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PARLIAMENTARY ELECTION

Party of Regions puts forward bill on repeat elections

On 13 November 2012, the pro-presidential Party of Regions registered a bill enabling repeat elections to be held in single-seat constituencies.

The law on election in its effective wording does not contain a clause to this effect, the news and analysis website Lb.ua reported.

Yuliya Tymoshenko Bloc MP **Yuriy Odarchenko** said that the opposition would not support the bill. Not a repeat election, but a revote, which only requires a court ruling, must be held in the disputed constituencies, he explained.

Earlier the Central Electoral Commission (CEC) concluded that it was impossible to establish results of the election in five single-seat constituencies.

CEC deputy head **Andriy Mahera** suggested that repeat elections in the disputed constituencies may be held not earlier than late March 2013.

Prosecutor-General's Office offers changes to election law

On 12 November 2012, the Prosecutor-General's Office sent President **Viktor Yanukovych** a package of suggested amendments to the law on the election of people's deputies.

In particular, the prosecution suggests that the Central Electoral Commission be entitled to overtake the functions of a lower commission if the latter fails to provide vote count reports, the Kommersant Ukraina business daily said. It also says that courts, law-enforcement bodies and state enforcement officers should be given access to original electoral documents.

USA criticizes Ukrainian election campaign

The parliamentary election in Ukraine has involved violations, **Baxter Hunt**, director of the Office of Ukraine, Moldova and Belarus of the US Department of State, said in an interview with the Voice of America radio on 14 November 2012.

"We share the opinion of the OSCE and other international observers regarding the violations committed during the election process," he said.

Hunt said that the USA would continue cooperating with "both the Ukrainian government and the opposition forces for the sake of developing relations". According to him, the USA is not going to impose sanctions on Ukraine.

On 14 November, US Vice-President **Joseph Biden** and Ukrainian President **Viktor Yanukovych** had a phone conversation during which Biden "expressed concerns regarding the recent parliamentary election in Ukraine and asked Yanukovych to ensure that this process be completed in a fair and transparent way," the Russian news agency ITAR-TASS said. Biden also called on Ukraine to respect its democratic commitments and stop the selective persecution of opposition leaders.

Freedom House Vice-President **Arch Paddington** said that the Ukrainian authorities "learned how to manipulate election results" even before the election was held.

EU concerned about post-election developments in Ukraine

EU High Representative for Foreign Affairs and Security Policy **Catherine Ashton** and European Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fuele** have shared concerns about the conduct of the post-election process in Ukraine "marred by irregularities, delays in the vote count and lack of transparency in the electoral commissions". They described them in a statement made public on 12 November 2012.

Ashton and Fuele also said they were going to continue their dialogue with Ukraine on political association and economic integration. However, they added, this will require determined action by the Ukrainian cabinet and parliament "to consolidate the country's democratic credentials, to pursue the rule of law, and to address the consequences of selective justice".

INTERNATIONAL POLITICAL

UKRAINE-EU

Poland hopes Ukraine-EU association agreement to be signed next year

Polish Prime Minister **Donald Tusk** hopes that the EU and Ukraine will sign the association agreement in November 2013 at the Eastern Partnership summit in Vilnius. He said this during a meeting with German Chancellor **Angela Merkel**, according to a report by Polskie Radio on 14 November 2012.

Merkel, in her turn, said that the EU would continue negotiations with Ukraine on the association agreement despite the difficulties. In her opinion, there are specific expectations for Ukraine, while various difficulties can be settled through dialogue.

Polish President **Bronislaw Komorowski** believes the success of Ukraine's European integration is directly dependent on the implementation of two processes: ratification of the association agreement, and coordination of the criminal justice reform run by Ukraine.

According to a spokesman for the Ukrainian Foreign Ministry, **Oleh Voloshyn**, Ukraine's cooperation with Europe depends on Kiev's relations with Moscow. "Europe does not need Ukraine having bad relations with Russia because without the partnership with Russia it is impossible to solve problems directly related to our tasks in the European direction," he said.

Ukraine to take over OSCE chairmanship in December

On 6-7 December 2012, Ireland will hand its chairmanship of the OSCE over to Ukraine at the OSCE Ministerial Council, the news and analysis website Lb.ua reported on 14 November.

Earlier, the president of Freedom House, **David Kramer**, said that Ukraine did not deliver on its commitments to the OSCE by failing to hold the fair and transparent parliamentary election.

Ukraine eligible for EU economic assistance

Ukraine has met all technical requirements of eligibility for EU microfinancial assistance, Ukrainian Deputy Foreign Minister **Andriy Olefirov** said on 15 November 2012.

He said that he was talking about 610m euros which EU financial institutions are prepared to allocate to Ukraine as loans at beneficial terms.

UKRAINE-RUSSIA

Foreign Ministry: Ukraine not to join Customs Union any time soon

Membership in the Customs Union of Belarus, Kazakhstan and Russia is not on Ukraine's foreign agenda, the head of the information policy department of the Ukrainian Foreign Ministry, **Oleh Voloshyn**, said on 14 November 2012. He added that the signing of the association agreement with the EU, including the creation of a free trade zone, remains Kiev's main priority.

Earlier, on 13 November, Ukraine's ambassador to Russia, **Volodymyr Yelchenko**, said unless the EU pulls out of the crisis, Ukraine may say "rather yes than no" to joining the Customs Union. Later he said that the Customs Union represented by Russia refuses to cooperate with Ukraine in three plus one format providing for sectoral cooperation, although the same format is being established in relations with Vietnam.

Ukraine to cut gas purchase from Russia by quarter

In 2013 Ukraine will lower its gas purchase from Russia to 20bn cu.m. from around 27bn cu.m. planned for this year, the deputy head of Naftohaz Ukrayiny, **Vadym Chuprun**, said on 16 November 2012.

In September, Energy Minister **Yuriy Boyko** said that the order for 2013 sent to Gazprom in June was for 24.5bn cu.m. of gas. According to the terms of the contract, the order may be changed not later than six months before the start of supply.

As of November 2012, Ukraine is receiving gas from Germany. Up to 5bn cu.m. can be received by May 2013. According to Chuprun, the gas supplied by Germany costs 330 dollars per 1,000 cu.m., which is 100 dollars cheaper than Russian gas.

On 12 November, the Kommersant Ukraina business daily said that Gazprom was going to sue Ukraine for its refusal to buy the full volume of contracted gas. According to the effective contract, Ukraine must buy at least 32bn cu.m. of gas annually.

On 17 November, Ukrainian Energy Minister Yuriy Boyko said that Ukraine was ready to meet Russia in court. "We talked to the lawyers regarding a possible legal action against us. We are prepared for it," he said.

He specified that Ukraine was planning to buy 26bn cu.m. of gas from Russia, which is 1bn cu.m. less than initially planned.

Ukraine to discuss Turkmen gas transit across Russia

The CIS heads of cabinet will discuss a possibility of Turkmen gas supply across Russia during their meeting in Turkmenistan on 4-5 December 2012, Ukraine's government representative for cooperation with the CIS, **Valeriy Muntyan**, said on 15 November.

He also said that by year end the CIS will launch negotiations on drafting an agreement on access to pipelines.

Ukraine, Russia temporary lift car recycling levy

Russia and Ukraine work on a temporary six-month agreement not to apply the car **recycling** levy to bilateral car trade. The development of the document was discussed by Ukrainian and Russian economics ministers **Petro Poroshenko** and **Andrey Belousov** on 12 November 2012.

Russia imposed car **recycling** levy on imported cars, including Ukrainian ones, on 1 September. As a reciprocal action, Ukraine imposed similar levy on import of Russian cars on 14 September.

Russian to simplify rules to obtain citizenship for Ukrainians

Russia intends to simplify the procedure for obtaining Russian citizenship by citizens of the countries of the Commonwealth Independent States (CIS) before the end of 2012, the first deputy head of the Committee for international affairs of the Council of Federation (Russian parliament upper house), **Vladimir Dzhabrailov**, said on 13 November.

Dzhabrailov said that amendments to this effect to the law On Russian Citizenship are now under consideration of the Russian parliament.

UKRAINE-CHINA

Ukraine to launch corn exports to China

On 9 November 2012, Ukraine and China signed in Beijing a protocol on agreeing sanitary requirements for deliveries of Ukrainian maize to the People's Republic of China.

A representative of the Ukrainian Ministry of Agricultural Policy, **Kyrylo Klymenko**, said that the protocol had been signed as part of a loan agreement between China and Ukraine on lending the latter 3bn dollars for the development of the agricultural industry.

Under the agreement, Ukraine is obliged to deliver to China 2m tons of maize per year as part of repaying the loan.

DOMESTIC POLITICAL**AUTHORITIES****New Criminal Procedures Code to enter into force in Ukraine**

On 20 November 2012, a new Criminal Procedures Code (CPC), which will completely change the Ukrainian judicial and investigation procedures, will come into force.

Under the new CPC, the creation of equal opportunities for each participant in a criminal process and an actual implementation of the adversarial principle in criminal proceedings will become the major directions for reforming the criminal justice sector.

The CPC strips investigators and prosecutors of their monopoly right to presenting evidence since each of the parties to a criminal case will be granted equal opportunities for collecting evidence.

Additionally, investigation and pre-trial investigation, which were previously separate stages, will be combined. Furthermore, the new code contains no provision which allows a criminal case to be sent for further investigation.

In addition to this, the CPC envisages the setting up of a state bureau for investigations. This new agency will handle the investigation of crimes committed by high-ranking officials, employees of law-enforcement bodies and judges.

On 13 November, Ukrainian Interior Minister **Vitaliy Zakharchenko** voiced the need for additional 122m dollars for the Interior Ministry to implement the new CPC.

Ukrainian Prosecutor-General **Viktor Pshonka** said that the implementation of the new CPC would not have any effect on the criminal cases launched against jailed former Prime Minister **Yuliya Tymoshenko**, which had been sent to court on 19 November 2012. These cases will be considered in accordance with norms of the old CPC.

Number of foreign trips made by Ukrainian president drops in 2012

Ukrainian President **Viktor Yanukovych** made only 10 foreign trips in 2012, the Ukrainian magazine Tyzhden reported on 15 November 2012.

Hence, this year Yanukovych paid three working visits to Russia, an official visit to Cyprus and Jordan, as well as a working visit to Turkey. Additionally, the Ukrainian head of state took part in the 67th session of the UN General Assembly in the USA, in a meeting of NATO's North-Atlantic Council in the USA, as well as in a nuclear security summit, which was held in South Korea.

During the first year in power in 2010, Yanukovych made 25 foreign trips and travelled abroad for official purposes 24 times in 2011.

Furthermore, the magazine pointed out that Yanukovych had not held a single new conference in 2012.

Ukraine's state-owned TV channel of verge of bankruptcy, broadcasting of "Euronews Ukrayina" might be suspended

On 14 November 2012, the bank servicing the state-owned National Television and Radio Company of Ukraine, known as the First National TV and Radio company, received a resolution of a prosecutor's office on the freezing of the TV channel's accounts and on the compulsory withdrawal of 3m dollars of debt to the state-run Ukreximbank, the Kommersant Ukraina daily reported.

The debt accrued as a result of a 13m-dollar 10-year loan which was agreed by the TV channel, the Finance Ministry and Ukreximbank in 1996. The broadcaster was supposed to receive funds for paying the loan from the state budget but it did not obtain the funds.

Lawyers believe that such actions of the prosecutor's office might push the TV channel to bankruptcy and to its subsequent sale in the future.

The First National TV channel or UT1 is a commercial failure, but the company has a considerable coverage and a license for digital broadcasting, which might interest potential investors.

Additionally, according to Kommersant Ukraina, the broadcasting of the "Euronews Ukrayina" TV channel might be suspended due to the debts of the First National TV channel. As of today, the channel owes 3.8m dollars.

The results of a sociological survey carried out by the Gorshenin Institute in October 2010 suggest that only 36.2 percent of the respondents trust the state-owned mass media.

OPPOSITION

Ukrainian united opposition chooses Yatsenyuk as its head in parliament

The opposition parties Fatherland and Front for Change will form a single faction in parliament led by **Arseniy Yatsenyuk**. This decision was taken on 14 November 2012 during a meeting of the future faction.

According to the information at the disposal of the Lb.ua news and analysis website, the decision to elect Yatsenyuk as the head of the faction was agreed with jailed former Prime Minister **Yuliya Tymoshenko**.

Fatherland and Front for Change were represented during the 28 October parliamentary election as a single political force - United Opposition Fatherland.

On 15 November, the Fatherland party's deputy head, **Oleksandr Turchynov**, said that the opposition forces which were elected to parliament would not be able to form a parliamentary majority.

According to a representative of boxing champion Vitaliy Klitschko's UDAR party, **Volodymyr Kurennyy**, the opposition counts on chairing three parliamentary committees such as "the budget committee, the committee for freedom of speech and information, as well as the committee for fighting organized crime".

In his turn, a member of the Fatherland party, **Oleksandr Bryhynets**, said that no-

one from the opposition forces was vying for the post of parliament's speaker.

The politicians said this during a roundtable which was held by the Gorshenin Institute on 15 November.

On 16 November 2012, the editor-in-chief of the influential Ukrainian weekly *Dzerkalo Tyzhnya*, **Yuliya Mostova**, said that Tymoshenko urged the opposition forces to boycott parliament and demand that a re-election be held, although the opposition leaders did not dare to take such steps. Consequently, Tymoshenko was forced to back the decision of the parties Fatherland, Freedom and UDAR to stand for parliament, but demanded that they abstain from becoming a part of the Verkhovna Rada's governing bodies in order not to be held responsible for the situation in the country.

Opposition parliamentary candidates reportedly pressurized

On 13 November 2012, the head of the UDAR party's election headquarters, **Vitaliy Kovalchuk**, said that the government was putting pressure on the candidates from his political force with the goal of forming a future parliamentary majority.

The same day, 13 November, the Lb.ua news and analysis website reported that the tax service carried out a search in the office of the Phoenix Capital company, which is headed by the husband of a parliamentary candidate from United Opposition Fatherland, **Lesya Orobets**. In the opinion of Orobets, the search was linked to an attempt to force her to become a part of a pro-government majority in parliament.

Ukrainian court once again postpones hearing of case against jailed former premier over corporate activity

On 13 November 2012, a Ukrainian court postponed until 23 November a hearing of a criminal case launched against jailed former Prime Minister **Yuliya Tymoshenko** over the activity of the corporation United Energy Systems (UESU).

This decision was taken following a motion of the prosecution which cited Tymoshenko's absence in court.

The UESU corporation, which Tymoshenko headed in the 1990s, is accused of embezzling state funds and tax evasion.

Ukrainian Justice Minister **Oleksandr Lavrynovych** said that Tymoshenko might be taken to a court chamber by force if this does not pose a threat to her health.

European human rights court prioritizes Ukrainian ex-premier case

The European Court for Human Rights (ECHR) has given the priority status to former Ukrainian Prime Minister **Yuliya Tymoshenko's** complain regarding the violation of her right to a fair trial, Tymoshenko's defence lawyer, **Serhiy Vlasenko**, said on 12 November 2012.

"We are looking forward for getting the European Court's ruling regarding the issue soon," Vlasenko said.

The US Department of State's special envoy for global women issues, **Melanne Vermeer**, in an interview with the Dzerkalo Tyzhnya weekly published on 16 November 2012 said that Tymoshenko's trial did not meet any international standards and badly affected Ukraine's reputation.

Ukrainian jailed ex-premier stops hunger strike

Former Ukrainian Prime Minister **Yuliya Tymoshenko** stopped her hunger strike on 15 November 2012. Tymoshenko has agreed to start taking food after a conversation with German doctors.

Tymoshenko stopped taking food on 29 October in protest against rigging the results of the election to parliament.

Jailed Ukrainian ex-minister refuses to undergo medical survey in hospital

Jailed former Ukrainian Interior Minister **Yuriy Lutsenko** has refused a medical examination at the Chernihiv regional clinic hospital, the State Penitentiary Service said on 15 November 2012.

Lutsenko explained his refusal by the need to "discuss the issue with the defence lawyers".

Lutsenko's wife Iryna said for her part that her husband won't agree to a medical examination if he is not admitted to hospital. She added that Yuriy Lutsenko has already had 11 medical examinations after the arrest.

On 20 November Lutsenko will be taken from the Mena penal colony to Kiev to take part in the court of appeals' sitting regarding his case.

HUMAN RIGHTS

Council of Europe urges Ukraine to give medical treatment to convicts outside remand centres

The Council of Europe has called on the Ukrainian government to ensure provision of medical treatment outside remand centres to all convicts who need it, the report issued by the Council of Europe's committee for prevention of tortures on 14 November 2012 reads.

The Committee is particularly concerned with the medical examination and treatment of former Prime Minister **Yuliya Tymoshenko**, former Interior Minister **Yuriy Lutsenko** and former Defence Minister **Valeriy Ivashchenko**. The Committee expressed concern about the considerable delays observed in arranging specialized medical examinations for these persons outside the remand centres.

UN names gross violations of human rights in Ukraine

Corruption in law enforcement agencies and judicial system, tortures at police stations and gender and social discrimination are the most typical violations of human rights in Ukraine, the public opinion poll conducted by UN experts and associates of Ukrainian NGOs in the framework of the Human Rights in Ukraine

programme has demonstrated. The opinion poll results were published on 15 November 2012, Radio Liberty said.

Another public opinion poll conducted by the Gorshenin Institute in March 2011 showed that the majority of Ukrainians (55.7 percent of those polled) consider that life of men is easier in Ukraine while 10.6 percent of those polled answered that women's life is easier in Ukraine, 26.8 percent responded they see no difference and 6.9 percent had difficulties to answer.

Freedom of speech status deteriorates in Ukraine

Belarus, Hungary, Turkey and Ukraine have become dangerous examples of suppression of freedom of mass media in Europe. The International Press Institute included these countries in the Europe Watch List, the Institute of Mass Information said on 13 November.

The Europe Watch List is a list of countries which raise concerns regarding deviations from the principles of freedom of speech.

ECONOMICS

Ukraine increases foreign trade deficit

The deficit of Ukraine's foreign trade balance in January-September 2012 grew to 6.47bn dollars, the State Statistics Service reported on 15 November.

Thus, the deficit rose by 62.5 percent against 3.98bn dollars recorded in January-September 2011.

Ukraine sees drop in foreign investment

The amount of foreign investments in Ukraine over the first nine months of 2012 amounted to 4.319bn dollars, which is almost 9 percent down on January-September 2011, when foreign investors brought 4.742bn dollars to the country, according to news and analysis website Lb.ua, citing data from the State Statistics Service.

Cyprus remained the largest investor in Ukraine. In January-September the size of investments from Cyprus to Ukraine totaled over 1.8bn dollars.

Ukraine makes scheduled payments to IMF

Ukraine has completed its payments to the International Monetary Fund (IMF) scheduled for 2012, representative of the National Bank of Ukraine **Olena Shcherbakova** said on 15 November. As she noted, the amount paid to the IMF this year has totaled approximately 3.5bn dollars. According to news and analysis website Lb.ua, next year Ukraine will have to repay 9bn dollars of debt, including 5.5bn dollars to the IMF.

President authorizes central bank to withdraw currency from exporters

On 15 November 2012, President **Viktor Yanukovich** signed a law that gave the right to the National Bank of Ukraine (NBU) to demand obligatory sales of earnings

in foreign currency by exporters. According to the document, the NBU can impose such a regime for a period of six months.

The parliament passed the law on 6 November. The bill was drafted by the NBU. The regulator explains that financial resources of residents should work for the national economy when the balance of payments worsens in Ukraine.

In September 2012, the balance of payments recorded a deficit of 1.1bn dollars, which was covered with foreign currency reserves.

Government plans to introduce tax on foreign currency sales

The Ministry of Finance and the National Bank of Ukraine have an intention to introduce a 15-percent tax on sales of foreign currency and 1-percent allocations to the Pension Fund of Ukraine, website Banki.ua reported on 14 November 2012, citing sources in the government.

In such a way, the government is going to combat speculative trading on the foreign exchange market. However, according to Banki.ua, under the current conditions this initiative will perform primarily a restrictive function aimed at stabilizing the currency market in Ukraine.

Ukraine loses world's biggest buyer of wheat

Egypt intends to exclude Ukraine from the list of wheat suppliers for the year of 2013, the Interfax-Ukraine news agency reported on 16 November 2012.

Egypt decided to make the step after it received an official notification from Ukraine that the latter will stop exports of wheat starting from 1 December 2012.

Ukraine raises wheat export limits, expected to impose new restrictions soon

On 14 November 2012, the Ministry of Agriculture Policy allowed grain traders to increase exports of wheat during this season from 5m to 5.5m tonnes, according to the European Business Association.

In an interview with news agency UNIAN on 15 November, Agriculture Minister **Mykola Prysyazhnyuk** said that at present wheat comprises 4.8m tonnes of the total exports.

The minister noted that by the end of November Ukraine may decide to impose temporary restrictions on grain exports.

Ukraine boosts exports of agricultural products

Exports of agricultural products from Ukraine in 2012 should total 17bn dollars, which would be a new record for the country. For comparison, the size of farm produce exports last year totaled 13.5bn dollars, Agriculture Minister **Mykola Prysyazhnyuk** told this in an interview with newspaper Uryadovyy Kurier dated 15 November.

ENERGY MARKET

Energy Minister reveals losses incurred by Naftohaz Ukrayiny

Naftohaz Ukrayiny, a state-run energy company, posted a loss of 570m dollars in January-September, Energy Minister **Yuriy Boyko** reported on 14 November. Such a loss, according to him, was due to a difference between the price of imported natural gas and public utility rates.

Ukraine paid Russia a little over 1bn dollars for natural gas supplied in October.

According to Naftohaz Ukrayiny, the price of Russian gas in the fourth quarter of 2012 makes 430 dollars per 1,000 cu.m. The price of Russian gas was 426 dollars in the third quarter, 425 dollars in the second quarter and 416 dollars in the first quarter.

Ukraine to buy two drilling rigs

On 16 November 2012, state-run energy company Naftohaz Ukrayiny named Keppel FELS Limited (Singapore) as winner in the tender for supplying two offshore drilling rigs. The offer price was 153m dollars. The equipment should be delivered no later than 31 December 2014.

Naftohaz Ukrayiny expects that these two new drilling rigs will allow to triple production of natural gas in the Black Sea shelf by 2015.

Construction of LNG terminal in Ukraine postponed

The launch of construction of a liquefied natural gas terminal, which was scheduled for 15 November 2012, has been postponed until 26 November, according to Energy Minister **Yuriy Boyko**.

Ukraine plans to build an LNG terminal near a sea port of Pivdennyy, Odesa Region. The estimated annual capacity of the facility is 10bn c.m. As expected, Ukraine will receive the first volumes of gas through the terminal in 2016.

The major financial investor in the project will be Enagas, which operates the gas pipeline system of Spain.

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