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INTERNATIONAL POLITICAL**UKRAINE-RUSSIA****Ukraine to get access to Russian gas transport system**

On 21 August 2012, Prime Minister **Mykola Azarov** said that, following the entry into force of a free trade area agreement within the CIS, Kiev is planning to start negotiations on access to the Russian gas transport system and possible transport of natural gas from Central Asia to Ukraine through Russia's system. Azarov said that such steps are envisaged by the agreement on free trade area, which allows launching negotiations on access to the gas transport system immediately after the agreement comes into force and reaching agreement on Ukraine's access to the "pipe" within six months.

According to expert of the Razumkov Center **Volodymyr Omelchenko**, the agreement on free trade area within the CIS contains an article on free transit, but another paragraph of the same agreement says that the provision on free transit shall not apply to pipelines. "It seems that this agreement opens up some possibilities for Ukraine, but on the other hand, this restriction effectively cancels all the positive things that the agreement could bring," Omelchenko said.

The agreement on free trade area within the CIS will take effect on 23 September 2012. In addition to Ukraine, the document was ratified by Russia and Belarus.

Ukraine, Russia discuss gas transit to Europe

On 22 August 2012, Energy Minister of Ukraine **Yuriy Boyko** and head of Gazprom **Alexey Miller** met in Moscow. As Gazprom reported, the meeting participants discussed the transit of Russian natural gas through Ukraine's territory in the coming autumn and winter period. "In this regard, the sides analyzed the pace at which Naftohaz Ukrayiny is filling Ukrainian underground gas storage facilities," Gazprom said.

As of 20 August 2012, Ukraine accumulated 15.7bn cu.m. of natural gas in its underground storages.

Ukraine growing dependent on Russian gas - expert

Director of Energy Programmes at Nomos Center **Mykhaylo Honchar** in an article for the Dzerkalo Tyzhnya weekly as of 22 August 2012 said that contrary to official statements, Ukraine is increasing consumption of natural gas imported from Russia, not domestically produced fuel.

Particularly, according to the expert, over the two years of **Viktor Yanukovich's** presidency, consumption of Russian gas has increased by more than 9bn cu.m. At the same time, Honchar noted, citing data from the State Statistics Committee of Ukraine that domestic production of gas declined from 21.5bn cu.m. in 2009 to 20.6bn cu.m. in 2011. The expert also said that the share of domestically produced gas in the total annual consumption fell from 41.4 percent in 2009 to 34.7 percent in 2011.

Russia bans import of Ukrainian cheese

On 20 August 2012, Russia's Federal Service for Oversight of Consumer Protection and Welfare (Rospotrebnadzor) reported that some of the products manufactured by the Ukrainian cheese factories belonging to companies Milkiland and Almira were banned from sales in Russia due to non-compliance with its sanitary and epidemiological standards. According to media reports, the total weight of the products banned from sales is about 313 tonnes.

On 23 August 2012, Ukrainian Economics Minister **Petro Poroshenko** said that the government set up a commission to examine the quality of Ukrainian cheese banned in Russia.

Previously, Russia already introduced a ban on products from Ukrainian cheese factories.

According to an expert of the "Ukrainian Club of Agrarian Business" association **Taras Hahalyuka**, such steps by the Russian side may be related to the fact that "at the moment Russia is increasing its own production of cheese, and their cheese makers are unhappy with the situation on the domestic market, which is filled with cheaper cheeses from abroad."

At the same time, representative of the Ministry of Justice of Ukraine **Olena Zerkal** believes that thanks to Russia's accession to the WTO, Rospotrebnadzor will not be able to prohibit supplies of Ukrainian cheese on its territory without valid arguments.

According to director of the Center for Customs Tariff and Non-Tariff Regulation (Russia) **Vyacheslav Yevseyev**, after Russia's accession to the WTO, Kiev will have the possibility to appeal against the protective measures imposed by the Russian side not only in bilateral negotiations, but also within the entire organization.

Foreign Ministry preparing Yanukovich's visit to Russia, Medvedev to visit Ukraine in September

On 22 August 2012, Ukrainian ambassador to Russia **Volodymyr Yelchenko** told the UNIAN news agency that the Foreign Ministry of Ukraine is starting preparations for an official visit of Ukrainian President **Viktor Yanukovich** to Russia. "Next week we will start preparations of a state visit of our President to the Russian Federation, which was agreed on 12 July. The date is yet to be determined, because it depends also on the Russian side, but that will definitely happen in the autumn," he said.

In addition, Yelchenko reported that prime ministers of Ukraine and Russia **Mykola Azarov** and **Dmitry Medvedev** will meet during the sitting of the CIS Economic Council in Yalta on 28 September 2012.

UKRAINE-EU

EU parliament members pessimistic about Ukraine's election

The chairman of the EU Parliament's International Relations Committee, European People's Party member, **Elmar Brok**, in an interview with the Ukrainian magazine Tyzhden published on 20 August 2012, said that the EU will watch closely the situation in Ukraine. "Unfortunately, we have to note that chances for holding free

and fair election are getting less and less. The EU and the European People's Party will find the right answers at the right moment. No-one in Ukraine shall expect that everything will be finished and forgotten after the election is rigged," Brok said. He also said that by refusing to permit former Ukrainian Prime Minister **Yuliya Tymoshenko** and former Ukrainian Interior Minister **Yuriy Lutsenko** to run for the election to parliament, the Ukrainian authorities might have passed the point of no return in relations with Europe. According to Brok, the Ukrainian authorities deviate more and more from the recommendations stated in the European People's Party last resolution, thus leading to more isolation.

Co-chairman of the Group of the Greens, the European Parliament member **Rebecca Harms**, has said that the Central Election Commission's decision not to allow former Ukrainian Prime Minister **Yuliya Tymoshenko** and former Ukrainian Interior Minister **Yuriy Lutsenko** to run for parliament did not come as a surprise. "The real problem is that these trails seem to be politically motivated," Rebecca Harms said. She also called on the EU, USA and WTO to increase pressure on the Ukrainian authorities.

European Parliament Member on Conservative Party, **Charles Tannock**, has said that "the elections stripped of the opposition leadership are a sham and the outcome cannot represent a true verdict of popular opinion." He also suggested that the European Parliament might produce its own report exposing the undemocratic election in Ukraine.

Ukrainian Foreign Ministry's spokesman **Oleh Voloshyn** said on 23 August 2012 however that Ukraine is still looking forward to signing the EU association agreement before end of 2013. According to Voloshyn, holding the election to parliament according to European standards might be a good reason for signing the association agreement.

Ukrainian President **Viktor Yanukovich** in his address on the occasion of the Independence Day on 24 August 2012 said that Ukraine remains adherent to the European choice, however the integration to the European space should not take place at the expense of an interference in Ukraine's domestic affairs.

France, Canada condemn new verdict to Ukrainian ex-minister

French Foreign Ministry's spokesman **Vincent Floreani** in an interview with the Ukrainian magazine Tyzhden published on 20 August 2012, has said that his country condemns new verdict pronounced to former Ukrainian Interior Minister **Yuriy Lutsenko**. Floreani said that France demands that Ukraine stop abusing legal proceedings.

Floreani also said that other member states of the EU share France's position.

Canadian Foreign Minister **John Baird** said on 22 August 2012 that conviction of former Interior Minister Yuri Lutsenko is the latest example of apparent political bias in the prosecution of Ukrainian opposition figures.

A Ukrainian court sentenced Lutsenko to two years in jail for negligence on 17 August 2012. Earlier, on 7 February this year, court sentenced Lutsenko to four years in prison with confiscation of property for abuse of powers.

German envoy discusses ban for opposition leaders to run for parliament with Ukrainian election chief

German ambassador to Ukraine **Christof Weil** met chairman of the Ukrainian Central Electoral Commission **Volodymyr Shapoval** on 23 August 2012 to discuss the situation with the election to Ukrainian parliament, in particular the refusal to register former Prime Minister **Yuliya Tymoshenko** and former Interior Minister **Yuriy Lutsenko** as candidates.

German ambassador said that the Central Electoral Commission's refusal to register opposition leaders may affect the legitimacy of the upcoming election.

Shapoval said for his part that the refusal to register Tymoshenko and Lutsenko is clearly motivated by the requirements of the law. Shapoval also said: "Even now I am already certain that legitimacy will be an issue". "However, speaking in broader terms, the Central Electoral Commission needs not a positive but rather an objective assessment," Shapoval said.

Media say over 30,000 Ukrainians may get Polish citizenship

The Komsomolskaya Pravda daily with a reference to the Polish Office for Foreigners said on 20 August 2012 that after approval of dual citizenship in Poland, about 30,000 Ukrainians, who legally reside in Poland, may receive Polish passports.

Ukrainian Foreign Ministry's representative, **Oleksandr Dykusharov**, said that the number of Ukrainians who under new conditions may apply for Polish citizenship is twice as low as media reports say.

The new law on citizenship came into effect in Poland on 15 August 2012. The law allows dual citizenship and simplifies obtaining of Polish citizenship by foreigners.

Germany: Moldova outpaces Ukraine in approaching EU

German Chancellor **Angela Merkel** visited Moldova on 22 August 2012. Visiting Moldova, Merkel said that Moldova has made a significantly better progress than Ukraine in implementing the Action Plan on Visa Liberalisation agreed with the EU.

Ukraine and the EU signed an agreement to expand the existing simplified visa issuing procedures in July 2012.

UKRAINE-CHINA**China becomes Ukraine's strategic partner**

Ukrainian Foreign Minister **Kostyantyn Hryshchenko** in his article for the Den daily published on 21 August 2012 has said that China's role as one of Ukraine's key economic partners keeps on growing: "trade turnover between Ukraine and China grew by almost 20 percent during six months in 2012". Partnership with China helps Ukraine in solving strategic tasks of national development, including such an important issue as securing energy independence – the Chinese Development Bank will allocate Ukraine a loan of 3.66bn dollars before the end of

2012 to implement technologies for replacement of Russian gas with Ukrainian coal gas.

Hryshchenko also said that Ukrainian President **Viktor Yanukovych** plans to pay an official visit to China this year.

DOMESTIC POLITICAL

UKRAINIAN GOVERNMENT

Ukrainian government lifts restrictions on Russian-language broadcasting

On 20 August 2012, the head of the National Television and Radio Broadcasting Council of Ukraine, **Volodymyr Manzhosov**, signed an order to remove the "language" line from applications for licenses for radio and television broadcasting. Therefore, the provisions of 2008, under which the share of TV air time in the Ukrainian language should be at least 80 percent, were cancelled.

In the opinion of the head of the Ukrainian parliamentary committee on freedom of expression, an MP of the opposition parliamentary bloc Our Ukraine-People's Self-Defence, **Yuriy Stets**, such an innovation will make 80 percent of Ukraine's TV broadcasting Russian-speaking.

In her turn, an MP of the pro-presidential Party of Regions, **Olena Bondarenko**, said that by taking this decision, the National Television and Radio Broadcasting Council of Ukraine had fulfilled the requirements of the new law "On the principles of state language policy".

Under the new language law, a language might be granted a regional status if the number of its native speakers is over 10 percent of the general population.

As of 27 August 2012, Russian was given the status of a regional language in six Ukrainian regions (Donetsk, Zaporizhzhya, Luhansk, Odessa and Kherson) and in five cities such as Mykolayiv, Odessa, Sevastopol, Kharkiv and Yalta.

The Ukrainian analytical weekly *Komentari* cited a census to suggest that under the law, the Hungarian language might become regional in Transcarpathian Region, where 12.7 percent of the population considers it native, while the Romanian language might follow suit in Chernivtsi Region, with 11.9 percent of residents considering it their native language.

At the same time, an MP of the Our Ukraine-People's Self-Defence bloc, **Hennadiy Moskal**, quoted his own sources as saying that representatives of the Ukrainian presidential administration had ordered the leaders of Transcarpathian and Chernivtsi regions not to hold sessions devoted to the language issue.

On 22 August 2012, Ukrainian President **Viktor Yanukovych** said that he disagreed with the contention of a number of politicians and experts that the language policy law undermined the Ukrainian language. "However, I am not sure that the law is perfect and that it will work in this form," he added.

Ukrainian court declares actions of top electoral agency's members illegal

On 19 August 2012, the Kiev administrative court of appeals refused to approve the registration of **Volodymyr Satsyuk** as an election candidate and ruled that the actions of the two members of the Central Electoral Commission (CEC) who represent the opposition, **Andriy Mahera** and **Valeriy Sheludko**, who registered Satsyuk as candidate had been illegal. The court motivated its decision by the fact that Satsyuk had not been residing in Ukraine over the past five years. On 24 August 2012, the Supreme Administrative Court confirmed the legality of the ruling.

The fact that the court found the actions of the two CEC members illegal might serve as grounds for their dismissal. A decision on this issue can be taken by parliament upon the president's request. At the same time, the mass media reported that the presidential administration had no intention to initiate the process of dismissing these opposition members from their posts in the CEC.

The chairman of the United opposition's council, **Arseniy Yatsenyuk**, said that a dismissal of any CEC member who represents the opposition would mean only that the October election is a priori undemocratic.

On 22 August 2012, the CEC head, **Volodymyr Shapoval**, said that all the commission members were jointly responsible for the registration of election candidates.

In his turn, Mahera expressed the intention to file a complaint with the European Court of Human Rights.

Ukraine's top election agency registers over 40 "twins"

The participation of candidates with the same last names as those of well-known politicians is among the trends of the 2012 electoral campaign, the press service of the Opora public organization reported on 23 August 2012.

Representatives of the organization believe that this strategy has been applied against 43 candidates in 30 electoral districts.

The Opora members also noted that there were no legal mechanisms for countering such a strategy of anti-competitive rivalry. For this reason, the Central Electoral Commission was obliged to register all the "twins" who had submitted a full package of required documents and supplied all the valid information.

Top Ukrainian election body has no objections to placement of pro-presidential party's symbols on government buildings

On 24 August 2012, the Central Electoral Commission (CEC) of Ukraine dismissed a motion filed by the opposition Fatherland party which complained about the placement of symbols of the pro-presidential Party of Regions on local government buildings. The Fatherland party cited in its complaint reports from a number of mass media outlets and websites, as well as called for measures for addressing these violations.

The CEC decided that the specified reports did not represent sufficient evidence that the law had been breached and dismissed the complaint. Yet, it also sent the received materials to law-enforcement agencies for a further investigation.

Ukrainian government enacts law on terms of holding land auctions

On 19 August 2012, the amendments to the Ukrainian Land Code regarding the terms of holding land auctions came into force. The law envisions that land plots which belong to either the state or a municipality should be sold exclusively at land auctions. The same applies to a transfer of rights to a land plot from one owner to another.

Under the law, the terms of holding auctions should be approved by the government.

Ukrainian government sacks top management of national atomic energy body

The Ukrainian cabinet on 20 August 2012 dismissed President of the National Nuclear Energy Generating Company Enerhoatom **Yuriy Nedashkovskyy** from his post. **Vissarion Kim** was appointed acting head of the company.

The Dzerkalo Tyzhnya weekly wrote that the decision to dismiss Nedashkovskyy was initiated by Energy Minister **Yuriy Boyko**. The paper also said that soon **Mykyta Kostyantynov** will be appointed the new president of Enerhoatom; Kostyantynov is described as a man representing business interests of tycoon **Rinat Akhmetov**.

The state-owned company Enerhoatom runs all operable Ukrainian nuclear power plants as well as other assets in the country's nuclear energy sector.

Some media link Nedashkovskyy's dismissal to problems at the South Ukraine nuclear power plant units 1 and 2 in April-July this year, where Westinghouse-supplied fuel assemblies with damaged spacing grids were found.

The Dzerkalo Tyzhnya also said that some websites published information that American nuclear fuel was purchased via an intermediary – Internexco GmbH. As a result, the financial damage only this year is assessed at 100m euro.

In reply to Dzerkalo Tyzhnya's request, Enerhoatom denied excess payments for American nuclear fuel.

Energy expert **Yuriy Korolchuk** told the LB.ua news and analysis website that the change in Enerhoatom's top management may be related to control over the Russian 5bn-dollar commercial loan for construction of new reactor units at the Khmelnytsky nuclear power plant.

The public opinion poll conducted by the Gorshenin Institute in April 2011 shows that the majority of Ukrainians (66.3 per cent) oppose construction of new nuclear power plants or new reactors at existing nuclear power plants in Ukraine.

UKRAINIAN OPPOSITION**Ukrainian court ends consideration of jailed ex-premier's appeal without verdict**

On 21 August 2012, the Ukrainian Supreme Specialized Court finished the consideration of an appeal filed by former Prime Minister **Yuliya Tymoshenko** against her sentence in the so-called "gas case". After the hearing, the panel of judges went to a deliberation chamber in order to draw up a ruling without specifying when this verdict would be delivered.

Tymoshenko's lawyer **Serhiy Vlasenko** said that the failure of the presiding judge to announce the date of the verdict was "unprecedented". He believes that this means that this decision "will be used for manipulations". Vlasenko also suggested that the court ruling might be declared in September 2012.

On 11 October 2011, the Kiev Pecherskyy district court found Tymoshenko guilty of exceeding her authority when she signed the gas contracts with Russia in 2009. The former prime minister was sentenced to seven years behind bars.

Ukraine's jailed ex-minister demands hospitalization

It became known on 22 July 2012 that Ukraine's former Interior Minister **Yuriy Lutsenko** had turned down a medical express check-up, which was offered to him before a transfer to a prison. The convicted politician issued a demand to be officially transferred to a hospital for examination and treatment, about which the doctors who had examined the former interior minister in September 2011 and in April 2012 talked on multiple occasions.

In February 2012, a court found Lutsenko guilty of exceeding his authority and sentenced him to four years behind bars. The former interior minister received another two-year sentence on 17 August for negligence at work.

Lutsenko's defence intends to appeal against his second conviction at the end of August. His lawyers contend that until then the former interior minister will not be transferred from a remand center to a prison.

Ukraine's opposition figure files lawsuit against president

On 20 August 2012, the head of the United opposition's council and an MP of the Our Ukraine-People's Self-Defence parliamentary bloc, **Arseniy Yatsenyuk**, filed a lawsuit against President **Viktor Yanukovych** with the Supreme Administrative Court.

The politician believes that the Ukrainian head of state has illegally signed pension reform, the Tax Code, the law on state language policy, has illegally appointed the prime minister, the government and a number of local officials, as well as pressured the Constitutional Court (CC) when it was deliberating on a return to the 1996 draft of the constitution. In the view of the oppositionist, these actions of the president might present grounds for an impeachment.

Yatsenyuk also said that the opposition had at its disposal a testimony of a former CC judge, who had been allegedly pressurized during the consideration of the issue of switching back to the old constitution.

Ukrainian law-enforcers launch criminal case against election candidate from opposition

On 20 August 2012 in Crimea, police detained a candidate from the United opposition, **Ihor Lesiv**, as part of a criminal case opened over a murder attempt. If found guilty, the politician might face from seven to 15 years in prison

The Ukrainian Interior Ministry said that the detention of the opposition member was related to a domestic conflict.

However, the press service of the Crimean headquarters of the United opposition has circulated a statement about the illegal detention of its election candidate. The statement said that Lesiv was the only real rival of the director-general of the Titan factory and a candidate representing the pro-presidential Party of Regions, **Oleksandr Nechayev**, who is linked to a Ukrainian businessman and a co-owner of the RosUkrEnergo company, **Dmytro Firtash**.

HUMAN RIGHTS

Ukrainian news portal unable to obtain official confirmation of closure of criminal case

Kiev's prosecutor office has refused to provide the information regarding the date and the reasons for closing a criminal case against the Lb.ua news and analysis website despite requests from the Gorshenin Institute, whose project the information portal is, and despite a number of requests from lawmakers.

On 24 August 2012, the Lb.ua editor-in-chief, **Sonya Koshkina**, once again publicly demanded that the Kiev's prosecutor's office supply an official response to the question of when and on what basis the criminal case against the website had been closed.

"The information presented by the prosecutor's office in response to the request from MP **Viktor Ukolov** that the case 'has been closed due to the results of a pre-trial investigation' is not a sufficient answer since the formula 'closed due to the results of a pre-trial investigation' simply does not exist in the Criminal Procedures Code," Koshkina said.

"It is our right to either agree with or challenge the grounds on which the case has been closed. According to the conclusions of Ukrainian and European lawyers and a number of experts, there was no corpus delicti in the actions of the Lb.ua employees. It means that there were no grounds for launching the criminal case. However, in order to clearly formulate a stance on the given issue, we need official information, which we are trying to obtain," the Lb.ua editor-in-chief stressed.

"The conflict is continued today by those who initiated it, or, in other words, by the organizers of the persecution. It is obvious that they will not be able to accept the

fact that they have failed to implement their plan. These people still believe that everything is permitted for them and that they will not be punished," Koshkina added.

"Following the developments in the case with the TVi channel, which also suffered at the same time as we did, we do not rule out that someone is preparing scenarios for revenge and for new criminal cases. This is why legal clarity in the given issue becomes of even greater importance to us," the Lb.ua editor-in-chief concluded.

A prosecutor's office launched the criminal case against Lb.ua on 18 July 2012, following a statement by an MP of the pro-presidential Party of Regions, **Volodymyr Landik**. The Lb.ua employees were accused of violating the secrecy of correspondence. On 3 August 2012, the press service of the Kiev prosecutor's office announced that the criminal case had been closed. However, it has not yet provided representatives of the Lb.ua editorial board with a copy of a resolution on the closing of the criminal case.

Ukraine's pro-opposition TV channel might be shut down

On 22 August 2012, the director-general of the TVi channel, **Mykola Knyazhytskyy**, said that the media outlet might be shut down.

"Although a case against me has been closed, tax police have not dropped legal charges against us. If they win the case in court [a hearing will be held on 13 September], then we will be forced to pay 9m hryvnyas [1.13m dollars]. This is too much money for our channel. This is practically bankruptcy," he explained.

We learned on 12 July 2012 that the criminal case against Knyazhytskyy was launched over alleged tax evasion. The case was closed on 1 August.

Additionally, Knyazhytskyy said that following an order from the National Television and Radio Broadcasting Council of Ukraine, the TV channel had been cut off from regional cable networks since the beginning of the electoral campaign. This development has been largely observed in Ukraine's eastern regions such as Dnipropetrovsk, Donetsk and Kharkiv.

The TVi management intends to urge participants in the World Newspaper Congress and the World Editors Forum, which will be held in Kiev on 2-5 September, to boycott the events.

On 22 August 2012, the head of the Ukrainian parliamentary committee on freedom of expression and an MP of the Our Ukraine-People's Self-Defence opposition parliamentary bloc, **Yuriy Stets**, as well as other committee members from the opposition Yuliya Tymoshenko Bloc, **Viktor Ukolov, Olena Kondratyuk and Oleksandr Abdullin**, addressed the leaders of the country, the Parliamentary Assembly of the Council of Europe (PACE) and the Organization for Security and Cooperation in Europe (OSCE) with an open letter, in which they stressed that blocking the work of the TV channel during the electoral campaign might undermine legitimacy of the parliamentary elections in Ukraine.

Knyazhytskyy is a parliamentary candidate running on the party list of the United opposition.

UN points to reputation deficit of Ukraine's ombudsman

The UN experts do not believe that the secretariat of the Ukrainian ombudsman, **Valeriya Lutkovska**, is highly reputable among citizens or other government agencies, the Ukrainian analytical weekly *Komentari* cited the press service of the Program for the Development of the UN in Ukraine on 22 August 2012 as saying.

Ukraine suspends extradition of suspect in case of attempt on Russian president's life

The Prosecutor-General's Office of Ukraine will not extradite **Adam Osmayev**, who is the chief suspect in the case of plotting an attempt on the life of Russian President **Vladimir Putin**, before the European Court of Human Rights hands down a verdict on the legality of his extradition, Ukrainian Prosecutor-General **Viktor Pshonka** said on 22 August 2012.

On 21 August 2012, the Ukrainian representative office of the UN High Commissioner for Refugees said that Osmayev was seeking asylum in Ukraine. However, his civil partner **Amina Okuyeva** said that the State Migration Service of Ukraine (STSU) had refused to consider the case. The decision of the STSU was challenged with a court of appeals, which should consider this issue in the nearest future, Okuyeva added.

On 14 August 2012, Odessa Region's court of appeals ruled to extradite Osmayev to Russia.

Earlier, the EU high representative for foreign affairs and security policy, **Catherine Ashton**, and the EU commissioner for enlargement and neighborhood policy, **Stefan Fule**, expressed their concern with the potential extradition from Ukraine to Russia of the refugee, whose status is recognized under international law.

SOCIETY**Fund for Peace views Ukraine's dissolution unlikely**

As news and analysis website *Lb.ua* reported on 22 August 2012, according to the Failed States Index annually published by the Fund for Peace, a U.S. nonprofit research and educational institution, Ukraine falls into the category of stable countries, occupying the 113th place.

Somalia is recognized as the most troubled country. Among the countries of the former Soviet Union, the worst rating is assigned to Uzbekistan (39th), Kyrgyzstan (41st), Tajikistan (46th) and Georgia (51st). Russia occupies the 83rd position.

Number of Ukrainian migrants reaches 6 million

As Radio Liberty announced on 21 August 2012, citing data from the International Organization for Migration, the number of emigrants from Ukraine has reached 6 million people, or a seventh of the country's total population. The

outflow of Ukrainian citizens mainly consists of students. Half of Ukrainian emigrants are young people under the age of 35.

According to a survey conducted among youth by the Gorshenin Institute in April 2012, 29.9 percent of young people are planning to emigrate from Ukraine.

ECONOMICS

Ukraine's public debt grows by 2bn dollars

As news and analysis website Lb.ua reported on 23 August 2012, according to the Ministry of Finance, public and publicly guaranteed debt of Ukraine as of 31 July reached 62.2bn dollars, an increase of over 2bn dollars as compared to the end of June 2012.

In particular, public debt was 48.9bn dollars (78.6 percent of the total amount) while publicly guaranteed debt reached 13.3bn dollars.

Foreign public and publicly guaranteed debt on July 31 totaled 36.6bn dollars, domestic debt was 25.6bn dollars. According to the Ministry of Finance, the growth of public debt was due to the issue of eurobonds to the tune of 2bn dollars.

Government expects higher budget revenues in 2013

On 23 August 2012, Prime Minister **Mykola Azarov** said that the state budget revenues in 2013 will grow by a third to 62.5bn dollars. The state budget revenues in 2012, according to him, will total about 46.4bn dollars.

In July 2012 the state revenues fell by 20 percent year on year.

NBU forecasts higher inflation

On 20 August 2012, the National Bank of Ukraine announced that inflation in Ukraine may gather some pace in the coming months due to seasonal factors and possible acceleration of price growth on global food markets.

Earlier, on 8 August, the State Statistics Service reported that core inflation in Ukraine at the end of July slowed to 3.1 percent in annual terms (against the same month in 2011).

PM: Ukraine's economy grows 2 percent in 7 months

On 22 August 2012, Prime Minister **Mykola Azarov** said that, according to preliminary estimates the gross domestic product of Ukraine in January-July grew by 2 percent.

The state budget for 2012 is based on the Ukrainian government's economic growth and inflation forecasts of 3.9 percent and 7.9 percent respectively.

ENERGY MARKET

Government transfers gas distribution networks to municipal and regional companies

On 20 August 2012, the government issued a decree according to which gas distribution networks are not subject to privatization and should be transferred to municipal and regional distribution companies. According to the decree, the Energy Ministry should sign agreements with municipal and regional companies on the transfer of gas distribution networks with the right for operating control.

According to the Ukrayinska Pravda news and analysis website, the government's decision means that regional gas companies will be using gas distribution networks free of charge.

The State Property Fund plans to sell stakes in 10 regional gas distribution companies in September 2012. The interest in the companies was shown by Gaztek, which is controlled by **Dmytro Firtash**, co-owner of RosUkrEnergo, Ukrayinska Pravda says.

On 22 August 2012, the United Opposition asked the Prosecutor-General's Office to investigate the "corruption schemes" of transferring gas distribution networks to private hands.

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