiing season of 110-120 days.⁷⁰

The area planned for construction borders on Bystrytsia village and Bukovel ski resort to the north. The territory of three villages in Tyachiv and Rakhiv District is directly affected by the project:

- Chorna Tysa Village Council territory (88.7 per cent)
- Yasinia Village Council territory (10 per cent)
- Lopukhovo Village Council territory (1.3 per cent)

The land plots allocated for the construction of the complex are situated outside the residential area of these villages. The total area for the planned ski resort amounts to 1'430 ha and includes 1'187 ha of forest land and 243 ha of state-owned agricultural lands, such as pastures, highland meadows and hayfields. While these land plots are currently used for the livelihoods of local people, they would be privatized in order to build the Svydovets resort.⁷¹

The territory of the ski resort is situated 260 km from the regional centre – the city of Uzhgorod – and 65km from the border with Romania. Due to the fact that the Svydovets massif is almost unpopulated and hardly accessible, roads with a total length of 89.9 km need to be built for the planned ski resort.⁷² The construction of a new road has already begun, extending across the massif to reach the centre of the planned resort, linking it to the districts of Tyachiv and Rakhiv (see chapter 3.4.3).

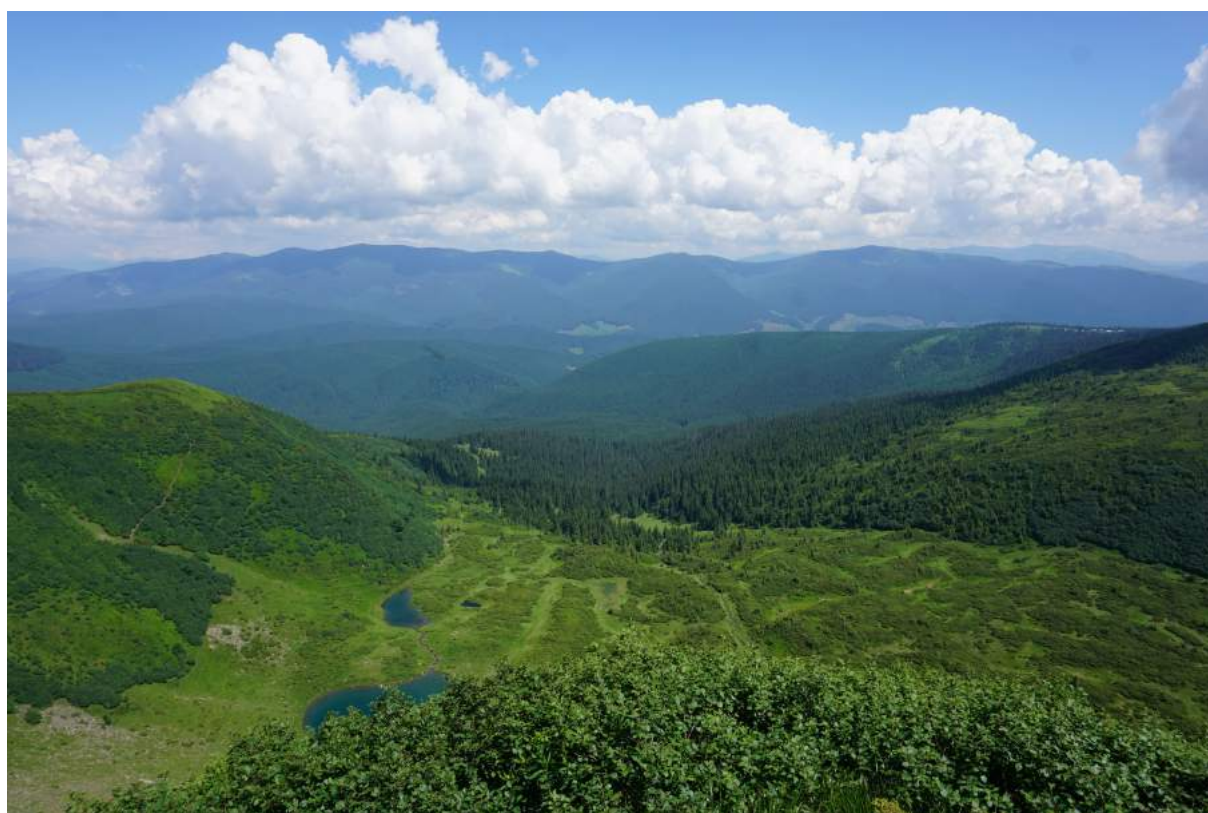
The project itself is presented as a cure-all for the 'depressed' economic situation and the high unemployment rate of the Transcarpathian region. It claims to provide a massive 'stimulus' to the regional economy by promoting tourist services in the private sector and ecotourism:

As a result of the Svydovets tourist complex, **around 5'000 new workplaces will be created**, incomes will increase greatly because of the operation of the tourist complex, the development of regional industries will get a stimulus [...].⁷³

According to the public notice, local residents will be able to create thousands of tourist lodgings in their houses which would indirectly create another 15'000 jobs in areas close to the ski resort.⁷⁴ However, the residents of the affected villages and regional tourism experts have expressed strong doubts that these promises will be realised.⁷⁵ Experience from the adjacent Bukovel ski resort shows that most jobs are not held by local people.⁷⁶

3.3 Environmental impacts

The planned ski resort would have significant environmental impacts on the ecosystem of Svydovets due to its scale and location. According to the scientific study of Kanarsky et al. (2018), the implementation of the huge project would have destructive consequences for natural ecosystems and landscapes of the whole Svydovets mountain range, deteriorating the hydrological regime and contaminating the upper Chorna Tysa river catchment.⁷⁷ The major threats caused by the construction of such a large-scale infrastructure in Svydovets would be deforestation, the pollution and extraction of water and the loss of biodiversity. The environmental impacts would also have detrimental effects on the local population due to the increased risk of floods and the destruction of livelihoods.



*Primeval forests and natural lakes in the Svydovets massif
(Picture: Bruno Manser Fonds)*

3.3.1 Deforestation

The project is directly adjacent to the UNESCO World Heritage Site and therefore a threat to pre-alpine primary forests of the Svydovets massif. According to the minimum estimates, 500 hectares of high-altitude spruce, fir and beech old-growth and virgin forests are situated on the territory of the project.⁷⁸ These forests are especially valuable for conservation and are subject to protection in accordance with the Ukrainian law on "Amendments to Certain Legislative Acts of Ukraine on the Protection of old-growth Forests".⁷⁹ These slopes were protected by all of the past regimes, including those in force under the Austro-Hungarian empire and the Soviet Union.

While the total amount of forest to be cleared for the project is unknown, the planned ski resort definitely poses a serious threat to the forest landscape in the Svydovets massif with implications for the entire region. Deforestation in combination with the enormous use of water for operating the Svydovets ski resort will result in increased risks of soil erosion, floods, avalanches, forest fires, a decreased water table, inadequate water resources for domestic and commercial use, increased water pollution, decreased food production and a loss of income for the forest-dependent communities of Chorna Tysa, Yasinia and Lopukhovo.⁸⁰

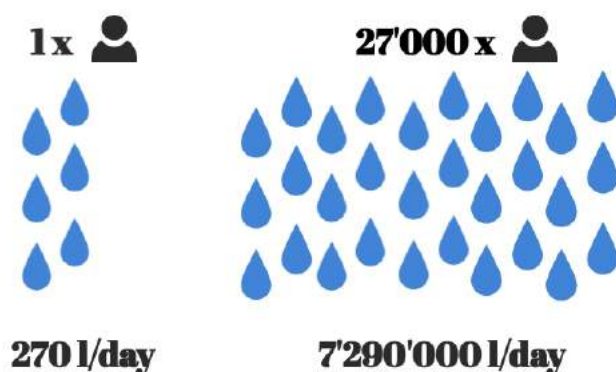
3.3.2 Water-related issues

The ski resort would paradoxically be confronted with two water-related problems, that of not having enough water and that of unleashing excessive amounts of water. The project would require immense quantities of water for the hotels and restaurants, but also for the production of artificial snow capable of prolonging the ski season. The promoters therefore plan to create large reservoirs high up in the massif with a total volume of 1,260,000 m³.⁸¹ This would clearly have a considerable effect on the ecosystem. According to the public notice, the planned ski resort will dispose of up to 5800m³ of sewage daily into the Chorna Tysa river.⁸²

One of the less-known problems in this context is that water retained in artificial lakes does not have the same properties as pure rain or snow and therefore would alter plant composition in the areas where artificial snow is added. At the same time, the massive logging necessary to clear the ground needed for the construction of the resort and the cementing over of large areas would result in serious erosion and increased risk of flash-flooding.⁸³

On 18th April 2018, the Swiss Federal Research Institute WSL, which had been involved in the investigations concerning the devastating 1998 and 2001 floods in the region, raised concerns regarding the expected impact of the planned ski resort on the water regime and biodiversity in the region. The WSL warned that irreversible mistakes made in this unique mountain region could have a massive negative impact on the catchment area of the Chorna Tysa and seriously impair its protective functions.⁸⁴

Table 2: Water consumption in the planned Svydovets ski resort per day



3.3.3 Biodiversity

The planned construction of a large-scale infrastructure in the undisturbed mountain range would have devastating effects on the biodiversity of Svydovets. The project poses a serious threat to ecosystems of the unique glacial mountain lakes, old-growth and virgin forests, habitats and populations of many rare plants and animals protected in Ukraine and in the European Union. More precisely, the 93 species listed in the Red Data Book of Ukraine and dozens of species of regional and international red lists would be under threat. Due to the particularity of the primary forests and wildlife habitats in Svydovets, this loss of biodiversity would be of European significance.⁸⁵

3.3.4 Protected areas and international treaties

The Svydovets project would adversely affect several protected areas of local and national importance; Apshynetsky, Bila and Chorna Tysa, Vorozheska and Gerezhaska are located directly on the territory of the planned ski resort.⁸⁶ Moreover, the Svydovets project contravenes four international treaties on the environment signed by Ukraine:

1. The Bern Convention on European Wildlife and Natural Habitats⁸⁷
2. The Framework Convention on the Protection and Sustainable Development of the Carpathians (Carpathian Convention)⁸⁸
3. The Espoo Convention on Environmental Impact Assessment in a Transboundary Context⁸⁹
4. The Convention on the Protection and Use of Transboundary Watercourses and International Lakes⁹⁰

The Bern Convention is a binding international legal instrument in the field of nature conservation, covering most of the natural heritage of the European continent. The Convention obliges Ukraine to implement the European regulations for the protection of Emerald Network sites. Regarding the project, there are two Emerald sites located directly on the territory of the potential recreational complex; Skhidnyi Svydovets and Marmaroski and Chyvchyno-Hryniavski Mountains. The planned ski resort therefore represents a clear violation of the protection granted under the Bern Convention.⁹¹

The Carpathian Convention, signed by Ukraine in 2003, entails several provisions about the protection of the Carpathian Mountains and the promotion of sustainable tourism. The building of a large-scale infrastructure in the heart of the Ukrainian Carpathians is exactly the opposite of sustainable tourism. The project contravenes several articles of the Convention, such as article 8 on sustainable transport and infrastructure.⁹² The Free Svydovets Group (see chapter 3.5.1) sent an appeal to the Secretary of the Carpathian Convention and presented the Svydovets issue during the 9th Meeting of the Carpathian Convention Implementation Committee in December 2018.⁹³

Since the source of the international river Tysa is located in Svydovets, the building of a ski resort and the production of large quantities of sewage would have significant

impacts on the neighboring countries. Although the territory of the planned project is close to the border with Hungary and Romania, the Transcarpathian Regional State Administration has not recognized the need for carrying out a transboundary environmental impact assessment. In May 2018, Hungary declared itself to be an affected party under the Espoo Convention by sending an official letter to Ukraine.⁹⁴ The Espoo Convention of the UNECE (United Nations Economic Commission for Europe) provides a framework for dealing with transboundary impacts of large-scale infrastructure projects. As to date, the Ukrainian authorities have not provided Hungary with detailed information about the project. In March 2019, the Espoo Implementation Committee opened a case file to check whether Ukraine is upholding its international obligations under the Convention.⁹⁵

The Convention on the Protection and Use of Transboundary Watercourses and International Lakes, also known as the Water Convention, was ratified by Ukraine in 2003. It is an international environmental agreement and one of five UNECE's negotiated environmental treaties. The purpose of this Convention is to improve national attempts and measures for protection and management of transboundary surface waters and groundwaters. The Tysa river is recognised as an international river. The Parties of the Convention are obliged to cooperate. The Convention includes provisions on monitoring, research, development, consultations, warning and alarm systems, mutual assistance and access as well as an exchange of information. Ukraine must provide details on the planned ski resort project not just to the Convention Secretariat but to river transboundary countries. The Convention can open a case file on Svydovets to check the potential environmental impact assessment of the ski project.⁹⁶

3.4 Lack of transparency by competent authorities

Despite serious concerns of environmental degradation, the project is being pursued in a totally non-transparent manner by the competent authorities, that is the Transcarpathian Regional State Administration (TRSA) and the Tyachiv and Rakhiv District State Administrations. The detailed territorial plan, including cartographical materials regarding the Svydovets project have not been published, although this is required by the Ukrainian law on public information.⁹⁷ Moreover, representatives of the districts and the regional state administration have repeatedly refused to reveal the identity of the investors behind the billion-dollar project. These planning procedures are in direct contravention of the *Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters* of which Ukraine is a signatory.⁹⁸

3.4.1 Hiding the investors

In July 2016, Governor Moskal undertook a working visit to the Ivano-Frankivsk region where he met with Member of Parliament Oleksandr Shevchenko. Shevchenko was the director of Bukovel from 2004 to 2014 and still operates as figurehead of the ski resort (see chapter 4.3.1). Moskal and Shevchenko reached an agreement about the

expansion of Bukovel to the Transcarpathian region. The Governor stated that representatives of the Bukovel ski resort had already begun to work in the Transcarpathian Regional State Administration on the registration and permit documentation of the Svydovets project.⁹⁹

In July 2017, the Ivano-Frankivsk Regional State Administration officially confirmed the plans to connect Bukovel and Svydovets:

A permit shall be issued to **Bukovel LLC for the development of a detailed plan for territories** lying outside the localities of Yablunytzia and Polianytsia of Yaremche Town Council with a view **to construct a Svydovets resort center on an estimated territory of 40 ha.**¹⁰⁰

The 40 ha of land in the Ivano-Frankivsk region are needed to connect the Bukovel ski resort with the planned Svydovets ski resort.¹⁰¹ Bukovel LLC is a company based in Polyanitsa with the main purpose of 'rental and operating of own or leased real estate'. Until 2018, the company was beneficially owned by Igor Kolomoisky. Currently, the beneficial owners of Bukovel LLC are five Cypriot citizens who are also behind Skorzonera-Zakarpattia LLC and companies involved in the Bukovel ski resort.¹⁰² The involvement of a group of persons from Cyprus who appear to be completely unrelated to the Carpathians raises the question if these people are not merely nominees used to hide someone else's interests. In this context, it has to be noted that Cyprus is a well-known offshore jurisdiction that has been used many times to hide and launder assets through shell companies and nominee structures.

Despite the confirmation that Bukovel and the planned Svydovets ski resort are to be connected, the Ukrainian authorities have never informed the public about the investors behind this huge project. Lawyer Yaroslava Ivanova who represents the Transcarpathian regional state administration claimed in an interview that Oleksandr Shevchenko 'is neither an investor nor a developer of this project, since this project is only on paper'.¹⁰³ Ivanova also represented the Tyachiv and Rakhiv DSA in a court case with regard to the Svydovets project (see chapter 3.5).

In the same way, representatives of the Tyachiv and Rakhiv District State Administrations have not revealed any information about the investors. Ivan Fabritsy, head of the Tyachiv district council, stressed at a press conference in June 2018 that he is not aware of any private investor. Asked about the persistent rumours that the Ukrainian oligarch Igor Kolomoisky – the beneficial owner of Skorzonera LLC – is behind the Svydovets project, Fabritsy claimed:

Neither I nor my colleagues from the district administration have been involved with any negotiations on this issue [...] **neither with Skorzonera and Igor Kolomoisky nor with other possible investors.**¹⁰⁴

In view of the fact that the Svydovets project is an expansion of the Bukovel ski resort and implies a billion-dollar investment, it seems absurd to claim that there are no private investors involved in the project.

3.4.2 Lack of public information

According to the Ukrainian law on public information, the local population must be involved in the process of approving a large-scale infrastructure project.¹⁰⁵ The competent authorities must therefore organize public hearings and provide access to the detailed plans. One month before the public hearing, an announcement must be published in a local newspaper. Thereby, local people can check the detailed plan and make comments and proposals. These contributions must be collected by a Committee and discussed during the public hearing. In Lopukhovo, a public hearing about the Svydovets project took place on 11 May 2017. While the event was announced in the local newspaper *Druzhba*, it neither contained information about the project nor about access of the detailed territorial plan. The name of the project was not even mentioned in the announcement.

The fact that only 33 residents out of a total of 3,317 showed up at the public hearing highlights the lack of information provided on the subject.¹⁰⁶ The residents of Lopukhovo did not have the chance to make any proposals or comments on the planned construction, since they did not have access to the relevant documents before the public hearing. The same procedure took place in Yasinia and Chorna Tysa. Despite several requests by civil society organizations, the authorities have not yet published the detailed plan and cartographic materials of the Svydovets project. This represents a violation of the Law on public information (see chapter 3.4.2).



Announcement of the public hearing in *Druzhba* (Picture: *Druzhba*)

3.4.3 Building a new road without a clear purpose

In July 2017, the construction of a new forest road connecting the villages of Chorna Tysa and Lopukhovo began. This project was initiated by Governor Moskal and is apparently related to the planned Svydovets ski resort. On his official website, Moskal explained the purpose of this road: 'The new road will be useful not only for the development of the "Svydovets" resort, but also for the inhabitants of the Ust-Chornyansk and Yassinian region.'¹⁰⁷ This manner of proceeding by the economic agent of the project is totally unacceptable since it ignores the relevant preliminary clarifications such as the environmental impact assessment.

The forestry officials are also key stakeholders in the building of this road. According to Valery Murga, head of the Transcarpathian Forest and Hunting Administration, 'the total length of the future road is 25 kilometers, of which 11.2 km are new'.¹⁰⁸ Official requests for information about the funding of the new road resulted in contradictory statements. The Brusturyansky State Forestry Agency operating in the territory of Lopukhovo stated that 'the planned construction of a forest highway is being carried out at our own expense'.¹⁰⁹ However, the Tyachiv District State Administration confirmed that the road was being built to connect the planned ski resort and Lopukhovo village.¹¹⁰ Thus, the status of this road is totally unclear and raises the question why a state forestry enterprise should be paying for a road that is part of the large-scale ski project in Svydovets. Apparently, the connection road serves the interests of different stakeholders, namely the project promoters and the forestry agency.



The new "forest highway" connects Lopukhovo with the planned Svydovets ski resort (Picture: Free Svydovets)

3.4.4 Preparation for land use change

The Transcarpathian regional state administration is seeking to implement the Svydovets resort plans without respecting the relevant regulations. Despite the fact that the environmental impact assessment has not been published and that a court case regarding the lack of public information is pending at the Supreme Court of Ukraine (see chapter 3.5), Governor Moskal has already prepared the change of land use in the territory of the planned ski resort. In November 2017, the Transcarpathian Regional State Administration (TRSA) sent a letter to Prime Minister Volodymyr Groysman requesting the Ukrainian government to change the land use from forest land to recreational land for the purpose of the Svydovets project.¹¹¹ Since forest land belongs to the Ukrainian state, a conversion of land use must be approved by the Cabinet of Ministers of Ukraine.¹¹² In addition, the TRSA requested a permit for the change of land use regarding the plots of agricultural land within the territory of the planned ski resort.¹¹³ This must be approved by the General Department of the State Geocadastre in the Transcarpathian region. In view of the lack of public information on the Svydovets project, the hidden preparations for changing the land use are totally unacceptable.

3.5 Pending court case

The lack of transparency and the mingling of public and private interests in the Svydovets project prevent a critical public debate about the planned mega ski resort. Although public hearings in the affected villages have been held, the local population was not adequately informed to participate in the decision-making process. For this reason, three members of the Lopukhovo Village Council filed a lawsuit against the decision of the Tyachiv and Rakhiv District State Administrations (DSA) named 'On approval of the detailed plan of the territory of the tourist and recreational complex "Svydovets" outside the settlements Yasinia, Chorna Tysa and Lopukhovo'.¹¹⁴ The plaintiffs argued that the detailed territorial plan (DTP) was insufficient and the way the public hearing was organized did not respect legal requirements. As their lawyers highlighted in the Transcarpathian County Administrative Court in November 2017, the DTP consisted of only one photo of a map and the announcement of the public hearing did not mention any economic or technical data on the project. On 10 January 2018, the court ruled in favor of the Lopukhovo residents:

As seen from case materials, the defendants did not take sufficient and necessary measures to ensure that local people were properly informed about the public hearing on approval of DTP, i.e. of the **Svydovets tourist and recreational complex**, as all the announcements about the hearings did not contain relevant information and only notified that the hearings were to be held in each specific locality.¹¹⁵

The Tyachiv and Rakhiv DSA appealed the decision on the grounds that the court had not properly studied the case materials. During the trial in the Lviv Administrative Court of Appeal, the plaintiffs were given 15 minutes to examine the detailed map of the planned Svydovets ski resort. This was the only opportunity for them to have a glimpse of the map. With a size of 8x10 meters, the map was absolutely inappropriate to

examine the planned infrastructure in detail. Lawyer Yaroslava Ivanova, who represented the Tyachiv and Rakhiv DSA in court, argued that the map and the detailed plan were too big to publish. On 4 May 2018, the court followed these arguments and ruled in favour of the Tyachiv and Rakhiv DSA:

The descriptive part of the DTP report (more than 70 pages) is too bulky, the format and number of pages in the said local publication did not allow for the inclusion of a separate almanac dedicated to technical and economic data on the project territory.¹¹⁶

The plaintiffs from Lopukhovo appealed the decision of the Lviv Administrative Court of Appeal on 25 July 2018 and the proceedings are currently pending at the Supreme Court of Ukraine.

The fact that local villagers took the promoters of the Svydovets project to court is extraordinary in view of local power relations. The rural villages of Transcarpathia are dominated by forestry officials and the local government. Civil activism against their interests has serious implications. After filing the lawsuit, the three plaintiffs, who are owners of local sawmills in Lopukhovo, received numerous threats in private and public. Beyond personal harassment, their business was hampered through unjustified controls and even legal action aiming to shut down their sawmills. When the three villagers accompanied journalists to the Svydovets massif in order to demonstrate the construction of the new road to Svydovets, they were attacked by people associated with forestry officials.¹¹⁷ Despite these intimidations, the plaintiffs have not dropped the lawsuit and continue to oppose the project which they consider an environmental disaster for the Svydovets massif.



Public debate between Free Svydovets and local villagers in Yasinia on 16 March 2019 (Picture: Martin Fejer)

3.5.1 Free Svydovets Group

The initiative of the residents of Lopukhovo against the planned mega ski resort resulted in the creation of the Free Svydovets Group, one of the first grassroots environmental movements in Ukraine. The group unites a broad range of actors including local forest activists, scientists, environmental and civil rights organizations in Ukraine (Environment People Law, Ekosphaera, Green Dossier, Danube-Carpathian Programme) and on the international level (European Wilderness Society, Bruno Manser Fund, European Cooperative Longo maï). The main aim of the Free Svydovets Group is the preservation of the Svydovets massif due to its environmental value and as a basis of livelihood for local communities.

Free Svydovets launched a website to inform a larger public on the project. In addition, it started a petition, calling for the protection of the Svydovets mountain range, and thousands of citizens sent letters of protest to the Ukrainian government. Free Svydovets also invited journalists and organized media tours to the massif to raise public awareness in Ukraine. The visit by an international delegation in June 2018, including a press conference, led to increased awareness of the threat posed by the mega ski resort beyond the borders of Ukraine. European citizens sent 5'500 letters to President Poroshenko asking him to stop the gigantic project in Svydovets. A petition calling for the protection of the Svydovets mountains was launched by the Bruno Manser Fund and Longo maï in Switzerland. Within a few weeks, the petition was signed by over 8,000 citizens and was handed over by representatives of the Free Svydovets Group to the Ukrainian ambassador in Bern on 12th November 2018.

As a result of the international campaign, the Svydovets case became a topic at the European political level. In September 2018, a Ukrainian delegation of Free Svydovets met with members of the European Parliament and the EU Commission in Brussels to inform them about the issue. Subsequently, three leading members of the European Parliament (Michael Gahler, rapporteur on the EU-Ukraine Association Agreement, Rebecca Harms, chairwoman of the Euronest Group and Darius Rosati, chairman of the European Parliament delegation for relations with Ukraine) raised concerns about the lack of transparency and public information on the Svydovets resort plans and called on the Ukrainian authorities to stop the project.¹¹⁸

A number of international experts visited Svydovets recently and confirmed its unique value and importance. In March 2019, a second international delegation comprising forest activists from 12 different countries visited Svydovets. These visits have triggered a broad international coalition of NGOs that supports the Svydovets movement. As a result of the international support, more local people have dared to speak out in public against the project and have demanded the development of low-impact tourism as an alternative to the mega ski resort plans.¹¹⁹

Table 3: Project timeline of the planned Svydovets ski resort

Project Timeline

Timeline of the Svydovets ski resort project



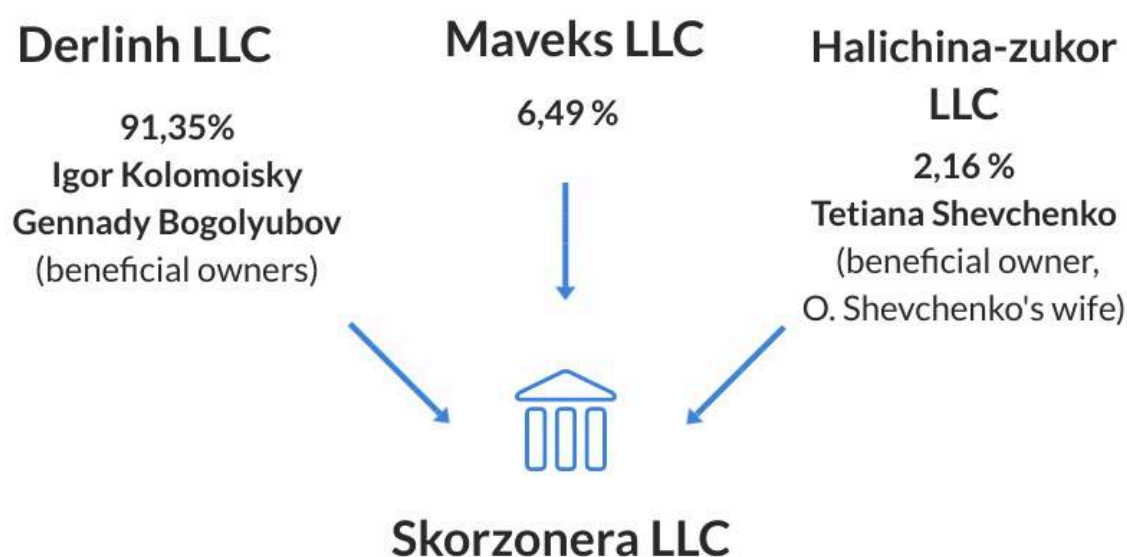
4 The investors

Due to the lack of transparency, Ostep Yednak – Member of Parliament and anti-corruption activist – sent a request to the competent authorities for the publication of all information related to the Svydovets project. In response, the Tyachiv District State Administration revealed the following:

On April 21, 2017, according to the Instruction of Head of State Administration No. 152, on the basis of a **request from Skorzonera LLC** a decision was made about the **development of a detailed plan of Svydovets tourist and recreational complex outside the locality**. Tyachiv District State Administration was named as the commissioner.¹²⁰

This statement proves that the company Skorzonera LLC is behind the planned mega ski resort. Since Skorzonera LLC is the owner of Bukovel ski resort in the Ivano-Frankivsk region, this information is hardly surprising.¹²¹ However, the authorities have repeatedly denied the existence of an investor at the current stage of the project.¹²² The following section reveals the background of Skorzonera and the investors behind the Svydovets project.

Table 4: Ownership structure of Skorzonera LLC



4.1 Skorzonera

Skorzonera LLC is a Ukrainian company with its main office in Polyanitsa in the Ivano-Frankivsk region. The company was established in 2000 for the construction of the Bukovel ski resort.¹²³ The main purpose of Skorzonera LLC, which has an authorized capital of 154'797'333 UAH (approx. 5.8 Mio USD), is the 'rental and operating of own or leased real estate'.¹²⁴ The beneficial owners of Skorzonera are Ukrainian oligarch Igor Kolomoisky and his business partner Gennady Bogolyubov. The shareholders include the companies Derlinh LLC (91.4%), Maveks LLC (6.5%) and Halychyna-zukor

LLC (2.1%).¹²⁵ Derlinh LLC is beneficially owned by Igor Kolomoisky and Gennady Bogolyubov.¹²⁶ Halychyna-zukor LLC is owned by Tetiana Shevchenko, the wife of Oleksandr Shevchenko who is a Member of Parliament and said to be Kolomoisky's right-hand man (see chapter 4.3.1). Maveks LLC is owned by five offshore companies based in Cyprus whose ultimate beneficial owners are not publicly known.¹²⁷

In 2016, a new company with the name of Skorzonera-Zakarpattia LLC was established. The company is based in Rakhiv in Transcarpathia and linked to Igor Kolomoisky and Gennady Bogolyubov.¹²⁸ Since the Svydovets ski resort is planned on the territory of Rakhiv and Tyachiv districts, it can be assumed that the company was founded for the Svydovets project. The shareholders of Skorzonera-Zakarpattia LLC are Bukovel LLC with a share of 99% and Ivan Makoviychuk with a share of 1%.¹²⁹ Strikingly, Makovijchuk received a 185 million dollar loan from the PrivatBank – which was owned by Kolomoisky at that time – through shell companies a few weeks after the creation of Skorzonera-Zakarpattia. Shortly after, the PrivatBank was declared de facto bankrupt, nationalized and saved with a billion-dollar injection by the Ukrainian state (see chapter 4.2.1).¹³⁰ The OCCRP (Organized Crime and Corruption Reporting Project) investigated the case and listed Skorzonera-Zakarpattia in 2017 among the companies associated with Igor Kolomoisky. These companies received loans from PrivatBank during 2015-2016 of a total amount of over 1 billion USD.¹³¹

4.1.1 Ongoing investigations against Skorzonera

There are several ongoing investigations by Ukrainian authorities against Skorzonera LLC and associated companies. The investigations by the State Fiscal Service of Ukraine in the Ivano-Frankivsk region concern the alleged misappropriation of state funds in connection with PBS LLC and PrivatBank. PBS LLC is a road-building company in Transcarpathia allegedly controlled by Oleksandr Shevchenko.¹³² The company built the infrastructure for the Bukovel ski resort.¹³³ PBS LLC is suspected of having misappropriated approximately 22 million UHA (approx. \$820'000 USD) from the state treasury by overcharging prices for building materials used for road construction.¹³⁴ According to the State Fiscal Service of Ivano-Frankivsk region, Skorzonera LLC was involved in this alleged fraud.¹³⁵ At the time of writing of this report, neither PBS LLC nor Skorzonera LLC have been convicted by a court over these allegations. PBS LLC and Skorzonera LLC are allegedly connected, since their tax declaration was sent from the same IP address to the authorities and Oleksandr Shevchenko has been involved in both companies.¹³⁶

According to recent court orders, Skorzonera LLC is also implicated in the PrivatBank affair (see chapter 4.2.1), which is currently the biggest corruption case in Ukraine. It concerns the allegation that Igor Kolomoisky had embezzled 18.7 billion UAH (approx. \$700 million USD) of state loans to the PrivatBank in 2014. The money apparently disappeared through shell companies of Kolomoisky's cronies that had carried out fictitious transactions with each other. In February 2019, the Pechersky District Court of the City of Kyiv blocked assets of a number of Kolomoisky's companies, including

15 land plots of Skorzonera LLC in Bukovel.¹³⁷ According to the State Bureau of Investigation of Ukraine, these plots of land were illegally acquired since they apparently played a role in the misappropriation of PrivatBank funds.¹³⁸ The National Bank intends to confiscate them because almost all of Bukovel ski resort was deposited by Igor Kolomoisky as a security when he applied for a stabilization loan for PrivatBank at the time. However, Kolomoisky managed to cancel contracts with the National Bank retroactively in Ukrainian courts. Therefore, the ownership structure of Bukovel is unclear at the moment and depends on the outcome of the ongoing lawsuits regarding the PrivatBank affair.¹³⁹

4.2 Igor Kolomoisky

Igor Kolomoisky is one of the most controversial Ukrainian oligarchs and said to be the third richest person in Ukraine with an estimated fortune of \$1.2 billion.¹⁴⁰ According to one of his close associates, the former Bukovel ski resort director Oleksandr Shevchenko, Kolomoisky has invested at least 500 million US dollars in the Bukovel ski resort.¹⁴¹ According to *Deutsche Welle*, since 2012 Kolomoisky is also the main owner of the Austrian ski resort Semmering (see box Semmering).¹⁴²

The Swissport case – Hostile takeovers and corporate raiding

Swissport is a Swiss company providing airport ground services. In 2006, Swissport founded a joint venture in Ukraine with the then state-owned Ukraine International Airline (UIA). Swissport was the majority shareholder with 70%. After the partner company was sold to the two Ukrainian investors Igor Kolomoisky and Aaron Mayberg in 2011, Swissport lost control over the company. Kolomoisky and Mayberg opened court proceedings with the accusation that Swissport violates the rights of minority shareholders. The Ukrainian court ruled in favor of Kolomoisky and Swissport ceased to be a shareholder with immediate effect. During the appeal procedure judges were replaced, documents not delivered and court hearings postponed without notice. Finally, the Supreme Economic Court of Ukraine ruled that the takeover of 70% of Swissport by UIA had been carried out correctly. As a result, the minority shareholder UIA received the joint venture for the bargain price of 433,000 dollars - and has not yet paid this judicially ordered sum to the former majority shareholder Swissport. The case has attracted international attention as an example of hostile takeovers and the influence of Ukrainian oligarchs on the judicial system in their country.

Together with his business partner Gennady Bogolyubov, also a Ukrainian oligarch¹⁴³, Igor Kolomoisky owns an empire of industrial companies, banks, media and airlines. In the early 1990s, Kolomoisky and Bogolyubov founded the PrivatBank, Ukraine's largest commercial bank which was nationalized in 2016 (see chapter 4.2.1).¹⁴⁴ Because of his aggressive business practices, Igor Kolomoisky has the reputation of being a corporate raider who gained control over companies through hostile takeovers and strong-arm tactics (see box The Swissport case).¹⁴⁵ Besides his business activities, Kolomoisky has a high political profile. After the fall of president Viktor Yanukovich in February 2014, Kolomoisky was appointed Governor of the Dnipropetrovsk region in eastern Ukraine. There he made himself a reputation by taking firm action against Russian separatists. According to *The Guardian*, Kolomoisky funded volunteer battalions and offered his men a bounty of \$10,000 for each Russian captured.¹⁴⁶

Igor Kolomoisky defends his interests with all means at his disposal, as in the case of the national oil and gas company UkrNafta and its subsidiary UkrTransNafta, which operates several oil pipelines. In March 2015, armed men in the service of Igor Kolomoisky seized the partially state-owned oil company UkrTransNafta in Kyiv.¹⁴⁷ The raid was considered to be a reaction by Kolomoisky after the Ukrainian parliament limited the influence of minority shareholders by a new law.¹⁴⁸ The oligarch used to control the energy company with a minority position. After several days of tense confrontation between Igor Kolomoisky and Ukrainian President Petro Poroshenko, Kolomoisky was fired as Governor of Dnipropetrovsk and left the country.¹⁴⁹

In the 2019 presidential election campaign, Kolomoisky endorsed the former Prime Minister Yulia Tymoshenko and today's president Volodymyr Zelensky, who has been connected to Kolomoisky's TV channel 1+1 for years as an actor and producer.¹⁵⁰ During the elections, former president Poroshenko accused Zelensky of being 'the puppet of Kolomoisky'.¹⁵¹ According to Schemes, an investigative journalism program run by Radio Liberty and Ukraine's Channel 1 television, since 2017 Zelensky has traveled 13 times to Geneva and Tel Aviv, Kolomoisky's then residence.¹⁵² Zelensky and Kolomoisky both denied that their connection goes beyond the business partnership related to the TV channel 1+1.¹⁵³ However, it has to be noted that after Zelensky's election as President of Ukraine, Kolomoisky returned to Ukraine in May 2019.¹⁵⁴ On 21 May 2019, lawyer Andry Bohdan, a close associate of Ihor Kolomoisky, was appointed as head of Zelensky's presidential administration.¹⁵⁵

4.2.1 The PrivatBank affair

PrivatBank is Ukraine's largest commercial bank and was founded by the Ukrainian oligarchs Igor Kolomoisky and Gennady Bogolyubov in 1992. Half of all Ukrainian citizens and companies have a business relationship with the PrivatBank.¹⁵⁶ In December 2016, the Ukrainian government nationalized the PrivatBank after a large-scale, coordinated fraud at the PrivatBank came to light. A report by the forensic auditor Kroll concluded that several billion dollars had been removed from the bank's vaults.¹⁵⁷ The suspected perpetrators of this large-scale fraud are the former beneficial owners of PrivatBank, Igor Kolomoisky and Gennady Bogolyubov.¹⁵⁸

According to an investigation by the OCCRP, PrivatBank handed out over US\$ 1 billion in loans to firms owned by associates of Igor Kolomoisky between 2015 and 2016.¹⁵⁹ The total capital deficiency at the PrivatBank was estimated to be 150 billion UAH (approx. 5.5 billion USD). This corresponds to 6.5% of the Ukrainian gross domestic product (GDP). The Ukrainian state was forced to inject 5.5 billion USD since the PrivatBank was considered as 'too big to fail' – 20 million customers had deposits at the bank.¹⁶⁰

The nationalized PrivatBank initiated legal proceedings in London's High Court of Justice early in 2017, which led to a worldwide freeze of \$2.6 billion of Kolomoisky's and Bogolyubov's assets.¹⁶¹ PrivatBank's current owners, appointed after the nationalization, wanted the trial to be held in Britain because of concerns that

Kolomoisky and Bogolyubov would be able to influence Ukraine's courts. The lawyers of PrivatBank argued that the court jurisdiction of the case must be Britain because both men had been resident there and some of the companies involved in the alleged fraud are registered there. In November 2018, the London High Court of Justice ruled that it has no jurisdiction over the claims against the former shareholders of PrivatBank. However, the court decision gave the bank the right to appeal this decision and did not revoke the worldwide freeze of assets.¹⁶²



*The PrivatBank is the country's biggest commercial lender
(Picture: Reuters/Vasily Fedosenko)*

In December 2018, the National Bank of Ukraine (NBU) filed a lawsuit at the *Tribunal de Premiere Instance* in Geneva, Switzerland, claiming 6.64 billion UAH (approx. 250 million USD) from Igor Kolomoisky. The new lawsuit aiming to recover part of an estimated 5.5 billion USD stolen from the PrivatBank was filed in Geneva because of Kolomoisky's Swiss residency.¹⁶³ Currently, both the appeal at London's High Court of Justice and the lawsuit in Geneva are pending.

However, Igor Kolomoisky has also gone to court in Ukraine to contest the nationalization of the PrivatBank. On 18 April 2019, Kyiv's District Administrative Court issued another ruling in this case which fully satisfied Kolomoisky's claims. The NBU announced that it will lodge an appeal against the decision.¹⁶⁴ Financial experts fear that the country's financial system could approach collapse if Kolomoisky regained control over the PrivatBank.¹⁶⁵

4.3 Kolomoisky's cronies

Igor Kolomoisky has been associated with the ski resorts Bukovel (Ivano-Frankivsk, Ukraine) and Semmering (Austria) and the planned mega ski resort in Svydovets. While Kolomoisky himself did not publicly appear in relation to the ski resorts, there are two Members of Parliament and one former public official who have taken over the management of the ski business. Two of them have a crucial role in the Svydovets project, Oleksandr Shevchenko and Yuriy Dobrovolsky.

4.3.1 Oleksandr Shevchenko

Oleksandr Shevchenko has been a Member of Parliament for the UKROP (Ukrainian Association of Patriots) party since 2014.¹⁶⁶ The party is closely associated with Igor Kolomoisky who is a member of the party's leadership and one of its main financial supporters.¹⁶⁷ Oleksandr Shevchenko's wife, Tetiana Shevchenko, is a minority shareholder of Skorzonera LLC with a 2.6% stake via the company Halychyna-Zukor.¹⁶⁸ According to a recent interview, Oleksandr Shevchenko met Kolomoisky through their mutual friend, Igor Palytsia, in the early 2000s.¹⁶⁹ In the interview, Shevchenko confirmed that the money invested in Bukovel since 2004 – apparently at least 500 million USD – comes from Kolomoisky.

Semmering

The Austrian resort of Semmering was one of the top winter destinations at the beginning of the 20th century. After the Second World War, Semmering did not manage to revive its glorious past. When Ukrainian investors showed up in Semmering in 2012, big plans for a fresh start of the famous ski resort were announced. The investors bought the Grand Hotel Panhans – the centrepiece of Semmering – via the Panhans Holding Group. The group is controlled by Swiss investment firm Renco Invest AG whose beneficial owners remain unknown. The Panhans Holding Group gradually managed to buy up every hotel in the village and took over the whole tourism infrastructure.

The plans for expanding the ski resort have, however, been blocked for several years, due above all to criminal proceedings initiated by the Austrian Public Prosecutor's Office for Combating Economic Crimes and Corruption. The prosecutors suspected that the purchase of the Grand Hotel Panhans had been used for money-laundering. The Ukrainian investors who now control Semmering are closely related to, or are identical with, the owners of Bukovel. According to *Deutsche Welle*, Igor Kolomoisky is the main investor with Semmering. To this day, Kolomoisky has not disclosed any ownership interest in Semmering. The brothers Oleksandr and Viktor Shevchenko in Bukovel appear to be part owners of the Semmering ski resort and run its business operations. Yuriy Dobrovolsky is the managing director of several companies of the Panhans Holding Group.

Oleksandr Shevchenko was the director of Skorzonera LLC from 2004 until 2014. When he was elected to the Ukrainian parliament in 2014, he resigned from his post in Bukovel but he still seems to be involved in Ukraine's largest ski resort. During his campaign for the presidential elections in 2019, Shevchenko presented Bukovel as a success story: 'We built Bukovel, we will build Ukraine'.¹⁷⁰ The campaign was strongly supported by Igor Kolomoisky's TV channel 1+1.¹⁷¹ Oleksandr Shevchenko also allegedly controls the road construction company PBS which built the infrastructure for Bukovel.¹⁷² According to a court case filed by PBS LLC in the Commercial Court of the Ivano-Frankivsk region, PBS was involved in

a commercial contract with Semmering-Hirschenkogel Bergbahnen GmbH which is operating ski lifts in Semmering and is managed by Yuriy Dobrovolsky, a friend of Oleksandr Shevchenko.¹⁷³ This contract was in place while Oleksandr Shevchenko kept secret his business in Semmering, which he operates together with his brother Viktor Shevchenko.¹⁷⁴ PBS is also subject to criminal proceedings by the National Police in the Chernivtsi region regarding the suspected misappropriation of state funds.¹⁷⁵



*Oleksandr Shevchenko and Yuri Dobrovolsky (left); Igor Kolomoisky (right)
(Picture: Facebook/Instagram)*

4.3.2 Viktor Shevchenko

Viktor Shevchenko has also been a Member of Parliament for the UKROP party since 2016.¹⁷⁶ He controls the entertainment and gastronomy sector of the Bukovel ski resort through the company Ambikom LLC.¹⁷⁷ In addition, Viktor Shevchenko is the main shareholder of the Austrian company Ambikom GmbH which controls the gastronomy sector in Semmering.¹⁷⁸ According to the Ukrainian anti-corruption law, politicians are not allowed to carry out managerial activities and have to declare their own companies.¹⁷⁹ However, Viktor Shevchenko has failed to declare his foreign company in Austria.¹⁸⁰ The managing director of Ambikom GmbH is Yuri Dobrovolsky.

4.3.3 Yuriy Dobrovolsky

Yuriy Dobrovolsky is a former public official who played a key role in the development of Bukovel by Skorzonera. In 2008, the State Land Committee of Ivano-Frankivsk sold 500 ha of land in Polyanitsa to Skorzonera LLC and Gorgan PE, a small private enterprise which is owned by Igor Kolomoisky.¹⁸¹ The land deal became a major scandal due to significantly underpaid prices. According to the Senior Investigator at the Office of the General Prosecutor of Ukraine, the village of Polyanitsa lost 66'070'000 UAH (approx. 13 million USD).¹⁸² At that time, Yuriy Dobrovolsky was head of the State Land Committee of Ivano-Frankivsk region and thus responsible for the land deal.¹⁸³ After investigating the case, the General Prosecutor of Ukraine issued an arrest warrant in 2010 for Dobrovolsky who managed to avoid prosecution by leaving the country.¹⁸⁴ In 2015, Dobrovolsky reappeared in the Austrian ski resort Semmering under the Hungarian name György Dobrovolszkij. The former official operates there as managing director of four companies associated with the Shevchenko brothers, such as Ambikom GmbH.¹⁸⁵ According to the investigations by the German news channel *Deutsche Welle*, the ski resort is ultimately owned by Igor Kolomoisky.¹⁸⁶

4.4 Collusion between investors and public officials

Despite the confirmation by the Tyachiv DSA that Skorzonera LLC initiated the Svydovets project, Kolomoisky and his associates have never declared their stake in the planned mega ski resort. At the same time, the Ukrainian authorities continue to present it as a government project.¹⁸⁷ There is, however, evidence that Kolomoisky's cronies are in fact steering the Svydovets project. The Svydovets case is therefore an example for the mingling of public and private interests as well as collusion between investors and public officials.

4.4.1 Oleksandr Shevchenko and high-level forestry officials

In December 2017, Oleksandr Shevchenko met with top forestry officials of Transcarpathian and Ivano-Frankivsk Forest and Hunting Administrations and the State Agency of Forest Resources (SAFR) to discuss the detailed plans of the Svydovets project.¹⁸⁸ Since the major part of the territory is forestry land and the local villages are dominated by the timber industry, the forest officials are crucial stakeholders of the project. At this meeting, Shevchenko outlined the economic and technical figures of the project and discussed a common strategy with the high-ranking forestry officials. Afterwards, Volodymyr Bondar, Deputy Chairman of the State Agency of Forest Resources, highlighted the role of Oleksandr Shevchenko in the Svydovets project:

It's good that we meet with the investors, and we are discussing the problems. I think with joint efforts and coordinated work we will overcome the difficulties and find a compromise solution.¹⁸⁹



Oleksandr Shevchenko presenting the Svydovets project to top forestry officials on 20 December 2017 (Picture: Transcarpathian Forest and Hunting Administration)

While there is no public information about the content of this ‘compromise solution’ between the investors and forestry authorities, the lobbying effort of Oleksandr Shevchenko was apparently successful. The forestry officials in the villages affected by the Svydovets project have become strong supporters of the planned ski resort. This is reflected, on the one hand, by the fact that the new connection road to the area is being paid for by a local state forest enterprise (see chapter 3.4.3). On the other hand, the residents of Lopukhovo who filed a lawsuit against the project have been repeatedly threatened by foresters and have been subjected to several exceptional controls of their local sawmills.¹⁹⁰

4.4.2 Yuriy Dobrovolsky and the regional state administration

The role of Yuriy Dobrovolsky in the Svydovets project is even more controversial. As representative of the investors, he promoted the Svydovets project in Bystrytsia village in April 2017. Bystrytsia is located in the north of the Svydovets massif and is apparently part of the connection between Bukovel and Svydovets. Dobrovolsky presented the detailed maps of the Bystrytsia and Svydovets projects to local villagers, although the territory of Bystrytsia is only marginally affected by the ski expansion. It was at this event that the investors’ intention to build a huge ski resort in the Carpathian Mountains became visible.¹⁹¹



Yuriy Dobrovolsky representing the investors in the public hearing at Bystrytsia in April 2017 (Picture: Kurs)

At the same time, Dobrovolsky appeared in public as a representative of the competent authorities. On 19th April 2017, Dobrovolsky moderated a public hearing on the

Svydovets project in Chorna Tysa as ‘rapporteur’, which means that he officially presented the project to the local population. This can be read from the official minutes of the public hearing.¹⁹² In March 2018, a roundtable about the Svydovets project took place in Uzhgorod, the capital of the Transcarpathian region. There, Dobrovolsky acted as the coordinator of the project and representative of the regional state administration.¹⁹³ The event was attended by several high-level officials and scientists from the Transcarpathian region. The former official of the Ivano-Frankivsk region – and close ally of Kolomoisky and the Shevchenko brothers – is thus representing both the private investors and the competent authorities during the official procedure of the Svdovets project.

5 Conclusion

This report shows that the Svydovets ski resort project in the Ukrainian Carpathians was initiated by Skorzonera LLC, a company controlled by Ukrainian oligarchs Igor Kolomoisky and Gennady Bogolyubov. It is being actively promoted by two close associates of Mr. Kolomoisky, Oleksandr Shevchenko and Yuriy Dobrovolsky, who have also been involved in the management of the ski resorts of Bukovel in the Carpathians and Semmering in Austria.

Skorzonera LLC, its owners and associated businesses are subject to various ongoing legal and criminal proceedings in several jurisdictions, notably in connection to the PrivatBank affair, Ukraine's largest corruption scandal.

The legal problems of the promoters of the Svydovets ski resort raise the question if they are trustworthy and reliable partners for a large-scale project that implies the privatization of 1430 hectares of state lands and investments in the amount of several hundred million to over one billion US dollars. A reason for suspicion is the fact that several companies related to Skorzonera LLC and the planned resort – Bukovel LLC, Maveks LLC and Skorzonera-Zakarpattia LLC – are controlled by offshore structures based in Cyprus.

While the competent authorities continue to present the Svydovets resort as a government initiative, the billion-dollar plan is in fact designed as a gigantic expansion of the Bukovel ski resort. It is particularly disturbing that the Transcarpathian Regional State Authority under Governor Gennady Moskal has kept the public in the dark about the private commercial interests behind this large-scale project while pushing it forward for more than three years.

Despite the massive intervention planned in the central part of the Svydovets massif – which is home to at least 93 endangered species and provides the basis for the livelihoods of local communities that depend on the forests – no detailed plans or maps of the project have been published. This highly non-transparent way of planning amounts to a major breach of the *Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters* of which Ukraine is a signatory.

It is revealing that the construction of a new road connecting two districts with the planned ski resort has already been started and that the necessary change of land use is in preparation, despite the fact that the results of the environmental impact assessment are still unknown. Local activists who challenged the non-transparent procedure of the project have been threatened by forest officials in their own village.

The only conclusion we can draw from this is that stakeholders with strong private interests aim to push forward the mega project in total disregard of public

accountability. The fact that cronies of a well-known oligarch are presenting the project in the name of the regional state administration points to the level of collusion between public officials and investors. In other words, the Svydovets ski resort project is being promoted by a coalition of actors who fail to clearly distinguish the public interest from private interests.

As a signatory to the Bern Convention of European Wildlife and Natural Habitats, Ukraine has an international obligation to protect the Emerald network sites in Svydovets, which includes two protected areas within the territory of the project. The planned mega ski resort will certainly have transboundary environmental impacts. The amount of sewage produced by the planned tourist complex represents a threat to the water cycle of the international river Tysa which flows through five different countries and is a main tributary of the Danube. The construction of a large-scale infrastructure in the undisturbed mountain area of Svydovets threatens the whole ecosystem and the hydrological regime of the region.

The authors of this report call on the Ukrainian authorities to stop Skorzonera's plans for a mega ski resort in Svydovets and to take effective action to preserve this biodiversity hotspot in the Ukrainian Carpathians.

6 Recommendations

Immediate action is required to protect Svydovets and prevent the irreversible destruction of this biodiversity hotspot in the Carpathian Mountains. The authors of the report recommend three concrete steps of action to overcome the current threat to the Svydovets massif and to develop a long-term perspective for the region. The Ukrainian government, with support from the international community, scientific institutions and civil society groups, should:

- 1. Reject the detailed plan of territory for the Svydovets ski resort project**
- 2. Protect the Svydovets massif through a comprehensive framework**
- 3. Identify alternative models of development together with the local population**

1. The current plan of a mega ski resort on the Svydovets mountain range must be rejected because of its serious environmental impacts. The scale and location of the project leave no doubt that its implementation would cause detrimental effects to the undisturbed ecosystem which is home to 93 endangered species. Not only would national protected areas and international treaties be violated. The Ukrainian Carpathians represent a natural heritage of Ukraine that should also be protected from a purely economic point of view. The damage caused by the destruction of old-growth and virgin forests in Svydovets to satisfy the plans of dodgy investors outweighs by far the unclear economic gain for the region. Considering the long-term costs and the short-term benefits that can be expected from a ski resort on this territory and altitude, the competent authorities should reject the project.

2. A comprehensive framework is required to ensure the preservation of the Svydovets massif. The current situation with the fragmented landscape of different protected areas in Svydovets does not protect the massif from threats, such as illegal logging and the construction of ski resorts. Building a large-scale infrastructure in the middle of wildlife habitats, glacier lakes and old-growth forests would lead to the devastation of the whole ecosystem. The fragmented protected areas that exist on the territory of Svydovets must be integrated into a comprehensive framework. There is already detailed scientific evidence supporting the creation of such a new protected area. In order to find a solution that is widely accepted and respected in practice, local people from the affected villages should be integrated into the decision-making process.

3. Alternative income opportunities should be identified and a strategy for low-impact tourism developed in cooperation with the local population. The ecological value of Svydovets and the traditional livelihoods of the region provide opportunities for a local economy that is based on an intact environment. A low-impact tourism is an approach to tourism committed to sustainable development and aimed at preserving the biodiversity and cultural resources of a natural area. In this regard,

raising awareness of social and environmental issues among all stakeholders is essential. For example, hiking in a "Svydovets" natural park, accompanied by a local guide, generates an income for local communities without adversely impacting the ecosystem of Svydovets.

Currently, mushrooms, blueberries and other berries are picked by local people from the surrounding villages and sold unprocessed in Hungary, Italy and Switzerland instead of being processed on site. The infrastructure needed to ensure the added value of these products is at present beyond the reach of the local population. It is therefore essential to build up the infrastructure and knowledge to transform these high-quality products on site. In addition, alpine pastoralism, traditional in this region, should be supported and associated with ecotourism and gastronomy to provide a livelihood for hundreds of people.

A comprehensive reform of forest management should make it possible to develop Svydovets' main resource after water and biodiversity. This requires the reintroduction of tree species native to the massif and a form of forest exploitation that respects the ecosystem and promotes the diversity of species. Clear-cutting or industrial monoculture coniferous plantations must be stopped, as should the use of huge felling machines that destroy vegetation and soils. Instead soft methods to access the timber should be promoted, such as horses, light, small-scale machines and cabling. The Ukrainian authorities should make sure that no more wood is harvested than the annual natural regrowth. Local small and medium-sized wood processing companies should be encouraged. This will require at least the enforcement of the existing export ban of logs.

As stated in the "Transcarpathian Regional Development Strategy", the potential of ecotourism is generally recognized by the regional authorities. However, it is clear that the construction of mega ski resorts does not adequately benefit local populations, as shown by the cases of Bukovel and Pirin. The development of a form of ecotourism with a low impact on nature can offer income opportunities that would benefit more than a handful of people.

The aims of this ecotourism are to:

- Discover the beauty of Svydovets with a low socio-environmental impact
- Raise awareness of the cultural and environmental issues of the site visited
- Generate sustainable economic benefits for the local population
- Provide positive experiences for both visitors and local communities
- Provide direct funding necessary to preserve the environment
- Recognize the rights and spiritual beliefs of local communities and work to promote their empowerment.

In order to assess the specific form of such a low-impact tourism and other elements of a sustainable local development, a participative baseline study should be carried out. The Free Svydovets Group supports the development of alternative income

opportunities for the local population and is interested in cooperation with regional and international partners.



*Svydovets has a unique potential for the development of low-impact tourism
(Picture: Bruno Manser Fonds)*

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Annex

I. Ukrainian companies mentioned in the report (Source: Youcontrol/Opendatabot, May 2019)

Name	Beneficial owners	Role in the Svydovets case
Skorzonera LLC	Shareholders: Derlinh LLC (91.3%) Maveks LLC (6.5%) and Halychyna-zukor LLC (2.2%) Final beneficial owners: Igor Kolomoisky and Gennady Bogolyubov	Owner of Bukovel ski resort, project developer of Svydovets ski resort Main activity: Rental and operating of own or leased real estate
Skorzonera-Zakarpattia LLC	Shareholders: Bukovel LLC (99%), Ivan Makoviychuk (1%) Final beneficial owners: Anastasiia Khrystoforu, Despoina Kharalampus Nikolau, Eleni Korelidu, Mikhalakis Tsytssekkos, Khrystyna Sofokleus Significant shareholders: Igor Kolomoisky and Gennady Bogolyubov	New company located in Rakhiv, Transcarpatian region; allegedly founded for the Svydovets ski resort Main activity: Travel agency activities
Derlinh LLC	Shareholders: Shillingston Group Inc., Saint Vincent and the Grenadines (100%) Final beneficial owners: Igor Kolomoisky and Gennady Bogolyubov	Shareholder of Skorzonera LLC, owners are Igor Kolomoisky and Gennady Bogolyubov Main activity: Non-specialised wholesale trade
Maveks LLC	Shareholders: Kompaniia Kaserta Treydinh LLC, Cyprus (20%), Kompaniia Lonar Enterprayzes LLC, Cyprus (20%), Kompaniia Homart Konsaltinh LLC, Cyprus (20%), Kompaniia Krutimaks Dvelopment LLC, Cyprus (20%), Kompaniia Khollivell Kommershial LLC, Cyprus (20%) Final beneficial owners: unknown	Shareholder of Skorzonera LLC Main activity: Rental and operating of own or leased real estate
Halychyna-zukor LLC	Shareholders: Tetiana Shevchenko (100%) Final beneficial owner: Tetiana Shevchenko	Shareholder of Skorzonera LLC, owner of the company is Oleksandr Shevchenko's wife. Main activity: Legal activities
Bukovel LLC	Shareholders: Karpatski Investytsiyi LLC, Ukraine (100%) Final beneficial owners: Anastasiia Khrystoforu/Rimeltresa Holdings Ltd, Despoina Kharalampus Nikolau, Eleni Korelidu/Ventrelisa Holdings Ltd, Mikhalakis Tsytssekkos/Rimeltresa Holdings Ltd, Khrystyna Sofokleus/Ortler Ltd	Shareholder of Skorzonera-Zakarpattia LLC, financing the detailed plan of the Svydovets project for the 40 ha in Ivano-Frankivsk region to connect Bukovel with the planned Svydovets ski resort. Main activity: Rental and operating of own or leased real estate
PBS LLC	Shareholders: Ivanna Nepyk (100%) Final beneficial owner: Ivanna Nepyk	Linked with Skorzonera LLC; built the infrastructure in Bukovel ski resort; allegedly controlled by Oleksandr Schevchenko. Ivanna Nepyk is the managing director of Haychina-zukor LLC. Main activity: Construction of roads and motorways
Gorgan PE	Shareholders: Skorzonera LLC Final beneficial owners: Igor Kolomoisky and Gennady Bogolyubov	Bought the land for Bukovel ski resort together with Skorzonera LLC Main activity: Construction of residential and non-residential buildings
Ambikom LLC	Shareholders: Viktor Shevchenko (47%), Taras Dundiak (29%), Volodymyr Chovhaniuk (16%), Ihor Voiansky (4%), Taras Latyshevskyy (2%), Serhiy Latyshevskyy (2%). Final beneficial owners: Viktor Shevchenko, Taras Dundiak	The main shareholder is Viktor Shevchenko, company controls the gastronomy sector in Bukovel Main activity: Restaurants and mobile food service activities

II. Who is who of the Svydovets case

Name	Profile	Role in the Svydovets case
Igor Kolomoisky	Ukrainian oligarch and businessman, beneficial owner of Skorzonera LLC, former beneficial owner of PrivatBank	beneficial owner of Skorzonera LLC who initiated the Svydovets ski resort project; former owner of Bukovel LLC that plans to connect Svydovets with Bukovel
Gennady Bogolyubov	Ukrainian oligarch and businessman, beneficial owner of Skorzonera LLC, former beneficial owner of PrivatBank	beneficial owner of Skorzonera LLC who initiated the Svydovets ski resort project
Oleksandr Shevchenko	Member of Parliament of Ukraine, married to Tetiana Shevchenko, a minority shareholder of Skorzonera LLC; former director of Bukovel ski resort, allegedly controls PBS LLC	right-hand man of Igor Kolomoisky in Bukovel and Semmering, represented the investors in meetings with Governor Moskal and top forestry officials
Viktor Shevchenko	Member of Parliament of Ukraine, owner of Ukrainian company Ambikom LLC operating in Bukovel, owner of Austrian company Ambikom GmbH operating in Semmering	manages the Bukovel and Semmering ski resorts together with his brother Oleksandr Shevchenko
Yuriy Dobrovolsky	Representative of the Transcarpathian Regional State Administration (TRSA), director of several companies operating in Semmering ski resort, former official in Ivano-Frankivsk region who sold the land for the construction of Bukovel to Skorzonera LLC	represented the TRSA at public hearing in Tchorna Tisza and the roundtable in Uzhgorod, represented the investors at the public hearing in Bystrytsia
Gennady Moskal	Governor of the Transcarpathian Regional State Administration (TRSA)	Economic Agent of the project, initiated the EIA and the procedure of land use change at Svydovets massif for the planned ski resort
Yaroslava Ivanova	Lawyer, representative of the Transcarpathian Regional State Administration (TRSA) and the Tyachiv and Rakhiv District State Administration (DSA)	represented the TRSA at public hearing in Lopukhovo and Yassinya, represented the Tyachiv and Rakhiv DSA in court case
Volodymyr Bondar	Deputy chairman of the State Agency of Forest Resources (SAFR)	participated in a meeting with Oleksandr Schevchenko about the construction of the Svydovets ski resort
Valery Murga	Head of the Transcarpathian Forestry and Hunting Administration	financed the new road to connect the ski resort "Svydovets" and Lopukhovo village and participated in a meeting with Oleksandr Schevchenko about the construction of the Svydovets ski resort
Ivan Fabritsy	Head of the Tyachiv District Council	promoted the project in public as representative of the Tyachiv District Council

III. Notice on planned activities which are subject to environmental impact assessment, signed by Governor Gennady Moskal

(date of official publication in the Unified State Registry of Environmental Impact Assessment (generated automatically by software of the Unified Registry of Environmental Impact Assessment, not indicated by economic agent)

(registration number of environmental impact of planned activities assessment file (generated automatically by software of the Unified Registry of Environmental Impact Assessment, indicated by economic agent for paper version)

NOTICE

on planned activities which are subject to environmental impact assessment

Transcarpathian Regional State Administration represented by the Governor Hennadiy Moskal,
YeDRPOU code 00022496

(full name of legal entity, YeDRPOU code or last name, name and patronymic of individual entrepreneur, identification code of individual entrepreneur)

informs of the intention to conduct planned activities and assessment of their environmental impact.

1. Information about economic agent

4 Narodna Square, city of Uzhhorod, Transcarpathian Region, 4, 88008, Tel. (0312) 69-61-00;
(0312) 69-61-01; (0312) 61-34-19; (0312) 69-60-78 (fax), e-mail: econom@carpathia.gov.ua

(passport details (series, number, date of issue and issuing authority) of individual entrepreneur, location of legal entity or place of residence of individual entrepreneur (zip-code, address), contact phone number)

2. Planned activities, characteristics, technical alternatives*.

2.1. Planned activities, characteristics.

Creation of a new recreational location for quality family rest is planned, i.e. Svydovets tourist complex with a network of aerial lifts, ski pistes, hotel and commercial infrastructure, summer and winter attractions infrastructure.

Introduction of an extensive range of services both for summer and winter well-organized family sports and recreational vacation, which makes it possible to receive tourists all the year round under different types of tourist tours. In particular, the full spectrum of tourist attractions offered at the complex will include:

- Alpine skiing, ski school;
- cross-country skiing;
- skating;
- snowtubing and specialized snow parks for amateurs and athletes;
- snowmobile trips;
- horse riding, horse walks and hikes;
- cycling, cycle touring (mountain biking);
- extreme sports - rafting, zip line (fly line) attractions, rock climbing;
- sledge rodelbahn to use the aerial lifts in the summer period and in between seasons, roller parks;
- swimming, beach rest, fitness, football, tennis, volleyball, golf;
- modern adventure park (motoriks) with specially equipped sports playgrounds, climbing parks (local attractions for grown-ups and children);
- children's educational and health recreational centre (year-round camps);

*Economic agent has the right to consider more technical and territorial alternatives

educational trekking and bus tours along landmarks and picturesque locations in the area;
health improvement and mineral water treatment;
organization of national and international sports competitions, conferences, entertainment events and shows.

We are planning tourist complex management organization according to the principle of vertical integrated structure, which will ensure total control over planning and activities for all design, construction, production and exploitation elements.

Single marketing centre will come up with a quality proposal for package deals, their presentation and circulation among customers while a team of professionals will guarantee reliability of operation and will monitor the quality of services provided.

Land plots allocation for the construction of complex are situated outside the residential locality. The total area of land plots is 1,430 ha together with engineering facilities which will ensure proper operation of the premises.

These include: forest fund lands (forest) 1,113 ha and 74 ha of forest fund lands (non-forests, pastures, hayfields etc.) State-Owned Enterprise Yasinianske Forest and Hunting Household; 243 ha of state-owned agricultural lands and others (pastures, highland meadows, hayfields).

Out of forest fund lands (forests) 430 ha will be logged to build recreational infrastructure facilities (hotels, eateries, other services, ski pistes, lifts, engineering communications etc.). The area of planned landscape logging is smaller than the area of annual total loggings in this area.

Distribution of areas among forestries:

Svydovets Forestry, planned area covers the territory of 31.76 ha

Dovhe Forestry, planned area covers the territory of 275.61 ha

Stanislav Forestry, planned area covers the territory of 669.88 ha

Chorna Tysa Forestry, planned area covers the territory of 209.45 ha.

The area assigned for pistes and aerial lifts of total length of 223,000 m makes up 630 ha with average piste width between 12 and 45 m and aerial lift section width of 15-18 m.

Detailed plan of Svydovets tourist complex territory presupposes construction of 23 passenger aerial lifts of different design and length (from double chair lifts to cable railway type lifts), equipment of 230 km of ski piste pursuant to established difficulty classifiers with 100% snow coverage. This will help ensure infrastructure of tourist complex winter attractions for 22,000 people at a time.

The project foresees 800 ha for housing and commercial and recreational infrastructure, including the area for engineering communications. They are located in the main valleys of the following rivers: Chorna, Tysa, Dovzhana, Stanyslav.

In order to ensure drinking water supply water intake from artesian wells of "drinking water" class will be conducted. The remaining water supply needs will be ensured through construction of stream intakes with local filtration pump stations on existing streams and rivers.

Heating of the premises will be ensured through laying gas supply pipes and construction of solid fuel boiler stations (namely, wood waste).

Waste water will be treated in a centralized manner through the circulating channel from the upper part of tourist complex site down the valley to the residential locality. A biological system of complex waste water treatment will be built for this purpose.

2.2. Technical alternative 1.

Water supply - arranging water supply for the complex through surface water intake with construction of water treatment station.

Sewage - arranging sewage through construction of sewage collector for the existing waste water treatment facilities of Bukovel Hotel and Tourist Complex with subsequent discharge into Prut river.

Heating of premises - installing electrical heating in the premises.

Waste water treatment - employing reactant waste water treatment method.

Waste treatment - construction of waste treatment plant.

2.3 Technical alternative 2.

Water supply - arranging water supply for the complex through artesian wells only.

Sewage - through existing waste water treatment facilities of the nearest public utility company.

Heating of premises - arranging heating of premises through burning solid fuel only (firewood).

Waste water treatment - employing electrical and chemical waste water treatment methods.
Waste treatment - construction of waste burning plant.

3. Place of the planned activities, territorial alternatives*.

3.1 Place of the planned activities.

The area for future development site is located within the territory of Chorna Tysa Village Council and Yasinya Village Council of Rakhiv District and Lopukhiv Village Council of Tyachiv District of Transcarpathian Region and lies outside residential localities.

The area planned for construction of the complex borders to Bystrytsia Village Council of Nadvirna District and Polyana Village Council, Yaremche Town Council of Ivano-Frankivsk Region and Bukovel resort to the north.

To the east it neighbours with the village of Yasinya and village of Lazeshchyna, to the south - with Kosiv-Polyana Village Council, Svydovets Forestry, Yasinya Forest and Hunting Household State-Owned Enterprise.

To the west the neighbours are - Lopukhiv Village Council of Tyachiv District and Chorna Tysa Village Council of Rakhiv District.

The locality is situated at 260 km from the regional centre - the city of Uzhhorod and at 32 km away from district centre - the town of Rakhiv and at 103 km from the town of Tyachiv. State border with Romania lies at 65 km away and the Solotvyno border checkpoint is situated at 79 km distance.

The territory chosen for tourist and recreational objects of Svydovets tourist complex makes up 1,430 ha in total and in per cent equivalent covers:

- Yasinya Village Council territory (10 per cent);
- Chorna Tysa Village Council territory (88.7 per cent);
- Lopukhiv Village Council territory (1.3 per cent).

The main area for the location of ski piste and passenger aerial lifts covers southern, south-western and eastern slopes of Hropa mountain (1,759 m ASL), Durnya (1,750 ASL), Bratkovska (1,788 m ASL), Ruska (1,677 m ASL), Chorna Kleva (1,725 m ASL), Velykyi Menchul, Kotel (1,771 m ASL), sub-Alpine meadows - Bratkovska, Levkovets, Dovha, Tatul, Menchil, Vorozheska, Hereshaska, Apshynets ridge.

When choosing the territory for construction of Svydovets tourist complex other territorial alternatives were under consideration, yet the choice of this specific territory for the activities planned has been stipulated by the following:

the planned activities foresee setting up of the object on the basis of use of natural and recreational potential of the mountainous side of Tyachiv and Rakhiv districts;

a significant share of the mountains where the construction of the tourist complex is planned has the height of more than 1,700 m ASL. This natural factor results in significant advantages of this territory over similar territories during the period and heights of hibernal snow, number of days with study temperatures below zero and respectively the duration of skiing season (110-120 days);

availability of mountain chimes and sub-Alpine meadows which create a natural protective uniform mountain ridge and chamber (coloir) with advantegous microclimate at the foot of the mountain and northern orientation of slopes, such as geomorphological conditions, will protect the tourist complex from prevailing north-western winds which often result in windstorms at significant heights (over 1,300 m ASL);

planned territory is located beyond the objects of natural reserve fund of state and local significance;

the need for respective mountainous landscape for the design of winter and summer attractions infrastructure, respective climate conditions, availability of height marks for hibernal snow as well as limitation of vacant mountainous areas along river valleys free of construction sites and such that have not been included into the natural reserve fund;

the suggested location of tourist complex is well-connected to Bukovel Hotel and Tourist Complex, district and regional importance towns and cities which is convenient for the tourists and promotes tourist industry in Ukraine.

3.2 Technical alternative 1.

Territorial alternative 1 is suggested - alternative to inaction (zero alternative) - the tourist complex is not constructed. The territory under consideration is rather depressive with respect to its economic use. For the most part it thrives on forestry and eco-tourism. In addition, it is the area where unauthorized logging has been documented. As far as it is known, the economic agent has not yet reserved areas for analogous activities within Transcarpathian region. At the same time, for the future prospect it means that a different way of using the suggested land is possible, except for the one

suggested, for instance, accommodation of individual tourist groups, individual construction of small hotel and tourist buildings without adequate water supply and sewage or collection and treatment of solid waste, or wood processing industry and other environmentally hazardous objects and types of economic activities.

Moreover, promotion and motivation of active leisure of our citizens abroad may be an option but it does not solve the problem with employment of local people, development of local territorial communities as well as strengthening the economy of Transcarpathian Region and the state in general.

4. Social and economic impact of activities planned.

Activities of Svydovets tourist complex will first of all give an impetus to the development of tourist services in private sector and eco-tourism. The aim of project includes support of economic growth of Transcarpathian Region through implementation of efficient regional policy and development of tourist industry in the region. As a result of implementing the project of Svydovets tourist complex, around 5,000 new workplaces will be created, budget income will increase greatly because of the operation of tourist complex, the development of regional industries will get a stimulus, namely food industry, major construction since the economic agent will be working with regional raw material base and regional construction companies and local employment market.

It is also expected that the flow of tourists from abroad will increase which will stimulate foreign currency flow into the budget. In addition, local residents will create thousands of one bed accommodations on the basis of their households which will be in demand all the year round and will indirectly create another 15,000 workplaces for the employees working in tourism-adjacent areas as it happened in the neighbouring Ivano-Frankivsk Region.

In Tyachiv and Rakhiv district of Transcarpathian region there is a pressing problem of employment. The development of different sectors of economy in the said district is not likely due to unfavourable natural and climatic conditions and environmental limitations. As matter of fact, the region can try and develop its wood procuring and wood processing industry or tourism.

At the same time, development of tourism is a lot more favourable for the environment. The examples include territorial communities of the villages of Mykulychyn, Yablunytsya, Tatariv, Vorokhta, Polyanytsya of Ivano-Frankivsk Region where the number of single-person accommodation has increased significantly over the past years which resulted in increased budgetary income.

Similar ski resorts are successful in developed countries of the world: Kitiubel in the Austrian Alps (120 km of piste), Arraba in the Italian Alps (52 km of piste), Merribelle (600 km of piste) in the French Alps, Vemdalen in Sweden, Ylläs in Finland, Yasna in Slovak Tatry, Zakopane in Polish Tatry (resort located in Tatry National Park), Krynica in Sudeten Beskydy, Serro-Catedral in Argentinian Andes, Yongpyong in Southern Korea, Niseko in Japan, Bukovel in the Carpathians and many others.

5. General technical characteristics including parameters of planned activities (capacity, length, area, production scope etc.)

Detailed plan of Svydovets tourist complex territory presupposes construction of 23 passenger aerial lifts of different design and length (from four-chair lifts to gondola-type lift) with the possibility of receiving 22,000 holidaymakers daily by objects of winter infrastructure. Setting up of 230 km of ski piste will be conducted according to complexity classifiers with 100% snow coverage. Aerial lifts location strategy also presupposes their grouping according to height starting from 800 m ASL to 1,100-1,200 m ASL and from 1,100-1,200 m ASL to 1,750 m ASL. for their efficient use during pre-season and post-season period.

The project foresees 800 ha for housing and commercial and recreational infrastructure, including the area for engineering communications. Namely, construction of the following is planned:

- 120 eateries including those integrated in multipurpose centres, premises of power-drive and upper stations of the lifts;
- 60 hotel-type buildings;
- 390 cottage-type buildings - semi-detached and detached.

The housing infrastructure foresees accommodation for 18,000 holidaymakers daily.

In order to ensure provision of additional services the following will be built:

- 17 rental spots for summer and winter activities with a sum total of equipment for winter attractions being 20,000 units and 5,000 units of equipment for summer activities;

10 multipurpose centres with integrated stores, commercial services, entertainment spots etc.;

2 separate bank offices;

3 fitness centres with medical institutions providing services and organizing preventive medical procedures;

5 multi-storey buildings for parking 6,000 cars including hos integrated into hotels and multipurpose centres;

28 additional buildings for organization of control and emergency and administrative services. Total area of hotel development site makes up 502,600 m².

Total area of land plots allotted for the complex is approximately 1,430.00 ha.

Total length of project roads - 89.9 km. Total length of lifts - 53.2 km.

Total length of ski pistes - 223.3 km.

Total volume of water bodies - 1.260,000.0 m³

Daily water consumption - from 4 to 5,800 m³/day.

Expected waste water treatment system capacity - 4,000 to 6,000 m³/day

6. Environmental and other limitations of planned activities according to alternatives.

6.1. Regarding planned activities:

keeping with the sizes for sanitary-hygienic zones;

keeping within the permissible amount of atmospheric emissions from the permanent sources of emission;

complying with normative volumes of water consumption foreseen by special water consumption permit;

complying with permissible levels of noise, vibration and electromagnetic radiation;

permissible levels of social risk and health risks; complying with the size and regime of riverside protective belt;

complying with the specific norms for using small rivers;

prohibition of setting up water reservoirs in the basin of small rivers and ponds with a general volume of such reservoirs exceeding the volume of river flow in the accounting low water year which is observed once in twenty years.

6.2. Regarding technical alternative 1:

Identical to those mentioned in 6.1 with the exception of keeping with the requirements for the volume and chemical content of return water set by companies receiving return waters (Bukovel Hotel and Tourist Complex).

6.3. Regarding technical alternative 2:

except for keeping with the requirements for the volume and chemical content of return water set by companies receiving (available waste water treatment plants of the nearest public utilities company) return water.

6.4. Regarding the place for planned activities:

Identical to those in 6.1.

6.5. Regarding territorial alternative 1:

since the activities are not conducted, environmental limitations are not set.

7. Required environmental and engineering training and protection of the territory under alternatives:

7.1. Regarding planned activities:

Planned construction of toe walls on water intakes, astels along stream bed of small rivers and streams, astels along high ways in the busiest location where soil needs reinforcement to prevent landslides as well as for reinforcement of bridges, bridge crossings for ski pistes, pedestrian crossings etc. Surface waters from the territory of residential districts are drained in open way (maintenance holes, drainage ditches, gutters). Part of drainage will be made through storm water drainage. In order to carry out groundworks, engineering and exploration works are required which will serve as basis for working blueprints. Existing stream beds of channels must be cleaned regularly and kept in proper working condition.

7.2 Regarding technical alternative 1:

topographic, geotechnical, hydrologic, environmental, ecological and other exploration will be conducted within the scope required by effective laws.

7.3 Regarding technical alternative 2:

Identical to those in 7.2

7.4 Regarding the place for planned activity:

Identical to those in 7.1

7.5 Regarding territorial alternative 1:

not foreseen (see 3.2).

8. Sphere, source and types of possible environmental impact:

8.1 Regarding planned activities:

climate and microclimate impact - danger of avalanche;
 atmospheric air impact - emission of pollutants from permanent and mobile sources of emission (diesel power plants, automobiles, exhaust ventilation of parkings, other premises etc.), noise impact;
 geological impact - landscape damage, slope cutting, landslide danger;
 surface water impact - surface water intake, waste water discharge;
 ground water impact - ground water intake;
 soil impact - landscape and soil damage resulting from land plot planning, flora impact - trees and shrubs logging on construction site for project objects and infrastructure of the project;
 fauna impact - damage to migration routes, nesting sites, areals and habitats; positive impact - ski pistes will serve as additional pastures for cattle;
 impact on nature reserve - limitations to planned activities within buffer areas of Nature Reserve Fund.

8.2 Regarding technical alternative 1:

identical to planned activities (see 8.1)

8.3 Regarding technical alternative 2:

identical to planned activities (see 8.1)

7.4 Regarding the place for planned activity:

identical to planned activities (see 8.1)

8.5 Regarding territorial alternative 1:

since planned activities under zero alternative are not conducted, the sphere, sources and impacts are not foreseen.

9. Belonging of the activities to the first and second category of objects which may have a serious impact on the environment and are subject to environmental impact assessment (indicate respective clause and sub-clause of Article 3 of the Law on Environmental Impact Assessment).

Planned activities belong to the second category of activities and objects which may have a significant environmental impact (sub-clauses 2, 12, 13 clause 3 of the Article 3 of the Law on Environmental Impact Assessment).

10. Availability of grounds for conducting transborder environmental impact assessment

Availability of grounds for conducting transborder environmental impact assessment

11. Planned scope of research and information detailization level which is to be included into environmental impact assessment report according to Art. 6 of the Law of Ukraine On Environmental Protection.

Impact assessment for climate, microclimate, atmospheric air, geological environment, surface and ground waters, soils, vegetation cover, wildlife, natural reserve fund, social environment, technogenic environment. Research detailization - according to the scale of planimetric base of the detailed plan of territory for the Svydovets tourist complex and conditions for the scope of research, detail-orientation of the information which is to be included into the environmental impact assessment report, provided to the authorized central authority under clause 8 Article 5 of the Law of Ukraine On Environmental Impact Assessment.

12. Environmental impact assessment procedure and the possibilities of public participation

Activities planned by the economic agent may have a significant environmental impact and thus

are subject to environmental impact assessment under the Law of Ukraine On Environmental Impact Assessment.

Environmental impact assessment is a procedure which foresees:

preparation of environmental impact assessment report by economic agent;

public discussion of the Law;
 analysis of environmental impact assessment report by authorized authority, including any additional information provided by the economic agent as well as information obtained from the public during public discussion and transborder environmental impact assessment,
 assessment of other information;
 preparation of a motivated conclusion on environmental impact assessment by the authorized body which factors in the results of analysis foreseen by previous sub-clause;
 factoring in the report on environmental impact assessment in the decision on conducting planned activities indicated in clause 14 of this notice.

In its conclusion on environmental impact assessment, considering environmental impact assessment for planned activities,
 the authorized body determines permissibility or lack thereof for conducting planned activities and determines environmental conditions for such activities.

It is prohibited to commence planned activities without environmental impact assessment and obtaining the decision on conducting planned activities.

The procedure of environmental impact assessment foresees the right and opportunity for the public to participate, namely during discussion of the scope of research and detalization level of the information which is to be included into report on environmental impact assessment as well as during the review stage of the report on environmental impact assessment submitted to the authorized body by economic agent.

During the stage of public discussion of the report on environmental impact assessment the public is given at least 25 working days notice to submit any remarks and proposals to the report and planned activities as well as participate in public hearings. Additional details about the procedure of public discussion during environmental impact assessment stage are disclosed in the notice on commencement of public discussion.

13. Public discussion of the scope of research and the level of detalization for the information which is to be included into report on environmental impact assessment of planned activities

Within 20 working from the day of official publication of such notice on the website of the Unified Registry of Environmental Impact Assessment, the public has the right to submit its remarks and proposals to the authorized body regarding the planned activities, scope of research and detalization level of the information which is to be included into report on environmental impact assessment.

When submitting such remarks and proposals, indicate the unique number assigned to the case regarding planned activities when registering this notice in the Single Registry On Environmental Impact Assessment (indicated in the heading of notice). This will simplify the registration and review procedure of your remarks and proposals.

If such remarks and proposals from the public are submitted, they will be included into the Registry and transferred to the economic agent (within 3 working days from the moment they have been received). Persons who submit remarks and proposals give their consent to processing of their personal data by their signature. When preparing report on environmental impact assessment the economic agent shall consider such remarks and proposals submitted during public discussion of the scope of research and level of detalization in full or partly or decline them.

Detailed information about this is included into report on environmental impact assessment.

14. Decision on conducting planned activities

Pursuant to effective laws of Ukraine the decision on conducting such planned activities will be:

Approval of anonymized land planning project regarding allotted land plots with the total area of 1,430 ha with change of intended use and transfer into category of recreational lands and reserve lands of Transcarpathian Regional State Administration.

Notice on commencement of construction works and the permit for construction works which is issued by state architectural and construction supervision body.

The bodies which have a necessary mandate to make such decisions are: Cabinet of Ministers of Ukraine, State Architecture and Construction Inspectorate in Transcarpathian region.

15. All public remarks and proposals regarding planned activities, scope of research and

information detalization level which is to be included into environmental impact assessment report shall be sent to:

Ministry of Ecology and Natural Resources of Ukraine,
35 Mytropolyta Vasylya Lypkivskoho St., city of Kyiv, 03035
Department of Environmental Impact Assessment, m.shimkus@menr.gov.ua, (044) 206-31-15, (044) 206-31-64, contact person – M.O. Shymkus
(name of authorized body, address, telephone and contact person)

IV. Letter from Tyachiv District State Administration, dated 29 November 2018

Trident – National Emblem of Ukraine

U K R A I N E

TYACHIV DISTRICT STATE ADMINISTRATION OF TRANSCARPATHIAN REGION

30 Nezalezhnosti St., town of Tyachiv, tel.: (03134) 3 38 87; 3 30 91; 3 30 27 fax
www.tyachiv-rda.gov.ua, e-mail: tyachivrda@carpathia.gov.ua, YeDRPOU code 04053832

No. 03-01/2444 dated November 29, 2018

to Ref. No. 11/5-80-18 (233657) dated November 06, 2018

Attn:

**First Deputy Chief of Staff of the Verkhovna Rada of Ukraine
Chief of Administrative Services
O. Bodnar**

Dear Petro Olehovych,

In response your letter No. 11/5-78-18 (233688) dated November 08, 2018 we are hereby informing that on October 24, 2018 a response was provided by the District State Administration (letter No. 03-15/2326 dated October 24, 2018) to appeal by People's Deputy O. V. Yednak No. 144-9/56-2 dated October 08, 2018. In his appeal pursuant to Article 16 of the Law of Ukraine on the Status of People's Deputy of Ukraine, the People's Deputy asked for the following:

1. Provide a copy of all cartographic materials that are part of the detailed plan of Svydovets resort project.
2. Provide a copy of text (descriptive) part of the detailed plan of Svydovets resort project.
3. Provide explanation as to why the information was not made public in a duly manner (not presented in a full scope) which resulted in violation of the procedure of public hearings.

A response to said appeal No. 03-15/2326 was provided on October 24, 2018 in which:

- As part of enforcing the letter of Transcarpathian Regional State Administration No. 06-17/2264 dated October 19, 2017, Tyachiv District State Administration sent original Instruction of the Head of Tyachiv District State Administration approving the detailed plan of Svydovets tourist and recreational complex as well as supporting documents for the said Instruction (copies are hereby attached)
- Pursuant to Article 21 of the Law of Ukraine On Urban Planning Regulation (reviewed version of March 16, 2017 effective at the time of public hearings concerning the abovementioned project), publication of detailed territory plan (maps and descriptive part) on the Internet is not foreseen
- District State Administration also informs that maps are available at the web site of administration at tyachiv-rda.gov.ua (electronic copy is attached).

The response was provided on the following grounds.

Pursuant to Article 1 of the Law of Ukraine On Resorts (hereinafter – Law), a resort is a developed natural territory located on recreational lands which has natural treatment resources, necessary buildings, structures and infrastructure, is used for treatment, medical rehabilitation, preventative care and recreation and is subject to special protection.

Pursuant to the requirements of Article 13 of the Law, allocation of land plots for creation or expansion of a resort is conducted according to the procedure established by the Land Code of Ukraine on the basis of developed feasibility studies for land use and land plot allocation projects, with regard for approved sanitary (mountain and sanitary) protection districts and areas, medical zoning schemes.

Article 1 of the Law of Ukraine on Urban Planning Regulation says that a detailed plan is an urban planning document, which determines organization of territory planning and development.

Article 19 of said Law foresees that a detailed plan within a locality specifies the general layout and determines planning organization and development for a specific territory.

A detailed plan is developed to determine planning organization, function, spatial composition and parameters of the construction site; landscape development of district, neighbourhood or other part of the locality designed for complex construction or reconstruction and is subject to strategic environmental assessment.

Development of a detailed plan shall not be ground for giving the status of a resort to a specific territory in the future.

Tyachiv District State Administration did not prepare any documents and did not submit any requests for recognizing territories within Tyachiv District as resort territories.

Nevertheless, in order to further the activities of People's Deputy of Ukraine O.V. Yednak, within its competence District State Administration in fact provided all available information and links to the web site, which contains maps and other information regarding the development of a detailed plan of Svydovets tourist and recreational complex.

On April 21, 2017 according to the Instruction of Head of State Administration No. 152, on the basis of request by Skorzonera LLC, a decision was made about development of a detailed plan of Svydovets tourist and recreational complex outside the locality. Tyachiv District State Administration was established as the commissioner. The Department of Major Construction, Urban Planning and Architecture of the State Administration shall ensure that project documents are reviewed according to the procedure determined by effective laws during architectural and urban planning council taking place on May 11, 2017 at Lopukhovo village council at the address: 100 Tsentralna St. at 1 PM, on condition that a respective request has been filed and public hearings have taken place. Public hearings regarding the discussion of detailed plan of Svydovets tourist and recreational complex outside the locality have taken place. In the course of public hearings, the people of Lopukhovo were presented with the respective project and its elements (descriptive part and maps). This has been confirmed by Resolution of Lviv Administrative Court of Appeal No. 876/1506/18 dated May 04, 2018, namely "In court hearing a panel of judges has studied area plans of Transcarpathian Region (interpretive note) on 200 pages, vol. 1 and project plan Scheme (map), scale 1:2000 (8x10 m), which contain an extensive scope of information. In this respect, the panel of judges believes that the amount of materials presented during the public hearing was sufficient enough and could be visually studied by anybody interested. Besides, present during the public hearing were leading specialists who were asked different questions about territory planning. In addition, the citizens could submit their written remarks about the project within 30 days."

A detailed plan of territory is an urban planning document, which consists of descriptive (more than 70 pages) and graphic parts (8x10 m sheet), and is not a supplement to the Instruction of Head of District State Administration.

According to Article 9 of the Code of Ukraine on Administrative Offences (hereinafter – CUAO) (an offence) is an unlawful culpable (deliberate or careless) action or an omission to act which is a threat to public safety, property, rights and freedoms of people, established form of government and is subject to administrative punishment under the law.

Components of an administrative offence are the totality of objective and subjective elements established by administrative law, which make an action an administrative offence. Such components include object, objective side, subject and subjective side. Absence of at least one of these components means absence of an administrative offence in general.

Objective elements of an administrative offence are characterized by signs, which determine the act of exterior behaviour of an offender, i.e. show the way in which the offence has been committed and characterize the action (omission to act) of administrative offender.

The description of part 1 Art. 188-19 of CUAO establishes punishment for non-compliance with established terms for providing a reply to an appeal of People's Deputy of Ukraine, providing false or incomplete information in such a reply.

In summary to everything mentioned above, we should say that there are no objective elements of administrative offence foreseen by Article 188-19 of CUAO in actions of Head of Tyachiv District State Administration. In the appeal No. 144-9/56-2 People's Deputy of Ukraine O.V. Yednak requested copies of all cartographic materials and the descriptive part of detailed plan of the Svydovets resort. Tyachiv

District State Administration is the commissioner of Svydovets tourist and recreational complex detailed plan according to clause 2 of the Instruction of Head of Tyachiv District State Administration No. 152 of April 21, 2017 On the Development of Detailed Plan for the Territory of Svydovets Tourist and Recreational Complex.

Since People's Deputy O.V. Yednak was provided with a comprehensive reply as based on his appeal, we believe that Control Department of the Staff of Verkhovna Rada of Ukraine has no grounds for drawing up a protocol on administrative offence.

Yours faithfully,

Head of State Administration

/Signature/

V. DEMYANCHUK

V. Letter from Hungarian Ministry of Agriculture to Ukrainian Ministry of Ecology and Natural Resources, dated 3 May 2018



FÖLDMŰVELÉSÜGYI
MINISZTERIUM

MINISTRY OF AGRICULTURE

Department of Environmental Conservation

Ref. no.: KmF / 150 / 2018.

Date: "03." May, 2018

Mr. Alexandr TARASENKO

Focal Point to the Espoo Convention

Ministry of Ecology and Natural Resources of Ukraine

V. Lypkivskogo street, 35

03035 Kyiv

UKRAINE

Ref.: information request on the development consent procedure for the planned ski resort in Svydovets mountain, Ukraine

Dear Mr. Tarasenko,

We have been informed on the planned ski resort to be built on Svydovets mountain range in Ukraine.

Due to the potential transboundary environmental impact on Hungary of the planned activity, we would appreciate receiving your official information on the current status of the project and the related development consent procedure at your earliest convenience, please.

Furthermore, please note that Hungary considers itself as an Affected Party according to the *Convention on Environmental Impact Assessment in a Transboundary Context* (the Espoo Convention) regarding the planned ski resort activity in Svydovets mountain. Based on this reason, you are kindly requested to notify Hungary officially, according to Article 3 of the Espoo Convention when the project proponent submits its application for the development consent of the referred proposed activity to the competent Ukrainian environmental authority.

Please, accept the assurances of my highest esteem.

Yours sincerely,

Mr Bálint DOBI

Hungarian Focal Point to the
Espoo Convention

VI. Letter from Members of European Parliament to Ukrainian Government, dated 20 December 2018



EUROPEAN PARLIAMENT

FOR THE ATTENTION OF:
President Poroshenko
Prime Minister Groysman

in copy:

Minister of Ecology, Ostap Semerak
Member of the Verhovna Rada, Ostap Yednak

by email

Questions concerning a large infrastructure project in the Carpathian Mountains

Brussels, 20 December 2018

Honourable President of Ukraine,
Dear Mr Poroshenko,

Honourable Prime Minister,
Dear Mr Groysman,

We wish to express our concern about the information we have received recently during our meeting with a mixed delegation of the Free Svydovets Group from Ukraine and the British NGO Earthsight. They have informed us about two serious inter-linked problems affecting the Carpathian mountain range in Western Ukraine.

On the one hand, they described the illegal deforestation, which is made possible by corruption at all levels of the state forestry service, from logging to the commercialisation of the timber.

On the other hand, unknown investors are planning to build an enormous ski resort in the Svydovets massif. This resort, with a capacity for 28000 visitors daily, would have catastrophic consequences on the ecosystem and biodiversity of this area, as well as on the River Tisza. According to our information, this project violates three conventions of which Ukraine is a signatory: the Bern Convention on the Conservation of European Wildlife and Natural Habitats, with its Emerald Network, the Framework Convention on the Protection and Sustainable Development of the Carpathians, and the Aarhus Convention. The request by the Hungarian government for a crossborder environmental impact assessment, obligatory under the Espoo Convention, has apparently not been answered so far.

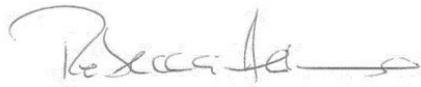
We would kindly like to ask for more clarification and information about the Svydovets ski resort project and its planning process, as well as about the government's steps and actions against the timber logging corruption schemes.

Please be assured that we strongly support sustainable forestry and we support Ukraine in their wish to create jobs and a prosperous region. Nevertheless, we are highly alerted by the alleged violation of international conventions and the illegal exploitation of Ukraine's rich resources to the detriment of the local population while hampering a prosperous sustainable development of the region.

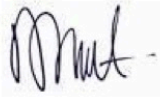
We are looking forward to your reply and kind regards,



Michael Gahler, Standing Rapporteur on Ukraine



Rebecca Harms, Co-President of the Euronest Parliamentary Assembly



Dariusz Rosati, Chair of the European Parliament's Delegation to the EU-Ukraine PAC