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1. Ukraine, Slovakia to strengthen border, energy co-op Xinhua, 14 January 2008

Ukrainian President Viktor Yushchenko and his Slovakian counterpart Ivan Gashparovic vowed on Monday to enhance bilateral cooperation on border traffic and energy supplies.

"We have reached full mutual understanding in signing an agreement on small border traffic ... The agreement has been drawn up and is expected to be signed after internal procedures in Slovakia and Ukraine," Yushchenko said at a joint press conference with Gashparovic in Uzhgorod, a border city in western Ukraine.

Yushchenko stressed that the issue of holding joint customs checks with Slovakia is very important for Ukraine, as 2.5 million people and 750,000 tons of cargo cross the Ukrainian-Slovak border annually, according to the Interfax-Ukraine news agency.

Gashparovic, who arrived in Ukraine for one-day working visit on Monday, said that Slovakia is paying great attention to the agreement on small border traffic.

He noted that in crossing the Ukrainian-Slovak border, people enter the European Union and, thus, the EU's existing rules should be taken into accounts.

"We have to consider and honor the opinions of the EU from the point of view of protecting its frontiers," he added.

Both sides also exchanged views on electricity supplies from Ukraine to Slovakia and pumping light Caspian oil across Slovakia to an oil refinery in the Czech Republic.

"We agreed to start implementation of the project to pump light Caspian oil via the small Druzhba (oil pipeline) across Slovakia to our European partners," Yushchenko told the press conference.

Text available on World Wide Web, URL:

http://news.xinhuanet.com/english/2008-01/15/content_7422259.htm

2. Ukraine asks to join NATO membership action plan Xinhua, 15 January 2008

Ukrainian leaders have signed a statement asking to join the NATO membership action plan at the forthcoming NATO summit in Bucharest, visiting U.S. senator Richard Lugar said here Tuesday.

"Ukrainian President Viktor Yushchenko, Prime Minister Yulia Tymoshenko and Parliamentary Chairman Arseniy Yatsenyuk have signed the statement calling for consideration on Ukraine's entry into the NATO membership action plan at the Bucharest summit," Lugar said.

"The president (Viktor Yushchenko) told me about the news this morning," he added.

Lugar pointed out that the Ukrainian leader's move would stir up discussions in society on the issue of Ukraine's entry into the NATO, which may soon result in holding a referendum on this problem.

"Yushchenko asked U.S. president and other NATO members for supporting Ukraine's efforts on joining the NATO membership action plan at the Bucharest summit," Lugar said.

Text available on World Wide Web, URL:

http://news.xinhuanet.com/english/2008-01/16/content_7428292.htm

3. Turkey speaks up for visa-free regime with Ukraine NRCU, 15 January 2008

Turkish Ambassador to Ukraine Erdogan Serif Iscan said this in an interview to the Business magazine.

15 January 2008

According to him, the Turkish side is ready to cancel visas for Ukrainians, still he understands Ukraine needs more time to pass such a decision. As he reminded, in October 2007 the two parties started negotiations into concluding an agreement into simplification of getting visas to Ukraine by Turks. "We offer to conclude an agreement providing a simplified procedure of visa getting by Turks, especially those planning to invest into Ukraine's economy. In fact, what we want of Ukraine is the same Ukraine wants from the European Union," Mr Iscan said. The ambassador stressed that geographic location and prospects for cooperation between the countries demand visa-free regime.

Text available on World Wide Web, URL:

<http://www.nrcu.gov.ua/index.php?id=148&listid=58619>

4. Gasparovic Visits Ukraine to Meet Yushchenko SK Today, 13 January 2008.

Slovak President Ivan Gasparovic, arriving for a one-day official visit to Ukraine on Monday, is scheduled to meet his Ukrainian counterpart Viktor Yushchenko for talks on economic co-operation and the visa regime following Slovakia's entry to the Schengen zone in December 2007.

The two presidents are due to hold discussions at the headquarters of the Transcarpathia regional government in Uzhgorod, and will inspect security equipment on the Slovak-Ukrainian border at Vysne Nemecke (Kosice region).

Also Slovak Economy Minister Lubomir Jahnatek will be part of Gasparovic's delegation. Jahnatek will meet with his Ukrainian counterpart Yuri Prodan.

Slovakia is keen on intensifying co-operation with Ukraine in terms of investment and tourism, and is considering the setting-up of an air link between Bratislava and the Ukrainian capital Kiev. It backs the transit of light crude from the Caspian Sea via the Druzhba pipeline, which in turn is connected to the Odessa-Brody pipeline.

Ukraine is a promising business partner, to which Slovakia exports automobiles, energy-sector machinery, television sets and medicines, at the same time importing raw materials such as iron ore, rolled steel, aluminium and wood products, and power-distribution equipment.

(TASR)

Text available on World Wide Web, URL:

http://www.sktoday.com/content/1078_gasparovic-visits-ukraine-meet-yushchenko

5. Ukraine, EU may conclude new partnership talks in 1st half of 2008 RIA Novosti, 14 January 2008

Ukraine and the European Union could conclude talks on a new partnership treaty in the first half of 2008, during Slovenia's six month EU presidency, the Slovenian ambassador to Ukraine said on Monday.

"We expect the talks to be completed during our European Union presidency, and concluded in 2008," Primoz Seligo said.

The current Partnership and Cooperation Treaty between the ex-Soviet republic and the EU expires in 2008. A new, seventh round of Ukraine-EU talks is scheduled to open in Brussels in March, while the eighth round could take place in Kiev in June. Ukraine wants a new treaty to seal the prospects of the country's EU membership, while the European Union does not yet envision such a possibility.

Slovenia assumed the EU rotating presidency on January 1, and will hand it over to France on July 1.

Meanwhile, the ambassador of the European Commission to Ukraine and Belarus, Ian Boag, said the talks on a new treaty depended on the negotiations on creating a free trade zone between Ukraine and the EU.

"In turn, this depends on the results of the talks on Ukraine's membership in the World Trade Organization," Boag said.

Text available on World Wide Web, URL:

<http://en.rian.ru/world/20080114/96593053.html>

6. Ukraine anxious about troubles it faces after Poland's joining Schengen UNIAN, 15 January 2008

On January 14, 2008 in connection with the situation which arose at the Ukrainian – Polish frontier, Deputy Minister for Foreign Affairs of Ukraine Mr.Kostyantyn Yelisseyev met with Ambassador of Poland to Ukraine Mr. Jacek Kluczkowski, according to the MFA press-office.

Mr. Yeliseyev showed deep anxiety with the situation which had arisen at the checkpoints at the Ukrainian – Polish national border in connection with joining of Poland to the Schengen Agreement. He emphasized the necessity of sooner subscription of the Agreement on the Regulations of Local Border Traffic between Ukraine and Poland which would enable to simplify the border crossing procedure for residents of the boundary regions of Ukraine. According to the Ukrainian representative, this is the minimum which the both parties should do immediately in this sphere. Simultaneously, he emphasized that the urgent priority remains appropriate implementation of the Agreement on Simplified Visa Processing Procedure and start of the dialogue on the non-visa travel procedure for Ukrainian citizens with EU. According to Mr. Yeliseyev, the intent of Ukraine is to prevent by any means the Ukrainian borders with the EU member countries from turning into a barrier for trade, tourism and basic communication between relatives.

The Deputy Minister also noted that anxiety of the Ukrainian party with the situation which had arisen at the Ukrainian – Poland frontier was appropriately reported to the European Commission.

In response, the Ambassador assured of the willingness of the Polish party to accelerate elaboration of the said draft agreement which was being considered by the Polish party and to subscribe it in February.

In the course of the conversation, the schedule of the bilateral contacts for the first quarter 2008 was discussed.

The parties also considered preparation of Ukraine and Poland for the final part of the European Football Championship 2012 and acceleration of subscription of the respective bilateral agreement.

Text available on World Wide Web, URL:
<http://unian.net/eng/news/news-230907.html>

7. Verkhovna Rada ratifies Ukraine-EU readmission agreement Itar-Tass, 15 January 2008

The Verkhovna Rada has ratified the Ukraine-EU readmission agreement.

The agreement ensures swift and effective reciprocal procedures of identification and safe and organized return of individuals, who fail to comply with the rules in Ukraine or a EU member state, and their transit to the home country.

The readmission of stateless persons or citizens of third states, which do not have readmission agreements with Ukraine, will begin with a two-year delay.

Ukraine and the EU signed the accord by instruction of President Viktor Yushchenko in Luxembourg on June 18, 2007.

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=12258168&PageNum=0>

8. Ukraine applies for joining NATO Membership Action Itar-Tass, 15 January 2008

Ukraine has applied for joining the NATO Membership Action Plan, U.S. Senator Richard Lugar said on Tuesday after a meeting with the opposition Party of Regions.

Lugar said President Viktor Yushchenko told him that the premier, the speaker and he had signed an appeal for considering the Ukrainian affiliation to the NATO Membership Action Plan at the alliance's Bucharest summit.

The summit is due in April.

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=12258437&PageNum=0>

**9. Ukrainian PM Tymoshenko likely to visit Russia soon
RIA Novosti, 15 January 2008**

Ukrainian Prime Minister Yulia Tymoshenko is expected to pay a visit to Russia in the near future, the Russian Embassy in Kiev said on Tuesday.

Tymoshenko won re-election as premier on December 18, 2007. She has repeatedly announced plans to discuss reviewing energy cooperation with Russia, including gas supplies.

"The visit is being prepared, and I think it could take place in the near future," said Vsevolod Loskutov, minister-counselor of the Russian Embassy.

The Ukrainian Foreign Ministry also confirmed that Tymoshenko was planning to visit Russia, but did not name a date.

Ukraine's new premier, an outspoken pro-Western leader of the 2004 "orange revolution", is expected to drive a harder bargain in relations with Russia than her predecessor, Viktor Yanukovich, and to seek closer ties with Europe.

Natural gas has proved a key factor in Russian-Ukrainian relations over the past two years. In early 2006, a dispute led to Russia briefly suspending gas supplies to its neighbor, affecting consumers in Europe. Tymoshenko has said Rosukrenergo, an intermediary half-owned by Gazprom that sells Russian natural gas to Ukraine, is a tool for corrupt interests and must be removed.

Text available on World Wide Web, URL:
<http://en.rian.ru/world/20080115/96835791.html>

**10. Ukraine, EU To Hold Sixth Stage Of Talks On New Agreement In Kyiv In Late January
Ukrainian News Agency, 14 January 2008**

Ukraine and the European Union will hold the sixth stage of talks on signing of new strengthened agreement in Kyiv in late January.

This reads the statement ambassador of Slovenia Primoz Seligo, the text of which Ukrainian News obtained.

He said that the talks will take place on January 25, 27 or January 28.

At the same time, the next seventh stage of the talks is planned for March in Brussels, Belgium, and holding of the eighth stage is possible in Kyiv in June.

«I hope that the talks will be completed during our chair,» Seligo said.

Besides, he said that on May 28-29, it is planned that Kyiv hosts a number of meetings between Ukraine and the EU at the level of justice and internal affairs ministries.

Besides, it is planned to hold a number of meetings during Black Sea Cooperation initiative on February 14, Kyiv is to host a meeting with participation of Slovenian Foreign Affairs Minister Dimitrij

Rupel, EU Commissioner for external Relations and European Neighbourhood Policy Benita Ferrero-Waldner, the ministers from other EU member countries and ministers from the Organization of the Black Sea Economic Cooperation.

According to Seligo, the meeting will assist strengthening of cooperation between Ukraine and the European Union.

As Ukrainian News earlier reported, Foreign Affairs Minister Volodymyr Ohryzko calls for drafting new strengthened agreement between Ukraine and the European Union by September.

The European parliament repeatedly calls for provision of Ukraine with prospect to member in the European Union in new agreement between Ukraine and the EU.

Ukraine and the EU had earlier agreed to prolong force of the agreement on partnership and cooperation in the case signing of the new extended agreement is protracted.

Head of the European Commission in Ukraine Ian Boag considers that talks between Ukraine and the European Union on new extended agreement will last for over a year.

Text available on World Wide Web, URL:
<http://www.ukranews.com/eng/article/94477.html>

11. Leonid Kuchma: I am concerned by the uncertain prospects for the country's development
RIA Novosti, 15 January 2008

Excerpts from an interview with the former president of Ukraine. (Specially for RIA Novosti.)

In January it will be three years since the inauguration of the current Ukrainian President Victor Yushchenko, who succeeded Leonid Kuchma. In an interview with our agency Leonid Kuchma shared his vision of Ukraine today and in the near future.

You said in your time that you would like to see how Ukraine would live without Kuchma. Ukraine has changed dramatically over the past three years. In fact in political terms it is another country. What do you think about Ukraine without Kuchma?

"Ukraine without Kuchma" has entered its fourth year, but neither the president nor any of the governments have bothered to fulfill their constitutional duty and publicly present the goals and prospects of the state policy.

So, my answer to your question will take it from here: like all my fellow citizens I am worried most of all about the uncertain prospects for the country's development, the lack of even a hint at a consistent policy, or any logic in reforms.

The people, like myself, find this uncertainty more depressing than anything else. Which way are we moving? Are we reverting to socialism or do we continue building a market economy?

But if you ask me what I think about Ukraine without Kuchma, actually things might have been worse. Of course, the sharp rise in gas prices came as a heavy blow. But the economy did not collapse. That is the main thing. The political and business leaders have realized that they have to rely only on themselves. They started introducing energy saving technologies and have already made some progress along that way. If somebody thinks that looking at "Ukraine without Kuchma" I gloat over its shortcomings, they are mistaken. I am so glad to see anything positive that the negatives sometimes simply recede into the background.

Did President Yushchenko act legitimately in dissolving the Ukrainian parliament and calling a snap parliamentary election in 2007? What would you have done in the face of the situation that prevailed at the Supreme Rada in the early 2007?

Opinions may vary about the events of the past years. But there is no getting away from the fact that the events in the late 2004 and early 2005, like the early parliamentary elections last year, have happened and one has to reckon with it. But President Yushchenko's decision to dissolve the Supreme Rada was not legitimate in terms of the Constitution as I understand it.

You carried out a political reform in Ukraine in your time. Which of your ideas and proposals remain relevant today?

An authoritarian form of government by a tsar who is "the father of all Ukrainians" is impossible in Ukraine. We have a different mentality than people in Russia. So the parliamentary-presidential system is a political power structure that best suits our country.

The reform came as a result of a prolonged and very complicated political process. I played a major role, but I cannot claim all the credit for carrying out the reform. I am not saying it to appear modest, but to clarify the gist of the matter.

I would like to remind you of the 2000 referendum, whose results I never had a chance to put into practice. Under the Constitution it was the Supreme Rada and not the people who had the final say, and the Rada had not endorsed the results of the referendum. The referendum could be regarded as a forerunner of reforms. It demonstrated that the president had the right, under certain circumstances, to dissolve parliament. Take the issue of a two-chamber parliament. I think life has brought it home to every sober-minded politician that Kuchma was right on that issue. In due course the Ukrainian parliament is sure to have two chambers.

The fact that the reform, even in a truncated form, had been implemented in 2004 is a big plus. Of course, I could not foresee all the clashes connected with the proportional system of elections. I mean two things: first, the readiness of political parties and, second, the mechanisms of implementing the multi-party principles. It is our duty to perfect the electoral system mechanisms. But we are moving little by little towards the European parliamentary practice, and I believe the coalition government is a big plus, especially in the Ukrainian context. Otherwise what would have been the point of introducing a system of party elections?

President Yushchenko seeks to introduce amendments to the country's Constitution that would give him back more powers as president. To what extent will these changes help to improve the political climate in the country?

I don't know what the changes will be and I don't want to engage in guesswork. I don't think that giving the president extra powers would be good for our country. And not all the leading political forces would accept that. In any case it is important that these changes do not go beyond the parliamentary-presidential form of power. And secondly, they must be constitutionally legitimate and must have the parliament's approval.

In general, tweaking the rules can go on endlessly. The main thing is to fulfill what is written down, not to depart from the Constitution, the laws and procedures, whether you like them or not. An awareness and admission of that simple truth would do more than anything else to improve the political climate in the country. I hope it will happen. We have a very strong opposition, which is recognized and reckoned with by the authorities. And those in power in turn recognize that they may become the opposition at any moment. It is an important guarantee that everything will happen in a more or less normal way in the future.

How accurately does the present composition of the parliament reflect the political map of Ukraine?

The reflection is always relative. The only thing I object to is a one-party parliament system which is taking root in some CIS countries. And I would rather see the threshold of the percentage of votes

required to get seats in parliament decreased than increased, as some politicians in Ukraine propose. Such a parliament by definition would lack the main feature of parliamentarism.

Russian-Ukrainian relations are practically at a dead end. What are the reasons for the cooling of relations between the leaders of what are in fact two fraternal countries?

A cooling of relations cannot contribute to the development of any country, especially Ukraine. But I wouldn't describe the situation as a dead end. The relations between Ukraine and Russia are not confined to the relations between their leaders. Last year alone trade between our countries rose by more than 30% (there is no accurate data available). Perhaps that indicator reflects the absence of meetings that you mention. Of course, I am exaggerating, I am in favor of regular meetings between our heads of state, especially if they bring results. I have always followed that principle.

But life is always more diverse than our established ideas. The main principle in the development of economic ties is to set no obstacles. I think the same principle is important in the humanitarian sphere. As for politics, it is a servant of economic, humanitarian and social relations. Let us proceed on that basis. And I must stress that no official is able to change the fraternal relations between our peoples. One can make them more dynamic or slow them down for a while but one cannot "cancel" them. Lack of regular meetings between the presidents does not add luster to the names of Victor Yushchenko or Vladimir Putin. The Russian president should be more active in this area if only out of respect for the multimillion diaspora.

To what extent would Ukrainian membership of the European Union and NATO meet the country's interests? And how will the Russian leadership react to these plans?

In principle I am in favor of that move. I presented a detailed document, the Ukrainian "European Choice" strategy, to the parliament back in 2002. My position on the issue is as follows: before we join Europe we must tackle three basic tasks at home. First, become a viable state, second, have a competitive economy and, third, become a nation with an established national identity. You understand that these are global long-term tasks. Such integration presupposes an active policy not only towards the West but also towards the East and an all-round deepening of cooperation with Russia. By the way, this point was repeatedly made by the leaders of the EU, European countries and the United States. The EU is not interested in having a Ukraine that is separated from Russia by a "Chinese wall". As I see it, over the past years we have not drawn closer but have become more distant from the European Union. If you look at economic relations, statistics speak for themselves: the EU share in the Ukrainian foreign trade has dropped in the last three years. So, I have been and remain a supporter of large-scale cooperation with Russia within the common economic space. And the sooner we realize it the better for Ukraine. Otherwise we will remain an industrial-agrarian backwater.

As regards NATO, my position is also known and it has not changed. I am in favor of more active cooperation with the Alliance. By the way, that is what Russia is doing on a broader scale. As for membership, the decision must be taken by the entire nation in a referendum. I personally would vote against it. I think the best status for Ukraine today would be that of a neutral state. In saying so I am following the principle that puts internal policy above external policy.

How justified is the demand of the Party of Regions that Russian be introduced as the second official language in Ukraine?

To begin with, this is not a political demand, but a promise to seek the introduction of a second official language. That was one of the many serious political mistakes of the Party of Regions, which I think deprived it of the electoral support in the Western parts of Ukraine. And anyway, they knew full well that parliament would not back this position and that a constitutional majority would be required. That said, the Party of Regions should have tabled such a draft law as soon as it won seats in parliament because it was one of its electoral pledges. But I do not approve of politicians, on the right or on the left, using the language problem as a political football. It is a sensitive issue in all countries. And we are no exception. It is my deep conviction that the Constitution offers a good framework for the solution of all the existing language problems, including the problem of the Russian language in Ukraine, which admittedly is becoming more acute. The Russian language should not be regarded as

a foreign language in Ukraine. The Constitution says that the state guarantees the free development, use and protection of the Russian language. And indeed Ukraine has ratified the European Charter for Regional or Minority Languages. So, it has to comply with it.

Text available on World Wide Web, URL:
<http://en.rian.ru/analysis/20080115/96824988.html>

12. Pensioners fight for savings
By Anya Tsukanova
iAfrica.com,, 15 January 2008

Ukraine's long-suffering pensioners have been left jostling outside banks in freezing temperatures after the government offered to refund money lost during the Soviet economic crash of 1991.

Cashiers have struggled to process claims after the government of populist Prime Minister Yulia Tymoshenko proposed compensation for savings swallowed by the collapsing Soviet Union 16 years ago.

The gesture allows anyone who had a bank account until end of 1991 and can prove it to claim a maximum 1000 hryvnias (200 dollars). It is available to all, but has drawn mostly the cash-strapped elderly who had savings back then.

One man has died amid chaotic scenes across the country.

"His heart could not take it"

"They said his heart could not take it," a police officer explained after the elderly man died on Friday in the southeast of the country while waiting in line outside a bank for the chance to reclaim long-lost savings.

Millions of people saw their life savings become worthless almost overnight with the implosion of the Soviet economy.

Experts warn that Ukraine's attempt to compensate those victims risks increasing inflation, which reached 16.6 percent last year, a record since 2001.

But Ukrainians are flocking to get what they can.

Arguments erupted between irritated savers and bank officials across the country when the scheme opened Friday. In some outlets police were called in to control the crowds.

In the capital Kiev, the situation came to a head on Monday when state savings bank Oshchadbank complained of technical problems and stopped paying out the reimbursements.

When the bank stopped paying out in the capital Kiev, lines of pensioners refused to budge.

"What if they reopen?" demanded one woman outside a bank in the centre of the capital Kiev. "What if they later cancel the programme?"

"They're mocking us," said Ganna, a 70-year-old pensioner, wrapped in an imitation fur coat, who had been waiting in freezing temperatures since 6am at another bank in the city.

"I borrowed money to bury my husband, I need to pay back the debt," she said.

Raisa Taran, an Oshchadbank official, voiced sympathy for the pensioners, many of whom are among the 30 percent of the population living below the poverty line.

"People are in misery"

"The people are in misery, they need this money," she said.

Although the scheme covers only a fraction of some savers' funds it is a vast improvement on another scheme in the late 1990s that capped the reimbursement at around 10 dollars (almost seven euros).

The total amount of these deposits — originally Soviet rubles — is estimated by the government to be 128-billion hryvnias, although the final figure will only become clear when all the claims are processed.

Out of a total 47-billion-dollar 2008 budget, Ukraine has allotted up to four-billion dollars for the reimbursements.

Other observers complained the gesture was simply poor economic policy.

"This money was simply withdrawn from investments, from our future", said the political analyst Vadim Karasyov.

AFP

Text available on World Wide Web, URL:
<http://business.iafrica.com/worldnews/791549.htm>

13. Ukrainians queue for lost savings BBC News, 15 January 2008

Millions of Ukrainians have queued at banks across the country to claim compensation for bank savings lost in the collapse of communism.

Claimants braved freezing temperatures - with at least two pensioners dying in the process.

Each applicant is able to withdraw a maximum of 1,000 hryvnas (\$198; £101).

They are being encouraged to put the money - the equivalent of a month's wages for the average Ukrainian - into a savings account.

Economists have warned that a sudden cash injection into the economy could worsen inflation in Ukraine, currently running at 16%.

Chaos

Many Ukrainians built up savings during the Soviet era because, with consumer goods rare, there was little to spend money on.

But when communism collapsed and market reforms were launched in the early 1990s, inflation made the savings almost worthless

The move to honour accounts that effectively ceased to exist after the collapse of the Soviet savings bank has proved hugely popular.

It has bolstered the approval ratings of new Prime Minister Yulia Tymoshenko - who has earmarked about 6bn hryvnas in this year's budget to redeem some of the savings.

People began queuing last week to secure the money. However, many banks have insufficient cash to cope and chaos ensued around the country.

Reports suggest that one bank worker in central Kiev was beaten up by frustrated customers.

Observers say that many thought it best to queue on the first day that payments were set to be made - largely because Ukraine has a history of government decisions being overturned.

Text available on World Wide Web, URL:
<http://news.bbc.co.uk/2/hi/business/7187298.stm>

14. Speaker Arseniy Yatsenyuk meets with PACE rapporteurs NRCU, 15 January 2008

During the meeting with Hanne Severinsen and Renate Volvend Arseniy Yatsenyuk underlined that the early parliamentary elections in Ukraine enabled to establish constructive relations among the institutions of the president, the government, and the parliament.

When discussing the constitutional reform in Ukraine the speaker expressed a conviction that all the power branches in Ukraine will be able to cooperate constructively on this issue. However, he said, amending the Supreme Law is a "complex process" and a long-term prospect for Ukraine. Mr. Yatsenyuk also spoke in favor of establishing the norm of open candidate lists at parliamentary elections in Ukraine as part of the election legislation reform

Text available on World Wide Web, URL:
<http://news.google.com/news?hl=en&ned=us&q=Ukraine&ie=UTF-8&sa=N&start=40>

15. Poland's Agora launches Internet blog service in Ukraine AFX News/Forbes, 15 January 2008

WARSAW (Thomson Financial) - Polish media group Agora has launched an Internet blog service in Ukraine, its first project abroad, the company said in a statement.

Agora's chief executive Marek Sowa told Thomson Financial News last month that the company might follow initial internet ventures in Ukraine with more projects in press or publishing.

Text available on World Wide Web, URL:
<http://www.forbes.com/afxnewslimited/feeds/afx/2008/01/15/afx4531499.html>

16. New voestalpine steel plant in Bulgaria, Romania or Ukraine Wiener Zeitung, 15 January 2008

Bulgaria, Romania and Ukraine are competing to be the site of the new steel plant in Eastern Europe that Austrian firm voestalpine announced in November, 2007 that it would build. A decision is expected in autumn, 2008.

Voestalpine spokesman Peter Schiefer has said that the new plant will cost some 500 million Euros and produce around five million tonnes of flat-steel annually. That would mean that the new plant would be the largest in either Romania or Bulgaria.

Current top producer Kremikovtzi near Sofia in Bulgaria can produce two million tonnes a year. Voestalpine began construction of a new service center in Romania at the end of 2007 that will cost 18 million Euros. The Austrian firm already has three similar centers in that country.

Text available on World Wide Web, URL:

<http://www.wienerzeitung.at/DesktopDefault.aspx?TabID=4082&Alias=wzo&cob=322069>

17. Ukraine court to review energy deal Reuters, 15 January 2008

Ukraine's highest financial court will look into a deal raising the stake of the country's richest man, Rinat Akhmetov, in Dniproenergo DNEN.PFT, which had been overturned by a lower court, the power company said on Monday.

Shareholders in the country's leading electricity producer decided in August to increase its share capital, which would have effectively reduced the government's stake to 50 percent plus one share. Akhmetov stood to raise his stake to 40 percent.

Prime Minister Yulia Tymoshenko, then in opposition, immediately called it an opaque deal that favoured Akhmetov, a close ally of then premier Viktor Yanukovich.

In December, a regional court annulled the deal after a minority shareholder owning less than 1 percent called Business-Invest, challenged the shareholders' decision.

The ruling came just days after Tymoshenko formed her government, after narrowly winning a September election together with an allied party.

Tymoshenko spooked investors in 2005 during her previous premiership by calling for a review of "shady" deals. But she has softened her rhetoric since saying the government will support court rulings.

Several sell-offs have been probed by courts and some have been overturned. The largest was the resale of the Kryvorizhstal steel mill for \$4.8 billion after an initial \$800 million deal involving Akhmetov and another billionaire, Viktor Pinchuk. (Reporting by Natalya Zinets; writing by Sabina Zawadzki; Editing by Paul Bolding)

Text available on World Wide Web, URL:

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSL1450452020080114?sp=true>

18. Ukraine macroeconomic situation-November 2007 UNIAN, 14 January 2008

SUMMARY -----

[1] The Ukrainian economy grew by a solid 7.3% year-over-year (yoy) over the first ten months of the year as the shortfall in agriculture was compensated for by strong performance in domestic trade, manufacturing and transport.

[2] The strong resilience to energy price shocks demonstrated by the Ukrainian economy in 2006 and 2007 supports a positive outlook for real GDP growth in 2008 despite another increase in the price for imported gas.

[3] Over January-October, thanks to robust economic activity and cautious execution of expenditures, the consolidated budget reported a 0.75% of period GDP surplus. At the same time, the fiscal outlook for 2008 remains very uncertain.

[4] Consumer inflation surged to 14.8% yoy in October. The price increase on imported energy resources makes containment of inflation a rather challenging task for Ukraine in 2008.

[5] Ukraine continued to demonstrate strong export performance; however, faster growth of imports resulted in further widening of Ukraine's foreign trade deficit in January-September. On a positive note, the current account balance slightly improved given increased foreign trade service and net transfer surpluses.

[6] Despite political instability, net FDI inflows were at a record high \$7.1 billion over the first nine months of the year.

[7] As of mid-December, Ukraine had signed all bilateral protocols. However, despite expectations, it is likely to join the WTO in the first half of 2008.

ECONOMIC GROWTH -----

Over the first ten months of the year, the Ukrainian economy demonstrated robust economic growth. Despite a continuing decline in agriculture, strong performance in domestic trade, manufacturing and transport supported real GDP growth of 7.3% yoy in January-October.

Indeed, real GDP growth accelerated to 7% yoy in October, up from 6.2% yoy in the previous month. The good crop of maize and fruits (up by 37.5% yoy and about 25% yoy respectively) could not compensate for poor harvests of other cereals, sugar beets, sunflower seeds and vegetables.

As noted in the previous reports, thinner harvests this year were the result of this summer's drought, which caused a substantial decline in crop yields. As a result, agriculture reported a 5.3% decrease in value added over January-October.

The ongoing consumption boom, fuelled by a 12.1% yoy real increase in household disposable income over the first ten months of the year and high credit growth, favored the service sector and domestically-oriented industries.

In particular, value added growth in wholesale and retail trade accelerated to 17.2% yoy over January-October. Value added growth in the transport sector sped up to 7% yoy over the period, up from 6.7% yoy in the first nine months of the year.

Strong demand for transport services was secured by growing individuals' income, solid growth of industrial output, intensifying both domestic and foreign trade activity.

Closely linked to agricultural performance, the food processing industry reported a deceleration in output growth to 12.1% yoy (down from 13.3% yoy over January-September). Stabilization of steel prices on global and domestic markets [1] and a high statistical base effect were the main

reasons of an output growth slowdown in metallurgy to 9.9% yoy in January-October.

Increasing freight and input costs (particularly on iron ore and coke [2]) on the back of relatively stable world steel prices are likely to translate into further deceleration in Ukraine's metallurgy through the end of the year.

On the upside, as we predicted in the previous report, rising chemical prices (particularly on fertilizers) contributed to increased output growth in the heavily export-oriented chemical industry. Over January-October, production of chemicals expanded by 5.2% yoy, up from 4.3% yoy in the first nine months.

Benefiting from strong investment demand in Ukraine's main trading partner countries (particularly Russia) and robust domestic demand, production in the machine-building industry grew by an impressive 27.4% yoy over the period.

Given robust economic growth in the first ten months of the year, the government revised upwards its real GDP forecast for the 2007 to 7% yoy, up from the previous 6.5% yoy.

The strong resilience despite energy price shocks demonstrated by the Ukrainian economy in 2006 and 2007 supports a positive outlook for the Ukrainian economy in 2008 despite another increase in the price for imported gas.

According to the new agreement between Ukraine and Russia (which is not finalized yet), Ukraine will be paying a 37.1% higher price for imported gas from the beginning of 2008- \$179.5 per 1,000 m³. At the same time, the new gas price will still be considerably lower than the average natural gas price paid by European countries (by about 40-45%).

Contrary to expectations, the Ukrainian economy demonstrated strong economic performance in 2006-2007 despite an almost twofold increase in the imported gas price.

This was achieved thanks to a benign external environment (high world prices on steel and chemical products, robust growth in the trading partner countries), buoyant consumption supported by loose income policy and a continuing credit boom, and a pass-through of rising energy prices to producers and consumers.

The latter, as well as expectations that natural gas prices will continue to further rise to average European levels, stimulated more efficient use of energy resources and investments in energy saving technologies.

Though raising energy efficiency is undoubtedly a medium-to-long-term process, active investment spending may help to sustain economic growth in the short term. This calls for facilitation of structural reforms and development of a comprehensive policy aimed at creating a favorable business environment in Ukraine.

In sum, a 37.1% hike in imported natural gas prices in 2008 will represent a serious challenge to the highly energy intensive and energy inefficient Ukrainian economy.

However, we believe that the benign external environment (world steel prices are expected to stabilize or moderately decline but remain high, chemical prices are forecasted to continue rising though at a slower pace), strong consumption and investment activity, and the expected speed up in structural reforms will help to absorb the shock. As a result, the economy is forecasted to produce about 6% yoy real growth in 2008.

FISCAL POLICY ----

The robust economic growth encouraged good fiscal performance during January-October. Over the period, revenues to the general fund of the state budget were 2% above target. Total revenues to the consolidated budget grew by 27.5% in nominal terms to UAH 170.2 billion (\$33.7 billion) as of the end of October.

The biggest contributors to total revenue growth were personal income tax (up by 51% yoy in nominal terms) and non-tax revenues (up by about 27% yoy). Buoyant economic activity was reflected in growing profitability of Ukrainian enterprises.

According to the State Statistics Committee, reported profits before taxation were 70% higher in January-October than in the respective period last year. This allowed fiscal authorities to collect 32.3% yoy higher corporate income tax proceeds.

Fast growth of imports contributed to a 37.3% yoy nominal increase in receipts from customs duties. At the same time, collections from value added taxes could have been better. Given double-digit real growth rates in industry, domestic and external trade, VAT proceeds grew by a relatively modest 2.8% yoy in real terms (CPI deflated).

Such a modest increase in VAT receipts may be explained by the recommencement of some tax privileges at the end of 2006, including several free economic zones, and weakening fiscal discipline related to the prolonged period of political instability in the country.

At the same time, the expenditure side of the budget has been executed rather cautiously. Though the general fund of the state budget was executed in line with the planned amount in October (100.2% of the target), cumulatively expenditures were under-fulfilled by 5.1%.

As budget expenditures grew at a slower pace than revenues (by 25.3% yoy over January-October to UAH 165.4 billion or \$32.8 billion), the consolidated budget posted a surplus of 0.75% of period GDP.

Considering that the privatization program will not be fully realized (as of the end of October, the State Property Fund allocated just UAH 2 billion to the state coffers, which represents less than 20% of the full-year target), consolidated budget expenditures are likely to remain under-executed this year.

This, as well as faster than expected nominal GDP growth, may result in a much lower consolidated budget deficit in terms of GDP than was previously expected.

Along with control over expenditures, the government has been actively seeking resources to finance the expected fiscal deficit. In October, however, the government managed to attract just UAH 150 million (\$30 million) to the state budget from issuing domestic securities.

The weak demand for domestic bonds is explained by unattractive yields proposed by the government given recent acceleration of inflation and liquidity tightening on international financial markets.

At the same time, despite the not very favorable conditions for external borrowings, on the last day of October the government issued a decree envisaging placement of a \$700 million Eurobonds with 10 year maturity and 6.75% yield to be paid biannually.

So far during January-October the government has received UAH 5.8 billion (\$1.16 billion) from new domestic and external borrowing. However, this amount was marginally higher than debt repayment due over the period.

A 0.5% month-over-month (mom) increase in the stock of public and publicly guaranteed debt occurred on account of domestic guaranteed debt. The increase is attributed to providing a government guarantee to debt securities issued by the State Mortgage Institution.

Fiscal performance has remained favorable so far. At the same time, the fiscal outlook for 2008 is very uncertain. First, due to the early parliamentary elections and lingering process of formation of the new government, Ukraine may fail to adopt the Budget Law for 2008 by the end of the year. Second, mounting inflationary pressures and a widening current account balance call for the tightening of fiscal policy next year.

This may turn contradictory with the need to accomplish plentiful social expenditure promises made during the early elections this year. We believe that the fiscal policy of the new government will be stability oriented, while acceleration of reforms will allow for reducing inflation to low single-digits and achieving higher living standards in the medium term.

MONETARY POLICY -----

In October, a 4% mom surge in food prices and a 1.5% mom increase in non-food prices led to an almost 3% mom growth in the consumer price index.

This pushed annual inflation up to 14.8%- the highest rate in eight years. Ukraine is not alone in facing food price inflation. Similar developments can be observed worldwide.

As in the other countries, besides the poorer grain harvest this year, food prices in Ukraine are affected by higher freight costs and growing demand for food. The latter is attributed to double-digit growth in real household disposable income over the last four years.

In addition, Ukraine suffers from highly inefficient state interventions on the food market. Acceleration of non-food inflation in October occurred on account of soaring fuel prices (up by 3% mom) and an increase in the cost of hot water and heating (by 8.1% yoy) related to the start of the heating season. [3]

A surge in consumer inflation should also be attributed to rapid expansion of monetary aggregates. Due to robust foreign capital inflow (mainly in the form of FDI, private sector borrowings from abroad and export proceeds), the National Bank of Ukraine injected billions of hryvnia into the Ukrainian economy to maintain the de-facto peg of the hryvnia to the US dollar.

In October, the monetary base grew by an impressive 48.5% yoy. At the same time, the pace of growth of the monetary base slightly decelerated in October compared to the 50.6% yoy rate of increase in the previous month. The slowdown is mainly explained by sizable sterilization operations performed by the NBU in October.

That month, the NBU extracted UAH 9.7 billion (\$1.9 billion) of excess liquidity by issuing deposit certificates. Monetary aggregates growth was also supported by robust expansion of credit.

Following slight deceleration in September, the growth of commercial bank credit rebounded to 75.6% yoy. The fairly stable hryvnia exchange rate with respect to the US dollar, improved commercial banks' access to cheap financial resources and relatively high domestic inflation resulted in a growing currency structure mismatch between the asset and liability side of commercial banks balances.

In fact, the share of foreign currency denominated loans grew from about 42% in October 2005 to 51.5% in October 2007. At the same time, about 2/3 of all deposits are preferred to be held in the national currency.

In addition to the growing banking sector vulnerability to various risks (including foreign exchange risks), very high credit growth contributes to growing external and domestic imbalances of the country (through worsening of current account balance and surging inflation respectively).

To address these issues, the NBU decided to introduce reserve requirements on funds attracted by commercial banks from abroad. Starting November 20th, commercial banks will be obliged to keep 4% of the attracted external funds in reserves. According to rough estimates, this measure will allow for about UAH 1.5 billion to be sterilized.

However, as impact of monetary aggregates developments on inflation still remains rather limited, this measure is unlikely to contain runaway inflation, which is likely to reach about 16% yoy at the end of the year.

Given a 37.1% rise in imported gas prices since the beginning of 2008 and thus continuing deterioration of foreign trade balance, containing inflation will be among the most challenging tasks for Ukrainian authorities in the near-term.

INTERNATIONAL TRADE AND CAPITAL -----

Over the first nine months of 2007, Ukraine's merchandise exports grew by 27.6% yoy to \$35.7 billion. Some deceleration from 30% yoy growth in January-August may be attributed to slower export of agricultural, metallurgical, chemical and machinery products. Export of agricultural products continued to lose speed on the back of 33.2% yoy decline in grain export.

Stabilization of world steel prices and increasing statistical base were among the main reasons of slowing growth rates of metal exports (28.8% yoy in January-September vs. almost 32% yoy in the

first eight months of the year). Increased statistical base may also explain slower export growth of chemicals, machines and transport equipment.

At the same time, import growth was also on a decline, primarily reflecting lower imports of energy resources, which account for 1/3 of total imports. In particular, imports of natural gas have been declining in annual terms since July, which may be attributed to faster fill-up of Ukrainian gas storage in 1H 2007.

As a result, cumulative growth of gas imports decelerated to 11.9% over January-September. Climbing international crude oil prices and a rise of export duties on Russia's crude oil to record levels depressed domestic oil-processing. As a result, demand on imported crude oil declined, causing the cumulative value of crude oil imports to decrease by 0.4% yoy in January-September.

At the same time, import of gasoline has also decelerated to 30.6% yoy in January-September from about 61.5% yoy in the first nine months of the year. The slowdown may be attributed to the end of the harvesting campaign.

At the same time, despite deceleration to 31.5% yoy in January-September (down from 33.8% yoy in the first eight months of the year), merchandise imports kept growing at higher rates than exports, stimulated by strong domestic demand. As a result, the FOB/CIF merchandise trade deficit widened to \$6.7 billion.

According to the balance of payments (BoP) methodology, the merchandise foreign trade deficit widened almost 70% yoy and amounted to \$5.4 billion for the nine months of the year.

Thanks to a 12.5% yoy increase in service trade surplus and a 22.2% yoy higher surplus in transfers account, the current account deficit narrowed to 2.2% of period GDP in January-September, down from 3.4% of GDP in 1H 2007.

The strong macroeconomic performance demonstrated during 2004-2007 (even more impressive taking into account political instability and energy price shocks), the large domestic market with growing purchasing power of the population, the educated and relatively cheap labor force, rich natural resources, increasing trade potential (the coming WTO accession and good prospects of signing a free trade agreement with the EU) attracted foreign investors to Ukraine.

According to NBU data, net FDI inflows made up a record high \$7.1 billion over the first nine months of the year. Together with active private sector external borrowings, they formed an impressive \$10.7 billion financial account surplus (analytical presentation of the BoP).

The high financial account surplus allowed for covering current the account deficit and augmenting NBU gross international reserves to \$30.6 billion at the end of September 2007. The level of reserves was equivalent to 5.2 months of future import of goods and services.

OTHER DEVELOPMENT AND REFORMS AFFECTING THE INVESTMENT CLIMATE -----

In mid-November, Ukraine has agreed and signed a bilateral agreement on mutual access to the markets of goods and services of Kyrgyzstan. Similar protocols were later signed with Vietnam and Guatemala, which just recently joined the Working Group on Ukraine's WTO accession.

It was expected that during the meeting scheduled for the end of November, the Working Group would approve a report on Ukraine's progress towards joining the WTO and recommend the General Council to formally invite the country to the Organization.

However, the meeting of the Working Group was postponed as on the eve of the meeting the European Union required the country to settle the bilateral export duties issue (in particular, export duties on scrap metal). Despite the diplomats' efforts, the issue is unlikely to be resolved by the end of the year. Accession to the WTO is postponed until the first half of 2008.

FOOTNOTES:

[1] According to MEPS, the EU composite steel price index remained virtually unchanged in October compared to the previous month, while steel prices on the Asian markets reported moderate increase. The latter is explained by China's growing demand for metallurgical products inside the country. At the same time, due to intensified competition and rising freight, Ukraine's export of metallurgical products to Asian markets has been losing speed.

[2] Due to a number of accidents in Zasiadko mine, which supplied about 1/3 of coke to the domestic market, Ukraine may experience a coke deficit in the coming months. As coke is used as a fuel and an important component in the production of pig iron, the latter is likely to decline, putting downward pressure on further growth of metallurgical output.

[3] Due to the change in methodology effective since the beginning of 2007, the costs of utilities are classified as non-foods. Before, they were counted as services. As non-food and service price indices for previous periods were not revised, the growth rates of both indices are somewhat misleading due to the presence of base effects.

NOTE: To read the entire SigmaBleyzer/The Bleyzer Foundation Ukraine Macroeconomic Situation Report for November 2007 in a PDF format, including color charts and graphics click the following link and click on Ukraine November 2007.

BULGARIA, ROMANIA, KAZAKHSTAN AND UKRAINE

NOTE: SigmaBleyzer/The Bleyzer Foundation also publishes monthly Macroeconomic Situation Reports for Bulgaria, Romania and Kazakhstan. The present and past reports, including those for Ukraine can be found here

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Text available on World Wide Web, URL:
<http://www.unian.net/eng/news/news-230729.html>

**19. Ukraine's Bogolyubov mops up Australian mine buy
Reuters, 15 January 2008**

Ukrainian billionaire Gennadiy Bogolyubov's Palmary Enterprises said on Tuesday it would move to take full control of Consolidated Minerals (CSM.AX: [Quote](#), [Profile](#), [Research](#)) after winning a hotly contested \$1 billion-plus battle with other mining magnates for the Australian manganese producer.

Palmary, which announced it held more than 90 percent of Consolidated's stock on Jan.3, said it would now proceed with compulsory acquisition of remaining Consolidated shares.

Consolidated had been stalked by predators since early in 2007, when another private group, Pallinghurst Resources, launched a friendly offer that turned hostile when Palmary counterbid, pitting Bogolyubov against one of mining's best-known dealmakers, Brian Gilbertson.

Bogolyubov, who also owns a manganese project in Ghana and has interests industries ranging from oil and chemicals to banking, eventually won the battle after offering A\$5 a share, or A\$1.3 billion (\$1.1 billion) for Consolidated, which controls 10 percent of the world's manganese supply.

During the foray, which also attracted a bid by Consolidated's former managing director Michael Kiernan's Territory Resources Ltd. (TTY.AX: Quote, Profile, Research), Consolidated's market value more than doubled.

Pallinghurst is headed by one-time BHP Billiton Ltd. (BHP.AX: Quote, Profile, Research) chief Brian Gilbertson, who orchestrated BHP's \$57 billion merger with Billiton in 2001 to create the world's biggest mining house.

Kiernan, who used to drive trucks in the outback, was often seen wearing work shirts emblazoned with the Consolidated logo at industry conferences and likes to portray the rough-and-tumble straight-speaking outback prospector. Territory dropped out in October.

Gilbertson, a reserved South African, always wears a suit and has kept company with Nelson Mandela and Russian President Vladimir Putin. (\$1=A\$1.11)

Text available on World Wide Web, URL:

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSSYD1834220080115?sp=true>

20. Cabinet of Ministers of Ukraine will allocate UAH 200 mln. for agricultural insurance Agricultural Marketing Project, January 2008

More than UAH 24 billion (\$4.8 billion) of state budget 2008 will be allocated for the support of agri-industrial complex and rural area revival (more than UAH 8 billion (\$1.6 billion) was allocated in 2007).

There is a plan to spend UAH 200 mln. (\$ 40 mln.) of this sum for the compensation of the insurance payments done by those agricultural producers who insured the plantings. Such donation is provided by the Law "About state support of agriculture". The state reimburses 50% of the insurance payments for the agricultural producers who insured the plantings. The insurance let them claim for the other bonuses too.

Despite of the enumerated advantages and frequent weather disasters, agricultural producers do not hurry to insure the cultivation areas, RBK-Ukraine informs. In 2005 insurance officers insured 2% of planted cultivation areas; in 2006 - a little bit more than 3.4%, and in 2007 - around 5%.

Yaroslav Kardash, the President of the Association of Farmers and Private Land Owners, explains this situation by the absence of insurance companies able to introduce favorable insurance conditions for the farmers. "Agricultural producers deeply mistrust the insurance agents. Many insurance companies are ready to insure agricultural producers, although they are unable to provide a feasible mechanism both of the insurance process and the payments in case of loss occurrence", he thinks.

On the other hand, the farmers fail to insure the future harvest because of the absence of free operational assets. "Few agricultural producers can afford buying insurance in Ukraine. In most cases, the companies with foreign investments or large national agri-holdings are insured", Mr. Kardash tells.

To the opinion of insurance agents, the problem of agricultural insurance is the implementation of the rules stipulated by the Law. "The Law about the state support provided to agriculture does not work to the fullest extent. In many cases the support has no relation to the actual insurance and its terms. The state support of the agricultural producers should be reduced in order to stimulate the insurance process. But, the insurance agents should provide their clients with quality insurance product too", Elena Masharo, Deputy General Director of "Aska" insurance company thinks.

At the same time, the insurance agents point out that the agricultural producers are better stimulated by the already received payments of the insurance companies, but not the state donations. "Agricultural insurance was not obligatory in the previous years, because it was anticipated as the additional load on the agricultural activities; so, everyone got donations. Such situation affected the market of agricultural insurance much. But today, taking into account the past year summer drought and present-day frosts, the agricultural producers are sure to feel the feasibility of agricultural insurance", Vyacheslav Grabyna, the Director of the Department of Insurance Methodology and Underwriting, "Oranta" insurance company, observes.

"The draft Law "About the insurance of agricultural risks" has been prepared; it stipulates the creation of the agency for agricultural risks insurance, records of united statistics and introduction of the equal tariff rates. Of course, the allocated funds of the state budget are not enough, if we recollect that agricultural sector producers 10% of GDP. However, this sum is much greater than in the previous years, so it may really stimulate the agricultural insurance", Alexander Filonyuk, the President of Insurance Organizations League told.

By the way, the funds allocated by the budget are not necessarily adopted. Only around UAH 10 mln. out of the allocated UAH 54 mln. were adopted in 2005. The same situation took place past year. Mrs. Oxana Prudka, the Deputy Chief of Loaning and Insurance Department, the Ministry of Agricultural Policy, informed that UAH 2 mln. of budget funds were not adopted in 2007.

The Ministry thinks, the allocated UAH 200 mln. will not be enough for all the agricultural producers to get donations. "Right now we have spelled out the regulation to primarily grant those enterprises the donations who have been insured", Mrs. Prudka tells. If the dreams of the officials come true, the agricultural insurance payments will increase 35-50% in 2008.

Text available on World Wide Web, URL:
<http://www.lol.org.ua/eng/showart.php?id=54176>

21. Airspan Announces 5 GHz WiMAX Deployments in Ukraine CNNMoney, January 2008

Airspan Networks Inc. (NASDAQ: AIRN), a leading worldwide provider of WiMAX broadband wireless access networks, announced today that its MicroMAX products in the 5 GHz frequency band have been successfully deployed in the Ukraine. Ten national and regional carriers have won frequency licenses in the 5 GHz band during the recent competitive tenders carried out by the Ukraine National Committee of Telecommunications Regulations and are now beginning to deploy WiMAX networks. Airspan is currently supplying five of these carriers with its WiMAX solutions and they are offering commercial services in Odessa, Lviv, Zaporozhie, and Donetsk. WiMAX networks in 5 GHz are also planned in other large Ukrainian cities. Airspan is working with its partner, Unidata, one of Ukraine's leading network integrators and distributors of broadband wireless access equipment.

MicroMAX offers carriers operating in 5 GHz a standards-based alternative to competitors' proprietary equipment for this spectrum band. Combining high data rates and QoS features of WiMAX with unique interference mitigating technologies, MicroMAX in 5 GHz offers carriers a roadmap for technology advancement from Airspan, the leading provider of frequency bands for WiMAX. This frequency band is used in many worldwide markets as a regulated band.

"Airspan is the clear leader in supplying WiMAX solutions in the 5 GHz frequency band and is now supplying to 50% of the license holders in Ukraine. We see a proliferation of the 5 GHz technology in this fast growing market as it is well suited to offer our customers high quality data, VoIP, interactive Video over IP and IPTV services with high reliability," commented Anders Rendahl, Airspan's Senior Vice President of Sales and General Manager of EMEA. "Our technology is also gaining rapid adoption in the unlicensed 5 GHz applications around the world."

MicroMAX is a family of highly integrated micro-cell base stations with all-in-one outdoor packaging of RF and base-band components. Performance optimized variants for high density roof-top deployments and cost optimized variants for low density / rural deployments are available.

About Airspan Networks Inc.

Airspan Networks provides wireless voice and broadband data systems and solutions for the fixed and mobile WiMAX and Wi-Fi markets, including Voice Over IP (VoIP). Its wireless products serve operators around the world in both licensed and unlicensed frequency bands between 700 MHz and 6 GHz. Airspan has a strong wireless product roadmap that includes WiMAX Forum Certified equipment and products meeting 802.11 a/b/g Wi-Fi standards, Airspan's HiperMAX and MicroMAX base station products support portable and mobile 802.16e-2005 WiMAX alongside fixed and nomadic 802.16-2004 products. Airspan products also include "self install" and professionally installed customer premise equipment. Airspan is on the Board and is a founder member of the WiMAX Forum and a member of the Wi-Fi Alliance. The Company has deployments in more than 100 countries with more than 400 operators, 100 of which use Airspan's WiMAX Forum Certified and non-certified products. Airspan's wireless systems are based on radio technology that delivers excellent area coverage, high security and resistance to fading. These systems can be deployed rapidly and cost effectively, providing an attractive alternative to traditional wired communications networks. Airspan also offers radio planning, network installation, integration, training and support services to facilitate the deployment and operation of its systems. Airspan is an international telecommunications equipment provider headquartered in Boca Raton, Florida. More information on Airspan can be found at <http://www.airspan.com>.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, including statements regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management, may be deemed to be forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions or negative variations thereof are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Investors and others are therefore cautioned that a variety of factors, including certain risks, may affect our business and cause actual results to differ materially from those set forth in the forward-looking statements. The Company is subject to the risks and uncertainties described in its filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2006 and in the Company's 2007 Quarterly Reports on Form 10-Q. You should read those factors as being applicable to all related forward-looking statements wherever they appear in this press release. We do not assume any obligation to update any forward-looking statements.

Text available on World Wide Web, URL:

<http://money.cnn.com/news/newsfeeds/articles/marketwire/0348615.htm>