



Gorshenin *Weekly*

ISSUE #09(128) 03/18/2013

Content

1. International political

Ukraine-EU

EU concerned about use of selective justice in Ukraine...page 4.

Yanukovich signs decree on Ukraine's European integration efforts...page 4.

Yanukovich hopes for EU participation in gas transport system upgrade project...page 5.

Ukraine-USA

US Intelligence: Ukraine drifting towards authoritarianism...page 5.

US Under Secretary of State to visit Ukraine...page 5.

Ukraine- CIS

Yanukovich: Ukraine looking for acceptable format of cooperation with Customs Union...page 5.

Ukraine nearly halves import of Russian gas...page 6.

Court rules on measure of restraint for Tajik ex-premier...page 6.

Ukraine-WTO

EU, USA call on Ukraine to revoke WTO tariff revision request...page 7.

2. Domestic political

Authorities

Ukrainian parliamentary committee offers to strip MPs of immunity...page 7.

Ukrainian premier opposes creation of financial police...page 8.

Ukrainian premier to hold news conference on 19 March...page 8.

Ukrainian police search office of big IT company...page 8.

Opposition

Lawyer of jailed Ukrainian ex-premier files complaint with European court...page 8.

Lawyer of jailed Ukrainian ex-premier says can be arrested soon...page 8.

Lawyer of jailed Ukrainian ex-premier banned from leaving country...page 9.

Ukraine to pay over 1m dollars for foreign legal services in jailed ex-premier's case...page 9.

Ukrainian court upholds ruling against former acting defence minister...page 9.

Ukrainian court to consider jailed ex-interior minister's appeal in April...page 9.

Ukrainian opposition continues blocking parliament...page 10.

Ukrainian opposition continues talks on single candidate for Kiev mayor...page 10.

Ukrainian opposition party leader urges USA, EU to impose sanctions on officials...page 10.

Opposition launches all-Ukrainian protest campaign...page 11.

3. Human rights

Ukraine rejects select UN recommendations on human rights...page 11.

Ombudsperson: ECHR considers only 10 per cent of applications from Ukrainian citizens...page 11.

4. Economics

Government preparing law on universal declaration of income...page 11.

Government submits to parliament bill on transfer pricing...page 12.

EBRD to give Ukraine 600m euros for nuclear safety, agriculture...page 12.

Government imposes import duties on foreign cars...page 12.

State-owned bank issues 500m dollars worth of eurobonds...page 12.

IMF mission to visit Ukraine in late March...page 12.

INTERNATIONAL POLITICAL**UKRAINE-EU****EU concerned about use of selective justice in Ukraine**

On 13 March 2013, European Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fuele** said in a speech to the European Parliament that the matter of selective justice in Ukraine is critical to the relations between Brussels and Kiev.

Fuele said that the signing of the association agreement would depend on how the cases of ex-Prime Minister **Yuliya Tymoshenko** and ex-Interior Minister **Yuriy Lutsenko** were addressed. The European commissioner also said that the ousting of Tymoshenko's lawyer, MP **Serhiy Vlasenko**, from parliament contradicts the commitments undertaken by Ukraine during the recent summit.

According to Fuele, the EU will offer no compromise as far as European values are concerned.

He said that the European Parliament's mission headed by former Presidents **Pat Cox** and **Aleksander Kwasniewski** would deliver in April its initial report on Ukraine's implementation of the terms required for the signing of the association agreement.

European Parliament Vice-President **Jacek Protasiewicz** also said that the detention of the opposition leaders and the removal of Vlasenko from parliament created obstacles to the Ukraine-EU relations.

A member of the European Parliament and co-chairman of the EU-Ukraine parliamentary cooperation committee, **Pavel Kowal**, finds the Vlasenko situation disturbing as far as the issue of selective justice in Ukraine is concerned.

The European Parliament discussed the situation in Ukraine at a session on 13 March.

On 14 March, Ukrainian President **Viktor Yanukovich** admitted at a joint news conference with the Latvian president that the ousting of Vlasenko from parliament would negatively affect the country's relations with the EU. Still, Yanukovich believes the court ruling to be lawful because Vlasenko has combined his jobs as a lawyer and an MP. Yanukovich hopes that this situation will not spoil the signing of the association agreement between Ukraine and the EU.

The head of the Ukrainian parliamentary committee for European integration, Fatherland MP **Hryhoriy Nemyrya**, said that the EU does not accept the position of the Ukrainian authorities that the stripping of Vlasenko of his parliament seat is a purely legal matter. In his opinion, if the issues of Tymoshenko and Lutsenko are not addressed, Kiev should not be hoping to sign the association agreement this year.

Yanukovich signs decree on Ukraine's European integration efforts

On 12 March 2013, President **Viktor Yanukovich** issued a decree enacting the action plan adopted by the National Security and Defence Council with regard to priority measures aimed at Ukraine's integration into the EU for 2013.

As the Kommersant Ukraina business daily said, the plan describes measures aimed at implementing the conditions to the signing of the association agreement, in particular with regard to the conclusions of the EU Council of Foreign Ministers issued on 10 December 2012. The paper noted that the plan lacks specifics on how to address the problem of selective justice.

The secretary of the National Security and Defence Council, **Andriy Klyuyev**, has been put in charge of implementing the European integration plan.

According to the president's representative in parliament and a member of the Party of Regions, MP **Yuriy Miroshnychenko**, the decree contains provisions which may facilitate a solution to the problem of ex-Prime Minister **Yuliya Tymoshenko**.

Yanukovych hopes for EU participation in gas transport system upgrade project

On 14 March 2013, Ukrainian President **Viktor Yanukovych** said that Europe should be involved in the modernization of the Ukrainian gas transport system.

According to him, it will become clear soon how the gas transport system is to be modernized.

On 15 March, Yanukovych instructed the cabinet to conclude within a year a project agreement with the European Bank for Reconstruction and Development and the European Investment Bank on the modernization of the Ukrainian gas transport system.

UKRAINE-USA

US Intelligence: Ukraine drifting towards authoritarianism

On 12 March 2013, the director of the US National Intelligence, **James Clapper**, said that Ukraine was drifting towards authoritarianism under President **Viktor Yanukovych**. According to Radio Liberty, Clapper said this in the US Senate during the annual report "Worldwide Threat Assessment".

US Under Secretary of State to visit Ukraine

On 19 March 2013, US Under Secretary of State for Political Affairs **Wendy Sherman** will visit Ukraine.

The State Department said that Sherman would meet government and opposition leaders.

UKRAINE-CIS

Yanukovych: Ukraine looking for acceptable format of cooperation with Customs Union

On 14 March 2013, Ukrainian President **Viktor Yanukovych** said he hoped that Ukraine would shortly find an acceptable format of cooperation with the Customs Union of Belarus, Kazakhstan and Russia.

Yanukovych said that during his recent meeting with Russian President **Vladimir Putin** they agreed that after Ukraine found a format of cooperation with the Customs Union, the four presidents, representing the Customs Union and Ukraine, would hold a meeting.

Yanukovych also said that the gas talks with Russia did not depend on the negotiations about Ukraine's cooperation with the Customs Union.

On 14 March, the Zerkalo Nedeli newspaper website quoted its sources as saying that Ukraine was in talks on an associate membership of the Customs Union.

According to Zerkalo Nedeli, this format is expected to give Ukraine access to all documents of the Customs Union and a chance for its representatives to study the practice of decision-making in the Customs Union. The programmes of sectoral cooperation between Ukraine and the Customs Union are expected to be developed too. An associate membership expires in two years after which Kiev is to make a final decision on accession to the Customs Union.

On 15 March, the news and analysis website Ukrayinska Pravda said that Deputy Prime Minister **Yuriy Boyko** instructed the Foreign Ministry and four other offices to start preparing a working group to harmonize relations with the Customs Union.

Ukraine nearly halves import of Russian gas

In January-February 2013, the national oil and gas company Naftohaz Ukrayiny imported about 2.84bn cu.m. of Russian gas, or 44 per cent (2.2bn cu.m.) less than during the same period of last year, the news and analysis website Lb.ua said on 14 March.

In January, Ukraine imported about 2.44bn cu.m. of gas, in February, 0.4bn cu.m.

Ukraine paid Russia 1.155bn dollars for the gas consumed in January-February at 406 dollars per 1,000 cu.m.

On 14 March, President **Viktor Yanukovych** said that Ukraine would continue to cut on Russian gas if its price remained as high as it is now.

The Kommersant Ukraina business daily said that Ukraine and Russia were in talks to create a consortium on par. Russia demands that an option to lease the Ukrainian gas transport system be legislatively fixed. If Ukraine manages to introduce the necessary changes by 1 June, the price of gas may be lowered retrospectively: as of 1 January 2013, from 426 to 260 dollars per 1,000 cu.m., the paper said.

Court rules on measure of restraint for Tajik ex-premier

On 15 March 2013, a court ruled on the extradition arrest of Tajik ex-Prime Minister **Abdumalik Abdullajanov**.

The court gave Ukraine up to 12 months to decide on Abdullajanov's extradition.

Abdullajanov was detained in Kiev Boryspil airport on 5 February. On 18 February, the Tajik authorities officially requested that Ukraine extradite the former prime minister. In his home country Abdullajanov is accused of an attempt on President **Emomali Rakhmon** in 1996 and involvement in a coup.

UKRAINE-WTO

EU, USA call on Ukraine to revoke WTO tariff revision request

On 14 March 2013, the EU Delegation in Ukraine called on the Ukrainian authorities to revoke its application to the WTO to revise over 300 tariff lines. The office said that the majority of WTO member states share the EU position.

The EU also said that the Ukrainian actions in the WTO contradict the spirit and letter of a free trade zone which Kiev and Brussels are going to set up within the framework of the association agreement.

According to EUPlus.info, European Commissioner for Trade **Karel del Gucht** handed the official request to call off the application over to President **Viktor Yanukovych** during the Ukraine-EU summit on 25 February.

At the same time, on 14 March, the government said that Ukraine had not received any official EU requests regarding the WTO.

The US embassy in Ukraine said on 13 March that if other WTO members followed Ukraine's path trying to renegotiate the conditions of their entry, the WTO system would be subjected to an unprecedented strength test.

In the autumn 2012, Ukraine sent an application to the WTO to revise 371 tariff lines.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian parliamentary committee offers to strip MPs of immunity

On 11 March 2013, the Ukrainian parliamentary committee for legal policy put forward a draft law which strips lawmakers of their immunity. The bill was drafted by the pro-government Party of Regions.

The Lb.ua news and analysis website reported that the draft law submitted to the committee did not contain a norm about an early termination of powers of the president if he was impeached or stripped of immunity.

In 2012, the Constitutional Court of Ukraine ruled that stripping MPs of their immunity did not violate the constitution. Yet, it also decided that such an action in relation to the president and judges was unconstitutional.

Gorshenin Institute expert **Volodymyr Zastava** believes that the cancellation of immunity for lawmakers will help the Ukrainian authorities to manage parliament with ease, as well as enable the executive branch to legitimize a score of processes related to a presidential campaign in 2015. In his opinion, the issue might have to do with the strengthening of the power bloc in order to ensure voting results that are easy to predict, with the adoption of economic measures needed to fulfil promises given by the authorities before the most recent election, as well as with changing the dates of the presidential campaign, which might also result in the postponement of the election. Zastava presented his views at the discussion panel of the National Expert Forum.

Ukrainian premier opposes creation of financial police

On 13 March 2013, Ukrainian Prime Minister **Mykola Azarov** ordered relevant agencies not to consider a draft law which envisaged the setting up of the financial police. In his view, the document was outdated.

According to the Lb.ua news and analysis website, the government prepared the draft law on the creation of a service for financial investigations on the basis of the Security Service of Ukraine, the Interior Ministry, the financial inspectorate, as well as the tax and customs services. The agency was supposed to be directly supervised by Ukrainian President **Viktor Yanukovich**.

According to the ORD website, the head of the presidential administration, **Serhiy Lyovochkin**, favours the idea of setting up a financial investigation service.

Ukrainian premier to hold news conference on 19 March

On 19 March 2013, Ukrainian Prime Minister **Mykola Azarov** will hold a news conference for central, regional and foreign mass media.

The news conference will be broadcast live by the Ukrainian state-run TV channel UT-1.

It has been three years since Azarov's appointment to the post of prime minister on 11 March, the Lb.ua news and analysis website reported.

Ukrainian police search office of big IT company

On 13 March 2013, Ukrainian law enforcers searched the Kharkiv office of the GlobalLogic company, which is considered to be among the biggest Ukrainian software developers.

The Interior Ministry explained that the search had been carried out as part of a criminal case over unauthorized interference in the work of computer networks.

OPPOSITION

Lawyer of jailed Ukrainian ex-premier files complaint with European court

On 11 March 2013, a defence counsel for former Ukrainian Prime Minister **Yuliya Tymoshenko, Serhiy Vlasenko**, said that he appealed to the European Court of Human Rights against the ruling of the Supreme Administrative Court of Ukraine (SACU) which stripped him of his parliamentary seat.

Later, Vlasenko also said that he had filed a motion with the Supreme Court on reconsidering the ruling of the administrative court.

We shall remind you that the SAKU ruling is final and cannot be appealed.

Lawyer of jailed Ukrainian ex-premier says can be arrested soon

On 11 March 2013, a defence counsel for former Ukrainian Prime Minister **Yuliya Tymoshenko, Serhiy Vlasenko**, said that the Prosecutor-General's Office (PGO) intended to launch three criminal cases against him. He added that he might be arrested shortly.

The PGO dismissed Vlasenko's statement.

On 11 March, the deputy head of the Central Electoral Commission, **Andriy Mahera**, explained that Vlasenko was stripped of his parliamentary seat following the ruling of the Supreme Administrative Court of Ukraine and that there was no need for an additional decision from parliament to enforce the ruling.

Lawyer of jailed Ukrainian ex-premier banned from leaving country

On 13 March 2013, the Border Service of Ukraine denied a defence counsel for former Ukrainian Prime Minister **Yuliya Tymoshenko, Serhiy Vlasenko**, who is also an MP of the opposition Fatherland party, permission to leave the country.

Vlasenko intended to participate in the hearings of the European Parliament, during which EU politicians discussed the ruling of a Ukrainian court which expelled him from parliament, as well as Ukraine's prospects for European integration.

The Border Service said that the ban had to do with an "old court ruling, based on which Vlasenko was not allowed to leave the country earlier".

The Fatherland party said that Vlasenko already supplied the authorities with all the documents demonstrating that he had paid child support, as ordered by a court ruling, which was why Tymoshenko's lawyer was not allowed to leave the country earlier.

Ukraine to pay over 1m dollars for foreign legal services in jailed ex-premier's case

On 11 March 2013, the Ukrainian Justice Ministry signed an agreement with the law firm Skadden for legal assistance in the case Tymoshenko vs Ukraine. The deal is worth 1.27m dollars, the Ukrainian Internet portal Nashi Hroshi has reported.

Skadden has already provided the Ukrainian government with legal services in this case. In particular, its attorneys demonstrated that jailed former Prime Minister **Yuliya Tymoshenko** had exceeded her authority when signing a gas agreement with Russia in 2009.

Ukrainian court upholds ruling against former acting defence minister

On 12 March 2013, the Supreme Specialized Court of Ukraine upheld the verdict previously handed down to the former acting defence minister, **Valeriy Ivashchenko**. He was given a suspended five-year sentence and a year of probation. The former politician intends to challenge the rulings of the Ukrainian courts in the European Court of Human Rights.

Ivashchenko worked in the cabinet of jailed former Prime Minister **Yuliya Tymoshenko**. On 13 February 2013, the former politician said that investigators from a prosecutor's office forced him to testify against Tymoshenko, as well as against an MP of the opposition parliamentary faction Fatherland, **Oleksandr Turchynov**.

It was reported that Ivashchenko had been granted political asylum in Denmark.

Ukrainian court to consider jailed ex-interior minister's appeal in April

The Ukrainian Supreme Specialized Court for Civil and Criminal Cases will consider an appeal submitted by the jailed former interior minister, **Yuriy Lutsenko**, on 2 April 2013.

A ruling of the Supreme Specialized Court is required in order to file an appeal against Lutsenko's verdict with the European Court of Human Rights.

Ukrainian opposition continues blocking parliament

The Ukrainian opposition will continue blocking the work of parliament if the majority continues to violate laws, the leader of the far-right All-Ukrainian Freedom Association. **Oleh Tyahnybok**, said in an interview with the Ukrainian weekly Tyzhden on 15 March 2013.

Earlier, on 11 March, the deputy speaker and a Freedom MP, **Ruslan Koshulynskyy**, declared that the opposition intended to block parliament until it was dismissed.

The opposition has been blocking parliament since 5 March in protest against a motion and a subsequent court decision to strip jailed former Ukrainian Prime Minister **Yuliya Tymoshenko's** defence counsel and close associate, **Serhiy Vlasenko**, of his parliamentary seat.

On 13 March, European Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fuele** stressed the importance of unblocking the work of the Ukrainian parliament.

On 14 March, an MP of the Fatherland faction, **Mykola Tomenko**, said at a round table organized by the Gorshenin Institute that the work of parliament should be unblocked on 20 March.

Ukrainian President **Viktor Yanukovych** is not considering disbanding parliament, speaker **Volodymyr Rybak** said in an interview with the Lb.ua news and analysis website on 15 March. If parliament does not work for 30 days, the president will have legal grounds for disbanding it.

A study conducted by the public organization Honestly demonstrated that the parliament of the seventh convocation worked normally, without being blocked and without conflicts only seven days out of its first 100 days.

Ukrainian opposition continues talks on single candidate for Kiev mayor

On 13 March 2013, an MP of the UDAR party, Pavlo Rozenko, said that the Ukrainian opposition parties continued negotiating a single candidate for Kiev mayor.

In the opinion of the head of the Fatherland parliamentary faction, **Arseniy Yatsenyuk**, it makes sense for the opposition to field either UDAR party leader **Volodymyr Klitschko** or MP **Petro Poroshenko** in the run for mayor.

The leader of the far-right All-Ukrainian Freedom Association. **Oleh Tyahnybok**, said that he was also ready to run for the post.

Ukrainian opposition party leader urges USA, EU to impose sanctions on officials

On 14 March 2013, the leader of the UDAR party, boxing champion **Vitaliy Klitschko**, met US Deputy Secretary Of State **William Burns** in Washington, D.C. The opposition politician urged the US government to impose sanctions on Ukrainian officials, prosecutors and judges involved in selective justice and political repression.

On 15 March, Klitschko also called on EU leaders to slap sanctions on those Ukrainian politicians who were deliberately obstructing Ukraine's integration into the EU.

Opposition launches all-Ukrainian protest campaign

On 14 March 2013, the Ukrainian opposition party Fatherland and the far-right All-Ukrainian Freedom Association launched the all-Ukrainian protest campaign "Stand up, Ukraine!" against the current government.

The head of the Fatherland party, **Arseniy Yatsenyuk**, said that the campaign would last for two months.

The director of the Gorshenin Institute's political programmes, **Yevhen Kurmashov**, believes that the "Stand up, Ukraine!" campaign is vague and meant as a test. In his opinion, the opposition uses it to test its organizational network and mobilization technologies since it "already understands that without the street factor, it will not be able to change the situation during the upcoming presidential campaign". Kurmashov shared his views at the discussion panel of the National Expert Forum.

HUMAN RIGHTS

Ukraine rejects select UN recommendations on human rights

Nazar Kulchytskyy, the Ukrainian government's commissioner for the European Court of Human Rights, on 14 March 2013 said that Ukraine fulfilled only a part of the UN recommendations on human rights.

According to him, Ukraine has fully accepted 115 of 145 recommendations, rejected 27 recommendations, and partially accepted three.

As reported by the news and analysis website LB.ua, the recommendations rejected by Ukraine included those addressing selective justice and politically motivated prosecution, recommendations on protection of the rights of sexual minorities and those on gender equality.

Ombudsperson: ECHR considers only 10 per cent of applications from Ukrainian citizens

Ombudswoman **Valeriya Lutkovska** on 11 March 2013 reported that the European Court of Human Rights considers only 10 per cent of applications from citizens of Ukraine.

ECONOMICS

Government preparing law on universal declaration of income

Minister of Revenue and Taxes **Oleksandr Klymenko** on 10 March 2013 said that his agency was working on a draft law on the universal mandatory declaration of income.

Klymenko noted that the introduction of the universal declaration should start in 2014. He estimated that this initiative, if implemented, would affect nearly 30 million Ukrainians.

Government submits to parliament bill on transfer pricing

The government on 12 March 2013 registered with parliament a bill on transfer pricing.

According to the draft law, transfer pricing will become subject to supervision, if the total amount of transactions between a payer and a counterparty exceeds 6.25m dollars a year. Businesses should submit financial reports once a year before 1 May.

EBRD to give Ukraine 600m euros for nuclear safety, agriculture

The European Bank for Reconstruction and Development (EBRD) on 12 March 2013 decided to support the upgrade of Ukraine's operating nuclear power plants with a 300m-euro loan.

According to a survey conducted by the Gorshenin Institute in March 2011, the majority (71.2 per cent) of Ukrainian citizens fear a serious accident at one of the Ukrainian nuclear power plants.

On 13 March 2013, EBRD Agribusiness Director **Gilles Mettetal** said that the bank in 2013 is planning to invest up to 300m euros in the Ukrainian agricultural sector.

At the same time, according to EBRD Deputy Director in Ukraine **Graham Hutchison**, the bank may reduce its investments because of the high level of corruption in the country.

Government imposes import duties on foreign cars

The Ukrainian government newspaper Uryadovyy Kuryer on 14 March 2013 published a decision of the interdepartmental commission to introduce special duties on the import of cars regardless of the country of origin and exports.

The commission's decision shall enter into force 30 days after the publication of the announcement.

State-owned bank issues 500m dollars worth of eurobonds

On 13 March 2013, the state-owned Oschadbank closed a deal to issue five-year eurobonds worth 500m dollars. The yield is 8.875 per cent per annum.

IMF mission to visit Ukraine in late March

A mission of the International Monetary Fund (IMF) will be visiting Kyiv at the request of the Ukrainian authorities from 27 March to 10 April 2013, the news and analysis website LB.ua reported on 14 March.

The fund's previous mission worked in Ukraine from 29 January to 12 February 2013.

Ukraine hopes that the negotiations with the IMF will result in a 15bn-dollar loan.

To receive new loans, Ukraine has to fulfill several of the fund's requirements, the key of which is to increase gas and heating tariffs for households.

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.

Gorshenin Weekly is available in Russian and English.

Gorshenin Weekly has over 700 subscribers in the EU, the USA, Russia, Ukraine and other countries. Its regular customers are representatives of the embassies, the European Commission, the European Parliament, the US Department of State, leading international analytical centres, Ukrainian and international mass media.

If you wish to subscribe to Gorshenin Weekly please send your request to the following e-mail address: weekly@gorshenin.eu.

Our contact information:

18b Mala Zhytomyrska st.,
Kiev 01001, Ukraine
+38 044 230 4962
+38 044 230 4966 f



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