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INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Russia set to shore up Black Sea Fleet in Crimea

The Russian Defence Ministry is planning to equip the Black Sea Fleet in Crimea with six new submarines, according to an Interfax report on 16 August 2012.

However, an intergovernmental agreement allowing Russia to deploy new submarines in Ukraine has not been signed yet. On 29 July 2012, Russian Black Sea Fleet Commander **Aleksandr Fedotenko** said that Russia was expecting the agreement on the procedures for modernization of the Black Sea Fleet in Crimea to be signed with Ukraine by the end of 2012.

Serhiy Kulyk, head of the Nomos analytical centre, said that the main reason why the agreement had not been signed is because Ukraine put forward some requirements to Russia, in particular that the price of Russian gas be decreased. He added that Ukraine also suggested that Russia repair its warships at Ukrainian shipyards.

On 14 August 2012, Ukrainian President **Viktor Yanukovich** suggested Ukraine and Russia agree a common social and economic policy in Sevastopol. According to him, the two fleets, Ukrainian and Russian, are learning to co-exist adequately.

However, Novyy Region quoted the president as saying that Ukraine will ask Russia to vacate certain areas of land in Sevastopol currently used by the Black Sea Fleet.

A survey conducted by the Gorshenin Institute in April 2012 showed that the majority of Ukrainians (60.5 per cent) did not see the Russian Black Sea Fleet stationing in Ukraine by 2047 as a threat to the country's sovereignty.

Russian opposition activists seek political asylum in Ukraine

A Russian opposition activist and member of the Other Russia party, **Aleksey Devyatkin**, and his wife, journalist **Jenny Curpen**, have applied for political asylum in Ukraine, Lb.ua news website reported on 13 August 2012. They fear criminal prosecution in the case of mass riots in Moscow on 6 May 2012.

If they are denied asylum in Ukraine, they will appeal to other European countries, **Dmitriy Kolbasin**, a representative of the Agora human rights association working with Devyatkin and Curpen, said.

The Ukrainian Foreign Ministry said that this issue was within the competence of the State Migration Service.

However, the State Migration Service refused to comment on the matter for confidentiality reasons.

Ukraine as one of income generators for Gazprom

Ukraine has become the second largest customer for the Russian Gazprom's gas, the

Ukrainian weekly *Kommentarii* reported on 15 August 2012, quoting Gazprom's performance report for January-March 2012. Gazprom has earned 11bn dollars thanks to Ukraine.

The largest volume of Russian gas was bought by Gazprom Mezhhregiongaz, Gazprom's subsidiary supplying natural gas to Russian customers. It paid 24.2bn dollars for gas.

In 2011 Gazprom earned a total of 110.8bn dollars.

On 8 August 2012, Naftohaz Ukrayiny said that the price of Russian gas for July-September increased by 0.2 per cent from 425 to 426 dollars per 1,000 cu.m.

Russia cuts gas transit across Ukraine by quarter

From 1 January to 14 August 2012, the transit of Russian gas via Ukraine towards the EU went down by 23.3 per cent, from 66.7bn to 51.1bn cu.m., compared with the same period of 2011, *Zerkalo Nedeli* weekly on 16 August 2012 quoted a source at the Energy Ministry as saying.

Ukraine changes terms of use for NITKA training range

On 15 August 2012, the Cabinet of Ministers of Ukraine authorized **Defence Minister Dmytro Salamatin** to sign a protocol on amendments to the agreement with Russia on the use of the NITKA training range. The Defence Ministry said that according to the protocol, a fee for using the training range will be paid in cash not in spares, the list of aviation equipment to be used for tests at the range will be expanded, and the training range can be used not only by Russia, but other countries as well.

NITKA (a Russian acronym for a ground test simulator for ship-based aircraft) is a Crimea-based special training facility imitating the deck of an aircraft carrier used for aircraft landing and takeoff practice.

UKRAINE-CIS

Free trade deal with CIS to take effect in September

The agreement on the free trade zone with the CIS will come into effect in mid-September, the director of the CIS Executive Committee economic department, **Andrey Kushnirenko**, told the UNIAN news agency on 14 August 2012.

"By rule, an agreement becomes an object of international law 30 days after the Executive Committee has received the third notification about its ratification. If the Ukrainian president signed this law on 8 August, we will receive the notification in mid-August, and the 30-day countdown will begin," Kushnirenko said.

The prime ministers of the CIS member states signed an agreement on the free trade zone in St Petersburg on 18 October 2011. Ukraine is the third CIS member, after Russia and Belarus, to ratify this document.

Ukraine denies arms supplies to Armenia

The Ukrainian embassy in Azerbaijan on 14 August 2012 denied the media reports that Ukraine sold multiple launch rocket systems and mobile surface-to-air missile systems to Armenia in 2011.

"The embassy reckons that this provocation is aimed at damaging the traditionally friendly Ukrainian-Azerbaijani relations," the embassy said in a statement.

UKRAINE-EU

European Commission concerned about Ukraine changing rules of tender procurement

On 14 August 2012, **Peter Stano**, a spokesman for EU Enlargement Commissioner Stefan Fuele, said the EU was concerned about changes to Ukraine's tender law. "The EU has recently expressed concerns that the Ukrainian authorities are lacking devotion to the principle of conducting a state procurement policy which would conform to the future Association Agreement and international principles," he said.

Protesting against the changed terms of state procurement, the head of Transparency International's office in Ukraine, **Oleksiy Khmara**, gave up his membership in the National Anticorruption Committee under the president of Ukraine.

On 1 August 2012, President **Viktor Yanukovich** signed the law allowing state companies not to hold tenders if they are buying goods, works or services at their own expense, Lb.ua news portal reported.

Journalist **Andriy Marusov** said in his article for Zerkalo Nedeli on 3 August 2012 that a year ago Yanukovich objected against excluding state companies from the scope of the law on state procurement because this would "contradict Ukraine's international commitment to adapt its legislation to that of the EU, and therefore cannot be approved".

Czech Senate calls on Ukraine to release "political prisoners"

On 16 August 2012, the upper house of the Czech parliament adopted a resolution urging Ukraine to guarantee independence of the judiciary and to release "political prisoners".

Thus the upper house of the Czech parliament seconded a similar statement adopted earlier by the OSCE parliament.

Poland allows Ukrainians to have double citizenship

On 15 August 2012 the new law on citizenship allowing double citizenship and simplifying the rules of its granting to foreigners came into effect in Poland.

According to the Polish Foreign Ministry, from 2 January to 2 July 2012 over 1,000 Ukrainians were granted a permit to stay in Poland within the framework of a special programme, Abolicja. Ukrainians top the list of the country's legalized foreigners.

On 14 August 2012, a representative of the Ukrainian Foreign Ministry, **Oleksandr Dykusharov**, said that Ukraine expects an agreement on free Polish national visas to come into effect in September 2012.

Polish consulate in Lutsk reportedly engaged in human trafficking

On 16 August 2012, the press service of the State Border Service said that Ukrainian law-enforcement bodies had established that Ukrainian women were brought to Germany for sexual exploitation with the help of the Polish consulate in Lutsk.

As reported earlier, the entire consular staff in Lutsk was dismissed. Also dismissed were the head of the visa section of the Polish Foreign Ministry, while the consul general and five visa consuls were recalled from Ukraine.

On 1 August 2012, the Polish daily Gazeta Polska Codziennie quoted its sources as saying that a criminal ring at the Polish consulate in Lutsk illegally issued Schengen visas to prostitutes and could have been engaged in human trafficking.

UKRAINE-USA

USA may introduce sanctions against Ukrainian officials

Orest Deychakiwsky, a senior member of the US Helsinki Commission, said in an interview with Voice of America on 12 August 2012 that unless Ukraine abides by international standards during the parliamentary election, the US Congress will impose the same sanctions on Ukraine as on Belarus.

"We demand that the persons imprisoned for political motives – **Yuliya Tymoshenko, Yuriy Lutsenko** and **Valeriy Ivashchenko** – be released. We want that Ukraine oblige by its commitments it has undertaken as an OSCE member. Since Ukraine will be chairing the OSCE in 2012, it should act as a role model and in compliance with OSCE provisions," he said.

Commenting on the resolution on Ukraine submitted by the Helsinki Commission for consideration of the Congress, Deychakiwsky said that it suggests personal sanctions, particularly "it stipulates denial of US entry to certain Ukrainian officials". However the resolution does not talk about isolation of Ukraine. He added that if the resolution does not have a desired effect and the political situation in Ukraine continues to deteriorate, US legislators will be ready to take further steps.

USA calls on Ukraine to release opposition leaders

On 17 August 2012, the US embassy in Ukraine made public the US government address to the Ukrainian authorities. "The politically motivated prosecution of opposition leaders, including Mr. Lutsenko and former Prime Minister Yuliya Tymoshenko, raises serious concerns about the Government of Ukraine's commitment to democracy and rule of law," the US Government said in a statement.

"We note the decision of a Ukrainian appeals court earlier this week to release former Acting Defence Minister Valeriy Ivashchenko, who had also been detained on questionable grounds, and urge the Government of Ukraine to free Mr. Lutsenko and Mrs. Tymoshenko, whom we believe should have an unrestricted ability to participate fully in political life," the statement reads.

DOMESTIC POLITICAL

UKRAINIAN GOVERNMENT

Dnipropetrovsk bombers facing charges

On 17 August 2012, the prosecutor of Dnipropetrovsk Region said that charges were pressed against the four persons arrested on suspicion of preparing a series of explosions. According to him, the case will go to court soon.

On 27 April 2012, four explosions hit the centre of Dnipropetrovsk, a large Ukrainian city, injuring 31 people. The prosecutor's office opened a criminal case, classifying the explosions as a terrorist attack.

As Segodnya daily reported on 8 August 2012, citing a well-informed source, the detained bombers worked as advisors to MP **Mykhaylo Sokolov** of the Yuliya Tymoshenko Bloc in 2011.

Court postpones hearing in language law case

On 15 August 2012, the Kiev District Administrative Court postponed until 29 August a hearing of the motion filed by MP **Yuriy Odarchenko** of the Yuliya Tymoshenko Bloc in which he demands that the actions of first deputy speaker **Adam Martynyuk** and Verkhovna Rada chairman **Volodymyr Lytvyn** that led to the adoption and signing of the Law "On language policy" be ruled unlawful.

On 3 July 2012, the parliament adopted the Law "On language policy", which sparked a wave of protests across Ukraine. The opposition said that the law was passed with essential violations. The law allows the Russian language to be used in official business documentation in the regions where at least 10 per cent of the population speaks Russian. On 8 August, President **Viktor Yanukovich** signed the bill into law.

Local councils in some regions and cities have already granted the Russian language the status of a regional language.

Former defense minister gets suspended sentence

On 14 August 2012, the Kiev Appeals Court replaced the five-year prison term for ex-Defence Minister **Valeriy Ivashchenko** with a suspended sentence and released him from custody.

According to **Petro Koval**, a representative of the prosecutor's office, the sentence was softened because Ivashchenko partially admitted his guilt and made a statement that his prosecution was not politically motivated.

Borys Nechyporenko, a lawyer of the ex-minister, said that the defence would seek full acquittal for their client.

The PACE expressed hope that following Ivashchenko's suit, ex-Prime Minister **Yuliya Tymoshenko** and former Interior Minister **Yuriy Lutsenko** will also be released before the parliamentary election.

According to some Ukrainian experts, the court's decision could be a signal to the West and a hint to Tymoshenko and Lutsenko that they could get out of prison in case they recognize the absence of politics in their cases and partially admit their guilt.

Ivashchenko was arrested in August 2010. On 12 April 2012, the Kiev Pecherskyy district court sentenced the former minister to five years in prison for abuse of office.

Yanukovych suggests Merkel bails Tymoshenko – Ex-Deputy Premier

In an interview with the news agency Ostrov on 14 August 2012, former Deputy Prime Minister for European Integration **Oleh Rybachuk** said, citing his own sources, that President **Viktor Yanukovych** suggested that German Chancellor **Angela Merkel** pay a "ransom" of 7bn dollars in exchange for the release of ex-Prime Minister **Yuliya Tymoshenko**, who is serving a seven-year term in prison. "Well, you want Tymoshenko out, then you should pay. She stole 14bn [dollars, presumably], so we'll hand her over for half the price," Rybachuk quoted the president as reportedly saying.

As the former deputy premier said, Merkel's adviser told him that it took the chancellor a long time to recover from shock, and when she did, she stopped greeting Yanukovych.

Ukraine preparing to launch new satellite

On 17 August 2012, the head of Special Programs at the State Space Agency of Ukraine, **Yevhen Makhonin**, said that Ukraine plans to launch into space a modernized satellite Sich-2-1 by 2014. The new device is an improved version of the satellite launched in 2011. According to him, the launch is scheduled by the agency's new space programme, which is currently being negotiated by the central executive.

In March, the head of the State Space Agency, **Yuriy Alekseyev**, said that over its 20-year history the agency has performed 125 launches, and Ukrainian rockets have brought to orbit 238 satellites of 19 countries.

UKRAINIAN OPPOSITION

Hearing in Tymoshenko's UESU case postponed again

On 14 August 2012, the court hearing the case of former Prime Minister Yuliya Tymoshenko and the United Energy Systems of Ukraine corporation decided to postpone its session until 11 September 2012 due to the absence of the defendant. Tymoshenko refused to take part in the hearing due to her health condition.

On the prosecutor's demand, the judge sent Tymoshenko a written request to take part in a court session via a video conference. Previously, the former prime minister repeatedly refused to take part in a video-conferenced session.

Maryna Kapinos, prosecutor in the case, said that Tymoshenko's refusal to attend a video conference may be interpreted as her reluctance to stand the trial.

Lawyer **Valentyna Telychenko** noted that a court hearing via a video conference in the absence of Tymoshenko might give her a strong reason to complain to the European Court of Human Rights about violation of her rights.

Supreme Court postpones hearing of Tymoshenko's appeal

On 16 August 2012, the Supreme Specialized Court of Ukraine for civil and criminal cases postponed a hearing of the appeal against the verdict handed down on former Prime Minister Yuliya Tymoshenko in the so-called "gas case" until 21 August.

At the court session judge **Stanislav Mishchenko** said that the medical commission tasked with examining Tymoshenko has not found any obstacles to her participation in events held outside her hospital, which require her to comprehend and analyse the information received, to express an opinion and take part in a debate. The medical conclusion says that her illnesses are chronic, not grave and pose no risk to Tymoshenko's life.

Tymoshenko's lawyer: the authorities breach doctors' recommendations

On 14 August 2012, lawyer **Serhiy Vlasenko** said that over the last two weeks the authorities had been neglecting the recommendations of German doctors regarding an eight-week-long quiet period for former Prime Minister Yuliya Tymoshenko.

Anett Reissbauer, a doctor from the German Charite clinic, arrived in Kharkiv on 15 August to examine Tymoshenko and check her treatment course. Speaking about Tymoshenko's condition, the doctor mentioned "rather positive trends", but added that "the patient cannot move around without external help or a walking aid".

Lutsenko's defence files appeal

On 14 August 2012, former Interior Minister **Yuriy Lutsenko** contested the verdict under which he was sentenced to four years in prison for abuse of authority.

Lawyer **Oleksiy Bahanets** said that he does not believe that an appeals court will acquit Lutsenko because the ex-minister never pleaded guilty and would not change his statement that the case against him is politically motivated. However, the lawyer said, a ruling by an appeals court will allow his client to send the next appeal to the European Court of Human Rights.

Lutsenko insists that the decision to imprison him was made by President **Viktor Yanukovich**.

On 7 February 2012, the Kiev Pechersky district court sentenced Lutsenko to four years in prison and ruled that his property be confiscated after finding him guilty of embezzling state property and abuse of office.

Lutsenko sentenced to two years in prison

On 17 August 2012, the Kiev Pechersky district court sentenced former Interior Minister Yuriy Lutsenko to two years in prison for abuse of office and negligence during the investigation into the criminal case on the poisoning of presidential candidate **Viktor Yushchenko**.

Once the ruling comes into effect, the ex-minister will be escorted from the Kiev remand centre to a penal colony.

Lutsenko's lawyer, **Oleksiy Bahanets**, said this ruling was unlawful and will be appealed.

Lutsenko says he needs urgent hospitalization

A former interior minister, Yuriy Lutsenko, said in an interview with Voice of America on 15 August 2012 that during an unofficial chat with doctors they told him that he must be urgently hospitalized. However, being members of a medical commission, they only sign prescriptions.

Court confirms Tymoshenko and Lutsenko lawfully denied registration as candidates for MP

On 15 August 2012, the Supreme Administrative Court of Ukraine rejected an appeal filed by United Opposition "Fatherland" against the Central Electoral Commission's refusal to register the party leader and former prime minister, Yuliya Tymoshenko, and former Interior Minister Yuriy Lutsenko as candidates for deputies.

Ruslan Knyazevych, who represents Fatherland at the Central Electoral Commission, said that the united opposition does not rule out an appeal to the European Court of Human Rights. **Alexander Mitz** (the Netherlands), a coordinator of the European human rights agency Solidarity Movement, said, in his turn, that western rights activists were planning to issue a statement to express their full support for Tymoshenko's and Lutsenko's right to get registered as candidates for deputies.

Peter Stano, the spokesperson for EU Enlargement Commission Stefan Fuele, said that the denial of registration to Tymoshenko and Lutsenko "unfortunately a logical consequence of the trials which have been conducted against these two people. We say we are concerned there's a selective use of justice and the law has been used to persecute political opponents which is not acceptable." "These developments are not helping to improve the climate in the relations between the EU and Ukraine," he added.

Rebecca Harms, a co-chairman of the Green Party's faction in the European Parliament, called on the EU and WTO to step up pressure on Ukraine up to freezing the talks on an Association Agreement and imposing personal sanctions against those "trying to undermine Ukraine's democratic development for their own political benefit".

Ex-governor hopes Italy not to extradite him to Ukraine

On 13 August 2012, a former governor and chairman of the Kharkiv regional office of the Fatherland party, **Arsen Avakov**, said the Rome court of appeals might take a decision on his extradition case in September. The ex-governor hopes that the court will reject the extradition request. If so, it might give the Ukrainian prosecution a reason to drop the criminal case against him.

Avakov said that he was not seeking political asylum in Italy as this would have prevented him from running for parliament during this year's campaign.

In Ukraine the ex-governor is accused of abuse of authority. He is now in Italy where he was detained after the Ukrainian prosecutors put him on international wanted list. Avakov may remain free until a decision on his extradition is taken.

Tymoshenko's lawyer: Ex-PM asks EU to probe Yanukovych

On 17 August 2012, lawyer **Serhiy Vlasenko** said that former Prime Minister Yuliya Tymoshenko asked EU law-enforcement bodies to probe corruption by the Ukrainian leadership.

He said that this includes the so-called privatization of the national telecommunications provider Ukrtelecom by the entourage of President Viktor Yanukovych, the purchase of overpriced drilling stations, large-scale corruption during the construction of Euro 2012 facilities, and the illegal privatization of the presidential residence in Mezhyhirya.

Opposition complains about surveillance by authorities

On 17 August 2012, one of the leaders of the united opposition, **Oleksandr Turchynov**, said that law-enforcement bodies had put opposition activists under unauthorized surveillance.

HUMAN RIGHTS**MPs demand prosecutor's office speak out on Lb.ua**

On 15 August 2012, the chairman of the parliamentary committee for freedom of speech, **Yuriy Stets**, demanded that the prosecutor's office provide him and an authorized representative of the Lb.ua editor's office with copies of the resolution on the closure of the criminal case against Lb.ua news portal.

He also demanded an explanation why the prosecutor's office had not provided Lb.ua representatives with the resolution on the closure of the criminal law as envisaged by law.

The same day, 15 August, the press service of the Fatherland party said that its MPs Oleksandr Abdulin, Olena Kondratyuk and Viktor Ukolov requested that Prosecutor-General Viktor Pshonka officially confirm that the criminal case against Lb.ua had been closed.

A criminal case against Lb.ua was opened in response to a complaint by Party of Regions MP Volodymyr Landyk on 18 July 2012. The press service of the Kiev prosecutor's office on 18 July 2012 said the criminal case was closed, however a copy of the resolution hereto had not been made available to the editor's office yet.

Independent TV channel TVi denied broadcasting

On 14 August 2012, a cable network operator for Donetsk Region, **DonSatTV**, announced that it had stopped broadcasting TVi TV channel in its networks. It also said that other Donetsk cable network operators would soon follow the suit.

On 13 August, Ukrayinska Pravda website said that TVi was no longer broadcast in Mariupol cable networks.

On 20 July 2012, TVi said it was no longer available in cable networks in 11 towns of Ukraine.

The TVi press service said the cable network operators acted on the instructions of regional representatives of the National Council for TV and Radio Broadcasting.

TVi director-general **Mykola Knyazhytskyy** is running for parliament on the list of United Opposition "Fatherland".

SOCIETY

Ukraine's population shrinks

According to the State Statistics Service, the population of Ukraine in January-June 2012 decreased by 91,000 people. As of 1 July, the country's population was 45.562m people.

Number of Internet users growing in Ukraine

As Dzerkalo Tyzhnya weekly reported on 13 August 2012, the number of Internet users in Ukraine in January-June 2012 increased by 11.2 per cent up to 4.646m.

According to the State Statistics Service, there were 4.178m Internet users in Ukraine at the beginning of the year.

According to a survey conducted by the Gorshenin Institute in April 2012, 41.7 per cent of young Ukrainians spend their free time online.

ECONOMICS

Ukraine accumulates foreign trade deficit

As the State Statistics Service reported on 13 August 2012, the deficit of Ukraine's foreign trade turnover in June 2012 amounted to 1.484bn dollars, which is 2.4 times more than in June 2011 (0.614bn dollars).

The statistics agency also noted that over the first half of this year the negative balance of foreign trade turnover has increased by 29.7 per cent or 1.653bn dollars to 7.216bn dollars.

At the same time, industrial production in July 2012 fell by 0.9 per cent year-on-year.

Growth of FDI in Ukraine slowing down

As the State Statistics Service reported on 14 August 2012, foreign direct investment (shareholder capital) in Ukraine, including revaluation, losses and foreign exchange difference, in January-June 2012 increased by 2.369bn dollars, which is 3 per cent less than during the same period of 2011 (2.452bn dollars).

The total amount of foreign direct investment (shareholder capital) in Ukraine as of 1 July 2012 was 52.427bn dollars.

Among Ukraine's main investors are Cyprus with 14.522bn dollars, Germany with 7.404bn dollars, the Netherlands with 4.949bn dollars, and Russia with 3.653bn dollars.

Experts revise Ukraine's GDP growth forecast

According to a consensus forecast published by the Ministry of Economics on 13 August 2012, the average expert estimate of Ukraine's real gross domestic product (GDP) growth for 2012 went down from 3.2 percent in April to 2.3 percent in August. In 2013, the GDP growth is expected at 3.6 per cent. Previously, experts forecasted the national economy's growth at 4.1 per cent.

The consensus forecast was prepared on the basis of updated estimates of experts representing 13 governmental and non-governmental organizations.

The 2012 state budget is based on the GDP growth of 3.9 per cent.

According to the State Statistics Service, Ukraine's economic growth in April-June 2012 was 3 per cent up on the same period in 2011 and 1.9 per cent up on January-March 2012.

NBU tightens currency purchase rules

As the news and analysis website Lb.ua reported on 17 August 2012, the National Bank of Ukraine (NBU) on 10 August tightened conditions for buying currency on foreign trade contracts.

Particularly, the NBU introduced a regulation according to which "resident clients (legal entities and individuals carrying out commercial activities) have the right to buy and exchange foreign currency only through one market entity on every foreign trade agreement with non-residents for making settlements on trade transactions."

In addition, currency can be purchased only if the register of customs clearance contains information on import and release of goods (in free circulation) on Ukraine's territory, or when such documents are produced.

Public revenues drop by 20 per cent

In an article for Kyiv Post newspaper on 15 August 2012, **Jakub Parusinski** writes that public revenues in July 2012 fell by 20.2 per cent compared to June 2012, according to estimates by ICU investment bank, and by 20 per cent compared to July 2011. The July income of 2.9bn dollars "was the second lowest this year, behind a traditionally lean January."

The lower revenues can partially be attributed to a weaker external environment and seasonal corporate tax payments, which typically peak in May, August and November, head of research at ICU investment bank, **Oleksandr Valchyshyn**, said. However, excessive tax collection, which has depleted businesses resources, also played a role, he added.

The Ministry of Economy told Dzerkalo Tyzhnya weekly that the share of shadow economy in Ukraine in 2011 was 34 per cent of GDP.

ENERGY MARKET**Ukraine increases gas reserves**

According to Dzerkalo Tyzhnya weekly, 8.35bn cu.m. of natural gas were pumped this season into Ukraine's underground storage facilities as of 14 August 2012. A total of 15.27bn cu.m. of gas is stored in 12 storage facilities.

As the newspaper reported, UkrTransHaz, which operates underground gas storage facilities, usually accumulates 20-25bn cu.m. of gas by the start of a new heating season (15 October).

Ukraine cuts Russian gas imports

As the UNIAN news agency reported on 14 August 2012, citing the state company UkrTransHaz, imports of natural gas from Russia in January-June 2012 totalled 16bn cu.m., which is 55 per cent down on the same period last year.

Ukraine awaiting valuation of gas transport system

On 15 August 2012, Energy Minister **Yuriy Boyko** said that his office had not yet received any official reports from Baker Tilly Ukraine regarding the valuation of the Ukrainian gas transport system.

Baker Tilly Ukraine was expected to evaluate the Ukrainian gas transport system before 1 August 2012.

The valuation of Ukraine's gas pipeline system is required for modernization of the system.

Ukraine names selects companies to develop Black Sea oil and gas fields

On 15 August 2012, Environment Minister **Eduard Stavytskyy** announced the pool of companies ExxonMobil, Shell, Petron and the state-owned Nadra Ukrayiny as winners in the tender for production of hydrocarbons on the Skifska oil-and-gas field of the Black Sea shelf. Stavytskyy said that a production sharing agreement with the group of companies will be signed this year. He noted that the premium on the production sharing agreement, which is to be signed this year, will reach 325m dollars.

Stavytskyy also said that the winner pledged to invest over 400m dollars in exploration works throughout the entire field. He also noted that ExxonMobil, Shell, and Petron fully assumed the financial component of Nadra Ukrayiny's participation in the project.

LUKOIL Overseas Ukraine B.V. also took part in the tender for the development of the Skifska oil-and-gas field.

Ukraine to receive US. grant to develop Kotelva deposit

On 15 August 2012, UkrHazVydobuvannya, a subsidiary of the state-run oil and gas company Naftohaz Ukrayiny, and the United States Agency for Trade and Development (USTDA) on behalf of the US Government signed an agreement to issue Ukraine with a grant worth 724,000 dollars to develop condensate deposits at Kotelva field (Poltava and Kharkiv regions).

UkrHazVydobuvannya is Ukraine's largest natural gas producer, accounting for over 70 per cent of total gas production in the country.

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