



# Gorshenin *Weekly*

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**Yuliya Tymoshenko  
trial continues**

**On 29 August 2011, a Kiev district court resumed the trial of the opposition Fatherland party's leader and former Ukrainian Prime Minister, Yuliya Tymoshenko.**

It is noteworthy that the motion to release Tymoshenko has already been dismissed 12 times by the court. Additionally, the presiding judge turned down three requests from Tymoshenko's lawyer to allow her to be examined by a personal doctor and a nurse. Only doctors representing the Ukrainian Health Ministry received permission to conduct a medical examination of the former prime minister. However, Tymoshenko refused to be examined by them and demanded that her personal doctor be allowed to see her. Earlier, supporters of the Fatherland party's leader said that Tymoshenko's health had drastically deteriorated for unknown reasons.

Just to remind You, Tymoshenko is accused of exceeding her authority when she signed gas contracts with Russia in 2009. The case has to do with the fact that in 2009, the former prime minister independently and without the approval of government members approved the order for a Ukrainian delegation to sign gas contracts with Russia.

It is worth mentioning that Tymoshenko's lawyers exposed discrepancies between the materials which judge **Rodion Kireyev** read during the hearing and the photocopies presented to the defense. "Aren't you alarmed that there are comments in your document that do not correspond to those which we have? As a judge, you should be at least a bit concerned about it. Where did those comments come from after the materials had been submitted to the court? This indicates that forgery took place," Tymoshenko said on 22 August 2011 after judge Kireyev read a written piece of evidence against her. She asked him to give this document to her lawyers. However, the judge responded that all the requests submitted by the defense would be considered after the case evidence is fully investigated.

At the same time, the lawyer of the former prime minister, **Mykola Siryy**, said that the criminal case launched against his defendant was crumbling. He believes that "in order to have a crime of exceeding one's authority, it is necessary to have losses. There is no crime without them."

The lawyer further explained that the case materials actually contained information, according to which the expenditures for the technical gas used in 2009 were equal to those in 2008. In other words, the prosecution included the receipt and transfer documents, which it had seized, as well as those for the purchase of technical gas for technical expenditures of Ukrainian gas-transport company "Ukrtranshaz", which unambiguously and clearly show the price paid for technical gas in 2009. "This price is 179 dollars per 1,000 cu.m. of technical gas. We had the same price in 2008 – absolutely the same price to a hryvnya," Siryy noted.

At the same time, Tymoshenko submitted a letter to the Kiev Pecherskyy district court, which requested to launch a criminal case against the government of **Viktor Yanukovich** on the grounds of raising the gas price by 70 percent in 2006-2007.

However, a criminal case has not been opened against President Yanukovich yet. Tymoshenko's lawyers and supporters believe that this serves as evidence of her innocence.

Hence, Tymoshenko's lawyer **Oleksandr Plakhotnyuk** noted that his defendant was accused of the gas price hike in 2009, while the transit cost remained the same.

The lawyer stressed that according to the logic followed by the prosecution, "it is necessary to urgently launch the same criminal case against Yanukovych who was in power in 2007 when the gas price rose by 49.5 dollars per 1,000 cu. m., while the transit cost remained at the level of 1.7 dollars. This inflicted losses of 178.2m dollars on "Naftohaz Ukrayiny."

It is noteworthy that the international community has expressed its concern about the trials of opposition politicians in Ukraine.

## **The National Bank of Ukraine receives demands to publish structure of gold and foreign exchange reserves**

### **The National Bank of Ukraine (NBU) has received a request to report on the gold and foreign exchange reserves.**

In particular, the All-Ukrainian Center for Promoting Entrepreneurship submitted a request to the NBU demanding that it publish the structure of the Ukrainian gold and foreign exchange reserves.

Such a step was dictated by the need to check the information on a substantial over-estimation of the Ukrainian gold and foreign exchange reserves, which has been frequently voiced by experts. At issue is that a considerable portion of Ukraine's gold and foreign exchange reserves (approximately 21bn dollars) is invested in illiquid assets of the US investment banks such as Bear Stearns, Lehman Brothers, Merrill Lynch, Goldman Sachs and Morgan Stanley, as well as the government sponsored enterprises Fannie Mae and Freddie Mac, which became the victims of the 2009-10 financial crisis.

Additionally, the request discusses the destiny of foreign currency (approximately 15.2bn dollars) that has been deposited into the accounts of foreign commercial banks. The All-Ukrainian Center for Promoting Entrepreneurship noted that according to the information voiced by an MP of the ruling Party of Regions, **Hryhoriy Smityukh**, in an open letter to the Security Service of Ukraine (SBU), there are grounds to assume that a substantial portion of foreign currency had also been deposited into accounts of the US bank Lehman Brothers, which also went bankrupt.

It is worth mentioning that according to the director of the Institute of Society Transformation, **Oleh Soskin**, the NBU is preparing to devalue the hryvnya in the near future: "The NBU is increasing the volumes of the hryvnya. If one considers the 17 months that passed between 1 January 2010 and 1 August 2007, then the volume of cash and non-cash has increased by over 34 per cent. Consequently, the NBU is preparing for the devaluation and the fall of the hryvnya with its own hands," the expert stressed.

It is well known that the NBU first deputy chair, **Yuriy Kolobov**, said on 19 August 2011 that the NBU had raised the ceiling of the acceptable range of an annual fluctuation for the hryvnya exchange rate from 2 per cent to 5 per cent. According to him, the NBU took this step as part of the implementation of the agreements on increasing the flexibility of the exchange rate, which were previously reached with the IMF. At the same time, Kolobov stressed that there were no grounds at the time to expect either the strengthening or the weakening of the hryvnya within the set parameters.

Just a reminder that according to the forecasts made by the NBU and the Ukrainian Finance Ministry, inflation will reach up to 10 per cent in Ukraine. Officials believe that it might be possible to keep the inflation rate at the level of the current official forecast, which puts it at 8.9 per cent.

**IMF mission's visit to  
Ukraine postponed  
until late October****An expected visit by the International Monetary Fund's (IMF) mission to  
Ukraine has been postponed again.**

According to Special Advisor to the Managing Director of the IMF, **David Lipton**, the next visit of the International Monetary Fund's mission to Ukraine has been postponed until late October 2011, whereas the Fund earlier scheduled it for August 29 through September 9, 2011.

Just to remind on August 23, 2011 Lipton met with representatives of the Ukrainian government and the National Bank of Ukraine in Washington.

Ukrainian Prime Minister Azarov says, in his turn, that there are no obstacles to Ukraine obtaining the next tranche of an IMF loan. "I say again that we don't need the money now. If we need money, we'll go to Washington, put forward certain conditions, look at the conditions put forward by our creditors, and obtain the tranche. There are no obstacles to obtaining the tranche", he said.

He also noted that the IMF Mission had postponed its visit to Ukraine as the result of talks between Ukraine and the fund.

According to an expert poll conducted by the Gorshenin Institute non-receipt of the IMF loan with the anticipation of the second wave of economic turmoil threatens Ukraine's economy with serious consequences and strengthening of dependence on Russia. You can read about the results of the poll in more details on page 12.

**World Bank allocates  
150 million dollars  
funding to support  
Ukrainian exporters****The World Bank's Board of Executive Directors approved an Additional  
Financing loan to Ukraine in the amount of US\$150 million for the Second  
Export Development Project (EDP 2).**

The project supports export and real sector growth in Ukraine by providing medium and long-term investment and working capital finance to Ukrainian private exporting enterprises. The project also aims to further improve the ability of the Ukrainian banking sector to intermediate financial resources to the enterprise sector by providing a wider variety of better quality lending products.

The Additional Financing loan will supplement the existing EDP2 credit line and will extend the EDP2 project implementation through till the end of 2014.

Just to remind You, EDP 2, approved in 2006, is a successor to the previously successful EDP 1 project (1996-2003).

The borrower and the main implementation agency remains the State Export-Import Bank of Ukraine (Ukreximbank). The loan will be provided to Ukreximbank as a LIBOR-based flexible variable spread loan repayable in 30 years, including a 6-year grace period, and will be provided a state guarantee by Ukraine.

**Russia not ready to  
offer Ukraine special  
conditions for  
membership of the  
Customs Union****President Dmitriy Medvedyev has said Russia could not agree to Ukraine's  
joining Customs Union on special conditions.**

"But we cannot agree to Ukraine's joining based on some formulas like "three plus one" – we will sign 20 documents but won't sign 30? No! Either they acquire full membership in the union, sign all the documents step by step, become a full member, gain all benefits and bear all the responsibilities, or they take another way, but in this case it creates already another environment", Russian President Medvedyev said. He did not rule out that in the latter case Russia will have to apply "other customs regimes with regard to Ukraine". "And our Ukrainian partners

understand that", Medvedev said.

Commenting on the statements made by Russian President Medvedev Ukrainian President **Yanukovych** says the policies of any country are always based on the protection of its national interests. "We have our own position, which envisions the protection of Ukraine's national interests. We have declared a policy of national pragmatism. For this reason, there will always be positions, but there is no doubt that we need to look for compromises," he said.

As you know, earlier President Yanukovych identified Ukraine's European vector of development as the main one. "Although our historical relations with Russia will continue to play an important role, the key to success of our nation and development of our natural and human resources is in the deep, more profound integration within the European and western structures", Yanukovych said.

## **Ukraine may cancel grain export quotas**

**The Ukrainian Agricultural Policy Ministry has submitted for endorsement to the Economics Ministry draft changes to the law "On Customs Tariffs" aimed at canceling grain export quotas.**

"I believe the draft law will be approved soon", the head of the ministry's directorate for development of agricultural market, **Anatoliy Rozhon**, said.

With export duties taking effect of 1 July 2011, exporters start losing their positions on foreign markets. Grain traders said that they cannot compete against Russian companies as the grain they offer is at least 30 dollars per ton cheaper than Ukrainian grain.

As a result, Ukrainian grain export dropped up to five times in July, to 300,000t. against 1.5m. t. in June 2011. The current grain export duties make 9% of the contract price on wheat (but not less than 17 euro per t.), 12% for corn (but not less than 20 euro per t.), 14% for barley (but not less than 23 euro per t.). The grain export duties were imposed starting of 1 July 2011 by the Cabinet's resolution approved on 25 May 2011.

A reminder that Ukrainian Prime Minister **Mykola Azarov** made a forecast that Ukraine would export 24m.t. of grain this year.

Nevertheless, the Director General of Nibulon grain trader, **Oleksiy Vadatursky**, is concerned that after canceling the grain export quotas, some preferences may be given to Khlib Investbud grain trader, which enjoyed solid support from the state when the quotas were in place this year. Khlib Investbud was given most of the export quotas while many grain market leaders of the past years did not receive any quotas.

Ukrainian media say Khlib Investbud is controlled by a close ally of President **Yanukovych**, an MP of the Party of Regions, **Yuriy Ivaniushenko**, and the Agricultural Policy Minister, **Mykola Prysyazhnyuk**.

## **Ukraine plans to cut gas import by 70%**

**The Ukrainian Energy and Coal Mining Industry Minister, Yuriy Boyko, has said that import of Russian gas would be reduced by 70% up to 12bn.m.cu. in five years.**

"Within the next five years we plan to increase extraction of our own gas from 20bn.m.cu to 27bn.m.cu. Also, taking account of the energy conservation programme and replacement of gas with coal, we plan that in five years we would buy as much as 12bn.cu.m. of Russian gas", Boyko said. He also said that the main

factor of increase of the country's own extraction of gas would be the development of gas drilling on the Black Sea shelf: "we have already bought one drilling platform and about to launch a tender to buy the second one. We start real development of gas extraction in the Black Sea".

As you know, Ukraine represented by Naftohaz Ukrayiny, plans to import 40bn.m.cu. of gas in 2011.

It is worth mentioning that on 22 August President **Viktor Yanukovych** urged the approval before the end of 2011 of measures to prevent a negative impact on Ukraine's economy from the price hike in imported natural gas.

## **Ukraine to auction shale gas deposits**

**The Ukrainian Energy and Coal Mining Industry Minister, Boyko, has said that Ukraine would put up for auction shale gas deposits.**

"Several companies have already shown their interest. These are, first of all, American and European companies: Dutch Shell, Italian Eni. I know that a number of auctions will be held soon to sell surface areas for extraction of shale gas", Boyko said.

The minister also said that leading international companies show considerable interest in extraction of shale gas in Ukraine and intend to take part in auctions to receive surface areas for development of deposits.

## **Nine companies bid to develop Feasibility Study for Liquefied Natural Gas terminal**

**Nine companies have submitted offers to take part in the tender for selection of a developer of the Feasibility Study for construction of a liquefied natural gas (LNG) terminal.**

In particular, the following companies compete to develop the Feasibility Study for the project: Zagope (Portugal), Ramboll (Danmark), Socoin (Spain), Sener (Spain), Ambetech (USA), Ukrainian branch of Price Warehouse Coopers, Sweco (Finland), Technique (Italy) and Foster (Spain), the tender commission said.

A reminder that the tender for development of the Feasibility Study was launched on 8 July 2011.

According to a preliminary construction schedule, it is planned that the first supplies of liquefied gas in amount of 2bn.m.cu would be received in 2014. The capacity of the terminal would be increased to receive 5bn.cu.m. of liquefied gas in 2015 and 10bn.m.cu. in 2017.

A reminder that at the end of April 2011 Ukrainian and Azeri presidents agreed that Azerbaijan would be ready to supply 5bn.m.cu of liquefied gas per year to Ukraine.

## **"Naftogaz Ukrainy" to raise production of oil in Egypt**

**"Naftogaz Ukrainy" from April 18, 2010 to July 1, 2011 extracted 454,000 barrels of crude oil in Egypt.**

"Currently a total of 23 wells have been drilled. Five oil fields have been found. Drilling and well testing continues at the concession field under the approved program. The exploration stage will last until December 13, 2011," the Ukrainian Energy and Coal Industry Ministry reported.

It is worth noting, that "Naftogaz Ukrainy" currently produces oil at the Alam El Shawish East concession in western Egypt. Alam El Shawish East, which covers about 994 square kilometers, currently produces 1,500 bpd. In future, "Naftogaz Ukrainy" plans to begin producing at two blocks in the southern desert covering about 22,000 square kilometers.



A reminder that the budget of "Naftogaz Ukrainy" for 2011 provides 95.4 million dollars for oil production in Egypt. It also provides 7.1 million dollars for new projects in that country.

According to Energy and Coal Industry Minister Boiko, "Naftogaz Ukrainy" will produce about one million tonnes of oil in Egypt in 2012.

## **A Bill on president's impeachment is registered in Parliament**

**The leader of the opposition Front of Changes party, Arseniy Yatsenyuk has tabled in the Parliament a bill on a mechanism for the impeachment of the Ukrainian president.**

The bill envisages that a fifth of the constitutional composition of parliament (90 MPs) can initiate the impeachment of the president, justifying such a need in written form. To continue, the procedure will require 226 votes, as stipulated by the Constitution of Ukraine.

The bill was registered in Parliament on August 23, 2011.

Yatsenyuk believes that at present there are serious grounds for early termination of Yanukovich's presidential powers. "Let's analyze the actions of Yanukovich as president for the last six months. The decision by Ukraine to reject an independent security policy and declare its non-aligned status, the unconstitutional extension of a lease on the stationing of a foreign military base - the Russian Black Sea Fleet - on the territory of the Autonomous Republic of Crimea, the usurpation of power through the Constitutional Court's decision to return to the old constitution without the will of the people of Ukraine, the unconstitutional creation of a coalition in the Verkhovna Rada in 2010, the extension of the term of the Verkhovna Rada's powers, and the criminal prosecution of opposition leaders and dissidents. Isn't this direct damage to the sovereignty, territorial integrity, defense, public, economic or information security of Ukraine?" Yatsenyuk asked.

It is noteworthy that the head of the Public Humanitarian Council Board at the Ukrainian President's Administration, **Hanna Herman**, has said that the leaders of opposition parties maintain constant dialogue with the presidential administration.

"All the opposition leaders that exist as of today attend the presidential administration quite often. I say this absolutely responsibly: all the leaders of our opposition communicate, talk and maintain dialogue with the authorities. I personally with great pleasure talk to Yatsenyuk and **Oleh Tyahnybok** (leader of the radical right Freedom party) - these people seek dialogue, they are eager to talk", - Herman said.

Nevertheless, Yatsenyuk's spokeswoman refuted Herman's words: "any statements about visits to the Bankova street (where the presidential administration is located) is lies".

Just to remind you, the Ukrainian media earlier quoted many times the phrase of the first vice-prime-minister and minister for economic development and commerce of Ukraine **Andriy Kliuyev**: "**Serhiy Tigipko** is our partner, and we have a contract for criticism with Yatsenyuk".

## **Central Election Commission: Parliament exceeds its powers**

**By extending the lifetime of the Parliament of the present convocation, the Ukrainian Parliament has gone beyond its powers**

News and analyses website LB.UA reports that the respective statement was made on 22 of August by the Chairman of the Central Election Commission, **Volodymyr Shapoval**.

"This is inadmissible when Parliament extends its lifetime itself", - Shapoval said

**Ukrainian  
Independence Day  
festivities marked by  
protest bans,  
opposition clashes  
with police**

commenting on the legal changes in the election law approved on 1 February 2011.

We recall that the Ukrainian Parliament extended its authorities from winter 2011 till autumn 2012.

**On 24 August 2011, Ukrainians marked the 20<sup>th</sup> anniversary of the independence.**

On that day, the opposition forces planned to stage a protest campaign in many Ukrainian regions. At the same time, prior to the national celebration, a protest ban was imposed in many large Ukrainian cities. For example, local authorities banned protests in such cities as Dnipropetrovsk, Kharkiv, Odessa, Sevastopol, Cherkasy and Rivne.

Additionally, authorities imposed a ban on mass protests in central Kiev. In particular, on 23 August 2011, the Kiev district administrative court gave permission to representatives of the opposition to stage a campaign on the occasion of Ukrainian Independence Day only near the monument to poet **Taras Shevchenko**.

However, on 24 August 2011, participants in the mass protest organized by the Committee of Resisting the Dictatorship on the occasion of Ukrainian Independence Day intended to march to the building of the presidential administration in order to give head of state **Yanukovych** the resolution which they had adopted. Yet, the special purpose police unit "Berkut" (Falcon) cordoned off Volodymyrska Street in order to stop the marching activists. The street was also cordoned off by vehicles and buses with operatives of the "Berkut" police unit. The protest participants did not manage to pass through the police cordon and started to leave. Later, one of the campaign organizers, the first deputy head of the Fatherland party, **Oleksandr Turchynov**, said that there had been no court ruling to ban the protesters from passing through Volodymyrska Street.

The press service of the Fatherland party stated that dozens of participants in the march by opposition supporters were injured after the operatives of the "Berkut" special-purpose unit applied tear gas. For its part, the Ukrainian Interior Ministry reported that six law-enforcers were injured during the clashes. At the same time, the ministry clarified that on 24 August 2011, police did not receive any tools for self-defense, including canisters with tear gas.

Later, a criminal case was opened over the fact of the clashes "between law-enforcers and representatives of several political parties, associations and organizations" which took place in the Ukrainian capital on 24 August 2011.

For their part, 17 Ukrainian MPs requested that the Prosecutor-General's Office of Ukraine (PGO) launch a criminal case against the leaders of the Interior Ministry who had authorized the actions of police intended to prevent the march of the opposition in Kiev on Independence Day.

The leader of the Front of Changes opposition party, **Arseniy Yatsenyuk**, says that on 24 August 2011, Ukrainian Independence Day, the government was preparing a provocation campaign in Kiev against representatives of the opposition.

"There was a trap set up at the end of Volodymyrska Street. All the policemen, all the special-purpose police units and all the internal troops were hiding on both sides. In other words, if we pushed through yet another line of their defense, all of



us would be grabbed there. According to the information at our disposal, it was not around 10,000 policemen who tackled our campaign. Those were internal troops. If you remember, those were the same that dispersed peaceful demonstrations in the Baltic countries during Soviet times. The government had only one task: to stage the same in Kiev on 24 August 2011 as they did in Lviv on 9 May 2011. In other words, the goal was to show that this opposition does not appreciate people and that this opposition is so wild that it actually hands people over for beating. There was a provocation campaign prepared. We knew about it; we sensed it all," he said. Yatsenyuk added that he counted over 50 buses with the operatives of the "Berkut" special-purpose unit on Kiev's central square, Maydan, where the protesters went after they failed to get to the presidential administration. According to his estimates, there were around 15,000 armed people in Kiev during the Independence Day festivities.

We would like to stress that the Interior Ministry said prior to the celebration of the 20<sup>th</sup> anniversary of Ukraine's Independence that 3,900 law enforcers, including the reserve troops, were tasked with protecting public order in Kiev on 24 August.

According to an opinion poll conducted by the Gorshenin Institute on 20-22 August 2011, 77 per cent of respondents are proud to be Ukrainian citizens, while over 60 per cent of them think that it was good for Ukraine to proclaim independence in 1991. You can read about the results of the survey in more details on page 13.

**Ukrainian Euronews  
service edits news in  
President  
Yanukovich's favor**

**The news which the Euronews TV channel broadcasts in Ukrainian  
drastically differs from the channel's news reported in English.**

According to the Ukrainian news and analyses website LB.UA, the text on Ukraine's Independence Day festivities presents evidence that the Ukrainian service of the Euronews channel edits news in favor of President **Yanukovich**.

Hence, the English version of the news about Ukraine's Independence Day stated that in his speech on the occasion, Yanukovich had not mentioned once about Tymoshenko's trial which had divided the public opinion. The Ukrainian version of the news contained no reference to this. However, it mentioned that Yanukovich laid flowers to monuments. Additionally, the Ukrainian version of the news talked about several hundreds activists who joined the opposition protests on 24 August 2011, while the English version of the news said that there had been several thousand protest participants.

Earlier, the press service of the National television company of Ukraine, which is a stakeholder in Euronews, said that according to the Euronews rules, the around-the-clock broadcasting of the channel is the same across the world. However, if there is an identical video selection, the text of each of the language versions that currently exist is in the original.

The head of the Ukrainian service of Euronews in Lyon, **Fidel Pavlenko**, explained the differences in the English and Ukrainian reports by the fact that journalists do not translate the news broadcast by Euronews in one language but write their own reports. He acknowledged that the only factual mistake made was in the wrong estimation of the number of participants in the opposition meeting.

**Journalists detained in forest near President Yanukovich's residence**

**Unidentified individuals dressed in camouflage have detained a crew of the TVi television channel in Dniprovsko-Teterivskyy District near Kiev.**

The TVi editorial office said that the crew went to this district to prepare a report about forestry. To this end, the journalists rented a rubber boat that needed no special permission and took off to the forestry. However, they were soon approached by people dressed in camouflage gear, who towed the journalists' boat and took it with them as they left in an unknown direction.

The channel reported that a second boat had approached them, in which there were policemen.

Representatives of the TVi channel requested that police and the prosecution explain on which grounds the journalists had been detained by unidentified individuals while the former were performing their professional duties.

"They explained that we were detained since we had no permit for the rubber boat. At the same time, one of the 'Berkut' sergeants mentioned that we had crossed a forbidden zone," one of the detained journalists, **Dmytro Hnap**, said. The journalists were later released.

It is noteworthy that the territory of Dniprovsko-Teterivske forestry is officially open for visitors. However, it is unofficially part of Yanukovich's residence.

**Ukrainian Ambassador in Russia: 10 agreements need to be signed to remove any threat from the Russian Black Sea Fleet in Ukraine**

**Ukraine and Russia have to sign about 10 agreements to regulate the Russian Black Sea Fleet stay in Ukraine.**

"If to put in order all the elements associated with the Russian Black Sea Fleet's stay, this will not threaten Ukraine's territorial integrity. And this is the very work that is being done now. We still need to sign about 10 different agreements that would create an absolutely reliable legal basis for the fleet's stay", the Ukrainian Ambassador in Russia, **Volodymyr Yelchenko**, said.

Yelchenko also said as of today, two agreements regarding the Russian Black Sea Fleet are almost ready and will be signed at the next sitting of the Ukrainian-Russian Interstate Commission. One of the agreements regulates the procedure for stay of the Russian servicemen outside the territory of their permanent location, another one coordinates joint efforts to overcome the consequences of natural disasters, he said.

According to Yelchenko, the issues still to be resolved are: utilization of the lighthouses and infrastructure of the Russian Black Sea Fleet and modernization of the fleet's weapon.

**A diplomatic scandal to erupt in Ukraine:**

**French Ambassador in Ukraine Jacques Faure believes that rumors regarding his withdrawal from Kiev have been cultivated in the Ukrainian Foreign Ministry.**

"No-one withdrew me as the French ambassador from Ukraine. Both the Embassy and Ministry of Foreign and European Affairs rebuffed these rumors that have been circulating around me recently", ambassador Faure said.

"I regret that this false, misleading information was produced in the Ukrainian Foreign Ministry and then disseminated in media", - Faure said.

A reminder that on 5 August 2011 a source among diplomats accredited in Kiev said that French Ambassador to Ukraine Jacques Faure will soon abandon his

post and a request for the new agreement for his successor has already been delivered to Kiev.

The Ukrainian Foreign Ministry later confirmed this information.

On 11 August the French Foreign Ministry reported that the French Ambassador to Ukraine was summoned to the Ministry where deep concerns were expressed to him regarding the detention of the former Ukrainian Prime Minister and leader of the Fatherland party, **Tymoshenko**, and the trial in general.

**Fitch Ratings affirms  
Avangardco at “B”**

**Fitch Ratings has affirmed Avangardco Investments Public Limited's (Avangardco) Long-term foreign and local currency Issuer Default Ratings (IDRs) at “B”.**

Fitch Ratings has also affirmed Avangardco's National Long-term Rating at 'A+(ukr)', foreign currency senior unsecured rating at 'B' and Recovery Rating at 'RR4'. The Outlooks for the Long-term ratings are Stable.

**EXPERT SAYS NON-RECEIPT OF IMF LOAN THREATENS UKRAINE WITH GROWING DEPENDENCE ON RUSSIA**

Non-receipt of an IMF loan with the anticipation of the second wave of economic turmoil threatens the Ukrainian economy with serious consequences and strengthening of dependence on Russia.

This opinion was voiced by **the President of Centre for Economic Development, OLEKSANDR PASKHAVER**, when interviewed by the Gorshenin institute as part of an expert opinion poll. According to Paskhaver, the decision to once again postpone the IMF's mission visit to Ukraine is based only on political motives. The expert considers that the consequences of a possible non-receipt of the IMF's next trench depend on the general economic background. “It looks like some sort of wave of the economic crisis will hit us as a result of a worsening of the economic situation in developed countries, and having this picture on the background, this may become very sensitive for Ukraine. If there is no new wave of the crisis, we could well handle the situation ourselves. A combination of the second wave of the crisis – even though it would be weaker than the first one – with non-availability of loans threatens Ukraine with serious consequences for the economy and giving up positions in relations with Russia in exchange for a loan from the Russian government”, Paskhaver said.

**An MP of the ruling Party of Regions, VASYL HORBAL**, has said for his part that answers to many questions will be received in September and Ukraine will manage to handle the discussion with the IMF effectively. “I am quite optimistic regarding further cooperation with the IMF. I believe that September will give answers to many questions, including the one regarding the destiny of pension reform, whether it remains in the current format or would there be some more voting in Parliament. The same for solutions to the problems with Naftohaz Ukrayiny's balance deficit where either gas tariffs for the public shall be raised or other decision should be approved. I believe that having answered these questions ourselves first, and being able to show the draft budget for 2012, we would be able to have effective negotiations with the IMF”, Horbal said.

**Ernst and Young Managing Partner OLEKSIY KREDISOV** has said that receipt of the next IMF tranche would be an important and positive signal for investors. “The amount of money is not important, what is significantly more important is the signal this trench sends to business, investors and Ukraine's partners: the IMF has agreed to Ukraine's current policy. This is especially important in anticipation of the second wave of the crisis which, if it happens, will very probably be very painful to Ukraine. Unfortunately we can say that the lessons of the 2008 crisis were not in the main given due consideration from the viewpoint of diversification of the economy and export potential”, Kredisov said.

**Communist Party MP ALLA OLEKSANDROVSKA** has said that Ukraine can cope with financial difficulties on its own and can get on without the IMF loan. Oleksandrovska said that there could be several reasons to postpone the IMF mission's visit to Ukraine. “First, this is probably linked to internal issues within the organization. You see what's happening inside the IMF now: there was one scandal that followed with the change in the management, but this change was not successful and scandals continue. Second, in spite of everything, the international financial crisis and instability are evolving. I am not concerned with this situation. This is because I am certain that Ukraine has good chances of coping with the financial difficulties that our country faces now, just like the rest of the world. But to achieve this, of course, our government has to work seriously, to work in the field of foreign politics”, Oleksandrovska said.

A phone survey was conducted by the Gorshenin Institute on 20-22 August 2011. As many as 1,000 randomly sampled adults, aged 18 years and older, living in Ukraine's regional centers, cities, towns and villages, including Kiev and Sevastopol, were interviewed. The region, sex and age of the respondents were selected as quotas. The maximum margin of sampling error is +/-3.2 percentage points.

**Are you proud to be a Ukrainian citizen?**

	2007	2008	2009	2010	2011
<b>Yes</b>	52.2%	68.5%	77.1%	75.3%	76.8%
<b>No</b>	21.7%	23.6%	17.9%	19.2%	20.1%
<b>Not sure</b>	26.1%	7.9%	5.0%	5.5%	3.1%

**What is your attitude towards Ukraine's independence proclaimed in 1991?**

	2009	2010	2011
<b>Positive</b>	56.7%	58.4%	59.3%
<b>Negative</b>	19.8%	20.6%	19.3%
<b>Neutral</b>	19.5%	16.4%	17.3%
<b>Not sure</b>	4.0%	4.6%	4.1%

**How do you personally understand the term «independence of the country»?**

*(a few options can be selected)*

- Economic independence from neighbouring countries – 60.7%
- Economic independence from neighbouring countries – 50.3%
- Territorial sovereignty – 45.4%
- Reputation on the international arena – 38.2%
- Own national culture – 35.7%
- Own state language (Ukrainian) – 26.4%
- Independent church – 20.5%
- Other – 2.3%
- Not sure – 4.2%

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