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PARLIAMENTARY ELECTION

Exit polls suggest five Ukrainian parties clear election threshold during parliamentary polls

On 28 October, after the parliamentary election took place and polling stations were closed at 2000 local time, leading Ukrainian sociological companies publicized the results of their exit polls.

An ICTV and Inter TV channels' exit poll carried out jointly with the TNS company and the Centre for Social and Marketing Research

Party lists:

The Party of Regions – 30.48%
United Opposition Fatherland – 23.87%
UDAR – 14.67%
The Communist Party of Ukraine – 12.07%
The All-Ukrainian Freedom association – 11.92%

Candidates running in single-seat constituencies:

The Party of Regions – 27.79%
Independent – 19.29%
United Opposition Fatherland – 18.32%
UDAR – 10.42%
The Communist Party of Ukraine – 8.58%
The All-Ukrainian Freedom association – 5.8%

The national exit poll conducted by the Democratic Initiatives Foundation, the Kiev International Institute of Sociology and Razumkov Centre

Party lists:

The Party of Regions – 28.1%
United Opposition Fatherland – 24.7%
UDAR – 15.1%
The All-Ukrainian Freedom association – 12.3%
The Communist Party of Ukraine – 11.8%

An exit poll conducted by the Research&Branding Group sociological firm and ordered by the Ukrayina TV channel:

Party lists:

The Party of Regions – 31.6%
United Opposition Fatherland – 23.7%
UDAR – 13.2%
The Communist Party of Ukraine – 13.0%
The All-Ukrainian Freedom association – 11.0%

An exit poll conducted by the Rating group and ordered by the 5 Kanal TV channel:

Party lists:

The Party of Regions – 27.6%
United Opposition Fatherland – 23.4%
UDAR – 14.3%
The All-Ukrainian Freedom association – 12.5%
The Communist Party of Ukraine – 12.5%

Results of Ukraine's 2012 parliamentary polls can be assessed after votes counted, says EU envoy

One will be able to assess how transparent and democratic the results of the Ukrainian parliamentary election are only after the vote counting procedure is completed, EU ambassador to Ukraine **Jan Tombinski** said after the polls were held on 28 October.

"We should wait. The election is not over yet. For now, the polling day has ended and they will start to count votes now. We need to see whether this process is so transparent and carried out so well that we can state that the voting results really reflect what the people who cast their ballots wanted to express," he added.

Ukrainian voters' committee names major violations during parliamentary polls

The Committee of Voters of Ukraine (CVU) has named the following major violations: vote buying, an abnormal quantity of absentee voters home and destroyed bulletins, the CVU head, **Oleksandr Chernenko**, has said.

"The number of registered violations was not larger than typically during an election. Some of them might affect the voting results in some districts," he added.

Ukrainian authorities expect observers to be objective, unbiased

The Ukrainian authorities will not agree with biased, non-objective estimates by international observers at the parliamentary election, Prime Minister **Mykola Azarov** said on 26 October 2012. "Biased opinions, I would put it straight, will not change anything, they will only spoil our relations because we will not agree with biased, non-objective estimates," he said.

Azarov also ruled out any election fraud, in particular due to the use of video cameras to monitor the voting.

Venice Commission denies positive conclusion on Ukrainian election law

The Venice Commission has not issued any positive conclusion on the Ukrainian law "On election of people's deputies", its President **Gianni Buquicchio** said in an interview with the Interfax-Ukraine news agency on 24 October 2012.

In particular, he described as "some misunderstanding" the reports on the positive conclusions by the commission. "We discussed a completely different election system," he added.

According to him, among the drawbacks of the law are the absence of clear criteria and terms for establishing the borders of polling stations, and a failure to ensure full disclosure of information on the resources and funds used by parties and candidates for campaigning purposes.

Journalists face more obstacles as election approaches – experts

Journalists have faced more obstacles to their work in the past two weeks. For example, experts of the Institute of Mass Information documented 14 such cases on 15-25 October 2012. By contrast, only three such cases were registered in the first half of October.

Over this period the IMI has registered five attacks on journalists and two legal actions against mass media.

Kiev bracing up for protests

Ten parties and organizations have filed applications with the Kiev city state administration to hold rallies on the day of the parliamentary polls, 28 October 2012, the deputy head of the Kiev city state administration, **Oleksandr Puzanov**, said on 26 October.

On 26 October, 28 percent of the audience of the Shuster Live political TV talk show said that they were ready to take part in protests should the election be rigged.

Late on 27 October, a Kiev district administrative court banned any mass events in the Kiev centre till 12 November.

INTERNATIONAL POLITICAL

UKRAINE-EU

Association Agreement with EU to depend on Ukraine's respect for democratic values

US Secretary of State **Hillary Clinton** and EU High Representative for Foreign Affairs and Security Policy **Catherine Ashton** wrote an article for New York Times calling on President **Viktor Yanukovych** to ensure a fair election, the news and analysis portal LB.ua said on 24 October 2012.

Clinton and Ashton are concerned about reports of the use of administrative resources to favour ruling party candidates, the difficulties several media outlets face, and the continuation of the practice of the Central Electoral Commission holding closed pre-session meetings.

They also regret that the convictions of opposition leaders are preventing them from standing in parliamentary elections.

Speaking about prospects for an association agreement, Clinton and Ashton said: "The European Union will only be able to move forward with such an ambitious agenda if the democratic rights of the Ukrainian people, including freedoms of expression, political participation, association and media, are respected, the rule of law is put on strong footing, and progress is made on the overall reform agenda."

Later the spokesperson for the EU High Representative for Foreign Affairs and Security Policy, **Maja Kocijancic**, said that the trials which prevented opposition leaders from running in the parliamentary election will influence the EU assessment of the elections.

Ukrainian Prime Minister **Mykola Azarov** said that the absence of ex-Prime Minister **Yuliya Tymoshenko** and ex-Interior Minister **Yuriy Lutsenko** did not affect the election campaign.

The head of the pro-presidential Party of Regions parliamentary faction, **Oleksandr Yefremov**, admitted on the Shuster Live TV show on 26 October that the authorities used administrative resources, but he believed it was an element of the Ukrainian "political culture".

The head of the United Opposition Fatherland political council, **Arseniy Yatsenyuk**, said that the Ukrainian authorities were interested in the USA and Europe not recognizing the election. The Ukrainian authorities need this, in his opinion, to boost integration with Russia.

Earlier former Polish President **Aleksander Kwasniewski** suggested that the EU needs Ukraine. In his opinion, the current situation in Ukraine is not worse than in other EU candidate countries, "to some extent it's even better".

According to a study carried out by the Gorshenin Institute together with Ukrainian Journal (Czech Republic) and Nowa Europa Wschodnia (Poland) in December 2011, the Ukrainian expert community considers signing of an association agreement as one of the most significant events which can improve the image of the EU among Ukrainians.

UKRAINE-RUSSIA

Russian special services smuggle opposition activist from Kiev, bring him to Moscow

On 19 October 2012, Russian opposition activist **Leonid Razvozzhayev** was kidnapped when he was leaving the UN Refugee Agency office in Kiev which he visited for an asylum counselling session. On 21 October, Razvozzhayev appeared in Moscow where he was arrested.

After the incident hit the news, the press service of the Prosecutor-General's Office, the Security Service of Ukraine and the Interior Ministry of Ukraine said that they had nothing to do with Razvozzhayev's displacement. The State Border Service of Ukraine said that Razvozzhayev left the country "according to a standard procedure" and did not complain about anything.

Razvozzhayev later told rights activists who visited him that he was kidnapped by

Russian special services which handcuffed and tortured him.

The UN High Commissioner for Refugees is deeply concerned about the disappearance of the Russian opposition activist. In his words, "any removal to the country of origin not respecting existing procedures may lead to the state being held responsible for a grave violation of national and international laws".

The EU also called on Ukraine to thoroughly investigate Razvozzhayev's disappearance. "The accusations in this case are very serious," the EU delegation to Ukraine said in a statement.

Amnesty International urged Russia to investigate Ukraine's role in this case.

On 25 October, the Interior Ministry said that they did not know whether this operation had been carried out with consent and assistance of Ukrainian law enforcers. It said that a criminal case was unlikely to be opened.

The presidential administration did not comment on the kidnapping of the Russian opposition activist.

The Dzerkalo Tyzhnya weekly on 26 October quoted its sources in the Ukrainian Foreign Ministry as saying that there were no legitimate reasons for the time being to send a protest note to the Russian Foreign Ministry or react in any other way because the Ukrainian Foreign Ministry did not have any grounds for this.

A former deputy chief of the Security Service of Ukraine, **Oleksandr Skypalskyy**, said that the displacement of the Russian opposition activist to Moscow could not but involve Ukrainian uniformed agencies. Skypalskyy pointed out that the incident happened on the eve of President **Viktor Yanukovych's** visit to Moscow.

As editor in chief of the Ekho Moskvyy radio station, **Aleksey Venediktov**, suggested that the Russian authorities sanctioned Razvozzhayev's kidnapping ahead of the polls in Ukraine to discredit the president and the ruling Party of Regions. "This is similar to the prison scandal in Georgia," Venediktov said.

Volodymyr Kravchenko said in his article for Dzerkalo Tyzhnya that the 19 October incident would influence the observers' assessment of the situation in Ukraine as regards democracy, rule of law, and observance of human rights by the authorities.

Russian opposition activist seeks political asylum in Ukraine

Solidarnost activist **Mikhail Maglov** has applied for political asylum in Ukraine, the news and analysis website LB.ua said on 26 October 2012.

Maglov said that he feared criminal prosecution within the case on public unrest on Moscow's Bolotnaya Square on 6 May.

Yanukovych visits Russia

On 22 October 2012, Ukrainian President **Viktor Yanukovych** paid a working visit to Moscow to hold talks with his Russian counterpart **Vladimir Putin**.

Yanukovych said in the wake of the meeting that bilateral talks on the price of gas, which were suspended, would continue. During the visit Yanukovych said that Ukraine continued to support deeper ties with the Customs Union of Belarus, Kazakhstan and Russia.

Two documents were signed following the talks: an agreement on readmission and a government protocol on the supply of goods in terms of manufacturing cooperation in 2012.

Yanukovych is expected to pay a state visit to Russia in November.

Ukraine cuts Russian gas import by 31 percent over nine months

The import of Russian gas to Ukraine has gone down by 30.9 percent over nine months year-on-year, to 24.58bn dollars, the Energy Ministry said on 26 October 2012.

According to Energy Minister **Yuriy Boyko**, during a meeting on 22 October the presidents of Ukraine and Russia did not discuss the issue of Ukraine buying less gas per year than stipulated by the contract.

The price of Russian gas for Ukraine in January-March 2013 is expected at around 432 dollars per 1,000 cu.m.

Ukraine paid 9.1bn dollars for Russian gas imported in January-August 2012.

Ukraine loses quarter of Russian gas transit

From 1 January to 23 October 2012 Ukraine transported 64.8bn cu.m. of Russian gas across its territory, which is 25 percent or 16.2bn cu.m. less than a year before (81bn cu.m.), the Dzerkalo Tyzhnya weekly on 26 October quoted the Energy Ministry as saying.

According to the currently available data, Ukraine cut its consumption of Russian gas by 10.3 percent.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian pro-presidential party promises cabinet reshuffle after parliamentary polls

The Ukrainian Cabinet of Ministers will be reshuffled after the 28 October parliamentary election, the head of the pro-presidential Party of Regions parliamentary faction, **Oleksandr Yefremov**, said on 25 October 2012.

"It is too early to talk about how the cabinet will change. Yet, it is a fact that it will be disbanded," he added.

Later, on 26 October 2012, when asked about a potential dismissal of Ukrainian Prime Minister **Mykola Azarov**, Yefremov said: "I do not see any reasons to raise this issue in connection with **Mykola Yanovych [Azarov]**."

Azarov himself confirmed that the government would be reshuffled after the parliamentary election.

In his turn, the head of the United Opposition Fatherland's political council, **Arseniy Yatsenyuk**, declared that the opposition would not participate in the formation of the government under any circumstances.

"Everything is decided by the president [Viktor Yanukovych], and there cannot be any cooperation with this president when it comes to the issue of appointments," he explained.

Under the law "On the Cabinet of Ministers", parliament approves only a candidacy of prime minister (226 votes needed) upon the president's nomination, while the rest of ministers are appointed by presidential orders upon the prime minister's nomination.

Former Ukrainian president's bodyguard returns to Kiev

On 24 October 2012, the former major of the State Guard Directorate, **Mykola Melnychenko**, returned to Ukraine from the USA. Immediately upon his arrival, he was detained at Boryspil airport by operatives of the State Security Service (SBU).

Ukrainian authorities accused Melnychenko of exceeding his authority and divulging state secrets. The Kiev Shevchenkivskyy district court held a hearing of his case on 26 October, following which the former major was released on bail.

Melnychenko said that he had come back to Ukraine because he feared for his life in the USA. With his return to Ukraine he decided to place responsibility for his life on the Ukrainian government.

Melnychenko added that he did not intend to leave Ukraine until all the investigative actions in the criminal case launched against him were completed and until a court delivered its verdict.

He also said that he was ready to testify in the case launched over the killing of MP **Yevhen Shcherban** in 1996. The former major denied that he had returned to Ukraine in order to testify against jailed former Ukrainian Prime Minister **Yuliya Tymoshenko**.

Earlier, former Ukrainian Prime Minister **Pavlo Lazarenko**, who is currently serving a sentence in a US prison, said that Melnychenko had at his disposal the information about the person who had ordered to kill Shcherban.

The opposition Fatherland party expects that Melnychenko's testimony will provide grounds for a criminal case against President **Viktor Yanukovych** and Prime Minister **Mykola Azarov**.

When Melnychenko left the court chamber after the hearing, he was immediately taken under protection by operatives of the Alfa special police unit. A number of mass media outlets suggested that the former major had made a deal with investigative agencies: he would testify in controversial cases in exchange for a security guarantee.

Ukraine's ex-premier jailed in USA intends to return to Kiev

Former Ukrainian Prime Minister **Pavlo Lazarenko**, who is currently serving a sentence in a US prison, wants to return to Ukraine, his US lawyer **Daniel Horowitz** said on 25 October 2012.

He added that the preparations for the return were currently under way.

"At the moment, we are in touch with the administration of **Barack Obama** and we have influential connections with **Mitt Romney**. One of the most influential lawyers in the world, **Martin Gabis**, is in our team. He will directly talk with government representatives about Pavlo Ivanovych [Lazarenko]," Horowitz said, expressing fear that Lazarenko might be detained upon his return to Ukraine.

At the moment, Lazarenko is serving a sentence in the USA for extortion, fraud and money laundering. The former prime minister will be released from prison on 1 November 2012.

In Lazarenko's opinion, his return to Ukraine depends on Ukrainian leaders.

Ukrainian security service sends terrorism case to court

On 24 October 2012, the Security Service of Ukraine (SBU) sent a criminal case opened over terrorist attacks in Dnipropetrovsk, Kharkiv and Zaporizhzhya to court.

Earlier, on 30 August, the SBU announced that the criminal case opened over the explosions in Dnipropetrovsk in April 2012 had been completed. Four residents of Dnipropetrovsk were accused of organizing the blasts. The SBU also managed to prove that, in addition to organizing the explosions in Dnipropetrovsk, the suspects were involved in three more terrorist attacks which had taken place in Kharkiv, Dnipropetrovsk and Zaporizhzhya in October-November 2011.

Two of the suspects are on hunger strike at the moment.

The Ukrainian state-run TV channel UT1 broadcast several times a documentary about the terrorist attacks in Dnipropetrovsk, mentioning that the opposition could have been involved in the organization of the explosions, the Ukrayinska Pravda news and analysis website reported.

Ex-head of Ukraine's southern customs service becomes witness in corruption case

The former head of the Southern customs service, **Oleksandr Vdovychenko**, has been granted the status of a witness in a criminal case launched against his former subordinates over suspected corruption, the Ukrainian daily Segodnya reported on 24 October 2012, citing the Odessa regional prosecutor's office.

During a search conducted in the office of the southern customs service on 1 October, law enforcers found 870,000 dollars, 22,000 of which were discovered in Vdovychenko's office. Vdovychenko was dismissed from his post on 2 October.

Ukrainian police want to restrict Internet anonymity

The Ukrainian Interior Ministry has proposed to limit anonymity of Internet users and, in particular, of social networks users, the head of the Interior Ministry's directorate for fighting cybercrime, **Maksym Lytvynov**, said on 25 October 2012.

He added that the main reason for the development and growth of cybercrime was anonymity, which provoked impunity.

Lytvynov believes that the adoption of a law on registering user personal information when selling SIM-cards might be a compromise.

The results of a sociological survey conducted by the Gorshenin Institute among the youth in March 2012 suggest that almost half of interviewed young people (41.1 percent) spend their free time online or playing computer games.

Ukrainian president slams government initiatives

Ukrainian President **Viktor Yanukovych** has harshly criticized the government's intention to introduce a centralized process of issuing permits for using natural resources.

"The Ecology Ministry wants the permit system to revolve only around it. I will not let it happen," Yanukovych said on 23 October 2012.

At the same time, the president drew attention to the personal responsibility of Ecology Minister **Eduard Stavytskyy** and Prime Minister **Mykola Azarov** for this matter.

Ukrainian state-run arms exporter gets new head

The director-general of the Ukrainian state-run company Ukroboronprom, **Serhiy Hromov**, has appointed **Dmytro Perehudov** as director-general of the Ukrspetseksport state-owned military export and import company. The appointment was announced on 22 October 2012.

Earlier, Perehudov served as Ukrspetseksport's acting head.

Ukrspetseksport comprises a number of companies of the defence-military complex.

The company specializes in the sale of Ukrainian military equipment abroad.

OPPOSITION

Jailed Ukrainian ex-premier demands closing case on her former business

Former Ukrainian Prime Minister **Yuliya Tymoshenko** has filed a written application asking to close the criminal case regarding state guarantees to obligations of the United Energy Systems of Ukraine (UESU) corporation due to the

absence of components of a crime, Tymoshenko's defence lawyer, **Oleksandr Plakhotnyuk**, said on 23 October 2012.

The Ukrainian Justice Ministry now protests in court against claims from the Russian Defence Ministry demanding Ukraine to pay about 400m dollars of UESU debts taken under the state guarantees.

On 22 October the court suspended consideration of the case, as the Security Service of Ukraine is still investigating the case regarding Tymoshenko's attempt to transfer UESU's debt to the Russian Defence Ministry to Ukraine.

Former Ukrainian Prime Minister Pavlo Lazarenko in an interview with to the Russian news agency RIA-Novosti said that when he chaired the Ukrainian cabinet, he never gave Russia any written guarantees regarding UESU which now became a reason for the litigation between the Ukrainian government and the Russian Defence Ministry.

Ukrainian doctors refrain from approving decisions on ex-premier treatment without German colleagues

The Ukrainian Health Ministry has asked the Ukrainian Foreign Ministry to invite doctors from the German clinic Charite to decide on transferring Former Ukrainian Prime Minister **Yuliya Tymoshenko** from the hospital to Kharkiv Region's Kachanivska prison, the Health Ministry's press services said on 24 October 2012.

Earlier, the State Penitentiary Service of Ukraine asked the Health Ministry to explain if Tymoshenko should remain in the hospital or be transferred to the prison.

On 19 October Tymoshenko refused to be treated in hospital and insisted on her return to Kharkiv Region's Kachanivska prison due to the inability to receive treatment under constant surveillance.

On 22 October representatives of the opposition asked the Prosecutor-General's Office to open a criminal case over illegal video surveillance of Tymoshenko and publication of the video online.

Ukrainian opposition party says US ambassador denied meeting jailed ex-minister illegally

The People's Self-Defence Party has accused the State Penitentiary Service of Ukraine of breaching the law by refusing to let US Ambassador **John Tefft** to meet jailed former Interior Minister **Yuriy Lutsenko**, the party's press service said on 23 October 2012.

Ambassador Tefft has been trying for a month to meet Yuriy Lutsenko in prison, the press release reads.

On the same day, 23 October, PACE Vice-President **Walburga Douglas** and OSCE Programme director **Anna Chernova** visited Lutsenko in jail.

On 24 October Yuriy Lutsenko's wife, **Iryna**, said that US Ambassador John Tefft

and EU Ambassador **Jan Tombinski**, will continue to insist on meeting her husband in jail.

European human rights court not to recommend Ukraine to treat ex-premier in Germany

The European Court for Human Rights (ECHR) will not recommend the Ukrainian government to proceed with treatment of Former Prime Minister **Yuliya Tymoshenko** in Germany, the letter of ECHR directorate five reads.

Tymoshenko's defence lawyer **Serhiy Vlasenko** also said that ECHR will not recommend to continue treatment of Tymoshenko abroad as the court will concentrate on considering Tymoshenko's complain on Article 6 (breaching the right to a fair trial).

In an article for the Dzerkalo Tyzhnya weekly published on 26 October Oleksandr Minin and Oleksandr Shemyatkin said that in 2011 Ukraine was fifth on number of complains to ECHR (10309). Among the top five complainants, Ukraine takes leadership on number of cases (33 percent) where breaching the right to a fair trial was established.

Italy refuses to extradite former governor to Ukraine

The Rome Court of Appeals on 24 October 2012 informed of its ruling not to extradite to Ukraine the head of the Fatherland party regional organization and the former head of Kharkiv Regional State Administration, **Arsen Avakov**.

Avakov said that "the ruling of the Italian court is a verdict to the system of selective justice that has been established in Ukraine over the past few years". Avakov said that in an exclusive commentary to the LB.ua news and analysis website.

In Ukraine Avakov is accused of abuse of office when chairing the Kharkiv Regional State Administration. Avakov was detained in Italy in March 2012 after Ukrainian law enforcers put him on the international wanted list.

Nationalist leader not allowed to take part in popular Ukrainian talk show

The Berkut special police squad at night of 26 October prevented the leader of the far right all-Ukrainian Freedom Association, **Oleh Tyahnybok**, from entering the office of the Inter television channel where debates between leaders of major political forces were to start at 9 p.m at Friday night talk show Big Politics.

The Big Politics talk show host, **Yevgeniy Kiselev**, explained that the decision not to allow Tyahnybok to take part in the show was approved by the TV channel's collegial council and Tyahnybok was informed about the decision in advance.

HUMAN RIGHTS

Journalists of Ukrainian news agency complain about censorship

Five journalists of the Ukrainian news agency UNIAN complained on 26 October 2012 about cases of censorship by the UNIAN management.

In particular, the journalists said that they had been fined for posting on the website the news about protests held near the building of the presidential administration. They were also ordered to delete the news from the website.

The UNIAN management declined to comment on the issue.

ECONOMICS

EBRD worsens economic growth outlook for Ukraine

The European Bank for Reconstruction and Development believes that Ukraine's GDP in 2012 will grow only by 1 percent. The bank's previous growth forecast for Ukraine was 2.5 percent.

The EBRD expects annual inflation in Ukraine at 1.5 percent, and the budget deficit of 5.3 percent. Ukraine's gross external debt (public and private debt) in 2012 is projected at 7 percent of GDP, gross reserves at 22 percent of GDP.

According to Prime Minister **Mykola Azarov**, the slowdown of Ukraine's GDP growth was due to the high comparative base in 2011, when the country received a record harvest.

In January-August, the Ukrainian economy growth slowed down to 1.5 percent, although, as Azarov announced earlier, the economy growth in the first six months was 2.5 percent.

Ukraine introduces ban on wheat exports

On 15 November 2012, the government will introduce a complete ban on export of wheat from Ukraine, Minister of Agricultural Policy **Mykola Prysyazhnyuk** said on 24 October.

As news and analysis website Lb.ua learned from President of the Ukrainian Agribusiness Club **Alex Lissitsa**, the export restrictions came as no surprise to the market. This decision, according to him, was taken because Ukraine in the second half of November will reach the set limit on wheat export (about 5m tonnes).

As of 16 October, grain exports from Ukraine totaled 7.1m tonnes, including 3.565m tonnes of wheat (2.896m tonnes of food wheat).

According to European Commissioner for Agriculture and Rural Development **Dacian Cioloș**, the ban on exports of Ukrainian wheat will create an "unnecessary pressure" on global food markets.

Ukraine improves positions in World Bank rating

Over the past year Ukraine climbed 15 positions in the rating Doing Business 2013, which is compiled by the World Bank and International Finance Corporation on the annual basis, and occupied the 137th place. The rating was published on 23 October 2012.

The rating authors pointed out Ukraine's progress in creating conditions for starting a business (up by 66 points) and registering property (+19 points). Also, Ukraine managed to improve tax administration (+18 points).

However, the situation with protection of investors worsened by three points, while the situation with simplification of obtaining construction permits and international trade deteriorated by one point each.

According to Partner of PricewaterhouseCoopers Ukraine **Vyacheslav Vlasov**, one of the key factors that improved Ukraine's position in the ranking was the introduction of electronic reporting in the national tax system.

Ukraine's direct public debt grows

The direct public debt of Ukraine in September 2012 rose by 0.91 percent, or 447.3m dollars, to 49.345bn dollars, according to the statistics published by the Finance Ministry on 26 October.

According to the ministry, the direct external debt in September rose by 3.1 percent, or 0.77bn dollars, to 25.48bn dollars, while the direct domestic debt contracted by 1.3 percent to 23.86bn dollars.

On the whole, the total state debt of Ukraine in the first eight months of the year decreased by 1 percent to 61.54bn dollars.

Fitch expects further reduction of Ukraine's foreign currency reserves

Ukraine's foreign currency reserves, which now total about 29.3bn dollars, will be reduced by more than 2bn dollars to 27.1bn dollars by the end of this year.

This forecast was voiced by international rating agency Fitch Ratings on 24 October 2012.

In 2011 Ukraine's reserves amounted to about 31.8bn dollars.

President's son gains control over five coal plants

Oleksandr Yanukovych, the eldest son of President **Viktor Yanukovych**, has received control over five coal dressing plants in Donetsk Region even before their privatization, **Kateryna Kaplyuk** wrote in an article for Forbes.ua of 23 October 2012.

According to the author, since the first half of the 2000s, these enterprises, officially remaining in state ownership, were leased to related structures controlled by the Donbas Settlement and Financial Center, which is now associated with Oleksandr Yanukovych.

In 2012 the government started to prepare these mills for privatization, and transformed the enterprises into joint-stock companies, with majority stakes transferred to the lease holders.

Before March 2012, the law "On management of state property" determined that a state's share in a legal entity that is created on the basis of state property could not be less than 50 percent. However, the law was changed in March. Now it has a new paragraph, according to which the requirement of the state's 50 percent share does not apply in cases when leased enterprises are transformed into joint-stock companies. The amendment was drafted by the president.

IMF mission arrives in Ukraine

On 26 October 2012, a technical mission of the International Monetary Fund started its work in Ukraine. It is planned that it will continue its work in the country until 2 November. During the visit, the mission, among other things, will consider the government's actions addressing the issue of problem loans, improvements in the conditions for bank lending and priority directions of reforms in 2013.

Ukraine supplies Iran with raw materials for metal production

Every month Ukraine sells Iran 170,000-200,000 tonnes of coking coal and coke (important raw materials for steel production). Reuters disclosed this information on 26 October 2012, citing a source in the coal business. Last week the EU banned sales of steel to Iran, spurring demand for coal in the country, the agency said.

According to the agency's sources, end-users of imported coal in Iran are unknown, as the country used agents and brokers.

Our contact information:

4, Vorovskogo street,
Kiev 04053, Ukraine
+38 044 230 4962
+38 044 230 4966 f



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