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Content

1. International political

Ukraine-Russia

Security supremo sees CIS free trade agreement as chance to promote Ukraine's economic growth...page 4.

Ukraine initials memorandum on trade cooperation with Russia-led economic bloc...page 4.

Russia imposes restrictions on car exports from Ukraine...page 4.

Ukraine to stop buying Russian steel products...page 5.

Russian gas giant completes construction of gas pipeline bypassing Ukraine...page 5.

Ukraine pursuing contract for repairing Russian navy ships...page 5.

Ukraine-EU

Outgoing envoy doubts EU-Ukraine summit to take place this autumn...page 5.

Ukrainian premier says future of EU free trade deal depends on Europe...page 6.

European media: Ukrainian president follows path of Arab dictators...page 6.

Ukraine-NATO

NATO to finance munitions recycling in Ukraine...page 6.

2. Domestic political

Authorities

Ukrainian top court rules to limit MPs' immunity...page 7.

Ukrainian cabinet to review next year's budget soon...page 7.

Ukrainian cabinet to toughen rules on public procurement...page 7.

Ukrainian special services complete investigation into Dnipropetrovsk blasts ...page 8.

Ukrainian pro-presidential party MP tipped to become top court's head...page 8.

Ukrainian president's son among country's five most influential people...page 8.

Opposition

Top Ukrainian specialized court rejects jailed ex-premier's appeal against conviction...page 9.

Ukraine's ex-interior minister transferred from detention center to prison...page 10.

Names of jailed Ukrainian ex-premier, interior minister not to be included on election ballots...page 10.

Ukrainian opposition complains about ban to set up billboards in regions...page 10.

3. Human rights

Ukrainian Prosecutor-General's Office pledges to investigate delay with confirmation of closing criminal case against news portal...page 11.

Ukraine's pro-opposition TV channel seeks support from European politicians...page 11.

Ukrainian law enforcers block work of regional pro-opposition paper...page 12.

4. Society

European election watchdog gears up to monitor polls in Ukraine...page 12.

Expert: Ukrainian TV media undergo "russification" – watchdog...page 13.

5. Economics

IMF mission visits Ukraine...page 13.

Ukraine's budget deficit growing...page 14.

Ukraine to issue eurobonds worth 1bn dollars...page 14.

President's administration voices inflation and GDP forecasts...page 14.

National Bank to strengthen banks' liquidity...page 15.

National Bank changes procedure for cross-border movement of currency...page 15.

Ukraine ready to export 20m tonnes of grain...page 15.

6. Energy market

Ukraine to provide state guarantees for LNG terminal construction...page 16.

Ukraine wants to buy Turkish gas...page 16.

7. "We are Ukrainians!" – survey...page 17-18.

INTERNATIONAL POLITICAL

UKRAINE-RUSSIA

Security supremo sees CIS free trade agreement as chance to promote Ukraine's economic growth

On 30 August 2012, Secretary of the National Security and Defence Council (NSDC) **Andriy Klyuyev** said that the agreement on a free trade area (FTA) within the CIS can boost industrial production in Ukraine by 3.5-4 percent in the medium term, providing an additional growth of GDP by up to 2.5 percent per year.

At the same time, some experts and politicians say that the free trade agreement contains a long list of exceptions and restrictions, which will adversely affect the Ukrainian economy.

The agreement on free trade area within the CIS comes into force on 23 September 2012.

On 9 August 2012, President **Viktor Yanukovych** signed the law "On ratification of the free trade area agreement". The agreement was also ratified by Russia and Belarus.

Ukraine initials memorandum on trade cooperation with Russia-led economic bloc

At a meeting in Kiev on 27 August 2012, Economics Minister **Petro Poroshenko** and Minister for Trade of the Eurasian Economic Commission (EEC) **Andrey Slepnev** initialled the text of a memorandum on trade cooperation. It is planned that the document will be signed in mid-September.

The EEC is a supranational body of the Common Economic Space (CES), which includes Russia, Belarus and Kazakhstan.

Russia imposes restrictions on car exports from Ukraine

On 31 August 2012, the Russian government approved the procedure for collecting a salvage levy on vehicles. The document came into effect on 1 September. The fee is not applicable to wheeled vehicles that are imported to Russia from the territory of the member states of the Customs Union. The document provides no exceptions for Ukraine.

Prime Minister **Mykola Azarov** said that his government will respond with similar actions against Russian products. Earlier Azarov said that the salvage fee on cars which is introduced by Russia will not affect Ukraine.

According to deputy head of the parliamentary faction of the Party of Regions **Anatoliy Kinakh**, Russia's initiative conflicts both with the principles of the WTO and provisions of the agreement on creation of a free trade area within the CIS.

Out of 97.5ths vehicles produced in Ukraine in 2011, about 30% was exported to Russia.

Ukraine to stop buying Russian steel products

On 27 August 2012, Prime Minister **Mykola Azarov** said that Ukraine will soon completely abandon purchase of steel products from Russia. He noted that Ukraine's production capacities allow switching to only Ukrainian products.

Russian gas giant completes construction of gas pipeline bypassing Ukraine

The press service of the Russian gas company Gazprom said on 28 August 2012 that the construction of the second line of the Nord Stream gas pipeline has been completed. Gazprom plans to start pumping gas to Europe through Nord Stream's second line in the fourth quarter of 2012.

The Lb.ua news and analysis website reported that Nord Stream's first line was commissioned in November 2011.

Gazprom expects pumping as many as 55bn cu.m. of gas per year from Russia to Europe bypassing Ukraine for the next 50 years after both lines of Nord Stream reach the design capacity.

Sources of the Kommersant Ukraina daily said that transit of the Russian gas through Ukraine will be reduced by 24-35 percent before the end of this year resulting in Ukraine's losing 500m dollars of revenue in 2012 because of the bypassing gas pipeline.

The Ukrainian Energy Ministry reported on 28 August 2012 that during seven months of 2012 Ukraine reduced transit of gas by 22.9 percent – to 50.589bn cu.m. in comparison to the previous year.

On 31 August, Ukrainian Energy Minister **Yuriy Boyko** discussed with Gazprom Chairman **Aleksey Miller** in Moscow progress with the Ukrainian energy company Naftohaz Ukrayiny's pumping of gas to underground gas storages and plans to fill the gas storages before the start of the heating season.

Ukraine pursuing contract for repairing Russian navy ships

Ukrainian Prime Minister **Mykola Azarov** said on 28 August 2012 that Ukraine and Russia continue negotiations on the modernization of the Russian Black Sea Fleet in Ukraine's Crimea. According to Azarov, Ukraine continues to insist that Russia should repair the Black Sea Fleet's ships at Ukrainian facilities.

UKRAINE-EU

Outgoing envoy doubts EU-Ukraine summit to take place this autumn

The EU's ambassador to Ukraine, **Jose Manuel Pinto Teixeira**, in an interview with the Ukrayinska Pravda news and analysis website published on 30 August expressed doubts if the EU-Ukraine summit can take place this autumn as planned.

“As of today, there is no confirmation that the required preconditions for the summit will be in place,” Teixeira said. He also said that the parties have not yet started discussing the dates, venue and agenda of the summit.

Teixeira also said that signing the association agreement with Ukraine under the present situation seems doubtful.

The Ukrainian Foreign Ministry replied that Teixeira is staying his last days in the office and the Ukrainian authorities should not be bothered with his opinion on the political situation in Ukraine.

Ukrainian premier says future of EU free trade deal depends on Europe

Ukrainian Prime Minister **Mykola Azarov** said on 27 August that the future of a free trade agreement between Ukraine and the EU depends on the European party.

“The agreement has been initialized... It is ready, each page is verified, and now the matter depends on the EU. This question is not to me, this question is to the EU when it plans to ratify the agreement,” Azarov said.

Ukraine and the EU fully initialled the text of the association agreement on 19 July 2012.

European media: Ukrainian president follows path of Arab dictators

The German paper Frankfurter Allgemeine Zeitung (FAZ) in its publication on 29 August 2012 said that Ukrainian president **Viktor Yanukovych** has taken the path of Arab and Asian leaders who built the ruling dynasties by appointing members of their families as their successors.

“In his early political career Yanukovych was deemed to be rather an instrument of the clan of Donetsk-based business tycoons with criminal past, but evidences appear demonstrating that the Ukrainian leader tries to get rid of excessive influence from his former patrons. To achieve this objective, Yanukovych has employed two types of means. First, he appointed people not related to his old sponsors at key positions in the government. Second, using tricky family links he is trying to build his own economic empire that in the perspective would enable him to act as an equal with those who earlier helped him to become a politician and gain power,” Frankfurter Allgemeine Zeitung's article reads.

UKRAINE-NATO

NATO to finance munitions recycling in Ukraine

The Ukrainian Defence Ministry said on 26 August 2012 that NATO plans to allocate 1.96m dollars to recycle munitions in Ukraine.

The Defence Ministry also said that the Ukrainian state budget received 5.57m dollars in 2012 from selling components of dismantled missiles and munitions.

Scrapping of jet-propelled projectiles was started on 7 July 2012 as part of the

Defence Ministry's programme at the state-owned Petrovskyy chemical plant, part of the Ukroboronprom state concern.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian top court rules to limit MPs' immunity

The Ukrainian Constitutional Court on 28 August 2012 ruled that the draft law on stripping members of the Ukrainian parliament of immunity, proposed by the pro-presidential Party of Regions, is in line with the constitution.

The Lb.ua news and analysis website said that the law was approved in the first reading on 5 July. The law suggests canceling part one of Article 80 of the current revision of the Ukrainian constitution which requires that “the people's deputies of Ukraine shall be guaranteed immunity of a deputy” and also to change part three of the said article to read as follows “the people's deputies of Ukraine shall not be detained or arrested without the consent of the Ukrainian parliament until a court's guilty verdict against him/her takes legal effect”.

First deputy chairman of the [opposition] Fatherland Party, Oleksandr Turchynov, said that that the second part of the Constitutional Court's ruling tells that president's privileges and some titles shall remain in place even after impeachment. Turchynov said that this means that in the Presidential Administration they admit a possibility of impeaching President **Viktor Yanukovych**.

Ukrainian cabinet to review next year's budget soon

Ukrainian Prime Minister **Mykola Azarov** said on 27 August 2012 that the cabinet would consider a draft 2013 state budget at a meeting within the next few days.

“The cabinet follows a schedule that requires submitting the draft law on the state budget to parliament no later than 15 September,” Azarov said.

However, Azarov did not specify the main macroeconomic indicators the draft state budget is based upon.

Some Ukrainian experts believe the draft state budget proposed by the cabinet would contain provisions for raising social payments and may be approved in the first reading before parliamentary elections. However, the parliament of the new convocation may re-consider the next year state budget's key indicators.

Ukrainian cabinet to toughen rules on public procurement

The Komentari weekly wrote on 27 August 2012 that the Ukrainian cabinet has developed a draft law “On public procurement” where it suggests new requirement to participants in public procurement tenders to have own production facilities and service centers in Ukraine. It is also planned that the said requirements will stand temporary till 31 December 2015.

On 2 August 2012 President **Viktor Yanukovych** signed a law that relives state-

owned enterprises from carrying out tender procedures when purchasing goods, work and services with internal funds. Tender procedures will be mandatory only for state-owned companies that make procurements with public money coming from national and local budgets.

Ukrainian special services complete investigation into Dnipropetrovsk blasts

On 30 August 2012, the Security Service of Ukraine (SBU) said that an investigation of a criminal case launched over explosions in the city of Dnipropetrovsk had been completed.

“There are four suspects in the case. The investigation has obtained unprecedented proof of their guilt. They are all residents of Dnipropetrovsk,” the head of the SBU investigative directorate, **Ivan Derevyanko**, said. He abstained from naming the suspects.

A series of explosions in Dnipropetrovsk on 27 April 2012 left 34 people injured. On 31 May, the Ukrainian law-enforcement agencies said that they had solved the crime and detained four suspects.

The SBU said that the suspects not only organized the series of blasts in Dnipropetrovsk, but were also involved in the terrorist acts that had taken place in the cities of Kharkiv, Dnipropetrovsk and Zaporizhzhya in October-November 2011.

The detained are facing charges under three articles of the Ukrainian Criminal Code, including organizing a terrorist acts. After the suspects read the materials of the criminal case, the Prosecutor-General's Office of Ukraine will confirm the charges and submit its conclusion to a court.

The results of a sociological survey carried out by the Gorshenin Institute in January 2011 suggest that 57.3 percent of the Ukrainian citizens believe that there is a threat of a terrorist attack in Ukraine.

Ukrainian pro-presidential party MP tipped to become top court's head

Since the current head of the Supreme Court of Ukraine (SCU), **Petro Pylypchuk**, has reached the retirement age, the SCU panel will have to hold a snap election to replace him, the Kommersant Ukraina daily has said.

The current head of the Supreme Specialized Court for Civil and Criminal Cases, **Leonid Fesenko**, will be nominated for this post. The Supreme Qualification Commission recommended his candidacy for a SCU judge on 27 August 2012.

In 2006, Fesenko ran for parliament on the pro-presidential Party of Regions list and was elected. He has been serving as the head of the Supreme Specialized Court for Civil and Criminal Cases since October 2010.

Ukrainian president's son among country's five most influential people

On 31 August 2012, the Ukrainian weekly Korrespondent published the TOP-100 annual rating of Ukraine's most influential people.

Ukrainian President **Viktor Yanukovych** has been at the top of the rating for three consecutive years. The president of the SKM company and an MP of the pro-presidential Party of Regions, **Rinat Akhmetov**, is a close second on the list. Like last year, the head of the presidential administration, **Serhiy Lyovochkin**, occupies the third place. The president's son, **Oleksandr**, and the head of the Group DF board of directors, **Dmytro Firtash**, were also included in the top five of Ukraine's most influential individuals.

The rating also features the following officials: Prime Minister **Mykola Azarov**, the deputy prime minister and the infrastructure minister, **Borys Kolesnikov** and the secretary of the National Security and Defence Council of Ukraine, **Andriy Klyuyev**.

A member of the Ukrainian opposition and the leader of the Front for Change party, **Arseniy Yatsenyuk**, was given the ninth place in the Korrespondent's ranking.

OPPOSITION

Top Ukrainian specialized court rejects jailed ex-premier's appeal against conviction

On 29 August 2012, the Supreme Specialized Court of Ukraine dismissed former Prime Minister **Yuliya Tymoshenko's** appeal against her conviction in the so-called "gas case".

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

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 disappointment with the court's rejection of Tymoshenko's appeal. In their opinion, the situation after the trials that did not meet the international standards of a fair, transparent, independent legal process.

The president of the Parliamentary Assembly of the Council of Europe (PACE), **Jean-Claude Mignon**, and the PACE co-rapporteurs on Ukraine, **Mailis Reps** and **Marietta de Pourbaix-Lundin**, also issued a joint statement to express their disappointment with the court ruling. They urged Ukrainian President **Viktor Yanukovych** to interfere in the situation with the former prime minister.

The foreign ministries of Great Britain, Germany, Canada, the USA, Sweden and France also condemned the ruling of Ukraine's Supreme Specialized Court.

In the opinion of the Swedish foreign minister, **Carl Bildt**, the Ukrainian government continues a policy of repression.

In her turn, a co-chairman of the Green Party's faction in the European Parliament, **Rebecca Harms**, and a member of the Committee on Foreign Affairs, **Werner Schulz**, believe that this court ruling confirms the arbitrariness of the Ukrainian judiciary.

The defence team of the former prime minister intends to file an appeal against the Ukrainian court's verdict with the European Court of Human Rights (ECHR).

Lawyer **Serhiy Vlasenko** is certain that the ECHR will rule that Tymoshenko is politically persecuted.

The outgoing EU envoy to Ukraine, **Jose Manuel Pinto Teixeira**, believes that if the ECHR takes the side of the former Ukrainian prime minister and her defence team by finding violations in the trials conducted by the Ukrainian courts, the Ukrainian government is still unlikely to release her.

Ukraine's ex-interior minister transferred from detention center to prison

On 31 August 2012, the former Ukrainian interior minister, **Yuriy Lutsenko**, was transferred from Kiev's Lukyanivske remand center to the Mensk penal colony in Chernihiv Region.

The Mensk penal colony is the only Ukrainian prison for convicted former law enforcers.

In the opinion of an MP of the Our Ukraine-People's Self-Defence Bloc opposition parliamentary bloc, **Volodymyr Aryev**, Lutsenko's transfer to the prison violated a proper procedure because the defence team of the former interior minister had filed an appeal against his conviction.

On 17 August 2012, a Ukrainian court found Lutsenko guilty of negligence in office when he conducted an investigation into the poisoning of presidential candidate **Viktor Yushchenko** and sentenced him to two years in jail. On 29 August, his defence challenged this court ruling. Earlier, Lutsenko was also sentenced to four years behind bars and property confiscation for exceeding his authority and embezzling state funds.

On 30 August 2012, representatives of the State Executive Service seized the belongings from Lutsenko's apartment.

Names of jailed Ukrainian ex-premier, interior minister not to be included on election ballots

The last names of former Ukrainian Prime Minister **Yuliya Tymoshenko** and former Interior Minister **Yuriy Lutsenko**, which were placed on the election list of the opposition Fatherland party but were not registered to stand for parliament, will not be included in the text of ballots, the deputy head of the Ukrainian Central Election Commission (CEC), **Andriy Mahera**, said on 29 August 2012.

The opposition said that the CEC decision was illegal and that it intended to challenge it in court.

Ukrainian opposition complains about ban to set up billboards in regions

The government obstructs the setting up of billboards that promote the opposition in Ukrainian regions, an MP of the opposition Yuliya Tymoshenko Bloc, **Roman Zabzalyuk**, said on 28 August 2012.

The lawmaker added that the opposition had managed to set up six billboards in Donetsk Region, “zero in Dnipropetrovsk Region, zero in Odessa Region, zero in Kharkiv Region and only two in Chernihiv Region”.

The election campaign kicked off in Ukraine on 30 July 2012. Ukrainians will cast their ballots for parliamentary candidates on 28 October.

HUMAN RIGHTS

European election watchdog gears up to monitor polls in Ukraine

On 28 August 2012, the European Network of Election Monitoring Organizations (ENEMO) announced the start of its operation in Ukraine. The head of the ENEMO mission to Ukraine, **Peter Novotny**, said that 35 long-term observers had started to work in Ukraine since August, but their number will increase to 400 on the day of the parliamentary election, 28 October.

The head of the Committee of Voters of Ukraine, **Oleksandr Chernenko**, said that the ENEMO would monitor the election procedure without interfering in the political situation.

The Czech Republic and Hungary expressed their intention to send observers for the Ukrainian election.

As of 29 August 2012, the Central Election Committee has registered 272 observers from international organizations. The deadline for submitting requests for the registration of observers from international countries and international organizations is 20 October.

Ukrainian Prosecutor-General's Office pledges to investigate delay with confirmation of closing criminal case against news portal

On 30 August 2012, it was announced that the Prosecutor-General's Office of Ukraine (PGO) promised to investigate why the editorial office of the Lb.ua news and analysis website still had not received a confirmation about the closing of a criminal case against it.

The PGO said this in a response to an inquiry from a member of the parliamentary committee for the freedom of speech, an MP of the opposition Yuliya Tymoshenko Bloc, **Viktor Ukolov**.

The lawmaker said that the situation with Lb.ua was a farce. “Our committee for the freedom of speech would very much want the end to this farce, which is not needed by anyone, and the publication's return to a normal operation.

Volodymyr Landik, who has suffered in the case, has withdrawn his statement, and the press service of the Kiev prosecutor's office said that the case had been closed. Yet, for some reason they do not supply a written resolution about the closing of the case,” he added.

The prosecutor's office launched a criminal case against Lb.ua upon a request by an MP of the pro-presidential Party of Regions, Volodymyr Landik, on 18 July 2012. The Lb.ua employees were accused of violating the secrecy of

correspondence. On 3 August, the press service of the Kiev prosecutor's office announced that the criminal case had been closed. However, representatives of the editorial board still have not received a copy of the resolution about the closing of the case.

Ukraine's pro-opposition TV channel seeks support from European politicians

On 31 August 2012, the pro-opposition TV channel TVi asked Ukrainian citizens, international public organizations and European politicians to support it in the fight for the freedom of speech. TVi said that with the beginning of the election campaign, it has been subjected to "the unprecedented pressure that is aimed at the destruction of the last TV channel not controlled by government".

"On 13 September, the Kiev district administrative court will hold a hearing of the lawsuit filed by the Ukrainian State Tax Service against the TVi channel, as a result of which the channel might be pushed to bankruptcy and a new criminal case might be launched against its director **Mykola Knyazhytskyy**," the channel's petition said.

Furthermore, the journalists mentioned that since the end of July of this year, when the election campaign kicked off in Ukraine, "the National Television and Radio Broadcasting Council of Ukraine has been demanding that cable TV providers illegally switch off the TVi signal," the statement added.

A number of regional cable providers have already stopped to broadcast the TVi channel. From 1 September 2012, Ukraine's biggest cable company Volya will stop to broadcast TVi, which used to be included in its basic package of services. This will lead to a decrease in the number of people watching TVi from 236,000 to 78,000.

Members of the parliamentary committee for the freedom of speech also urged European agencies to pay attention to the situation with the TVi channel.

Ukrainian law enforcers block work of regional pro-opposition paper

On 28 August 2012, the Kharkiv pro-opposition newspaper Holovne reported that representatives of the law-enforcement agencies had carried out a search in its editorial office and seized its editorial server. This temporarily blocked the operation of the editorial office.

Law enforcers explained that the search was linked to an investigation into the activity of the Bazys bank, which is located in the same building as the Holovne newspaper.

In its turn, the editorial board said that not only the bank, but also the office of the Holovne newspaper and the Holovne news portal had been searched.

In his blog for the Lb.ua news portal an observer of the Regional Politics Institute, **Yuriy Chevordov**, recalled that Ukrainian President **Viktor Yanukovych** had banned inspections of the mass media during the period of elections. "However, judging from the events, Yanukovych no longer controls situation in the regions and speaks for himself," Chevordov said.

This is the second search of the Holovne editorial office. The first one took place on 7 July 2011.

The Holovne publication and the Bazys bank belong to the head of the Kharkiv regional branch of the opposition Fatherland party, **Arsen Avakov**, who is currently in Italy. He fled Ukraine after being accused of abuse of power when he served as the governor of Kharkiv Region. An Italian court is currently deliberating whether to extradite Avakov to Ukraine.

On 23 August 2012, the National Bank of Ukraine took a decision to liquidate the Bazys bank.

SOCIETY

Expert: Ukrainian TV media undergo "russification" - watchdog

On 28 August 2012, Director of the Kiev Institute of Mass Media **Viktoriya Syumar** said that the decision of the National Council for Television and Radio Broadcasting to abolish the requirement that Ukrainian broadcasters must air at least 75 percent of content in the Ukrainian language and 25 percent in languages of regional minorities will lead to russification of Ukrainian TV and will affect the labour market.

"Even earlier the presence of the Russian language in the Ukrainian media was much higher than it was required by the national council. The vast majority of information and entertainment programmes are purchased from the Russian market of cheap second-hand television products. But now TV channels will be least interested in investing in translation and dubbing of such products into Ukrainian," she said.

For his part, Chairman of the Public Council under the National Council **Pavlo Moiseyev** noted that "the language law restricts the use of languages of national minorities and favours the Russian language."

The order to abolish the "language provision" in broadcasting licenses was signed on 20 August 2012.

Results of an opinion poll conducted among children by the Gorshenin Institute on 24 August 2012 indicate that 34.4 percent of the respondents speak the Ukrainian language in their families. See more details on page 17-18.

ECONOMICS

IMF mission visits Ukraine

On 29 August 2012, a technical mission of the International Monetary Fund (IMF) arrived in Ukraine, and will stay in the country until 5 September. Before the visit, the IMF office in Kiev said that the mission's purpose is to discuss technical issues relating to the 2013 national budget, reforms in the energy sector and social assistance programmes.

Ukrainian Prime Minister **Mykola Azarov** noted that the IMF mission's work in Ukraine will be of a technical nature. "I don't need any advisors to make a realistic budget, I am the one who is primarily responsible for the stability in the country," he said.

Speaking on the steps that the IMF would require from Ukraine, the prime minister said that those are traditional steps: the budget deficit should not exceed 3 percent. He also noted that due to the financial crisis European countries do not observe such a deficit level while Ukraine is required to reduce the deficit to 1.7-2 percent.

“So we have our own views on this situation, and we've been easily managing without IMF loans for two years, we have our own approaches as to the resumption of the programme. If the resumption of the programme will facilitate economic development – then we go for it, but if the programme will work to reduce the GDP, we are against it,” Azarov said.

Ukraine's budget deficit growing

As the Interfax Ukraine news agency reported on 30 August 2012, citing data from the Ministry of Finance, the deficit of Ukraine's national budget in January-July reached 2.12bn dollars, increasing by 1.28bn dollars in July alone.

The budget revenues over the seven months reached 23.34bn dollars.

The expenditures on principal repayment in January-July 2012 amounted to 4.21bn dollars, including 1.82bn dollars on foreign debt.

Ukraine to issue eurobonds worth 1bn dollars

On 27 August 2012, the cabinet adopted a resolution to issue sovereign eurobonds to the tune of 1bn dollars.

“The notes will yield a return of 7.95 percent per annum. The yield on the bonds will be paid annually on 4 June and 4 December, starting from 4 December 2012. The repayment of the bonds will be performed on 4 June 2014,” the document reads.

According to Interfax Ukraine, the raised funds will be used to refinance the loan from the Russian bank VTB.

In June 2010, VTB gave Ukraine a loan of 2bn dollars with the interest rate at 6.7 percent per annum. Later VTB transferred the right for the loan to Ukraine to VTB Capital. The repayment was due in June 2012. In late May 2012, Ukraine signed an agreement with VTB Capital, under which the former should pay 1bn dollars and interest on the entire loan on 6 June 2012, while the remainder of the loan should be paid on 4 June 2014.

On 17 July, Ukraine placed five-year eurobonds in the amount of 2bn dollars with a yield of 9.25 percent.

President's administration voices inflation and GDP forecasts

On 30 August 2012, First deputy head of the presidential administration **Iryna Akimova**, referring to data from experts, reported that inflation in Ukraine this year will be about 5 to 7 percent.

Akimova also gave a forecast of real GDP growth, which should make 3-3.5 percent this year.

National Bank to strengthen banks' liquidity

According to the Kommersant Ukraina business daily, on 30 August 2012, the National Bank of Ukraine (NBU) announced its resolution adopted on 27 July to extend the term of providing stabilization loans to banks to support their liquidity. Now banks are permitted to receive stabilization financing from the NBU for at least two years, while initially the regulator allowed using such loans for 90 days. The central bank can extend the term of the loan for another year, but will need to appoint a bank supervisor. The maximum loan use term will make five years, which is significantly more than the current 450 days in case of a real threat to the stability of the bank.

According to market experts, such a decision may indicate that the NBU is preparing for a new financial crisis.

National Bank changes procedure for cross-border movement of currency

According to the Kommersant Ukraina business daily, according to a resolution of the National Bank of Ukraine dated 14 August 2012, starting from 31 August, non-resident individuals and legal entities can import foreign currency in cash to Ukraine without documents confirming its withdrawal from bank accounts. Export of currency also requires no such confirmation from non-residents. At the same time, non-resident individuals have the right to export cash from Ukraine in the amount exceeding 10,000 euros only if such individuals previously imported and declared respective amounts in writing with a customs authority.

Ukraine ready to export 20m tonnes of grain

On 27 August 2012, the chairman of the parliamentary committee on agrarian policy, MP **Hryhoriy Kaletnik** of the Party of Regions said that the potential of grain exports this year, taking into account transitional stocks of 5.7m tonnes from the 2011 harvest, will reach approximately 20m tonnes.

In his view, introduction of quotas or export duties on grain exports this year is possible only due to subjective reasons. "We see no objective reasons for that," he said.

On 30 August 2012, President of the Ukrainian Grain Association **Volodymyr Klimenko** said that Ukrainian grain exporters are experiencing difficulties with exports of their products, in particular, because of tighter control from the State Plant Quarantine Service. As a result, he said, exports of grain in August will not exceed 1.5m tonnes compared to 1.7-1.8m tonnes, which were previously forecasted by the Ministry of Agrarian Policy.

ENERGY MARKET**Ukraine to provide state guarantees for LNG terminal construction**

The UNIAN news agency reported on 27 August 2012 that the government will provide state guarantees of up to 288m dollars for the construction of the marine part for natural gas intake of the LNG terminal at the Black Sea coast. This is confirmed in a feasibility study approved by the government on 8 August.

According to the document, the technological part of the project will be implemented with financing from private investors and funds raised by the state enterprise "National Project LNG Terminal" under state guarantees.

On 29 August, the State Agency for Investment announced that KoGas Corporation, the largest South Korean exporter of liquefied natural gas, may become an investor in the project for construction of the LNG terminal.

Ukraine wants to buy Turkish gas

In an interview with newspaper Den as of 30 August 2012, First Deputy Prime Minister **Valeriy Khoroshkovskyy** said that Ukraine is establishing energy cooperation with Turkey.

"Today we are developing four joint projects with Turkey in the energy sector. The first and key project is our partnership in the construction of the LNG terminal at the Black Sea coast of Ukraine. Moreover, the Turkish side has offered Ukraine to join them in building a new terminal in Turkey. Ukraine is also actively cooperating with Turkey in studying possibilities for transport of natural gas from Turkey to Ukraine, and Ukraine's participation in the promising Azeri-Turkish project TANAP," he said.

With support provided by the directorate-general and the scientific and research association of the Artek international children's centre, the Gorshenin Institute conducted the sociological survey “We are Ukrainians!” on Ukraine's Independence Day (24 August 2012). As many as 3,000 children aged from seven to 16 years who reside in Ukraine were interviewed for the poll. The margin of error for the survey does not exceed 1.8 percent.

1. Are you proud to be a Ukrainian citizen?

Yes – 95.1 %
No – 4.9%

2. Do you consider Ukraine's Independence Day to be a holiday?

Yes – 94.5%
No – 5.5%

3. Which language do you predominantly speak at home with your family?

Ukrainian – 34.4%
Russian – 37.2%
Both Ukrainian and Russian – 27.8%
Other – 0.6%

4. Which language do you predominantly speak in school?

Ukrainian – 46.2%
Russian – 28.0%
Both Ukrainian and Russian – 25.2%
Other – 0.6%

5. Which language do you predominantly speak with your friends?

Ukrainian – 29.3%
Russian – 45.3%
Both Ukrainian and Russian – 24.9%
Other – 0.5%

6. In which country do you plan to go to college?

(you can choose two options)

In Ukraine – 66.7%
In Europe – 31.4%
In the USA – 11.2%
In Russia – 8.8%
In another country – 1.0%
I have not thought about it yet – 8.6%
Hard to say – 3.6%

7. Where would you like to live when you grow up?

In Ukraine – 49.1%
Abroad – 30.9%
Hard to say – 20.0%

8. With which countries should Ukraine be friends as a state?

Both with Europe and Russia – 43.0%
With Europe and EU member states – 29.0%
With Russia – 14.2%
Other – 3.0%
Hard to say – 10.8%

9. In your opinion, what specialists does Ukraine need most of all now?
(you can choose up to three-five options)

Physicians – 67.3%
Scientists – 55.3%
Teachers – 42.7%
Agronomists and farmers – 27.6%
Programmers and IT specialists – 23.7%
Engineers – 22.0%
Economists – 20.4%
Lawyers – 18,4%
Art workers (painters, musicians, writers, movie directors, etc.) – 18.1%
Service sphere workers (hairdressers, cab drivers, employees of the hotel and restaurant business) – 13.7%
Managers – 11.1%
Journalists – 8.4%
Other specialists – 2.9%
Hard to say – 9.5%

10. What language should one speak in order to have a successful career?
(you can choose up to three-five options)

English – 91.5%
Ukrainian – 78.8%
Russian – 71.1%
German – 46.8%
French – 30.5%
Chinese – 17.8%
Italian – 14.5%
Spanish – 10.2%
Other – 1.8%
Hard to say – 1.8%

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