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INTERNATIONAL POLITICAL

UKRAINE-EU

EU mulls discreet isolation of Ukrainian president

Selective application of justice has become an obstacle to Ukrainian President **Viktor Yanukovich's** visits to the EU, Swedish Foreign Minister **Karl Bildt** said in an interview with the Kommersant Ukraina business daily on 19 September 2012.

"I am not aware of his visit schedule but it is noteworthy that Yanukovich is a rare guest in EU countries. I am not saying that we have reached this stage (isolation - Kommersant). At the moment these are rather 'problematic relations'. Your president has so few meetings because there are too many problems (in the country - Kommersant)," Bildt said when asked whether the EU had subjected Yanukovich to personal isolation.

However, he added that the EU did not want to subject Ukraine to full isolation.

When asked whether sanctions were going to be introduced unless the problem of former Prime Minister **Yuliya Tymoshenko** was settled, the EU representative said: "Ukraine will find itself in a very difficult situation, this is obvious. But I do not support the idea of sanctions."

Bildt added that in this situation the probability of signing the association agreement between Ukraine and the EU would be coming to naught.

Speaking at the annual Yalta European Strategy summit on 14 September, Kommersant Ukraina recalls, EU Commissioner for Enlargement and European Neighbourhood Policy **Stefan Fule** suggested half-jokingly that President Yanukovich simply did not understand the essence of EU demands to the observance of democratic standards. "It seemed to me back in 2010 that our signal was well received and understood. I said: 'There can be no concessions regarding the values'. But it seems to have been lost in translation. Let me put it once again. There can be no concessions regarding the values! (repeats the phrase twice, first in Russian, then in Ukrainian - Kommersant). Honestly, I don't even know how it could have been translated if we do not understand each other two years since." According to the paper, before going to Yalta the European commissioner ran the text of his speech past the leadership of the European Parliament and the European Commission.

Ukrainian Foreign Minister **Kostyantyn Hryshchenko**, in his turn, denied that Tymoshenko could be released from prison under the Western pressure.

"We are not going to do anything about it. Our judicial system must work and rely on facts. There can be no talk about our friends suggesting what we should do only because they are sympathetic with someone, being unaware what has actually happened," he told the Austrian newspaper Die Presse on 20 September.

This year's Ukraine-EU summit still hanging in the air

Whether the Ukraine-EU summit is to be held this year or the next is still to be decided, EU Commissioner for Enlargement and European Neighbourhood Policy

Stefan Fule said in an interview with the Kommersant Ukraina business daily on 17 September 2012.

"I think that both sides understand that the summit is an important event that should be held on an annual basis. But the summit should be prepared beforehand and it should demonstrate some positive changes. I guess we have clearly shown what changes we would like to see in Ukraine to ensure further rapprochement, and we talked about this with the president today. We discussed the importance of the election, the problem of selective justice and the need to mitigate its consequences, and, finally, the reforms. We clearly said what progress we have seen in the introduction of reforms. It can be shortly summarized as 'two steps forward, one step back'," Fule said.

When asked "Could you give us a short answer – yes or no –whether there are conditions for holding the summit now?" Fule said: "I cannot give a short answer".

EU to decide on future relations with Ukraine after election

Results of the parliamentary election in Ukraine and relations between Kiev and Brussels will be placed on the agenda of the EU Council meeting in November 2012, Swedish Foreign Minister **Karl Bildt** said at a meeting of the European Parliament Committee on Foreign Affairs on 20 September, the news portal Lb.ua has reported.

In Ukrainian President **Viktor Yanukovich's** opinion, Ukraine's integration has slowed down recently after the EU raised additional issues with Ukraine, however they will be removed after the parliamentary election.

Polish president pays visit to Ukraine

Ukrainian President **Viktor Yanukovich** received his Polish counterpart **Bronislaw Komorowski** in Kiev on 20 September 2012.

Komorowski said in the wake of the meeting that Poland was going to further support Ukraine's European aspirations. However, he noted that Ukraine's progress in European integration directly depends on whether it holds a democratic parliamentary election and resolves the problem of former Prime Minister **Yuliya Tymoshenko**. Komorowski said Ukraine cannot join the Customs Union of Belarus, Kazakhstan and Russia, and the EU simultaneously.

Yanukovich, in his turn, said that Ukraine was interested only in economic integration into the Customs Union.

On 19 September, Russian Deputy Prime Minister **Arkadiy Dvorkovich** offered Ukraine a discount on Russian gas if the country joins the Customs Union.

UKRAINE-USA

US Senate urges Ukrainian authorities to release ex-PM ahead of president's visit

On 22 September 2012, the US Senate adopted a resolution urging the release of jailed Ukrainian ex-Prime Minister **Yuliya Tymoshenko**.

The resolution reads that the US Senate condemns the actions of Ukrainian President **Viktor Yanukovich's** administration aimed at the politically motivated imprisonment of Yuliya Tymoshenko and urges the Ukrainian authorities to immediately release Tymoshenko and other political prisoners. Also, the Senate calls on the US Department of State to institute a visa ban against "those responsible for the imprisonment and mistreatment of Ms. Tymoshenko".

The Ukrainian Foreign Ministry, in its turn, said it did not see any sense in commenting on the resolution "considering how it was adopted and because this document is declarative, not binding".

"It is difficult to treat in earnest the document adopted yesterday night following a procedure which, with all diplomatic sobriety, can be called dubious at the very least," the Foreign Ministry's press service said.

"What motives have been guiding the authors of the resolution on Yuliya Tymoshenko, who tried at any cost to dodge objections to the resolution from other senators, and for this they hurried to make some editorial changes, suggested that the Senate adopt it after it was read out as if this were a new document after 0300 in the morning, several minutes before the current session of the Congress closed, when there were fewer than half a dozen incumbent members of the upper house of the US legislature present in the hall?" it said.

"The friends of the Tymoshenko team did their best to propel to the Ukrainian information space another fabricated reason to spur hot and groundless debates and to discredit the future parliamentary election," the Foreign Ministry's press service said.

Anthony Salvia, director of the American Institute in Ukraine, noted that the resolution is "not binding and it does not oblige the Senate to take any action, it's just an expression of the opinion of those people that lobbied for it in the Senate".

"This is the most radical draft resolution on Ukraine among those recently suggested for consideration. This resolution is already a serious message regarding possible negative consequences that might take place in the future," the deputy director-general of the Razumkov Centre, **Valeriy Chalyy**, said in an exclusive commentary to Lb.ua.

On 24 September, Ukrainian President Viktor Yanukovich left on a three-day visit to the USA to take part in the 67th session of the UN General Assembly.

US Department of State not to impose sanctions against top Ukrainian officials

"Sanctions are not what we want after all," US Assistant Secretary of State **Philip Gordon** said on 20 September 2012, commenting on the probability of imposing sanctions against Ukrainian officials should the parliamentary election fail to be held in a fair and transparent manner.

"It is not our policy at present to cut off ties with the Ukrainian government [...] We want to continue to engage and make clear that there are other consequences to failure to act in these areas," he said.

Gordon noted that the USA shared the concerns over political prosecutions in

Ukraine on the highest level. He said that if the situation developed in a "different direction", Washington was always prepared to revise its policy.

On 20 September, a professor with the Peterson Institute for International Economics, **Anders Aslund**, said on the air of the Ukrainian pro-opposition TV channel TVi that the USA had already imposed sanctions against a number of Ukrainian citizens. "There is a group of well-known people who are not issued visas and some of them are considered bandits," he said.

Ukraine sends extended delegation to USA

A Ukrainian delegation visited the USA on 18-22 September to meet representatives of the International Monetary Fund, the World Bank, the US Department of State, the US Department of the Treasury, the US House Committee on Energy and Commerce and others.

The main goal of the visit was "to hold working consultations on extending trade and economic cooperation between Ukraine and the USA and on new investment projects".

The Ukrainian delegation was headed by the governor of the National Bank of Ukraine, **Serhiy Arbuzov**. The delegation included the ministers of finance, agrarian policy, and ecology, representatives of the tax and customs services, and the board chairman of the state-owned Ukreximbank.

During the visit, on 21 September, Arbuzov said that a decision to resume a programme of cooperation with the IMF may be reached by the end of the year.

UKRAINE-RUSSIA

Court orders Ukraine to pay Tymoshenko's debt off to Russia

A Ukrainian court has partially upheld the lawsuit of the Russian Defence Ministry, having ordered the Ukrainian cabinet to pay 392m dollars accumulated as a debt by the United Energy Systems of Ukraine. The court pronounced its ruling in Kiev on 19 September 2012.

According to the court ruling, the letters of former Ukrainian Prime Minister **Pavlo Lazarenko** to then Russian Prime Minister **Viktor Chernomyrdin** are recognized as Ukraine's guarantees for the debt accumulated by the United Energy Systems of Ukraine (UESU) which failed to deliver on its commitments to the Russian Defence Ministry. At that time the company was chaired by **Yuliya Tymoshenko**, now a jailed former Ukrainian prime minister.

The Justice Ministry of Ukraine is going to appeal against the court ruling. Russia has not commented on the ruling yet.

Earlier, Tymoshenko's lawyer **Serhiy Vlasenko** said that Ukraine had not given the Russian Defence Ministry any guarantees concerning the UESU.

Tymoshenko is currently standing a trial over the damages the UESU has inflicted on Ukraine.

Russian opposition figure **Boris Nemtsov** suggested there can be a conspiracy between the Ukrainian and Russian presidents, **Viktor Yanukovich** and **Vladimir Putin**, in the UESU case.

Putin is in a difficult position because Tymoshenko was imprisoned for the deal she signed together with him in 2009, Nemtsov explained. According to him, if Tymoshenko was pronounced guilty for the UESU debts, but acquitted for the gas contract, Putin would be pleased.

"I think he and Yanukovich have agreed on this. It is their joint special mission," he said.

Oleksandr Turchynov, head of the United Opposition Fatherland headquarters, described the court ruling on the UESU debt as an election technique.

UKRAINE-CHINA

Ukraine to pay off loan to China with corn

A 3bn-dollar loan issued by China to Ukraine for the purchase of Chinese farming technologies and products will be paid off with corn, Financial Times reported on 19 September 2012.

DOMESTIC POLITICAL

AUTHORITIES

Ukrainian parliament sends 2013 budget draft back to government for amendments

The Ukrainian parliament has returned a draft budget for 2013, which set the level of deficit at 1.65 percent of GDP, to the cabinet, parliamentary speaker **Volodymyr Lytvyn** said on 17 September 2012.

He explained that the budget should take into account the requirements spelled out in the Verkhovna Rada's budget resolution, as well as the proposals which President **Viktor Yanukovich** had put forward in his address to parliament and the people. Lytvyn stressed that the decision to send the document back for amendments had been taken after consultations with the parliamentary budget committee.

Yet, an MP of the opposition parliamentary faction Yuliya Tymoshenko Bloc, **Volodymyr Bondarenko**, said that as a member of the parliamentary budget committee, he did not receive information about the committee's meeting during which, as suggested by Lytvyn, the budget draft had been considered and sent back to the cabinet. "And no-one among my colleagues knew about the summoning of the committee," he added. In Bondarenko's opinion, the proposed budget was discussed in a narrow "party circle".

The politician also noted that the document had not been circulated among lawmakers and that its text had not been posted on parliament's website.

Earlier, the government approved a draft budget for next year with the GDP growth rate set at 4.5 percent, the level of inflation at 5.9 percent and budget deficit at 1.65 percent of GDP.

The state budget of Ukraine for 2012 envisaged the GDP growth of 3.9 percent and the 7.9-percent inflation. The budget deficit is expected to reach 2.5 percent of GDP.

Ukrainian parliament to allow foreigners to buy land

On 18 September the Ukrainian parliament approved in the first reading a draft law expanding a list of individuals eligible for buying land plots.

In particular, the draft law allows foreigners and stateless persons to buy ownership of non-arable land plots accommodating real estate facilities owned by such persons.

The author of the draft law is the Party of Regions' MP **Hryhoriy Kaletnyk**.

Ukrainian government ranked among world's least transparent

Ukraine has been ranked among the former USSR's worst on transparency of the work of the government – this is the outcome of the first six months of implementation of the Transparency International's Open Government Partnership Project, the Radio Liberty reported on 20 September.

“Political will in Ukraine is vague: authorities' statements regarding transparency go along with laws restricting the rights of Ukrainians, freedom of speech, etc. Corruption is one of the greatest obstacles”, Transparency International's representative in Ukraine, **Oleksiy Khmara**, said.

Earlier Ukrainian Prime Minister **Mykola Azarov** criticized Transparency International's data on high level of corruption in Ukraine. “To put it clearly, I do not believe in objectiveness of this organization”, Azarov said.

The public opinion poll conducted by the Gorshenin Institute in June 2011 showed that a clear majority of Ukrainians (87.5 per cent) consider bribery as a widely spread phenomenon in Ukraine.

Ukrainian parliament limits payments in cash

The Ukrainian parliament on 18 September 2012 authorized the National Bank of Ukraine to bound settlements in cash when paying for goods and services.

The officials' intent to combat shadow economy is said to be a formal reason for the change.

Ukrainian top court's head resigns

The chairman of the Supreme Court of Ukraine, **Petro Pylypchuk**, has tendered his resignation after reaching the retirement age, the Ukrainian High Council of Justice's press service said on 19 September 2012.

Pylypchuk was elected chairman of the Supreme Court of Ukraine on 23 December 2011. The Dzerkalo Tyzhnya weekly then wrote that Pylypchuk's candidacy was a compromise the government had to accept having no possibility to push forward its man.

Leonid Fesenko is expected to become the nominee to fill the vacancy of the court's chairman. The high qualification commission of judges recommended Fesenko to become a judge of the Supreme Court of Ukraine on 27 August. Most likely, Fesenko will chair the Supreme Court in the absence of alternative candidates, Dzerkalo Tyzhnya wrote.

Fesenko was elected to parliament on the Party of Regions' list in 2006. In October 2010 he was appointed chairman of the High Specialized Court.

Ukrainian parliament votes to cut of last session short

The majority in the Ukrainian parliament on 18 September 2012 approved a decision to cut the number of plenary sittings from 12 to three for the time of the election campaign.

The Party of Region's faction leader, **Oleksandr Yefremov**, made the following explanation of the move: "On the one hand, we cannot stop parliament's work, but on the other hand about 340 members of parliament of this convocation are taking part in the election campaign. That is why it would be quite logical to find sort of a compromise between parliament's work on approval of legislative documents and giving its members a possibility to take part in the election process".

The Yuliya Tymoshenko Bloc's faction leader, **Andriy Kozhemyakin**, said: "The authorities are not interested in parliamentary work. The authorities are interested in depriving the opposition of a rostrum to speak about the real state of affairs in the country".

The parliament's television channel Rada and the national radio's second channel broadcast plenary sittings live.

Ukraine authorizes law-enforcement agencies to counteract calls for changing government

The Ukrainian government has authorized law-enforcement agencies and the State Committee for Television and Radio Broadcasting to stop spreading information calling for changing the political system and for terror. A resolution to this effect dated 12 September 2012 was published on 17 September.

Some experts believe the decision may be linked to the upcoming election to parliament.

Ukrainian president cuts powers of prosecutor's office

President Viktor Yanukovich signed the law on improving work of the prosecutor's office on 21 September 2012.

President's aide **Andriy Portnov** said the signed law contains provisions for optimizing and cutting the existing powers of the prosecution authorities.

Parliament allows Ukrainian peacekeepers engage in battle abroad

The Ukrainian parliament approved the law expanding powers of peacekeepers abroad on 18 September 2012.

The term “peacekeeping operations” in the law is superseded with the term “international operations to maintain peace and safety” expanding the range of tasks Ukrainian soldiers can perform abroad. In particular, the law authorizes them to take part not only in humanitarian and peacekeeping missions but also in military operations.

The Kommersant Ukraina business daily learnt from a source in the Defence Ministry that the law actually allows Ukrainian servicemen to use arms to defend themselves and their friends.

OPPOSITION

Ukraine's jailed ex-premier may remain disabled

The Ukrainian opposition leader and former prime minister, **Yuliya Tymoshenko**, might remain disabled, her treating doctor from Germany, **Lutz Harms**, said in Kharkiv on 18 September 2012.

“I cannot say that we can totally rule out this possibility. On the one hand, we can assess the development of all events rather positively. And we hope that we will be able to prevent any disability,” he explained.

At the same time, Dr Harms could not say whether Tymoshenko would be able to attend the next court hearing in the case against the corporation United Energy Systems of Ukraine, which the former prime minister used to run in the 1990s.

The same day, 18 September, the Ukrainian first deputy health minister, **Rayisa Moiseyenko**, said that Tymoshenko would remain under the medical supervision of both Ukrainian and German specialists for at least another month.

For his part, Ukrainian President **Viktor Yanukovich** wished Tymoshenko a speedy recovery that will enable her to participate in trials which will establish whether she is guilty or not.

Jailed Ukrainian ex-premier files lawsuit against prosecutor with British court

Lawyers of former Ukrainian Prime Minister **Yuliya Tymoshenko** have filed a lawsuit in a London court against the first deputy prosecutor-general, **Renat Kuzmin**, demanding that he deny the false information which he had circulated, lawyer **Serhiy Vlasenko** said on 17 September 2012.

In response, Kuzmin said that he was ready to stand trial in the London court.

The first deputy prosecutor-general told the British mass media in March 2012 that Tymoshenko had been involved in the killing of Ukrainian politician and businessman **Yevhen Shcherban**.

Ukraine's top prosecutor agency says ex-premier's conviction fault of her lawyers

The conviction of former Ukrainian Prime Minister **Yuliya Tymoshenko** is the fault of her lawyers, the first deputy prosecutor-general, **Renat Kuzmin**, said during the 9th annual summit of Yalta European Strategy on 15 September 2012.

"The only person who could be blamed for Tymoshenko's prison sentence is her court lawyer, who did not give his defendant a single chance to stay free," he said. Kuzmin added: "No one has the right to question the legality of the court ruling, and especially to talk about the judicial system in an insulting manner. Some politicians bully Ukraine by using the dirtiest words for those sacred things on which the state is based."

In the opinion of lawyer **Serhiy Vlasenko**, Kuzmin actually admitted with his statement that Tymoshenko had been illegally convicted.

Ukraine's jailed ex-premier urges democratic countries to adopt anti-dictatorship programme

On 21 September 2012, the daughter of former Ukrainian Prime Minister **Yuliya Tymoshenko, Yevheniya**, circulated in Washington (the USA) her mother's address to democratic countries, in which she called for the creation of a mechanism for international anti-corruption investigations against "dictators in power" from different countries and their entourage. In the opinion of the former prime minister, it is necessary to arrest them, seize their illegally obtained assets and declare them *personae non gratae*.

PARLIAMENTARY ELECTION

Ukraine's monitoring agency says two mass media outlets report incorrect ratings of political parties

Ukraine's popular private TV channel Inter and the state-run channel UT1, as well as a number of websites have published a questionable rating of political parties, in which the pro-presidential Party of Regions and the UDAR party led by **Vitaliy Klitschko** were leading, the director of the Democratic Initiatives Foundation, **Iryna Bekeshkina**, said on 20 September 2012.

She clarified that the abovementioned mass media outlets had reported the results of a survey carried out by the Institute for Research of Ukrainian Regional Development. "This institute does actually exist. However, it is very questionable that it has conducted any survey because there is no information about it on its website. The information on the website was last updated in autumn 2009," Bekeshkina noted.

On 18 September 2012, the Institute for Research of Ukrainian Regional Development presented a survey in which the Party of Regions was leading with 24 percent of votes, the UDAR party garnered 16 percent, while the United Opposition Fatherland came in third with 15 percent. The Communist Party of Ukraine obtained 9.5 percent and, lastly, the Ukraine Forward! party lead by **Natalya Koroloveska** gained 6.5 percent.

“It is an interesting fact that the results of this survey differ from those previously publicized,” Bekeshkina said. In her opinion, this is how society “is being persuaded that it is necessary to vote for new political forces”.

“However, please note that this appeared on Inter and on UT1. The TV channels of (the son-in-law of former Ukrainian President Leonid Kuchma, a tycoon and owner of the television group StarLightMedia, **Viktor**) **Pinchuk** did not report this. This was broadcast [by the TV channels] where a political strategist is [**Ihor**] **Shuvalov**,” Bekeshkina added. According to the mass media, Shuvalov is also a consultant for the head of the presidential administration, **Serhiy Lyovochkin**.

The Inter TV channel is controlled by the Ukrainian first deputy prime minister, **Valeriy Khoroshkovskyy**.

Ukraine's election body says top prosecutor's office fails to react to voter migration

The Prosecutor-General's Office of Ukraine does not react to requests from the Central Electoral Commission (CEC) to investigate numerous changes of voting places by Ukrainian citizens, the CEC deputy head, **Andriy Mahera**, said on 18 September 2012.

He recalled that the CEC had sent appeals to the Prosecutor-General's Office in such cases. “As far as I am aware, there was no positive reaction,” Mahera stressed.

Central Electoral Commission bans voting outside one's constituency

The Central Electoral Commission (CEC) has tightened the rules of applying for absentee ballots ahead of the parliamentary election. According to the CEC resolution of 22 September 2012, citizens who have not changed their registered election address will not be able to cast their ballots outside their constituency.

Ukraine urged to boost trust to election

A pre-election delegation from the National Democratic Institute (NDI) on 17 September called on the Ukrainian government to solve all the problems related to the October parliamentary election and to raise trust to the polls.

The NDI points out in its report to the issues linked to the legislation, borders of election districts, electoral commissions, the registry of voters, intimidation of voters, as well as abuses of administrative resources and the mass media.

The NDI pre-election delegation has worked in Ukraine from 10 to 17 September in order to assess the electoral readiness ahead of the parliamentary polls.

As of 21 September 2012, the Ukrainian Central Electoral Commission has registered 512 official observers from international organizations and foreign countries.

Political news on Ukrainian TV losing objectivity

There has been an increase in political news on Ukrainian TV channels during the first month of the parliamentary election campaign. In particular, every fourth report (27 percent of the total number of reports) on TV in August 2012 was devoted to political developments, the influential Ukrainian weekly *Dzerkalo Tyzhnya* reported citing the results of a study conducted by the Academy of the Ukrainian Press (AUP).

The researchers also pointed out that the number of TV appearances by representatives of the pro-presidential Party of Regions was significantly higher than number of appearances by all other political parties taken together. Furthermore, from the beginning of the election campaign, the standards of information coverage have been substantially lowered: only every seventh report included two points of view.

The study was conducted by the AUP with the participation of researchers of the Sociology Institute of the National Academy of Sciences of Ukraine using the content analysis of news broadcasts aired by eight leading Ukrainian TV channels in the prime time.

The results of a sociological survey conducted by the Gorshenin Institute in October 2010 suggest that 36.2 percent of the Ukrainian population trust the national mass media, 26.4 percent trust the local mass media and only 8.6 percent - foreign news outlets. As many as 7.2 percent of respondents do not trust any mass media. And, finally, 11.9 percent of those interviewed did not provide an answer.

Ukraine's pro-presidential party dominates TV coverage

The Ukrainian pro-presidential Party of Regions appears on TV nine times more often than the rest of the political forces participating in the election campaign, the head of the Equal Access Committee, **Oleksandr Chekmyshev**, said on 21 September 2012, citing a sociological survey which was carried out jointly with the Democratic Initiatives Foundation from 10 August to 15 September.

For his part, the head of the Party of Region parliamentary faction, **Oleksandr Yefremov**, argued that the opposition forces are better represented in the coverage of the Ukrainian TV channels than the current government.

Ukrainian election vote count not to be broadcast live

The Ukrainian government refused on 18 September 2012 to adopt a draft law which envisioned the mandatory live broadcasting of the election process from the beginning of voting till the end of ballot counting and signing of protocols by electoral commissions in election districts.

Earlier, parliament took a decision that online broadcasting would be carried out from the beginning of voting until 8.00 p.m. After ballots are cast, the broadcasting would be completed, and web cameras would record video until protocols on the outcome of voting are signed by district election commission. Also, the video streams from web cameras were supposed to be stored for a year after an announcement of the election results.

In his turn, an MP of the Yuliya Tymoshenko Bloc opposition parliamentary faction, **Yuriy Odarchenko**, said that videos from election districts would not be sent to the Central Electoral Commission (CEC). "None of the Ukrainian Internet providers is capable of ensuring the transfer of information. Hence, it will be impossible to get access to the information about possible election violations," he explained.

Ukrainian police conducting search at Kiev's printing houses

The Ukrainian Interior Ministry's directorate for combating economic crimes has been carrying out searches of Kiev's printing houses, the Lb.ua news and analysis website reported on 20 September 2012.

"This started two months ago. They called and urged us not to print political products. Yesterday they came unexpectedly – there were three strong men. They were looking for political products, and when they did not find them, they started to check whether our workers were employed legally and looked into our books, in case some opposition forces would be there [as clients]. They said that their task was to check around 80 printing houses," an employee of one of the printing houses, who asked to remain anonymous, told Lb.ua.

HUMAN RIGHTS

Parliament introduces criminal responsibility for libel

On 18 September 2012, parliament adopted the bill toughening responsibility for distribution of false information. In particular, the document stipulates a fine or an imprisonment for up to two years for libel. If a libellous statement is made by mass media representatives, prosecutors or judges, they will have to pay a higher fine or spend from two to five years in prison.

The bill was tabled by pro-presidential Party of Regions MP **Vitaliy Zhuravskyy**.

The head of the parliamentary committee on the freedom of speech, opposition Our Ukraine-People's Self-Defence MP **Yuriy Stets**, said the bill had not been referred for the committee's consideration. "The authorities understood that our committee would not support it. I'm expecting nothing good. The freedom of speech in the country will be strangled even more," he said.

The parliamentary opposition said they would appeal against the law on libel with the Constitutional Court.

If the law is adopted in the second reading "it will bring about an atmosphere of fear and intimidation among journalists in the country", **Oleh Nalyvayko**, head of the National Union of Journalists, said.

The law on libel raised criticism from many Ukrainian public officials, journalists and politicians.

The international and European federation of journalists also condemned the law.

The head of the European Parliament delegation for relations with Ukraine, **Pawel Kowal**, said that the adoption of the law on libel is damaging the image of Ukraine on the eve of the parliamentary election. "As for European institutions, this is a clear message that the Ukrainian authorities are going to step up control over mass media," he said.

The European Commission, in its turn, has called on Ukraine to abstain from adopting the law as a whole before the Council of Europe and the OSCE issue their conclusions "which should be taken into account in full".

Journalist **Serhiy Leshchenko** said on the Ukrayinska Pravda website that a reference note to the law on libel, which was published on the parliamentary website, was written by the presidential administration. In particular, the document properties mention the STPU as an author, which can be read as the Secretariat of the President of Ukraine, Leshchenko added.

The presidential administration reacted by saying this reference note was not registered in their document database.

Sonya Koshkina, the editor in chief of the news portal Lb.ua, wrote an editorial saying that the law on libel was aimed not only against journalists but also against every citizen of Ukraine.

"In fact, this means stripping all citizens of their basic constitutional rights: the freedom of expression, the freedom of speech, the freedom to receive and distribute information, and the freedom of professional activities. [These are] the rights stipulated by the UN Universal Declaration of Human Rights," Koshkina said in her analysis of the bill.

Opposition to help TVi pay off taxes

The united opposition is planning to allocate 250,000 dollars from its election fund in order to support TVi channel. The statement was made by one of the leaders of the political force, **Arseniy Yatsenyuk**, on 21 September 2012.

On 13 September, TVi lost its appeal against the results of an inspection conducted by the State Tax Service, which accused the TV channel of tax evasion. According to the court order, TVi has to pay 500,000 dollars to the tax service. On the same day TVi launched a public campaign to raise funds it needs to "pay off the officials". The broadcaster has already collected about 250,000 dollars.

A number of Kiev and regional cable TV operators excluded the channel from their packages. According to director-general of TVi **Mykola Knyazhytskyy**, such actions were carried out by the orders of the National Council for Television and Radio Broadcasting.

On 17 September, President **Viktor Yanukovych** instructed the National Council for Television and Radio Broadcasting to urgently investigate the situation with switching off the broadcasting of TVi channel.

Knyazhytskyy believes that Yanukovych instructed to deal with the situation around the channel because of the pressure applied by the international community. "It seems now it's important for Yanukovych to legitimize the electoral process. If the channel is shut down, and everything signals that it will actually happen, it would be difficult to obtain legitimacy," Knyazhytskyy said.

Earlier, EU and US officials expressed their concern about the situation around TVi.

TV journalist threatened due to professional activity

Journalist of TV channel STB **Iryna Fedoriv** has received threats and demands to drop her job as journalist. She made a statement to this effect in her blog hosted by the news and analysis website Ukrayinska Pravda on 21 September 2012.

According to the journalist, at 11:22 p.m. on 20 September, an unknown man called her on her cell phone and advised that she spend more time with her family, because she is standing in light of some people who have multimillion interests "somewhere".

Fedoriv attributes the threats to her professional activities.

ECONOMICS

Ukraine's economic growth slowing down

The growth of the Ukrainian economy in January-August slowed to 1.5 percent, Prime Minister **Mykola Azarov** said at a government meeting on 19 September 2012.

He noted that, given the recession on European markets, such a result can be viewed as positive.

GDP growth in January-July, according to Azarov, was 2 percent. The state budget of Ukraine for 2012 is based on the GDP forecast of 3.9 percent.

Ukraine may go for re-privatization

The government shall re-instate ownership over companies which do not deliver on their investment obligations, Prime Minister Mykola Azarov said on 18 September 2012.

"We are serious in our requirements to owners of companies. If an audit shows that investment obligations are not fulfilled and are not going to be fulfilled, an issue may be raised of returning these companies back to the state", Azarov said.

Ukraine places 600m dollars in eurobonds

Ukraine again has tapped foreign debt markets, selling eurobonds worth 600m dollars to foreign investors. According to a representative of a foreign bank, the securities were sold as an additional placement of the July eurobonds issue of 2bn dollars, news and analysis website Lb.ua reported.

At the same time, the price of the additional placement was lower. Specifically, the July eurobonds have a yield of 9.25 percent, and now it makes 7.46 percent. The issued securities will mature in 5 years.

According to the National Bank, Ukraine's gross external debt in January-June 2012 increased by 2.2 percent to 129bn dollars, or 74 percent of GDP.

Government wants to unpeg Ukrainian economy from U.S. dollar

The government and National Bank of Ukraine are planning to take a series of steps in order to reduce dependence of the real sector of the economy on the US dollar. The statement was made by First Deputy Prime Minister **Valeriy Khoroshkovskyy** on 21 September 2012.

Government, pro-presidential party differ on exchange rate

The hryvnya exchange rate used in the government's 2013 state budget draft is USD/UAH 8.11-8.2, Prime Minister **Mykola Azarov** said on 20 September 2012.

Earlier, on 18 September, head of the parliamentary faction of the Party of Regions **Oleksandr Yefremov** said that the hryvnya exchange rate in 2013 will reach USD/UAH 8.4.

In an interview for news and analysis website Lb.ua, former Finance Minister **Viktor Pynzenyk** said that hidden devaluation started in Ukraine long ago. "Today the process of depreciation of the national currency is taking place at the expense of the international reserves. However, it's not the intended purpose of the reserves. They are needed in order to prevent speculative and seasonal fluctuations," he said, adding that a loss of almost 10bn dollars in reserves in one year means devaluation.

In an interview for the Dzerkalo Tyzhnya weekly, governor of the National Bank of Ukraine (NBU) **Serhiy Arbuzov** said that NBU, according to the agreements with the IMF, has adopted a policy of gradual liberalization of the exchange rate. "And we are trying to reduce our presence on the market," he noted.

Ukrainian Exchange may be shut down

Participants of the Ukrainian stock market are calling on President **Viktor Yanukovych** to veto the law on the depository system, chairman of the Exchange Committee of the Ukrainian Exchange **Ihor Mazepa** said on 20 September 2012.

According to the adopted law, Ukraine will have a unified central depository and unified clearing center, which at the initial stage will be controlled by the state and the National Bank of Ukraine (NBU).

Representatives of the exchange note that creation of a unified clearing center means introduction of a nontransparent intermediary between market players and the NBU.

Mazepa does not rule out that if the president signs the law, the Ukrainian Exchange may close.

On 20 September, the Ukrainian Exchange suspended trading for one hour in protest against the depository law.

NBU appoints new top manager

On 18 September 2012, **Oleksandr Petryk** was appointed director-general of the economic department of the National Bank of Ukraine (NBU).

His predecessor, **Ihor Shumylo**, who supervised this area since October 2003, was fired in late August allegedly because of too pessimistic macroeconomic forecasts for 2013, news and analysis website Lb.ua reported.

Until recently Petryk has served as director of the NBU's economic analysis and forecasting department. He started work at the NBU in 1991.

ENERGY MARKET

Two foreign companies want to build LNG terminal in Ukraine

Spanish company Enagas and American company Exceletrate Energy have expressed their interest in participating in the construction of a liquefied gas terminal (LNG terminal) in port Pivdenny.

This was announced by the State Agency for Investment and National Projects on 17 September 2012.

Particularly, Senior Vice-President of Exceletrate Energy **Edward Scott** said his company is ready to lease out a floating LNG terminal, which is needed at the first stage of the project implementation.

According to **Vladyslav Kaskiv**, the head of the State Agency for Investment and National Projects, the other members of the consortium for construction of the terminal will be selected by November 2012.

The mere fact that first companies interested in investing in the LNG terminal project are showing up will make it more attractive to other investors, Director of the Institute of Energy Strategy **Dmytro Marunych** said.

In his article for the Dzerkalo Tyzhnya weekly, **Volodymyr Kravchenko** says

that the interest from foreign companies in the construction of the LNG terminal is connected to the recent statement by Prime Minister of Turkey **Recep Tayyip Erdogan** that his country is prepared to allow eight tankers with liquefied gas for the needs of Ukraine to pass through the Bosphorus and Dardanelles per month. "This position is largely attributed to Ankara's willingness to become a key territory for transit of energy resources to European countries," the author writes. At the same time, according to Kravchenko, Turkey's promises should not be considered as an absolute guarantee because "the Gazprom lobby may complicate the implementation of the agreements."

Naftohaz of Ukrayiny seeking new loan

Naftohaz Ukrayiny, a state-run energy company, has announced a tender to draw in a credit line with a limit of 4.5m dollars, the Dzerkalo Tyzhnya weekly reported on 17 September 2012. The loan term is up to one year.

Applications for participation in the tender are accepted until 10:00 on 15 October, and the opening of bids will take place at 11:00 on the same day.

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