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## **1. Ukraine President Defends National Hero AP, 16 November 2007**

JERUSALEM — Ukrainian President Viktor Yushchenko on Thursday defended his country's award of a top honor to a man accused of murdering thousands of Jews during World War II.

Controversy over the award cast a shadow over a visit that otherwise was devoted to improving relations between Ukraine and Israel. Yushchenko spoke out against anti-Semitism several times, especially during a speech in parliament.

At a foreign policy forum in Jerusalem, Yushchenko said Ukrainian nationalist leader Roman Shukhevych was posthumously named a Hero of Ukraine last month for his role in fighting for Ukraine's independence.

Holocaust researchers and Jewish groups have charged that a force under the command of Shukhevych took part in pogroms in 1941 in which 4,000 Jews were killed.

Yushchenko had this reply: "I have materials, documents, saying that in the course of grander context of Ukrainian rebellion, Shukhevych signed a petition that prohibited massive persecutions (of civilians)." He said no Ukrainian nationalist movement targeted Jews.

During his three-day visit, Yushchenko repeatedly said he regretted the massacre of 1.4 million Jews in Nazi-occupied Ukraine and that he would work to preserve their memory.

Six million Jews were killed by the Nazis during World War II.

On Wednesday, Yushchenko presented Israeli President Shimon Peres with documents from Soviet KGB archives detailing the locations of mass graves from the Holocaust in Ukraine — many of them unknown up to now, Israeli officials said.

And on a visit to Israel's Holocaust memorial, Yad Vashem, Yushchenko donated soil and a rock from the site of the Babi Yar massacre, where 33,711 Jews were rounded up and executed at the edge of a ravine in Kiev in 1941.

Despite the gestures of goodwill and a promise to memorialize Ukrainian Holocaust sites and preserve Jewish cultural sites, Yushchenko was dogged during his visit by criticism of Shukhevych.

At Yad Vashem, a museum official confronted Yushchenko, saying he has documents implicating Shukhevych as the leader of squads who massacred thousands of Jews.

"Sometimes you can be both a hero of Ukrainians and a murderer of Jews," said Joseph Lapid, a former Israeli justice minister and a Holocaust survivor from the former Yugoslavia.

Text available on World Wide Web, URL:

<http://ap.google.com/article/ALeqM5iFI9EcCtqrEL7fDSx3WwPBunRlwD8SUBIP00>

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## **2. Yushchenko vows to nix visas for Israelis** **By GREER FAY CASHMAN** **Jerusalem Post, 15 November 2007**

During his visit to Israel this week, Ukrainian President Viktor Yushchenko took great pains to assure all of the Israeli dignitaries he met that whatever dark days there had been for Jews in Ukraine in the past were over, and that the future held promise.

He did so again on Thursday at the tail end of his visit when he addressed The Israel Council on Foreign Relations on "Ukraine - Israel: A Dialogue in the Name of the Future."

As things turned out, it was basically a monologue, with Yushchenko acknowledging the atrocities perpetrated by some Ukrainians during the Holocaust - but stopping short of apologizing, as he felt it did not apply to his generation or his government.

However, in attempting to paint a brighter picture of the history of the Jews in his country, he noted that "good things are often forgotten, whereas bad things are remembered for years."

He made no secret of the fact that the purpose of his visit was to "accelerate political and economic relations with Israel," promising to work to abolish the need for visas for Israelis.

"We think there should not be visas [to the Ukraine] for Jews," he declared.

A controversial decision Yushchenko had made to abolish visas for tourists from European Union member countries had resulted in an appreciable upsurge in tourism.

"This is not just about finance, but human contact," he said.

Following his discussions with Israeli officials, he was determined to work out a new agreement on investment protection, and he also wanted to establish a free trade zone between Ukraine and Israel to be initiated in January 2008.

"We want to liberalize trade relations to the maximum," he said.

He also mentioned the measures being taken to provide pension payments for Israelis who are former citizens of Ukraine.

Claiming that 8,000 Ukrainians migrate to Israel each year, Yushchenko expressed the desire for a migration reversal.

"I'm sure Jews from Israel will come back to Ukraine," he said. "It's a step aimed at giving people the right to choose where to live."

In most of his conversations, either Yushchenko or his host mentioned Jewish national, religious and business leaders of Ukrainian origin. Yushchenko wants to commemorate such people and is also willing to preserve sacred Jewish sites. The preservation, he said, was the responsibility of (Jewish) business and religious leaders.

Yushchenko has already adopted a policy of returning Jewish property to the Jewish community, and said that of 109 synagogues in Ukraine, 84 have been returned, and of the remaining 25, nine are no longer in use.

Like the leaders of several of the countries neighboring the Ukraine, Yushchenko has agreed to work with Yad Vashem to create educational programs about the Holocaust "on the understanding that every fourth Jew who perished in the Holocaust came from Ukraine."

Similar to Yad Vashem's policy of honoring the Righteous among the Nations, Yushchenko said that state awards have been given to people who saved Jews in World War II, and he added that the largest Holocaust museum in the world will be built in Ukraine.

Text available on World Wide Web, URL:

<http://www.jpost.com/servlet/Satellite?cid=1195127516440&pagename=JPost%2FJPArticle%2FShowFull>

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### **3. Chicago man ordered deported to Ukraine for helping Nazis round up Jews AP, 16 November 2007**

CHICAGO - A federal immigration judge in Chicago has ordered the deportation of an 87-year-old retired carpenter for what the judge calls "conduct contrary to civilization and human decency."

Osyp Firishchak (OH'-sip FEER'-uh-shak) moved to the U.S. in 1949. During World War II, he was a member of the Ukrainian Auxiliary Police and, according to prosecutors, helped German Nazis round up Ukrainian Jews.

He was stripped of his citizenship during a 3-day trial in 2005, although he denied ever belonging to the police or collaborating with the Nazis. He said during the war, he was homeless and looking for work.

The director of the Justice Department's Office of Special Investigations says Firishchak played a central role in the murder of more than 100,000 men, women and children.

He has until December 10th to appeal the deportation order.

Text available on World Wide Web, URL:

[http://www.fox12news.com/Global/story.asp?S=7369759&nav=menu439\\_2](http://www.fox12news.com/Global/story.asp?S=7369759&nav=menu439_2)

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### **4. Ukraine Party of Regions hold talks on efficient coalition Itar-Tass, 16 November 2007**

The Party of Regions of Ukrainian Prime Minister Viktor Yanukovich "works towards creating an efficient coalition," First Deputy Prime Minister Nikolai Azarov said on Thursday.

"The Party of Regions works on the setting up of a coalition very seriously," said Azarov, who is also Finance Minister. According to him, the party is engaged in negotiations with political forces that have got seats in the parliament on the results of an early election on September 30. He did not specify, however, which forces exactly the party was holding talks with.

He noted that the coalition must form an efficient government and organize normal work of the parliament.

Meanwhile, the chairman of the political council of the pro-presidential Our Ukraine-People's Self Defence bloc, Vyacheslav Kirilenko, said on Thursday that a coalition agreement between the Yulia Tymoshenko Bloc and Our Ukraine-People's Self Defence will be signed on November 23.

"After that we shall do our best to see that the leadership of parliamentary committees is elected promptly, and a voting on a new Cabinet of Ministers is held within a maximally short period of time," Kirilenko said.

He noted that the "orange" coalition was ready to help the Party of Regions if the party wanted to work constructively. "If the Party of Regions is seeking a constructive scenario, the democratic coalition will be assisting it as and when necessary in order to determine right away relations between the new democratic majority and the parliamentary opposition," Kirilenko added.

"If the Party of Regions seeks a destructive scenario, it will bear the responsibility," he stressed.

Text available on World Wide Web, URL:  
<http://www.itar-tass.com/eng/level2.html?NewsID=12075758&PageNum=0>

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## **5. Ukraine's Supreme Rada to hold first session Nov. 23 RIA Novosti, 15 November 2007**

The new Ukrainian parliament will gather for its first session since early elections in September on November 23, a spokesman for the pro-Russian Party of Regions said Thursday.

Five parties made it into the Supreme Rada, the country's 450-seat parliament. The Party of Regions collected 34.37% of the vote, followed by the Yulia Tymoshenko bloc with 30.71% and Our Ukraine-People's Self-Defense with 14.15%. The Communists and the Lytvyn bloc gained 5.39% and 3.96% of the vote, respectively.

Vasyl Horbal said that on Thursday representatives of all five political parties gathered to discuss the date for the parliament's first session and unanimously approved November 23.

An agreement on the formation of the coalition is also expected to be signed at the parliamentary session between the pro-presidential bloc Our Ukraine-People's Self-Defense and the Yulia Tymoshenko bloc.

Vyacheslav Kyrylenko, one of the leaders of Our Ukraine-People's Self-Defense, said, "We will sign an agreement on the coalition of democratic forces on November 23."

The two "orange" parties will hold 228 seats in the new parliament, with 226 votes needed to form a coalition.

President Viktor Yushchenko dismissed the Supreme Rada in April and called snap elections amid a protracted power struggle with Viktor Yanukovych, who he accused of "usurping power" after a group of pro-presidential lawmakers switched to the prime minister's camp.

## **6. Regions okays organizational compromise Ukrainian Journal, 16 November 2007**

Prime Minister Viktor Yanukovich's Regions Party Thursday accepted a compromise over a key organizational issue, ending a three-day deadlock and opening the way for Parliament's first session to be held on Nov. 23.

Raisa Bohatyriova, a senior member of the Regions Party, will now supervise main organizational issues, including the opening of the first session, after her appointment to the post of interim chairperson.

"By meeting our opponents half way, and by accepting a compromise again, we have agreed to hold the session on Nov. 23," Viacheslav Kyrylenko, the leader of Our Ukraine, said.

The breakthrough is a relief for political groups that feared further delays with setting the first session would have provoked an escalation of tensions.

A Constitutional crisis was also feared. Following the Sept. 30 snap election, Parliament must hold the first session no later than Nov. 26 to prevent major political complications, analysts said.

Roman Zvarych, a member of Our Ukraine, was appointed as deputy chairman, while Ihor Sharov, a member of the centrist group led by former Parliamentary Speaker Volodymyr Lytvyn, was appointed the secretary.

The Regions Party nominated Bohatyriova as a compromise and bowing to pressure from President Viktor Yushchenko's Our Ukraine-People's Self-defense to drop support for two previous nominations representing the Communist Party.

The holding of the first session is important as this is the earliest point at which political groups can create a coalition that will vote to approve the speaker of Parliament and will later form the government.

Two pro-Western groups, including Our Ukraine-People's Self-defense and the group led by former Prime Minister Yulia Tymoshenko, pledged to form a coalition at the first session.

The two groups control a total of 228 seats in the 450-seat Parliament, a slim majority.

"On Nov. 23 we will sign an agreement to form a coalition between democratic forces," Kyrylenko said.

But the Regions Party, which will control 175 seats, making it the biggest single group in Parliament, on Thursday insisted that it will seek to create its own coalition.

"The Regions Party is the winner of the election," First Deputy Prime Minister Mykola Azarov, a senior member of the party, said. "That's why we do not hope, we are working on creating an effective coalition."

By making such statement, the Regions Party is probably seeking to win support from several individual lawmakers from the 72-strong group of Our Ukraine-People's Self-defense.

But any plans to create the coalition by including individual lawmakers - as opposed to entire groups - could trigger a crisis within Our Ukraine-People's Self-defense and is not likely to win support from Yushchenko, analysts said. *(tl/ez)*

Text available on World Wide Web, URL:  
<http://www.ukrainianjournal.com/index.php?w=article&id=5577>

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**7. EU to reopen probe of secret CIA prisons after evidence of Ukraine involvement**  
**Gabriel Haboubi, 15 November 2007**  
**JURIST, 16 November 2007**

The European Parliament committee on CIA activities in Europe (TDIP) [official website] will reopen its investigation into the alleged operation of secret CIA prisons [JURIST news archive] in Europe, two committee members said Wednesday. Giulietto Chiesa and Claudio Fava [official profiles] said that new evidence of secret prisons and rendition flights in Ukraine prompted the TDIP to reopen the investigation. Fava told reporters Wednesday that the "strong and very specific evidence" includes a document, which was featured on a Russian TV documentary, indicating that the country issued landing authorizations for CIA operated flights in 2005. There are also reports that a prison was built on a Ukrainian military base, which was used for 10 prisoners with 10 guards. Ukrainian officials have denied the allegations.

Fava headed the European Parliament's investigation into reports of secret CIA facilities in Europe, which was initially closed when the European Parliament approved [JURIST report] Fava's report [adopted text, DOC] in February. The report condemned EU member states for cooperating with the CIA in operating secret prisons and extraordinary rendition flights and criticized several countries for their "reluctance to cooperate" with the TDIP investigation. The report also noted that reports of secret prisons in Poland could be proved only by circumstantial evidence, and therefore could "neither be confirmed nor denied

Text available on World Wide Web, URL:  
<http://jurist.law.pitt.edu/paperchase/2007/11/eu-to-reopen-probe-of-secret-cia.php>

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**8. Vietnam, Ukraine ink WTO accession deal**  
**Sinhua, 16 November 2007**

Vietnam and Ukraine have signed here an agreement on Ukraine's accession to the World Trade Organization (WTO), local newspaper Vietnam Economic Times reported Thursday.

The conclusion of bilateral consultations about the accession on Wednesday will create favorable conditions for Ukraine to join the WTO soon, and help strengthen the economic and trade cooperative relations between the country and Vietnam.

Under the agreement, the two countries recognize each other's full market economy status. Ukraine pledges to slash import taxes on Vietnamese products, including its key items.

Ukraine also pledges to fully implement WTO agreements, including the General Agreement on Trade and Services, the Agreement on Technical Barriers to Trade, and the Agreement on the Application of Sanitary and Phytosanitary Measures right upon its entry to the organization.

Vietnam officially became the 150th member of the WTO in January 2007.

Text available on World Wide Web, URL:  
<http://news.google.com/news?hl=en&ned=us&q=Ukraine&btnG=Search+News>

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**9. Gazprom, Ukraine come to terms on principles of natural gas pricing**  
**UNIAN, 16 November 2007**

Ukraine, Russia agreed principles of natural gas pricing for the medium term, according to the Ukrainian Fuel-Energy Ministry's press-service.

"We finished to agree the natural gas pricing for the medium term. Economic subjects began to prepare the respective commercial contracts", the Ministry's report reads.

The agreement was reached on Thursday, 15 November, at a meeting of Gazprom's CEO Alexei Miller with Ukraine's Fuel and Energy Minister Yuri Boyko in Moscow.

Konstantin Borodin, the press secretary of the Ukrainian Fuel-Energy Ministry refused to specify any other details "until the moment the agreement is signed."

As UNIAN reported earlier, Gazprom representatives claimed that the gas price for Ukraine in 2008 may make 160 US dollars for a thousand cubic meters, if the sides sign an agreement on gradual transferring to average European price by the year 2011. The average European price may amount 300 US dollars for a thousand cubic meters as early as in 2008.

Constant URL of article:  
<http://www.unian.net/eng/news/news-221999.html>

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#### **10. USA ask Ukraine and Georgia not to spoil relations with Russia ForUm, 16 November 2007**

The USA has addressed Ukraine and Georgia with the request not to spoil relations with Russia. Deputy State secretary of the USA David Kramer stated at the international forum "Regulation of "frozen conflicts" in the context of safety and stability of the Black Sea region".

"Ukraine, Moldova, Georgia and Belorussia can have good relations both with the USA and Russia. The tension in the bordering countries upon Russia is not in the interests of the USA," Kramer said.

As a reminder, the international forum was opened in Kyiv on Wednesday. 30 foreign experts, 100 scientists and representatives of the non-governmental organizations and diplomatic missions took part in the sessions of the forum

Text available on World Wide Web, URL:  
<http://en.for-ua.com/news/2007/11/16/124059.html>

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#### **11. EU Denies Preps for Ukraine Entry Prensa Latina, 15 November 2007**

Kiev, Nov 15 (Prensa Latina) European Union Commissioner for Fisheries and Maritime Affairs Joe Borg ruled out the possibility of beginning negotiations now for Ukraine to join the EU, according to local press reports.

Both the European Commission (EU's executive body) and Ukraine lack preparation to start such talks, said Borg, as cited by Sevodnia daily.

Speaking before the Eurochamber on behalf of the EC, Borg considered for this reason the issue of the Ukrainian entry is beyond discussion in any renewed agreement of broad cooperation between Kiev and Brussels, the text of which has been under discussion since March.

The current bilateral agreement is to expire in early 2008.

Text available on World Wide Web, URL:  
<http://www.plenglish.com/article.asp?ID=%7B01CBE347-06B4-4766-88DC-16A02101936B%7D}&language=EN>

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## **12. Battle rages over Ukraine`s largest oil refinery Russia Today, 16 November 2007**

*The latest attempt to settle a dispute between Russian and Ukrainian investors over control of Ukraine`s largest oil refinery brought no results. Ukrainian chief executive seized control of Kremenchug refinery last month intensifying a stand-off.*

To reclaim the largest oil refinery in Ukraine, its former chief staged less than a peaceful comeback. Armed with a court ruling restoring his powers, and flanked by security guards, Pavel Ovcharenko, walked back into his old office at Ukratnafta last month.

However the stand-off between Russian and Ukrainian investors continues.

### **Disputed shares**

Before the dispute the refinery was jointly owned by two companies - Ukraine`s Naftogaz on the one hand, and Tatneft and the Russian Republic of Tatarstan on the other.

At a later stage, an 18.2 stake was transferred to one Swiss and one US company, with links to Tatneft.

The Ukrainians never accepted the transaction and in May 2007 managed to write off the shares from the company`s authorized capital, in favour of Naftogaz.

However Tatneft retained influence through CEO Sergei Glushko.

Then came October`s dramatic seizure of control by former CEO of Kremenchug, Pavel Ovcharenko.

### **Caring for Ukraine?**

Since then red billboards flooded Ukraine calling for the state to regain control of the plant. This civil group supports the recent take-over and accuses the Tatneft-linked management of presiding over huge losses.

*"I am concerned about the growth of bank loans; they make up some 3.7 billion hryvnas. Certain companies together with Tatar investors tried to bankrupt Ukratnafta," says Vadim Gladchuk, Head of "Civil Resistance Group".*

The former management backed by the Russian government rejects the debt accusations. It calls the re-instated chief an impostor. One of the founders of Ukratnafta says the take-over was illegal because the shareholders never formally re-elected Ovcharenko.

*"When we called police to evict him, special armed forces arrived to protect him. It`s strange. Right after the attack, he siphoned off \$US 130 million to his bank accounts and ordered local courts to stop any proceeding over the raider," Rostislav Vahitov, Tatar Trade Representative claims.*

Russian and Tatar sides are also concerned about the position taken by Ukraine`s government.

They believe the conflict was instigated by the current Minister of Fuel and Energy but Yuri Boyko is now calling for a return to the status quo before the raid.

According to him, *"these events hurt our investment climate. We consider Glushko the only legal chief of the refinery and we think that this conflict should be stopped as soon as possible to restore the work of the plant."*

His words appear to have little effect and Ovcharenko remains at the plant.

Russia has stopped supplying oil to it and the jobs of more than 9,000 people at the refinery are in doubt.

The shareholders meeting scheduled for Thursday fell through again. The Tatar investors decided against sitting at one table with current management who they call "raiders". The Ukrainian side with a majority stake ignored the gathering too perhaps lacking the political will to sideline Russian interests and claim full control of the company.

Text available on World Wide Web, URL:  
<http://www.russiatoday.ru/business/news/17028>

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### **13. Ukraine 'moving towards' EU membership EUPolitix.com, 15 November 2007**

*Ukraine is ready to put its recent political turmoil behind it and join the EU.*

That was the message from Edilberto Segura, one of the country's top economists, to a meeting in Brussels.

Speaking on Thursday, the former World Bank official said, "EU membership will come – it is only a matter of time."

The timing of his speech is telling as it comes on the eve of negotiations next week on a possible EU-Ukraine trade agreement.

Segura reminded an audience of journalists and representatives from NGOs and think tanks that Ukraine's political situation remains "uncertain" following national elections on 30 September.

Despite the ongoing political gridlock, he said the Orange Revolution of 2004 had led to "more transparency and accountability" than his country had ever known.

He added, "No-one can be sure what will happen and Ukraine still needs more resolute efforts to achieve international standards of governance and transparency.

"But the risk of Ukraine going backwards is almost nil. Ninety per cent of its population want free market reform and closer relations with the EU, policies which are supported by all three major political parties."

Such reforms, he said, should include changes to the tax system and to the judiciary, including better salaries for judges.

"However, signing a free trade agreement with the EU must be the single most important objective for Ukraine.

"This would secure long term growth and lead to closer integration with the EU. Whether it actually leads to full EU membership is a very complex question but I am sure membership will come."

He said that, at present, resistance to such a move came from the EU on financial grounds.

"The French, in particular, are afraid that a mostly rural country like Ukraine will lead to it losing some of the agricultural funding it receives from the EU."

The event was organised by the EU-Ukraine Business Council.

Meanwhile, parliament this week ratified a process to simplify the visa process with with Ukraine.

The agreement on visa changes, agreed on 13 November, will allow a fixed price for visas at €35, and additionally will waive visa charges for students, journalists and close relatives.

Text available on World Wide Web, URL:

<http://www.eupolitix.com/EN/News/200711/0785b932-72d2-4b43-bcf3-3a3257942534.htm>

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#### **14. Building stronger ties with Ukraine European Parliament, 16 November 2007**

*The European Parliament adopted own-initiative report by Zbigniew Zaleski (EPP-ED, PL) on trade and economic relations with Ukraine. The report reviews the areas on which MEPs believe work needs to be done, including Ukraine's accession to the WTO, the creation of a free trade area with the EU (and Ukraine's long-term prospects for integration with the EU), energy supplies and relations with Russia.*

MEPs want Ukraine to speed up its accession to the WTO by removing all residual legislative and technical obstacles. They look forward to the creation of an EU/Ukraine Free Trade Area. However, Ukraine must introduce EU-compatible customs legislation and improve the functioning of its customs service.

The draft report makes various proposals on Ukraine's industrial policy: export diversification, improved public services, market liberalisation, creation of an effective tax system, updating of money-laundering and tax evasion regulations, elimination of distortions of competition and illegal export subsidies.

Ukraine is urged to align its intellectual property legislation and law enforcement with the *acquis communautaire*, WTO rules and other international standards, and also to combat counterfeiting and piracy effectively.

Ukraine should place more emphasis on the knowledge economy and increase the proportion of its GDP allocated to scientific research. At the same time, the EU should support education and research in Ukraine.

Farming and the rural population need financial and infrastructure support, easier access to loans for small producers and a weighting system for aid that favours small and young entrepreneurs. Regulatory cooperation between the EU and Ukraine on plant health is needed. And Ukraine should develop environmental programmes (key issues include the drinking water distribution network and action to prevent the deterioration of the Black Sea).

The report calls on Ukraine to develop its economic relations with the Russian Federation in a way which would not hamper closer integration into the Community's Single Market. A three-way dialogue between Ukraine, Russia and the EU should be promoted by the Commission, to foster a climate of security and peace in the region.

On the crucial issue of energy supplies, the report calls for full implementation of the EU-Ukraine Memorandum of Understanding on energy cooperation and stresses the need for a safe, transparent and reliable system of energy transit between Ukraine and the EU.

Lastly, the House welcomes the opening of negotiations between Ukraine and EU with a view to concluding a new Partnership and Cooperation Agreement. But MEPs are concerned about the lack of a strategic vision for development and stabilisation in Eastern Europe and they stress the need for Ukraine's integration to become a real political priority on the EU agenda. They also call on the Council to explain how will apply the Human Rights and Democracy Clause to the negotiations for a new agreement with Ukraine.

Text available on World Wide Web, URL:

[http://www.europarl.europa.eu/news/expert/infopress\\_page/026-13071-316-11-46-903-](http://www.europarl.europa.eu/news/expert/infopress_page/026-13071-316-11-46-903-)

**15. SEB buys 97.25 pct of Ukraine's Factorial Bank for 116.7 mln usd  
AFX News Limited/Forbes, 16 November 2007**

STOCKHOLM (Thomson Financial) - Skandinaviska Enskilda Banken AB said it signed an agreement to acquire 97.25 pct of the Ukraine's Factorial Bank, for around 116.7 mln usd.

SEB said it has an option for the remainder of the shares, and that the agreement implies a maximum consideration of 120 mln usd (approximately 780 mln skr) at a 100 pct holding.

SEB said the acquisition is in line with its strategy to expand its footprint in Eastern Europe through organic growth and add-on acquisitions.

'By acquiring Factorial Bank, with its 53 branches, SEB will strengthen its regional presence in the eastern part of Ukraine and the city of Kharkiv. Following the acquisition, SEB in Ukraine will have about 13,000 corporate customers and 100,000 private clients. Total assets will amount to 452 mln usd as of September 30, 2007,' SEB said.

The European Bank for Reconstruction and Development (EBRD) will acquire a minority ownership of maximum 9.95 pct in SEB Bank (Ukraine), SEB said.

The integration of Factorial Bank, including rebranding, will commence during 2008.

[hans.chumakonde@thomson.com](mailto:hans.chumakonde@thomson.com)

Text available on World Wide Web, URL:

<http://www.forbes.com/afxnewslimited/feeds/afx/2007/11/16/afx4347336.html>

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**16. SEB to buy Factorial Bank in Ukraine expansion  
By Eva Odefalk and Simon Johnson  
Reuters, 16 November 2007**

STOCKHOLM - Swedish bank SEB said on Friday it had agreed to buy 97.25 percent of Factorial Bank in a deal valuing the Ukrainian bank at \$120 million.

SEB said the agreement was in line with its strategy to expand its footprint in eastern Europe and would give the group a total of over 110,000 customers in Ukraine.

It added that the European Bank for Reconstruction and Development (EBRD) would acquire a minority stake of at most 9.95 percent in SEB Bank Ukraine.

"We have a long-term commitment to offer universal banking services in Ukraine," SEB Chief Executive Annika Falkengren said in a statement. "The ongoing consolidation within one of the fastest-growing banking markets in Europe offers SEB continued opportunities for growth in the region."

SEB shares were down 1.2 percent at 167.50 crowns at 1005 GMT against a fall of 0.5 percent in the wider Stockholm market. Rival Nordea was down 1 percent.

In recent years Nordic banks have expanded rapidly into the Baltics and eastern Europe, which they see as home markets.

Ukraine has also attracted wide interest from other foreign buyers.

Despite the years of rapid growth, the market remains underpenetrated. Ukraine's grey economy is about equal in size to its official counterpart, and Ukrainians have fewer bank accounts and mortgages than consumers in other emerging markets.

Mats Kjaer, head of New Markets at SEB said that initially, Ukraine's contribution to overall results would be modest.

"We are looking for a platform to expand, not to maximise profits," he said.

Kjaer said SEB aims to add 20-25 branches per year in Ukraine and would like to own 100 percent of Factorial.

In February this year Swedbank bought TAS- Kommerzbank in Ukraine for \$735 million.

Other buyers of banking assets in Ukraine include Austria's Raiffeisenbank and France's BNP Paribas.

(Reporting by Simon Johnson; Editing by Quentin Bryar and Erica Billingham)

Text available on World Wide Web, URL:

<http://www.reuters.com/article/bankingfinancial-SP/idUSL1652554520071116?sp=true>

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### **17. Gazprom finally reveals its "top secret gas formula" Russia Today, 16 November 2007**

*It was once the oil equivalent of Coca Cola's secret formula, but now Russian energy giant Gazprom has revealed how it charges for gas. The new-found transparency is likely to kill off talk of political motives behind price increases.*

The news came as Gazprom and Ukraine announced they had reached an in principle deal over gas prices, although the exact price for 2008 has not been announced.

Gazprom's plan is for Ukraine to move gradually to market prices for gas. That means around \$US 300 per thousand cubic meters - compared with the current price of \$US 130.

So far, Gazprom suggested it would accept \$US 160 per thousand cubic meters, if it agrees to pay market price by 2011.

Gazprom's formula for calculating gas prices for non-CIS countries reveals a lot about the company's priorities.

Firstly, it takes the volume of gas on the foreign market and calculates the price it sells at over a defined period. Then it applies the dollar exchange rate for the final day of the reference period.

What this means is the more gas the consumer countries use, the less they pay for it.

But the formula also protects Gazprom's future earnings: the more money it earned from gas sales in the reference period - the higher the tariff.

Finally, it accounts for exchange rates. If the rouble declines, the gas price goes up.

*"Gazprom usually uses a pretty simple quotation which would include prices for crude oil and prices for fuel oil. They will mix it with specific coefficients to get an average," said analyst Dmitry Lukashov.*

Gazprom is in talks with European countries and will set the price for these customers in the first quarter of 2008.

Most CIS neighbours have already signed their contracts, with Gazprom expecting to wrap up talks with Ukraine well before the New Year.

Text available on World Wide Web, URL:  
<http://www.russiatoday.ru/news/news/17055>

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#### **18. Ukraine to support Kosovo sovereignty NRCU, 16 November 2007**

*As Foreign Minister Arseniy Yatsenyuk told a news conference, Ukraine will support granting Kosovo sovereignty.*

"We may support Kosovo as a sovereign state if the UN passes a relevant resolution. We must provide its government with a possibility of full-fledged functioning as well as social guarantees. This is the official position of Ukraine," Mr. Yatsenyuk said. The minister believes that the situation in Kosovo is a unique one and its regulation cannot be extrapolated to other problem areas such as Transnistria, Osetia, or Nagorny Karabakh.

Text available on World Wide Web, URL:  
<http://www.nrcu.gov.ua/index.php?id=148&listid=55310>

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#### **19. NATO understands legitimacy of Russia's CFE moratorium – Baluyevsky Interfax, 16 November 2007**

NATO officials understand that Moscow's decision to impose a moratorium on Russia's participation in the Conventional Forces in Europe (CFE) Treaty is legitimate, Chief of Russian General Staff Yuri Baluyevsky said.

"Basically, NATO officials understand the legitimacy of Russia's move. We are not shutting the doors completely," Baluyevsky said during the discussion of the CFE at the Federation Council on Friday.

"They [NATO and the U.S.] were hoping to the last minute that Russia would soften its stance, that it would not adopt the moratorium," he said.

"But we must make this step. The article two of the Treaty allows the head of state to decide to suspend Russia's participation in the CFE," Baluyevsky said.

"Russia has made absolutely the right step" both from the political and the military points of view, he said.

Baluyevsky said he recently returned from Brussels, where the chief of the Turkish Army told him that Ankara "sees no problem in lifting flank restrictions for Russia," something that the United States opposes.

We have a program for the development of Russia's Armed Forces until 2016-2020 that "gives a detailed and specific description of all the tasks on the way towards providing our army with quality armaments." "This program is about providing quality armaments, not increasing their number. All decisions have been made and funding has been secured," he said, adding that the main task now is to step up the serial production and supply of such high-quality armaments to the Russian Armed Forces.

It is unfair that Russia and Belarus were subjected to up to 56 inspections a year under the CFE Treaty, Baluyevsky said. "That means two or three inspections per month to monitor the activities of the Russian Armed Forces," the general said.

Minsk and Astana, which has also ratified the CFE, believe Russia made the right move from the political and military points of view, he said.

As for Ukraine, Kyiv has some doubts about flank restrictions, Baluyevsky said.

"Our Ukrainian colleagues have an ambiguous stance on this issue. They ratified the CFE, but they failed to deposit the instruments of ratification with the Depository," said Sergei Kislyak, the Russian deputy foreign minister.

Ukraine fears that the restriction dimension can be weakened, but not by Russia, he said. "All in all, we are beginning to find mutual understanding with Ukraine on this issue," Kislyak said. *kk md*

Text available on World Wide Web, URL:  
[http://www.interfax.ru/e/B/politics/28.html?id\\_issue=11911449](http://www.interfax.ru/e/B/politics/28.html?id_issue=11911449)

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## **20. The CIS and Baltic press on Russia** **RIA Novosti, 16 November 2007**

### UKRAINE

Analysts believe that in the near future Kiev will have to pay a great deal for Moscow's consent to a minor increase in gas prices for Ukraine in 2008. "New prices will compel Ukraine to spend additional billions of dollars. With a price of \$160 [for 1,000 cubic meters], expenses on gas imports will increase by \$1.65 billion to reach \$8.8 billion. With a price of \$260, they will double to top \$14 billion." (Gazeta 24, November 7)

Commentators are convinced that Ukraine will have to accept the market model of relations with Russia in fuel and energy because it has practically no levers of influence on its northern neighbor. "It is absolutely clear that Ukraine cannot pay more than \$200 for a 1,000 cubic meters, but it is not clear how to reduce it. Earlier, Viktor Yushchenko suggested compensating for a price hike by increasing the cost of transit, but his talks with Vladimir Putin on this score have not taken place... It was brought home to Ukraine that it would not be able to dictate anything to Gazprom. (Russian-Ukrainian review Gulyai-pole, October 31)

"We will not gain anything...even by increasing the price of transit. Russia will instantly raise the price of fuel to the declared \$230-\$250 for a 1,000 cubic meters." (Ekspert-Ukraina, November 12)

Many media are of the opinion that today it is absurd to talk about the pro-Russian orientation of any political forces in Georgia. "No matter what trials and tribulations Georgia may go through, the 'Kremlin's bloody hand' is bound to surface there sooner or later... This hand is seizing autonomies from Georgia, putting packs of dollars into the pockets of 'FSB agents' and stifling the proud republic with an economic blockade." (From-ua, November 12)

Having resorted to force, the Georgian leader has discredited the very idea of a colored revolution, and the Kremlin will not hesitate to use this opportunity.

"Saakashvili did not notice the brink he crossed... He presented Russia with an excuse, which it could have never hoped to get. On hearing the first shots in Tbilisi, people in the Kremlin opened champagne." (Ukrainskaya Pravda, November 9)

Text available on World Wide Web, URL:  
<http://en.rian.ru/analysis/20071116/88409904.html>

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## **21. Lutsenko Refuses to Join New NU-NS Party Ukrayinska Pravda, 16 November 2007**

People's Self-Defense which is a member of Our Ukraine – People's Self-Defense Bloc (NU-NS) decided to end its participation in the process of forming a united democratic party based on NU-NS.

This decision was made on Thursday. People's Self-Defense accounts it for distrust of some NU-NS members who sabotage coalition talks, Kommersant Ukrayina periodical reports.

"Today we have come to the following conclusion: Ukraine needs a united democratic party. But this party should be consolidated and demonstrate stability of its position," stated Mr. Lutsenko.

According to him, People's Self-Defense is reluctant to deal with people who refuse to form a democratic coalition after many months of the political struggle.

"We made a political decision to start talks on formation of a united democratic party after successful talks on formation of a democratic coalition in the Verkhovna Rada. Also, a number of laws need to be amended to make unification of parties possible. After all this we will complete all necessary procedures to form a united democratic party," said Mr. Lutsenko.

"We do not want to depend on two or three extremely ambitious and independent people who discredit NU-NS now," he added.

As such, Mr. Lutsenko has noted that both parties comprising People's Self-Defense (Forward, Ukraine! and Christian-Democratic Union) supported such a decision.

"Of course we respect position of our partners in the bloc but if we are talking about a united party we should demonstrate unity. Today we are forces to stand intrigues of the people who represent this bloc. We are not going to do it in a united democratic party," he stated.

Answering the question who those 'extremely independent people' were Mr. Lutsenko said: "Names of Petyovka, Kril and Plyushch are not very important. These could be other NU-NS members."

"There are different political groups in each of the three political forces that formed this mega-bloc. Honestly, only People's Self-Defense is a true democratic party. Our major bloc members act in their own interests," he added.

In response to the question whether or not People's Self-Defense has notified its bloc partners about such a decision, Mr. Lutsenko said: "Well, it is a good opportunity to do it now".

"We have discussed this issue at the NU-NS Political Council. We were offered a *blitzkrieg*. The party must be formed by December. This is impossible both from the political and legal point of view," he said.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/11/16/9443.htm>

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## **22. Kyrylenko Favors Review Of Aspect Of Coalition Agreement With Tymoshenko Bloc That Deals With Transition To Professional Army Ukrainian News Agency, 16 November 2007**

Viacheslav Kyrylenko, one of the leaders of the Our Ukraine-People's Self-Defense bloc, has said that it is necessary to amend the provisions of the bloc's coalition agreement with the Yulia Tymoshenko Bloc that deal with transition to a professional army.

Kyrylenko was speaking in an interview in the November 16 edition of the Ukraina Moloda newspaper, a text of which Ukrainian News obtained.

«I think that there will be amendments, and they will at least involve issues connected with the period of transition to a professional army,» Kyrylenko said.

At the same time, he said that such a turn of events should not be dramatized.

«I would not view this as something tragic. There is more significant excitement surrounding the text of the agreement than concrete difficulties,» Kyrylenko said.

He expressed the conviction that any amendments made to the text of the agreement would not prevent the Our Ukraine-People's Self-Defense bloc and the Yulia Tymoshenko Bloc from forming a parliamentary coalition.

«And one thing I am precisely convinced of is that the issue of transition to a contract army cannot be a bone of contention between democratic forces,» Kyrylenko said.

As Ukrainian News earlier reported, the Yulia Tymoshenko Bloc and the Our Ukraine-People's Self-Defense bloc intend to abolish conscription into the army in 2008 and introduce a professional army by 2009 if they form a parliamentary coalition.

President Viktor Yuschenko is insisting that a professional army should not be introduced before 2010.

Text available on World Wide Web, URL:  
<http://www.ukranews.com/eng/article/80897.html>

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### **23. Democracy games**

**By Yaroslav Levytskiy**

**Kyiv Weekly # 41(271), 14 November 2007**

The intrigue around the failure to sign an agreement on the formation of the parliamentary coalition between the Yuliya Tymoshenko Bloc and Our Ukraine – People's Self Defense re-activated the age old conflict between the will of the majority and the independent positions of a number of individuals who disagree with such will. As a reminder, initially the leader of the bloc Vyacheslav Kyrylenko explained that three future deputies simply did not have time to sign the document, but they are prepared to do so in the coming days. When this failed to happen the head of the European Party and member of OU-PSD Mykola Katerynchuk appealed to society to grow accustomed to the notions of pluralism of thoughts and open and free democratic discussions, which will make their political force stand out in the future.

Although the question of where democracy ends and where anarchy starts is quite the rhetorical issue, this does not mean that there is no answer. For example, the same "super-democratic" OU-PSD gave 7 spokespersons the authority to make statements on behalf of the bloc and comment on its actions in the midst of the pre-election campaign earlier this year. This allowed OU-PSD to run in the elections as a single team and not get involved in debates on such heated issues as the recognition of OU-PSD, the language issue, neutral status regarding NATO, etc.

At that time the bloc correctly interpreted the social inquiry as to the integrity of the country's political forces from whom voters expect at the very least consistency and predictability if not total fulfillment of all pre-election promises made. The most glaringly obvious example of such an attitude was evident in the results of the parliamentary elections on September 30. According to the final tallied results, the Party of Regions and the Yuliya Tymoshenko Bloc won the majority of votes. These are to certain extent quite authoritarian political forces, where their leader and internal discipline define the boundaries of discussion, which forms the self-discipline of every member of the party or bloc.

Sometimes such self-discipline spills over the edge and undergoes a metamorphosis into a state of grayness as is the case with the Party of Regions. Then to look more democratic and vivid the party's leadership is forced to appoint the "owners" of their own position, which differs from the party platform.

VR deputies Taras Chornovil and Hanna Herman from the western lands of Halychyna and Crimean resident Vasyl Kyselyov play this very role in the Party of Regions.

However, oftentimes the exact opposite happens where a political force attempts to level off or simply distance itself from “separate thoughts” for good. As a typical example YTB comes to mind. It failed to assimilate the Yabluko party which joined the bloc in 2005 and forced the party to run in the last elections independently under the new name Party of Free Democrats.

Dmytro Vydrin, a political scientist and the director of the European Integration Institute, is convinced that the notion of pluralism of thoughts should be inherent in any political force, while internal democracy can be limited by the overall political culture rather than party discipline. Vydrin believes that the higher the level of culture, the more democracy, and the lower the level of culture, the stricter the discipline. Vydrin said: “Overall, our society has become less democratic. At the same time, for some reason people think contemporary Ukrainian political parties should follow the example of the Communist Party set by its leaders Leonid Brezhnev and Yuri Andropov through unanimity of their decisions and the absence of internal opposition. This is a clear display of double standards in society.”

Meanwhile, Vadym Karasyov, a political scientist and the director of the Global Strategies Institute close to Our Ukraine, is convinced that internal party democracy should be based on the pluralism of thoughts, though the decisions of the majority should be mandatory for execution by all the members of the party. Nevertheless, this rule should not be applied to political blocs consisting of several parties. Karasyov explains: “The parties unite on the basis of separate agreements, which define the mechanism of decision-making. A particular decision is not necessarily made unanimously within a political bloc. Then the party that does not support the bloc has the right to not fulfill the will of the majority and defend its own position regardless of the opinion of its partners in the bloc.”

Whatever the case, such a right will not be natural several members of one political union. This is the reason the pluralism of thoughts demonstrated by three members of OU-PSD that did not ink the documents poses a threat both to the “orange” coalition and the future electoral ratings of Our Ukraine.

Vyacheslav Kyrylenko, leader of Our Ukraine, decided to put his fist down and suggested that those deputies that disagreed to surrender their mandates and vacate their seats in the parliament for the next candidates on the party’s list if their points of view are strictly out of principle.

Be that as it may, the majority of analysts agree that the electoral success of the Party of Regions and YTB cannot be attributed to gravitation of Ukrainian society authoritarian parties. In reality, people are expecting politicians to demonstrate consistency, predictability, the ability to keep their promises and interpret an authoritarian style of rule as a display of higher self-discipline. And while Ukrainians are voting rival political forces into power, none of the authoritarian parties are under threat of becoming totalitarian.

Text available on World Wide Web, URL:  
<http://www.kyivweekly.com/?art=1195062977>

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**24. Vitaliy Klitschko: They turned downtown Kyiv into one big business-center**  
**By Inna Kovaliv**  
**KYiv Weekly # 41(271), 14 November 2007**

Vitaliy Klitschko, WBC heavyweight champion and the leader of his namesake political bloc in the Kyiv City Council, shared with KW what he does not like about Kyiv managed by Mayor Leonid Chernovetskiy

KW: So what is wrong the city authority?

VK: Everything is very simple. Chernovetskiy’s team came to power in the city more than a year and a half ago. It had a credit of trust and enough time to change the situation for the better. However, I think

that every Kyivan will tell you: there is no progress and there is in fact regress in many aspects. It is gradually becoming less comfortable to live in the capital.

The city is overloaded by traffic jams, every square meter of land is being developed and the city's parks are being destroyed. There is also construction in the historical center of Kyiv that violates every possible regulation. Every skyscraper built there involves the participation of more people and builds up the traffic. The city administration cannot decide whether Kyiv should be a historic, cultural, administrative or industrial center.

At the same time, downtown Kyiv is turning into a business center and it shouldn't be that way. Moreover, offices and government institutions must be moved out of the city center. In such way, we will preserve the historical face of Kyiv and traffic jams will disappear.

I only touched upon the construction issue, but the situation is similar everywhere – in medicine, education and municipal services.

KW: Back in September, the Yulia Tymoshenko Bloc and Our Ukraine promised to initiate re-election of the city mayor. Would you like to run for mayor?

VK: I want to become the next mayor of Kyiv. If I am elected mayor, the first thing I will do is conduct a thorough inspection of the work of the Kyiv City State Administration. I want high ranking officials currently making illegal decisions to know that they will have to answer for their actions.

KW: Nobody has been held accountable so far.

VK: Ukrainian courts are the reason for this. Ask Ukrainians whether they trust the judicial and executive authorities and their answer will be – “no”. Unfortunately, today almost any decision by “Lady Justice” can be bought off. This is the reason I insist that the judicial system be completely revamped in order for this country to move forward. As the President Yushchenko once observed, one can even contest the 10 Commandments in our courts of law and win the case.

KW: Will the decisions from October 1 on allocating several thousand land plots be cancelled?

VK: I'm certain these decisions are illegal. First of all, voting for them was held using cards of in absentia deputies. Secondly, the drafts of the decisions weren't distributed to those deputies present at the session, which is a blatantly gross violation of the procedure. The information that the aforementioned land plots are already being put up for sale on the secondary market is a further testimony that that this procedure was done illegally to turn quick profits. This the reason I will ask citizens to not buy these land plots if they don't want to share future problems with the sneaky city councilmen. I assure you that they will run into such problems once court rulings are handed down.

KW: Why you have not run for the Verkhovna Rada in the last elections?

VK: I set my mind on reversing the situation in Kyiv and this can only be done by holding the mayor post. I don't want to repeat my mistake of the past, when I ran for both the Verkhovna Rada and the City Hall in 2006. At that time, the majority of voters did not understand what post I would choose. As a result, I lost the elections in Kyiv. The same situation will not repeat.

KW: What do you think about the fact that today it is cheaper to buy an apartment in Paris or Rome than in Kyiv?

VK: I don't like this situation since it was created artificially. If you buy an apartment in Paris, for example, you have access to the entire infrastructure of the city: a developed consumer chain and municipal utilities that comply with European standards. In other words, you pay for a comfortable life and get what you paid for. Transcendental prices for apartments in Kyiv are not conditioned by the quality of infrastructure or apartments, rather by the fact that demand exceeds supply. At the same time, the supply is deliberately limited by several market players that have “access to the body” of local authorities. This is bad both for potential buyers of apartments and businesses. As long as there is no

healthy competition in the city, prices will continue to grow. So, again we come back to square one – the political factor.

KW: When you first entered politics you said that political issues should not be settled with fists as in boxing, but with words and brains. Have you changed your mind about this since that time?

VK: Yes, I've changed my mind. Now I often want to give several deputies a licking... Of course, it would be more a good lesson than an assault. Besides, it is a proof that boxing can come in handy not only in the ring but also in the session hall of the Kyiv Council.

Kidding, of course...

Text available on World Wide Web, URL:  
<http://www.kyivweekly.com/?art=1195062933>