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1. Tymoshenko in fresh Ukraine PM bid Aljazeera, 12 December 2007

The Ukrainian president has renominated his 2004 "Orange Revolution" ally for prime minister, a day after parliament narrowly rejected her candidacy.

The office of the presidency said in a statement: "President Viktor Yushchenko has again submitted his request to parliament to name Yulia Tymoshenko to the prime minister's post."

The parliament remained deadlocked on Wednesday, as Tymoshenko's adversaries dug in their heels and prevented the chamber from sitting.

Another session was scheduled for Thursday, but it was uncertain the issue of electing the premier would top the agenda.

The deadlock exposed the fragile nature of a 227-member coalition of two parties to emerge from a September election - Tymoshenko's bloc and Yushchenko's Our Ukraine party.

On Tuesday, the Rada narrowly rejected Tymoshenko amid accusations of vote tampering.

Her tally of 225 votes fell one short of being endorsed as prime minister in the 450-seat assembly.

No 'orange' future

Viktor Yanukovich, the outgoing prime minister and 2004 presidential rival, said Tuesday's vote showed an "orange" coalition had no future.

He repeated his call for a "broad coalition" of his Regions Party and some of Yushchenko's supporters.

"Voters must at last get an answer on whether the coalition of 227 can take responsibility for the country. Let's make it clear, yes or no," he said in a statement on his website.

However, Anna Herman, an ally of Yanukovich in the Regions Party, suggested the party might agree to an "orange" candidate other than Tymoshenko.

"We must find ways to resolve this problem. Nominating another candidate for prime minister could be a way out," she told reporters outside the chamber.

"I hear talk in the corridors that Tymoshenko doesn't have support. And time is not on Yulia Tymoshenko's side."

But Tymoshenko's allies ruled out any such deal.

"There are no grounds to change this candidature," said Ruslan Knyazevych of Our Ukraine. "That would mean altering the agreement on forming our democratic coalition. And it would seem to me that's impossible."

Tampering alleged

Tymoshenko said all 227 coalition members had backed her on Tuesday, but tampering prevented two from registering their votes.

The SBU security service, summoned to investigate, said checks revealed no interference in the system.

Oleksander Turchinov, one of Tymoshenko's lieutenants, told reporters any new vote should be taken by a show of hands.

"The speaker would call on each member to raise his hand and say publicly whether he is for or against," Turchinov said.

Named prime minister days after Yushchenko's inauguration, she fell out with the president and was sacked seven months later.

She spooked investors in office by calling for a major review of privatisations and by trying to influence markets.

The two reconciled for the September election that had been intended to end three years of political turmoil.

Text available on World Wide Web, URL:

<http://english.aljazeera.net/NR/exeres/0630D3B2-892D-4445-9037-A5D5B983A8E4.htm>

2. Lutsenko told when vote for PM would take place ForUm, 13 December 2007

The democratic coalition has made maximum concessions to representatives of the minority and has given them 14 committees out of 28. One of the OU-PSD leaders Yuriy Lutsenko stated in an interview with journalists. ForUm's correspondent reports.

According to him, the minority received those committees of the VRU, which it had chosen. "But now they have a problem among them as they can't divide positions of the first deputies and secretaries of committees, which they have to submit."

According to Lutsenko, as soon as representatives of the minority decide on this question, the resolution on committees' distribution will be visaed and submit for consideration of the VRU.

Answering the journalists question when exactly the vote for the PM appointment will take place, Lutsenko emphasized: "Ask, please, representatives of the opposition, who can't find common language among themselves concerning chairs distribution on the parliamentary committees. As soon as they finish this work, we will start the election of the Prime Minister," he noted.

Lutsenko is sure that formation of the government is procrastinated by representatives of the minority.

Text available on World Wide Web, URL:
<http://en.for-ua.com/news/2007/12/13/144314.html>

3. Ukraine parliament meets, but no debate on PM **By Yuri Kulikov** **Reuters, 13 December 2007**

Ukraine's parliament reconvened on Thursday a day after the opposition prevented the chamber from sitting, but there was no indication when it would reconsider a proposal to restore Yulia Tymoshenko as prime minister.

Parliament is deadlocked over pro-Western President Viktor Yushchenko's bid to restore Tymoshenko, his ally in the 2004 "Orange Revolution."

Tymoshenko was put forward a second time on Wednesday by Yushchenko, but her nomination fell short of endorsement earlier in the week by a single vote in the 450-seat assembly.

The deadlock has exposed the fragile nature of a 227-member coalition of two parties to emerge from a September election -- Tymoshenko's bloc and Yushchenko's Our Ukraine party.

Tymoshenko blamed the setback on rivals tampering with parliament's electronic voting system.

The opposition, led by the Regions Party of outgoing Prime Minister Viktor Yanukovich, has long called for the creation of a "broad coalition" with some of the president's supporters to ensure stability in the country of 47 million.

It refused to discuss election of the premier pending resolution of other issues and Thursday's session opened with a debate on the allegations of tampering.

Other points on the agenda included distribution of committees and the election of top parliamentary posts.

"Let's hear reports on the voting system and on committees and deputy speakers," Raisa Bogatyryova, a senior member of the Regions Party, said as the session got under way.

"If we tackle these issues today, there is no reason to block proceedings in terms of electing, or failing to elect, a prime minister."

Tymoshenko's allies said they feared the opposition would try to prevent the vote again if there was an attempt to return to Tymoshenko's nomination.

At least one senior member of the Regions Party, the largest single group in parliament, suggested the opposition might agree to an "orange" candidate other than Tymoshenko.

Tymoshenko's allies ruled out any such deal.

Tymoshenko roused crowds in 2004 by denouncing a rigged election, overturned by a court ruling after Yanukovich was initially declared the winner.

As premier, she spooked investors by calling for a major review of privatizations and was dismissed after her government split into rival camps. The two reconciled for the September election, called to end three years of political turmoil.

(Writing by Ron Popeski; Editing by Ibon Vilelabeitia)

Text available on World Wide Web, URL:

<http://www.reuters.com/article/worldNews/idUSL1344716220071213?sp=true>

4. Parliament Deadlocked On Vote For Premier **By Sabina Zawadzki** **Reuters/ The Moscow Times**

Ukraine's parliament remained deadlocked Wednesday as President Viktor Yushchenko made a second attempt to restore Yulia Tymoshenko as prime minister.

Tymoshenko won 225 votes Tuesday—one short of the required majority in the 450-seat assembly—and accused her rivals of tampering with the electronic voting system.

The outcome exposed the fragile nature of a majority coalition of 227 members to emerge from a September election of two parties linked to the 2004 Orange Revolution—Tymoshenko's bloc and the president's Our Ukraine party.

Yushchenko submitted her name to the chamber a second time. But Tymoshenko's rivals blocked a morning session, saying they first wanted to elect senior parliamentary officials.

Outgoing Prime Minister Viktor Yanukovich, the president's rival in the 2004 upheaval, said the vote showed an Orange coalition had no long-term future. He repeated his call for a broad coalition with some of the president's supporters.

"Voters must at last get an answer on whether the coalition of 227 can take responsibility for the country. Let's make it clear, yes or no," he said in a statement on his web site.

Tymoshenko said all 227 coalition members had backed her Tuesday but that tampering prevented two from registering their votes. The SBU security service, called to investigate, said checks revealed no interference in the system.

Oleksander Turchinov, one of Tymoshenko's most trusted lieutenants, told reporters that any new vote should be taken by a show of hands.

"The speaker would call on each member to raise his hand and say publicly whether he is for or against," Turchinov said.

Tymoshenko roused crowds in central Kiev in 2004 by denouncing a rigged election, eventually overturned by a court ruling after Yanukovich was initially declared the winner.

Named prime minister days after Yushchenko's inauguration, she spooked investors in office by calling for a major review of privatizations and by trying to influence markets. The two reconciled for the September election that had been intended to end three years of political turmoil.

Analysts and observers were divided on whether Tymoshenko's setback in the parliament on Tuesday amounted to a betrayal by some members of the coalition said to be wary of her return to power or the result of a genuine technical problem.

"As deputies did not publicly withdraw their support for Tymoshenko, this amounts to proof that she has the 227 votes," analyst Olexiy Haran at the Kiev Mohyla University told Radio Era late Tuesday.

Other analysts said the events bore out skeptics' predictions that members of Our Ukraine considered Tymoshenko an unpredictable populist and would opt for a broad coalition.

Parliamentary Speaker Arseniy Yatsenyuk, an ally of the president, was elected to his post last week with 227 votes, an indication that Orange unity was tight.

Text available on World Wide Web, URL:
<http://www.themoscowtimes.com/stories/2007/12/13/017.html>

5. Counterpoint to the counterfactual: another view of Yushchenko's legacy **By Taras KUZIO** **Kyiv Post, 12 December 2007**

The "what ifs" of history are a dangerous area to argue in support of Viktor Yushchenko's alleged successes in his presidency.

Yushchenko's popularity is lower than 20 percent, a level at which we would consider a Western president to be a lame duck (such as former President Jacques Chirac and current President George W. Bush). Usually a president becomes a lame duck in his second or subsequent term, not in his first term, as in Ukraine.

Here are some alternative what ifs of recent Ukrainian history from a blogger's point of view.

If Prime Minister Yushchenko and his national democratic allies in parliament had withdrawn their support from President Leonid Kuchma during the Kuchmagate crisis and backed calls by the Yulia Tymoshenko bloc and the Socialists for his impeachment, Kuchma would have been forced to step down early. Until early presidential elections, Yushchenko would have been acting head of state.

Yushchenko, however, signed a document with parliamentary speaker Ivan Pliushch and President Leonid Kuchma denouncing the protestors as "fascists."

If then Prime Minister Yushchenko had supported Deputy Prime Minister Tymoshenko, she may have not been arrested in January 2001. Yushchenko should have resigned in protest at her arrest.

If parliament had not voted no confidence in the Yushchenko government in April 2001, his government may have stayed on until the end of Kuchma's term. Yushchenko would have supported a presidential request to be Kuchma's official successor.

If Yushchenko had not agreed to constitutional reforms during the December 2004 round tables, there would never have been constitutional chaos in 2006-2007 and the disbanding of parliament in spring 2007. If the president had used his extensive powers under the 1996 Constitution to fulfill Orange Revolution demands during his first year in office, his popularity would not have collapsed. Yushchenko had millions of supporters on the streets of Kyiv and other Ukrainian cities, but betrayed them in signing deals at the round tables.

If the Tymoshenko government had not been removed in September 2005, and a memorandum had not been signed that month between Yushchenko and Viktor Yanukovych [Yushchenko's arch-rival in the 2004 presidential elections when Yanukovych was prime minister, Ukraine's current acting prime minister, and the leader of the Party of Regions – Eds. Note], the Party of Regions would never have doubled its popularity to come first in the 2006 parliamentary elections.

If the Tymoshenko government had not been removed, the Orange parties would never have been divided for 18 months. If a united presidential party had been created, Our Ukraine might not have reduced its popularity by 10 percent in the 2006 and 2007 parliamentary elections, in comparison to 2002.

If an Orange coalition had been created in 2006, the Communist Party would never have entered government in the Anti-Crisis Coalition [formed between the Party of Regions, the Socialist Party and the Communist Party – Eds. Note].

If Sviatoslav Piskun had not been maintained by President Yushchenko as Prosecutor General in 2005, the “bandits” may have gone to prison, rather than to parliament and government.

If Mykhailo Potebenko, Borys Kolesnikov and Serhiy Kivalov had been criminally charged, Yushchenko could never have rehabilitated them with state medals.

If Yushchenko had not protected Kuchma from impeachment and prosecution on two occasions, Kuchma would have been criminally charged with abuse of office. In the Kuchmagate crisis, Prime Minister Yushchenko refused to back calls for Kuchma’s impeachment, and during the 2004 round table negotiations, Kuchma was granted immunity in exchange for Yushchenko’s election as president.

If Yushchenko had fulfilled his promises made to the Council of Europe, he would have put the organizers of the murder of Heorhiy Gongadze on trial. Instead, one suspect has fled from Ukraine, another allegedly committed “suicide,” and a third sits comfortably in retirement. Three lower-ranking policemen were charged in a closed trial.

If the president had heeded US calls to quickly create an Orange coalition after the 2006 elections, Ukraine would have been invited into a Membership Action Plan at NATO’s Riga summit in November 2006. Ukraine would have then been on target to have been invited to join NATO at the 2008 Bucharest NATO summit. If Yushchenko had supported the Tymoshenko government and an Orange coalition in 2006, Ukraine would have joined the WTO earlier.

Ukraine would not have increased its dependency on Russian energy if it had not signed up to a 2006 gas deal that included the corrupt and non-transparent RosUkrEnergo intermediary. During the gas crisis, Ukraine conducted negotiations incompetently, while ignoring massive Western support for Ukraine and criticism of Russian policies.

If the president had fulfilled his 2004 election promises and implemented the promises given on the Maidan during the Orange Revolution, Yushchenko would have a better chance of winning a second term in the 2009 elections.

President Yushchenko cannot win a second term in the 2009 elections by standing on his five-year record or by only relying on the support of Our Ukraine (which won 14 percent in the last two elections, but whose support has now fallen precipitously). He can only win a second term by aligning himself with either the Tymoshenko bloc or with the Party of Regions and by using negative campaigning depicting himself as the ‘lesser of two evils.’ Yushchenko’s record in his first term is poor in the eyes of Ukrainian voters and, therefore, he has little choice but to repeat Kuchma’s 1999 strategy of convincing voters to back the alleged ‘lesser of two evils.’

If he chose an alliance with Tymoshenko, the Yushchenko campaign would again aim to block a Yanukovych victory (as in 2004, when many Orange voters voted against Yanukovych rather than for Yushchenko).

Alternatively, if he chose to fight the 2009 elections in an alliance with the Party of Regions, the Yushchenko campaign would target Tymoshenko’s alleged “populism” and penchant for irrationality.

If Yushchenko were to align himself with the Party of Regions in the 2009 elections, he would lose all remnants of his Orange support and most likely lose the elections. Yushchenko would then follow Leonid Kravchuk in only having served one term in office.

Dr. Taras Kuzio is a Research Associate, Institute for European, Russian and Eurasian Studies, Elliott School of International Affairs, George Washington University. Dr. Kuzio’s commentary is a response

to "Ukraine without Viktor Yushchenko: a counterfactual history, or 'What if?'," by Adrian Karatnycky, which was published in the Dec. 6 issue of the Kyiv Post.

Text available on World Wide Web, URL:
<http://www.kyivpost.com/opinion/oped/27988/>

6. Yushchenko re-nominates Tymoshenko as PM Ukrainian Journal, 13 December 2007

President Viktor Yushchenko on Wednesday again nominated Yulia Tymoshenko for the post of prime minister, a day after her appointment had fallen through due to an unexplained computer malfunction in Parliament.

The nomination shows that Yushchenko regards the controversial prime minister vote in Parliament on Tuesday as an error and believes that Tymoshenko may be approved simply by another round of voting.

Tymoshenko's bid to become the prime minister fell through after a computerized vote counting system in Parliament failed to register votes from some of her most ardent supporters.

The system showed only 225 lawmakers had voted for Tymoshenko, one less than is required for the approval, while two lawmakers immediately complained their voting cards had failed.

The failure was immediately used by the Regions Party, Tymoshenko's opponents, as an opportunity to disrupt the work of Parliament. Tens of Regions Party lawmakers swarmed around the seat of Parliament Speaker Arseniy Yatseniuk, letting him out, but blocking the access to the seat for the entire day of Wednesday.

As Parliament was disrupted for more than 24 hours, some Regions Party lawmakers, such as Taras Chornovil, had been demanding that it was time to include the Regions Party into the coalition.

But the pro-Western coalition said Wednesday it would resort to voting and approving Tymoshenko as the prime minister simply by raising hands, unless the Regions Party stops the blockade. Parliament's regulations allow lawmakers to select the way of voting, including by using the electronic vote system, raising hands or casting paper ballots.

"Excuse me, everything has a limit," Oleksandr Turchynov, a close Tymoshenko ally, said Wednesday adding that different voting options will be considered. "We can do it. We have an experience of working in extreme conditions."

To prevent any surprises this time, the coalition may ask every individual lawmaker to stand up and to raise his or her hand, while pronouncing clearly "Yes" if the lawmaker is voting in favor of Tymoshenko, according to Turchynov.

Constitution stipulates that the prime minister must be approved and the government must be formed within 30 days after the coalition is created after the election. This gives the pro-Western coalition time until Dec. 23 to form the government.

Meanwhile, the Regions Party said it will probably continue to block the work of Parliament on Thursday.

The main reason this time is demanding an apology from the coalition that had Tuesday accused Regions Party loyalists of tampering with the electronic vote counting system on Tuesday.

A special SBU security service team has checked the system on Wednesday, but no evidence of physical tampering into the system had been found, according to the SBU.

Any possible tempering with the system on the level of software could not be established because the system apparently does not hold history records that could have let trace this down, coalition lawmakers said. (tl/ez)

Text available on World Wide Web, URL:
<http://www.ukrainianjournal.com/index.php?w=article&id=5725>

7. Threats mar Ukraine's PM vote Russia Today, 13 December 2007

The Party of the Regions in Ukraine has demanded an apology from the Orange coalition over allegations it tampered with electronic voting during Yulia Timoshenko's nomination for Prime Minister. She lost by just one vote.

The party says it will only take part in parliament again when the claims are retracted.

A vote could still be held later Thursday on Timoshenko's bid for Prime Minister- this time replacing electronic voting with hand counting.

In another twist, there are reports of Timoshenko receiving death threats.

Ukrainian political analyst Oleg Voloshin says the Orange coalition is a spent force in Ukraine, and the only way out of the current political crisis is a coalition between President Yushchenko's Our Ukraine party and Yanukovich's Party of the Regions.

"I really doubt that the Orange coalition is a good idea for Ukraine today. But the difficulty is that Mr Yushchenko understands that the Orange electorate, which he served to together with Yulia Timoshenko, is his strong supporter. And he is not a risky President enough to come out to the public and say that he understands that Orange coalition is not going to work for the country and that he started negotiating a coalition with the Party of the Regions," he said.

"This initiative originates from the camp of Mr Yanukovich, whose party never rejected the opportunity of creating such union. And the formation of this coalition is the only way to overcome the current political crisis in Ukraine. But Mr Yushchenko is really afraid of losing his supporters. I suggest that he would agree to form such a coalition only if Yulia Timoshenko will personally come out to the public and say that she is leaving all the attempts of forming an Orange coalition," Oleg Voloshin commented.

Text available on World Wide Web, URL:
<http://www.russiatoday.ru/news/news/18417>

8. Ukraine's parliament resumes work Itar-Tass, 13 December 2007

The Ukrainian parliament has resumed its work after many-hour consultations of leaders of factions.

Deputies from the Party of Regions unblocked the rostrum and presidium of the Supreme Rada and speaker Arseny Yatsenyuk opened a plenary meeting.

According to Yatsenyuk, a conciliatory council of leaders of factions has coordinated the agenda. In particular, at first it is planned to discuss an issue of functioning of the "Rada" electronic system, and then a draft resolution on the number of the Supreme Rada's committees.

After 17.00 Moscow time, deputies will, probably, begin considering the composition of committees.

An issue regarding the candidature of Yulia Tymoshenko for the post of prime minister, which was proposed by President Viktor Yushchenko for the Supreme Rada's consideration for the second time, is not included in the agenda.

Text available on World Wide Web, URL:

<http://www.itar-tass.com/eng/level2.html?NewsID=12175968&PageNum=0>

9. Graft study: 30 percent of Ukrainians pay bribes
By Dariya Orlova
Kyiv Post, 12 December 2007

Thirty percent of Ukrainians admitted to paying a bribe last year placing the country among the top 25 countries most affected by bribery.

The findings, released Dec. 6, were presented in the 2007 Global Corruption Barometer (GCB), a compilation of public opinion surveys conducted in 60 countries by Gallup International on behalf of the international watchdog Transparency International (TI).

The number of Ukrainian bribe-givers grew by 7 percent year-on-year to double the average rate of corruption reported by 63,000 survey respondents around the world.

Ukraine fared better than countries like Cambodia and Romania, but scored on par with countries like Bolivia, Indonesia and Serbia.

Corruption up worldwide

In its fifth year, GCB found that petty bribery has not decreased since 2006. Bribery is up in several countries around the globe, namely in Asia-Pacific and South-East Europe, according to the report.

"This year's Global Corruption Barometer has made it clear that too often, people must part with their hard-earned money to pay for services that should be free," said TI Chair Huguette Labelle.

The poor, both in developing and developed nations, suffer most from bribes, the report found.

"The poorest in all societies are the ones hit the hardest by bribery... they face the most demands for bribes and they are most likely to pay. This in turn means that corruption acts as a regressive tax that increases income inequality," according to the barometer.

Judges, politicians, police

Ukrainians were asked to rate 14 social institutions for corruption. The judiciary was deemed most corrupt, scoring 4.2 on a 5-point scale. Political parties, parliament and police were not far behind, with 4.1 points each, demonstrating a very slight improvement over the 4.2 scores the institutions recorded one year ago.

Andriy Osipov, the president of the Kyiv-based Corruption Counteraction Committee (CCC), agreed that the country's legal system is most prone to corruption.

"People constantly turn to our organization with complaints about corruption. Courts and police are most frequently accused," he said.

Religious bodies were perceived as least prone to corruption in Ukraine, scoring only 2.3 points.

The barometer's authors pointed to certain regional specifics, noting that bribery in the education and health sectors is prevailing in the former Soviet states, including Ukraine. Ukraine's education system and medical services scored 3.8 and 4 points respectively.

Payola pessimism

The 2007 barometer recorded a pessimistic mood regarding the future of corruption.

"Public expectations about the extent of corruption in the future have become gloomier when compared to the Barometer 2003, with 54 percent of respondents feeling that corruption would increase in the coming years – up from 43 percent four years ago," according to the report.

"In 2007, only one in every five respondents expected the level of corruption to decrease in the near future."

Ukrainians were among the pessimists, with 38 percent saying corruption will increase in the next three years and only 18 believing it will decrease. Forty-four percent said corruption will stay the same.

Osipov confirmed that public attitudes concerning corruption are more negative than positive in Ukraine.

"Lack of political stability and reforms contributes to the growth of corruption," he concluded.

People across the world are not satisfied with their governments' efforts to eliminate corruption, the study found.

"Worldwide, the general consensus is that government efforts to stop corruption are not effective and that corruption will increase in the near future."

The overwhelming majority of Ukrainian respondents – 70 percent – said that the government's efforts to curb corruption are ineffective and do not believe the situation will improve.

Text available on World Wide Web, URL:
<http://www.kyivpost.com/nation/27984/>

10. Israel's TTI Buys Ukrainian Software House Trading Markets, 13 December 2007

Israeli operations support systems (OSS) supplier TTI Team Telecom International Ltd. is buying Ukrainian software house Telesens LLC in a move both to expand its geographic reach and to save money on software development costs by going offshore.

Under the terms of the agreement, TTI will pay an aggregate purchase price of \$2.7 million, subject to downward adjustments related to, among other conditions, actual 2007 annual turnover and "certain performance parameters," with the total to be paid in cash during a three-year period. Telesens, founded in 1998, was said to have an annual turnover of more than \$2 million and approximately 100 employees. Its customers include Kievstar, Kazakhstan Telecom, UKR Telecom and MTS Ukraine.

"This acquisition is an excellent growth opportunity for TTI Telecom," says TTI Chairman and CEO Meir Lipshes. "Bringing Telesens onboard achieves two important goals for TTI Telecom, enlarging and enhancing our footprint in the CIS market and enabling us to provide more cost-effective and efficient software solutions to our customers worldwide through off-shore development. I believe that within the first year of the acquisition, we will see a positive contribution to our financial results."

The acquisition is expected to close in mid-January 2008.

TTI, based in Petah Tikvah, markets its next-generation OSS to Tier One and Tier Two communications service providers worldwide. The company's "Netracs"-branded portfolio reportedly delivers an automated, proactive and customer-centric approach to service assurance and network management and is compatible with multiple technologies and industry standards. TTI claims Netracs "is uniquely positioned to bridge legacy, next-generation, convergent and IMS networks."

Text available on World Wide Web, URL:

<http://www.tradingmarkets.com/.site/news/Stock%20News/908369/>

11. Ukraine's Journalists Fight to Save Image After Bribe Claims Deutsche Welle, 13 December 2007

Under the motto "We can't be bought," television journalists in Ukraine are fighting for change after some broadcasters succumbed to bribes from politicians during the last elections.

Just as they did three years ago during the so-called Orange Revolution, Ukrainian journalists are once again out to save their profession's reputation.

Last time, the government under then-President Leonid Kuchma had subjected journalists to censorship; now politicians are using monetary incentives to influence the news coverage in their favor.

The most recent parliamentary elections on Sept. 30 were the last straw: Never before had so many reports by national broadcasters on political topics been paid for, according to independent observers.

Big business for campaign reports

Unprecedented sums flowed from the parties' secret coffers into those of the television broadcasters, said Victoria Siumar from the Kiev Institute for Mass Information: A two-minute PR report cost around \$5,000 (about 7,400 euros), while a broadcast with a live appearance from politicians went for \$50,000 to \$70,000.

A total of between \$200 and \$300 million was paid to broadcasters during the campaign, according to different estimates, Siumar added.

Campaign leader wants to name names

A major part of the "We can't be bought" campaign is monitoring broadcasters across the country in order to identify paid news reports. The initial findings would be published soon and include specific examples of bribery, said campaign co-founder Yegor Sobolyev.

Sobolyev emphasized that his group wasn't out to condemn politicians who had paid for broadcasts, but, above all, to spare the journalism profession.

"I insist that we don't just talk about broadcasters and tendencies, but that the names of those involved—from the managers to the journalists—are given," Sobolyev said. "The country has to know who is responsible."

The campaign leader isn't so worried about getting flack from colleagues; he's more concerned about bribery becoming common practice in the field.

Reliable news is better for broadcasters

"Paid news reports usually force lies onto the viewer, which some of them may believe," but it's even worse when those reports take the place of more important news, Sobolyev said.

Another of the group's concerns is that the younger generation of journalists who didn't experience censorship under Kuchma is less aware of the danger that media bribes present to press freedom. After all, the incentives could soon be replaced with harsh limitations, said Sobolyev.

"We see this tendency and want to beat this sickness before it kills us."

The campaign leader is convinced, however, that broadcasters will come to their senses, since bribes can't constitute a sustainable income. To raise their ratings and maintain a stable income, broadcasters have to present reliable information and gain credibility with their viewers, he said.

Eugen Theise (kjb)

Text available on World Wide Web, URL:
<http://www.dw-world.de/dw/article/0,2144,3000717,00.html>

12. Election Update: A Candidate for the Black Hat Ukrainian Observer, 12 December 2007

Today will probably go down as an unusually usual day in Ukrainian politics, having begun with hope and ending with the search for someone to blame. Listening to the wide variety of explanations as to why no progress was made today on settling the issue of who should be Ukraine's next prime minister, many in the process, particularly in the Tymoshenko camp, are busily measuring Chief of Staff to the President Viktor Baloha for the black hat.

Baloha became a major player on the national political scene in September 2006 when he was appointed head of the presidential secretariat to replace long-time Yushchenko confidant Oleh Rybachuk. Baloha's experience in the rough-and-tumble of the Transcarpathian region seemed to have prepared him for the enforcer role, a perfect bad cop to complement Yushchenko's always-the-good-guy image.

Today's intensive public discussion of Baloha's role in the current Tymoshenko scenario is not entirely new. For over a month, Vasyl Petyovka and Ihor Kril, Baloha cronies, and former Speaker Ivan Plyushch, secretary of the National Security and Defense Council, have led an opposition chorus in the coalition-building process. Plyushch had been particularly outspoken in his support for a "grand coalition" including Viktor Yanukovych's Party of the Regions.

Even the president has at various times sown considerable confusion by touting the grand coalition line. Whether he really believes such a grand coalition workable or whether he was simply seeking wiggle room in his very uncomfortable junior partner position is not clear.

Sometimes 24 hours can be a very long time in politics and things may look more promising for a Tymoshenko premiership by Thursday. However, on Wednesday evening a number of people close to Tymoshenko have in national television interviews questioned the role that Baloha has been playing in negotiations on the impasse.

The fact that a presidential chief of staff might play a pivotal position should surprise no one, but many in the Tymoshenko camp suggest that Baloha seems to be playing for his own advantage, as opposed to pursuing the best interests of the president.

At the end of the day in which a parliament sitting was on-again, off-again several times, the consensus seems to be that no definitive positive vote on the Tymoshenko candidacy is likely this week and may never occur.

With the New Year's – Christmas holidays rapidly approaching, it is entirely possible that the backroom maneuvering could drag on into the New Year. At some point, at least in technical and legal terms, a new parliamentary election could be on the cards, but no one is thought to relish this idea.

What is clear is that whatever government eventually emerges, it is likely to be a classic coalition of ungainly compromises, with no strong direction.

By now the *wunderkind* of Ukrainian politics, newly elected parliamentary Speaker Arseniy Yatsenyuk must be feeling a bit of nostalgia for the relative peace and quiet of his last posting as foreign minister.

Text available on World Wide Web, URL:
<http://ukraine-observer.com/index.php?c=655>

13. Shadow comfort
By Andriy Kalynovskiy
Kyiv Weekly, 12 December 2007

Lacking a grasp of local nuances and rely solely on official statistics, European analysts traditionally view Ukraine as the poorest post-Soviet country.

According to one of the most recent studies of the level of Europeans' well-being, Ukraine placed 39th out of 40 countries. As the data provided indicates, the average Ukrainian spends no more than 1,500 euro per year for his or her own personal needs. This is the equivalent of UAH 850 per month, or 8 times lower than the average in EU countries and 18 times lower than in the richest European nations.

Another study by the World Bank shows that the level of per capita GDP in Ukraine is at the bottom of the list in European and CIS countries. In absolute figures, this indicator was US \$2,268 in Ukraine, which is 1.7 times lower than in Belarus, 2.2 times lower than in Kazakhstan and 3.1 times less than in Russia.

On the background of the rather pessimistic conclusions of competent researchers one cannot overlook the fact that Ukraine is among Europe's leaders in the growth in car sales and the prices of real estate. In 2006, Ukraine placed 9th in Europe in terms of the number of cars sold and was ahead of such countries as Austria, Sweden, Greece, Poland and Portugal.

Industry experts predict that this year car sales in Ukraine will grow another 50%, which will bring the country closer to the richest countries in the European Union in terms of this indicator. Incidentally, Ukraine has for a number of years been well ahead of its neighbors in Central and Eastern Europe in terms of travel to foreign vacation resorts. Interestingly enough, Ukrainian tourists are favored in those countries as they are the main consumers of travel packages in the above the average price category together with Russians and Kazakhs.

The official incomes of Ukrainians are clearly much lower than what they take home at the end of the day. Last week the State Statistics Committee reported that peoples' nominal incomes grew 29.1% in the January-October period.

However, the devaluation of the national currency and the sharp surge in inflation "ate away" the better part of this money and citizens' real incomes grew only 12.1%. The well-being of Ukrainians continues to rise mainly due to wage increases and the expansion of state subsidized social benefits programs. At the same time, the structure of peoples' incomes is alarmingly imbalanced.

The fact is that 43% of Ukrainians' incomes are in the form of a paycheck, while 38% are state subsidies. More than 62% of able-bodied Ukrainians are gainfully employed and almost half of their incomes go towards supporting those collecting welfare. As paradoxical as it may seem, the per capita figures show that those collecting welfare live better than the gainfully employed, who have social security payments deducted from their monthly paycheck to support the "gainfully unemployed".

The average wage of Ukrainians grew from the beginning of the year to the end of September by 36% UAH 1,426 per month (which is equivalent to a wage of \$US 1.6/hour). The SSC also reported that the level of wages in the provinces remains heterogeneous.

Wages are highest in the nation's capital and the eastern industrial provinces. In Kyiv, the average wage is US \$3 an hour and the average monthly wage is UAH 2,400. Incidentally, in Poland the level of wages in Ukraine is considered the lowest permissible by law. In EU member countries, this indicator is five times higher than the same indicator in Ukraine. People working in the Ternopil, Kherson, Chernihiv, Volyn and Vinnytsya oblasts earn the least.

Clearly, the difference between reality and that which is reflected in official statistics is like "day and night". Experts primarily attribute this phenomenon to the existence presence of a large shadow sector in the national economy. According to their estimates, the Ukrainian shadow sector is one and a half times the size of economies in western developed countries. In addition to that, there are a number of important details that foreign researchers do not take into account. In Ukraine there are a significant number of sectors in which people pay much less for goods and services than their European neighbors do. For example, the fare for one ride on the subway in London or Berlin is around US \$5. In Ukraine, this amount of money gets you a monthly pass for an unlimited number of trips. Housing utilities are also 5-10 times more expensive in European countries than in Ukraine. Naturally, this means that the level of disposable income of residents of EU member countries is lower than that of Ukrainians.

In light of the aforementioned, Ukrainians are not as poor as is reported to national and European statistics authorities. There is no doubt that the overall level of Ukrainians' well-being is nowhere close to the highest standards in Western European countries.

Text available on World Wide Web, URL:
<http://www.kyivweekly.com/?art=1197480326>

14. Profession: sapper
By Andriy Ivanom
Kyiv Weekly, 12 December 2007

Mobilegate to secure coalition

Late last month, Ukrainians had a chance to see live on TV how the game of dirty politics is played out. Deputies of the Yulia Tymoshenko Bloc recently handed over to members of the national press several recordings of their conversations with representatives of the Party of Regions and the Cabinet of Ministers, which made all attempts to convince the members of BYT to not enter into a coalition with Our Ukraine – People's Self-Defense and not vote for Tymoshenko becoming the country's premier. In return they promised them material benefits in the ballpark of US \$5-20 mn in cash.

The public disclosure of blatant corruption did not create the most turbulent shock waves for representatives of the Party of Regions. A few days prior to this a member of the BYT faction Oleh Lyashko publicly admitted that he was offered UAH 20 mn to jump ship to the Party of Regions, though he failed to produce any certifiable proof of such an offer. Accordingly, society's response to Lyashko's declarations was rather anemic. Furthermore, the fact that a year and a half ago Lyashko accused the former VR speaker Oleksandr Moroz of receiving US \$300 mn for uniting the Socialists with the "anti- crisis" coalition headed by Viktor Yanukovich. Lyashko brought a recording of this conversation to a meeting of the committee investigating the matter, but the tape got mangled up rendering the recording incomprehensible.

This time around the words of BYT members were corroborated in real videos recorded with the help a mobile phone. BYT members are pondering the thought of whether or not it is worth handing over the video recordings to the Prosecutor General's Office and the Security Service of Ukraine (SBU). Since this never happened, one can assume that Tymoshenko's team decided to hold back the dirt to have an influence on the voting results, including those of MPs from the Party of Regions for the appointment of Tymoshenko to the office of premier.

Generally speaking, Ukrainian politics somewhat lags behind its neighboring countries in terms applying innovative techniques in political fighting. For instance, foreign observers in Russia did not hesitate to use video films recorded on mobile phones by average citizens as evidence of falsification

of the last elections to the State Duma in Russia. This practice quickly spread throughout the world after successful testing during parliamentary elections in Peru in 2000, when observers prevented massive falsification by recording evidence on mobile phones. As a result of these recordings, the political opposition won the elections. The defeat of the ruling party was the beginning of the end of the regime of President Fujimori. Political analysts are not ruling out that “mobile-gate” may sound be the funeral dirge for the government of Yanukovych.

Hi-tech weapons of democracy

How can the rapid development of multimedia and telecommunications technologies have a positive impact on Ukrainian politics? An analysis of the experiences of Ukraine’s neighbors proves that political blackmail immortalized in a mobile phone not only undermines trust in a political force, but also its popularity. On the other hand, this can be transformed into a powerful factor in the revival of a country’s political elite. Only two months ago Renata Beger, an MP of the Polish Sejm, recorded and made public her conversation with the first aide of Poland’s prime minister. Jaroslaw Kaczynski’s right-hand man offered Beger material assistance and fostered a positive judgement in the lawsuits filed against her. After Beger handed over the recordings to several major TV channels a scandal erupted that led to the sacking of the government, snap elections and the confident victory of the opposition.

Last December the parliament in India voted for the premature resignation of ten members of parliament that were caught red-handed for bribery. The process of handing over the payola was recorded on a web-camera and repeatedly aired on one of the country’s most popular TV channels. This was sufficient for the MPs to put an end to the careers of his careless colleagues. However, this did not have an impact on the overall level of corruption in the higher echelons of power in India as this year several more MPs were dismissed on suspicion of bribery.

Naturally, combining politics and innovative technologies does not guarantee positive results systematically. Indeed, the accountability of politicians before society does not increase automatically and it is very often difficult for high-ranking government officials to turn down an offer they cannot refuse in terms of power. For example, Ferenc Durchan remains the prime minister of Hungary. Back in September 2006 video recordings of speeches he gave at secret meetings of the Socialist Party in which he admitted lying on several occasions in order to assuage society prior to the parliamentary elections were made public.

Secrecy about the unsatisfactory state of the economy and the country’s future problems ensured Durchan a second victory in the elections and retain his post as premier. Of course, his public cynicism incited protests of the right-wing opposition and mass public unrest in Budapest. Despite this, Durchan’s government received another vote of confidence of the parliamentary majority loyal to him. Meanwhile, control over the national media allowed for localizing civil protests within the confines of the nation’s capital and kept them from spreading to the countryside.

One would think that the Hungarian and Polish experiences offered Ukrainian politicians a nice formula for counteracting blackmail and political mudslinging through legitimate recording on video tape and public disclosure. First of all, in order to hold on to the reins of power a leader must garner the support of parliamentary majority. Secondly, a political leader must have at his or her disposal a powerful national TV channel in order to organize an effective counter-propaganda campaign.

Nevertheless, the fact that political and media resources in Ukraine are split more or less evenly between counteracting parties gives grounds to hope that such recipes will not work on Ukrainian turf.

Text available on World Wide Web, URL:
<http://www.kyivweekly.com/?art=1197480905>

15. Almost Tymoshenko **By Petro Rivniy**

Yulia's tricks

The successful joint voting of the Yulia Tymoshenko Bloc and Our Ukraine—People's Self-Defense for Arseniy Yatsenyuk becoming the new speaker of the Verkhovna Rada was litmus test of the viability of the "orange coalition". This was the first time that Tymoshenko managed to prove that a majority of one or two votes can have the desired effect, notwithstanding the fierce opposition of political rivals and even allies.

The team of Premier Viktor Yanukovich and some members of the President's Administration headed by Viktor Baloha were not the only ones playing against the union of BYT and OU-PSD. Members of the Our Ukraine, party controlled by the Presidential Administration, refused joining a coalition with BYT up until the very last minute.

Voting for Tymoshenko's premiership turned out to be less successful. The board twice showed "225" votes in favour. The orange accused the Rada Electronic System of Vote Counting and a representative of the Party of Regions, who prevented Yatsenyuk from voting. BYT leader supporters insisted that the president proposes Tymoshenko to the position of premier again. Be that as it may, the situation showed that in the process of preliminary talks Tymoshenko failed to win over any deputy beyond the BYT-OU-PSD coalition.

Prior to that, Tymoshenko had to take one step back in order to make two steps forward to reclaim the seat as the country's premier. The first move that Tymoshenko made was trying to convince her allies in Our Ukraine to delay a mutiny against the president's decision to replace Vyacheslav Kyrylenko with Arseniy Yatsenyuk as the VR speaker. At the same time, this move softened the threat that disgruntled supporters of Kyrylenko may "push the wrong buttons" in voting for or against such a critical decision for Tymoshenko.

The undisputed leader of BYT demonstrated diplomatic skills during the talks with the Communists. Initially, the "orange coalition" put forth the candidacy of Adam Martynyuk for the position of first vice speaker. Although the election of the parliamentary presidium failed, the Regions nominated the very same CPU member for VR speaker. In short, if one of the CPU leaders is given a high VR post, he or she will not become a tenacious enemy of Tymoshenko, because it was she that gave him the "ticket to ride".

After the new VR speaker was voted in, BYT approached the CPU and Lytvyn's Bloc proposing that the two parties were first to chose parliamentary committees in order to chair them in the future. Obviously, BYT wanted the Communists and Lytvyn's Bloc to grab the most influential committees: national budget, finances, banking, fuel and energy, etc, so that the Regions will be deprived of levers and control over these committees. Furthermore, the concessions offered to the two smallest political factions now give Tymoshenko the opportunity count on their votes later on during the adoption of laws that are critical for the government. For instance, Lytvyn and the Communists gladly support the initiatives of BYT concerning a moratorium on the sale of land and paying back the debts of Oshchadbank to depositors, inasmuch as these issues will also be considered the fulfillment of promises made to voters.

Tymoshenko clearly earned the trust of Yatsenyuk by ensuring that his being voted in to the office of VR speaker. In reciprocation, Yatsenyuk promised he would do everything in his power to ensure that Tymoshenko takes the seat of the premier. Should Tymoshenko not decided to play games of intrigue in order to limit the powers of the new speaker by strengthening his deputies, cooperation with Yatseniuk could serve as a guarantee of the stable and relatively comfortable existence of her political force under Tymoshenko's leadership.

President not lost

Viktor Yushchenko managed to gain a serious edge in the process of forming a coalition in the parliament. First of all, the president aptly demonstrated to Yulia Tymoshenko that he will control the orange coalition in the parliament with the help of a dozen votes of super loyal deputies and do so through separate channels of communication with oppositional factions i.e. the Party of Regions.

Secondly, the president managed to successfully establish control over the leadership of the Verkhovna Rada through Yatsenyuk without having to resort to the services of the Party of Regions or Lytvyn's Bloc. Now Yushchenko does not have to make concessions to anybody, while members of the Party of Regions have to settle for the modest status of "political beggars". In this process, the Presidential Administration also managed to prevent the formation of a situational alliance between Tymoshenko and the CPU, thus depriving BYT of the freedom of political maneuvering.

Thirdly, by putting his own man in the speaker's seat the president has created yet another real center of power within his inner circle. Yatsenyuk immediately came forth against the head of the presidential secretariat and convinced Yushchenko of the need to appoint the premier first and later vote for the package of 12 laws expanding the powers of the president. Taking the matter one step further, Yatsenyuk assumed responsibility for organizing talks between the "orange coalition" and de-facto opposition factions (the Party of Regions, CPU and Lytvyn's Bloc) on the distribution of managerial positions in the VR presidium and parliamentary committees. In short, this means that Yatsenyuk not Baloha will be the key mediator in relations between Yushchenko and Tymoshenko, as well as interlocution between the president and the political opposition.

The president's only true loss is the failure of the "broad coalition". An alliance with the Party of Regions is yet impossible without re-formatting of the VR presidium, the split of OU-PSD and institutionalizing Tymoshenko as a powerful candidate in the next presidential race.

Text available on World Wide Web, URL:
<http://www.kyivweekly.com/?art=1197480759>

16. Shaimiyev asks Yushchenko to help resolve Ukrtatneft conflict Itar-Tass, 12 December 2007

Tatarstan President Mintimer Shaimiyev asked Ukrainian President Viktor Yushchenko to interfere in the conflict involving Ukrtatneft.

Shaimiyev asked Yushchenko to personally look into the situation and help bring the conflict back to a legal footing.

According to Shaimiyev, Tatarstan attaches great significance to this joint project and, if Ukraine resolves the conflict in a constructive manner, will be interested in resuming oil supplies to the Kremenchug oil refinery at the earliest opportunity and launching the first stage of its modernisation.

Tataneft has sent letters to major traders, asking them to block oil supplies to the Kremenchug oil refinery until the conflict between the Ukrtatnefta shareholders is resolved.

Most traders have already orally confirmed their support to Tatneft's appeal. Meanwhile the company Rixo (Turkey) has supplied a certain amount of oil to the Kremenchug oil refinery after oil supplies from Tatarstan had stopped.

Tatarstan's oil will not be supplied to the Kremenchug refinery until the raiders who seized it, have quit, Tatneft deputy sales manager Vladimir Karpov said earlier.

On October 19, Ukrtatnafta's management was violently changed after 50 armed people had broken into the Kremenchug oil refinery, beat up the guards, seized the enterprise's documents and seal and ousted Director Sergei Glushko, replacing him with Pavel Ovcharenko who had been earlier dismissed from this post by a resolution of the company's general meeting on November 12, 2004.

"The Tatar shareholders -- the Tatar government and Tatneft -- that control 37.4 percent of Ukratnafta, regard the situation as raider seizure. The supplies of oil from Tatarstan were stopped from the day of the criminal seizure of the company," Karpov said.

"We won't resume supplies of oil until this Bacchanalia has stopped, until the imposters have left the enterprise and legitimate chairman of the board -- Sergei Glushko, elected by Ukratnafta's general meeting -- has returned to the helm," he added.

"One gets the impression that a struggle between oligarchs is underway in Ukraine," Shaimiyev said.

"Tatarstan has addressed intentional experts who are now analysing and evaluating the situation," Shaimiyev said adding that he was hoping that "reason will prevail."

Earlier, Ukratnafta Supervisory Council head Shafagat Takhautdinov said in a statement that "the removal of Glushko and the appointment of Ovcharenko was suggested by the management of Naftogaz Ukrainy that holds 43 percent of shares in Ukratnafta."

"Any actions carried out by self-proclaimed head Pavel Ovcharenko, contracts and agreements, transactions, orders and resolutions are unlawful and are not subject to performance," Takhautdinov said

Tatarstan's government and the oil company Tatneft, which own 37.4 percent of the company's shares, condemned the seizure and described the incident as a "gross violation of the interests of shareholders of the Republic of Tatarstan".

Tatneft is the main crude supplier to the Kremenchug oil refinery and supplies about six million tonnes of oil a year to this oil refinery, and the Russian oil company has already supplied more than four million tonnes of oil this year.

Ukraine supplies some crude to this oil refinery, too. But Tatneft is the largest crude supplier to the oil refinery, and "after the hostile takeover this Russian oil company or other Russian companies are not interested in the crude supplies to the oil refinery", Industry and Energy Minister Viktor Khristenko said.

About 40 percent of oil supplied to Ukraine is processed by the Kremenchug oil refinery.

On November 21, Ukrainian Fuel and Energy Minister Yuri Boiko said Ukratnafta had found an alternative source of oil supplies from Russia to increase its output to at least 50 percent of its nominal capacity.

"We have received additional oil from Novorossiisk. So the enterprise is working in its usual mode as it did before oil supplies stopped," the minister said.

Ukratnafta was created in 1994 under decrees of the presidents of Ukraine and Tatarstan, Russia, at the Kremenchug oil refinery. Its designed capacity is 18.6 million tonnes of oil a year.

The State Duma condemned the armed seizure of the Kremenchug oil refinery.

The head of the State Duma Committee on Civil, Criminal, Arbitration, and Procedural Law, Pavel Krashennikov, said it was "nothing but arbitrariness" in respect of Russian interests in economic cooperation with Ukraine.

First deputy chairman of the State Duma Foreign Affairs Committee Leonid Slutsky described the situation as "a raider seizure with criminal elements".

The Russian Union of Industrialists and Entrepreneurs (RUIE) expressed concern over possible damage to the Russian shareholders of the Ukratneft Company and the protection of investors in Ukraine.

The Kremlin said it considered the situation surrounding the Kremenchug oil refinery to be an attempted seizure.

"We are worried by the attempted raider seizure. We hope that Ukrainian authorities will take immediate measures to restore legality, taking into consideration the interests of Russian shareholders," a representative of the Russian president's administration said.

Tatarstan's leaders and senior Tatneft executives asked the Ukrainian president and the government to "defend the interests of the shareholders and to bring order to the Russian-Ukrainian joint venture".

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=12173805&PageNum=0>

17. Ukraine disputed refinery hopes for foreign supplies Reuters, 13 December 2007

The manager in control of Ukraine's largest oil refinery said he hoped a Swiss-based trading company would continue to supply the plant, despite admonishment from Russia's Tatneft, Ukraine daily Kommersant reported on Thursday.

The Kremenchug refinery is working at much reduced capacity after ex-manager Pavel Ovcharenko forcibly took the plant over, saying a court ruling had reinstated him. Key supplier Tatneft (TATN3.MM: Quote, Profile, Research) immediately cut supplies.

Since the takeover on Oct. 19, Ovcharenko has been buying oil on the domestic market, but also managed to secure a delivery via the Black Sea port of Odessa in November from an unnamed source.

Tatneft revealed the trader to be Rixo International last week, and demanded that it stop any further supplies.

"I think Tatneft's demand is absurd ... I don't know what Rixo will do but I hope that they do not stop supplies, because one oil company cannot issue orders to another," Ovcharenko told the daily Kommersant Ukraina.

Tatneft is a shareholder of the company that runs Kremenchug, Ukratnafta, as is the Russian region of Tatarstan, Ukrainian state-run oil and gas company Naftogaz and two Western companies.

Kremenchug normally processes 500,000-600,000 tonnes of oil a month and its oil products normally account for about 40 percent of Ukrainian output. Officials last month said the refinery was working at 50 percent of capacity.

Ovcharenko bought about 170,000 tonnes in both November and December at Ukrainian auctions, on top of 165,000 tonnes bought from the undisclosed supplier.

Ukratnafta's emergence on the domestic oil market has pushed out two other smaller refineries, which have stopped processing due to lack of supplies.

Ukraine's prosecutor general has launched a case against officials in Ukratnafta for suspected tax evasion from January-October -- before Ovcharenko took over. Tatneft and Tatarstan have meanwhile refused to attend an extraordinary shareholders meeting to resolve the issue.

Text available on World Wide Web, URL:
<http://www.reuters.com/article/rbssEnergyNews/idUSL139373720071213?sp=true>

18. UPDATE 1-Russia's Evraz to pay \$2 bln for Ukraine assets
Reuters, 13 December 2007

Evraz Group, a Russian steel maker part-owned by billionaire Roman Abramovich, said on Thursday it expects to pay between \$2.0 billion and \$2.2 billion for acquisitions in Ukraine it announced earlier this week.

Evraz said in a statement payment would include about \$1 billion in cash. Russia's largest steel maker by domestic volume is acquiring the assets from Privat group, co-owned by Ukrainian businessmen Ihor Kolomoisky and Hennady Boholyubov.

Evraz is buying Dnipropetrovsk Iron and Steel Works, the Sukhaya Balka iron ore mining and processing complex and three Ukrainian coking plants, making it the first Russian steel major to own mills in its ex-Soviet neighbour.

Evraz also planned to acquire a 50 percent interest in another iron ore mining and processing complex, Yuzhny GOK, Ukraine's PrivatBank and Abramovich's investment vehicle, Millhouse LLC, said in a joint statement on Thursday.

Lanebrook Ltd, the majority shareholder in Evraz, has acquired the assets from Privat on a temporary basis and will transfer them to Evraz itself when the final price is agreed.

PrivatBank and Millhouse said Privat had sold the assets to Lanebrook for 34.5 million Global Depository Receipts in Evraz plus a cash consideration of approximately \$1 billion.

Evraz will acquire 95.57 percent of the Dnipropetrovsk steel mill, which has capacity to produce 1.8 million tonnes a year of pig iron and 1.23 million tonnes a year of crude steel.

It will also acquire a 99.25 percent stake in Sukhaya Balka, with annual capacity to produce 3.75 million tonnes of iron ore, as well as 93.74 percent of the Bagleykoks coking plant, 98.65 percent of Dniprkoks and 93.83 percent of the outstanding shares in Dniprodzerzhinsk Coke Chemical Plant.

The coking plants together have capacity to produce 3.52 million tonnes a year of metallurgical coke.

Evraz has said it expects the deal to be closed in the first quarter of 2008. (Reporting by Robin Paxton; Editing by David Holmes)

Text available on World Wide Web, URL:

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSL1352492320071213>

19. Study: Inflation eats up wage hikes
By Maria Aksyonova
Kyiv Post, 13 December 2007

Salary increase rates for Ukrainians will be among the lowest in Europe this year and in 2008, with high inflation actually turning the average pay hike in the nation into a salary decrease in 2007, an international consulting company reported.

According to the Mercer consulting company's Annual Worldwide Pay Survey, published Nov. 26, the nominal average pay increase in Ukraine by the end of this year will total 10 percent, but with year-end inflation in the country predicted by the company at 11.3, working Ukrainians will actually be making 1.3 percent less than the year before.

For 2008, the Mercer report predicts that the average pay hike for Ukrainians will break even with inflation, with both totaling 10 percent next year.

Ukrainian experts, however, disagree with Mercer's calculations, saying that salary increase rates in Ukraine will be much higher for the indicated periods.

Meanwhile, Ukrainian economic and investment experts are forecasting year-end inflation of 14-15 percent, with the consumer price index looking no less dire in 2008, given the relentless rise in energy prices, fueled largely by the higher natural gas bills that Russia and Central Asian producers have been slapping on Ukraine in the last several years.

According to Ukraine's State Statistics Committee, inflation in Ukraine has already reached 14.2 percent in the first 11 months of 2007. Kyiv-based investment bank Concorde Capital has predicted inflation of 15 percent by the end of this year.

While Ukrainians wallow in the mire of negative or zero pay growth this and next year, their counterparts in Western and Eastern Europe will do somewhat better – in any case, their salaries will beat inflation by at least a few percentage points, according to the Mercer report.

Mercer said that average salary growth in Western Europe in 2008 will total about 2 percent above inflation. A more optimistic forecast was set for Eastern Europe, with salaries beating inflation by an average of 3 percent.

Employees in Bulgaria, for example, will take home salaries that beat inflation by 4.9 percent, while Slovaks will smite inflation by a margin of 2.7 percent, and Czechs, by 0.9 percent.

India will see the highest salary growth, 9.8 percent above inflation, according to the report.

Meanwhile, Ukrainian experts say that salary growth will be much higher in the country than indicated by the report.

Hanna Cherednychenko, an economist with the Kyiv-based International Center for Policy Studies (ICPS), said that the application of different research methodologies on salary growth lead to different, higher figures than those offered by the Mercer report, and cast doubt on the possibility of providing a realistic picture of the salary situation in Ukraine from outside the country.

"Of course, it [the average salary rise in Ukraine this year] is lower than last year's (of 18.3 percent) due to higher inflation rates, though it is far from being eaten up by inflation," Cherednychenko said.

According to the State Statistics Committee of Ukraine, average salary growth stood at 12.6 percent in the first 10 months of this year.

In addition, it is still difficult to calculate real salary growth in Ukraine, as many employers pay a large portion of their salaries to employees under the table to avoid hefty social tax payments.

According to state figures, the highest salaries in Ukraine are found in Kyiv, where the average monthly pay is around double the average Ukrainian salary of \$258. Average monthly salaries in other large Ukrainian cities, such as Kharkiv, Dnipropetrovsk and Donetsk, hover around \$300. The lowest salaries, below \$200 per month, are found in smaller cities.

According to statistics provided by Rabota.ua, a leading job website, real average salaries are higher than the figures produced by state statistics officials.

In Kyiv, for example, the average monthly salary stands at about \$600, but can be much higher, depending on the job and the qualifications of an employee. What's more, salaries in smaller regions are also going up, according to Rabota.ua.

"Many employers [outside Kyiv] are ready to pay about \$500 to qualified personnel, said Viktor Zacotiy, a marketing expert at Rabota.ua.

"In large cities, such as Kharkiv, Dnipropetrovsk, Donetsk, Odesa and Lviv, offers of \$600-800 are increasingly common," he added.

In general, Ukrainian experts predict that salaries on the market will rise sharply in coming years.

Even so, Ukraine should remain a highly attractive source of inexpensive labor for companies based in Europe, or for targeting European consumers with its products.

Text available on World Wide Web, URL:
<http://www.kyivpost.com/business/general/27980/>

20. Life-quality index ranks Ukraine low
By Elisabeth Sewall
Kyiv Post, 13 December 2007

Ukraine ranked 76th of 177 countries in the United Nations' Human Development Index based on life expectancy, literacy, education and purchasing power.

Compiled by the UN's Human Development Report Office (HDRO), the HDI ranks countries according to three developmental dimensions, namely, a long and healthy life, access to knowledge and a decent standard of living.

Wedged between Colombia and Samoa, Ukraine is sixth of the 85 countries deemed to be in the "medium human development" range. 70 countries ranked as "high development" countries, with Iceland, Norway and Australia taking the top three spots.

The bottom 22 slots were all occupied by Sub-Saharan African countries with Sierra Leone ranking last. Each country's achievements in these dimensions were determined through statistical measurements of average life expectancy, adult literacy and combined gross enrollment in primary, secondary, and tertiary-level education, and GDP per capita (in purchasing power parity, or PPP, US dollars). The HDI refers to statistical data gathered in 2005 and made available to HDRO by July 2007 by various international and national agencies.

Ukraine scored an HDI value of .788 in the 2005 benchmark year, rising from .761 in 2000. The HDI has been compiled every five years since 1975. The country scored highest when it was first analyzed in 1990 with a value of .809, slightly lower than the Bahamas and Kuwait. Ukraine scored lowest in 1995 with a .756 value, which was only slightly better than Brazil and Belarus. Ukraine has gradually regained HDI value in the past decade.

In 2005, an average Ukrainian's life expectancy was 67.7 years, according to HDRO, and the country's GDP per capita totaled \$6,848 (PPP US\$). Meanwhile, its adult literacy rate was entered as 99.4 percent of the population, while its combined gross enrollment ratio for education totaled 86.5 percent.

"While the concept of human development is much broader than any single composite index can measure, the HDI offers a powerful alternative to GDP per capita as a summary measure of human well-being," according to the report.

At the 76th spot, Ukraine ranked lower than all of its freshly-minted EU neighbors Poland (37), Hungary (36), Slovakia (42) and Romania (60), and behind Belarus (64) and Russia (67). Both Russia and Belarus were included in the "high human development" category. The other CIS member states lagged behind Ukraine, with Tajikistan bottoming the bunch in the 122nd position.

The HDI report also measured countries according to a myriad of other criteria affecting human development as diverse as technology diffusion, water, sanitation and nutritional status, maternal and child healthcare, labor rights and unemployment, and environmental policy and energy use.

The substantial 384-page report pinpointed climate change as the most substantial challenge to human development in the coming years.

“In the long run, climate change is a massive threat to human development and in some places it is already undermining the international community’s efforts to reduce extreme poverty,” according to the report’s authors.

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