

Gorshenin *Weekly*





**February 6 and 11, 2013, Kyiv,
2 Mechnikova st., Parus business centre**
(entrance from Lesia Ukrainka Blvd.)



The Expert Forum "Ukraine-2013. Forecast" is a platform where politicians, deputies and experts, representatives of the European Parliament and Ukrainian media will meet to evaluate what Ukraine will be like in 2013.



The forum's work will be organized in the form of discussion panels, focused on three subjects:

- POLITICS
- ECONOMY, INFRASTRUCTURE AND REGIONAL DEVELOPMENT
- INTERNATIONAL RELATIONS

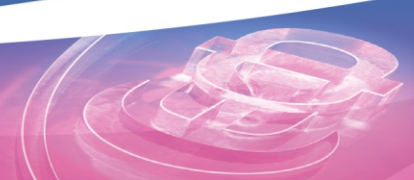


Among Participants of the Forum:

Oleksandr VILKUL, vice-prime-minister of Ukraine; Leonid KOZHARA, Minister of Foreign Affairs of Ukraine; Petro POROSHENKO; Arnoldas PRANCKEVICIUS, Adviser for External Policies at the Cabinet of the European Parliament President; Olena BONDARENKO; Anatolij GIRSHFELD; Arsen AVAKOV; Roman SHPEK; Olga SHUMILO-TAPIOLA; Olena SCHERBAKOVA, Director of the General Department for Monetary and Lending Policy of the National Bank of Ukraine and others



<http://institute.gorshenin.ua/ukraine2013/>





**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

Content

1. Criminal charges against Tymoshenko

Tymoshenko denies charges of being complicit in businessman murder...page 5.

Tymoshenko likely to face new accusations...page 5.

Tymoshenko demands trial abroad...page 5.

Opposition: EU, US ambassadors seek urgent meeting with Tymoshenko...page 5.

Ukraine-EU summit to discuss Tymoshenko...page 6.

France concerned about new accusations against Tymoshenko...page 6.

ECHR to rule on Tymoshenko case shortly...page 6.

Court issues final ruling obliging Ukraine to pay corporate debt to Russia...page 6.

Lawyer says Tymoshenko feeling worse...page 6.

Tymoshenko's defence denies losing lawsuit to incumbent premier...page 7.

Tymoshenko's lawyer barred from leaving Ukraine...page 7.

2. International political

Ukraine-EU

EU hopes association agreement with Ukraine to be signed by year end...page 7.

EU envoy to visit Ukraine in February...page 8.

European Parliament backs easing visa regime with Ukraine...page 8.

Poland strengthens borders with Ukraine...page 8.

Ukraine-Russia

Russia sends Ukraine 7bn-dollar bill for unused gas...page 9.

Ukraine, Russia resume gas talks...page 9.

Ukraine-UN

Ukraine to dispatch more peacekeepers to Africa upon UN's request...page 9.

Ukraine-PACE

Ukrainian delegation participates in PACE session...page 9.

PACE expresses concern with journalists' rights in Ukraine...page 10.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

3. Domestic political

Authorities

Ukrainian president participates in World Economic Forum in Davos...page 10.

Opposition

Ukraine's jailed ex-premier urges opposition to form single party...page 10.

Ukrainian opposition calls for extraordinary parliamentary session...page 10.

Ukrainian opposition party leader sues speaker...page 11.

Ally of jailed Ukrainian ex-premier might be banned from traveling abroad...page 11.

Ukraine's jailed ex-interior minister undergoes surgery...page 11.

4. Human rights

Ukraine among top complainants at human rights court...page 12.

Constitutional Court limits access to information...page 12.

5. Economics

Ukraine's public debt up to 64.6bn dollars...page 12.

Rating agency expects delays in IMF-Ukraine talks...page 12.

Ukrainian premier predicts GDP growth at 4 percent...page 13.

Ukraine to create State Development Bank...page 13.

Swiss envoy says investors reluctant to invest in Ukraine...page 13.

6. Energy market

Ukraine, Shell sign shale gas production agreement...page 13.

Ukraine breaks state energy firm into several companies...page 14.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

CRIMINAL PROSECUTION OF TYMOSHENKO

Tymoshenko denies charges of being complicit in businessman murder

Former Prime Minister **Yuliya Tymoshenko** has rejected the charges of organizing the murder of politician and businessman **Yevhen Shcherban**, her daughter **Yevheniya** said on 22 January 2013.

Earlier on 18 January, Prosecutor-General **Viktor Pshonka** said that Tymoshenko and former Prime Minister **Pavlo Lazarenko** were facing the charges of organizing the contract killing of Shcherban. He said that the investigation group officially notified Tymoshenko that she was a suspect in committing this crime.

Pshonka later said that the first statements on Tymoshenko's involvement in organizing the murder were made in 2001 but the prime minister had been avoiding responsibility in every possible way.

On 23 January, Lazarenko denied involvement in Shcherban's murder.

On 24 January, ex-President **Leonid Kuchma** said that when he was the president, from 1995 to 2004, there were no legal reasons to open a criminal case against Tymoshenko over her involvement in Shcherban's murder.

Yuliya Mostova, editor in chief of the Dzerkalo Tyzhnya weekly, said in her editorial on 25 January that it was Lazarenko's aide, **Petro Kyrychenko**, who resides in the USA, who testified about Tymoshenko being complicit in Shcherban's murder. Kyrychenko gave his testimony to the prosecutor's office via a conference call from the Ukrainian consulate in San Francisco. For a long time Kyrychenko faced several criminal charges in Ukraine and his property was under arrest. In September 2012, the criminal cases were closed and the property was released, she said.

Tymoshenko likely to face new accusations

Four more cases are being prepared against former Prime Minister **Yuliya Tymoshenko**, First Deputy Prosecutor-General **Renat Kuzmin** said in an interview with the Segodnya daily on 24 January 2013.

He said the cases in question concern abuse of authority during the purchase of ambulance vehicles, violations during the use of funds received under the Kyoto protocol, attempts to bribe the judges of the Supreme Court, and inflicting bodily injury upon a correctional officer.

Tymoshenko demands trial abroad

Former Prime Minister **Yuliya Tymoshenko** insists that her trial be held abroad, her lawyer **Serhiy Vlasenko** said on 23 January 2013. According to him, Tymoshenko stands no chance of an open and fair trial in Ukraine.

Opposition: EU, US ambassadors seek urgent meeting with Tymoshenko

On 22 January 2013, Fatherland MP **Hryhoriy Nemyrya** said that EU ambassador **Jan Tombinski** and US ambassador **John Tefft** demanded an urgent meeting with former Prime Minister **Yuliya Tymoshenko**.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

The penitentiary service responded the same day that it had not received any official requests from foreign embassies to see Tymoshenko.

However, the EU office confirmed that it had filed such a request.

Fatherland also said that Tefft brought a letter of support for Tymoshenko from US Secretary of State **Hillary Clinton**.

Ukraine-EU summit to discuss Tymoshenko

The Ukraine-EU summit to be held on 25 February 2013 will discuss, among all, the use of selective justice in Ukraine, the head of the EU office in Ukraine, **Jan Tombinski**, said on 23 January.

France concerned about new accusations against Tymoshenko

The French authorities are concerned about reports that former Prime Minister **Yuliya Tymoshenko** is suspected of organizing the killing of MP **Yevhen Shcherban**, a spokesman for the French Foreign Ministry, **Philippe Lalliot**, said on 23 January 2013.

He said that before the summit, Kiev must demonstrate its resolution for rapprochement with Europe.

The head of the parliamentary committee for foreign affair and Party of Regions MP, **Vitaliy Kalyuzhnyy**, responded by saying that by calling to drop the investigation of a high-profile crime France is in fact interfering in the internal affairs of a foreign state.

ECHR to rule on Tymoshenko case shortly

On 24 January 2013, the president of the European Court of Human Rights, **Dean Spielmann**, said that the court would soon announce a ruling on the complaint filed by ex-Prime Minister **Yuliya Tymoshenko**.

Court issues final ruling obliging Ukraine to pay corporate debt to Russia

On 21 January 2013, the Supreme Economic Court of Ukraine ruled as lawful and effective a ruling obliging the Ukrainian government to pay Russia over 390m dollars of the debt accumulated by the United Energy Systems of Ukraine corporation, media reported on 24 January, quoting the court ruling.

The debt emerged in the late 1990s when the company headed then by **Yuliya Tymoshenko** failed to deliver products for the needs of the Russian Defence Ministry. The Russian side insisted that the contract was guaranteed by the Ukrainian government.

Lawyer says Tymoshenko feeling worse

On 22 January 2013, lawyer **Serhiy Vlasenko** said that **Yuliya Tymoshenko** was feeling worse due to more severe back pain. According to him, she can hardly walk.

However, the chief physician of the hospital where Tymoshenko has been undergoing treatment said that she feels fine.



February 6 and 11, 2013,
Kyiv, Parus business centre

Tymoshenko's defence denies losing lawsuit to incumbent premier

On 23 January 2014, the Ukrinform news agency said that the Hamburg court refused to uphold the lawsuit filed by former Prime Minister **Yuliya Tymoshenko** against incumbent Prime Minister **Mykola Azarov**. The court allegedly obliged Tymoshenko to pay 300,000 euros in court fees. The decision was taken on 22 October 2012.

On 24 January, lawyer **Serhiy Vlasenko** dismissed this report as untrue.

In late August 2012, Tymoshenko filed a lawsuit against Azarov asking the court to ban him from making statements on Tymoshenko's involvement in crimes committed by ex-Prime Minister **Pavlo Lazarenko**.

Tymoshenko's lawyer barred from leaving Ukraine

On 23 January 2013, the Border Guard Service barred **Serhiy Vlasenko**, a lawyer of **Yuliya Tymoshenko** and opposition Fatherland MP, from leaving the country. Vlasenko had been planning to attend a Parliamentary Assembly of the Council of Europe session in Strasbourg.

He said the court ruling did not explain the reasons for the travel ban.

The opposition said that by banning Vlasenko from leaving Ukraine, the authorities violated the law on the status of MPs.

On 21 January 2013, Vlasenko said that a criminal case was opened against him. He said he anticipated that a motion to strip him of MP immunity would be filed with parliament soon.

The news and analysis website Lb.ua suggested that he might be charged with robbery, hooliganism and neglect of a court ruling.

On 24 January, opposition members of the Ukrainian delegation to the Parliamentary Assembly of the Council of Europe (PACE) sent a letter to the PACE president asking him to discuss the travel ban on Vlasenko.

INTERNATIONAL POLITICAL

UKRAINE-EU

EU hopes association agreement with Ukraine to be signed by year end

Ukraine is planning to sign an association agreement with the EU at the Eastern Partnership summit in November, Ukrainian President **Viktor Yanukovich** said after a meeting with European Parliament chairman **Martin Schulz** on 24 January 2013.

Earlier EU ambassador to Ukraine **Jan Tombinski** said that this agreement could be signed in November. According to him, a free trade between Ukraine and the EU could become operational on 1 January 2014. He said the provisions on the free trade may not be signed separately from the association agreement as such.



February 6 and 11, 2013,
Kyiv, Parus business centre

On 24 January, President Yanukovich said that European integration is an unchanged priority for Ukraine.

The president of the Gorshenin Institute, **Vadym Omelchenko**, suggested that despite the Tymoshenko problem an association agreement can be signed soon.

"European politicians have a different mindset than post-Soviet politicians. They have a different scale: political steps are taken with a 10- or 20-year prospect in view. In the case of Ukraine, there is the following logic: an association agreement between Ukraine and the EU envisages bilateral commitments. For Ukraine, this will mean a commitment to carry out reforms. The implementation of reforms is already some sort of an agenda for bilateral relations," he said.

According to him, if the agreement is signed, "this will send a good signal to the Ukrainian opposition that it is time to mature and rely on its own strength only".

"As for Yuliya Tymoshenko, I am confident that the West will continue to take public and discreet diplomatic efforts to help her. Staying in touch with the Ukrainian authorities is also important," he said.

EU envoy to visit Ukraine in February

On 7-8 February 2013, the EU commissioner for enlargement and neighborhood policy, **Stefan Fule**, plans to visit Ukraine. He spoke about the upcoming visit on 24 January.

Fule said that the politically motivated persecution of the opposition leaders would be on the agenda of the visit.

It is also expected that Fule will address Ukrainian lawmakers in parliament during the first day of his visit.

European Parliament backs easing visa regime with Ukraine

On 22 January 2013, the European Parliament's Foreign Affairs Committee expressed support for the implementation of an extended agreement on simplifying the terms of issuing visas to Ukrainian nationals.

The European Parliament will discuss the issue of easing the visa regime with Ukraine on 20 February, the Lb.ua news and analysis website has reported.

Poland strengthens borders with Ukraine

Poland intends to strengthen its western border, the larger part of which is shared with Ukraine, the Polish newspaper Rzeczpospolita reported on 22 January 2013.

The main reason for this decision is an increase in the cases of smuggling and in the number of illegal migrants to Poland.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

UKRAINE-RUSSIA

Russia sends Ukraine 7bn-dollar bill for unused gas

The Russian state-owned gas company Gazprom has billed the Ukrainian state-run energy firm Naftohaz Ukrayiny 7bn dollars for the gas which the latter did not use in 2012, the Financial Times reported on 24 January 2013.

Ukraine purchased nearly 33bn cu.m. of Russian gas in 2012. Under the current agreement, the country is obliged to withdraw 41.6bn cu.m. in line with the take-or-pay provision.

If Naftohaz Ukrayiny refuses to pay the bill, Gazprom might file a lawsuit with an international court.

In the opinion of the Gorshenin Institute's experts, from the legal perspective, Gazprom is well positioned to win the case if it takes Ukraine to court.

Ukraine, Russia resume gas talks

On 22 January 2013, Ukrainian Deputy Prime Minister **Yuriy Boyko** met Gazprom's CEO **Aleksey Miller** in Moscow.

During the meeting, they discussed the issues of gas cooperation. This is the first meeting in 2013.

UKRAINE-UN

Ukraine to dispatch more peacekeepers to Africa upon UN's request

Following a request from the UN, Ukraine might double the number of servicemen in its military aviation unit which is currently dispatched to the Democratic Republic of Congo as a part of a peacekeeping mission.

Additionally, it plans to send a police unit to join the UN mission in Liberia. This was announced by the Ukrainian ambassador to the UN, **Yuriy Serheyev**, on 23 January.

UKRAINE-PACE

Ukrainian delegation participates in PACE session

On 21-25 January 2013, a Ukrainian delegation took part in a session of the Parliamentary Assembly of the Council of Europe (PACE).

An MP of the pro-presidential Party of Regions, **Ivan Popesku**, has been re-elected as the head of the Ukrainian delegation to the PACE. An MP of the opposition Fatherland party, **Serhiy Sobolyev**, became the delegation's deputy head.

During the visit to the PACE, the delegation's opposition representatives and **Yevheniya Tymoshenko**, the daughter of jailed former Ukrainian Prime Minister **Yuliya Tymoshenko**, had a meeting with the secretary-general of the Council of Europe, **Thorbjorn Jagland**. The opposition members informed him about the fresh accusations against the former prime minister.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

On 23 January, the tyzhden.ua website reported, citing the results of the meeting, that at the next PACE session Tymoshenko might be officially declared a political prisoner.

On 21 January, PACE President **Jean-Claude Mignon** said that he planned to visit Ukraine in the nearest future.

PACE expresses concern with journalists' rights in Ukraine

On 24 January 2013, the Parliamentary Assembly of the Council of Europe (PACE) adopted a resolution on the state of media freedom in Europe.

In the document, the PACE expressed concern with the increase in the number of violations of journalists' rights in Ukraine. This point was proposed by an MP of the opposition Fatherland party, **Volodymyr Aryev**.

The PACE is especially troubled by the treatment of mass media employees in Ukraine during the parliamentary election in 2012, as well as by the proposal to introduce criminal punishment for libel.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian president participates in World Economic Forum in Davos

On 23-24 January 2013, Ukrainian President **Viktor Yanukovych** paid a working visit to the Swiss town of Davos, where he took part in the annual World Economic Forum.

Yanukovych held a number of bilateral meetings during the forum. In particular, he met the president of the European Parliament, **Martin Schultz**, the Royal Dutch Shell CEO, **Peter Voser**, the head of the board of directors of the Arcelormittal, **Lakshmi Mittal**, and others.

OPPOSITION

Ukraine's jailed ex-premier urges opposition to form single party

On 22 January 2013, the jailed former Ukrainian Prime Minister, **Yuliya Tymoshenko**, urged the opposition forces to establish a single party for fighting with the regime of President **Viktor Yanukovych**.

Yet, the head of the opposition UDAR party, boxing champion **Vitaliy Klitschko**, and the leader of the far-right All-Ukrainian Freedom Association, **Oleh Tyahnybok**, expressed the opinion that uniting the opposition into a single political force did not make much sense.

Ukrainian opposition calls for extraordinary parliamentary session

On 23 January 2013, three Ukrainian opposition factions demanded that parliamentary speaker **Volodymyr Rybak** convene MPs for an extraordinary



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

session in order to consider the situation with the jailed former Ukrainian prime minister, **Yuliya Tymoshenko**.

The opposition collected 158 signatures of lawmakers (150 of them are needed for an extraordinary session to be convened).

The opposition demanded that the heads of the Ukrainian interior agencies report to lawmakers during an extraordinary parliamentary session about politically motivated persecution. Furthermore, representatives of the opposition forces issued a demand for the dismissal of Ukrainian Prosecutor-General **Viktor Pshonka**.

On 24 January, an MP of the pro-presidential Party of Regions, **Vladyslav Lukyanov**, said that some of the signatures collected by the opposition to convene an extraordinary session had been forged. Ten of the lawmakers who signed the petition are currently abroad, he added.

On 24 January, the opposition registered in parliament a draft resolution on the dismissal of Interior Minister **Vitaliy Zakharchenko** and the head of the Security Service of Ukraine, **Oleksandr Yakymenko**.

Ukrainian opposition party leader sues speaker

On 22 January 2013, the leader of the Ukrainian opposition UDAR party, boxing champion and MP **Vitaliy Klitschko**, filed a lawsuit against the parliamentary speaker and an MP of the pro-presidential Party of Regions, **Volodymyr Rybak**.

Klitschko argues that Rybak allowed his colleagues from the Party of Regions to vote for absent lawmakers during the election of **Ihor Sorokin** to the post of head of the National Bank of Ukraine. Therefore, the speaker failed to comply with constitutional norms, the party leader added.

Ally of jailed Ukrainian ex-premier might be banned from traveling abroad

The Ukrainian Prosecutor-General's Office is purposefully creating grounds for banning MP of the opposition Fatherland party **Hryhoriy Nemyrya**, who is a close ally of jailed former Prime Minister **Yuliya Tymoshenko**, from traveling abroad, the Fatherland said on 22 January 2013.

The opposition believes that this is how the government is trying to prevent Nemyrya from meeting with European politicians.

Earlier, the Prosecutor-General's Office accused Nemyrya of failing to testify in the case over the Fatherland's allegedly illegal funding from abroad.

Ukraine's jailed ex-interior minister undergoes surgery

On 23 January 2013, the jailed former Ukrainian interior minister, **Yuriy Lutsenko**, had surgery for removing polyps in his intestines in the Kiev clinic Oberih.

The Ukrainian State Penitentiary Service reported that no complications had been observed during the operation.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

HUMAN RIGHTS

Ukraine among top complainants at human rights court

Last year Ukraine ranked fourth among member states of the Council of Europe in terms of the number of violations of the European Convention on Human Rights, President of the European Court of Human Rights (ECHR) **Dean Spielmann** announced on 24 January 2013.

According to the report, the ECHR in 2012 considered 7,606 complaints against Ukraine.

On 22 January, the Parliamentary Assembly of the Council of Europe named Ukraine among the states that have structural problems with execution of ECHR rulings.

Constitutional Court limits access to information

On 20 January 2013, the Constitutional Court explained the provision of the constitution with regards to the right to privacy and family life. According to the ruling, any attempts to find out information about politicians and officials, disclosure of which is not expressly provided by law, may result in criminal penalties of up to five years of imprisonment.

The Centre for Political and Legal Reforms reports that because of the decision, the public may be denied access to information on criminal records, disciplinary actions, professional education and family ties of officials at all levels.

ECONOMICS

Ukraine's public debt up to 64.6bn dollars

Public and publicly guaranteed debt of Ukraine as of 31 December 2012 totaled 64.6bn dollars. Foreign public and publicly guaranteed debt amounted to 38.6bn dollars, while domestic debt was 26bn dollars, news and analysis website Lb.ua reported on 25 January 2013.

At the end of 2011, Ukraine's public debt amounted to 59.2bn dollars.

Rating agency expects delays in IMF-Ukraine talks

Standard & Poor's, a global ratings agency, is expecting that the negotiations between Ukraine and the International Monetary Fund on resuming the stand-by programme can take several months, according to the agency's report published on 22 January 2013.

The IMF mission will be visiting Ukraine from 29 January to 12 February 2013.

On 23 January, the IMF Representative Office in Ukraine reported that this year Kiev should pay 5.63bn dollars to the fund.



February 6 and 11, 2013,
Kyiv, Parus business centre

Experts interviewed by the Dzerkalo Tyzhnya weekly believe that the new cooperation programme between Ukraine and the IMF will include the commitments that were not previously fulfilled by Ukraine. These include increase in natural gas tariffs for households, fiscal consolidation, increase in flexibility of the hryvnya.

According to former Minister of Finance **Ihor Umanskyy**, in case Ukraine fails to reach an agreement with the IMF, it will be extremely difficult for the government “to pass through the peak year of foreign debt payments without major disruptions.” Umanskyy made a statement to that effect at a roundtable held at the Gorshenin Institute on 24 January.

Ukrainian premier predicts GDP growth at 4 percent

Prime Minister **Mykola Azarov** said on 23 January that the growth of the Ukrainian economy can reach 4 percent in 2013.

According to the updated forecast of the European Bank for Reconstruction and Development (EBRD), Ukraine's GDP growth in 2013 will be 1 percent. Goldman Sachs also expects Ukraine's economy to expand by 1 percent.

Ukraine to create State Development Bank

On 22 January 2013, First Deputy Prime Minister **Serhiy Arbuzov** said that this year Ukraine will create the State Bank for Development. It is expected that the new state bank would provide resources to commercial banks.

According to Economics Minister **Ihor Prasolov**, the funds for the new bank will be drawn from the budget and through funding under state guarantees.

Swiss envoy says investors reluctant to invest in Ukraine

On 21 January 2013, ambassador of Switzerland to Ukraine **Christian Schoenenberger** said that foreign investors are reluctant to invest in Ukraine. One of the main reasons, according to him, is the lack of independence in the judiciary system.

ENERGY MARKET

Ukraine, Shell sign shale gas production agreement

On 24 January 2013, the government of Ukraine and Shell company signed an agreement on production of shale gas at Yuzivka field in Kharkiv and Donetsk regions.

Energy Minister **Eduard Stavytskyy** forecasts that Shell can extract at Yuzivka site 7 to 20 billion cubic meters of gas a year.



**NATIONAL
EXPERT
FORUM**

February 6 and 11, 2013,
Kyiv, Parus business centre

According to the Financial Times, the agreement between the Ukrainian government and Shell can reduce Russia's economic and political influence on Ukraine.

Ukraine breaks state energy firm into several companies

On 25 January 2013, President **Viktor Yanukovych** said that state-run energy company Naftohaz Ukrayiny will be divided into a number of joint-stock companies in the near future.

Our contact information:

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



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