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INTERNATIONAL POLITICAL

UKRAINE-EU

EU expects Ukraine to be committed to European values

The association agreement with Ukraine can be signed only if Kiev respects European values, President of the EU Commission **Jose Manuel Barroso** said on 4 September 2012.

“The EU started the negotiations on the association agreement, including on a deep and comprehensive free trade area, with four out of six Eastern partners. We have completed the talks with Ukraine, but the signing of the agreement will depend on Kiev's commitment to European values,” he said.

In his turn, the president of the European Parliament, **Martin Schulz**, noted: “We want to keep Ukraine as close to us as possible. However, our fundamental democratic standards should be respected.”

In the opinion of Gorshenin institute's director, Vadym Omelchenko, the experience of new member states which joined the EU demonstrates the following: “This process was completed successfully first of all in those countries, where European integration had become a national idea. One can take Poland and Baltic countries as an example.”

“This has not happened yet in Ukraine, although sociology points to a persistent tendency of a growing number of citizens who believe that European integration is among the chief priorities of foreign policy,” Omelchenko said during his presentation at the XXII World Economic Forum in Poland's Krynica on 5 September.

“Speaking about the countries of the Eastern partnership, one needs to take into consideration the long years many of them lived with the communist regime, a one-party system, the officially approved atheism doctrine, in the conditions of nonexistent political competition, the institute of private property and so on. This, unfortunately, was the reality for a few generations. That is why the 'mass demand' for European integration in many post-communist countries is an issue of a generational change,” he added.

At the same time, when asked by a deputy director of the Polish national TV channel, **Andrzej Godlewski**, about how to convince “old Europe” about the need to expand the EU borders, Gorshenin Institute's director said: “If Europe does not expand on its own, there will be someone to expand at Europe's cost. Hence, the expansion is an issue of security and economic development of the countries of 'Old World'.”

The results of a sociological survey conducted by the Gorshenin Institute on 24 August 2012 among children suggest that 43 percent of the respondents believe that Ukraine should maintain friendly relations with both Europe and Russia. As many as 29 percent of them think that Ukraine should have friendly ties with Europe and the EU countries, while 14.2 percent support friendship with Russia. You can find more information following this link:

http://gorshenin.eu/researches/35_we_are_ukrainians.html

EU backs reform of Ukrainian energy market

The European Commission and the Energy Association have backed a draft law on reforming the Ukrainian energy market, the business daily Kommersant Ukraina reported on 5 September 2012.

The author of the draft law, an MP of the pro-presidential Party of Regions, **Ihor Hlushchenko**, believes that the implementation of the reform will require from two to three years, while the document itself can be adopted as early as by the end of October.

The newspaper added that the draft law proposed to eliminate cross-subsidies when the industry actually pays for the cost of energy consumed by the population.

PACE sees no progress in relations with Ukraine

The biggest problem of the Ukrainian government is its failure to fulfill its promises, the Parliamentary Assembly of the Council of Europe co-rapporteur on Ukraine, **Marietta de Pourbaix-Lundin**, has said in an interview with the Ukrainian service of Deutsche Welle.

“There are many words and a few actions. This is Ukraine's biggest problem... Things are moving in the wrong direction. I would even say that Ukraine is descending into a ditch, making one step forward and two steps back,” she said.

She also stressed that it was not only the current government which failed to honor its commitments, but that it has been a problem for Ukrainian leaders over the past 17 years.

Nineteen countries simplify visa regime with Ukraine over past two years

The Ukrainian Foreign Ministry signed 19 agreements for simplifying a visa regime or for implementing visa-free travel for Ukrainian citizens during 2010-12, Ukrainian Foreign Minister **Kostyantyn Hryshchenko** said on 4 September 2012.

Earlier, on 2 September 2012, the head of the Ukrainian Foreign Ministry's information policy department, Oleh Voloshyn, said that in 2005 Ukraine had cancelled visas for Canadian citizens, but that the Canadian government had not yet taken any steps for making the visa process easier for the Ukrainians.

UKRAINE-RUSSIA**Russia voices position on delimitation of Kerch Strait**

Russia proposes delimiting the Kerch Strait in such a manner, so that the channel's parts near the Sea of Azov and the Black Sea belong to the Russian territorial waters, the Dzerkalo Tyzhnya weekly said on 7 September.

Also, Russia suggests moving the exit from the Kerch Strait in the Sea of Azov and the Black Sea towards Ukraine. Furthermore, the sides should establish a joint corporation to use of the Kerch-Yenikal strait. At the same time, Russian diplomats are defending the position that the creation of a joint venture and signing of the

delimitation agreement should occur simultaneously. Kiev argues against this approach, saying that the joint venture should be created after the sides officially establish the border, the newspaper noted.

Dzerkalo Tyzhnya says that such a scenario can lead to not only serious territorial but to commercial losses for Kiev, as there is an explored gas field named Pallas in the channel separation area, and when Moscow's delimitation scenario is approved, it will be quite difficult for Kiev to prove its rights for the gas area.

Russia demands repayment of debts of Tymoshenko's company

The Kiev Economic Court has received claims from the Russian Defence Ministry against the Cabinet of Ministers of Ukraine with regards to recovery of 405m dollars, the Lb.ua news and analysis website said on 7 September, citing data from the Unified State Register of Judgments.

The action was brought following an investigation into operations of a company named the Unified Energy Systems of Ukraine (UESU), which was run by Tymoshenko in 1990s.

During a sitting on 5 September, the court started examining the merits of the case, having heard explanations from the parties. The court decided to postpone consideration of the case until 12 September.

The Ministry of Justice of Ukraine said that the Russian side does not have enough evidence to reclaim the UESU's debt, and the Ukrainian ministry will prove in court that the guarantees provided by the Ukrainian government (on the UESU's debt) were not drawn up in a duly manner, and the cabinet has declared the readiness only to facilitate the repayment of the debt.

Ukraine not to pump more gas in storages

Ukraine has accumulated 21bn cu.m. of natural gas in its underground gas storages by the start of a new heating season, Energy Minister **Yuriy Boyko** said on 5 September 2012.

"This is the same level as last year. We are pumping in as much gas as our national economy needs," he said.

According to the Lb.ua news and analysis website, Russia is not satisfied with such figures. Gazprom insists that Ukraine's underground facilities should have 25bn cubic meters. At the same time, the Energy Ministry noted that if Russia needs more gas to guarantee supplies to Europe, it can rent Ukrainian facilities and store its fuel there.

Ukraine to impose additional duties on import cars

The Ukrainian authorities intend to introduce a salvage fee on imported passenger cars, trucks, buses and special-purpose equipment. The respective government's draft decree was published on 5 September 2012, according to Kommersant Ukraina business daily.

At the same time, the document discloses neither the size of the salvage fee, nor the terms of its introduction. The document states it directly that this measure is introduced in response to the steps taken by Russia, which introduced the salvage fee on 1 September.

According to director-general of the Pan-Ukrainian Association of Automobile Importers and Dealers **Oleh Nazarenko**, Russia exports 2-3 percent of cars to Ukraine of its total production, while Ukraine exports almost 50 percent. He noted that the introduction of the fee exclusively on imported products can be interpreted as a violation of the WTO's rules.

UKRAINE-IRAQ

Ukraine not extending contract for military hardware deliveries to Iraq

A contract on deliveries of Ukrainian arms to Iraq, which was signed between the two countries in 2009, expired in March 2012. The sides have not still extended the contract, the Ukrainian analytical weekly *Dzerkalo Tyzhnya* reported on 31 August 2012.

As a result, the second batch of armoured personnel carriers - 62 BTRs - has been waiting to be shipped to Iraq from Odessa's port since the beginning of summer.

The weekly also said that on 9 August, Ukrainian Defence Minister **Dmytro Salamatin** told President **Viktor Yanukovych** that "Iraqi Prime Minister **Nouri al-Maliki** has signed a corresponding governmental document on the extension of the aforementioned contract".

Dzerkalo Tyzhnya added that only a "memorandum on mutual understanding" had been signed by Iraq, in which they laid out their conditions for continuing cooperation with Ukraine. The document was signed by an official from the Iraqi defence agency. Therefore, Salamatin misinformed Yanukovych, the newspaper wrote.

For his part, Salamatin denied these accusations. In its turn, the Ukrainian Defence Ministry quoted Iraqi ambassador to Ukraine **Shorsh Khalid Said** as saying during a meeting with Salamatin on 9 August that the Iraqi prime minister had issued a governmental document on the implementation of the contract.

After the report was published, the Iraqi ambassador said on 3 September that the issue of armoured personnel carriers' supplies had been resolved.

On 7 September, *Dzerkalo Tyzhnya* reported that Ukrainian, Iraqi and American intermediaries and participants in the deal were to receive 120m dollars in fees, while the contract itself was worth 560m dollars.

According to the weekly, such a conclusion can be drawn from the minutes of a hearing in the San Antonio court (Texas, the USA) of a lawsuit filed by one of the intermediaries, who participated in the signing of the Ukrainian-Iraqi contract, against his partners.

UKRAINE-CIS

Ukraine to focus on Nagorno-Karabakh conflict during chairmanship of OSCE

Ukraine is concerned about the escalation of tension between Armenia and Azerbaijan and urges the parties to seek mutual understanding, the head of the Ukrainian Foreign Ministry's information policy department, **Oleh Voloshyn**, said on 4 September 2012.

The conflict in Nagorno-Karabakh will be among the priorities for Ukraine during the country's chairmanship in the OSCE, he added.

DOMESTIC POLITICS

UKRAINIAN GOVERNMENT

Ukrainian pro-presidential party refuses to summon premier to parliament

The Ukrainian pro-presidential Party of Regions has refused to summon Prime Minister **Mykola Azarov** to the Verkhovna Rada only because the opposition demanded this, the head of the Party of Regions parliamentary faction, **Oleksandr Yefremov**, said on 6 September 2012.

Earlier, the head of the United opposition's council and an MP of the Our Ukraine-People's Self-Defence parliamentary faction, **Arseniy Yatsenyuk**, said that the government was concealing the actual situation in the Ukrainian economy and demanded on behalf of the opposition that the prime minister deliver a report in parliament on the economic situation in the country and on the preparation to the October parliamentary election.

Ukrainian parliament adopts law on introducing biometric passports

On 6 September 2012, the Verkhovna Rada of Ukraine adopted the first reading of a draft law on the single state demographic registry, which proposed to introduce biometric passports in Ukraine.

The acting head of the EU Delegation to Moldova, **Dirk Lorenz**, gave a positive assessment to the adoption of such a draft law by Ukraine. However, he believes that Moldova came closer to the liberalization of a visa regime with the EU than Ukraine. In his opinion, Ukraine and Moldova started in the same situation and both had an action plan, but Moldova had fulfilled the requirements from the first bloc back in 2011, while Ukraine has not fulfilled them yet.

Ukrainian parliament simplifies procedure for deporting foreigners

The Ukrainian Verkhovna Rada intends to shorten the processing time for administrative cases on deporting foreigners and individuals without citizenship from one month to five days. To this effect, parliament adopted the first reading of a draft law No 11071 on 6 September 2012.

Ukrainian parliament makes first step towards launching land market

On 6 September 2012, The Ukrainian Verkhovna Rada adopted a law on the setting up of a land bank.

The Lb.ua news and analysis website reported that the adopted document was actually a prerequisite for the operation of the land market. In particular, it sets up a state land bank which would issue loans to farmers and agricultural enterprises only, with the interest rate capped at no more than 5 percent of the base rate of the National Bank of Ukraine. The law envisions that the government will transfer state-owned agricultural land plots to the authorized capital of the land bank. This bank is state-run and is not eligible for privatization.

Furthermore, transitional provisions of the law establish that the land owned by the state and municipalities is considered to be demarcated from the moment the law enters into force.

The law should come into force on 1 January 2013.

According to the information at the disposal of the Ukrainian weekly Dzerkalo Tyzhnya, the adoption of the law on the land bank might be linked to an upcoming visit of a Ukrainian delegation to the USA, during which Ukrainian officials will try to convince their American counterparts to cooperate more actively, first of all, in the agricultural sector. Such actions of the Ukrainian side are explained by the most recent meeting between Ukrainian President **Viktor Yanukovich** and his Russian counterpart **Vladimir Putin** in Sochi on 25 August, during which the latter threatened Kiev with serious economic sanctions if it fails to enter the Customs Union of Russia, Belarus and Kazakhstan.

Ukraine extends deadline for munitions recycling

The Ukrainian Defence Ministry has not ruled out that it can extend the deadline for the implementation of a state programme for recycling munitions unfit for further storage till 2008-17 due to a lack of funding, the Defence Ministry's representative, **Volodymyr Okhramovych**, said on 6 September 2012.

He said that the actual funding of the state programme, which envisions that 474,000 tonnes of munitions will be disposed of until 2017, has been at 30-35 percent of the overall need, and that its overall need of funding was estimated to be at 62.5m dollars.

According to the information of the Defence Ministry's representative, there are plans to dispose of 82,000 tonnes of munitions as part of the state programme in 2012.

Ukrainian parliament convenes for new session, opposition refuses to vote

On 4 September 2012, Ukrainian MPs convenes for the last session of the sixth convocation.

On 6 September, the deputy speaker and an MP of the Yuliya Tymoshenko Bloc opposition parliamentary faction, **Mykola Tomenko**, said that the opposition had

decided not to vote for a single draft law which would be considered during the current session.

Ukrainian MPs to consider immunity law after October election

The Ukrainian parliament will consider the issue of restricting parliamentary immunity during the first session of the next, seventh, convocation, speaker **Volodymyr Lytvyn** said during a plenary meeting of parliament on 6 September 2012.

Earlier, on 28 August 2012, the Constitutional Court of Ukraine ruled that the draft law, which envisions restrictions on parliamentary immunity and which was proposed by the pro-presidential Party of Regions was in line with the constitution.

UKRAINIAN OPPOSITION

Lawyers of jailed Ukrainian ex-premier ask court to dismiss case filed by US firm

The defence team of the former Ukrainian prime minister, Yuliya Tymoshenko, intends to ask the federal court of New York to dismiss a lawsuit filed against her by Universal Trading & Investment Co. (UTICo), Tymoshenko's lawyer **Kenneth McCallion**, told the RIA Novosti news agency.

"We intend to submit an appeal to dismiss the lawsuit of UTICo due to jurisdiction and also due to the inability of Tymoshenko to participate in the trial because of her deteriorated health," he said.

UTICo filed the lawsuit against the former Ukrainian prime minister with the New York court seeking a compensation of 18.3m dollars from the United Energy Systems of Ukraine corporation, which Tymoshenko was running in the 1990s.

Prison guards, police carry out video surveillance of jailed Ukrainian ex-premier

Only three out of the six video surveillance cameras in the Kharkiv hospital of the Ukrainian railway company Ukrzaliznytsya, on the floor where former Ukrainian Prime Minister **Yuliya Tymoshenko** is undergoing medical treatment, were installed by the State Penitentiary Service (SPS). The SPS could not name the owners of the other three cameras, the Fatherland party said on 5 September 2012.

The party said that it found this out during a court hearing of Tymoshenko's lawsuit against the SPS and the Ukrainian Health Ministry on 5 September regarding the illegal video surveillance over the former prime minister.

On 6 September, a representative of the SPS, **Motlyakh**, denied Fatherland's statement. He said that it had been explained during the court hearing that the other three video cameras belonged to law-enforcement agencies which were tasked with ensuring public order in the hospital.

Jailed Ukrainian ex-minister's right to private life violated in prison – wife

The government attempts to isolate the former Ukrainian interior minister, **Yuriy Lutsenko**, from society as a politician, his wife **Iryna Lutsenko** said on 7 September 2012.

Law enforcers listen to all Lutsenko's conversations and he has been warned about it by representatives of the State Penitentiary Service, she added. "The former minister has a right to phone calls in the penal colony. It is not written anywhere that he cannot talk about the social and political life or about politics. But as soon as I start talking about [the opposition parliamentary faction] Yuliya Tymoshenko Bloc, [the opposition party] Fatherland, [the first deputy head of the Fatherland party, Oleksandr] Turchynov and [the head of the United opposition's council and an MP of the parliamentary faction Our Ukraine-People's Self-Defence, Arseniy] Yatsenyuk, the call is immediately interrupted," Iryna Lutsenko explained.

Additionally, she said that various obstacles were created to prevent a normal conversation with her husband when she visited him in prison.

The wife of the former interior minister stressed that all the facts of violating the rights of her husband were recorded and that she planned to challenge these violations in court in the nearest future.

Ukrainian court refuses to hear case filed by opposition against president

On 7 September, the Supreme Administrative Court of Ukraine sent a case against President **Viktor Yanukovych** back to the head of the United opposition's council and an MP of the parliamentary faction Our Ukraine-People's Self-Defence, **Arseniy Yatsenyuk**.

The court ruling said that "the submitted case did not lay out the circumstances used by the plaintiff to justify his demands and did not provide the evidence in support of these circumstances".

On 6 September 2012, the leaders of the United opposition submitted to the Supreme Administrative Court of Ukraine over 500,000 signatures which had been collected as part of the campaign "Ukraine against Yanukovych". Over 200 boxes were needed to fit the signatures from citizens.

PARLIAMENTARY ELECTION**Ukrainian pro-presidential party named as chief violator of electoral campaign**

The Ukrainian pro-presidential Party of Regions became the major violator of the electoral campaign rules in August 2012, the coordinator of electoral programmes of the Opora public movement, **Olha Ayvazovska**, said on 4 September 2012.

Opora came up with a rating of violators among political parties and candidates, which Party of Regions tops. It has 188 incidents on its record with signs of the breached law. Self-nominated candidates running in single-seat constituencies are the second in the rating with 47 violations.

Earlier, the Common Case public movement reported about the overwhelming use of administrative resources during the electoral campaign.

In his turn, a representative of the Party of Regions in the Central Electoral Commission, **Vladyslav Zabarskyy**, said that Opora gave specific facts as examples of law violations but did not supply the complete list.

“According to the information which we receive from regional election headquarters, violations of the election law are most frequently committed by our political opponents. We have other numbers than those provided to us by Opora,” he said.

Ukraine starts to open criminal cases over violations of election laws

Since the beginning of the election campaign on 30 July 2012, the Ukrainian law-enforcement agencies have launched 12 criminal cases in connection with the upcoming parliamentary election, a representative of the Ukrainian Interior Ministry, **Oleh Matveytsov**, said on 6 September 2012.

According to him, from the beginning of the election campaign law enforcers have registered 220 reports related to the campaigning. At the same time, he stressed that a large part of the facts and the information received by the law-enforcement agencies did not contain signs of a crime or a law violation.

Matveytsov used these facts to reject complaints that the law-enforcement agencies did not react to the facts of breaching the election legislation.

Canada to send record number of observers to Ukraine

A mission of Canadian parliamentary election observers is the biggest in the history and is sent to support democracy in Ukraine, Canadian ambassador to Ukraine **Troy Lulashnyk** said on 6 September 2012.

The head of the administration of the Canadian mission, **Taras Zalutskyy**, Canada intends to send around 500 observers who will monitor the parliamentary election.

“As many as sixty long-term observers already work in Ukraine. After this group, 365 short-term observers will arrive in Ukraine in October,” he added.

Additionally, Canada will send 10 long-term and 60 short-term observers as part of a multilateral mission which is being formed by the Organization for Security and Cooperation in Europe (OSCE).

As of 7 September 2012, the Ukrainian Central Electoral Commission has registered 282 official observers from foreign countries and international organizations.

The parliamentary election will take place on 28 October.

Polish observers denied access to ballot counting in Ukraine

Polish observers have been denied by the Ukrainian authorities access to the process of ballot counting, the Lb.ua news and analysis website quoted an MP of the Polish parliament, **Marcin Swiecicki as saying**.

The Polish politician noted that his country offered Ukraine help with the upcoming election but received only a refusal.

Jailed Ukrainian ex-premier urges Europe to declare election undemocratic

Former Ukrainian Prime Minister **Yuliya Tymoshenko** has urged European politicians to declare at the current stage of the election campaign that the parliamentary election do not meet democratic standards and the standards of the Organization for Security and Cooperation in Europe (OSCE), her daughter **Yevheniya Tymoshenko** said in the European Parliament on 3 September 2012.

The deputy head of the Fatherland party, **Hryhoriy Nemyrya**, added that in Tymoshenko's opinion, what was happening in Ukraine during the period of the election campaign "has nothing to do with the standards of an honest and fair election, calling for an assessment of this".

"Choosing between the approach 'to wait and see' after the results of the election and the approach 'to act now', she calls for acting now. Whether the opposition garners enough votes or not, this election cannot be legitimate first of all because, as MPs of the European Parliament say, there are no opposition leaders in the election," he added.

Ukrainian court allows top electoral body to print bulletins without names of jailed politicians

The Supreme Administrative Court of Ukraine has allowed the Central Electoral Commission (CEC) to print election ballots without the names of former Prime Minister **Yuliya Tymoshenko** and former Interior Minister **Yuriy Lutsenko**.

Ukrainian police start preparing for election day

The Ukrainian Interior Ministry intends to involve nearly 60,000 policemen for ensuring the order on the day of the parliamentary election, a representative of the Ukrainian Interior Ministry, **Oleh Matveytsov**, said on 6 September 2012.

According to him, since the number of personnel in some regions does not allow allocating the necessary number of people, the ministry will also involve students from military academies, public volunteers and assistants of district police units.

The Lb.ua news and analysis website cited the Journal of Public Procurement's report on police tenders of 9-27 August as saying that the Interior Ministry had signed a host of agreements in August on the purchase of special-purpose vehicles, including cars for the transportation of detainees and prisoners, as well as water cannons, which should be delivered by the end of October when Ukraine holds the parliamentary election.

The Interior Ministry said that the purchase of water cannons was not connected with the upcoming election and that they were ordered for the Euro 2012 football championship. "The thing is that there are certain procedures - the money was received a bit later, so the purchases are made during this period," a representative of the Ukrainian Interior Ministry, **Oleh Matveytsov**, explained.

HUMAN RIGHTS

Journalists protest during international paper congress

The journalists from the Stop Censorship! organization held a protest during Ukrainian President **Viktor Yanukovich's** address at the World Newspaper Congress in Kiev on 3 September 2012.

After the presidential speech, journalists raised posters about violations of the freedom of speech in Ukraine. The mass media reported that at this point, people with the security badges approached the protesting journalists and started to seize the posters from their hands. There was a clash near the editor of the news and analysis website Ukrayinska Pravda, **Olena Prytula**.

Yanukovich did not react to what was happening in the room.

The State Guard Directorate denied their involvement in the incident, saying that private bodyguards were to blame.

On 4 September, the participants in the journalistic movement Stop Censorship! sent letters to the president, demanding that he "find and punish those guilty of the aggressive treatment" of journalists.

On 2-5 September 2012, Ukraine hosted the 64th World Newspaper Congress and the 19th World Editors Forum.

Ukrainian pro-opposition TV channel says government attempts to destroy it

Approximately 70 cable TV providers in different Ukrainian regions have stopped to broadcast the Ukrainian pro-opposition TV channel TVi, the channel's director-general, **Mykola Knyazhytskyy**, said on 5 September 2012 during a meeting of the parliamentary committee on the freedom of speech.

"There is information that this is being done following a direct order from the members of the National Television and Radio Broadcasting Council," he added.

In Knyazhytskyy's opinion, this is the government's way to destroy TVi. He explained that at the moment, the TVi ratings fell threefold and that it posed a risk that the TV channel would not be able to live up to the advertising commitments it had undertaken.

The head of the parliamentary committee for the freedom of speech and information, **Yuriy Stets**, believes that the government wants to destroy the TV channel which gives opposition members airtime and which provides alternative views on the current events.

For his part, the president of the big cable operator Triolan, **Roman Salnykov**, said that sabotage by the opposition or the TVi channel itself might be the reason why his company stopped to broadcast TVi.

A massive protest manifestation to support TVi occurred on the 8th of September in Kyiv.

Ukrainian prosecutor's office confirms criminal case against news website closed, editorial board asks it to publicize corresponding resolution

The head of the parliamentary committee for the freedom of speech and information, **Yuriy Stets**, said after meeting Kiev's prosecutor **Anatoliy Melnyk** on 6 September 2012 that he had read a resolution on the closing of a criminal case against the Lb.ua news and analysis website.

"In response to my request to show me a copy of the resolution on closing the criminal case, this document was provided. I can actually testify that the resolution has been issued to MP [of the pro-presidential Party of Regions] **Volodymyr Landik**," he added.

He also said that the prosecutor's office would not provide a copy of the resolution to the Lb.ua editorial board because the case had been launched not against a specific individual. Hence, the resolution was only sent to the plaintiff, MP Landik.

"In order to draw a line under this story, I am publicly addressing my colleague, a member of the Verkhovna Rada committee for the freedom of speech, MP Landik, with a request to provide the Lb.ua journalists with a copy of the resolution on the closing of the criminal case so they can read it. In the given situation, only this can put an end to this story," Stets said.

In her turn, commenting on these developments, the Lb.ua editor-in-chief, **Sonya Koshkina**, said: "I really hope that in the nearest future the resolution will become available to the public and that we will find out how the closing of the case has been legally formulated. I also hope that the resolution did not leave any 'loopholes' for the re-opening of the case based on 'again re-opened' cases and so on."

Ukraine to impose stricter control over sale of SIM cards

The Ukrainian government plans to make customers sign agreements and show their passports when they buy SIM cards from mobile operators.

On 4 September 2012, the Lb.ua news and analysis website reported that such an idea was laid out in the amendments to the law «On telecommunications», which had been drawn up by the State Special Communications Service of Ukraine.

"The objective of introducing such amendments to the legislation is the current need for lowering the anonymity of customers... The absence of clear terms for receiving the information about consumers of telecommunication services

prevents, on the one hand, law-enforcement agencies from fulfilling their duties quickly and accurately, and, on the other hand, operators from presenting such information," the agency said.

The GfK Ukraine company estimated that less than 3 percent of individuals have signed agreements with operators.

SOCIETY

Ukrainian TV channels suspected of inflating ratings

A number of Ukrainian TV channels, namely Novyy Kanal and TVi, could artificially inflate their ratings. As reported by the Kommersant Ukraina business daily, the statement was made by detective agency Kroll and company GfK.

According to the document, the growth of ratings in different periods between May 2008 and February 2012 can be attributed to manipulation of figures and bribery of respondents.

Kroll and GfK prepared the report as part of an investigation into leaks of information (at GfK Ukraine) which is used as a basis for sales of TV advertising in Ukraine. The audit began after a statement by director of RuMusic channel **Rudolf Kirnos** that an unknown private structure got access to a base of survey respondents, which constitutes confidential information, and bribed them. Kroll and GfK discovered 108 respondents whose behavior seemed suspicious. However, it was impossible to prove that they had been bribed.

Ukraine has 9th largest Internet audience in Europe

Ukraine is ranked ninth in Europe in terms of the size of Internet audience. The number of Internet users at the beginning of 2012 was 15.5m, as reported by consulting company GRT&C on 4 September 2012.

At the same time, the ratio Internet audience/total population of Ukraine makes 33 percent.

ECONOMICS

Pro-presidential MP's Metinvest named largest company in Ukraine

Metinvest Holding, which is owned by **Rinat Akhmetov's** SCM, has been named the biggest Ukrainian company in the rating "TOP-500 Largest Companies in Central and Eastern Europe" compiled and published by audit firm Deloitte on 5 September 2012.

Last year Metinvest's revenues grew by 44.3 percent compared to 2010, lifting the company from the sixth to the fourth place among the region's companies. At

the same time, Akhmetov's company managed to overtake the state-owned gas monopoly Naftohaz Ukrayiny, which despite a 10-percent growth in revenues dropped from the fourth to fifth place.

According to a ranking of billionaires by Bloomberg agency, Akhmetov is the richest man in Ukraine and Eastern Europe with a fortune of 17.9bn dollars.

According to a number of Ukrainian experts and media, Akhmetov has close ties with President **Viktor Yanukovych**.

Tax service boosts budget revenues

Tax revenues to the budget in January-August 2012 amounted to 23.8bn dollars, which is almost 2bn dollars up year on year.

The report was published by the State Tax Service on 4 September 2012.

Exchange rate of Ukrainian hryvnya drops

On 4 September 2012, **the** hryvnya/dollar on the interbank market rose to 8.20.

The National Bank of Ukraine (NBU) said that this situation was linked to the 31 August tender for long-term bank refinancing worth 4.75bn dollars, part of which made its way to the foreign exchange market. Due to a holiday in the USA on 3 September, banks were unable to satisfy demand for the foreign currency, which was then shifted to 4 September. The heightened demand and a big volume of the hryvnya on the market led to an increase in the value of the dollar to 8.20 hryvnyas. The dollar dropped over the course of the next few days.

The chairman of the NBU board, **Ihor Prasolov**, said that the regulator would impose harsh sanctions on the banks which had directed to the foreign exchange market the refinancing funds received from the NBU, which led to the appreciation of the currency on the interbank market.

A representative of the NBU, **Serhiy Korablin**, said that the high demand for the foreign currency, which was observed in the Ukrainian foreign exchange market, would soon disappear.

An economist of the Troyka Dialog Ukrayina investment company, **Iryna Piontkovska**, told the Lb.ua news portal that the hryvnya exchange rate was unlikely to significantly change before the parliamentary election, but after the polls exchange rate policy was likely to be adjusted.

"By the end of the year, the hryvnya exchange rate, as is expected, will drop to approximately 8.5 hryvnyas per dollar," she said.

Government cuts local budget financing

Due to a drop in state revenues in July-August 2012, the state treasury office temporarily stopped financing investment expenditures of local budgets, which resulted in the blockage of current liabilities in excess of 375m dollars, as reported by business magazine Expert on 3 September 2012.

According to a number of experts, the main reason behind the government's decision is the need to keep up with the president's policy of improving social standards despite the fact that the economy is practically not growing. Under such circumstances, the government has no other option but to use the resources of local budgets.

Ukraine's international reserves unchanged in August

As of 1 September 2012, Ukraine's foreign currency reserves remained at the level of 30bn dollars.

The data was announced by **Oleksandr Dubikhvost**, a representative of the National Bank of Ukraine (NBU), on 6 September 2012.

According to him, the size of foreign currency reserves was mainly affected by Ukraine's paying back an IMF loan plus interest to the tune of 990m dollars.

According to head of the NBU council **Ihor Prasolov**, the government will resume talks with the IMF on getting another loan from the fund. He noted that currently Ukraine does not need the IMF's money, but "we can't predict further situation on global markets. So, just in case, we should be able to come for money to the IMF."

Expert in the CIS economics of investment company Renaissance Capital **Ivan Chakarov** said that Ukraine will have to resume talks with the IMF shortly after the election "as the country's ability to cover imports will reach a critical level (in less than three months), otherwise it will be very hard to keep the hryvnya stable."

As news and analysis website Lb.ua reported, citing data from the press service of the National Bank, the country's gold reserves total 34.4 tonnes. However, only part of these reserves is monetary, i.e. belongs to the nation's international reserves.

Government to draw in financing from public

The cabinet has instructed the Finance Ministry to issue for the first time currency treasury bonds for the public to the amount of 200m dollars. The bonds will have a maturity of 24 months, face value of 500 dollars and yield of 9.2% per annum.

This information is stated in the government's resolution No. 836 of 5 September 2012.

The securities will be sold to population by Oschadbank. The coupon yield on the securities in the amount of 23 dollars will be paid every six months.

According to various estimates, the Ukrainians are holding about 60bn dollars in cash.

Ukraine improving competitiveness

This year Ukraine has climbed to the 73rd place in the annual Global Competitiveness Report published by the World Economic Forum.

Last year Ukraine occupied the 82nd place between Trinidad and Tobago and Namibia. This year the country's neighbors are Montenegro and Uruguay.

Switzerland remains leader of the ranking. Russia is ranked 67th (down one position from the last year's ranking).

The 2012 rating covers a total of 144 countries.

ENERGY MARKET**Ukraine steps up gas extraction in Kharkiv Region**

On 6 September 2012, Ukraine opened a gas compressor station at the Yuliyivske gas field in Kharkiv Region.

As expected, the new compressor station will increase gas production at the Yuliyivske field by 100m cu.m. per year while output of liquefied propane-butane will rise by 9,200 tonnes per year.

According to news and analysis website Lb.ua, the compressor facility was built by state-owned enterprise UkrHazVydobuvannya, which holds a license for development of the field, together with MisenEnterprises AB (Sweden), an investor into the project. Investment in the construction of the plant totals 30m dollars.

Shell: Ukraine to reach self-sufficiency in natural gas in 10 years

In the next 10 years, Ukraine will double and even triple production of natural gas, country chairman of Shell Ukraine **Graham Tiley** said in an interview with the Ukrainian edition of the Forbes magazine on 6 September 2012.

In 2011, gas production in Ukraine slightly exceeded 20bn cu.m. while annual consumption makes over 50bn cu.m. Thus, a three-fold increase in gas production would make Ukraine completely self-sufficient in natural gas.

Tiley stressed that it is possible "only if Ukraine gets substantial investments and new technologies." "The main thing is to keep doing what Ukraine has already started: attracting Western oil and gas companies through open tenders. These companies have enough experience, technology, and financial capacity to quickly increase production in the country," he said.

According to a draft of the reviewed Energy Strategy of Ukraine, the volume of gas production in Ukraine by 2030 should reach 47bn cubic meters.

Naftohaz Ukrayiny launches new gas extraction rig

On 5 September 2012, state-run energy company Naftohaz Ukrayiny began pumping natural gas from its well No.100 at the Runovschyna field in Poltava region.

Naftohaz Ukrayiny estimates total prospective gas resources at the Runovschyna field at 7.9bn cu.m. According to a draft schedule, four wells with a total depth of 7,550 meters will be drilled at the Runovschyna area in 2012.

The Runovschyna deposit belongs to the prospective Budishchansko-Chutovskyy field. This deposit is located in Poltava Region, 15 kilometers north-east of Poltava.

Ukraine invited to develop Turkmen gas fields

Turkmenistan is interested in getting Ukrainian companies to participate in gas extraction on its territory.

"In the near future we will start work on the development of a new gas field, and Ukrainian companies can participate by tender," Turkmen Deputy Prime Minister **Baimyrat Khodzhamukammedov** said during a meeting with Prime Minister of Ukraine **Mykola Azarov** in Kiev on 5 September 2012.

Parliament approves construction of new power units at Khmelnytsky nuclear plant

On 6 September 2012, parliament approved the construction of two additional power units (No.3 and No.4) at the Khmelnytsky Nuclear Power Plant (NPP).

According to the feasibility study, the power units will be equipped with Russian reactors VVER-1000 (V-392) with a total value of 4.9bn dollars.

It is planned that Russia will provide 80% of this amount as a loan, and 20% of the financing will be given by Ukrainian nuclear power plants' operator Enerhoatom.

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