



WORLD NEWS

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## Factbox: Burisma, the obscure Ukrainian gas company at the heart of U.S. political row



KIEV (Reuters) - Some U.S. Democrats are calling for the impeachment of President Donald Trump over reports that he asked his Ukrainian counterpart to launch an investigation that could damage his Democratic political rival Joe Biden.

Trump is alleged to have wanted Kiev to investigate Hunter Biden, a son of the former U.S. vice president and specifically his previous role as a board member of Burisma, a private Ukrainian gas firm.

### WHAT IS BURISMA?

Burisma, founded by Mykola Zlochevsky in 2002, started gas production in 2006 and holds 35 licenses for hydrocarbon production in Ukraine's main oil and gas basins. Ukraine has lots of coal, but is not blessed with oil and gas reserves.

Burisma, according to a presentation on its web site, produced just 1.3 billion cubic meters (bcm) of gas in 2018, up from 0.1 bcm in 2010. It sells all the gas it produces in Ukraine.

To put that in perspective, the whole of Ukraine produces around 20 bcm of gas per year and consumes almost 31 bcm annually. The United States, the world's top gas producer, pumps 832 bcm of gas a year, according to BP statistical data.

Burisma does not disclose its financial results, but based on a minimal gas price set for 2018 on the Ukrainian energy exchange, the company may have generated revenues of at least \$400 million last year.

## **WHO IS ZLOCHEVSKY, BURISMA'S FOUNDER?**

Zlochevsky headed Ukraine's Ministry of Environmental Protection from June 2010 to April 2012 and was a member of the Party of Regions of ex-president Viktor Yanukovich.

Yanukovich, who was friendly with Moscow, was ousted following street protests in 2014 which were followed by Russia's annexation of Crimea from Ukraine. He now lives in Russia.

In 2012-2014, Zlochevsky worked as a deputy secretary of Ukraine's National Security and Defense Council which is in charge of all military and law-enforcement structures in Ukraine.

## **WHAT WAS HUNTER BIDEN'S ROLE?**

Burisma's web site says the company's board engaged Hunter Biden in 2013 together with former Polish President Alexander Kwasniewski.

"Burisma's track record of innovation and industry leadership in the field of natural gas means that it can be a strong driver of a strong economy in Ukraine," Burisma's web-site quoted Hunter Biden as saying on May 12, 2014.

"As a new member of the board, I believe that my assistance in consulting the company on matters of transparency, corporate governance and responsibility, international expansion and other priorities will contribute to the economy and benefit the people of Ukraine."

In April 2019, Hunter Biden's term as a Burisma board member expired and he left the company.

## CONTROVERSY

Ukrainian prosecutors opened a criminal investigation into Burisma in 2014 looking into suspected tax violations.

In 2016, a Kiev district court said it had found no evidence of criminal wrongdoing by Burisma president and owner Zlochevsky and ordered the Prosecutor General's Office to remove him from the authorities' wanted list.

In 2017, Burisma said all investigations against the company and Zlochevsky had been closed after the company paid an additional 180 million hryvnias (\$7.44 million) in taxes.

(\$1 = 24.2095 hryvnias)

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