

Gorshenin Veekly

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INTERNATIONAL POLITICAL

UKRAINE-EU

Brussels hosts EU-Ukraine summit

The EU-Ukraine summit was held in Brussels on 25 February 2013. In the course of the meeting the sides discussed the prospects for signing the association agreement at the Eastern Partnership summit in Vilnius in November.

President of the European Council **Herman Van Rompuy** said at a joint news conference after the summit that in order to be able to sign the association agreement in November, Ukraine must "demonstrate progress" in meeting the EU criteria by May. In particular, it must tackle the consequences of selective justice, including the cases of ex-Prime Minister **Yuliya Tymoshenko** and ex-Interior Minister **Yuriy Lutsenko**, advance its electoral legislation and speed up the implementation of reforms stipulated by the association agenda.

European Commission President **Jose Manuel Barroso** said that Ukrainian President **Viktor Yanukovych**'s personal commitments and personal support will help the common goal, which is Ukraine's integration into the EU.

Yanukovych, for his part, promised that Ukraine would spare no efforts to deliver on its Euro-integration commitments on time.

The leaders of Ukraine and the EU issued a joint statement on the results of the summit.

Also Ukraine and the EU signed a loan agreement on providing Kiev with 610m euros in macro-financial assistance. In addition, the parties agreed on holding an informal dialogue on the business climate in Ukraine.

On 26 February, European Commissioner for Enlargement **Stefan Fule** said that a potential signing of the agreement would become a revolutionary step not only in the relations between Kiev and Brussels, but would also change this part of Europe.

On 27 February, France's ambassador to Ukraine **Alain Remy** said that Paris was positively inclined toward signing the association agreement in Vilnius this November.

According to European Parliament Vice-President **Jacek Protasiewicz**, the EU expects Ukraine to show realistic and feasible progress, not cosmetic changes, to be eligible for signing the association agreement.

Arnoldas Pranckevicius, external policies adviser to the president of the European Parliament, said that the Ukrainian leadership had a very limited time in its disposal to carry out the required steps.

According to Gorshenin Institute President **Vadym Omelchenko**, if Ukraine does not sign the association agreement with the EU this year, the relations between Kiev and Brussels may deteriorate dramatically. "If a crisis breaks out in the relations with the EU, it will be followed by an even deeper crisis with Russia. In this case Ukraine will no longer have a space for manoeuvre on the Western European track

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of its foreign policy, whereas the Russian leadership will be able to take a tougher position in the negotiations," he said.

Ukraine expects temporary application of EU association agreement clauses

On 28 February 2013, Ukrainian Foreign Minister Leonid Kozhara said that Kiev was expecting Brussels to decide on the temporary application of association agreement clauses before the document is ratified and enters into force.

In his words, Ukraine wants the scope of the temporary application of such clauses to be as broad as possible as far as a free trade zone and political issues are concerned.

European Parliament mission calls on Yanukovych to pardon jailed exminister

On 27 February 2013, Polish ex-President Aleksander Kwasniewski said he and the former president of the European Parliament, **Pat Cox**, asked Ukrainian President Viktor Yanukovych to pardon ex-Interior Minister Yuriy Lutsenko.

According to the ex-minister's wife, Iryna Lutsenko, last September Yanukovych promised Polish President Bronislaw Komorowski that he would release Lutsenko, but did not keep his word.

On the eve of the EU-Ukraine summit held on 25 February, Polish mass media said that the Ukrainian president was going to release Lutsenko for the sake of progress in European integration.

The European Parliament mission consisting of Cox and Kwasniewski has been monitoring the trials of Ukrainian opposition leaders since June 2012.

UKRAINE-CIS

Ukrainian president to visit Russia

On 4 March 2013, Ukrainian President Viktor Yanukovych will pay a working visit to Russia, his press service said on 1 March.

Russian President Vladimir Putin's press service said that the two presidents would discuss gas cooperation and post-Soviet integration. The Russian side is not expecting any documents to be signed during the Ukrainian leader's visit. A press conference is not planned.

According to the Dzerkalo Tyzhnya weekly, Russia is by all means trying to prevent Ukraine from signing the association agreement with the EU. Also, the Russian leadership wants by any means to keep Ukraine from extracting shale gas. According to the paper, measures are being taken to remove Kiev from the settlement talks on the Dniester conflict and discredit the Ukrainian chairmanship of the OSCE.

Russia ready to set up bilateral gas consortium with Ukraine

On 27 February 2013, Russia's ambassador to Ukraine, Mikhail Zurabov, said that his country was ready to set up a consortium with Ukraine to manage the latter's

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gas transport system. According to Zurabov, the gas transport system may be leased out to the consortium.

He said that based on its previous declarations, Russia had been drafting documents with a view to a bilateral consortium.

Zurabov also said that if the Ukrainian gas transport system was leased out to Russia, it could result in the reduction of the gas price.

On 26 February, Ukrainian Deputy Prime Minister **Yuriy Boyko** said that Ukraine together with Russia and the EU was working on a model of the joint use of the gas transport system which did not involve its lease.

The EU is ready to take part in the modernization of the Ukrainian gas transport system, its officials said at the EU-Ukraine summit on 25 February.

Ukraine to buy less Russian gas in 2013

On 26 February 2013, the deputy head of the Ukrainian state-owned oil and gas company Naftohaz Ukrayiny, **Vadym Chuprun**, said that this year Ukraine was planning to buy around 18-20bn cu.m. of Russian gas. According to Chuprun, Kiev has already notified Moscow about its purchase reduction plans.

The news and analysis website Lb.ua said that in 2012 Naftohaz Ukrayiny and the OstChem company controlled by **Dmytro Firtash** imported 32.92bn cu.m. of gas worth a total of 14bn dollars from Russia.

Kozhara: Ukraine wants free trade zone with Customs Union

Ukraine considers the three plus one format as the most acceptable for cooperation with the Customs Union of Belarus, Kazakhstan and Russia, Ukrainian Foreign Minister **Leonid Kozhara** said in an interview with the Interfax-Ukraine news agency on 28 February 2013.

According to the minister, this format includes a free trade zone between Ukraine and the Customs Union.

On 27 February, President **Viktor Yanukovych** said that Ukraine should continue looking for a mutually acceptable model of cooperation with the Customs Union.

The same day Russia's ambassador to Ukraine, **Mikhail Zurabov**, described as hardly realistic the possibility of the Customs Union's cooperation with Ukraine in the three plus one format.

On 28 February, Eurasian Economic Commission minister **Andrey Slepnev** said a free trade zone between Ukraine and the EU can prompt the Customs Union members to introduce preventive measures.

UKRAINE-USA

Obama nominates Geoffrey Pyatt as new US ambassador to Ukraine

US President **Barack Obama** is planning to appoint **Geoffrey Pyatt** as next ambassador to Ukraine, the US embassy in Ukraine said on 27 February 2013.

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The current US ambassador to Ukraine, **John Tefft**, was appointed to this post in September 2009. His term in office is expiring.

USA concerned about situation in Ukraine

On 25 February 2013, the US Department of State voiced its concerns over the politically motivated detentions of former officials in Ukraine and the delayed judicial reform.

On 22 February, a working group on political dialogue met in Washington. The meeting was chaired by Deputy Assistant Secretary of State in the Bureau of Democracy, Human Rights and Labour Thomas Melia. Andriy Portnov, adviser to the Ukrainian president, took part in the meeting.

UKRAINE-UN

UN asks Ukraine not to extradite Tajik ex-premier

On 28 February 2013, representatives of the UN asked the Ukrainian authorities not to extradite former Tajik Prime Minister **Abdumalik Abdullajanov** to Tajikistan. The organization believes that the former politician might face political persecution in his country following his extradition.

Abdullajanov was detained at Kiev's international airport Boryspil on 5 February. On 8 February, the Tajik government officially asked the Ukrainian authorities to extradite the former prime minister.

In Tajikistan, **Abdullajanov** faces accusations of attempting to kill President **Emomali Rakhmon** in 1996 and of being involved in a coup d'etat.

DOMESTIC POLITICAL

AUTHORITY

Ukrainian president holds news conference

On 1 March 2013, Ukrainian President Viktor Yanukovych held a news conference.

He said at the news conference that Ukraine would satisfy all the requirements for signing the association agreement with the EU.

The president added that Kiev was looking for an acceptable model of cooperation with the Customs Union of Belarus, Kazakhstan and Russia.

Touching upon the case of jailed former Ukrainian Prime Minister Yuliya Tymoshenko, Yanukovych said that she needed to defend herself in the legal field, which, in his opinion, she was not doing at the moment. At the same time, the president stressed that the recently adopted Criminal Procedures Code made it possible to commute the former prime minister's sentence if she paid the state a fine.

Yanukovych also said that he would consider pardoning jailed former Interior Minister **Yuriy Lutsenko** if a court of appeal refused to release him.



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The president announced that the state budget for this year might be revised based on the results of the first quarter.

Yanukovych added that Ukraine was interested in the participation of both Russia and the EU in the upgrading of the Ukrainian gas transport system (GTS). According to the president, the Ukrainian government might lease the GTS to a company which will be set up in the future.

The head of state also told the news conference that Ukraine was considering a possibility of participating in the construction of a liquefied natural gas terminal in the Mediterranean Sea.

Yanukovych's previous news conference took place on 26 December 2011.

Ukrainian president signs law on personal voting in parliament

On 1 March 2013, Ukrainian President Viktor Yanukovych signed a law on amending the parliamentary rules, which ensures personal voting by MPs.

Lawmakers adopted the document on 22 February. An agreement to pass the bill led to the unblocking of the parliamentary rostrum.

Ukraine intends to switch to contract army by 2017

The Ukrainian Armed Force will completely switch to contract service in 2017, Ukrainian Deputy Chief of General Staff Ihor Kabanenko said on 27 February 2013.

Earlier, Ukrainian Defence Minister Pavlo Lebedyev said that conscription would be suspended in 2013 with a simultaneous shift to recruiting contract servicemen.

The results of a poll conducted by the Gorshenin Institute in October 2010 suggest that the majority of Ukrainians (62.7 percent) believe that the Ukrainian army should consist of both conscripted and contract servicemen.

Ukrainian law enforcers close criminal case against ex-economics minister

A criminal case against former Economics Minister Bohdan Danylyshyn, who served in Yuliya Tymoshenko's cabinet, has been closed due to the absence of corpus delicti, the Ukrainian Interior Ministry said on 1 March 2013. It added that the former politician was no longer listed as internationally wanted.

Danylyshyn had faced accusations of exceeding his authority.

In early 2011, the Czech Republic granted him political asylum.

OPPOSITION

Ukrainian opposition starts collecting signatures for government dismissal

On 27 February 2013, the head of Ukraine's opposition parliamentary faction Fatherland, Arseniy Yatsenyuk, said that the opposition had started to collect signatures of MPs to dismiss the government.

Earlier the same day, Prime Minister Mykola Azarov refused to let opposition representatives speak at a cabinet meeting.

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Yatsenyuk said that at the cabinet meeting the opposition intended to lay out its vision for the country's development.

On the same day, the leader of the Communist Party of Ukraine, **Petro Symonenko**, said that his political force might support the opposition's move to disband the government.

Ukraine's jailed ex-premier's lawyers demand public questioning of witnesses in businessman murder case

On 27 February 2013, lawyers representing jailed ex-premier Yuliya Tymoshenko filed a motion demanding that the questioning of witnesses in the case of businessman and MP Yevhen Shcherban's murder be held publicly.

On 27 February, Tymoshenko also sent a letter to Ukrainian ombudsman Valeriya **Lutkovska** with a request to ensure her right to defence. In particular, the opposition leader demanded that Lutkovska supervise her transport to a court hearing during which a witness of the defence would be questioned and to another hearing on 4 March when a third witness - the murdered politician's business partner Volodymyr **Shcherban** (not related) - would be questioned.

The opposition leader also asked former Polish President Aleksander Kwasniewski and former European Parliament President **Pat Cox**, who chair the European Parliament's monitoring commission for Tymoshenko's case, to supervise her transport to the witness questioning.

On 1 March, Tymoshenko's lawyer Serhiy Vlasenko said that there was evidence of Volodymyr Shcherban's interest in the murder of Yevhen Shcherban.

Polish ex-president says European court to rule on Ukraine's jailed expremier's case in March

The European Court of Human Rights (ECHR) may render a verdict in an appeal filed by Yuliya Tymoshenko, in March, former Polish President Aleksander Kwasniewski said on 27 February 2013.

At the moment, the ECHR is considering the former prime minister's appeal against her allegedly illegal detention. Tymoshenko contends that it had happened before the court ruling was delivered which sentenced her to seven years in prison for exceeding her authority. The ECHR will also decide whether Tymoshenko is jailed for political reasons.

German doctors say Ukraine's jailed ex-premier needs further treatment

On 1 March 2013, German doctors **Luts Harms** and **Anett Reishauer** said after examining Yuliya Tymoshenko that her condition had deteriorated and that she needed to continue medical treatment in a hospital.

On 22 February, a commission of the Ukrainian Health Ministry said that Tymoshenko no longer needed inpatient care or a therapy course in a hospital.

On 27 February, Prosecutor-General Viktor Pshonka said that Tymoshenko would not be transferred from the Ukrzaliznytsya (Ukrainian Railways) hospital in Kharkiv to the Kachanivska penal colony for now, in order not to escalate the situation.

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US, EU envoys demand meeting with Ukraine's jailed ex-premier, says ally

On 1 March 2013, an MP of the opposition Fatherland party Hryhoriy Nemyrya, said that US ambassador to Ukraine John Tefft and EU ambassador to Ukraine Jan Tombinski asked the Ukrainian government for permission to immediately visit jailed former Prime Minister Yuliya Tymoshenko.

On 1 March, MPs of the Fatherland party were denied a meeting with the jailed opposition leader.

Jailed Ukrainian ex-premier's lawyer might be stripped of lawmaker's status

On 28 February 2013, the Ukrainian parliamentary speaker and an MP of the propresidential Party of Regions, Volodymyr Rybak, filed a motion with the Supreme administrative court to strip the lawyer of jailed former Prime Minister Yuliya Tymoshenko, Serhiy Vlasenko, who represents in parliament the opposition party Fatherland, of his lawmaker's status.

In the opinion of Fatherland's MP **Oleksandr Turchynov**, the authorities are trying to strip Vlasenko of his lawmaker's status because he combines his responsibilities as an MP with the job of a lawyer. He added that the last contract for Vlasenko's services of a lawyer was signed in 2008.

According to Vlasenko, he might be arrested in the nearest future. Such a possibility can be attributed, in his opinion, to his activity as Tymoshenko's lawyer.

In its turn, the Party of Regions said that Rybak had also filed a motion on stripping their MP Andriy Verevskyy of his lawmaker's status as well because he combined his duties of a lawmaker with working for a commercial company, which is prohibited by law.

MEDIA

Popular Ukrainian TV channel no longer critical of government after change of ownership - experts

On 22 February 2013, a public council of one of Ukraine's biggest and most popular TV channels, Inter, held a meeting in Poland. During the event, representatives of the Ukrainian and European public organizations that are part of the council noted that the quality of news coverage had deteriorated after the change of the channel's owner.

In particular, the experts said that news bulletins on Inter no longer offered criticism of the Ukrainian government and that their format had lost a balance because positive coverage of the presidential and government activity were dominating the news, without any mentions of the activity of the opposition.

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

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Ukrainian news agency might be shut down by owner - mass media

On 25 February 2013, a number of Ukrainian mass media outlets reported that Ukrainian businessman **Ihor Kolomoyskyy** might shut down the UNIAN news agency, which he owns. He is willing to take such a step if the UNIAN staff members do not retract their statement in which they accused the company's management of censorship. If he decides to make the move, the agency's loss-making will be given as the official reason.

A conflict between the editorial board and the management of the news agency was triggered by fake reports published on the UNIAN website on 11 February. The news was about opposition MPs Oleksandra Kuzhel and Serhiy Vlasenko. Journalists criticized the news agency's management for such actions.

HUMAN RIGHTS

Human rights activists unsatisfied with situation in Ukraine

The Ukrainian Helsinki Human Rights Group on 28 February 2013 presented a report titled "Human Rights in Ukraine 2012".

The report points out that throughout 2012 the government repeatedly used the law-enforcement agencies to put pressure on the opposition and members of civil movements. Also, the report reveals that the authorities obstructed holding of opposition rallies, many of which were banned by courts. At the same time, the court system, according to human rights activists, is highly dependent on the government.

The document also indicates that ex-Prime Minister Yuliya Tymoshenko and former Interior Minister Yuriy Lutsenko can be considered as "political prisoners", as the criminal prosecution of them is "politically motivated".

ENVIRONMENTAL SAFETY

Officials name causes of roof collapse at Chernobyl NPP

On 26 February 2013, the officials at the Chernobyl nuclear power plant (NPP) announced that the roofing in the engine room of the plant's fourth unit collapsed due to corrosion and frangibility of the structures.

As news and analysis website Lb.ua reported, the roofing in the engine room collapsed on 12 February; the damage area covered about 600 square meters.

According to a survey conducted by the Gorshenin Institute in April 2011, the majority of the Ukrainians (78.3 percent) believe that the Chernobyl NPP still constitutes a serious menace to the humanity.

ECONOMICS

National debt to exceed 30 percent of GDP in 2013 - Finance Ministry

On 27 February 2013, the Ministry of Finance published a public debt management programme for the current year.

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According to the document, the overall public debt payments from the budget planned for the year are estimated at 14.52bn dollars.

As the Ministry of Finance estimates, the amount of public debt by the end of the year is expected to reach 60.43bn dollars, which makes approximately 30.6 percent of Ukraine's GDP.

Party of Regions suggests banning foreign currency deposits, imposing tax on savings

On 26 February 2013, MP Yevhen Sihal of the Party of Regions registered in parliament a draft law imposing a ban on bank deposits in foreign currency. On the same day, Sihal filed another bill that proposes introducing, starting from 1 January 2014, a 25-percent tax on personal income received from interest on current and deposit accounts in banks and deposits in non-bank financial institutions.

Gas tariff increase remains IMF's key requirement to Ukraine

On 28 February 2013, William Murray, deputy spokesman of the International Monetary Fund said that the fund preserves its position with regards to the need for raising natural gas prices for households in Ukraine.

On 27 February, IMF Resident Representative in Ukraine Max Alier said that in addition to raising the gas prices, the fund demands that the Ukrainian government balance the budget, ensure a flexible exchange rate and stabilize the financial and banking system.

The IMF mission is expected to visit Ukraine in March.

ENERGY MARKET

Ukraine expects gas supplies from Germany via Hungary and Slovakia

On 26 February 2013, Vadym Chuprun, the deputy chairman of state-run energy company Naftohaz Ukrayiny said that Ukraine plans to sign contracts for the supply of up to 7bn cu.m. of natural gas from Germany through Hungary and Slovakia in 2013.

According to Chuprun, the framework agreement with German company RWE projects the supply to Ukraine of up to 10bn cu.m. of gas annually.

At the moment, the reverse gas supplies to Ukraine are performed exclusively via Poland's territory. As disclosed by RWE, the company can pump no more than 1.46bn cu.m. of gas to Ukraine through Poland.

Vanco to start drilling Black Sea shelf in 2015

On 27 February 2013, President of Vanco Prykerchenska Jim Brown announced that his company will begin to drill the Prykerchenska field on the Black Sea shelf in two years. According to Brown, the company will invest 330m dollars in exploration and drilling in the next eight years.

The reserves at the Prykerchenska field, according to preliminary estimates, total 83m tonnes of crude oil and 180bn cu.m. of natural gas.

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Government promises to sign agreement with Chevron anytime soon

Environment Minister Oleh Proskuryakov on 26 February 2013 said that in the next two months the government would sign an agreement with Chevron for production of shale gas in the Oleske field. According to him, the government in this regard has already reached understanding with the regional councils in Lviv and Ivano-Frankivsk regions, where the deposit is located.

On the same day, 26 February, chairman of the Lviv regional council, member of the Freedom party Petro Kolodiy said that the council had received no draft contract on production of shale gas from Chevron and was not ready to approve any such document.

In May 2012, Chevron won a tender to develop the Oleske field. To start the development, the company needs to obtain permission from the local authorities. The local governments, in turn, fear that such production can lead to a deterioration of the ecological situation in the region.

Ernst & Young to restructure Naftohaz

On 15 February 2013, state-run energy company Naftohaz Ukrayiny and Ernst & Young signed an agreement for the development of a programme on reforming the Ukrainian state holding, news and analysis website Lb.ua reported on 25 February, citing information from the website of public procurement.

The price of the deal is 1.25m dollars. According to the contract, Ernst & Young should create a plan for financial restructuring of Naftohaz Ukrayiny and its subsidiaries, and develop recommendations on assets and structure optimization for the state holding.

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

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