



# Gorshenin *Weekly*

**ISSUE #37 10/31/2011**

**European Parliament  
adopts resolution on  
Ukraine**

**On 27 October 2011, the European Parliament adopted a resolution on the current situation in Ukraine.**

The resolution sets out support for Ukraine's prospects to join the EU. Additionally, the European Parliament welcomes the conclusion of the talks on setting up a free trade area (FTA), considering it a solid basis for a potential conclusion of the negotiations on an association agreement between the EU and Ukraine. The European Parliament also urged the EU Council and the EU Commission to set a date for a recently postponed meeting between Ukrainian President **Viktor Yanukovich**, which was originally scheduled to take place prior to a Ukrainian-EU summit in December.

At the same time, the European Parliament expressed deep concern over the sentencing of the opposition Fatherland party's leader, former Ukrainian Prime Minister **Yuliya Tymoshenko**. "If Tymoshenko's conviction is not revised, this will threaten the signing and ratification of an association agreement, which will distance the country from the realization of its European aspirations", the document said.

The deputy head of the Fatherland party and the former European integration deputy prime minister **Hryhoriy Nemyrya**, believes that "the resolution of the European Parliament gives support for European aspirations and prospects of the Ukrainian society. Simultaneously, it is the last warning for President Yanukovich and his regime regarding the complete and full responsibility for the choice which they have to make: the choice between the European integration and isolation".

According to Nemyrya, the resolution is unprecedented when it comes to how detailed it is: the trials of Tymoshenko, former members of her cabinet and other opposition leaders are unambiguously perceived as such that violate human rights, are politically motivated and have nothing to do with the supremacy of law. Additionally, the document clearly lays out requirements to improve the situation. Nemyrya noted that all these requirements can be boiled down to ending politically motivated trials, ensuring a fully-fledged political life for Tymoshenko and other opposition leaders and especially ensuring that they can participate in the parliamentary election next year.

At the same time, Nemyrya stressed the fact that the resolution of the European Parliament received support from all political groups which shows that there is consensus at the highest level of the EU regarding the situation in Ukraine.

For its part, the ruling Party of Regions believes the European Parliament's resolution contains a reference to the case of the former Ukrainian prime minister because the European People's Party had influence over the document adoption.

"We understand well that the given recommendations are practically political in nature. They are based on emotions. They are based on the personal attitude of the politicians who have sympathy for Mrs Tymoshenko and her political partners and the European People's Party, in particular", Party of Regions MP **Olena Bondarenko** said, commenting on the party's stance on the resolution of the European Parliament.

The head of the Ukrainian parliament's delegation in the PACE, the PACE deputy president and an MP of the Party of Regions, **Ivan Popesku**, is convinced that the adoption of the resolution on Ukraine by the European Parliament is a huge victory for Ukraine's foreign policy. "Despite the criticism which representatives of the

European People's Party attempted to incorporate into the text of the resolution, the European Parliament's resolution on Ukraine turned out balanced and diplomatic", he noted.

For its part, the Ukrainian Foreign Ministry expressed the hope that the EU will consider the recommendation laid out in the European Parliament's resolution to grant Ukraine a prospect to become an EU member when the negotiations on an association agreement take place.

We would like to note that the press attaché of the EU representative office in Ukraine, **Davyd Stulyk**, told the Ukrainian news and analysis website Lb.ua that the European Parliament had voted for eight amendments to the text of the resolution circulated by the mass media and that the final draft of the document would be publicized in the near future.

**Ukraine, EU agree to delete "long-term" qualifier from association agreement in the context of visa-free travel**

**On 25 October 2011, the 20<sup>th</sup> round of the Ukrainian-EU negotiations on an association agreement was held in Kiev.**

A Ukrainian delegation at the negotiations was headed by Deputy Foreign Minister **Pavlo Klymkin**, while a delegation from the EU was headed by the managing director for Europe and Central Asia in the European External Action Service, **Miroslav Laychak**.

"As the outcome of the negotiations, a number of provisions of the accord were agreed. It included deleting the provision for 'long-term prospects' for visa-free travel for Ukraine's citizens, in particular", the statement said.

The parties continued to discuss individual provisions of the agreement that were not yet agreed on. In particular, they talked about such issues as the preamble, political dialogue, justice, freedom and safety, as well as about institutional, general and concluding provisions.

Additionally, the parties exchanged mutually acceptable proposals regarding the prospects for the future development of the relations between Ukraine and the EU.

Later, on 27 October 2011, Ukrainian Foreign Ministry's information department director, **Oleh Voloshyn**, said that Ukraine expected from the EU a clear statement of the country's actual prospects for the membership. According to him, Ukraine should not follow the example of Turkey which has been conducting talks on entering the EU since 1986, has a free trade area agreement with the EU, while many Europeans contend that "Turkey will never become a member of the EU".

It is well known that Ukrainian President **Viktor Yanukovych** insisted that the reference to "Ukraine's prospects for entering the EU" be incorporated into an association agreement. Otherwise, the signing of the agreement will be postponed.

At the same time, EU representative Laychak said after the talks that Ukraine's prospects for the EU membership would not be laid out in the agreement. "Every country decides for itself on the prospects for the membership. This is not what we will give you. This is what you will have to show us – that you really deserve to become a member [of the EU]", he said.

As an expert of Gorshenin Institute, **Volodymyr Zastava**, said earlier, Ukraine's requirement to finally include a statement in the Association Agreement regarding Ukraine's future membership in the EU is clearly unrealistic. "The EU admits

Ukraine's 'European ambitions' and is ready to make concessions. Nevertheless, today in Europe they are not ready to talk about specific prospects for Ukraine to join the EU both because inside the EU there is no common opinion regarding further expansion eastwards and because Ukraine itself is not ready to meet all the norms and standards of the European community", Zastava said. He added that putting forth the requirement for future membership now speaks of artificial prolongation of the negotiations, that "for its part speaks of the absence of a common position regarding Ukraine's future European integration among the Ukrainian leadership". The expert recalled that when Poland signed the association agreement in 1991 there was no talk about EU membership either: the agreement only included as an attachment a statement from one party regarding Poland's aspirations to integrate into the European community.

We would like to note that on 25 October 2011, Gorshenin Institute held a roundtable on the topic "Will a Ukrainian-EU free trade area be set up?" You can read about the results of the discussion on page 13.

### **Opposition wants details on CIS free-trade zone agreement**

#### **The opposition demands making public the CIS free-trade zone agreement signed by Prime Minister Mykola Azarov on October 18, 2011.**

Our Ukraine – People's Self Defense (OUPSD) MP **Vyacheslav Kyrylenko** said that he lodged a parliamentary inquiry addressed to **Azarov** demanding immediate disclosure of the text of the agreement establishing a free-trade area in the CIS. "A week has passed since the signing of the agreement on a free-trade zone in the CIS. Since then, neither the Foreign Affairs Committee of the Verkhovna Rada of Ukraine, nor experts, nor economists have seen the text of the agreement. It seems that Azarov signed blank forms, in which they are now making some document on behalf of Ukraine", he said. As Kyrylenko noted, before signing such an important document, the government has undertaken not a single expert or public discussion of the agreement.

According to some politicians and experts, the agreement signed by Azarov will not bring Ukraine any significant benefits since it envisages waivers (special protective trade regimes) on a number of Ukraine's main goods.

In turn, Prime Minister Azarov argues that the agreement projects specific dates when such free-trade waivers will be canceled. On the whole, according to him, there will be no more than 10 exemptions out of 20 thousand commodities traded by the CIS countries, and the rest will be freely traded without restrictions. Moreover, the head of the Ukrainian government pointed out that the agreement stipulates the gradual cancellation of export duties on crude oil and gas. Azarov also said that one of the agreement clauses envisages the obligation of the parties (article 7) within six months after its coming into force to start negotiations on signing a special agreement on pipeline transit. "The agreement expressly states that six months following this agreement's entry into effect, the sides begin negotiations on the rights and rules of their equal access to pipeline service on the territory of their countries", Azarov's spokesman **Vitaliy Lukyanenko** said. According to him, it could mean the possibility for Ukraine to return to the market of Turkmen gas and receive it under direct contracts with Turkmenistan.

As reported earlier, Azarov hopes that the CIS free-trade agreement will take effect in early 2012.

In turn, Deputy Prime Minister and Minister of Social Policy of Ukraine, **Serhiy Tihipko** expressed the opinion that the signed agreement brings Ukraine closer to

the Customs Union of Russia, Belarus and Kazakhstan.

**Ukraine to examine  
benefits of Customs  
Union of Russia,  
Belarus and  
Kazakhstan**

**Ukraine intends to analyze the results of the functioning of the Customs Union of Russia, Belarus and Kazakhstan to determine the degree of its integration into the bloc.**

“We want to see now how the Customs Union will actually work and what real benefits it will bring”, Prime Minister of Ukraine **Azarov** said.

He noted that Ukraine chose the way of multi-speed and multi-level integration. According to him, this option for Ukraine and other CIS countries was approved by Russian Prime Minister **Vladimir Putin**. “At the last meeting of the CIS government heads, Vladimir Putin proposed such a formation for all CIS countries. Let the CIS countries join [the Customs Union] to the extent that they consider beneficial for them”, Azarov said.

Earlier, Azarov commissioned the Ministry of Economy to consider the possibility for Ukraine to join the technical regulations effective within the Eurasian Economic Community (EAEC). In his view, the common technical regulations of foreign economic activity “will facilitate the conduct of business by market participants that work with the member-countries of the Eurasian Economic Community.” In addition, he noted that the government intends to bring Ukrainian technical standards into conformity with the regulations of the EAEC only for a period of up to 7 years until the national standards are brought in line with EU norms.

It should be noted that now the EAEC consists of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

**Yuliya Tymoshenko's  
lawyers file appeal in  
gas case**

**On 24 October 2011, the lawyers of former Ukrainian Prime Minister Yuliya Tymoshenko filed an appeal to challenge the verdict of the Kiev Pecherskyy district court in the gas case.**

“Yuliya Tymoshenko does not recognize this court as one that was assembled under law. However, following a procedure, an appeal has been submitted. Tymoshenko herself and her lawyers remind you one more time that Tymoshenko has not committed any crimes. The European society recognized this case as politically motivated and an attempt to criminalize a regular political decision of the [former] prime minister”, Tymoshenko’s lawyer **Serhiy Vlasenko** said.

He noted that the defense did not hope to find justice in the appeals court and intended to submit the case to European courts in the future. “Since after amendments to the law on courts and judges, which were enacted last year, judges fell under the personal control of President **Yanukovych**. They are totally controlled by means of the Supreme Justice Council”, Vlasenko said.

We shall remind you that on 11 October 2011, the Kiev Pecherskyy district court sentenced Tymoshenko to seven years behind bars. Judge **Rodion Kireyev** ruled that Tymoshenko had exceeded her authority as the prime minister by issuing without government approval directives for gas negotiations in Moscow which had not been properly registered.

If the conviction is not overturned, Tymoshenko will serve her sentence as a regular convict in one of the prisons.

**After launching the criminal case against Tymoshenko, the Prosecutor-General's Office of Ukraine is now opening cases against the management of Yedyni Enerhetychni Systemy Ukrayiny**

**A court will reopen the criminal cases launched against the “accomplices” of former Ukrainian Prime Minister Yuliya Tymoshenko.**

On 28 October 2011, the Kiev Shevchenkivskyy district court issued a ruling in favor of Prosecutor-General's Office of Ukraine (PGO), granting it permission to reopen the criminal cases regarding Tymoshenko's father-in-law and three former managers of the Yedyni Enerhetychni Systemy Ukrayiny (YESU) company.

Earlier, on 20 October 2011, the PGO stroked down the resolution on closing a criminal case against Tymoshenko over the embezzlement of budget funds worth 3.1m dollars and tax evasion of 2.5m dollars by means of implementing a criminal financial plan of paying for natural gas by the corporation and concealing revenues from the activity of its offshore company.

The head of Tymoshenko's defense group, an MP of the opposition Yuliya Tymoshenko Bloc (YTB), **Serhiy Vlasenko**, argues that the PGO has no legal grounds to persecute the opposition leader and her family members. He brought up the ruling of the Supreme Court of 11 November 2005 on closing the criminal cases against Tymoshenko and other individuals. The Supreme Court declared that the persecution of these individuals was illegal and closed all the criminal cases launched against them as having no corpus delicti. “Hence, this story should have a legal end on 11 November [2005]. That is why there are no legal grounds for continuing to persecute Tymoshenko in the YESU case. I do not even talk about the dates for opening a criminal case, which passed long time ago, in 2007. There are no grounds for continuing to humiliate this person”, Vlasenko stressed.

For its part, the PGO pointed out that under the resolution of the Supreme Court of Ukraine of 11 November 2005, only court judgments that pertained to appealing rulings on the launch of criminal cases against Tymoshenko and other persons were considered by the court. In the aforementioned rulings, the court did not evaluate the grounds for closing the criminal cases by the PGO and did not analyze the reasons of these decisions either. In other words, the court did not rule on the merit of the criminal cases, the PGO contended.

We shall remind you that on 12 October, the Security Service of Ukraine (SBU) launched another criminal case against Tymoshenko. She is accused of transferring to the Ukrainian state budget a debt worth 405.5m dollars, which the YESU corporation owned to the Russian Defense Ministry.

MP of the Party of Regions **Vasyl Kyselyov** believes that the opposition forced the new government to recall old criminal cases against Tymoshenko. “This pointless criticism has to stop. Yet, they do not want to do it – they travel to Europe and the USA to criticize. Now, Tymoshenko's supporters need to understand the following: let Yanukovich realize his potential. These criminal cases are a reverse reaction because there is a bloc made of concrete in the YESU case, there is incontrovertible evidence. If the opposition showed tolerance towards this government, then it would probably ignore something. However, one cannot accuse either **Yanukovich** or **Pshonka** [Ukrainian Prosecutor-General] of being biased. The fact of tax evasion [on the YESU case] is proven. Yet, the Orange forces buried this case in courts when they came to power. This is also a fact,” the politician noted.

It is well known that in January 2011, the PGO launched criminal cases against Tymoshenko accusing her of bribing former Ukrainian Prime Minister **Pavlo Lazarenko**, smuggling of Russian gas, forgery and large-scale tax evasion when she managed the YESU corporation. In April 2003, the Kiev appeals court stroked down

and declared illegal the decision to launch the criminal case against Tymoshenko. In November 2005, the Supreme Court of Ukraine ruled to ultimately close all the criminal cases opened against Tymoshenko and members of her family. Tymoshenko headed the YESU corporation in 1995-97.

**Opposition calls on EU to block bank accounts of Ukrainian officials**

**The opposition is calling on the EU to bring sanctions against the present Ukrainian authorities.**

"We are holding consultations on introducing sanctions against particular officials, against particular prosecutors, judges, to which they would react. Those include blocking of accounts, restriction of movement in civilized countries," first deputy chairman of the Fatherland party **Oleksandr Turchynov** said. "These are the only things that the present authorities would react to because it will be hard for them to get to their offshore accounts", he noted.

Turchynov also said that in November 2011 the Committee of Dictatorship Resistance is planning to hold protests against "the tyranny of the authorities".

High-ranking officials of the Prosecutor-General's Office of Ukraine have allegedly been refused US visas.

Mass media report that four senior officers of the Prosecutor-General's Office of Ukraine have been refused entry to the United States.

The US Embassy in Ukraine has refused to issue visas to senior officials of the Prosecutor-General's Office of Ukraine by saying "your presence in our country is not desirable," the mass media reported quoting an informed source.

The Prosecutor-General's Office has refused to comment on this information.

The U.S. Embassy in Ukraine neither confirmed nor denied the statement.

Earlier, representatives of the BYT faction in the parliament **Oleh Bilorus** and **Andriy Shkil** said that the EU embassies received a secret instruction to restrict issue of Schengen visas to Ukrainian officials. However, this information was refuted by the Ukrainian Foreign Ministry, EU embassies and the EU Delegation to Ukraine.

**Ukraine not to challenge gas contracts with Russia in court**

**Ukraine no longer intends to take Russia to international courts over the gas contracts signed in January 2009.**

"We will change the current contracts exclusively during negotiations," Ukrainian Energy and Coal Industry Minister **Yuriy Boyko** said, explaining this decision by "the strategic nature of relations with Russia."

We would like to note that according to Ukrainian Prime Minister **Mykola Azarov's** press secretary, **Vitaliy Lukyanenko**, the Ukrainian-Russian negotiations are currently conducted more constructively and "are very close to a conclusive result."

According to the mass media, the Ukrainian state-run oil and gas trader Naftohaz Ukrayiny and Russia's Gazprom had to devise several options for revising the contracts.

"Russia is concerned about the technological condition of our gas transportation system. One of the options for revising the contracts is to set up a consortium on its basis," the mass media quoted a high-profile official from the Ukrainian Energy and Coal Industry Ministry as saying.

One more option is Ukraine's integration into the Customs Union of Russia, Belarus and Kazakhstan. Russia and Ukraine turned down an idea to decrease the gas price in exchange for making gas transport cheaper and an agreement on Russia's Black Sea Fleet, the source said. "Currently, the issue has to do with a political decision on the highest level. It will be made in the near future," he noted.

## **IMF mission starts work in Ukraine**

### **On October 24, 2011, a mission of the International Monetary Fund (IMF) started its work in Ukraine.**

The visit by IMF experts will last until November 4. Following the IMF visit, the National Bank and Cabinet of Ministers of Ukraine will draft a letter to the IMF stating the reasons why Ukraine should receive another tranche from the fund within the stand-by program.

Ukrainian Prime Minister **Azarov** hopes for mutual understanding during the negotiations with the IMF with regards to the cabinet's refusal to raise the price of gas for the public. As is known, this requirement of the IMF is a key to its further cooperation with Ukraine.

"Ukraine is fulfilling all the requirements of the IMF as a creditor. But there is a limit. If we believe it's possible not to raise the price of gas for households, why do you [the IMF] demand that we raise tariffs? We're expecting absolutely different gas prices," Azarov said on October 25, 2011. At the same time, according to him, within one month time, Ukraine will reach terms with Russia on the gas price.

"If the partners from the IMF disagree with us, we will think whether we need such loans. We don't need loans on any terms. We need them on terms that would allow the development of our economy," the head of the Ukrainian government said.

Some experts believe that Ukraine will receive the next tranche of the IMF loan without raising the gas tariffs for the population, but the Ukrainian government will have to present a convincing alternative.

"The most important thing for the IMF is Ukraine's fulfillment of planned budget targets. Naturally, increasing tariffs is the way that will allow those targets to be reached. However, on the other hand, if the government can convince and prove that it is able to reduce the deficit in other ways, the IMF may view it as a positive signal," the head of the financial market analysis department of ING Bank Ukraine **Oleksandr Pecheritsyn** says.

According to the managing partner of Capital Times investment company, **Eric Naiman**, "with the persisting crisis in Europe, the IMF loan remains the last significant money resource that Ukraine can get. Its amount may reach 3-4 billion dollars, which is approximately 2%-3% of GDP. Given the devaluation expectations which are present in Ukraine, the new tranche will automatically eliminate them," the expert said.

Another reason in favor of resuming cooperation with the IMF is the approaching parliamentary election in Ukraine.

"Most likely, the loan at the end of this year will be the last under this program. With the parliamentary elections in 2012, the authorities are unlikely to take any further unpopular steps," analyst of Dragon Capital investment company **Elena Belan** said.

It is worth mentioning that the program of cooperation between Ukraine and the



IMF ends in autumn 2012. At the same time, starting in autumn 2012, Ukraine will begin making payments on the first stand-by loan provided in 2008. According to the bilateral agreements, in 2012, Ukraine has to pay 3.4 billion dollars to the IMF. The first tranche of the first stand-by loan was transferred to the National Bank's reserves, and it is the regulator that will be repaying loans to the fund next year. "When they developed the current program of cooperation with the IMF, it didn't seem to be a problem because next year we should receive 5.7 billion dollars under the second credit line. However, now it is very likely that Ukraine will not get that money, so we'll have to repay the loans from NBU reserves," an analyst of BG Capital, **Vitaliy Vavrischuk**, noted. In this case, a sharp drop in the NBU reserves may further increase the pressure on the hryvna.

### **Fitch Ratings gives macroeconomic outlook of Ukraine**

**Fitch Ratings, an international rating agency, expects Ukraine's GDP to grow 4.7% in 2011 and 4.0% in 2012.**

The agency also expects the average annual inflation in Ukraine to reach 9.5% in 2011 and 9.0% in 2012.

The average annual exchange rate of hryvna, according to Fitch, will be 8.1 UAH/USD 1 in 2011 and 8.3 UAH/USD in 2012.

The rating agency expects that the National Bank's currency and gold reserves will total 30.2 billion dollars by the end of 2011 and 27.8 billion dollars by the end of 2012.

According to the forecast, the nominal GDP will reach 160.3 billion dollars in 2011 and 178.6 billion dollars in 2012.

### **Mykola Azarov admits there is a raiding problem in Ukraine**

**The government intends to boost protection of companies from raider attacks that have become more frequent recently.**

"The criminal virus of corporate raiding has started attacking Ukraine again. Civil servants and those who seemingly have to protect the law do not stop raiders, and sometimes even facilitate them. We will nip it in the bud. The right of ownership in Ukraine will be reliably protected," Ukrainian government head **Azarov** said while opening a cabinet meeting on October 26, 2011. He noted that officials involved in takeovers will be immediately dismissed from their posts.

As reported earlier, on October 24, 2011, the Cabinet of Ministers resumed activity of the Interagency Commission for Combating Unlawful Takeovers and Seizures of Enterprises, also known as the 'anti-raider commission'. The commission is headed by First Deputy Prime Minister and Minister of Economy of Ukraine **Andriy Kliuyev**.

It is worthwhile mentioning that experts interviewed by the Gorshenin Institute believe that with the arrival of the new authorities, raider conflicts have become nonpublic, and raiders in their attacks use the law-enforcement agencies, not courts, as was the case earlier.

"Before **Viktor Yanukovych** was elected president, they used the following tactics: 99% of major raider attacks were performed by court decisions. After the presidential election, the pressure comes through the law-enforcement

agencies," the chairman of the board of the non-governmental organization called the Anti-Raider Movement, **Yuriy Kravets**, said. As the director of the Anti-Raider Union of Entrepreneurs of Ukraine **Andriy Semididko** explained, raiders use the following scheme in takeovers: as a rule, a criminal case is opened against a company's owner, who is then summoned by a law-enforcement agency. The agency offers to close the criminal case, but in exchange the owner should transfer the corporate rights for the company to a particular person. Semididko also pointed out that after the moratorium on the sale of land is lifted, Ukraine may see a surge of raider attacks in the agricultural sector.

**Interior Minister names largest bribe in 2011**

**This year's largest bribe in Ukraine recorded by the police amounted to 1.3 million dollars.**

According to Minister of Internal Affairs of Ukraine **Anatoliy Mohylyov**, the mentioned amount was extorted by the head of a district administration in Khmelnytsky Region for allocation of 30 hectares of land.

The minister also noted that during 2011 the police have discovered about 3 thousand crimes of this kind among the authorities and officers of controlling agencies.

It should be noted that according to the survey conducted by Gorshenin Institute in June 2011, the majority of Ukrainian citizens (87%) believe that corruption is a widespread phenomenon in Ukraine.

**Ukrainian interior minister names largest bribe exposed in 2011**

**The largest bribe exposed by Ukrainian police in 2011 is 1.3m dollars.**

As Ukrainian Interior Minister **Anatoliy Mohylyov** said, this is the sum which the head of Khmelnytsky Region's district administration had demanded for allocating 30 hectares of land.

The minister also noted that in 2011, employees of the interior ministry's agencies exposed around 3,000 similar crimes which were committed by both representatives of the government and agencies which hold the powers of oversight.

We would like to note that according to a sociological survey carried out by Gorshenin Institute in June 2011, the majority of the Ukrainian population (87 per cent) believes that corruption is a common phenomenon.

**Ukrainian Parliament discusses electoral draft law different from one sent to Venice Commission**

**The parliamentary majority has submitted for the consideration of the Supreme Council of Ukraine a draft law on elections that is different from the one analyzed by the Venice Commission.**

"The draft law which was submitted by [the head of the ruling Party of Regions parliamentary faction] **Oleksandr Yefremov** and other MPs as a draft law of the majority and the one which was passed to the Venice Commission and written by a working group, in which we participated too, are not exactly the same bills. In the main their provisions are 90 per cent identical. However, it [the draft law from the majority] contains several norms which the Venice Commission did not consider," the head of the all-Ukrainian organization Committee of Ukrainian Voters, **Oleksandr Chernenko**, said.

According to him, these norms pertain to the registration of candidates and its cancellation, the participation of public organizations as observers in elections and the terms of making ballot papers.

“The draft law written by the working group contained strict requirements regarding the cancellation of a candidate's registration to ensure that it takes place only in cases set out by the constitution. However, the draft law submitted by the majority talks about two warnings which might be issued to a candidate running for election under the first-past-the-post voting system. After a third warning, there are grounds for cancelling his registration by an electoral commission,” Chernenko said.

It is noteworthy that the head of the Ukrainian Presidential Administration's Main Constitutional and Legal Modernization Directorate, presidential advisor **Maryna Stavniychuk**, said in an exclusive interview with the Ukrainian news and analysis website Lb.ua that a new electoral law will be adopted by Parliament “within the next few months, by the end of the year for sure.” At the same time, she noted that within the framework of Ukrainian national legislation, there is currently no norm which would prescribe the adoption of a new electoral law or seriously amend it no later than a year prior to an election. Additionally, the presidential advisor said that the new law will be of “single use.”

It is well known that on 13 October 2011, the Venice Commission issued a conclusion regarding the draft law on electing Ukrainian MPs.

Soon after that, Parliament placed on its agenda four draft laws on electing MPs: one from the majority and the rest from the opposition. At present, a standing parliamentary committee is considering all these bills.

### **Journalists view bill on morality as a threat to freedom of speech**

### **Participants in the Stop Censorship! movement have organized a strike against the draft law “On protecting public morality.”**

It is well known that on 14 October 2011, Parliament adopted the first reading of this draft law.

“Under the cover of protecting public morality, the draft law proposes technologies which could in fact shut down any Ukrainian mass media outlet or online resource and also restrict access of Ukrainian users to foreign websites,” a statement issued by the Stop Censorship! movement said.

Journalists believe that provisions of the draft law are unacceptable in democratic countries.

“We protest against this draft law whose adoption will mean establishing on the legislative level an agency to control the mass media. It may be very easily used for pressure, censorship, repression and infringements on the constitutional right of citizens to freedom of speech and information,” the statement stressed.

The authors of the statement urged Ukrainian journalists to join the protest against the new instrument of censorship and to broadly highlight this topic and its potential repercussions.

#### Note:

The Stop Censorship! movement is an initiative of Ukrainian journalists and public media organizations which protects freedom of speech and counters the establishment of censorship in Ukraine.

**Ukraine, Russia strike deal on joint use of lighthouses in Black Sea**

**Ukraine and Russia have agreed on the issue of using Ukrainian lighthouses in the Black Sea.**

"The approach to the use of navigation infrastructure is now agreed. A solution is found and we are ironing out the details. The use of lighthouses, infrastructure and hydrography facilities is certainly a problem in the operation of the fleets. However, we will be able to present our decisions to the public in the near future," the Russian ambassador to Ukraine, **Mikhail Zurabov**, said.

At the same time, the Russian envoy noted that the issue with the use of the Ukrainian training facility NITKA for practicing take off and touch down of jets on airborne aviation carriers had not been resolved yet as several Ukrainian agencies refused to lease the facility to Russia.

A reminder that on 2 August 2011 the Crimean Economic court ruled that Ukraine should seize the lighthouses used by Russia's Black Sea Fleet in Crimea. Later, the Ukrainian Foreign Ministry's information department director, **Oleh Voloshyn**, said that the Russian party refused to follow the rulings of the Ukrainian court, saying that they were not in line with the rules for resolving contentious issues laid out by the basic agreements on Russia's Black Sea Fleet.

Note:

"NITKA" (land-based aircraft test training complex) – unique special land-based test training complex constructed in the Soviet Union, simulating aircraft carrier deck and designed to train aircraft take-off and landing on the aircraft carrier. The complex is used for test flights of aircraft carriers of horizontal take-off and landing, as well as for the training of pilots. The Su-27KUB prototype was tested on the training area.

**Ukraine, Russia step up work on border demarcation**

**Russian ambassador to Ukraine Mikhail Zurabov has said that work on the demarcation of the Ukrainian-Russian border had already begun.**

According to him, some steps will be implemented directly on the ground in the near future. Zurabov added that at present, the demarcation work was mostly technical in nature and was conducted with maps, in particular.

**Liquidators of Chernobyl catastrophe storm Pension Fund's building in Kharkiv**

**A group of liquidators of the accident on the Chernobyl nuclear power station have stormed the building of the Kharkiv regional branch of the Pension Fund of Ukraine and declared a protest against pension arrears.**

The head of the regional organization Union Chernobyl of Ukraine, **Anatoliy Hubaryev**, said that on 25 October 2011, nearly 50 liquidators of the Chernobyl catastrophe "spontaneously" walked into the Pension Fund's office located in the State Industry building and "have no intention of leaving."

According to him, the liquidators of the Chernobyl catastrophe demand "guarantees that arrears will be paid following court rulings, guarantees that pensions will be paid in full in November-December and in the future, as well as guarantees that the regional prosecutor's office will launch a criminal case against the Pension Fund over the failure to follow court rulings."

Hubaryev also said that this was not the only campaign in Kharkiv Region and that protest potential was on the rise.

**Ukraine runs the risk of turning into a province of a new Asian union –  
experts**

**MP of the Party of Regions INNA BOHOSLOVSKA** is certain that Ukraine can use the benefits of free trade areas to its advantage by being situated between several economic centers such as the EU, Russia and the Customs Union as well as an economic bloc of Arab states currently forming in the south. “The relations with three blocs give [Ukraine] a possibility to use advantages from a free trade area», she said. The MP also stressed the importance of signing a free trade area agreement with the EU. «It is important to us that a free trade area [deal] with the EU is signed”, she noted. Regarding an association agreement with the EU, Inna Bohoslovska said that Ukraine is willing to sign this document on condition that it contains a provision on Ukraine's prospects for the EU membership. «Ukraine needs a political association agreement with thrashed out prospects for future membership in the EU”, she stated. At the same time, Inna Bohoslovska noted that “a political association agreement with the EU is not ready yet”.

Commenting on the remarks of his colleague, **the former head of the Ukrainian Foreign Ministry and the deputy head of the Our Ukraine party's political council, VOLODYMYR OHRYZKO**, said that agreements with the EU on a free trade area and on political association are parts of the same agreement and cannot be signed separately. The diplomat believes that the Ukrainian government will find a necessary solution in order to have an association agreement with the EU initialed during the summit planned for December. At the same time he noted that proceeding from the current situation, there were no grounds to expect that the document would be signed. “We heard real signals from European partners who said that if human rights are violated in Ukraine, it is pointless to hope that the agreement will be signed”, Volodymyr Ohryzko said. He also believes that it is totally wrong to view the requirements put forward by the EU in the process of preparing the agreement as an attempt to force Ukraine to do something. “By saying that I want to become an EU member, I automatically agree to their rules of the game. That is why the issue is not whether they force us to do something but suggest how, what and when things should be done to become an EU member”, the politician said. He also stated that at present, there are no reasons to expect that a free trade area agreement with the EU can be separated from the general association agreement for a speedy adoption. “When certain high-profile officials from the [presidential] administration say that we will sign a free trade area agreement, this means that they simply do not understand what it is about. It is impossible to sign a free trade area agreement without an association agreement”, the diplomat stressed.

At the same time, he noted that the economic significance of the free trade area agreement with the CIS signed on 18 October 2011 was somewhat exaggerated since a fully-fledged free trade area was not envisioned in the document. “Frankly speaking, I am not inclined to exaggerate the economic significance of this agreement. In my opinion, this is a political project of Russia which by this means tries to seize the initiative of collecting post-Soviet lands into a new, as it is called now, Eurasian, but in fact, Asian empire. There is nothing European about it”, the diplomat said. At the same time, he noted that Ukraine still has a choice. “We are at the crossroads when an alternative is descending to the level

of setting up a new province of a new Asian union with complete loss of independence for Ukraine”, Volodymyr Ohryzko said.

In the opinion of **an advisor, the head of the economic policy group of the Russian embassy in Ukraine, ALEKSEY URIN**, the decision of the participants in the CIS free trade area to gradually cancel restrictions and exemptions to trade is unavoidable and positive. “For the first time on the territory of the commonwealth, its participants signed under the obligation to gradually cancel trade exemptions. This process is unavoidable and positive”, he noted during the roundtable.

The diplomat stressed that many free trade areas envisioned exemptions and gave an example of the North American Free Trade Agreement (NAFTA) of Canada, the USA and Mexico. According to him, exporting to the CIS states, Ukraine is interested in the CIS free trade area.

**MP of the Yuliya Tymoshenko Bloc SERHIY TERYOKHIN** believes that a switch to partially paying in roubles within the framework of trade with the CIS will lead to the devaluation of the hryvnya. “In the case when Ukraine with such a structure of trade exchange agrees to Russian roubles, we will receive the devaluation of the hryvnya with respect to other currencies of the world”, the MP said.

He also stressed that the list of exemptions and restrictions should be symmetrical in nature.

According to **the former Ukrainian fuel and energy minister, MP of the UDAR party IVAN PLACHKOV**, a free trade area agreement with the EU would allow Ukraine to ensure a growing economy. “Through one of the branches, an economic one, for example, we could propel the economy of Ukraine”, the politician said.

Commenting on a free trade area with the CIS, the former minister noted the document itself did not envision anything new, while its key provisions replicated a number of agreements which had been previously signed with the CIS but had not been implemented.

**A member of the parliamentary group Reforms for the Sake of the Future, MP TARAS CHORNOVIL**, believes that Ukraine should not blackmail the EU in the process of preparing an association agreement by changing Kiev's foreign policy vector if the document is not signed. “An attempt to blackmail Europe by saying that Ukraine will go to Russia if its conditions are not accepted will not end positively. This may very quickly turn into the same situation which happened to Belarus. Europe was also interested in Belarus moving towards Europe when Shushkevich was in power. However, when Belarus chose a different vector, then Europe did not make a huge tragedy out of it. At present, Russia is no Soviet Union and there is no fear that Belarus or Ukraine will be absorbed by Russia. Europe will not be so critically concerned about it. Its products will be in Ukraine regardless, while Ukraine will not direct rockets [against the EU]. They are not afraid of this”, the MP opined.

At the same time, he noted that at present, the EU had a desire to make Ukraine closer although it could vanish. “Currently, it is gradually dissipated. This blackmailing game may lead to Europe giving up on us. Let’s not exaggerate the interest the EU has in Ukraine», the MP noted. He stressed that the problems in the process of agreeing a political part of an association agreement were not the fault of the EU but arose because of Ukraine. “I am far from accusing the EU of anything in this case. This is a stable structure which lives by its rules and principles. When we are moving towards this structure, we should accept these rules and principles instead of imposing something absolutely incompatible with the EU”, Taras Chornovil said. According to him, there are reasons to hope for the document to be initialed. “We are rather positive and agreed upon parameters of a free trade area and an adequate text of an association agreement. The negotiations process has not been stopped yet. Bridges with the EU have not been totally burned”, the MP concluded.

**Our contact information:**

4, Chapayeva street, office 14  
Kiev 01030, Ukraine  
+38 044 230 4962  
+38 044 230 4966 f



For more information please visit our website  
<http://gorshenin.eu/>