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TYMOSHENKO'S CASE

Court ousts Tymoshenko's lawyer from parliament

On 6 March 2013, the Supreme Administrative Court of Ukraine decided to strip ex-Prime Minister **Yuliya Tymoshenko's** lawyer and opposition Fatherland faction MP, **Serhiy Vlasenko**, of his seat in parliament. In particular, the court ruled that Vlasenko had been illegally combining his jobs as a lawyer and an MP.

The court issued this ruling regardless of the fact that the Prosecutor-General's Office confirmed on 6 March that while defending Tymoshenko, Vlasenko had been acting as an MP rather than her lawyer.

The ousting of Vlasenko from parliament was harshly criticized by the US Department of State and the EU leadership as politically motivated.

European Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fuele** said that "stripping a parliamentarian of his mandate like in the case of Vlasenko is not the European way."

European Parliament Vice-President **Jacek Protasiewicz** described the court ruling as yet another step away from the association agreement prospect.

Secretary-General of the Council of Europe **Thorbjorn Jagland** asked the Ukrainian authorities to explain the legal grounds for stripping an opposition MP of his seat.

Rebecca Harms, a member of the European Parliament, said that if the Ukrainian authorities use the judiciary to fight their political opponents, Europe might impose visa sanctions on Ukrainian officials.

Twenty French MPs called on the EU leadership to impose sanctions on Ukrainian officials.

According to German media reports, the German leaders were also angered by the situation in Ukraine.

According to the news and analysis portal Lb.ua, the European Parliament is planning to consider the Vlasenko situation at a plenary session on 13 March.

The Ukrainian Foreign Ministry reacted by warning the international community against making ungrounded statements and urging it to look at the Vlasenko case from the legal point of view. The Foreign Ministry also hopes that the Vlasenko situation will not affect the signing of the association agreement.

The head of the ruling Party of Regions faction, **Oleksandr Yefremov**, said that the court had made a lawful decision. In his words, the Party of Regions did not care about international reaction to the ousting of Vlasenko from parliament.

Yefremov also said that he was surprised that Europe remained oblivious to the case of Party of Regions MP **Andriy Verevskyy** whom a court on 5 March stripped of his parliament seat for combining the jobs of an MP and a businessman.

According to the news portal Forbes.ua, Verevskyy had been planning to drop his

parliament seat because his MP status posed additional problems to his hedge fund operations on international markets.

The head of the Fatherland faction, **Arseniy Yatsenyuk**, believes that the court stripped Vlasenko of his seat on a direct instruction from President **Viktor Yanukovych**. In his words, the efforts are being made directed at the systemic destruction of the Ukrainian opposition.

The opposition is preparing a series of mass protest rallies, Yatsenyuk said at a joint briefing of the opposition faction leaders on 7 March.

The opposition is also planning to appeal to the European Court of Human Rights against the court ruling on Vlasenko.

Two more witnesses questioned in Shcherban's case

On 4 March 2013, the prosecution questioned the third witness in the murder case of politician and businessman **Yevhen Shcherban**.

The prosecution accuses ex-prime ministers **Pavlo Lazarenko** and **Yuliya Tymoshenko** of organizing Shcherban's murder. Yevhen Shcherban and his wife were killed at Donetsk airport in 1996.

The witness is the namesake and business partner of the killed businessman, former Donetsk Region governor, **Volodymyr Shcherban**. During the interrogation the ex-governor said that Shcherban had a business conflict with Lazarenko.

The prosecution said after the session that they were expecting the criminal case of the Shcherban murder to be taken up by a court even before this June.

The same day, 4 March, the ex-prime minister's lawyers played a video showing the killed businessman saying about his approval for Lazarenko as prime minister shortly before the murder.

On 7 March, a witness defence, a former member of Shcherban's party and Fatherland MP, **Oleksandra Kuzhel**, said that the killed businessman did not have any conflicts with Lazarenko.

In her words, shortly before the murder there was a deep political rift between Yevhen and Volodymyr Shcherban.

Tymoshenko was not present during the questioning of the witnesses.

Hearing on Tymoshenko and UESU case postponed again

On 5 March 2013, a court postponed until 22 March a hearing of the case on the abuse committed by ex-Prime Minister **Yuliya Tymoshenko** as the head of the United Energy Systems of Ukraine (UESU) corporation. The hearing was postponed due to the absence of the defendant.

The prosecution said that it might request that the ex-prime minister be escorted to the next court hearing by force.

Tymoshenko is now in hospital for back treatment.

INTERNATIONAL POLITICAL

UKRAINE-EU

EU says interested in Ukrainian gas storage facilities

On 4 March 2013, European Commissioner for Energy **Guenther Oettinger** told the Kommersant Ukraina business daily that the role of Ukrainian gas storage facilities as part of the European infrastructure is growing. In his words, this is thanks to Ukraine's adaptation of the Energy Community rules.

Oettinger: Ukraine to have gas corridor through Slovakia next winter

European Commissioner for Energy **Guenther Oettinger** told the Kommersant Ukraina business daily on 4 March 2013 that Ukraine can receive gas from Europe through Poland and Hungary now.

He added that he and the European Commission were working to arrange gas supplies to Ukraine through Slovakia as this is the most profitable route for Ukraine. In his words, "next winter a corridor for reverse gas transit through Slovakia will be open".

Kopac: Energy Community cannot help Ukraine in court disputes with Gazprom

On 6 March 2013, the director of the Energy Community Secretariat, **Janez Kopac**, told the Interfax-Ukraine news agency that the community does not have any mechanisms to help Ukraine to settle its dispute with Gazprom on a 7bn-dollar fine for unpurchased gas.

Kopac specified that Ukraine had not officially requested any assistance in this regard.

Earlier Ukrainian President **Viktor Yanukovich** accused the community of offering Ukraine no help at all in the gas disputes with Russia.

UKRAINE-CIS

Yanukovich visits Moscow

On 4 March 2013, Ukrainian President **Viktor Yanukovich** paid a working visit to Russia for talks with his Russian counterpart **Vladimir Putin**.

According to official reports, Yanukovich and Putin discussed cooperation in the gas sector, the completion of generating sets No 3 and 4 at the Khmelnytsky nuclear power plant, plans to speed up the joint production of An aircraft, and regional cooperation issues.

Ukraine's interaction with the Customs Union of Belarus, Kazakhstan and Russia was among the top issues on the agenda.

According to Putin, the trade between the two countries went 5bn dollars down to 45bn dollars in 2012.

Yanukovich suggested that it was due to Ukraine's weak economic integration into the Customs Union.

For Putin, the question of Ukraine's entry into the Customs Union is political.

Yanukovich added though that the format of Ukraine's cooperation with the Customs Union countries should be determined at four-party talks involving all member states. Later, on 6 March, the Ukrainian president said that he might meet the Customs Union member states' leaders this April.

According to the news and analysis portal Lb.ua, Yanukovich and Putin completed the talks at around 0200 Moscow time.

No specific agreements, in particular on the price of Russian gas, were reached, according to official reports.

According to Russian TV presenter and Echo of Moscow radio journalist **Matvey Ganapolskiy**, Ukraine's trump card at the talks is the Black Sea Fleet which Kiev can use at any moment.

Ganapolskiy shared this opinion at a discussion panel of the National Expert Forum organized by the Gorshenin Institute.

UKRAINE-WTO

Ukraine insists on WTO tariff revision

Ukraine continues to demand that the World Trade Organization (WTO) reconsider tariffs set for the country, the Ukrainian government representative for European integration, **Valeriy Pyatnytskyy**, said in an interview with the influential Ukrainian weekly Dzerkalo Tyzhnya on 6 March 2013.

In September 2013, Ukraine sent the WTO a request to revise tariffs for 371 categories. A number of WTO member states, including the USA and the EU, assailed Ukraine's move.

Commenting on the US and EU criticism of the Ukrainian demand, Pyatnytskyy stressed that the WTO norms contained no requirements for or limitations on the number of tariffs which could be revised. If the WTO refuses to reconsider tariffs for Ukraine, it might trigger the organization's collapse, he added.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian president may disband parliament, says speaker

Ukrainian President **Viktor Yanukovich** may disband parliament, the speaker and an MP of the pro-presidential Party of Regions, **Volodymyr Rybak**, said on 7 March 2013.

In Rybak's opinion, Yanukovych may take such a step if the opposition continues to block the work of parliament.

On 5 March, protesting against the expulsion from parliament of MP **Serhiy Vlasenko**, who is the lead defender and a close associate of jailed former Ukrainian Prime Minister **Yuliya Tymoshenko**, the opposition forces blocked the parliamentary rostrum.

The opposition factions explained that the rostrum could be potentially blocked for 30 days so the president could call a snap election.

Yet, the opposition also noted that it was ready to unblock the rostrum to give Yanukovych a possibility to address MPs in parliament.

On 7 March, the head of the opposition parliamentary faction Fatherland, **Arseniy Yatsenyuk**, reminded lawmakers that the president was required by legislation to deliver an annual address to parliament no later than on 31 March.

Kiev residents to vote for mayor on 2 June

On 6 March 2013, the Ukrainian opposition and parliamentary majority agreed the date for holding an election of Kiev's mayor and city councilors. Residents of the Ukrainian capital will be casting ballots on 2 June.

A draft resolution to this effect was unanimously approved by members of a specialized parliamentary committee, the business daily *Komersant Ukraina* has reported.

On 7 March, the leader of the opposition UDAR party, boxing champion **Vitaliy Klitschko**, said in an interview with the Ukrainian weekly *Fokus* that he had not yet decided whether to run for Kiev's mayor. Commenting on a demand of opposition politicians that he decide on the issue, Klitschko stressed that he did not speak the language of ultimatums.

For his part, the leader of the far-right All-Ukrainian Freedom Association, **Oleh Tyahnybok**, said in an interview with *Radio Liberty* on 9 March that he was ready to propose his candidacy for the post of Kiev mayor if Klitschko refused to participate in the race.

Ukrainian government approves plan for reforming electoral legislation

On 4 March 2013, the Ukrainian parliament approved a plan for improving the country's electoral legislation.

Under the document, amendments to the current law will be introduced on the basis of conclusions made by a monitoring mission of the Organization for Security and Cooperation in Europe and by other official monitoring missions.

Changes will affect such areas as criteria for setting up single-seat districts, terms of drawings used for choosing members of election committees, as well as conditions for holding election campaigns.

Pro-presidential party MP to represent Ukraine in Europe's law advisory body

On 8 March 2013, an MP of the Ukrainian pro-presidential Party of Regions, **Serhiy Kivalov**, was introduced at a meeting by the president of the Venice Commission, **Gianni Buquicchio**, as a newly appointed member of Ukraine's delegation.

Previously, Ukraine was represented at the Venice Commission by **Maryna Stavniychuk**.

OPPOSITION

Ukrainian court dismisses opposition party lawsuit against speaker

On 7 March 2013, a Ukrainian court dismissed a lawsuit filed by the opposition party UDAR against parliamentary speaker **Volodymyr Rybak**.

Earlier, UDAR accused Rybak of allowing MPs of the pro-presidential Party of Regions to vote for their colleagues who were not in the parliamentary chamber on 11 January when lawmakers approved the candidacy of **Ihor Sorkin** to the post of head of the National Bank of Ukraine. The speaker allegedly failed to ensure compliance with norms of the constitution.

HUMAN RIGHTS

Ukrainian courts render innocent verdicts in 0.17 per cent of cases in 2012

In 2012, Ukrainian courts handed down less than 0.17 per cent of not guilty verdicts, the vice-president of the Agency for Journalistic Investigations, **Maksym Shpachenko**, said in an interview with the influential Ukrainian weekly *Dzerkalo Tyzhnya* on 6 March 2013.

According to the information at his disposal, there were 164,944 people who were convicted last year, while the number of those found innocent stood at 275. This is the lowest percentage over the past seven years, the author added.

Additionally, Shpachenko pointed out that as of 10 December 2012, there were over 1,500 people kept in detention centres without official charges for over 18 months.

He also noted that at the end of last year Ukrainian President **Viktor Yanukovich** had urged judges to increase the number of innocent verdicts. In his opinion, such presidential statements demonstrate that the Ukrainian judiciary is controlled by the head of state.

MEDIA

Ukraine's popular TV channel disbands public monitoring council

On 7 February 2013, the management of Ukraine's popular private TV channel Inter announced that its public monitoring council would be disbanded.

The public monitoring council was set up in December 2012 as part of the TV channel's cooperation with the international fund Renaissance. The council's experts monitored the quality of information policy implemented by the TV channel.

Experts of the monitoring council stressed at a meeting on 22 February that the channel's news bulletins had stopped criticizing the government and that the format of news programs had lost its balance following a change of Inter's ownership.

At the beginning of February, Ukrainian tycoon **Dmytro Firtash** and the head of the Ukrainian presidential administration, **Serhiy Lyovochkin**, bought 100 per cent on shares in the media group Inter, whose key asset is the TV channel Inter.

Its former owner and the former Ukrainian first deputy prime minister, **Valeriy Khoroshkovskyy**, explained his decision to sell the channel by the "current circumstances" in which he had no possibility to develop the media group.

ECONOMICS

Fiscal deficit hits 200m dollars in January

The budget deficit in Ukraine in January 2013 amounted to 200m dollars, the Finance Ministry reported on 4 March 2013.

For the current year, the budget deficit target is set at 6.32bn dollars.

In an article for the news and analysis website Lb.ua, former acting Finance Minister **Ihor Umansky** said that in addition to 6.32bn dollars, the government will have to cover 2.8bn dollars, which was removed from the single treasury account in the past year, as this amount was designated for the local budgets and other spending units.

Revenues Ministry collects almost 8.5bn dollars over two months

In January-February, the Ukrainian tax and customs authorities channeled to the budget 8.5bn dollars, the Ministry of Revenues and Taxes reported on 5 March 2013.

The collected amount is 4.3 per cent higher than the revenues received in the corresponding period of 2012.

National bank reports slight increase in foreign exchange reserves

The foreign exchange reserves of the National Bank of Ukraine (NBU) in February 2013 grew to 24.71bn dollars (58m dollars up over the month), the regulator reported on 6 March 2013.

The reserves increased mainly due to the proceeds from the placement of foreign and domestic government bonds denominated in foreign currency.

The NBU's foreign exchange reserves as of 31 December 2012 totalled 24.55bn dollars.

In a commentary for the news and analysis website Lb.ua, **Olena Belan**, a senior macroeconomics analyst with the investment company Dragon Capital, said that last month the NBU spent up to 400m dollars of its international reserves to support the exchange rate of the Ukrainian hryvnya.

National bank suggests limiting cash transactions

The National Bank of Ukraine (NBU) on 4 March 2013 published a draft resolution that limits the maximum amount of cash settlements to 18,800 dollars.

The draft resolution will remain posted on the NBU's website until 8 April. During this period, all interested parties can submit their proposed amendments to the document.

Ukraine earns 1bn dollars from arms sales in 2012

The revenues of the state-owned company Ukrspetsexport topped 1bn dollars in 2012, the company reported on 5 March 2013.

As the company disclosed, nearly half of exports, specifically 47 per cent, is accounted for by Asian countries, 23 per cent by Africa, 21 per cent by the CIS, 6 per cent by Europe, and 3 per cent by America.

Ukrspetsexport holds a monopoly on the export and import of military goods in Ukraine.

Agriculture ministry raises wheat exports quota

Minister of Agrarian Policy **Mykola Prysyzhnyuk** on 6 March 2013 said that his ministry intends to increase the wheat exports quota by 500,000 tonnes.

In line with the agreement between the ministry and traders, this marketing year (from 1 July 2012 to 30 June 2013) traders can export no more than 6.2m tonnes of wheat, 12.4m tonnes of corn and 3m tonnes of barley. According to the ministry, as of 1 March, Ukraine exported 6.2m tonnes of wheat, 9m tonnes of corn and 2m tonnes of barley.

According to UN projections, wheat harvest in Ukraine in 2013 will reach about 19.5m tonnes.

Government limits public access to information on procurement

Since the beginning of the year, the Ukrainian authorities have substantially reduced the amount of published reports on current public procurement, the news and analysis website Nashi Hroshi ("Our Money") reported on 4 March 2013.

In particular, as Nashi Hroshi noted, the government in January-February 2013

disclosed information on tenders for a total of 8.3bn dollars. Over the same period of the previous year, the authorities reported data on tenders to the amount of 16.67bn dollars.

According to the news and analysis Lb.ua, the number of published reports on tenders dropped sharply after parliament decided that purchases carried out by state enterprises at their own expense were no longer regulated by the law on public procurement.

Ukraine posts deflation

Ukraine in February recorded a deflation of 0.1 per cent, the State Statistics Service reported on 6 March 2013.

In January, inflation stood at 0.2 per cent.

Adam Smith Conferences rejects plans to hold Ukrainian Investment Summit

Adam Smith Conferences, an international organizer of high-profile forums, has refused to hold a Ukrainian Investment Summit in London this year, the website Forbes.ua reported on 5 March 2013. The next year's summit is also undecided. The summit has been held for eight consecutive years since 2005.

According to Forbes.ua, one of the reasons why Adam Smith Conferences refused to hold the summit could be due to foreign investors' low interest in Ukraine.

ENERGY MARKET

Far-right Ukrainian party intends to challenge Shell deal in court

On 7 March 2013, a representative of the Ukrainian parliamentary committee for ecology and MP of the far-right All-Ukrainian Freedom Association, **Iryna Sekh**, said that her faction intended to challenge the legitimacy of an agreement with Shell in court. She explained that some provisions of the deal violated the constitution.

On 24 January, Ukraine and the Shell company signed the agreement on extracting shale gas from the Yuzivska site, which is located in Donetsk and Kharkiv regions.

In the opinion of an expert with Gorshenin Institute, **Volodymyr Zastava**, the Ukrainian gas area is among the most non-transparent sectors. For this reason, an entry of transnational companies, including American corporations, into the Ukrainian energy market might have a positive impact on it. Yet, the expert also recalled that it had taken the USA at least nine years in order to push the extraction of shale gas to the level when it starts having an impact on the country's general energy balance.

Ukraine may receive international loan for upgrading nuclear power stations

On 12 March 2013, the board of directors of the European Bank for Reconstruction and Development (EBRD) will consider an allocation of a 300m-euro loan to Ukraine for stepping up security at the country's nuclear power plants.

The funds are intended for upgrading Ukrainian nuclear power plants and for ensuring that their condition meets European requirements.

The results of a poll conducted by Gorshenin Institute in March 2011 suggest that the majority of the Ukrainian population (66.4 per cent) believe that the country's nuclear power plants pose a threat to ecology.

Founded in July 2010, Gorshenin Weekly is a weekly digest of expert analysis covering the most important political, social and economic events in Ukraine. It is the key source of information about opinion polls carried out by the Gorshenin Institute as well as the best professional commentaries on recent developments.

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