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Former premier Yuliya Tymoshenko goes on hunger strike to protest alleged use of force

On the night of 20 April 2012, former Ukrainian Prime Minister Yuliya Tymoshenko was transferred from the Kachanivska prison to Kharkiv's Ukrzaliznytsya (Ukrainian railway) hospital.

On 23 April 2012, she was transferred back to the prison where the ex-premier is serving her sentence for signing the 2009 gas contracts with Russia. The Ukrainian State Penitentiary Service explained that Tymoshenko's return to the prison was motivated by her refusal to undergo the treatment course that had been prescribed by Ukrainian and German doctors.

Later, Tymoshenko said that she had been punched in the stomach during the transfer to the hospital.

On 24 April 2012, Kharkiv Region's prosecutor **Hennadiy Tyurin** admitted that physical force had been applied to the former prime minister: “[they] grabbed her, brought her to a car and transported to the hospital”. However, he denied Tymoshenko's words that she had been punched in the stomach and that her arms and legs had been twisted. At the same time, he said that no criminal case would be opened over the physical injuries to the former prime minister.

In his turn, the deputy head of the Kachanivska prison, **Ihor Kolpashchykov**, said that Tymoshenko had been transported by employees of the emergency medical service. “Our employees were only escorting [her],” he noted.

In response to such actions, Tymoshenko announced a hunger strike on 24 April 2012. Later, supporters of the jailed prime minister from several Ukrainian regions also went on hunger strike to show their solidarity with her.

For its part, the opposition blocked the parliamentary rostrum.

We would like to note that on 24 April 2012, a representative of former Ukrainian ombudsman **Nina Karpachova** visited Tymoshenko. After the visit, he confirmed that the ex-premier had bruises on her body. Karpachova's representative had also taken photos of the bruises which the Ukrainian mass media circulated on 27 April 2012.

On 27 April 2012, the Ukrainian news and analysis website Lb.ua published a conclusion of two former court medical experts which said that the bruises had been made four to six days before the pictures were taken.

At the same time, a court medical expert and the head of the Kharkiv medical academy's department of court medical expertise, **Oleksandr Hurov**, believes that the bruises on the body of the former prime minister could have been made not on 20 April 2012, as Tymoshenko claimed, but a bit later.

In the opinion of Tymoshenko's lawyer, **Serhiy Vlasenko**, Tymoshenko's hospitalization and return to the prison were the attempts of the authorities to demonstrate that they were implementing the ruling of the European Court of Human Rights which stated that Tymoshenko needed to receive medical treatment.

On 27 April 2012, a few thousands of activists staged a protest in Kiev against repression.

We would like to note that the international community harshly criticized the transportation of the former prime minister to the hospital by force.

At the same time, the pro-presidential Party of Regions said that the “myth about the

punching” of Tymoshenko “was orchestrated with the objective of shifting the attention of the world community away from the irrefutable facts of her criminal activity”.

Court hearing in new case against ex-premier postponed until 21 May 2012

On 28 April 2012, a Kharkiv court held a hearing in the case against former Prime Minister Yuliya Tymoshenko over the activity of the United Energy Systems of Ukraine (UESU) corporation.

Tymoshenko was not present at the trial due to her poor health condition.

During the court hearing, judge **Kostyantyn Sadovskyy**, on the request of doctors, decided to postpone the trial until 21 May 2012. It is expected that the former prime minister's health condition will be determined by then.

We would like to note that Tymoshenko's defence appealed to the court with a motion to suspend the consideration of the case until she is fully recovered.

On 27 April 2012, the German doctors who checked Tymoshenko said that she had a chronically herniated spinal disc. Later, German Chancellor **Angela Merkel** confirmed that the German Foreign Office was conducting negotiations with the Ukrainian authorities on allowing Tymoshenko to leave for medical treatment in the Berlin hospital Charité.

In its turn, The Ukrainian Health Ministry said that the information that Tymoshenko had “a herniated disc” did not correspond to reality.

It is known that on 23 April 2012, Tymoshenko's lawyer **Serhiy Vlasenko** said that the Kharkiv court had no authority to hear this case since under the legislation, the only trial option which is envisioned by the law is at the place of the crime. At the same time, “all the allegedly illegal actions have been committed in Dnipropetrovsk”.

We would like to note that on 28 April 2012, the opposition and representatives of the pro-presidential Party of Regions clashed near the building of the court in Kharkiv, where Tymoshenko's case was being heard. As a result, an MP of the opposition Yuliya Tymoshenko Bloc (YTB) was injured. At the same time, the YTB claimed that policemen refused to record the fact of the beating and to detain those who had attacked its members.

On 27 April 2012, citing the European website EUobserver, the Ukrainian news agency UNIAN reported that the Party of Regions hired one of the biggest PR firms in Brussels, Burson-Marsteller, to inform the European community about the stance of the Party of Regions on the criminal case against Tymoshenko.

Yuliya Tymoshenko to file lawsuit with London court against deputy prosecutor-general with demand of denying false information on killing Ukrainian businessman –lawyer

Former Prime Minister Yuliya Tymoshenko's lawyers are preparing a lawsuit which they will file with a London court against deputy prosecutor-general Renat Kuzmin.

Tymoshenko's lawyer **Serhiy Vlasenko** said that in an interview with the BBC (hence, the jurisdiction), Kuzmin said that Tymoshenko had been involved in the funding of the killing of businessman **Yevhen Shcherban** in 1996. “This is why we will be demanding that this false information be refuted,” Vlasenko said on 23 April 2012. Later, he added that the lawsuit would be filed after the May holidays celebrated in Ukraine.

Court to hear fresh criminal case against former Ukrainian interior minister on 18 May 2012

On 23 April 2012, a Kiev court held a preliminary hearing in a new criminal case against former Interior Minister Yuriy Lutsenko.

Lutsenko is accused of organizing illegal surveillance as part of an investigation into the poisoning of former Ukrainian President **Viktor Yushchenko**.

The Ukrainian news and analysis website Lb.ua reported that during the preliminary consideration, the judge presiding over the hearing, **Anna Medushevska**, had dismissed a motion of the defence to close the criminal case. She ruled to hold the next hearing of the case on 18 May 2012.

We would like to note that in his blog hosted by the Ukrainian news and analysis website Ukrayinska Pravda, Lutsenko posted the results of the medical checkups, which had been conducted in an emergency aid clinic in April 2012. They confirmed that the former interior minister has hepatitis. According to Lutsenko, this diagnosis has not been disclosed to him for six months.

We shall remind you that earlier, the wife of the former minister, **Iryna Lutsenko**, said that her husband had been infected with hepatitis. However, the Ukrainian State Penitentiary Service denied that Lutsenko had hepatitis.

Dnipropetrovsk hit by several explosions on 27 April 2012

On 27 April 2012, four unidentified devices exploded one after another in Dnipropetrovsk.

The Ukrainian news and analysis website Lb.ua reported that as of 0800 (local time) on 28 April 2012, 30 people, including 10 children, were injured. As many as 22 people are still hospitalized. Four of them were in a difficult condition, seven were in a condition of moderate difficulty and 11 more faced no risk to their health.

A Ukrainian prosecutor's office launched a criminal case under Article 258 of the Criminal Code, which deals with acts of terrorism. The central directorate of the Security Service of Ukraine (SBU) was tasked with investigating the case. At the moment, the SBU is considering six versions of the terrorist act in Dnipropetrovsk. The agency's director, **Ihor Kalinin**, said that one of the versions linked them to an explosion of a trash can in central Dnipropetrovsk in November 2011, which had killed one person.

Ukrainian President **Viktor Yanukovich** and the government monitor the situation.

On 28 April 2012, the Dnipropetrovsk Region governor, **Oleksandr Vilkul**, said that the individuals who help law enforcers to find those responsible for the blasts will be paid a reward of 250,000 dollars.

The opposition Fatherland party believes that the situation with the terrorist acts in Dnipropetrovsk is a maneuver intended to shift the attention of the society from the criminal persecution of former Prime Minister **Yuliya Tymoshenko**.

In his turn, Ukrainian Prime Minister **Mykola Azarov** said that the explosions in Dnipropetrovsk are beneficial "to forces that are interested in destabilizing the situation in the country".

For his part, the first deputy head of the pro-presidential Party of Regions parliamentary faction, **Mykhaylo Chechetov**, expressed the opinion about the need to endow the SBU and the Interior Ministry with more powers.

In its turn, the Interior Ministry said that it did not link the explosions with political developments in Ukraine.

European politicians refuse to visit Ukraine

A number of European leaders have refused to attend a summit of heads of state of Central Europe, which will take place in Crimea on 11-12 May 2012.

On 26 April 2012, several German mass media outlets reported that German President **Joachim Gauck** had cancelled his trip to Crimea's Yalta. Such a decision was taken after the Ukrainian opposition leader and the former prime minister, **Yuliya Tymoshenko**, had announced a hunger strike. German Foreign Minister **Guido Westerwelle** has also declined to attend the summit.

Additionally, the German news portal Welt Online reported that German Chancellor **Angela Merkel** might decide to refrain from visiting the matches of the Euro 2012 football championship which will be held in Ukraine.

Later, we learned that Austrian President **Heinz Fischer** decided to skip the Yalta summit due to "a hectic work schedule".

Furthermore, according to EU envoy to Ukraine **Jose Manuel Pinto Teixeira**, Czech President **Vaclav Klaus** might not be able to attend the summit in Crimea either.

The deputy director of the Razumkov Center, **Valeriy Chalyy**, pointed out that Germany, Austria, the Czech Republic and Hungary were the countries which had initiated summits of heads of state of Central Europe in 1993. "The non-attendance by the Austrian and German presidents is a clear signal: if political persecution persists in Ukraine, there will be no successful international events in Ukraine," he stressed.

Association agreement between EU, Ukraine might not be signed in nearest future

The association agreement between the EU and Ukraine cannot be signed at the moment, German ambassador to Ukraine Hans-Jurgen Heimsoeth said on 26 April 2012.

At the same time, he added that "an early implementation of certain parts of the agreement, which was declared by the Ukrainian party, is absolutely groundless".

Earlier, on 22 April 2012, Czech Foreign Minister **Karel Schwarzenberg** said that his country did not intend to ratify the EU-Ukraine association agreement.

We would like to note that on 25 April 2012, the British embassy in Ukraine denied the information of the Ukrainian Foreign Ministry that Great Britain supported the signing of the EU-Ukraine association agreement by the end of 2012.

We shall remind you that Ukraine and the EU initialed the association agreement on 30 March 2012.

Ukrainian parliament elects new ombudsman

On 24 April 2012, during a second voting attempt, the Ukrainian parliament elected Valeriya Lutkovska as ombudsman.

MPs were offered to vote for the only candidacy of Lutkovska, which was proposed by the pro-presidential Party of Regions.

On 27 April 2012, Lutkovska was sworn in in parliament. Prior to this, the new ombudsman served as the Ukrainian representative to the European Court of Human Rights.

The Ukrainian news and analysis website Lb.ua reported that the parliamentary opposition refused to participate in the election of the ombudsman.

On 26 April 2012, the opposition Yuliya Tymoshenko Bloc (YTB) parliamentary faction challenged Lutkovska's election to the post of ombudsman in court, saying that gross violations of law had been committed during the voting process in parliament. In particular, the signatures of the head and the secretary of the audit commission were not on voting ballots. Additionally, the opposition pointed out that Lutkovska had not provided MPs with the complete information about her income in 2011.

In response, the Ukrainian parliamentary speaker, **Volodymyr Lytvyn**, officially stated that no violations had been committed during the voting process.

Journalist **Ihor Slisarenko** said that during the process of voting for the ombudsman, MPs of the Party of Regions were showing their ballots to the first deputy head of their parliamentary faction, **Mykhaylo Chechetov**. This is also a violation of law since voting ballots should be cast secretly.

Ukrainian opposition announces unification

On 23 April 2012, a part of the opposition parties said that they would unite for the upcoming parliamentary election.

The new opposition formation consists of such political forces as the Fatherland party, Front for Change, People's Self-Defence, People's Movement, and the For Ukraine! party. The Social-Christian Party joined them later.

The opposition forces plan to draw up a single party list for the election on the basis of the Fatherland party. They also intend to agree their candidates who will run in single-seat constituencies.

Former Ukrainian Prime Minister **Yuliya Tymoshenko** and the head of the Front for Change party, **Arseniy Yatsenyuk**, will be at the top of the single party list.

The electoral headquarters of the opposition forces will be headed by the first deputy head of the Fatherland party, **Oleksandr Turchynov**.

The opposition plans to unveil its electoral programme on 12 May 2012.

The leader of the UDAR party, **Vitaliy Klitschko**, refused to unite with the rest of the opposition forces. The right-wing Freedom party led by **Oleh Tyahnybok** also abstained from uniting with the newly formed opposition coalition.

In the opinion of political scientist **Vadym Karasyov**, unification represents the only chance for the opposition to survive.

Ukrainian National Security, Defence Council's secretary to head pro-presidential party's electoral headquarters

On 23 April 2012, the pro-presidential Party of Regions appointed the secretary of the National Security and Defence Council (NSDC), Andriy Klyuyev, as the head of its electoral headquarters for the October parliamentary election.

The Ukrainian deputy prime minister and the social policy minister, **Serhiy Tyhypko**, was put in charge of a public election campaign of the Party of Regions.

The lists of candidates running in multiple- and single-seat constituencies will be announced during a congress of the Party of Regions, which will be held on 31 July 2012. We shall remind you that Ukrainian President **Viktor Yanukovych** said in

February 2012 that Klyuyev would not deal with the election campaign of the Party of Regions.

The director of the sociological research company Ukrainian Barometer, **Viktor Nebozhenko**, believes that the appointment of the head of the party election headquarters, which contradicts to the previous statements made by the president, might signal that Yanukovich is losing control over the party.

**Ukrainian president
might sign Criminal
Procedure Code in mid
May 2012**

In the nearest future, the Ukrainian parliament will submit the Criminal Procedure Code (CPC) for signing by President Viktor Yanukovich, an advisor to the head of state, Andriy Portnov, said on 28 April 2012.

After the presidential administration receives the CPC from parliament, the president will decide whether to sign it within 15 days, Portnov added.

We shall remind you that the CPC was adopted on the night of 12 April 2012.

**Ukraine's Central
Electoral Commission
says might face
organizational
problems during local
election in Kiev. Mass
media report about
government's
intention to combine
Kiev's local and
parliamentary
elections**

The Central Electoral Commission (CEC) has said that it might face organizational problems during local elections in Kiev.

The CEC deputy head, **Andriy Mahera**, said that problems might emerge due to the abolition of district-level electoral commissions.

Under the law on local elections, it is envisioned that only a two-level system of electoral commissions – a Kiev city commission and over 1,000 of constituency commissions – will be set up in Kiev after the dissolution of district councils, Mahera stressed. In his opinion, such a situation might significantly complicate the election process.

The Ukrainian weekly *Kommentarii* reported that the government decided to hold the Kiev elections simultaneously with the parliamentary election in October 2012 after the united opposition expressed on 23 April 2012 its support for the candidacy of **Vitaliy Klitschko** for the post of Kiev mayor. By combining the mayoral election in Kiev with the parliamentary election, the government ensures that Klitschko cannot participate in the mayoral election since he needs to be at the top of the list of his UDAR party in order to win seats in parliament, the newspaper added.

**Ukrainian president
might not come to
Russian counterpart's
inauguration**

On 26 April 2012, Ukrainian President Viktor Yanukovich said that he will meet Russian Prime Minister Vladimir Putin in May 2012.

However, the Ukrainian head of state did not specify when exactly this meeting will take place.

At the moment, it also remains unclear whether the Ukrainian president will attend Putin's inauguration ceremony, which is scheduled for 7 May 2012. On 24 April 2012, the Ukrainian news agency UNIAN reported that Yanukovich did not plan to participate in the inauguration of the Russian president. Instead, the Ukrainian head of state intended to meet with Putin during an informal summit of the presidents of the Commonwealth of Independent States, which will be held in Moscow on 15 May 2012.

We would like to note that earlier, on 16 April 2012, Yanukovich stated that he will attend Putin's inauguration if he is officially invited.

Ukraine refuses to store reserve gas, which was previously done for ensuring stable deliveries to EU

On 26 April 2012, a branch of the Ukrainian state-run oil and gas company Naftohaz Ukrayiny, Ukrtranshaz, said that it will pump only 17bn-18bn cu.m. of gas into underground storage facilities.

Generally, by the beginning of a heating season, Ukrtranshaz will have stored 22bn-25bn cu.m. of gas in the underground storage facilities to ensure its uninterrupted transit to the EU.

The Ukrainian newspaper Kommersant Ukraina reported that the decision to cut the amount of gas for storage in the underground facilities was linked to the intention of Naftohaz Ukrayiny to make Russia's Gazprom and European consumers pay for keeping the reserve amount of gas in the Ukrainian storage facilities, which they need in the winter time.

An expert of the Institute for Energy Research, **Yuriy Korolchuk**, noted that either Gazprom or European gas consumers need to pump extra 5bn-7bn cu.m. of gas into the Ukrainian storage facilities to ensure that gas is supplied without any interruptions during the winter season. Ukraine could earn 300m-400m dollars for such services, he added.

We would like to add that on 27 April 2012, Ukrainian Prime Minister **Mykola Azarov** said during a cabinet meeting that Ukraine currently buys gas from Russia for 450 dollars per 1,000 cu.m. This price takes into account a 100-dollar discount.

The setting up of a consortium to manage the Ukrainian gas transport system might be among a possible conditions for a gas price reduction. At the same time, the experts who participated in a roundtable held by the Gorshenin Institute drew the conclusion that Ukraine should not allow Russia to manage its gas transport system. You can find more details on page 14.

President Viktor Yanukovich endowed Naftohaz Ukrayiny with the right to buy natural gas without following the procedure of tenders

On 27 April 2012, the President Viktor Yanukovich signed a law on amending the procedure of state natural gas purchases.

Hence, Yanukovich endowed the Ukrainian state-run oil and gas trader Naftohaz Ukrayiny with the right to buy natural gas without following the procedure of tenders. Additionally, gas transportation, distribution, delivery and storing no longer require to adhere to the tender procedure.

Ukraine refuses to fulfill IMF's conditions. National debt continues to grow

On 26 April 2012, Prime Minister Mykola Azarov said the Ukrainian government will continue cooperation with the International Monetary Fund (IMF) but has no plans to raise gas tariffs for the households.

Earlier, 19 April 2012, IMF Resident Representative for Ukraine **Max Alier** said that the fund was ready to provide financial aid to Ukraine, but the country has to fulfill the commitments it undertook earlier. Specifically, the IMF expects Ukraine to stop subsidizing gas tariffs for the households, which is a heavy burden for its budget.

At the same time, according to Vice-President of the World Bank **Philippe Le Houerou**, the economic situation in Ukraine does not require immediate external borrowing, including loans from the IMF.

An IMF mission is expected to visit Ukraine on 21-28 May 2012.

**Government approves
state budget forecast
for 2013, 2014**

On 25 April 2012, the government approved the forecast of the state budget of Ukraine for 2013 and 2014.

As reported by Interfax-Ukraine news agency, according to the forecast, the state budget outlays on servicing and repaying Ukraine's national debt will increase to 14.25bn dollars in 2013 and to 16.2bn dollars in 2014.

Taking into account 11.95bn dollars of the expected budget expenses on repayment and servicing of the public debt in 2012, the public debt payments will increase by 16.3% next year and by 13.6% in 2014.

It is planned that next year the Ukrainian government will borrow 10.27bn dollars, 11.8bn dollars in 2014, while in 2012 Ukraine should raise 12.3bn dollars, including 1.5bn dollars through issuing bonds to replenish the authorized capital of Naftohaz Ukrayiny, a state-run energy company.

According to the published forecast, the state budget deficit in 2013 and 2014 matches the previously announced figures – 0.8% and 1.0% of GDP respectively, compared to 1.7% of GDP this year.

The government expects that the budget deficit will be covered mainly with proceeds from privatization.

As of 31 March 2012, the public debt of Ukraine totaled 46.48bn dollars while the public and publicly guaranteed debt was 60.5bn dollars.

Earlier the Accounting Chamber of Ukraine reported that the rate of debt growth in 2011 was nearly two times higher than the pace of real GDP growth.

**Government to give
preference to national
producers in public
procurement**

On 24 April 2012, deputy head of the Presidential Administration Iryna Akimova said that the procedure for public procurement will be changed.

As she noted, the changes will be made in order to support Ukrainian producers. It is suggested “to temporarily include a mandatory item in the public procurement procedure, specifically with regards to availability of production lines or service facilities in Ukraine” for each product to be included in a tender offer.

The terms of the initiative's implementation have not been disclosed.

According to legal expert **Oleh Malskyy**, a partner of the international law firm Astapov Lawyers, this innovation will not conflict with Ukraine's obligations to the WTO since the country has not yet acceded to the WTO agreement on government procurement.

**Tax authorities,
customs and courts
main problems for
foreign business in
Ukraine**

Representatives of foreign embassies have named major problems faced by foreign businesses in Ukraine to the Dzerkalo Tyzhnya weekly.

Particularly, according to the diplomats polled by Dzerkalo Tyzhnya, tax authorities create the biggest challenges for entrepreneurs in Ukraine. Specifically, among the problems named by the diplomats are illegal write-offs of legitimate VAT refunds, demands to pay in advance certain parts of received refunds (up to 100%) as a corporate income tax, creation of unfair advantages for certain companies at the expense of foreign competitors, initiation of fictitious “disputes” in order to ban foreign companies from automatic VAT

reimbursement, use of tax authorities in corporate raids, a large number of inspections, etc.

The second place, according to the diplomats, is taken by the customs. The main problems are a long period of goods clearance at customs, application of the highest prices in determining customs values of goods, arbitrary reevaluation of goods to increase the amounts of customs duties, frequent reclassification of products from one tariff line to another, etc.

Also, the diplomats point at the lack of confidence in the rule of law in Ukraine. Representatives of the embassies name “corporate raiding” as “a separate major problem” in Ukraine.

It is worth mentioning that experts interviewed by the Gorshenin Institute believe that over the last two years raiders have used the law-enforcement agencies and prosecutors in their attacks, not court decisions, as it was before.

**Party of Regions MP
Ihor Prasolov,
affiliated with Rinat
Akhmetov, elected
head of national
bank's board**

On 26 April 2012, MP Ihor Prasolov of the Party of Regions was elected Chairman of the Council of the National Bank of Ukraine (NBU).

Currently, Prasolov heads the Supervisory Board of Azovstal, a steel mill that belongs to businessman **Rinat Akhmetov's** System Capital Management (SCM). In 2000-2005, Prasolov worked as SCM's director-general.

According to the president of the Association of Ukrainian Banks, **Oleksandr Suhonyako**, the new head of the NBU council is well versed in the currency and monetary policy. “Only time will tell how independent his work will be and whether he will defend the national interests,” Suhonyako said.

**Tax police say
inspection at TVi was
unscheduled**

On 26 April 2012, the State Tax Service (STS) confirmed that it held an unscheduled tax audit at TVi channel.

However, as reported by the STS, the tax inspection showed that “the television channel used services of a so-called conversion center to cash out more than 2.2m hryvnyas (275,000 dollars).”

The tax service said the audit was carried out lawfully, in accordance with the Tax Code of Ukraine.

Earlier TVi channel said that starting from 21 April 2012, the tax police performed illegal actions against the channel.

Later TVi reported that officers of the tax police began to exert pressure on people who provide or provided services to the channel. According to the Ukrayinska Pravda news and analysis website, the tax officials have attempted to question several former journalists of the TVi channel.

**Ukraine, India on the
way to major military
contract – mass media**

In the near future Ukraine is expected to win a major contract for weapon supplies.

As Russia's Nezavisimaya Gazeta newspaper reported on 25 April 2012, in the near future Ukraine will sign a contract for supply of air-to-air missiles to India. The contract provides for the sale of a large lot of R-27 missiles produced by the Ukrainian company Artem (Kyiv). Such missiles are used to equip Su-27, Su-30

and MiG-29 fighters that are delivered to India from Russia.

No official information has been provided about this deal, which experts estimate at hundreds of millions of dollars.

According to **Serhiy Zgurets**, expert of the Ukrainian Center for Research on Army, Conversion and Disarmament, the Russian side would not object to such a contract. "There's no competition because since the times of the Soviet Union, missiles of this class have been assembled on the territory of Ukraine, and a large share of parts for the missiles are supplied from Russia," he explained.

Ukraine's army needs upgrade, says security supremo Andriy Klyuyev

On 25 April 2012, Secretary of the National Security and Defence Council Andriy Klyuyev said that the Ukrainian army needs to be modernized.

"Over the next 10 years, we need to reequip the army with modern weapons," he said. In addition, according to Klyuyev, it is important to accelerate the disposal of excessive property belonging to the armed forces because servicing unusable weapons and ammunition constantly requires additional funding.

On the same day, 25 April 2012, the only Ukrainian submarine "Zaporizya" started the first phase of sea trials in the Black Sea.

As reported by the Dzerkalo Tyzhnya weekly, Defence Minister **Dmytro Salamatin** in his concept of army reform has suggested reduction of the armed forces to 100,000 people, including only 75,000 military men, cutting air force to 100 units of military equipment, and tanks to 270 units.

According to a survey conducted by the Gorshenin Institute in September 2011, 72.9% of Ukraine's citizens do not believe that increased funding of the defence industry would improve the state of the Ukrainian army.

Vsesvit publishing house raided in Ukraine's capital

A raider attack to squat the office of the Ukrainian periodical Vsesvit that publishes exclusive translations of world literature occurred on 26 April 2012.

The Vsesvit magazine deputy editor in chief **Dmytro Drozdovskyy** has said that "raiders demanded to immediately free the premises at 34/1 Hrushevskyy St. that formally belongs to the Vsesvit publishing house".

Drozdovskyy added that the raiders might be backed by the MP on the Party of Regions, **Valeriy Kharlim**. "The attackers themselves said that," Drozdovskyy added. The attack was rebuffed but according to Drozdovskyy, the raiders said they would come back again.

Criminal case launched over paintings' theft in Ukrainian Cabinet's building

The law enforcers launched a criminal case on 25 April 2012 to investigate a theft of two paintings by prominent painter Mykola Hlushko from the building of the Ukrainian Cabinet of Ministers.

Employees of the Ukrainian National Museum of Arts, after having checked the status and conditions of storage of paintings in early November 2011, said that four valuable paintings were missing. Copies were discovered in place of the two paintings. Later the expert examination confirmed that these were counterfeits.

The total insured value of the two paintings replaced by copies is 145,000 dollars.

Removal of fuel from Chernobyl's destroyed reactor to commence in 30 years

The construction of the new confinement over the Chernobyl's destroyed unit 4 was started on 26 April 2012.

Later, the former head of the Chernobyl's Shelter facility, **Valentyn Kupnyy**, in an interview with the *Kommentarii* weekly said that design of the new confinement is not ready yet while the construction has already been started.

A reminder that the public opinion poll conducted by the Gorshenin Institute in April 2011 showed that the majority of Ukrainians (78.3%) believe the Chernobyl nuclear power plant still poses threat to people.

Authorities in Ukrainian western city of Lviv ban Communist, Nazi symbols ahead of Victory Day

The Lviv city council approved a resolution on 26 April 2012 banning public demonstration of Communist, Nazi, and former USSR symbols in Lviv.

The ban covers buildings of public authorities and municipal companies in Lviv as well as rallies and public events.

Clashes between supporters of nationalist and Communist organizations occurred in Lviv on the Victory Day on 9 May last year.

Ukraine should not let Russia manage the country's gas transport system – experts

The Gorshenin Institute hosted the Who will privatize the Ukrainian gas transport system roundtable discussion on 24 April 2012, where experts and politicians discussed prospects for the Ukrainian gas transport system and further development of Ukraine's relations with its gas partners.

Party of Regions MP Inna Bohoslovka has said that she sees benefits both to Ukraine and Europe in setting up a gas transport consortium. “For Ukraine this means, first of all, a guarantee for transit of gas,” Bohoslovka said. She is certain that the consortium would be beneficial to Europe as well, as it provides an alternative to Russian gas lines by-passing Ukraine. She added that these gas lines pose danger to Europe as they mean dependence on Russia not only in supplies of gas but also in transportation of gas. Bohoslovka said that a consortium like this should be set up to manage the Ukrainian gas transport system, not to own it. She also said that Ukraine might become a serious player on the gas spot market thanks to the country's underground gas storage facilities.

Bohoslovka also said that signing the Kharkiv agreements in 2010 [prolonging the Russian Black Sea Fleet's deployment in Ukraine in exchange for a discount on the gas price] saved Ukraine from a possible bankruptcy. “The Kharkiv agreements saved Ukraine 4bn dollars a year. When we were signing the Kharkiv agreements, we did not have that money in the budget,” Bohoslovka said. She also said the Kharkiv agreements may be denounced only in case of denouncement of the gas contract signed by former Prime Minister **Yuliya Tymoshenko**.

Institute of Energy Studies' expert Yuriy Korolchuk has said that Ukraine should not be afraid of setting up a gas transport consortium with Gazprom's participation.

Korolchuk recalled that almost all the EU countries have been already cooperating with Gazprom in one format or another. “They set up joint ventures to transport and to sell gas. So I believe that Ukraine should not be afraid of setting up the consortium. However, we have to protect our interests. Ukraine shall keep 50% in the enterprise and should involve a European company to this consortium, if possible. This is still a question, however, if this would work or not,” Korolchuk said.

Korolchuk also suggested that the negotiations between Ukrainian President **Viktor Yanukovich** and Russian Prime Minister **Vladimir Putin** scheduled to take place in May would make clear the prospects for setting up the consortium.

Former Energy Minister and Kyivenergo Board Chairman Ivan Plachkov has said in contrast that the consortium to manage the Ukrainian gas transport system will not bring any good to Ukraine and it is not interesting to Europe. According to Plachkov, Russia is the only party interested in setting up the consortium, but from the economic viewpoint it will not bring benefit to Ukraine. “The countries of Western Europe do not need the consortium either. We have been mulling the issue since late 1990s and I think it is time to wind up this discussion,” Plachkov said.

Plachkov also said that the Russian-Ukrainian gas talks will be resumed ahead of the next heating season. “Russia will come back to the negotiations only when it

feels it can get from Ukraine quick and difficult decisions for its own benefit,” he said.

Plachkov also said that Ukraine could reduce consumption of gas down to 30bn m.cu., of which 20bn.m.cu. may be extracted domestically. He believes in a situation like this Russia itself would be interested in not losing the Ukrainian market.

Yuliya Tymoshenko Bloc MP and the opposition cabinet energy minister Oleksandr Hudyma has said that Russia should not be allowed to manage the Ukrainian gas transport system. “We can manage the gas transport system on our own, without Russia,” Hudyma has said. He also said that Ukraine makes 2.7bn dollars a year on transporting the Russian gas, but the real value of the Ukrainian gas transport system is not just this. “The Ukrainian gas transport system is valuable for other reasons. Its value makes Ukraine an important player,” Hudyma said.

President of Kyiv International Energy Q-club Oleksandr Todiychuk has said that before setting up the consortium to manage the gas transport system, Ukraine should reverse part of its pipeline capacities to receive gas from the European spot market. According to Todiychuk, reverse operation of a part of the Ukrainian gas transport system's pipelines may be organized with no harm to transporting the Russian gas through Ukraine's territory. “Ukraine has redundant pipeline capacities not used for transportation of the Russian gas to the EU. Through Slovakia we can connect to the Europe's united gas transmission system and receive gas from there. Even today there are positive signals from Germany regarding buying gas at the spot market in this country. It would be a big mistake if the Ukrainian government misses this chance. We should keep a possibility of receiving gas from the European Union. At least, we should secure a possibility of pumping the European gas to our underground storages in summer when prices at the European spot market are at least twice lower than the prices under the long-term contracts.

Todiychuk did not rule out however that Gazprom would not be interested in Ukraine's entering the European spot gas market and may block approval of technical decisions to reverse the Ukrainian gas transport system.

Former Foreign Minister Volodymyr Ohryzko has said that Ukraine should reduce the dependence on the Russian gas from 100% to 30-35%. “There are Azerbaijan, Georgia, Turkmenistan... There are spot markets,” Ohryzko said. He also said that the dependence on Russia may be cut by yet another third by boosting domestic extraction and reducing consumption.

Ohryzko also said that the Kharkiv agreements should be denounced. “By doing this, we would avert the sword of Damocles – the Russian Black Sea Fleet,” he said. The former minister is certain that there is a possibility of doing this, but the political will is needed here.

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