

1. Ukraine's PM hopeful Tymoshenko vows to cede some powers to president if appointed (AP/ The International Herald Tribune)
2. RPT-Ukraine Odessa oil refinery resumes work (Reuters)
3. Eleven dead in Ukraine gas blast (AFP)
4. Death toll in Ukraine gas blast rises to 13; more still missing (AP/The International Herald)
5. Tymoshenko Knows Who to Blame For Explosion (Interfax-Ukraine/Ukrayinska Pravda)
6. Ukraine nationalists rally in support of WW2 insurgents (Russia Today)
7. Ex-Ukrainian Partisans Mark Anniversary (AP)
8. Scuffles break out in Ukrainian WW2 guerrilla demo (Reuters)
9. Clashes in Kiev over Ukrainian Insurgent Army (Euronews.net)
10. Ukrainian nationalists honour anti-Soviet guerrillas (Gulf Times)
11. Ukrainian Communists protest against Yushchenko order (Itar-Tass)
12. Coalition Games. Part II (Ukrayinska Prawda)
13. Lutsenko Suggests That Yekhanurov Should Vacate His Seat (Interfax-Ukraine/Ukrayinska Prawda)
14. Constitutional players in what is no game (maidan.org.ua)
15. CEC Takes For Consideration Protocols Of All 225 District Electoral Commissions (Ukrainian News Agency)
16. Accord on Ukraine government put off (Reuters)
17. Analysis: E. Europe offers transit routes (UPI)
18. Prying open the Ukraine investment door (Czech Business Weekly)
19. Polish Pekao to take control of UniCredit Ukrainian operation – report (AFX News Limited/Forbes)
20. Billionaires in broadcasting, the Eastern way (followthemedias.com)
21. Blog: CSR in Ukraine on the rise, time for the big companies to step up (Ethical Corporation)
22. Gazprom disciplines the future Ukrainian coalition (EastWeek)
23. Ukraine: President Yushchenko calls for agreement between the coalition and the opposition (EastWeek)
24. The Ukrainian president proposes repealing the Law on Government and amending the Constitution (EastWeek)

---

### **1. Ukraine's PM hopeful Tymoshenko vows to cede some powers to president if appointed AP/ The International Herald Tribune, 12 October 2007**

Yulia Tymoshenko, the top contender for the post of prime minister in Ukraine after parliamentary elections, vowed Friday to cede some Cabinet powers to President Viktor Yushchenko if she gets the job.

The pro-Western parties of Tymoshenko and Yushchenko, the central figures in the 2004 Orange Revolution that ushered Yushchenko to power, together received a slim majority in the Sept. 30 vote and have enough parliament seats to form a governing coalition.

Tymoshenko said the two groups have agreed to let Yushchenko name the interior minister, Ukraine's top police official — a power now held by the Cabinet — and give him more leverage over other Cabinet and regional appointments.

"I think what we need now is not to engage in a fight for portfolios but to firmly show the capability of the democratic coalition to be formed and formed quickly," Tymoshenko told reporters.

She also warned her rival, the more Russia-friendly Prime Minister Viktor Yanukovich, who garnered the biggest share of votes, against seeking to have the election results invalidated and boycotting parliament sessions, as representatives of his party have said they might.

Tymoshenko's and Yushchenko's forces have offered to grant Yanukovych's party deputy ministerial posts in all Cabinet ministries as well as the position of deputy prime minister and chairs of some key committees in parliament.

Yanukovych's party has given mixed signals about whether it would accept the offer and threatened to render the legislature illegitimate by having one-third of parliament members stay away from sessions.

Tymoshenko vowed the parliament would be able to operate even with Yanukovych's seats empty.

"The Party of Regions' demarche to ruin stability in Ukraine ... today won't be in line with the constitution," Tymoshenko said.

"The Verkhovna Rada will work as it is," she said, referring to the 450-seat parliament.

Ukrainian politics have been riven by a power struggle between Yushchenko and Yanukovych since the tumultuous 2004 presidential race. Yanukovych was initially declared the winner, but the results were later overturned by courts and Yushchenko won a revote.

Yanukovych capitalized on widespread disillusionment in the slow pace of reform and returned as premier in 2006. The two leaders' bitter political standoff earlier this year led Yushchenko to call an early vote.

Text available on World Wide Web, URL:

<http://www.iht.com/articles/ap/2007/10/12/europe/EU-POL-Ukraine-Politics.php>

---

## **2. RPT-Ukraine Odessa oil refinery resumes work Reuters, 12 October 2007**

The Odessa oil refinery, owned by Russia's LUKOIL and undergoing repairs since 2005, is expected to resume operations on Oct. 14, Economy Minister Anatoly Kinakh said on Friday.

LUKOIL had announced when the plant was taken out of service that reconstruction would take three years and that the project involved investment of about \$320 million.

The company said at the time that annual production of high-octane gasoline would, after reconstruction, be doubled to 740,000 tonnes, with output of diesel fuel at about 960,000 tonnes.

Ukraine's network of six refineries has capacity to process 51.11 million tonnes a year of crude oil, which mostly comes from Russia.

Two refineries work constantly, two undergo periodic shutdowns and two have been closed down, including Odessa.

Text available on World Wide Web, URL:

<http://uk.reuters.com/article/oilRpt/idUKL1223745020071012>

---

## **3. Eleven dead in Ukraine gas blast AFP, 14 October 2007**

DNIPROPETROVSK, Ukraine — At least 11 people were killed and 23 others injured on Saturday in a gas explosion in an apartment building in eastern Ukraine, the emergency situations ministry said.

The previous toll of nine rose after rescuers found two more bodies in the remains of the building that was partially destroyed in the blast in the city of Dnipropetrovsk.

The two bodies could not immediately be removed from the building, according to the regional branch of the ministry.

Twenty-three others, including six children, were hospitalised, the ministry said earlier.

"A section of the centre of the building completely collapsed," said Olexander Dmyterko, a spokesman for the regional branch of the ministry.

Interfax reported that authorities were still seeking to locate at least 21 people who could have been inside the 10-storey building, which housed around 400 people, at the time of the blast.

The explosion at 11:00 am (0800 GMT) collapsed part of the block and broke windows of neighbouring buildings.

Prime Minister Viktor Yanukovych and other ministers went to the scene of the tragedy, while President Viktor Yushchenko expressed his condolences to the families of the victims.

Around 100 rescuers searched late Saturday with sniffer dogs for survivors among the building's debris after emergency services had evacuated panicked residents from the remaining part of the block.

One woman tried to pierce the police cordon around the block, sobbing: "Let me through! My daughter is in there!"

Local inhabitants later brought food, warm clothes and blankets to victims sheltering at a nearby school.

Meanwhile, some residents reported suspicious behaviour by three men near the building's gas supply earlier in the day.

Witnesses said that the three arrived at the building in a black car and played with the gas supply shortly before the explosion.

"Three men in leather jackets got out (of the car). They headed for the trap door" of the gas system, Ganna, one resident, told AFP.

"They did something and left quickly. The explosion happened after they left," she added.

Several people said they could smell gas beforehand.

The local gas company said that a sudden and still unexplained surge in gas pressure had triggered the explosion, without giving further information.

Yanukovych said in Dnipropetrovsk that the explosion was "probably" caused by a "breakdown" in the gas distribution system, Interfax reported.

The local prosecutor's office has opened an inquiry.

Text available on World Wide Web, URL:

<http://afp.google.com/article/ALeqM5gaenR25rXYQwgfShNQCI3WMeb3Q>

---

#### **4. Death toll in Ukraine gas blast rises to 13; more still missing AP/The International Herald Tribune, 14 October 2007**

The death toll rose to at least 13 Sunday from a natural gas explosion that ripped through an apartment building in eastern Ukraine, an emergency official said.

The blast destroyed much of the 10-story building in the industrial city of Dnipropetrovsk, about 600 kilometers (370 miles) from the capital, Kiev, ripping off parts of the roof and blowing out dozens of windows.

The blast was so powerful that its shock wave severely damaged several other multistory apartment buildings and smaller houses.

Several victims were found in the rubble overnight and Sunday, raising the death toll to at least 13, said Lyudmila Shcherban, a spokeswoman for the Emergency Situations Ministry. She said 24 people were hospitalized and others were still missing.

Natural gas explosions resulting from leaks in poorly maintained infrastructure or problems with canisters are common in the former Soviet Union, where gas is often used for heating and cooking.

The local gas company DnipropetrovskGorGaz said a sharp increase in gas pressure in the city system may have helped cause the blast, Interfax reported.

Text available on World Wide Web, URL:

<http://www.iht.com/articles/ap/2007/10/14/europe/EU-GEN-Ukraine-Gas-Explosion.php>

---

#### **5. Tymoshenko Knows Who to Blame For Explosion Interfax-Ukraine/Ukrayinska Pravda, 14 October 2007**

The BYuT leader Yulia Tymoshenko blames the Ukrainian government for the gas explosion in Dnipropetrovsk, which resulted in many deaths.

The state handed the gas and electricity networks to the private businesses and now the owners of such enterprises “do not allocate money for technical support and maintenance of gas networks”, she stated in her interview with the journalists in Dnipropetrovsk on Sunday.

According to Mrs. Tymoshenko, the number of JSC Dniprogaz technical staff, that examines the technical state of gas networks, has greatly reduced and is now three times less than it used to be.

Yulia Tymoshenko believes it is necessary to either bring these enterprises back under state ownership or enact such legislation that would force the owners of these enterprises to provide a proper technical examination and maintenance of gas networks with a view to avoid such emergency situations in the future.

Mrs. Tymoshenko also confirmed that BYuT, together with the city administration, has already begun searching for new accommodation for those, who had lost their apartments as a result of gas explosion.

She also stated that the amount of money, allocated for new apartments, is significantly lower than is actually needed. Therefore, she will insist that the Cabinet of Ministers and the government allocated the money which would indeed be enough for people to buy new apartments of equal worth. And this money, in the BYuT's leader opinion, should be allocated within the next week.

“We will not let them reconstruct the apartment block for it will not be durable enough,” Mrs. Tymoshenko emphasized.

Moreover, she said that BYuT has set up its headquarters at the accident scene, where people can get UAH 2,000 of financial assistance. The BYuT lawyers will help people search for new accommodation.

At the same time, Minister of Emergency Situations Nestor Shufrych informed at the briefing in Dnipropetrovsk that, according to the latest information, the number of people, who died in the gas explosion, is 10.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/14/9189.htm>

---

## **6. Ukraine nationalists rally in support of WW2 insurgents Russia Today, 14 October 2007**

*About a thousand far-right activists have had a rally in Kiev, demanding official recognition of WW2's Ukrainian Insurgent Army, the UPA. The demonstration came on the 65th anniversary of the founding of the group. The UPA fought both Nazi and Soviet forces in the 1940s, and its role in the war continues to divide Ukrainian people.*

UPA supporters clashed briefly with Communists in central Kiev, despite police cordons set up to keep the sides apart.

The authorities hadn't given permission for the Communist rally, and riot police had to step in to prevent trouble from getting out of control.

### **Resurgence in support**

Recently the UPA has begun to inspire new supporters among Ukraine's young.

Dmitry Korchinsky, who was a founding member of Ukraine's ultra radical party, UNA, and its military wing, UNSO, recalls:

*"We gathered anti-Soviet brigades to fight the communist groups. And we were very upset when they disappeared. For any such company, there should be a war. One can only discover the true self in death. That's why we took part in military conflicts".*

According to Korchinsky, they took part in various ethnic conflicts in Europe. His soldiers fought alongside militants in Chechnya and Serbs in Kosovo.

Marko, who's one of the young heirs to the radical UNSO groups, says that most of his friends at home are more interested in computers than shooting. So, he chose different company.

*"Our motto is 'Glory to the nation, death to the enemies'. We must protect our nation in any way we can. I want to learn here how to protect myself and my family,"* he says.

Like their predecessors, they train in the forest. But the difference is they now have a license to do it. Under a new leadership, they claim to have stopped hating Jews and burning Russian flags.

The young nationalists say they want to be like the heroes of the Ukrainian Insurgent Army. Caught between German and Soviet Union forces, the UPA fought them both during the Second World War.

### **Conflicting views**

Oles Yanchuk has produced several movies about them. And while some call them traitors, or Nazi collaborators, he believes they were freedom fighters.

*"They were not occupants; they were protecting their own land. And there were two major forces that wanted to put them down, even more to exterminate them. In 1935, when the Bolsheviks came to western Ukraine, 10 per cent of its population was wiped out. They were either killed or sent to Siberia in the course of one year," Oles says.*

There have been numerous attempts by the government to reconcile Red Army and UPA veterans. Both fought to liberate Ukraine from the Nazis.

When President Viktor Yushchenko attended the premier of a Yanchuk's film, he applauded the producer for revealing what he called 'the truth about the UPA'.

At the Victory Day parade this year, he suggested that Soviet veterans and Ukrainian partisans should be put on a par with each other.

*"It's time to put an end to the cynical politics of the followers of class struggle who openly try to divide our nation. It's time to say to each other that everyone who fought for Ukraine deserves eternal respect and gratitude," the president said.*

Red Army veterans, however, aren't happy with the thought.

A daughter of a Soviet Army colonel, Alla Popova, recalls her parents' stories with fear. Her family lived in western Ukraine where the UPA movement was strongest.

*"My dad fought in the first Ukrainian front. They came with peace, brought teachers with them from Russia to educate people in Ukrainian villages. He was telling me that UPA partisans were raping those teachers in the forest and hanging them by their hair," she says.*

As politicians are working out how to reconcile the veterans, half a century after the war ended, some people's wounds show no signs of healing.

To educate teenagers, the UPA created a series of comics about themselves. But some believe their history is too controversial to be turned into a Disney-like plot with global appeal. To date, the comics are only available in libraries.

Text available on World Wide Web, URL:  
<http://www.russiatoday.ru/news/news/15511>

---

## **7. Ex-Ukrainian Partisans Mark Anniversary** **By YANA SEDOVA** **AP, 15 October 2007**

For the first time since World War II, Ukrainian partisans celebrated their nationalist army's creation Sunday with the full approval of the Ukrainian government, despite efforts by angry socialists and communists to break up their gathering.

The Ukrainian Insurgent Army, or UPA, battled both Soviet and Nazi forces during the war, and for several years after the war continued to carry out raids against the Soviets and to disrupt efforts to collectivize farms.

Since the 1991 Soviet collapse, the former partisans have sought financial and moral recognition similar to what Red Army veterans have long enjoyed.

"We needed our government to recognize us and nothing else," said UPA veteran Stepan Babii, 83, who came to commemorate the anniversary of the army's creation in 1942. The crowd of several thousand included uniformed veterans, their relatives and many young Ukrainians.

Hostility toward the partisans runs deep in Ukraine because they initially sought support from the Nazis, believing the Germans would grant Ukraine independence. The country was overrun by Nazis before the Soviets drove them out in 1944. An estimated 7 million Ukrainians died in the fighting, and 2.4 million people were sent to Nazi concentration camps.

During Soviet times, schoolchildren were taught that members of the insurgent army were enemies of the people and that they committed atrocities alongside Nazi troops.

Western-leaning Ukrainian President Viktor Yushchenko signed a decree Thursday on celebrating the 65th anniversary and ordered the government to improve medical care and other social benefits for the former partisans.

The president — whose father was a Red Army soldier who spent four years in a Nazi camp — called for further study of the historical role played by the 100,000 partisans.

Yushchenko has long been trying to win recognition for the partisans, but his efforts have met resistance from communists and Red Army veterans.

The question of how to treat the nationalists in Ukrainian history — as freedom fighters or traitors — has polarized Ukraine. The west of the country supports them, while in the Russian-speaking east, support for the Soviet fighters is stronger.

Members of the Progressive Socialist Party of Ukraine tried Sunday to prevent the former partisans and their supporters from reaching the central square, and a few were detained while trying to push through police barriers. Communist Party members stood along the approaches to the square with posters reading "Fascism will not come."

Text available on World Wide Web, URL:

<http://ap.google.com/article/ALeqM5grKmzcVCt8L0-UfHxPGan5N5VStwD8S9BTO00>

---

## **8. Scuffles break out in Ukrainian WW2 guerrilla demo Reuters, 14 October 2007**

Nationalists and leftists scuffled on Sunday at commemorations for a World War Two guerrilla group that fought both the Nazis and the Red Army, an issue still dividing post-Soviet Ukraine more than six decades later.

Ukraine's World War Two legacy is divided by those honouring the Soviet army's defence of its homeland and those in western Ukraine who founded the Ukrainian Insurgent Army (UPA) to secure an independent state.

Several thousand supporters of the UPA and a number of its veterans marked the 65th anniversary of the group's founding on Sunday outside the 11th century St. Sofia Cathedral.

"We fought for the Ukrainian state on our own land," said veteran Fotiy Volodymyrsky, dressed in his uniform. Supporters of UPA fighters want veterans to secure official recognition as combatants and to be awarded pensions.

Leftists say such a suggestion is an affront to the memory of the 27 million Soviet lives lost during the war -- including 5 to 8 million killed in Ukraine.

President Viktor Yushchenko has tried since taking office in 2005 to reconcile the two sides with only limited success.

He greeted UPA veterans at a reception, saying: "The memory of every hero and every victim in the fight for the liberation, freedom and independence of Ukraine is sacred and indivisible."

Half a kilometer away from the nationalist rally, several hundred leftists, some with posters of Soviet dictator and wartime leader Josef Stalin, gathered by the only remaining statue in Kiev of Soviet state founder Vladimir Lenin.

Hoping to prevent a repeat of violent clashes at a similar gathering two years ago, authorities deployed a large contingent of Interior Ministry officers to confine them to the area

Scuffles broke out when nationalists threaded their way through heavily guarded barriers that separated the two sides throughout the city centre.

A Reuters reporter saw at least six people detained by the police and a brief fistfight between a nationalist and leftist. There were no arrests.

The division between western Ukraine and the mostly Russian-speaking east was a key factor in the 2004 "Orange Revolution" which brought Yushchenko to power.

It has subsided somewhat, but most voters in the west still supported "orange" parties in last month's parliamentary election, while those in the east supported the Regions Party of Prime Minister Viktor Yanukovich. "Orange" parties won a small majority and are expected to form a government.

Text available on World Wide Web, URL:

<http://uk.reuters.com/article/worldNews/idUKPOP45897320071014?pageNumber=2>

---

#### **9. Clashes in Kiev over Ukrainian Insurgent Army Euronews.net, 14 October 2007**

An attempt by the Ukrainian president to bring some unity to his country appears to have backfired. Viktor Yushchenko approved a march by veterans of the nationalist Ukrainian Insurgent Army to celebrate the 65th anniversary of its formation. But left-wing groups mounted a demonstration against the veterans, saying they were fascists who had collaborated with the Nazis during the second world war.

The old soldiers say it was communists and Soviet propaganda that spread lies about their history, because as a nationalist force, they also fought Stalin's troops in an attempt to win Ukraine its independence. It was this sense of national pride that President Yushchenko had hoped to tap into, in an attempt to unify today's Ukraine.

Away from the street, the politicians have battles of their own over the formation of a government. A power-sharing plan to form a coalition between the President and the main pro-western parliamentary bloc still is not ready, and has been put back till next week.

Text available on World Wide Web, URL:

<http://euronews.net/index.php?page=info&article=448202&lng=1>

---

#### **10. Ukrainian nationalists honour anti-Soviet guerrillas Gulf Times, 15 October, 2007**

Veterans of Ukraine's nationalist uprising in the 1940s and 1950s demonstrated yesterday in Kiev, while pro-Communist groups staged a counter-demonstration nearby, underlining historical tensions in this ex-Soviet republic.

About 5,000 people rallied in the centre of the capital to mark the 65th anniversary of the founding of the Ukrainian Insurgent Army (UPA), which spent years fighting Soviet rule.

Meanwhile, several hundred leftists and Communists gathered nearby to protest against the rally: they say the UPA was pro-Nazi. Riot police were out in force to prevent the two sides from meeting. President Viktor Yushchenko had personally ordered that commemorations be allowed across Ukraine to mark the anniversary. He has also said he wants UPA veterans to receive higher social benefits. The Western-leaning president has made a point of supporting measures to honour the UPA veterans. At various stages in their existence, they fought for Ukrainian independence against the Soviet Red Army, the Nazis and Poland, before being finally crushed by Soviet forces.

Ukraine's Communist rulers then imprisoned or executed surviving leaders. They also ensured that official histories referred to UPA only as a fascist organisation that aided Germany, rather than a nationalist movement striving for independence.

Yesterday, nationalists gathered at a monument to Ukrainian poet Taras Shevchenko, waving Ukraine's blue-and-yellow flag and the black-and-red banner of the Organisation of the Ukrainian Nationalists.

"I'm here to support the recognition of UPA as a participant in World War II," said Mykola Gnatko, 49. On Saturday, several thousand people in the western city of Lviv, a nationalist stronghold, attended the unveiling of a monument to famous independence leader Stepan Bandera.

But not everyone favours the shift to honour the UPA in this deeply divided country where many in the eastern regions, near Russia, do not even speak Ukrainian, but use Russian. About 300 people from leftist and pro-Communist parties met near the nationalists in Kiev to play Soviet songs and protest against recognition of UPA.

"No to Ukrainian fascism!" read one placard. "We are protesting against the president's order," Nina Zakharenko, 58, from the city of Svetlovodsk in central Ukraine, said. "UPA members were the dreadful people."

The UPA was founded in October 1942 and at one point counted around 40,000 fighters. Early on during Germany's invasion of the Soviet Union the nationalists welcomed the Nazis, seeing them as liberators from Soviet rule.

The UPA later took up arms against both the Germans and the Soviets. The organisation was strongest in the west of Ukraine and managed to keep up anti-Soviet resistance well after the end of World War II, when the Soviet Union occupied or took under control swaths of eastern Europe.

Yushchenko has had little success in his efforts to reconcile the former nationalist soldiers and Soviet army veterans. – AFP

Text available on World Wide Web, URL:

[http://www.gulf-times.com/site/topics/article.asp?cu\\_no=2&item\\_no=178606&version=1&template\\_id=39&parent\\_id=21](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=178606&version=1&template_id=39&parent_id=21)

---

### **11. Ukrainian Communists protest against Yushchenko order Itar-Tass, 13 October 2007**

The Communist Party of Ukraine has appealed to the Prosecutor-General's Office and the security services, following the signing of the decree by President Viktor Yushchenko, which ordered the celebration of the anniversary of the creation of the "Ukrainian rebel army" (UPA), which collaborated with the Nazis. In the opinion of the Communists, the decree, published on the official site of the president, violates the Constitution. "By issuing the decree, Yushchenko has violated the Constitution, specifically the articles, which deal with the propaganda and support on a state level of the ideology, which was condemned by the world community and the Nuremberg tribunal," says the statement of the Communist Party, issued on Saturday.

"We warn all the state institutions, all the individuals, that the kindling of inter-ethnic strife and the propaganda of neo-Nazi views, which could be the result of the fulfilment of the criminal decree, are punishable by law," the statement stressed.

Yushchenko signed a decree on Friday, by which he assigned the Crimean Council of Ministers and the city administrations of Kiev and Sevastopol to draft a programme of activities for celebrating the 65th anniversary of the creation of UPA on October 14, and to take measures for improving a material situation and medical aid to former UPA men. The cabinet of ministers was assigned to speed up the building in Lvov of a monument to Roman Shukhevich, UPA commander. The Kiev administration was assigned to complete by 2008 the modernization of a park in honour of "fighters for the independence of Ukraine."

The Ukrainian National Committee for TV and Radio Broadcasting was assigned to prepare a series of TV and radio programmes on that problem and to ensure wide coverage in the mass media of the preparation and holding of celebrations on the occasion of the 65th anniversary of the creation of UPA.

The Ukrainian public is not unanimous in its attitude to Yushchenko's idea to give equal rights to veterans of the Great Patriotic War and to former militants of nationalistic armed groups.

Text available on World Wide Web, URL:  
<http://www.itar-tass.com/eng/level2.html?NewsID=11963546&PageNum=0>

---

## **12. Coalition Games. Part II** **By Viktor Chyvokunya** **Ukrayinska Prawda, 13 October 2007**

Election outcome appeared a painful surprise for Viktor Yushchenko. However, having recovered from shock he realized advantage of his position.

The numerous parliamentary faction of the Party of Regions (PRU) will enable President Yushchenko to restrict and counterbalance Yulia Tymoshenko. His promises to favor the democratic coalition Mr. Yushchenko brings as an argument to the PRU.

In fact, he is fooling around with both opponents taking advantage of their antagonism and making new requests. Mr. Yushchenko considers himself a referee in this fight.

In actuality, the situation may have two scenarios.

### **Democratic coalition**

This scenario is much discussed and even has claimants to the second and third positions in the "state temple of fame."

### **Yulia Tymoshenko – the Prime Minister, Vyacheslav Kyrylenko – the Verkhovna Rada Speaker.**

Our Ukraine – People's Self-Defense held a session of the Supreme Political Council. Although there was no formal voting, there was no discussion of any coalition format other than democratic.

The meeting was to be held in Oleksandr Tretyakov's office which formerly hosted the party top management.

The Political Council adopted the first personnel decision after election. Vyacheslav Kyrylenko will be nominated for the position of the Verkhovna Rada speaker. Of course, he will receive this office only in

the democratic coalition, because Our Ukraine, as the less successful partner in the coalition, is entitled to claim the position of the Verkhovna Rada speaker.

It was also agreed to initiate meeting of the bloc with President Yushchenko and call a meeting of all bloc members elected to parliament.

Besides, the political council formed two working groups. The first one will be working out governmental action plan to be further agreed with Yulia Tymoshenko while the second group will prepare draft laws.

According to *Ukrayinska Pravda* sources, the President's Secretariat set a condition of passing several laws even before voting for the PM.

Also, the Verkhovna Rada will have to pass normative acts concerning pre-election promises of the Orange and strengthening of the president's powers.

This legislative package includes:

- draft Law on limitation of immunity from the law for the Verkhovna Rada lawmakers;
- amendments or cancellation of the Law on the Cabinet of Ministers that will enlarge powers of the president;
- amendments to legislation aimed at strengthening the president's powers on a local level. Governors appointed by Mr. Yushchenko need to be empowered to approve nominations for heads of local ministerial departments. Now, it is in competence of the central government;
- draft law on the Opposition. Recently it has been agreed that the opposition will receive numerous high offices: Vice PM, Vice Speaker, heads of special controlling committees, deputy ministers and governors, representatives in the supervisory council of state monopolies and the Audit Chamber;
- draft law on Procedural Rules. Now, the Verkhovna Rada regulations are set by the Verkhovna Rada resolution that makes it impossible for the president to interfere with the work of parliament. Once the law is passed, President Yushchenko will have a new influence lever on the Verkhovna Rada approving or vetoing amendment to Procedural Rules.

Also, amendments to Procedural Rules have to bring the Law on Imperative Mandate into action.

Thus, the Verkhovna Rada plans to pass about seven or eight laws by one voting.

Mr. Yushchenko's idea to establish the president's control over State Tax Service and the Interior Ministry met discontent of the BYuT.

When Viktor Yushchenko used to be economist he proposed to include the State Tax Service into the structures of the Finance Ministry. The State Tax Service had to be a part of the government. Now, at the height of the fight for presidential power he reviewed own positions.

As known, Mrs. Tymoshenko was really discouraged by Viktor Yushchenko's intention to establish control over Interior Ministry. The Orange Lady intended to nominate her closest ally Oleksandr Turchynov for the position of the Interior Minister.

She intended to do so back in 2005. Then, after the Orange Revolution and before voting for the PM, Mrs. Tymoshenko persuaded President Yushchenko to appoint Oleksandr Turchynov for the position of the Interior Minister.

"I believe him," Mr. Yushchenko used to say. However, Mr. Poroshenko managed to avert this scenario. Oleksandr Moroz also joined the game and proposed Yuriy Lutsenko. As a result, Mr. Turchynov was nominated for the head of the State Tax Service.

However, Yulia Tymoshenko managed to persuade President Yushchenko once again and the latter appointed Oleksandr Turchynov the Head of the State Security Service (SBU). Mr. Turchynov was remembered for criminal cases against RosUkrEnergo, Tretyakov's phone calls to Mr. President with the request not to arrest current head of UkrGazEnergo Ihor Voronin, Mr. Yushchenko's statements that his conversations were tapped...

Now, Mr. Yushchenko is aware of all risks having Oleksandr Turchynov in this office.

Firstly, he remembers events in the Prosecutor General's Office. Police uncontrolled by the president makes him helpless in emergency situations. Unlike Mr. Tsushko, Oleksandr Turchynov will never panic.

Secondly, President Yushchenko knows that Mr. Turchynov has goods on him.

However, there is one very important document that aggravates the situation for the president. According to sources in Our Ukraine, the president's bloc and the BYuT secretly signed a document titled "Protocol on Share of Power" several months ago.

This protocol was worked out by Viktor Baloha and Ivan Vasyunyk from Our Ukraine and Yulia Tymoshenko and Oleksandr Turchynov from the BYuT.

According to this document, the BYuT claims the Interior Ministry.

At that, there is no information if President Yushchenko is aware of such a document.

If Mr. Yushchenko manages to establish control over Interior Ministry Our Ukraine will join this game. The president's bloc will nominate Hennadiy Moskal for the position of the Interior Minister.

However, this may destroy possible dialogue with the Party of Regions. One of its leaders Borys Kolesnikov believes that it was Mr. Moskal who initiated his arrest in 2005. Also, Mr. Kolesnikov claims he has sufficient evidence that he was framed.

Thus, Yulia Tymoshenko's nomination for the PM is only half of success for her. She may simply lack votes to be elected.

Mrs. Tymoshenko's rivals will not even have to seek people who will accidentally fall ill on the voting day. NU-NS counts about 15 people who oppose the BYuT leader, including Ivan Plyushch and Yuriy Yekhanurov. That is why the BYuT will seek potential coalition partners. Obviously, she can find them only in Lytvyn Bloc.

Mr. Lytvyn's 'appetite' is still unknown. Volodymyr Lytvyn is on vacation now, having rest after intense election campaign. That is why he sent his deputies to the meeting with President Yushchenko.

### **Broad coalition**

Like a year ago, broad coalition talks are non-public and not covered by press. Broad coalition implies full participation of the PRU in the coalition but not conferring it the right of an honored opposition as suggested by Mr. Yushchenko. People who will occupy top offices in the broad coalition are already known:

### **Yanukovych – PM, Plyushch – Speaker**

According to information from Mr. Yanukovych's entourage, Mr. Yushchenko's consent to form a broad coalition was the main reason for their acceptance of an early election.

Besides, sources in the PRU election staff claim that the following formula of sharing authority was discussed at the meeting of Yushchenko, Yanukovych and Ambassadors of Germany and the US to

Ukraine: the party that wins the first place receives the position of the PM, the second successful party has the Speaker's office, while the party that receives the third place is granted positions in the Cabinet and parliamentary committees.

The PRU is not going to give away power. Although the situation seems stable now, the PRU staff is going to make public evidence that the BYuT bribed voters at election.

Looking for the reasons to declare this early election rigged, the PRU may refuse to take the oath of office which will make the parliament with hypothetical orange coalition incompetent.

However, it was obvious several months ago that the President's Secretariat would accept the broad coalition. Deputy Head of the Secretariat Ihor Pushkin was a frequent guest in Yanukovich's election staff while Viktor Baloha was negotiating with Borys Kolesnikov in restaurants. But when the President's Secretariat refused to react on Rynat Akhmetov's assuming control over DniproEnergo it was obvious that both parties were holding preliminary coalition talks.

But most certainly the PRU did not expect to receive insufficient number of seats in parliament to form a coalition.

A week before the election the PRU election staff reassured that Gallup Polls guaranteed the party 39%. In August PRU intended to receive 37%.

Due to unexpectedly low results 12 heads of regional campaign headquarters appeared in the non-electable part of the list irrespectively of the election outcome in their regions.

That is why attempts of PRU to look like winners seem insincere. Mr. Yanukovich's party received 135,000 votes less than at last year's election.

The PRU election staff reassures itself that Socialist Volodymyr Boyko stole 100,000 votes in Mariupol region. The result of the Socialist party was doubled there as compared with the election-2006.

Also, the PRU top management is calm because the decrease of the PRU result (135,000) is not so sharp as Our Ukraine electoral losses (238,000)

However, received results must incite the party to investigate the reasons of their failures.

It is obvious that no one will dare to put blame for the failed election on Borys Kolesnikov. That implies criticism of the most influential party member –Rynat Akhmetov. Unlike Our Ukraine, the PRU is not capable of self-criticism.

Current attempts of the PRU to accuse the BYuT of the election fraud would seem unnatural. In general, the Donetsk-based party paid no particular attention to the election process in the 'Orange regions'. For example, Our Ukraine paid its observers at election in Ivano-Frankivsk region UAH 1000 (\$200) while the PRU – only UAH 500.

Yanukovich's staff made a serious mistake hiring observers at the election.

For example, they decided not to bring observers from Donbas but hire them in the western Ukraine. The PRU expected to win their loyalty by paying them.

But although these people received the PRU IDs, they still sympathized with their friends and colleagues working for the Orange parties.

The Party of Regions has only one way of rehabilitating itself after failed election. The party may take revenge during the coalition talks.

Now, the PRU claims it is ready for a broad coalition only under condition of Mr. Yanukovych's premiership. They are ready to consent to the President's candidate for the Speaker's office, share positions in authority on a parity principle and approve the president's amendments to the Constitution.

However, all political forces still remember last year's secret negotiations held by Mr. Yushchenko's order. Back then, the PRU was ready to accept Yuriy Yekhanurov in the PM's office. They may accept such a variant now.

Otherwise, in the event the PRU is suspended from power, the party seriously states it will refuse to participate in the work of parliament which will cause another fresh election and save legitimacy of the current government.

However, readiness to vacate seats does not look very persuasive taking into account discord in the Donetsk team where part of the staff is suspended from decision making.

Most certainly, the PRU does not like the role of an opposition with the offices of Vice PMs and ministers in the government formed by the BYuT and Our Ukraine. In fact, it will be a broad coalition, but no one will pronounce this term. It looks like ads in press regarding massage or sauna services, but everybody understands that it is not sauna or massage that clients are actually offered.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/13/9182.htm>

---

### **13. Lutsenko Suggests That Yekhanurov Should Vacate His Seat Interfax-Ukraine/Ukrayinska Prawda, 13 October 2007**

Our Ukraine – People's Self-Defense Bloc leader Yuriy Lutsenko believes that the bloc members who entered the parliament and do not agree to the principles of forming a coalition with BYuT, which had been announced long before the early election, should vacate their seats at once.

He stated this in his interview to Korrespondent magazine, issued this Saturday.

"If Yuriy Ivanovych (Yekhanurov) or whoever does not like such a format of parliamentary majority, resulting from the agreement on the formation of election bloc that made an MP of him, and if he believes it to be a mistake, he is free to vacate his seat and then start criticizing us as much as he chooses. This is the only right way," Mr. Lutsenko states.

NU-NS leader also said that the Party of Regions will not attempt to interfere with the formation of a new parliament.

"I think that the Party of Regions has broad experience in being in the opposition and will therefore choose this way of influence. If PRU is a responsible nationwide political force, which is looking into the future, it will agree to such terms. For it will secure its comeback into the government," Mr. Lutsenko said.

As the BYuT leader Yulia Tymoshenko stated, President Viktor Yushchenko was supposed to receive an initialed coalition agreement concluded between BYuT and NU-NS on Saturday.

However, as of Saturday 18.30 there was no official information that the President's Secretariat had received this document.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/14/9188.htm>

---

**14. Constitutional players in what is no game**  
**By Halya Coynash**  
**maidan.org.ua, October 2007**

The Constitution being one of those immortal documents Ukrainian politicians like to change, but are loath to adhere to (or read), the topic of constitutional amendments was much, if variously, talked about during the recent election campaign. The need for changes is one of those few subjects of late on which politicians and civic society see eye to eye.

An initiative (or more cautiously, plans for such) announced by the Deputy Head of the President's Secretariat Marina Staniychuk has therefore been greeted with interest and a number of specific suggestions by representatives of Ukraine's civic society.

Ms Staniychuk announced that President Yushchenko was planning to initiate the drawing up of a new version of the Constitution in the first half of 2008, with a National Constitutional Council being created for this purpose. She explained that the Council would be headed by the President and would consist of 75-100 people who "represent all institutions of civic society". As aptly pointed out by Oleksandr Severyn, legal consultant for the "Maidan" Alliance\*, Ms Staniychuk's specification of what such institutions of civic society are, including as it does, "representatives of all political factions" and "government figures" raises some eyebrows.

As indeed should the number of members. Now, truly representative would be the somewhat unwieldy figure of 48 million. 100 is much more manageable from the point of view of catering, but not necessarily with regard to consensus. Oleksandr Severyn speaks of the constitutional boat endeavouring to maneuver between the two legendary monsters Scylla and Charybdis. He sees the dangers as being on the one hand that the whole initiative will be hijacked by bureaucrats who will squeeze it into what they consider acceptable form. An equally worrying risk is that it will remain a body which is politely listened to and ignored while the government and "representatives of all political factions" happily make what amendments they please to the Constitution.

Not surprisingly, representatives of that self-same civic society have no desire to toss a coin over these two possibilities. Both are unacceptable. They are therefore calling for real public participation in the process of drawing up the new version of the Ukrainian Constitution, especially with regard to provisions on human rights and civil liberties, and mechanisms for their protection. In a statement issued in September, representatives of civic society stressed the importance of the Constitution for all Ukrainians and therefore for impossibility of leaving the constitutional process to politicians. They called for the creation of a Constitutional Assembly which would draw up a document to then be extensively discussed and voted on in a national referendum\*

The need is just as burning now and civic society will therefore be doing their utmost to ensure that:

1. the President's Decree provides for real mechanisms enabling the Council to work properly and effectively and to produce not just fine words, but an actual draft ready for public discussion;
2. the members of the Council are not those most easily manipulated or ignored, but respected members of civic society with knowledge of constitutional law, of human rights issues and or undoubted moral stature.

All constructive efforts at ensuring that the Ukrainian Constitution becomes the Main Law of a law-based democracy in which human rights and fundamental freedoms are fully protected will receive the total and active support of Ukrainian civic society and must be warmly welcomed.

\*[http://maidanua.org/news/view.php3?key=1192005117&bn=maidan\\_mai&site=maidan](http://maidanua.org/news/view.php3?key=1192005117&bn=maidan_mai&site=maidan)

\*<http://www.khpg.org.ua/en/index.php?id=1189436879> (in English)

Text available on World Wide Web, URL:  
<http://eng.maidanua.org/node/779>

## **15. CEC Takes For Consideration Protocols Of All 225 District Electoral Commissions Ukrainian News Agency, 14 October 2007**

The Central Electoral Commission has accepted for consideration protocols on the results of voting in early elections to the Verkhovna Rada from all the 225 district electoral commissions.

Ukrainian News learned this from the CEC press service.

During its meeting on Sunday, the commission approved for consideration the last two protocols marked as "corrected", the press service source said.

Currently a break was declared in the Central Electoral Commission building.

The press service says the commission may examine some more complaints against the ballot procedure.

After studying the protocols of all the 225 district electoral commissions, the CEC will be able to announce the official results of the Verkhovna Rada elections.

As Ukrainian News reported, the Verkhovna Rada elections took place on September 30.

The political parties and blocs that win at least 3% of the votes in the parliamentary elections will be represented in parliament.

According to the CEC press service, the specified number of voters (after transfer of voters' lists from account workgroups to district electoral commissions) is 37,514,000.

With 100% of the votes counted by the Central Electoral Commission, elected to parliament are the Party of Regions with 34.37%, the Bloc of Yulia Tymoshenko with 30.71%, the Our Ukraine - People's Self-Defense Bloc with 14.15%, the Communist Party with 5.39%, and the Bloc of Lytvyn with 3.96% of the votes.

Text available on World Wide Web, URL:  
<http://www.ukranews.com/eng/article/72859.html>

---

## **16. Accord on Ukraine government put off Reuters, 13 October 2007**

Ukraine's political leaders on Saturday postponed until next week the submission of an agreement on a post-election parliamentary coalition, to be made up of parties linked to the 2004 "Orange Revolution".

Officials close to former prime minister Yulia Tymoshenko, leader of the largest "orange" group to win seats in the September 30 election, said they were preparing the necessary documents to submit to the president next week.

President Viktor Yushchenko's office said he planned no meetings. Formal signature of a coalition agreement can take place only after official results are issued, probably early next week.

Tymoshenko and Yushchenko had said on Friday they hoped to complete the first stage of submitting documents on Saturday.

Tymoshenko's bloc and the pro-presidential Our Ukraine party hold 228 seats, two more than needed to win most votes in the chamber. But the Regions Party of the president's arch rival, Prime Minister Viktor Yanukovich is the largest single party.

Tymoshenko said on Friday she had agreed to implement the president's calls in the aftermath of the election to ensure his rivals received some senior posts.

Text available on World Wide Web, URL:  
<http://africa.reuters.com/world/news/usnL13538279.html>

---

**17. Analysis: E. Europe offers transit routes**  
**By JOHN C.K. DALY**  
**UPI, 13 October 2007**

In the increasingly fractious scramble for the Caspian's burgeoning oil and natural gas energy reserves, resource-poor but strategically vital Eastern Europe is positioning itself to provide both consumer markets and transit routes to Russia for the former Soviet states bordering the world's largest inland sea.

It is a development where optimism may well collide with Russia's current near-monopoly of Caspian export routes -- so far, only Azerbaijan, with the Baku-Supsa and Baku-Tbilisi-Ceyhan oil export routes, has escaped Kremlin control. Kazakhstan is still wedded to using the Caspian Pipeline Consortium's pipeline, dominated by Russia, which terminates at Russia's Sea of Azov Novorossiysk port, while nearly all of Turkmenistan's natural gas exports are forced to rely on Russia's Soviet-era Transneft pipeline monopoly. If Eastern Europe succeeds in its ambitious plans, it will effectively offer an alternative to Russia's domination of energy exports to Eastern and Western Europe, a fact that Central European governments hope will resonate in Paris, Berlin and London.

During an energy summit that convened in the Lithuanian capital, Vilnius, Oct. 10, a provisional agreement was reached by energy and economics representatives from Azerbaijan, Georgia, Ukraine, Poland and Lithuania to cooperate on extending Ukraine's Odessa-Brody pipeline with a spur to reach Poland via Plock and Gdansk, the latter on the Baltic. The representatives initialed an accord creating the "Sarmatia" consortium, which is to construct the new network, tentatively scheduled to open in 2011.

At the end of the first day of the summit at a joint news conference with the presidents of Lithuania, Azerbaijan, Poland and Georgia, Ukrainian President Viktor Yushchenko was optimistic, telling journalists, "This is a historic step today, which means that a project for delivering Kazakh oil to Europe has moved from the political to the practical level."

Yushchenko was candid about Kiev's intentions, stating, "We have never hidden that the implementation of the project for delivering Caspian oil to the European Union is our strategic project," which is important "not only to our country, but is also strategic for Kazakhstan, Azerbaijan, Georgia, Lithuania, and many of our other partners."

Azerbaijani President Ilham Aliyev said the meeting was intended for "laying a solid groundwork for transporting energy resources through Georgia and Ukraine to European countries."

Both Lithuania and Georgia have been subjected over the years to disputes with Russia over the pricing of energy exports, and their presidents were strongly supportive of the project's potential for diversifying Caspian export routes. Lithuanian President Valdas Adamkus, whose country in August 2006 saw a cessation of Russian oil exports through its Baltic port of Butinge and Mazeikiu refinery, said, "This indicates the unity and commitment of the entire region for progress, self-determination and a guarantee for sovereignty."

Georgia already gets most of its oil from Azerbaijan rather than Russia, and Georgian President Mikhail Saakashvili, in a veiled swipe at Russia's attempt to use energy exports to retain geopolitical

influence over the summit members, hailed the new agreement as a sign of "new strategic ties. This is a big change not only in the energy policy of Europe but I think also in wider geopolitics, in the wider configuration of the post-Soviet and post-communist space."

Polish President Lech Kaczynski sounded a more conciliatory note, even as he acknowledged that the project "has both an economic nature ... and a huge political impact," adding, "this agreement is not made against any other country."

Poland remains vulnerable to Russian export pressure but is potentially the biggest beneficiary of the Sarmatia project, as the projected pipeline extension would reach Plock, site of Poland's largest refinery before terminating at Poland's Baltic Sea port of Gdansk.

Behind the rhetoric, however, lie practical issues to be solved. The Odessa-Brody Ukrainian pipeline transports Russian oil from Ukraine's Odessa Black Sea port to Brody, near Ukraine's western border with Poland, leaving Kiev vulnerable in the interim to Russian economic pressure over oil exports.

A second potential snag is the fact the Sarmatia network plans to use Azeri oil but possibly include Kazakh exports as well. While Astana sent Energy Minister Sauat Mynbayev to the Vilnius discussions, it remains to be seen how far the government of Kazakh President Nursultan Nazarbayev is willing to annoy Russia and whether it will commit significant volumes of oil to the project. The history of the Odessa-Brody pipeline, completed in 2001, provides a cautionary tale. The Ukrainian government built the line without having firm commitments from anyone for exports, forcing a reluctant Kiev in 2004 to agree to transport Russian oil in the opposite direction, for export from Odessa rather than westward to Central European markets as originally envisaged.

Aliyev for his part has no doubts about the viability of the project, telling journalists, "Our current oil resources are 15 billion barrels and gas reserves are at 2 trillion cubic meters. This is sufficient for the next 150 years.

"Azerbaijan has become one of the world's major oil and gas exporters. The Caspian region is Europe's only energy supply alternative. The Caspian corridor is vital for the future."

Sweetening the pot, Aliyev offered to sign a long-term agreement between Azerbaijan and the European Union, but the reality is that it remains to be seen whether Azerbaijan can provide sufficient volumes of oil to sustain the project should Kazakhstan decline to participate in any meaningful manner.

A follow-up energy summit is to be held in Kiev in 2008; doubtless the participants will have a lot to discuss.

Text available on World Wide Web, URL:

[http://www.upi.com/International\\_Security/Energy/Analysis/2007/10/12/analysis\\_e\\_europe\\_offers\\_transit\\_routes/7539](http://www.upi.com/International_Security/Energy/Analysis/2007/10/12/analysis_e_europe_offers_transit_routes/7539)

---

**18. Prying open the Ukraine investment door**  
**By Cristina Muntean**  
**Czech Business Weekly, 15 October 2007**

Ukrainian election results came as a boost to Czech companies looking to start or expand operations in Ukraine and to foreign companies already present in the Czech Republic and aspiring to use this country as a springboard for leaping farther east.

While the consensus among such businesses is certainly that it was a happy election day that saw voters lean more toward parties favored by Western Europe rather than toward the more Moscow-minded alternatives, there is still the big question of whether or not Ukraine should still be characterized as the "Wild East."

The point was taken up by Vladimir Martynyuk, a Ukrainian attorney based at Prague-based law firm **Vyroubal Krajhanzl Školout**. “On the whole, the Ukrainian business environment still has rather distinctive features of savage capitalism in which the Ukrainian nouveaux riches will stop at nothing to succeed with their insatiable ambitions to enlarge their market share and extend their market reach throughout the whole country, including gaining possession of attractive companies by hook or crook, that is by practicing ‘company raiding,’” he said. Raiders characteristically use police and officials on the basis of dubious court decisions to seize a company, while acts of violence are sometimes committed in the process, he added.

Although **Martynyuk** also said that it is also worth mentioning that the Orange Revolution, which swept a pro-Western political alliance into power at the end of 2004, has encouraged rank and file entrepreneurs to believe that they can bring about real change to their own benefit by creating a favorable business climate, two other strongly negative developments can be pointed to by those saying foreign investors typically think three times before entering Ukraine because of still-rampant corruption. First, Sept. 26, 2007, saw the release of the nongovernmental Transparency International Corruption Perceptions Index, which ranked Ukraine 118th worst of 180 countries assessed for corruption, tied with countries such as Uganda, Benin and Mali. In the 2006 list, it held 99th place, tied with countries such as Georgia, Mongolia and Mali. Second, even though candidates in the election typically made the fight against corruption a key pledge of their campaign, the Ukrainian media was full of stories claiming some rich citizens had bought a place on the ballot for a going rate of approximately \$5 million (Kč 97.25 million/€3.53 million).

### **Synchronicity**

Nevertheless, Czech companies that are targeting Ukraine in an attempt to synchronize new profit growth with the country’s relatively persistent and strong growth note that Ukrainian business development opportunities are almost unlimited. Gross domestic product (GDP) growth recovered to 7.1 percent in 2006 after tumbling to 2.6 percent in 2005. Despite the enduring graft and complicated legislative and red tape requirements, they feel the current political negotiations to form a pro-West government in Kiev could bring more stability and place the country on a sturdier track toward deeper integration with European Union markets.

Ukraine’s domestic market is itself one of Europe’s biggest. As the largest country in Eastern Europe apart from Russia, Ukraine has a population of 46.5 million. Its business potential compared to that of the Czech Republic can in part be ascertained by looking at electricity consumption figures. Ukrainian consumption reached 181.9 million megawatt hours in 2006, compared to Czech consumption of just 44.6 million MWh.

### **Where do the opportunities lie?**

Substantial economic ties between Ukrainians and Czechs stretch back to soon after World War II when Ukraine, as part of the Soviet Union, traded intensively with Czechoslovakia, a socialist bloc member then seen as “a machinery producing state,” said Ihor Tseluiko, counselor for the economy, diplomatic relations, science and research with the Embassy of Ukraine in Prague. “Back then, Ukrainians used only Czech trolleybuses and trams. In Kiev there were no trams other than the Czech ones, and people were happy about it because Czechoslovak products were considered the best,” he added.

Besides trolleybuses and trams, there are some 3,000 locomotives produced in the Czech Republic now in Ukraine that need either maintaining or replacing. “This provides the ground for very good relations between some companies in Ukraine and **Škoda Transportation** in Plzeň, West Bohemia,” Tseluiko said, adding that one new project will involve the delivery of a large order of trolleybuses to the Crimean region on the Black Sea coast.

One Czech company cashing in on Ukraine’s hunger for electricity is nuclear technology producer Škoda JS. Josef Říha, marketing manager of **Škoda JS**, said Ukraine’s nuclear power plants had been “a long-standing, significant business partner of Škoda JS since 1994.” The company delivers its equipment to four nuclear power plants in Ukraine—Rovno in the northwest, Khmelnytski in the southwest, South Ukraine in south-central Ukraine and Zaporozhe in the southeast. The plants

operate a total of 13 nuclear reactors. "Presently, we have in progress new supplies of equipment and services that are necessary for smooth nuclear power plant operations," Říha said, adding that enhanced nuclear safety was a key demand of the plants, while they had expressed an interest in Škoda JS's experience in equipment lifetime extensions. "The figures for new orders received and revenues in recent years are well balanced and range into the hundreds of millions of Czech crowns," he added. Říha said Škoda believed its established business contacts would help deliver rising revenues in Ukraine, adding that "for a good entrepreneurial environment, the stabilization of the local political scene is of course very important."

Czech energy giant **ČEZ** is also contemplating further steps in Ukraine. "There is a status quo there right now, but we, like others, are waiting for a new government to be formed and for its policies in privatization and the energy sector to be clarified," said Eva Nováková, a spokeswoman for ČEZ. In Ukraine, the group operates through its distribution arm ČEZ Ukraine CJSC.

### **Škoda Auto output accelerates**

Martin Jahn, director for human resources at carmaker **Škoda Auto**, said the carmaker is very satisfied with its business development in Ukraine and has great expectations for the market. The company makes cars in cooperation with Ukrainian car producer **Eurocar** at an assembly plant with a 45,000 vehicle annual capacity in Solomonovo, near the Ukrainian border with Slovakia and Hungary. Last year, the size of the site was enlarged by 17,000 square meters in terms of assembly areas and 8,000 sqm in terms of logistical areas. The plant employs 700 people and assembled almost 19,000 cars in 2006, compared to 9,788 cars in 2005 and 1,990 in 2002, the year it began production. Several Škoda models such as the first and second generation Octavia vehicles, the Fabia and the Superb are assembled there, as well as Volkswagen and Audi vehicles. Škoda Auto announced July 12 that both its latest models—the Roomster and the second generation Fabia—are now also assembled in Solomonovo.

Škoda is using the two cars in an attempt to drive up its market share in Ukraine, a high-priority market in its development strategy. Last year the market share stood at 5.3 percent, trailing three domestic carmakers. Some 19,007 Škoda cars were sold in Ukraine in 2006, 64.2 percent up on 2005. "Everything is going well on this market, and we expect sales to go up, thanks to our cooperation with our local partner," Jahn added.

### **Sparse trade**

Looking at trade, Tseluiko said media reports often told how Eastern Ukraine business circles are examining EU market opportunities because "there are large amounts of iron and coal and huge metallurgical plants in Ukraine ... and the materials they produce are cheap compared to those produced in Western Europe." The producers, however, cannot compete on the Russian market because of strong rivalry from Russian suppliers, he added. Tseluiko said official Ukrainian statistics showed trade between the Czech Republic and Ukraine amounted to \$1.16 billion in 2006, a 20.1 percent improvement on 2005. The share of Czech exports to Ukraine reaches 1.1 percent of the total country's exports, while exports to Russia make 1.8 percent, to India 0.4 percent and to Turkey 0.6 percent. "It isn't the share of exports to Germany, but it's still important," he said.

Figures of the Czech Statistical Office (ČSÚ) show that between January 2006 and January 2007, exports from the Czech Republic to Ukraine reached \$962 million, while imports reached \$655.1 million, compared to exports of \$702.3 million and imports of \$690.4 million in the same period of 2005.

### **Room for services**

"Having a local partner in Ukraine isn't compulsory, but it may be more comfortable for a foreign company," Tseluiko said, adding that, while the majority of investments have been focused on heavy industry, the opportunities now lie within the service and financial sectors.

One major Czech financial name that strengthened its financial operations in Ukraine in 2006 was financial group **PPF**. Alexej Bechtin, a spokesman for PPF, said the group is developing business in several markets, including Ukraine, according to its main business areas, namely insurance and consumer finance. "Ukraine belongs among the most recent territories where PPF Group is expanding. We are currently at the initial stage of the business establishment process," he added.

In November 2006, PPF insurer **Česká pojišťovna** entered the Ukrainian market by setting up **Česká pojišťovna Ukraine**. "Our intention is to establish a standard insurance business similar to that in countries where Česká pojišťovna has a long-term presence such as the Czech Republic, Slovakia and Russia. We are now focused on developing distribution tools and channels for our products," Bechtin said. Česká pojišťovna Ukraine sells life insurance policies and provides bank assurance in cooperation with PPF consumer lending and retail banking arm Home Credit, which entered Ukraine in October 2006. **Home Credit** has acquired small Ukrainian bank **Agrobank** and major Ukrainian consumer finance provider **Privat Kredit**. Both are now going through a Home Credit re-branding. "The Ukrainian market is seen as a market with strong potential," Bechtin said, declining to provide any Ukraine revenue figures for the PPF companies because the numbers remained unconfirmed due to the firms' recent establishment.

Another top Czech name benefiting from the emergence of Ukraine is pharmaceutical maker **Zentiva**. The company would not provide figures for Ukraine, saying it does not provide such data on individual subsidiaries, but its PR manager, Věra Kudynová, is upbeat about prospects in the country. "Ukraine is one of the Central and Eastern European (CEE) countries where we see a big potential for our primary care focused strategy to market modern pharmaceutical products," she said, adding that Zentiva faces the same challenges in Ukraine as in other CEE markets. "We have been introducing modern quality pharmaceuticals in an environment where primary health care is yet to develop," she said. "Yet, we have seen significant improvement in the business climate during recent years, which supports our belief that Ukraine is a significant and promising market supported by economic development that will lead to increasingly large numbers of patients demanding better treatment."

Patrik Kreysa, marketing director of CEE sanitary products manufacturer **Ravak**, a company that has experienced revenue growth of 30 percent in Ukraine for the past three years, said the potential of the Ukrainian market for his company is five times higher than that of the Czech Republic thanks to large population. "Our vision is to keep with the 30 percent yearly increase across the next few years and to reach the same market share level that our other CEE companies have," he said.

### **Real estate hunger**

"There is extensive interest in the Ukrainian real estate market. The privatization process is continuing and some attractive state enterprises, including telecom firm **Ukrtelecom** and the chemical firm **Odessa Port Plant**, are yet to be sold. The 2012 European Football Championship finals have recently been awarded to Ukraine and Poland, and this will further increase the interest in the country," according to *Doing Business and Investing in Ukraine 2007*, a report from consultancy **PricewaterhouseCoopers** (PwC) Ukraine. Czech real estate developer **ECM Real Estate Investments** recently announced its interest in Ukraine, though Jiří Kašek, ECM's investor relations manager, told *CBW* in a previous interview that ECM is more selective when it comes to the country as its business environment is relatively difficult (see "*ECM's growth will be driven by new markets*," *CBW*, Sept. 24, 2007). Business, he added, is "run by a very limited number of people" and if a company wants to operate there, it has to find a local partner. "We need to make thorough due diligence and be careful when we do not have some permits because it can take very long to obtain them all," he said. Although many opportunities exist in the underdeveloped market, better market stabilization, a more efficient administration and less corruption would aid ECM, Kašek added.

Monika Hošková, a lawyer with **Peterka & Partners**, a Czech law firm that opened a Kiev office in 2006, said the real estate and construction sectors in the main cities of Ukraine are witnessing the biggest booms in Europe. "Due to the renowned expertise and know-how of Czech entrepreneurs related to real estate development and construction, engineering and process engineering, banking and insurance services and large-scale farming, among other fields, [we may find these entrepreneurs becoming] interested in turning toward these sectors in Ukraine," she said. Insurance services and large-scale farming are practically unexplored as yet in Ukraine, she said, adding that urgent reforms

and modernization are needed in the areas of engineering and process engineering. Although reliable statistical information on growth in the mentioned sectors is scarce, Hošková said that it may be estimated, for instance, that the banking and insurance sector achieves growth of 20 to 30 percent per year, whereas the large-scale farming sector clocks up 50 percent per year.

Real estate development is expected to get a lift with the realization of the European football finals. "The championship will provide new opportunities for our country as it strives to integrate with Europe," said Hryhory Surkis, president of the Ukrainian Football Federation.

Games will be played in the cities of Dnipropetrovsk, Donetsk, Kiev and Lviv and at Polish stadiums in Gdansk, Poznan, Warsaw and Wroclaw. Kiev's Olympic Stadium, used to host football during the 1980 Olympics, is the proposed venue for the final.

### **Only fools rush in**

Foreign investors may well experience intense short-term growth in turnover and profits in Ukraine, but precaution is needed in preparing and implementing investment and market-entry strategies, Hošková said. She identified many points a shrewd investor should pay attention to including consumer patterns that may change rapidly, little reliability regarding the availability of local natural resources and raw materials and local accounting rules. Local employees of foreign-owned subsidiaries had to be made accustomed to European standards of manufacturing and services, Hošková added.

### **WTO entry imminent**

Ukraine is expected to join the World Trade Organization (WTO) at the end of this year, a move which will support its foreign trade.

One major problem that aggravates both traders and investors is the country's complicated taxation system. The PwC study noted that the 2006 World Bank Doing Business analysis ranked Ukraine as the second most difficult country in which to pay taxes out of 185 countries surveyed. This has more to do with the level of tax accounting required than intrinsic difficulties in following legislation. "Nonetheless, there is clear room for improvement," the study said.

Other concerns are that Ukraine is highly dependent on Russia for both energy imports and exports of metals and machined items. "Ukraine has nevertheless made strides in diversifying into new markets, including Asia and the EU. Exports to the EU now consistently exceed those to Russia, but are heavily weighted toward low value-added products," the PwC report said.

Sensitive relations between Kiev and Moscow were again spotlighted when the election returns began to move against Russia's favored party. Analysts noted that Russian gas production giant **Gazprom** was simultaneously threatening Ukraine with gas cuts over alleged contractual breaches. "It is not correct to say that there is a debt between Russia and Ukraine from a legal point of view; it is a matter of private companies and this matter will probably be resolved soon," Tseluiko said.

### **The fiscal factor**

Consultants advising foreign companies on whether they should or should not go into Ukraine will be looking to assess whether its long-term economic stability will benefit from the government putting fiscal responsibility above populism. "The new government will for sure present a new budget for 2008 that might incorporate some of the pre-election populist promises. Nevertheless, in the longer term, we would expect fiscal consolidation and structural reforms," said Rainer Singer, an analyst with Austria-based **Erste Bank**. Singer said that the cut of value-added tax (VAT) from 20 to 17 percent suggested by Yulia Tymoshenko, the likely new prime minister, and a simplification of the whole tax system would help ease Ukraine's difficult business environment and attract further foreign direct investment (FDI) inflows. "Overall, we see the outcome as indicated by preliminary estimates as a market positive, as it should enhance political stability in Ukraine," he said.

Text available on World Wide Web, URL:  
<http://www.cbw.cz/phprs/2007101530.html>

---

**19. Polish Pekao to take control of UniCredit Ukrainian operation – report  
AFX News Limited/Forbes, 15 October 2007**

WARSAW (Thomson Financial) - Italy's UniCredit will consolidate its developing Ukrainian operations under Polish unit Pekao, possibly leading to lower dividend payouts on the latter's stock, Polish business daily Parkiet reported unnamed sources as saying.

Banking sources told Thomson Financial earlier this year that the deal between Poland's conservative government and UniCredit to allow a merger of its Polish businesses included a promise that Pekao would maintain a leading role in Ukraine.

But it was UniCredit's Austrian branch Bank Austria that in July agreed to pay 1.5 bln eur for Ukrsofsbank, Ukraine's sixth-largest bank.

'It now turns out that it will be Pekao who will gradually buy up the Ukrsofsbank's stock,' Parkiet wrote. 'This may however mean a smaller dividend for shareholders in the Polish company.'

Text available on World Wide Web, URL:  
<http://www.forbes.com/markets/feeds/afx/2007/10/15/afx4218603.html>

---

**20. Billionaires in broadcasting, the Eastern way  
By Michael Hedges  
followthemediacom.com, 15 October 2007**

*More billionaires have been created in Eastern Europe since 1990 than you can put on a football pitch. Using good political connections to snap up State assets in those helter-skelter days Eastern businessmen took full advantage of the new free markets and became very rich. Some certainly like football and more than a few like media.*

The *Kyiv Post* offered up two insightful articles this past week, one about Ukraine television channel NTN and the other about Eastern Europe's billionaires. The stories relate in oh, so many ways.

InterMedia Group, so the story goes, bought 60% of television channel NTN earlier in the month. InterMedia Group already holds, by its own account, 60% of Inter Channel. Earlier InterMedia bought Prime Media Group, operator of television channels K1 and K2.

InterMedia Group is primarily owned by Valeriy Khoroshkovskiy (worth \$1.1 billion estimated by Poland's *Wprost*). Russia's State broadcaster ORT owns 29% of InterMedia Group, the remaining 10% owned by Pegas Television. Khoroshkovskiy bought out in January the previous majority owner and company founder Dolovyi Svit (Business World), an economic development association.

This past August *Kommersant Ukraine* reported Khoroshkovskiy's Ukrainian Media Project sold to Dmytro Firtash (worth \$1.4 billion estimated by *Kommersant Ukraine*), previous owner of K1 and K2, and Vitaly Gayduk, until recently Ukraine's State Secretary for Defense, for \$600 million. Khoroshkovskiy became very angry at *Kommersant Ukraine* for this report and promptly sued, denying that anybody other than he is in charge at InterMedia. Mr. Firtash is a principal in RosUkrEnergo, the monopoly oil and gas importer. His major partner in that venture is Gazprom.

The drama that is Eastern European media takes its cast from quite interesting actors. We'd call them 'colorful' but that would imply they're always visible, or that their colors stay the same. They do not. Some have carried 'orange' and some 'blue.' Some have changed.

Ukraine's biggest billionaires also like media deals. The richest Ukrainian Rinat Akhmetov (\$18.7 billion by Wprost estimate) is a bit media shy, figuratively and literally. He owns but a regional television station TRK Ukrayina and Russian language tabloid newspaper *Segodnya* (Today). He's said to be very shy around journalists.

Number two is Igor Kolomoyskiy (\$8.9 billion by Wprost estimate). He's taken the body step into international big media by buying a stake in Central European Media Enterprises (CME) and joining their board. CME owns Studio 1+1, which Mr. Kolomoyskiy once said belonged to him. Apparently he and CME worked something out, just another little Eastern Europe media deal drama.

Viktor Pinchuk, number three (\$7.5 billion by Wprost estimate), has extensive media holdings. The top circulation newspaper *Fakty* is his. So, too, are television channels Novy Kanal (New Channel), ICTB (International Commercial Television), the M1 music channel and STB.

But every part of this story is disputable. Ukraine's billionaires regularly and consistently challenge reports of their wealth. Some, like Mr. Akhmetov, get rather grumpy. Questionable, too, are reports of who owns or controls media outlets. The Ukraine Helsinki Group investigated media ownership in 2006 and reported completely different results.

"Who knows?" began the famous last line of Joseph Conrad's Lord Jim. Conrad was born Teodor Josef Konrad Korzeniowski in the Ukraine.

Text available on World Wide Web, URL:  
<http://followthemedias.com/bigbusiness/ukraine15102007.htm>

---

**21. Blog: CSR in Ukraine on the rise, time for the big companies to step up**  
**By Tobias Webb**  
**Ethical Corporation, 12 October 2007**

A recent trip to Kiev demonstrated a great hunger for social responsibility in the country. Problem is, many don't know what the term means. Large international companies can help by leading the way

On these pages just the other day, our Asia editor Paul French pointed out that in China, many big companies are getting away with not doing their CSR/sustainability initiatives since the pressure is just not there for them to take the lead.

His point, argued to our emerging markets conference audience this week, is that while civil society pressure is not there (the Chinese mainly just want hard cold cash, he suggests), the institutions that encourage CSR are totally lacking in China.

Government or political action? There's just one party. Courts? In the pocket of local capos. Police? Do what the capos tell them. Trade unions? There's only one, and it's run by the government. Media? censored. For more see this. Enough about China, I would argue the situation in Ukraine, while different, has some similarities.

For example, while Ukraine has all the freedoms China does not, it suffers from weak institutions.

I was told by many in Kiev that the the media can be corrupt, that business and government are inseparable, and that CSR is seen as mainly a cheap PR initiative to legitimise large businesses (and businessmen!) who came by their riches in sometimes dubious ways.

The big question for Ukrainians seems to be, if CSR is more than just basic PR, then what does it, and social responsibility in general, actually mean?

At several meetings last week with Ukrainian businesses I tried to emphasise that it's about doing business the right way, by basing responses to social issues on both evidence specific to the company

and on by considering individual company impacts on society. Easy to say, harder for managers with small budgets to put into action.

Give it time I suggested, but the inconsistency of big companies having global corporate responsibility principles but not yet doing local implementation in places like Ukraine still sticks out like a sore thumb.

What are the solutions to the problem of non-strategic CSR in Ukraine? Apart from time of course it's all the other things that drive it in the EU: independent critical institutions, money, a better media, awareness of potential protectionism if Ukrainian companies don't get their act together in terms of export frameworks, among other issues, which include incentives for better corporate governance.

One thing was clear though from a whistlestop tour around parts of Kiev's CSR community: big brands are the bellwether, and if they can get on with implementing their global responsible business principles in the country a bit faster, that will only spur on the local businesses.

When large companies begin to consider what Ukraine-specific CSR looks like, and how it works on the ground, others will begin to follow.

Once again there emerges the clear responsibility of big brands to lead. It is indeed tough at the top.

Text available on World Wide Web, URL:  
<http://www.ethicalcorp.com/content.asp?ContentID=5448>

---

## **22. Gazprom disciplines the future Ukrainian coalition**

**By Arkadiusz Sarna**

**EastWeek, Issue 35 (100), 10 October 2007**

*On 2 October, two days after the parliamentary elections in Ukraine, the Russian gas company Gazprom announced that problems might arise in connection with gas supplies to Ukraine, as a result of the country's allegedly unpaid gas bill of US\$1.3 billion. Gazprom threatened to reduce the volume of supplies to Ukraine, should Kyiv fail to pay its outstanding dues by the end of October.*

*Gazprom's surprising demands to the Ukrainian state, which is not directly a party to any agreement with the Russian monopoly, can be interpreted in two ways. On one hand, they can be seen as an instrument of pressure which Gazprom has employed to maintain the existing, non-transparent mechanism of gas supplies to Ukraine. This mechanism is based on the activities of intermediary companies, whose presence is allowing Gazprom to gradually expand its influence in the Ukrainian gas sector. On the other hand, they may be a signal from Russia indicating that, irrespective of the ultimate shape of Ukraine's future government coalition, its policy should take Russia's strategic interests into account.*

### **The debt issue**

Ukraine does not buy gas directly from Gazprom. What is more, it does not even import Russian gas, and the mechanism of the supplies imposed by Russia is not based on intergovernmental agreements, but rather on contracts between economic operators. Under the Russian-Ukrainian agreements concluded in early 2006 and on later occasions, gas supplies to Ukraine are carried out on the following bases: Gazprom buys Central Asian gas under long-term contracts with Turkmenistan, Uzbekistan and Kazakhstan, then re-sells it to RosUkrEnergo (RUE, 50 percent of whose shares belong to Gazprom and the other 50 percent to private Ukrainian shareholders). RUE supplies gas to the Ukrainian border to UkrHazEnerho (UHE, a Kyiv-registered company in which RUE holds a 50 percent stake and the remaining 50 percent of which belongs to NAK Naftohaz Ukrainy). UHE distributes gas in Ukraine, mainly to industrial customers, and in small quantities to NAK Naftohaz (a state-owned company that provides gas, originating mainly from domestic production, to Ukraine's heating plants and municipal customers). Naftohaz's gas debt to UHE is a well-known fact. UHE, for its part, owes money for gas delivered to RUE, and RUE in turn to Gazprom. However, until now reports on this subject have mentioned amounts which were much smaller than those currently quoted by Gazprom.

The Ukrainian government has nevertheless opened negotiations, even though these concern gas settlements between commercial operators. Deputy PM Mykola Azarov pointed this out as he correctly denied that the Ukrainian state as such had any gas debt. On 8 October, following another round of talks held by the Ukrainian energy minister Yuri Boyko in Moscow, it was announced that the parties had reached a preliminary agreement on debt regulation,

involving three entities: Naftohaz, RUE and UHE. However, the actual content of the agreement was not disclosed to the public, and the brief release from Gazprom on 9 October only communicated that the economic operators in question had reached an agreement laying down the amount of debt and a repayment schedule to 1 November 2007.

The media reports on the amount of debt and the settlement schedule are full of discrepancies, which is undoubtedly a consequence of the new 'appraisal' of outstanding dues owed by Gazprom's customers (US\$2 billion), which was presented by the Russian prime minister Viktor Zubkov on 9 October after talks with the Ukrainian head of government Viktor Yanukovich. The role of the Ukrainian government officials in the talks concerning debt repayment remains unclear.

## Conclusions

The current conflict over gas settlements once again proves the lack of transparency in the model of gas supplies to Ukraine, in which the interests of the states are intertwined with those of business operators, and – probably – members of the highest levels of government in both Russia and Ukraine.

Instead of demanding debt repayment from RUE, Gazprom is apparently trying to blackmail the Ukrainian government in order to force it to solve the gas settlements issue in such a way that, irrespective of who ultimately forms the new government coalition, it will not be possible to challenge the current model of gas supplies to Ukraine. This model is non-transparent but it allows the Russians to gradually build positions in the Ukrainian gas sector (mainly through the intermediary companies controlled by Gazprom).

Gazprom's threats, which were expressed shortly after the Ukrainian parliamentary election, have been perceived in Kyiv as another manifestation of the Kremlin's dissatisfaction with the possible prospect of an 'orange' coalition forming in Ukraine. Viktor Chernomyrdin, the Russian ambassador to Ukraine, made it clear even before the elections that the future price of gas charged to Ukraine would depend on the shape of the future government coalition. Thus Russia seems to be disciplining the future Ukrainian government coalition by implying that it might take a stricter stance, should the new Ukrainian leadership refuse to take Russia's interests into account in their policies.

Text available on World Wide Web, URL:  
<http://www.osw.waw.pl>

---

### **23. Ukraine: President Yushchenko calls for agreement between the coalition and the opposition** **EastWeek, Issue 35 (100), 10 October 2007**

*On 8 October, Ukraine's president Viktor Yushchenko held a meeting with the leaders of parties and blocs represented in the newly-elected parliament. The president demanded that they reach agreement on the shape of the future coalition and the terms of its co-operation with the opposition within five days. Immediately after the meeting, Yulia Tymoshenko offered the Party of Regions a number of posts in the executive authorities, including that of deputy prime minister, and Viktor Yanukovich declared that while his party had the right to be in the coalition, it was also prepared to move over to the opposition. It seems unlikely that the compromise demanded by the president can be successfully negotiated within such a short time.*

In the new Ukrainian parliament, there are only two options for a coalition, with either the Party of Regions and the bloc of Our Ukraine/People's Self-Defence, or the Yulia Tymoshenko Bloc and Our Ukraine/People's Self-Defence; each formation may also potentially be reinforced by Lytvyn's bloc.

Both Yulia Tymoshenko and Viktor Yanukovich wish to take the prime minister's post. President Yushchenko's stance is ambiguous: he would prefer a 'grand coalition' (the former one), but because of the scale of Yulia Tymoshenko's success and the strong opposition in his own camp, he cannot back this solution openly. It is therefore possible that the hidden objective of his proposal, for a formal agreement between the 'orange' coalition and the Party of Regions, is the limitation of Yulia Tymoshenko's field for manoeuvre because, as a strong prime minister, she might restrict the president's real power. <TAO>

Text available on World Wide Web, URL:  
<http://www.osw.waw.pl>

---

**24. The Ukrainian president proposes repealing the Law on Government and amending the Constitution**  
**EastWeek, Issue 35 (100), 10 October 2007**

*During a meeting with the leaders of parties and blocs represented in the new parliament on 8 October, Viktor Yushchenko asked them to repeal the Law on Government, authorise the president to nominate the interior minister and, at a later date, draft a new Constitution. The Party of Regions has objected to the former two proposals, claiming that it was only possible to amend the Constitution, and that under the Constitution currently in force, nominating the interior minister was*

*the prime minister's prerogative. It is unlikely that even an 'orange' government would be willing to put the president's proposals into practice.*

Adoption of the Law on Government, which limited presidential powers, was one of the causes of the spring crisis which led to the early elections. Revising the Law would therefore be justified. However, authorising the president to nominate the interior minister (in addition to the defence and foreign ministers, the prosecutor general and the head of the Security Service of Ukraine) would seriously weaken the government and would require prior amendment of the Constitution. The fact that Yushchenko presented his proposals before the start of the debate on a revision of the Constitution implies that he will seek to re-expand the presidential powers in the course of that debate. <TAO>

Text available on World Wide Web, URL:  
<http://www.osw.waw.pl>

---