



Gorshenin *Weekly*

ISSUE #38(107) 10/01/2012

Content

1. International political

Ukraine-EU

Ukraine reacts to US Senate resolution...page 4.

Media suggest Ukrainian president, his party use Egyptian ex-president's consultants to lobby in USA...page 4.

Ukraine-USA

Ukraine-EU summit postponed until early 2013...page 5.

Ukraine complains about problems with EU visas...page 5.

Ukraine-Russia

Ukraine appeals against court ruling on paying ex-premier's firm's debt off to Russia...page 6.

Russia bans meat, dairy import from Ukraine...page 6.

Ukraine-CIS

Ukrainian premier says cooperation with CIS foreign policy priority...page 6.

2. Domestic political

Authorities

Ukrainian official delegation seen as engaged in "self-presentation" during US visit...page 7.

Next year's state budget to be approved by new Ukrainian parliament...page 7.

Ukrainian President to reform High Council of Justice...page 7.

Lower-rank policemen's wages increased ahead of election in Ukraine...page 8.

High-profile cases investigator dies in car crash in Ukraine...page 8.

Opposition

Jailed Ukrainian ex-premier's associates expect European court's ruling within next few weeks...page 8.

Ukraine's deputy PM says jailed ex-premier's case to stir criminal justice reform...page 9.

Jailed Ukrainian ex-premier stages protest by lying on hospital floor after denied meeting with allies...page 9.

Health of jailed ex-interior minister's deteriorates...page 9.

Ukrainian MP accuses opposition of cooperating with pro-presidential party...page 9.

3. Parliamentary election

Plethora of bogus sociological polls published in Ukraine ahead of parliamentary election...page 10.

Ukrainian opposition says top election agency attempting to make process of ballot counting non-transparent...page 10.

International organization accused of bias when assessing election campaign in Ukraine...page 10.

Pawel Kowal becomes head of EU election observation mission...page 11.

European observers find reason for Ukraine's electoral campaign violations...page 11.

PACE urges Ukrainian authorities not to abuse administrative resources during election...page 12.

EU, USA urge Ukraine to give up selective justice, ensure democratic election...page 12.

Ukraine's pro-presidential party becomes leader among violators of election process...page 12.

Ukrainian police open 36 criminal cases into alleged breaches of election campaign...page 13.

Rival of Ukrainian premier's son quits election race after shooting...page 13.

4. Human rights

Attacks on journalists go unpunished in Ukraine – MP...page 13.

Libel bill may be recalled...page 14.

Ukrainian magazine complains of pressure after criticism of authorities...page 14.

Pro-opposition TV channel pays out tax debt...page 15.

5. Economics

US, EU concerned about Ukraine's trading initiatives...page 15.

Ukraine may introduce disposal fee on all imported cars...page 16.

Government readying for large-scale privatization of strategic facilities...page 16.

Ukraine to pay 9bn dollars in debt in 2013...page 17.

Ukraine may cancel several tax benefits...page 17.

Ukraine introduces duties on oil products...page 17.

Foreign currency bonds to become available to public in October...page 18.

6. Society

Only third of Ukraine's population has access to Internet...page 18.

INTERNATIONAL POLITICS**UKRAINE-USA****Ukraine reacts to US Senate resolution**

President **Viktor Yanukovich** has refused to comment on the US Senate recent resolution on Ukraine. "I would say any assessment should be treated in earnest: whether it is biased or not, adopted according to procedures or not. It is not up to us to judge the US Senate," he said in the USA on 26 September 2012. However, Yanukovich noted that the Senate stance was slightly different from that of the Department of State and the White House.

On 21 September 2012, the US Senate adopted a resolution urging the Ukrainian authorities to release former Prime Minister **Yuliya Tymoshenko** and other political prisoners, and the US Department of State to impose sanctions on Ukrainian officials involved in political persecution.

The Ukrainian Foreign Ministry said that the US Senate resolution did not reflect an opinion of all senators. US ambassador to Ukraine **John Tefft** stressed that the Senate voted unanimously on the resolution.

Pro-presidential Party of Regions MP **Leonid Kozhara** described the Senate resolution as lobbyist by nature. "It has no impact on the US administration and the Department of State, meaning the executive, and, judging by its adoption procedure, presents a separate opinion of certain senators who, unfortunately, work for the benefit of certain political forces in Ukraine," he concluded.

Oleh Shamshur, a former Ukrainian ambassador to the USA, in his turn, said that it was only up to the Department of State and ultimately to the White House to decide on sanctions against Ukraine.

Tymoshenko's lawyer **Serhiy Vlasenko** said that the Ukrainian Foreign Ministry's representatives attempted to block the adoption of the resolution on Ukraine by the US Senate.

He added that the Fatherland party would offer the US Department of State its suggestions regarding the list of top Ukrainian officials who should be banned from travelling to the USA.

Media suggest Ukrainian president, his party use Egyptian ex-president's consultants to lobby in USA

The Party of Regions is lobbied by consultants who used to work for former Egyptian President **Hosni Mubarak**, journalist **Mustafa Nayem** said in an article for the Ukrayinska Pravda website on 24 September 2012.

Anthony Podesta was named as the main lobbyist and advisor for Viktor Yanukovich's administration in the days when the resolution on Ukraine was

discussed and voted in the US Senate. Several ratings put Podesta among the top-five lobbyists in the USA. His most notorious client was former Egyptian President Hosni Mubarak who was sentenced for life, Nayem said.

Podesta is also close to the Democrats because his brother **John Podesta** is a former head of **Bill Clinton's** administration and current advisor for **Barack Obama**, the article reads.

UKRAINE-EU

Ukraine-EU summit postponed until early 2013

There will be no Ukraine-EU summit this year. "We are waiting to see results of the election and how a new cabinet is formed in order to start preparations for the next Ukraine-EU summit. This means the summit is most likely to be held in early 2013," the European Commission told the Interfax-Ukraine news agency on 27 September 2012.

According to the Kommersant Ukraina business daily, the European Commission will decide on macrofinancial assistance to Ukraine, a 610m-euro cheap loan, depending on how Ukraine conducts its parliamentary polls.

Ukraine complains about problems with EU visas

Several European states have imposed stricter requirements on Ukrainians applying for visas, a report published by the Europe without Barriers public initiative on 24 September 2012 reads.

It says the toughest visa policy is conducted by Italy, the Czech Republic and Great Britain.

Ukraine's First Deputy Prime Minister Valeriy Khoroshkovskyy also mentioned the problems Ukrainians are facing when applying for EU visas. "Today, the Ukrainian authorities presented absolutely comprehensive information on the unfair treatment of our citizens applying for visas by various EU countries. This information is summarized and the European Commission will file certain complaints against these countries," he said in Brussels on 24 September.

Meanwhile, the international audit company PricewaterhouseCoopers said that Ukrainian embassies abroad had stopped issuing C-type business visas to EU member states' citizens, which permit them to stay in Ukraine for not more than 90 days within a 180-day period since their arrival.

According to a public survey conducted by the Gorshenin Institute in November 2010, the majority of the population (76.3 per cent) considers visa-free travel as the most reasonable manifestation of Ukraine's rapprochement with the EU.

UKRAINE-RUSSIA

Ukraine appeals against court ruling on paying ex-premier's firm's debt off to Russia

The Ukrainian government has appealed against the ruling of the Kiev economic court which ordered the Ukrainian cabinet to pay the Russian Defence Ministry over 390m dollars accumulated as a debt by the United Energy Systems of Ukraine (UESU), the Justice Ministry's press release issued on 27 September 2012 reads.

The consideration of the appeal is scheduled for 4 October.

The Kiev economic court ruled on 19 September to recognize the letters by former Ukrainian Prime Minister **Pavlo Lazarenko** to former Russian Prime Minister **Viktor Chernomyrdin** as Ukraine's guarantees for the debt accumulated by the United Energy Systems of Ukraine. The debt was accumulated in late 1990s, when UESU managed by Yuliya Tymoshenko failed to deliver on its commitments regarding supply of goods to the Russian Defence Ministry.

The State Security Service of Ukraine (SBU) earlier launched a criminal case accusing Yuliya Tymoshenko of the damage caused to Ukraine by UESU.

Russia bans meat, dairy import from Ukraine

The Russian Federal Service for Veterinary Control on 24 September imposed limitations on import of meat and dairy products from eight Ukrainian producers.

Earlier, Russia already banned import of cheese from Ukraine; later the ban was lifted.

UKRAINE-CIS

Ukrainian premier says cooperation with CIS foreign policy priority

Cooperation in the frameworks of the Commonwealth of Independent States (CIS) is the priority in Ukraine's foreign policy, Ukrainian Prime Minister **Mykola Azarov** has said. Azarov was addressing the meeting of the heads of cabinets of CIS countries in Ukraine's Yalta on 28 September 2012.

"Today we can say that the new free trade agreement effectively came into force on 20 September. With the approval of the deal new opportunities are open to our countries as the agreement will become a starting point for setting up trade and economic relations between our countries at a new level and on a new legal basis," Azarov said.

Russian Prime Minister **Dmitriy Medvedev** said in Yalta on the same day that Ukraine has to improve the role of Russian rouble in financial settlements between the two countries. Medvedev added that the role of Chinese yuan is increasing all over the world and offered to Ukraine to chose which currency is more important to it: Russian or Chinese.

Earlier, Polish President **Bronislaw Komorowski** said that his country has an

important task: to keep Ukraine from an allurements of integration with the East, in particular, with Russia.

DOMESTIC POLITICS

AUTHORITIES

Ukrainian official delegation seen as engaged in "self-presentation" during US visit

A new spin of reforms is awaiting Ukraine after the parliamentary election. This time they will be spearheaded by a team of "young reformers" with National Bank of Ukraine governor **Serhiy Arbuzov** being at the helm.

This issue was raised at bilateral meetings of the Ukrainian government delegation in the USA, well-informed US sources told the news portal Lb.ua. The delegation led by Arbuzov visited the USA on 18-22 September 2012. The delegation included the ministers of finance, agrarian policy, and ecology, the heads of the tax and customs services, and the board chairman of the state-owned Ukreximbank.

Officially, the delegation was to hold negotiations with the IMF and the World Bank on resuming cooperation.

"In fact, according to the US side, the visit was an attempt of 'self-presentation' by the team of 'young reformers'. The guests surprised the hosts by saying without any doubt or modesty that they would soon get to the tops of power. 'Soon' meaning right after 28 October," Lb.ua editor in chief **Sonya Koshkina** said.

In particular, the "young reformers" are planning to replace the team headed by Prime Minister **Mykola Azarov** but they did not outline the planned reforms, the article reads.

Next year's state budget to be approved by new Ukrainian parliament

Deputy Prime Minister and Minister of Social Policy **Serhiy Tihipko** has said that parliament of the current convocation is not able to approve the state budget for 2013, but this is even for better.

Earlier, Economics Minister **Petro Poroshenko** said that the updated draft state budget for 2013 will be submitted to parliament of the next convocation after the election to parliament [end of October].

Ukrainian President to reform High Council of Justice

The presidential administration has developed amendments to the Ukrainian constitution establishing a new staffing procedure for the Ukrainian High Council of Justice, the Kommersant Ukraina business daily reported on 25 September 2012.

The amendments will soon be forwarded to the Ukrainian Constitutional Assembly and the Council of Europe for an independent review.

The amendments suggest that the majority of staff of the High Council of Justice – 14 out of 20 members – will be representatives of judicial power. Moreover, there will be only one representative of the prosecutor's office in the High Council of Justice – the Prosecutor-General. Also, according to the proposed amendments, the Parliament's Commissioner for Human rights will become part of the High Council of Justice, while the justice minister's membership will be terminated. Another two members will be appointed by the assembly of representatives of law schools and scientific institutions and by the assembly of defence lawyers.

Lower-rank policemen's wages increased ahead of election in Ukraine

Monetary allowances to lower-rank policemen in Ukraine were raised by 200 hryvnias (about 25 dollars) of 1 September 2012, the Interior Ministry's press service reported on 25 September 2012.

"The pay rise was initiated by Interior Minister **Vitaliy Zakharchenko**," the press service said.

High-profile cases investigator dies in car crash in Ukraine

The deputy head of the prosecutor's office in Vinnytsya Region, **Roman Shubin**, died in a car accident on 23 September 2012.

A preliminary version says Shubin had a heart attack while driving. However, some law enforcers doubt if it was really an accident, the Segodnya daily wrote.

Earlier, Shubin investigated a number of high-profile cases, including the murder of journalist **Heorhiy Gongadze** [in 2000] and dioxin poisoning of then a presidential candidate **Viktor Yushchenko** [in 2004].

OPPOSITION

Jailed Ukrainian ex-premier's associates expect European court's ruling within next few weeks

The European Court of Human Rights will hand down a verdict in the case of the Ukrainian opposition leader and jailed former prime minister, **Yuliya Tymoshenko**, within the next few weeks, the deputy head of the Fatherland party, **Hryhoriy Nemyrya**, said on 26 September 2012.

Earlier, on 11 September, the secretary-general of the Council of Europe, **Thornbjorn Yagland**, said in an interview with the newspaper Kommersant Ukraina that the court would rule on the former prime minister's detention in a few weeks. Judges will also decide whether Tymoshenko's court hearings were held in line with European standards, he added. "The European Court of Human Rights will start a substantive hearing of the case later," Yagland also said.

Ukraine's deputy PM says jailed ex-premier's case to stir criminal justice reform

A considerable attention to the case of former Ukrainian Prime Minister **Yuliya Tymoshenko** catalyzed criminal justice reform, the first deputy prime minister, **Valeriy Khoroshkovskyy**, said on 24 September 2012.

“As of today, thanks to such attention, including to Tymoshenko's case, although not only thanks to this case, we have rather quickly walked the path of changing criminal justice. After the new Criminal Procedure Code enters into force, we will see a new country,” he stressed.

Khoroshkovskyy also noted that outdated judicial norms had been applied to Tymoshenko.

Jailed Ukrainian ex-premier stages protest by lying on hospital floor after denied meeting with allies

On 28 September 2012, the management of Kharkiv Region's Kachanivska penal colony did not allow former Ukrainian Prime Minister **Yuliya Tymoshenko** to meet with the leaders of the United Opposition Fatherland, **Arseniy Yatsenyuk**, **Oleksandr Turchynov** and **Hryhoriy Nemyrya**.

In protest against such a decision, Tymoshenko decided to lie on the floor in front of the entrance into her ward in Kharkiv's Ukrzaliznytsya hospital.

Health of jailed ex-interior minister's deteriorates

Former Ukrainian Interior Minister **Yuriy Lutsenko's** four peptic ulcers have been reactivated within a month of his stay at the Mensk penal colony, the People's Self-Defence party reported on 25 September 2012.

“Lutsenko is under constant surveillance of medical personnel. The convict did not report any complaints, suggestions or statements to the management of the penal colony,” the State Penitentiary Service said in its turn.

Ukrainian MP accuses opposition of cooperating with pro-presidential party

While nominating candidates for single-seat constituencies, the Ukrainian opposition deliberately put forward candidates who were likely to lose, an MP of the Our Ukraine-People's Self-Defence Bloc opposition parliamentary faction, **Oles Doniy**, said in an interview with the Ukrainian Internet publication Glavkom.

“Candidates from the allegedly opposition environment have been nominated to stand in single-seat constituencies in almost the entire 'Orange belt' – Kiev, Chernihiv, Cherkasy and Zhytomyr regions – with the idea that they will lose,” he said. In his opinion, such a situation is not accidental.

“There is information that representatives of the government pay from 1m to 2m dollars if the opposition nominates a candidate who has previously failed to win in this or that district,” Doniy said.

PARLIAMENTARY ELECTION

Plethora of bogus sociological polls published in Ukraine ahead of parliamentary election

Ukraine is turning into a state of savages by massively using bogus sociological surveys, the director of the Democratic Initiatives Foundation, **Iryna Bekeshkina**, said on 27 September 2012.

“A sociological bacchanalia is under way in Ukraine. Not a single country of the world has anything like that. We have that and it keeps growing every time. Bogus ratings and facilities increase with each election campaign, making the problem more serious,” she stressed.

Bekeshkina also noted that the results of bogus ratings were broadcast by all-Ukrainian TV channels.

Ukrainian opposition says top election agency attempting to make process of ballot counting non-transparent

On 25 September 2012, the Central Electoral Commission of Ukraine (CEC) approved a procedure for submitting the voting results from district electoral commissions to the CEC via the electronic system “Elections” on the day voters cast their ballots.

A representative of the opposition Fatherland party in the CEC, **Ruslan Knyazevych**, said that a system administrator, operators of the “Elections” system, the head of a district election commission and the member of the commission in charge of verifying protocols had the right to be present in the server room of the district committee, while the rest of the commission members, party representatives and observers had no access to the server room.

Furthermore, the CEC refused to publicize already submitted results for the public.

In Knyazevych's opinion, this decision of the CEC creates possibilities for vote rigging.

International organization accused of bias when assessing election campaign in Ukraine

Representatives of the Organization for Security and Cooperation in Europe (OSCE) has been accused of supporting the Ukrainian opposition in the upcoming parliamentary election.

In particular, the head of the international mission for election observation CIS-EMO, which is registered in Russia, **Aleksey Kochetkov**, said on 24 September 2012 that in its assessment of the election process in Ukraine the OSCE Office for Democratic Institutions and Human Rights (ODIHR) was favoring one of the sides and “not necessarily those in opposition to the authorities, although, of course, there are reasons to criticize the government”. Kochetkov reached such a

conclusion “proceeding from a general canvass of statements made by representatives of the ODIHIR and its satellite organizations”.

The OSCE observer mission denied the accusations of “political bias”.

On 26 September 2012, Ukrainian President **Viktor Yanukovych** expressed hope that the international observer mission that would monitor the upcoming parliamentary election would not be biased.

In the opinion of the scientific director of the School for Policy Analysis of the National University of "Kyiv-Mohyla Academy", **Oleksiy Haran**, statements made by Russian observers, as a rule, coincide with the stance of the Russian government.

Pawel Kowal becomes head of EU election observation mission

The head of the European Parliament delegation to the committee for the EU-Ukrainian parliamentary cooperation, **Pawel Kowal**, has become the head of the EU observation mission to the Ukrainian parliamentary election, which will be held in October 2012, the Lb.ua news and analysis website cited its own sources on 28 September as saying.

In addition to Kowal, 13 more MEPs were included in the delegation. Three of them will serve as deputy heads of the mission.

European observers find reason for Ukraine's electoral campaign violations

The European Network of Election Monitoring Organizations (ENEMO) believes that the Ukrainian electoral legislation lacks effective mechanisms for exerting influence on candidates who violate the rules of an election race, the head of the ENEMO mission in Ukraine, **Peter Novotny**, said on 27 September 2012.

“We can see that the election law does not provide effective levers for working with candidates who breach the law on elections, and the Central Electoral Commission can only give them a warning,” he noted.

Novotny added that district electoral commissions hold closed meetings during which important decisions are taken, while their open meetings, which are attended by observers, journalists and party representatives, are only a formality. In his opinion, such a situation does not give observers a possibility to fully assess whether the election process in Ukraine is in line with international standards.

For his part, the head of the Parliamentary Assembly of the Council of Europe observer delegation, **Andreas Gross**, criticized the process of setting up electoral commissions in Ukraine. “The formation and membership of electoral commissions in Ukraine, in my opinion, is a complete farce first of all because of their total one-sidedness. There are too many players who are on the side of one team,” he said in an interview with the Ukrainian weekly Tyzhden on 27 September 2012.

The head of the Committee of Voters of Ukraine, **Oleksandr Chernenko**, maintains the view that the upcoming parliamentary polls in Ukraine will be relatively fair. "We shall see how the voting will be conducted and how the ballots will be counted, but it seems to me that Ukraine will after all pass this exam," he said. At the same time, Chernenko considers vote buying the biggest problem of the election this year.

PACE urges Ukrainian authorities not to abuse administrative resources during election

On 24 September 2012, the Parliamentary Assembly of the Council of Europe (PACE) observer delegation urged Ukrainian authorities to abstain from abusing administrative resources during the parliamentary election campaign.

PACE representatives also recommended the Ukrainian government and all participants in the ongoing electoral process to take all the necessary steps in order to ensure that the parliamentary election is free and democratic.

The PACE delegation visited Ukraine on 20-21 September.

Commenting on the PACE statement, the head of the Ukrainian Foreign Ministry's information policy department, **Oleh Voloshyn**, said: "We would like to draw attention to a number of comments and suggestions, but we were interested in one of the passages. The mission expressed concern with the conviction of [former Ukrainian Prime Minister] **Yuliya Tymoshenko** and [former Interior Minister] **Yuriy Lutsenko**. However, this issue cannot determine whether the election is deemed legitimate or not."

According to Voloshyn, this is yet another argument to support the idea that assessments should be made during the process of elections and not as a result of the opposition efforts.

EU, USA urge Ukraine to give up selective justice, ensure democratic election

The EU and the USA conduct the same policy which revolves around the idea that their relations with Ukraine can advance only when the country puts an end to the application of selective justice and holds free and fair elections. This was the issue discussed by US Secretary of State **Hillary Clinton** and the deputy head of the European Commission, **Catherine Ashton**, during a meeting in New York, the US Department of State has reported.

At a meeting with the Ukrainian first deputy prime minister, **Valeriy Khoroshkovskyy**, European Commissioner for Enlargement and European Neighborhood Policy **Stefan Fule** urged the Ukrainian government to ensure a free election and to resolve the issue of politically motivated persecution.

Ukraine's pro-presidential party becomes leader among violators of election process

The Ukrainian civil movement "Chesno" ["Fair"] has detected that 242 parliamentary candidates do not meet the criteria for integrity. The results of the group's study were presented on 25 September 2012.

In total, the study checked as many as 430 candidates representing six leading parties.

The results of the study suggest that there are 105 violators out of 120 checked candidates from the pro-presidential Party of Regions, 74 out of 120 from the United Opposition Fatherland, 19 out of 70 from the UDAR party, 23 out of 70 from the Communist Party of Ukraine, nine out of 25 from the All-Ukrainian Freedom association and, finally, 12 out of 25 from the Ukraine-Forward! party.

Ukrainian police open 36 criminal cases into alleged breaches of election campaign

Ukrainian law enforcers have launched 36 criminal cases based on the results of checking the information on law violations during the ongoing electoral campaign, Ukrainian Interior Minister **Vitaliy Zakharchenko** said on 27 September 2012.

Rival of Ukrainian premier's son quits election race after shooting

On 26 September 2012, the Ukrainian Central Electoral Commission (CEC) annulled **Svyatoslav Tsypin's** registration as a parliamentary candidate for Donetsk Region's single-seat constituency No 47.

On the night of 12 September unidentified men fired, presumably with a shotgun, at the car driven by Tsypin in Donetsk Region's Slavyansk. Police opened a criminal case into the incident.

Tsypin's rival in district No 47, among others, is a candidate from the pro-presidential Party of Regions and a son of the prime minister, **Oleksiy Azarov**.

HUMAN RIGHTS

Attacks on journalists go unpunished in Ukraine - MP

Over 20 cases of attacks on journalists have been registered in Ukraine over the past year, the chairman of the parliamentary committee for the freedom of speech and information, **Yuriy Stets**, said on 28 September 2012.

"No-one was held responsible in any of these cases. Even when there is a video footage of a journalist being beaten. Therefore, when the president comes out and says: we protect the freedom of speech as this is a foundation of a democratic state, this is only blah-blah-blah. There is many a gap between the words and reality," Stets said.

On 27 September, opposition Our Ukraine-People's Self-Defence MP **Mykola Katerynychuk** registered a bill stipulating tougher punishment for obstructing the work of mass media.

Attacks on journalists in Ukraine have been on the rise recently.

On 26 September, unidentified attackers beat **Dmytro Volkov**, a journalist of the Hroshi investigative show on the One Plus One TV channel, who was probing land fraud in Kiev. Earlier, STB TV journalist **Iryna Fedoriv** received anonymous threats, telling her to stop her journalistic activities. On 25 September, the filming crew of Euronews TV, which was making a feature on an unauthorized waste dump in Kiev, was also attacked.

Law-enforcement bodies have so far failed to identify a guard who shoved journalists and tore anti-dictatorship posters from their hands during President Viktor Yanukovich's speech at the World Newspaper Congress in early September.

Libel bill may be recalled

On 25 September 2012, Ukrainian mass media launched a protest against the draft law stipulating criminal responsibility for libel, which passed its first reading on 18 September. In protest against the bill, several websites posted black banners urging readers to protect their "right to know". Some printed publications left their front pages blank.

The opponents of the law said they were going to hold a protest rally outside parliament on 1 October 2012.

The same day, 25 September, the author of the bill, pro-presidential Party of Regions MP **Vitaliy Zhuravskyy**, filed a request with parliament to cancel its decision to approve the draft law on libel in the first reading.

This would require the approval of at least 226 MPs, the head of the parliamentary statutory committee, **Volodymyr Makeyenko**, said. This issue will be considered on 2 October.

The head of the parliamentary committee for justice, Party of Regions MP **Serhiy Kivalov**, predicted that society would calm down if the bill was withdrawn. He suggested that parliament of a new convocation would revisit the issue.

Opposition Our Ukraine-People's Self-Defence MP **Iryna Herashchenko** said that the authorities used the libel bill to distract public attention from the parliamentary election.

Ukrainian magazine complains of pressure after criticism of authorities

Ukrayinsky Tyzhden, a Ukrainian weekly magazine, says its readers had problems accessing it after it published articles criticizing the authorities, it said in an open statement on 27 September 2012.

"It became especially obvious after we ran a critical article about the World Newspaper Congress in Kiev... The article talked about the monopolization of

the printed mass media market and manipulations, which distort the Ukrainian media market," the statement reads.

Right after this publication the management of Boryspil international airport banned the distribution of Ukrayinsky Tyzhden and its English version The Ukrainian Week on its territory. Several networks associated with UMHGroup (controlled by Ukrainian businessman **Borys Lozhkin** – editor's note) refused to sell Ukrayinsky Tyzhden, the magazine said.

"We interpret these actions as an attempt by the authorities to force the foreign investor to drop Ukrayinsky Tyzhden," the statement reads.

Pro-opposition TV channel pays out tax debt

On 24 September 2012, the opposition-leaning TV channel **TVi** paid out a debt of 500,000 dollars to the state budget.

To collect this amount, TVi has been raising funds among its viewers. Also, United Opposition Fatherland allotted 250,000 dollars to the TV channel from its election coffers.

Earlier, the court acting on the tax office's lawsuit has ruled TVi guilty of evading to pay 500,000 dollars in taxes.

This amount was used by the channel as a tax loan after the state had refused to pay TVi back the VAT which the channel paid during the purchase of professional equipment. If it had not been paid, the TV channels' accounts could have been blocked and as a result its operations made impossible.

ECONOMICS

US, EU concerned about Ukraine's trading initiatives

Ukraine's intention to review tariffs may have an impact on the global trading system. This statement was made by US ambassador to the WTO **Michael Punke** on 26 September 2012. "We are very concerned about the systemic implications of what Ukraine is contemplating, and I would say that there's a broad diversity of WTO members that are concerned about what Ukraine is contemplating," he said.

On 14 September, Ukraine notified other WTO members that it intends to raise tariff ceilings on 350 commodities.

EU Commissioner for Trade **Karel De Gucht** also expressed concern about this issue. According to his press service, the EU has already held informal discussions with other WTO members on Ukraine's plans.

In return, Economics Minister **Petro Poroshenko** said: "We have just started

consultations in order to understand who the concerned parties in this matter are and how they will react to the fact that Ukraine intends to begin negotiations on the subject." According to him, "maybe, there will be no concerned parties on certain positions, and therefore, such a review will be painless for the trading partners."

Legal experts admit that the US and EU are expressing concerns about Ukraine's actions because they fear that other countries will follow its example. "Ukraine does not violate the WTO rules, but since its foundation in 1995, the organization has seen no precedents for such a large-scale revision," advisor of legal firm Sayenko Kharenko **Natalya Mykolska** explained.

In an interview with weekly Dzerkalo Tyzhnya as of 27 September, Government Plenipotentiary for European Integration **Valeriy Pyatnytskyy** said that Ukraine initiates the revision of the tariffs on 350 commodities because the ceilings were set at very low levels during the country's accession to the WTO. "We want to have a frank discussion with the member states of the WTO that when we were joining [the WTO], we were expecting that the Doha Development Round will end and we will see further liberalization of the global trade. We seriously liberalized access to our market. And then the Doha process stalled," he said.

Ukraine may introduce disposal fee on all imported cars

The Ukrainian government is planning to introduce a **disposal fee** on all imported cars. As business daily Kommersant Ukraina reported on 26 September 2012, the respective resolution will be discussed at a government meeting in the near future.

On 14 September, Ukraine imposed a **disposal fee** exclusively on Russian products in response to the similar actions by Russia. Ukraine plans to extend the fee on all importers.

As Kommersant Ukraina reported, citing sources in the European Commission, such a move from the Ukrainian authorities may lead to extremely negative consequences. "Our position is stricter than the officially stated one. If Ukraine adopts this resolution, we are ready to take similar counter measures on Ukrainian exports," a representative of European organizations said. "We have directly told our colleagues in Kyiv: if you make this decision, you can forget about the association agreement. We will not sign the agreement, even if you hold a fair election," another senior official from Brussels told the newspaper.

Government readying for large-scale privatization of strategic facilities

The Economics Ministry suggests reducing the list of state-owned enterprises that are not subject to privatization fivefold from 1492 to 290. The statement was made by Economics Minister **Petro Poroshenko** on 24 September 2012.

As business daily Kommersant Ukraina reported on 26 September, the government has already approved the respective bill and is ready to forward it to parliament.

The document actually allows privatization of companies Naftohaz Ukrayiny, Chornomornaftohaz, Ukrinterenerho and Ukrspetstranshaz, enterprises of Main Pipeline Druzhba. In addition, the cabinet wants to privatize most of coal mines, distilleries, grain elevators, TV and radio broadcasting centers, book and magazine publishers, sports facilities, swimming pools and stadiums.

Director of the Research Department at investment company Dragon Capital **Andriy Bespyatov** believes that “the demand for privatization will be primarily internal, then from Russian business and only then from foreign strategic investors.”

In an article for weekly Dzerkalo Tyzhnya dated 27 September, journalist **Alla Yeremenko** predicts that the privatization of Naftohaz Ukrayiny subsidiaries “will lead to a formal and clear demarcation of ranges of influence and interests in the country's fuel market.” In particular, co-owner of company RosUkrEnergo **Dmytro Firtash**, who controls a significant part of Ukrainian gas distribution companies, will buy gas production company Ukrhazvydobuvannya, owner of holding SCM **Rinat Akhmetov** will apparently get Chornomornaftohaz (extracts oil and gas in the Black Sea) and **Ihor Kolomoyskyy**, who owns group Privat (controls Ukraine's only operating oil refinery in Kremenchuk and an oil transportation subsidiary), can become the owner of Ukrtransnafta, which includes Pipeline Druzhba, the author says.

Ukraine to pay 9bn dollars in debt in 2013

Next year the Cabinet of Ministers and National Bank of Ukraine will have to pay about 9bn dollars in foreign debt, including 5.5bn dollars of IMF loans, senior macroeconomic analyst of investment company Dragon Capital **Yelena Belan** told news and analysis website Lb.ua in an exclusive commentary.

Ukraine may cancel several tax benefits

In order to get additional 440m dollars, the tax service wants to eliminate benefits on income tax, to increase control over excise goods and to simplify recovery of tax debts starting from 2013, business daily Kommersant Ukraina reported on 28 September 2012.

The respective bill was approved during the last government meeting, the newspaper says.

Ukraine introduces duties on oil products

Starting from 1 December 2012, the government will introduce taxes on imported petroleum products.

Energy Minister **Yuriy Boyko** made the statement to this effect on 27 September, according to newspaper Delo.

“This will allow us to secure operations of our oil refineries, first of all, in Lysychansk (Luhansk region). I believe that the refinery will start operations during the period from 15 November to 15 December,” the minister said.

The introduction of the duty was welcomed by the owners of Ukrainian oil refineries. They said that they pay a much higher price for crude oil than refineries in the Customs Union, in particular, in Belarus.

Foreign currency bonds to become available to public in October

The branches of Oschadbank across Ukraine will start selling currency treasury bonds to the public on 10 October 2012. The yield is 9.2 percent per annum. The maturity period of the bonds is two years, with coupon to be paid every six months.

Any citizen will be able to buy government treasury bonds worth up to 18,800 dollars without producing documents.

SOCIETY

Only third of Ukraine's population has access to Internet

A little more than 30 percent of Ukraine's population uses the Internet. The statistics was revealed in a report published by the UN Broadband Commission for Digital Development, according to news and analysis website Ukrayinska Pravda.

As news and analysis website Lb.ua reported, citing the latest report from Freedom House "Freedom on the Net 2012", Ukraine belongs to the group of countries, where special commentators are hired by the authorities in order to manipulate and guide discussions on the Internet forum boards in the right direction.

According to a survey conducted by the Gorshenin Institute among young people in April 2012, almost half of the respondents (41.7 percent) spend their free time in the Internet.

Our contact information:

4, Vorovskogo street,
Kiev 04053, Ukraine
+38 044 230 4962
+38 044 230 4966 f



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