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**Former Ukrainian
Premier Yuliya
Tymoshenko
transferred to hospital**

On 9 May 2012, former Ukrainian Prime Minister Yuliya Tymoshenko was transferred from the Kachanivska prison to the central clinic of Ukrzaliznytsya (Ukraine's railway monopoly) in Kharkiv.

The same day, a doctor of the German clinic Charite, **Lutz Harms**, who started to treat the ex-premier, said that Tymoshenko had ended her hunger strike.

On 10 May 2012, the Ukrainian deputy prime minister and the health minister, **Rayisa Bohatryyova**, said that Dr Harms was fully in charge of treating Tymoshenko.

The same day, Ukrainian Deputy Prosecutor-General **Renat Kuzmin** said in an interview with the EurActiv agency that Tymoshenko refused to have her blood test done by either Ukrainian or German doctors because she did not want them to find "certain substances" in her body.

In response, Tymoshenko's lawyer **Serhiy Vlasenko** said that the former prime minister is ready to have her blood taken for a test only if it is done by independent doctors.

We would like to note that on 11 May 2012, unaffiliated MP **Taras Chornovil** introduced a draft law to parliament, in which he proposed to allow prisoners to receive medical treatment abroad.

On 11 May 2012, Lithuanian President **Dalia Grybauskaite** visited Tymoshenko in the hospital. Additionally, the deputy assistant secretary of state in the Bureau of Democracy, Human Rights and Labor at the United States Department of State, **Thomas Melia**, US ambassador to Ukraine **John Tefft** as well as the Parliamentary Assembly of the Council of Europe's co-rapporteurs on Ukraine, **Mailis Reps** and **Marietta de Pourbaix-Lundin**, plan to have a meeting with the former prime minister in the nearest future.

**Prosecutor-General's
Office ready to charge
Yuliya Tymoshenko
with involvement in
organization of killing**

Former Prime Minister Yuliya Tymoshenko might be charged with the involvement in a killing.

Ukrainian Deputy Prosecutor-General **Renat Kuzmin** said in an interview with the EurActiv agency on 10 May 2012 that prosecutors had testimonies and circumstantial evidence which directly demonstrate that Tymoshenko and former Ukrainian Prime Minister **Pavlo Lazarenko** had paid for the killing of politician and businessman **Yevhen Shcherban**. The Ukrainian Prosecutor-General's Office (PGO) will be ready to press charges by 25 May 2012, Kuzmin added.

At the same time, he noted that the Ukrainian legislation bans investigative actions which involve people with medical condition, and for this reason it was difficult to specify when the PGO would press charges against Tymoshenko, who is currently receiving medical treatment in a hospital.

Earlier, Kuzmin also said in an interview with the BBC that Tymoshenko had been involved in this killing. Following his statement, Tymoshenko's lawyers said that they would file a lawsuit with a London court demanding that the PGO refute this information.

US ambassador to Ukraine **John Tefft** said in an interview with the Ukrayinska Pravda news and analysis website, which was published on 11 May 2012, that he had not seen any evidence proving Tymoshenko's involvement in Shcherban's

killing. Furthermore, according to Tefft, former Prime Minister Lazarenko, who is currently serving a sentence in the USA, refused to be questioned by the PGO over the criminal cases launched against Tymoshenko.

Shcherban and his wife were shot dead at Donetsk airport in 1996.

On 9 May 2012, the former prime minister's lawyer, **Serhiy Vlasenko**, said that Tymoshenko had contacted an inter-governmental body developing and promoting policies to combat money laundering and terrorist financing, Financial Action Task Force (FATF), with a request to investigate "corruption and money laundering by [Ukrainian] President **Viktor Yanukovych's** regime".

Prosecutor's office investigating whether ex-ombudsman Nina Karpachova pressured employees over photos showing Tymoshenko's bruises

On 5 May 2012, law enforcers conducted a search in the office of the Verkhovna Rada's representative for human rights, former ombudsman Nina Karpachova said.

A few employees working in the ombudsman's office were summoned to a prosecutor's office for questioning, she added.

In its turn, the prosecutor's office denied the information about the search, but confirmed that several employees of the ombudsman's office had been questioned over the published pictures of bruises on the body of former Prime Minister **Yuliya Tymoshenko**.

We shall remind you that on 27 April 2012, Karpachova publicized pictures of bruises on Tymoshenko's body, which the former prime minister had allegedly received from prison guards when they were transferring her from the Kachanivska prison to a hospital on 20 April 2012.

For their part, the employees of the ombudsman office confirmed that the bruises on Tymoshenko's body could have been inflicted on 20 April.

In response, the prosecutor's office said that this information was falsified.

Later, on 7 May 2012, Kiev's acting prosecutor **Serhiy Sofiyev** said that Karpachova's subordinates also admitted that they had drawn their conclusions under pressure from the former ombudsman.

In the opinion of the newly elected ombudsman, **Valeriya Lutkovska** (who was sworn in on 27 April 2012), the photos of Tymoshenko's bruises are falsified.

It remains unclear when the newly-confirmed ombudsman intends to visit Tymoshenko and former Ukrainian Interior Minister **Yuriy Lutsenko** in jail.

On 10 May 2012, the ombudsman's press service said that the Ukrainian Accounting Chamber planned to inspect the activity of the office of the Ukrainian Verkhovna Rada's representative for human rights.

Court holds preliminary hearing of ex-Interior Minister Yuriy Lutsenko's appeal

On 8 May 2012, a court held a preliminary hearing of former Interior Minister Yuriy Lutsenko's appeal against his sentence.

During the hearing, the court dismissed a motion by the former minister's defence, who argued for the need to carry out an additional investigation into the case. Lutsenko's lawyers believe that a trial court of general jurisdiction conducted an incomplete and biased investigation.

A substantive hearing of the appeal against the prison term is scheduled for 15 May 2012.

On 27 February 2012, Kiev's Pechersky district court sentenced Lutsenko to four years in prison with property seizure.

**Ukraine postpones
Central European
summit**

The Ukrainian government decided to postpone the 18th Central European Summit, which was scheduled to take place in Yalta on 11-12 May 2012.

As the Ukrainian Foreign Ministry's spokesperson, **Oleksandr Dykusarov**, said on 8 May 2012, such a decision had been made because a number of heads of state could not attend the summit on the scheduled date.

The new date for the summit will be announced later, the spokesman added. Nearly dozen European presidents were expected to participate in the event, but only the Moldovan, Polish, Slovakian and Lithuanian heads of state confirmed their intention to attend the Yalta summit.

At the same time, a number of European politicians declined the invitation due to a hectic schedule, while some of them named human rights violations in Ukraine as a reason for their non-attendance. European leaders are concerned over the situation with the treatment of former Prime Minister **Yuliya Tymoshenko**.

The former Ukrainian Foreign Minister and an MP of the opposition Our Ukraine-People's Self-Defence parliamentary faction, **Borys Tarasyuk**, believes that Central European heads of state will refuse to participate in the summit regardless of the date for which it is rescheduled. In his opinion, the Ukrainian government needs to solve this problem not by postponing the date of the summit but by steps towards respecting democratic principles and ending political persecution of the opposition, for which European politicians frequently call.

The Interfax-Ukraine news agency reported that due to the decision to postpone the summit, the Ukrainian president delayed the signing of a decree on the setting up a state council on Ukraine's European integration.

The Lb.ua news and analysis website reported that during a phone conversation on 8 May 2012, Ukrainian President **Viktor Yanukovych** invited his Polish counterpart **Bronislaw Komorowski** to come to Ukraine despite the postponement of the Yalta summit. For his part, the Polish president said that he will accept the invitation to pay a visit to Ukraine only if "new decisions" in Tymoshenko's case are taken.

Addressing the European Parliament on 9 May 2012, the Ukrainian first deputy prosecutor-general, **Renat Kuzmin**, admitted that "democratic principles" were violated in Tymoshenko's case, but pinned the blame for the violations on the outdated Criminal Code.

On 10 May 2012, German Chancellor **Angela Merkel** said that Ukrainian and Belarusian citizens suffered from "dictatorship and repression".

In response, the deputy head of the pro-presidential Party of Regions parliamentary faction, **Vadym Kolesnichenko**, said that the chancellor's statement did not befit her status and the level of Ukrainian-German relations enjoyed by the two countries up to present.

The Ukrainian news agency UNIAN reported that on 14 May 2012, foreign ministers of the EU member states intend to discuss in Brussels the issue of boycotting the matches of the Euro 2012 football championship in Ukraine.

Ukrainian premier to head delegation during EU-Ukraine Cooperation Council's meeting

On 15 May 2012, a meeting of the EU-Ukraine Cooperation Council will be held in Brussels.

Prime Minister **Mykola Azarov** will head the Ukrainian delegation during the event.

We would like to note that EU President **Herman Van Rompuy** said in an interview with the Euronews TV channel on 8 May 2012 that Azarov should not go to Brussels and that Ukraine should return to the democratic state model which it had back in 2004. "Stay home! It is a clear signal from our side that they have to change inside Ukraine. Ukraine was a model of democracy in 2004 and it has to become that once again," the EU president said. Later, the European Commission's press service said that Van Rompuy did not mean Azarov's participation in the meeting of the EU-Ukraine Cooperation Council.

On 11 May 2012, Ukrainian President Viktor Yanukovich said during a meeting with his Moldovan counterpart **Nicolae Timofti** in Kiev that the pause which, in his opinion, the EU had made in the process of signing the association agreement with Ukraine was useful. At the same time, Yanukovich expressed his conviction that "the politicization of this issue is temporary in nature".

Earlier, the EU said that it is impossible to ratify the association agreement with Ukraine until problems with democracy and persecution of the opposition are solved.

Ukraine's united opposition holds forum. Yuliya Tymoshenko Bloc believes that opposition to win majority of parliamentary seats during upcoming election

On 12 May 2012, the united opposition forces held a forum in Kiev during which they presented a programme of joint actions.

Among its key tasks, the united opposition listed removal of President **Viktor Yanukovich** from power, as well as release of former Prime Minister **Yuliya Tymoshenko**, former Interior Minister **Yuriy Lutsenko** and other political prisoners from jail.

We would like to note that the Ukrainian state-run UT1 TV channel refused to broadcast the forum live. The event was broadcast by the TVi and 5 Kanal TV channels.

We shall remind you that on 23 April 2012, the opposition party Front for Change, led by MP **Arseniy Yatsenyuk**, and Tymoshenko's Fatherland party decided to create a united opposition force, which also included four other parties. The first deputy head of the Fatherland party, **Oleksandr Turchynov**, became the head of the united opposition's electoral headquarters. Yatsenyuk and Tymoshenko will be at the top of the single party list. The opposition announced at that point that it will hold a forum in May.

An MP of the opposition Yuliya Tymoshenko Bloc (YTB) parliamentary faction, **Stepan Kurpyl**, said in an exclusive commentary for the Lb.ua news and analysis website that the opposition expected to win approximately 240 parliamentary seats in the upcoming election: nearly 140 through party lists and 100 through single-seat constituencies.

The Committee of Voters of Ukraine said in a commentary for the Ukrainian analytical weekly *Dzerkalo Tyzhnya* that at the beginning of the year, pro-government candidates were able to accurately “guess” the borders of their future single-seat constituencies, while the Central Electoral Commission drew the district lines only in April 2012.

Ukrainian Interior Ministry summons head of opposition electoral headquarters for questioning

On 10 May 2012, the Ukrainian Interior Ministry questioned the first deputy head of the opposition Fatherland party and the head of the united opposition's electoral headquarters, Oleksandr Turchynov.

The Interior Ministry's press service explained that Turchynov was questioned as a witness in the criminal case opened against **Andriy Slyusarchuk**, who was detained in 2011 and accused of document forgery and fraud. An investigation into the case demonstrated that Slyusarchuk had been Turchynov's official advisor from December 2009 to March 2010. Turchynov served as the first deputy prime minister during this time.

In Turchynov's opinion, he was summoned for questioning in order to distract the opposition from the preparation for the upcoming parliamentary election. He also confirmed that Slyusarchuk had really worked as his advisor. “I hired this person upon a request from high-profile officials from the administration of [former Ukrainian] President **Viktor Yushchenko**,” Turchynov said. The politician added that Slyusarchuk had worked for a few months but failed to produce any memos over this period of time, and hence had been hired.

Ukrainian president did not attend Putin's inauguration. Black Sea Fleet not included in list of development priorities for Russian Armed Forces

On 7 May 2012, Vladimir Putin was sworn in as president of the Russian Federation.

Ukraine's envoy to Russia **Volodymyr Yelchenko** represented the country at the inauguration.

The editor-in-chief of the Lb.ua news and analysis website, **Sonya Koshkina**, wrote in her article that the Russian embassy in Ukraine had attempted to invite representatives of the opposition – the first deputy head of the Fatherland party, **Oleksandr Turchynov**, and the leader of the Front for Change party, **Arseniy Yatsenyuk**, - to the inauguration ceremony. The author believes that such actions by the Russian party demonstrate that “the previous assurances of 'unbreakable friendship' between the two fraternal capitals left no trace”.

On 7 May 2012, the Russian presidential administration's press service published Putin's decree on the plans for developing the Russian Armed Forces. The Lb.ua website reported that under the decree, the Russian Black Sea Fleet was not included in the list of priorities for developing the Russian Armed Forces and Navy.

A sociological survey conducted by the Gorshenin Institute in April 2010 suggests that over a half of Ukrainian respondents (60.5 percent) believe that the agreement on the deployment of the Russian Black Sea Fleet on the territory of Ukraine until 2047 does not pose a threat to Ukraine's sovereignty.

On 11 May 2012, the Russian embassy in Ukraine said that Putin had sent an official invitation to an informal summit of the Commonwealth of Independent States (CIS), which will take place in Moscow on 15 May 2012, to his Ukrainian counterpart **Viktor Yanukovich**.

In the opinion of the director of the Gorshenin Institute's political projects, **Yevhen Kurmashov**, the Russian elite and Putin have several disagreements with the Ukrainian government. For this reason, it is hard to expect the establishment of warm and close relations between the heads of the two states, the expert continued. You can find the full text of his commentary on page 11.

Ukraine looking for Russian gas alternatives. Naftohaz Ukrayiny reports bigger losses

On 11 May 2012, the Ukrainian state-run energy company Naftohaz Ukrayiny said that it had signed a framework agreement on purchase-sale of natural gas with the German company RWE.

Naftohaz Ukrayiny stressed that the deal created a legal basis for possible deliveries of natural gas to Ukraine, although price, volumes and the obligations of the parties will be determined by individual contracts.

The German company is not the only potential new supplier of gas to Ukraine. On 9 May 2012, Ukrainian Prime Minister **Mykola Azarov** said after his visit to Qatar that Ukraine, Qatar and Turkey intended to hold negotiations at the end of May 2012 on possible transit of liquefied gas from Qatar to Ukraine through the Bosphorus strait.

The RBK-Ukraina website reported that simultaneously with Azarov's visit to Qatar, Kiev launched negotiations with representatives of the Ukrainian-Turkish commission for setting up new routes for transporting and delivering gas to Ukraine.

In the opinion of energy expert **Ivan Nadyeyin**, the key issue for gas deliveries from Qatar is Turkish permission for tankers to pass through Bosphorus. He believes that Russia will spare no effort to ensure that Turkey does not grant this permission.

Ukrainian leaders stated on multiple occasions about the need to find alternatives to Russian gas, the price of which was approximately 425 dollars per 1,000 cu.m. in the second quarter of 2012. Naftohaz Ukrayiny paid over 628m dollars to Gazprom for natural gas imported in April 2012.

The Lb.ua news and analysis website reported that Naftohaz Ukrayiny's losses in the first quarter of 2012 were approximately 519m dollars.

On 11 May 2012, Azarov announced that a bid for a production sharing agreement for extracting gas from Lviv Region's Oleska and Donetsk Region's Yuzivska gas sites was won by the companies Chevron and Shell, respectively.

Central bank admits smooth devaluation of hryvnya. Statistics committee reports zero inflation

The National Bank of Ukraine (NBU) allows for the possibility of devaluation of the hryvnya.

As NBU board member **Yuriy Poluneyev** explained on May 10, 2012, the regulator may take such actions in order to maintain competitiveness of Ukrainian exports. He underlined that if the devaluation takes place, it will be a manageable and gradual "process of bringing the value of the hryvnya to a more or less adequate market equilibrium."

Earlier, on May 8, 2012, the NBU press service reported that the country's foreign exchange reserves in April 2012 increased by 1.7% or 532.34m dollars to reach 31.66bn dollars.

As the State Statistics Service reported, the core inflation in Ukraine in April 2012 decreased to zero compared to 0.1% in March and February 2012.

According to **Oleh Ivanets**, analyst of the investment group Art Capital, such a low rate of inflation in Ukraine is a negative phenomenon because low inflation strips of incentives for production of goods, and administrative regulation of prices leads to lower quality of goods and services.

According to Fitch Ratings, the growth of Ukraine's GDP in 2012 will amount to 1.6%.

Ukrainian tax authorities report duties overflow

The Ukrainian State Tax Service reported on 10 May 2012 that duties to the state budget were collected in excess of plan.

In January-April 2012 the Ukrainian State Tax Service has transferred to the state budget's general fund 7.6bn dollars, which is 8% more than in the same period in 2011. The state budget received additionally 115.5m dollars.

Ukrainian Economics Minister **Petro Poroshenko** believes that the authorities should stop further tax pressure on business. "Further strengthening of tax pressure on Ukraine's economics is not possible," Poroshenko said.

Defence Minister Dmytro Salamatin says national security strategy be approved soon

Core documents on reforming and developing of the national armed forces may be approved in Ukraine soon.

Ukrainian Defence Minister **Dmytro Salamatin** said in an interview with the Interfax-Ukraine news agency on 10 May 2012 that the following documents will be approved soon: National security strategy, Strategic defence bulletin, Concept and State Programme for reforming and developing of the Ukrainian armed forces. According to Salamatin, these documents will establish prospects for the number of personnel in the army in the next few years.

Salamatin added that the Ukrainian army has already passed the phase of massive job axing.

In March 2012 the Dzerkalo Tyzhnya weekly reported that the reform of the Ukrainian armed forces, developed by the Defence Ministry, includes a provision for cutting the number of personnel in the Ukrainian army from 192,000 to 70,000 within the next five years.

President **Viktor Yanukovich** on 27 April 2012 signed the law changing the mechanism for utilizing the land administrated by the Defence Ministry. According to the Dzerkalo Tyzhnya, earlier Prime Minister **Mykola Azarov** advised Yanukovich to reject the proposed draft law as non-consistent with provisions of the Ukrainian constitution, numerous regulations and for containing space for corruption actions.

Scope of non-competitive state procurement grows higher in Ukraine

The Ukrainian State Statistics Service said on 11 May 2012 that over 6bn dollars have been spent in the first quarter this year for public procurement purposes.

According to the Lb.ua news and analysis website, a total of 5.2bn dollars or 86% of the total in the first quarter this year was spent for procurement of goods and services through tenders with single participants.

**Ukrainian judges
allowed not to disclose
income**

On 8 May 2012, the Ukrainian parliament cancelled the requirement to publish declarations of income and expenditures of judges and members of their families.

Mass media reports say that according to Ukrainian legislation judges of the Constitutional Court, Supreme Court and other supreme specialized courts are obliged to publish their income declarations in official periodicals published by these respective courts. However, so far no declarations were published.

The accession of **Vladimir Putin** to the office of President of the Russian Federation will result in strengthening of the Kremlin's policy in the post-Soviet area.

The statement was made by the director of Political Programmes of the Gorshenin Institute, **Yevhen Kurmashov**. He gave his comments regarding the consequences of Russian President Putin's entry into service for the CIS countries, and particularly about the impact of such developments on the Ukrainian-Russian relations.

"Today Vladimir Putin has a fairly stable economic situation in his country, and he understands how to maintain economic stability throughout his whole presidential tenure. Mainly, thanks to oil and gas exports. A long-term forecast on the situation on global markets gives Putin assurance that a new government team created from loyal and professional staff will keep the economic situation in the country stable for the next 6-7 years," the expert said.

According to Kurmashov, Putin also has no systemic problems with the domestic politics. "He has been elected by a majority of voters, having the highest rating in the country and leaving any rivals far behind. In order to minimize protest moods in society, especially in big cities away from Moscow, the presidential administration is preparing a number of significant amendments to the existing legislation, which will return the practice of electing heads of the Federation's subordinate entities and will determine the procedure for elections. Today the Office for Domestic Policy under the Russian President has prepared several drafts of the future law, one of which is likely to move forward in the next few weeks after the Russian government is finally formed," the expert noted.

Thus, according to Kurmashov, for the first time in more than 12 years of being in power, Putin has the opportunity to focus on the former Soviet Union space and return many ex-Soviet countries into Moscow's orbit. "Vladimir Putin is the leader who has nostalgic feelings for the Soviet Union, so the agenda for his third term will be focused mostly on foreign policies. The first steps have already been taken. This includes the actual reformatting and rebirth of the CIS project in its new quality, as well as work on the creation of the Customs Union, which has been joined by Belarus and Kazakhstan," the expert said.

Kurmashov also noted that the Ukrainian authorities and the Russian elite, and Putin in particular, have several major disagreements. "The first thing is prevention of Russian businesses from entering Ukraine (and even forcing them out). The second one is the actual refusal of Ukraine's President **Viktor Yanukovych** from taking part in the integration projects proposed by Putin. The third thing is the impasse in the negotiations regarding privatization of the Ukrainian gas transport system, and refusal of the Ukrainian authorities to seek for a compromise on this deal's details which were suggested by Moscow. And the fourth is permanent reference to and linking Putin's persona in a negative context to the first and main criminal case against **Yuliya Tymoshenko**."

“Considering all these aspects, it is still extremely difficult to expect establishment of warm and friendly relations between the leaders of the two countries. Compromise solutions on all of the most pressing issues in bilateral cooperation are likely to be produced in the course of the next bilateral meetings. The next such meeting will be held at an informal CIS summit in Moscow on May 15. This will be the first time that Vladimir Putin and Viktor Yanukovich meet as two presidents. It is expected that these negotiations will be difficult for both sides as many of Putin's interests do not coincide with the interests of Yanukovich and his entourage, as well as business groups loyal to the incumbent Ukrainian president,” the expert said.

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