

***Crisis in Ukraine: Daily Briefing*****7 May 2014, 5:00 PM Kyiv time****1. Kremlin-backed "separatism" in Eastern Ukraine**

The active phase of the anti-terrorist operation in Eastern Ukraine continues. There are reports of battles in Slovyansk, as armed "separatist" forces try to break out the encirclement of the city. The Ministry of Defense reports that armed "separatists" have set up anti-tank missiles in the city. The Ministry of Internal Affairs reports that the armed "separatists" in Slovyansk are mining the administrative buildings they've occupied. The Central Election Commission moved the centre of the No. 47 electoral district from Slovyansk to Oleksandrivka. As of the morning of 7 May Kyiv time, government buildings and/or police/security services headquarters remain under the control of "separatists" in Slovyansk, Donetsk, Kramatorsk, Konstantynivka, Horlivka, Makiivka, and Khartsysk, in Donetsk oblast; and Luhansk and Atratsyt in Luhansk oblast. The Ministry of Internal Affairs reports that an armed forces radar radio station outside Sverdlovsk, Luhansk oblast was attacked and lit on fire by armed men. No casualties on the side of the Ukrainian armed forces were reported. In Luhansk the oblast Prosecutors' office was taken over by "separatists." The city council in Mariupol has reportedly been freed of "separatists," and there were reports of shots being fired throughout the night in the city, and that one "separatist" has been killed and two detained. The head of the Kharkiv oblast State Administration I. Baluta announced that rallies for 9 May VE Day celebrations will be cancelled in Kharkiv, stating that "Unfortunately, information that we have testifies to attempts by destructive powers, including foreign ones, to threaten the honour, dignity, health and lives of participants of the celebrations." The Security Service of Ukraine (SBU) released tapped phone conversations in which the SBU claims there is evidence of Russian involvement and coordination in the planning of the 11 May pseudo-referendum in Donetsk.

**2. Sec. Kerry: More sanctions if Russia continues to sabotage democratic process**

US Secretary of State J. Kerry, after a meeting with EU High Representative for Foreign Affairs C. Ashton, stated that if "Russian elements continue to sabotage the democratic process" and try to prevent a free and fair election in Ukraine on May 25, the USA and the EU "stand ready to implement additional sanctions" against Russia together. At a hearing of the US Senate Foreign Relations Committee, Assistant Secretary of State V. Nuland stated that Russian recognition of the possible "separatist" referendum of 11 May, and possible Russian "peacekeepers" (a repeat of the Crimean scenario) would be a trigger for further sanctions. She stated, "Equally worrying, today from Slovyansk to Odesa the playbook is identical to what we saw in Crimea: first you create upheaval in towns that were completely peaceful just 2 months before, then you intimidate the local population, and hold bogus independence referenda on 2 weeks' notice, as have just been declared for May 11 in the so-called Donetsk and Luhansk Peoples' Republics. And we all remember what came next in Crimea: Russian "peace-keepers" swarmed in to "protect" the will of the voters."

**3. Government holds talks on decentralization**

Deputy Prime Minister and Minister of Regional Development and Construction V. Hroisman met with representatives of the Volyn, Donetsk, Luhansk and Lviv oblasts to discuss the decentralization of executive powers to the regions and reforms in the organs of local self-government. The most important question discussed were the devolution of finances and financial responsibilities to the regions. Hroisman stated that the government will develop proposed changes to the Budget Code in May, and that changes to legislation should be completed in 2014.