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1. \$505 Million Deal for Chernobyl Shelter
By MARIA DANILOVA
Associated Press, 17 September 2007

KIEV, Ukraine - Ukrainian officials signed a \$505 million contract with a French-led consortium Monday for construction of a new shelter for the Chernobyl reactor, the site of the world's worst nuclear accident.

The project, financed by an international fund managed by the European Bank for Reconstruction and Development, will be designed and built by the French-led consortium Novarka, which includes the companies Bouygues SA and Vinci SA.

The new shelter -- an arch-shaped steel structure 345 feet tall and 490 feet long -- will enclose the concrete sarcophagus erected hastily after the 1986 accident. That structure has been crumbling and leaking radiation for more than a decade.

"I am convinced that today, possibly for the first time, we can frankly tell the national and international community that the answer to the problem of sheltering the Chernobyl nuclear plant was found today," President Viktor Yushchenko said at the signing ceremony, according to the presidential Web site.

The plan is to eventually dismantle the sarcophagus and the exploded reactor inside the new shelter. Chernobyl's reactor No. 4 exploded on April 26, 1986, spewing radiation over a large swath of the

former Soviet Union and much of northern Europe. An area roughly half the size of Italy was contaminated, forcing the resettlement of hundreds of thousands of people.

Ukraine has repeatedly asked for money from the European Union and other Western sources to fund a new shelter.

Anton Usov, a spokesman for the European Bank for Reconstruction and Development, said it will take about 1 1/2 years to design the shelter and another four to build it.

The entire project of sheltering the reactor, which began in 1997 and also includes strengthening the existing sarcophagus, monitoring radiation and training experts, is estimated at \$1.39 billion, Usov said.

Officials also signed a \$200 million contract with New Jersey-based Holtec International for decommissioning the power plant. The project includes building a storage facility for spent nuclear fuel from the plant's three other reactors, which kept operating until the station was shut down in 2000.

That undertaking is also financed by international donors in a fund managed by the European Bank for Reconstruction and Development.

"The successful implementation of the project depends not only on the progress of the construction work, but also on the continued commitment of both the Ukrainian authorities and the international community," European Bank for Reconstruction and Development President Jean Lemierre said in a statement.

In the first two months after the disaster, 31 people died from illnesses caused by radioactivity, but there is heated debate over the subsequent toll.

A 2005 report from the U.N. health agency estimated that about 9,300 people will die from cancers caused by Chernobyl's radiation. Some groups, such as Greenpeace, insist the toll could be 10 times higher.

Text available on World Wide Web, URL: <http://www.amny.com/news/nationworld/world/wire/sns-ap-ukraine-chernobyl,0,4632947.story>

2. Ukraine, West firms sign deal to solve Chernobyl ills China Daily, 17 September 2007

Ukraine signed deals with Western firms on Monday to build a new arch-shaped shelter to encase the wrecked fourth reactor at the Chernobyl power plant, site of the world's worst nuclear accident, and to store spent nuclear fuel.

With President Viktor Yushchenko looking on, the head of the now-decommissioned station signed a deal with the French-led Novarka consortium to erect the new shelter. The project is due to be completed over four to five years and cost \$1.39 billion.

A second deal was signed with US-based Holtec International to build a facility to house spent fuel from the station's other three reactors. A total of US\$396 has so far been allocated for that project.

"We are talking about a unique project for this planet. The danger linked to the site of the accident is not confined to Ukraine's borders," Yushchenko told ceremony participants.

Various projects have been proposed since the mid-1990s to replace the "sarcophagus" hastily erected by workers and troops over the reactor in the weeks and months following the April 26, 1986, fire and explosion at the plant.

But agreement on financing, overseen by the European Bank for Reconstruction and Development, was only announced last month. Donors, mostly foreign governments, have so far contributed 739 million euros.

The new "tomb" will take the form of an arch 105 metres (345 feet) high, 150 metres long and 260 metres across. It will be built onsite and then slid over the fourth reactor, providing conditions for the complete dismantling of its nuclear inventory, most of which is still inside.

The second facility is to house more than 20,000 spent fuel assemblies used by the other three reactors during the plant's 23 years in operation before it was shut down in 2000.

Kris Singh, president of Holtec International, said the site could ultimately house spent fuel from some of Ukraine's 16 working reactors if authorities approved such a move.

Yves-Thibault de Silguy, president of the Vinci firm, which has a stake in Novarka with Bouygues, said the deals would give a green light for plans to rejuvenate the nuclear industry after 20 years of stagnation attributed partly to Chernobyl.

"I am convinced that the resumption of the new development of nuclear plants in the world depends on finding a solution to the Chernobyl case," he said. "And today we have a very important signal for the world."

Estimates of the number of deaths linked to the Chernobyl accident vary widely. The World Health Organisation puts the number at 9,000, while the environmental group Greenpeace predicts an eventual death toll of 93,000.

Some 200,000 residents were evacuated from Ukraine alone, though the accident hit neighbouring Belarus especially hard. Experts are still studying the long-term health effects.

Text available on World Wide Web, URL:
http://en.ce.cn/World/Europe/200709/18/t20070918_12945725.shtml

3. New shell to cover deadly Chernobyl Agence France Presse, 17 September 2007

KIEV — French consortium Novarka signed a contract Monday with Ukraine to shut away the radioactive heart of the 1986 Chernobyl nuclear disaster with a multi-million-euro protective cover designed to last a hundred years.

Ukrainian President Viktor Yushchenko and the French trade minister, Herve Novelli, oversaw the signing by the consortium, which includes French builders Bouygues and Vinci.

Yushchenko, who faces difficult parliamentary elections at the end of this month, said the 432-million-euro (600-million-dollar) deal for the new shield was "a great historic event," his press service said.

Before the signing, Novelli visited the site of the world's worst nuclear accident, about 100 kilometres (62 miles) north of Kiev, to send what he called "a message of remembrance, solidarity and compassion."

"By shutting in the power station we are closing a page so as to open another, one of secure nuclear energy," Novelli said.

Novarka will build a steel shield 190 metres (623 feet) wide and 200 metres (656 feet) long to cover the existing containment structure, or sarcophagus, which stands over the reactor and radioactive fuel that caused the accident in the dying years of the Soviet Union.

Work on the sarcophagus, which is designed to last a century, should start in October with the target of completion in 2012.

By the end of the sarcophagus' lifespan, "Chernobyl will not exist anymore," Vinci chairman Yves-Thibault de Silguy said. "The end goal of the shield is to allow (Chernobyl's) total dismantling."

However, Frederic Marillier of the environmental activists group Greenpeace-France said "the West and France in particular should not rest on their laurels."

"The sarcophagus is not a definitive solution because it does not eliminate the risk of a nuclear chain reaction setting off in the remaining radioactive material."

On April 26, 1986, reactor number four at the Chernobyl nuclear power plant exploded, contaminating the then-Soviet republics of Ukraine, Belarus and Russia, as well as large parts of Europe.

The new sarcophagus will weigh about 18,000 tons -- more than twice the weight of the Eiffel tower.

Most of Ukraine's costs are being met by the European Bank for Reconstruction and Development in Europe.

Text available on World Wide Web, URL:

<http://www.mywire.com/pubs/AFP/2007/09/17/4503475?pbl=289>

4. Ukraine leaders make poll appeals in strongholds Reuters Donetsk, 18 September 2007

Ukraine's president and prime minister, rivals from the Orange Revolution, urged voters at the weekend to fill parliament with their allies and end a standoff plunging the ex-Soviet state into turmoil.

Both were in fiefdoms which traditionally bisect Ukraine -- Prime Minister Viktor Yanukovich in the Russian-speaking east and President Viktor Yushchenko in the nationalist west. Yushchenko beat Yanukovich in a 2004 presidential election, but infighting toppled a government led by orange heroine, Yulia Tymoshenko. Yanukovich became prime minister and has overseen strong growth, but a struggle for power led Yushchenko to dissolve parliament and call a Sept. 30 election. The premier's Regions Party and the orange camp are neck-and-neck in polls. Stopping in scruffy industrial towns where his party's blue banners fluttered from trees and signposts, Yanukovich accused Tymoshenko and her allies of being unfit to run the economy. "The Ukrainian people must give them their reply. What should their business be? Skating and putting on fashion shows?" he told supporters, mocking the impeccably-dressed Tymoshenko. "Or is it running the economy? No one will entrust them with managing the economy."

Text available on World Wide Web, URL:

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=122400>

5. Chernobyl to be covered in steel BBC News, 17 September 2007

The authorities in Ukraine have approved a giant steel cover for the radioactive site of the world's worst nuclear disaster - Chernobyl.

Ukraine has hired a French firm to build the structure to replace the crumbling concrete casing put over the reactor after the 1986 accident.

The casing project is expected to cost \$1.4bn (£700m).

It will take five years to complete and the authorities say they will then be able to start dismantling the reactor.

Ukrainian President Viktor Yushchenko hailed the project:

"Today is probably the first time that we can openly look into the eyes of the national and international community and say that a solution to the problem that has long been called the Chernobyl problem was formally found," he said.

Weather exposure

The French construction company Novarka will build a giant arch-shaped structure out of steel, 190 metres (623 feet) wide and 200m long.

It will cover the existing containment structure which stands over the reactor and radioactive fuel that caused the accident in 1986.

The reactor still contains 95% of its original nuclear material, and exposure to weather and poor construction has left the existing casing weak.

A separate deal has also been signed with the US firm Holtec to build a storage facility within the exclusion zone for nuclear waste which has been produced by Chernobyl.

The money for the schemes has come from international donors.

The fund is administered by the European Bank for Reconstruction and Development.

Its president, Jean Lemierre, said the continued commitment of Ukrainian authorities and the international community was vital for the projects to be successfully completed.

Text available on World Wide Web, URL:
<http://news.bbc.co.uk/2/hi/europe/6999140.stm>

6. Ukraine firms deal with west over Chernobyl site **By Ron Popeski in Kiev** **Herald Sun, 18 September 2007**

UKRAINE has signed deals with Western firms to build a new arch-shaped shelter to encase the wrecked fourth reactor at the Chernobyl power plant, site of the world's worst nuclear accident, and to store spent nuclear fuel.

With President Viktor Yushchenko looking on, the head of the now-decommissioned station signed a deal with the French-led Novarka consortium to erect the new shelter. The project is due to be completed over four to five years and cost \$US1.39 billion (\$1.65 billion).

A second deal was signed with US-based Holtec International to build a facility to house spent fuel from the station's other three reactors. A total of €285 million (\$470.5 million) has so far been allocated for that project.

"We are talking about a unique project for this planet. The danger linked to the site of the accident is not confined to Ukraine's borders," Mr Yushchenko told ceremony participants.

Various projects have been proposed since the mid-1990s to replace the "sarcophagus" hastily erected by workers and troops over the reactor in the weeks and months following the April 26, 1986, fire and explosion at the plant.

The new "tomb" will take the form of an arch 105m high, 150m long and 260m across. It will be built onsite and then slid over the fourth reactor, providing conditions for the complete dismantling of its nuclear inventory, most of which is still inside.

The second facility is to house more than 20,000 spent fuel assemblies used by the other three reactors during the plant's 23 years in operation before it was shut down in 2000.

Text available on World Wide Web, URL:

<http://www.news.com.au/heraldsun/story/0,21985,22437682-663,00.html>

7. EU leaders bring few goodies to Ukraine **By Dick Leonard** **European Voice, 17 September 2007**

Viktor Yushchenko needs more help from the EU to keep his Orange coalition alive, writes Dick Leonard.

Tomorrow (14 September) European Commission President Jose Manuel Barroso will travel to Kiev, with Portuguese Prime Minister Jose Socrates and EU foreign policy chief Javier Solana for the annual EU-Ukraine summit. Their main interlocutor will be President Viktor Yushchenko, his bitter rival Prime Minister Viktor Yanukovich being kept well away from the negotiating table.

Yushchenko, who faces crucial parliamentary elections on 30 September, is anxious that the credit for any new concessions that he may wring out of the EU side should accrue to him and not his opponents.

But a glance at the agenda for the meeting suggests that the EU leaders have few goodies to bestow, in addition to the two agreements on visa facilitation and re-admissions, which were signed on 18 June. Their principal aim is to deliver messages of goodwill and encouragement concerning the negotiation of an enhanced Action Plan for Ukraine under the European Neighbourhood Policy, the importance of conducting the elections according to the highest international standards, and the prospects for Ukraines entry into the World Trade Organization, which has received strong political support from the EU.

If there are to be any new inducements offered, they are much more likely to come after the election has been held, and it becomes clearer what sort of government the EU will be dealing with in the years ahead

All the indications, so far, are that the election result will be hideously close.

The latest opinion poll, published on 22 August, puts Yanukovichs Party of the Regions in the lead, with 31.7% of those intending to vote.

In second place comes Yulia Tymoshenkos electoral bloc with 19.7%, while Yushchenkos Our Ukraine is on 15.1%, giving the two Orange parties a slight edge of 3.1%.

But the Communist Party, with 3.9%, could tip the balance in Yanukovichs favour. No other party looks likely to surmount the 3% threshold to secure representation, though the number of undecided voters still stands at 18%.

Yanukovichs party seems extremely confident and - despite its pro-Russian loyalties - has not hesitated to employ highly expensive American political consultants to help improve its image. With a free and vigilant media, however, it is finding it difficult to persuade the public that it has changed its corrupt ways.

The large crowds it mobilised in April to protest against Yushchenkos decision to call an election may have looked like the huge spontaneous demonstrations which were provoked by the rigged

presidential election of 2004, but everybody in the Ukraine is now aware that the great bulk of them were bussed in from the Eastern region and paid \$20 (14.8) a day for their pains.

On the other side, it appears that Yushchenko has toughened up somewhat since the early days of his presidency, when he unaccountably failed to press home his advantage. As Andrew Wilson, a lecturer in Ukrainian Studies at University College London, wrote recently on the Open Democracy website: "Yushchenko made a disastrous decision to avoid revolutionary justice. Bandits to prison was more than just a slogan of the protestors in November 2004. A few key prosecutions, involving as a minimum the perpetrators of the election fraud, the killers of journalist Georgii Gongadze whose headless corpse was found in November 2000 and Yushchenkos own mysteriously under-investigated poisoning, would have changed the rules of the game - and were definitely expected at the time by the panicky old guard. Instead, most of the suspects ended up with legal immunity on the Party of Regions election list."

Now Yushchenko is showing much greater vigour and - since April - has fought every inch of the way against the continuing efforts of Yanukovich and his supporters to undermine the basis of democratic government.

Many Ukrainians are deeply disappointed about the results of the Orange revolution and the morale of Yushchenkos supporters is low. Some of them are even advocating a new deal with Yanukovich rather than continuing to fight him.

If despite this, they - together with Tymoshenkos party - do manage to squeeze a majority out of the election, they will face an enormous challenge. How to succeed in working together and make a better fist of governing than they did last time. In this they will need all the help they can get - including a much more positive response than EU leaders have so far felt able to make.

Dick Leonard is author of The Economist Guide to the European Union.

Text available on World Wide Web, URL:
<http://www.tmcnet.com/usubmit/2007/09/17/2944718.htm>

8. Ukraine signs a deal for new shield at site of Chernobyl accident **The Associated Press, 17 September 2007**

Ukrainian officials signed a €364 million contract with a French-led consortium Monday for the construction of a new shelter at the Chernobyl nuclear power station, site of the worst nuclear accident in history.

The project, financed by an international fund managed by the European Bank for Reconstruction and Development, will be designed and built by the French group Novarka, which includes Bouygues and Vinci.

The new shelter - an arch-shaped metal structure 105 meters, or 345 feet, tall and 150 meters long - will enclose the concrete sarcophagus erected hastily after the 1986 accident. That structure has been crumbling and leaking radiation for more than a decade.

"I am convinced that today, possibly for the first time, we can frankly tell the national and international community that the answer to the problem of sheltering the Chernobyl nuclear plant was found today," President Viktor Yushchenko said at the signing ceremony, according to the presidential Web site.

The plan is to eventually dismantle the sarcophagus and the exploded reactor inside the new shelter. The No. 4 reactor at Chernobyl exploded April 26, 1986, spewing radiation over a large swath of the former Soviet Union and much of northern Europe. An area roughly half the size of Italy was contaminated, forcing the resettlement of hundreds of thousands of people.

Anton Usov, a spokesman for the European Bank for Reconstruction and Development, said it would take about a year and a half to design the shelter and another four to build it.

Officials also signed a €144 million, or \$200 million, contract with Holtec International, which is based in New Jersey, to build a storage facility for spent nuclear fuel from the plant's three other reactors, which kept operating until the station was shut down in 2000. That undertaking is also financed by international donors in a fund managed by the bank.

"The successful implementation of the project depends not only on the progress of the construction work, but also on the continued commitment of both the Ukrainian authorities and the international community," the European Bank president, Jean Lemierre, said in a statement.

Text available on World Wide Web, URL:
<http://www.iht.com/articles/2007/09/17/news/chernobyl.php>

9. Ukraine signs international deals to secure Chernobyl NPP **RIA Novosti, 17 September 2007**

Kiev has signed contracts with French and U.S. companies on building a giant protective shield and a spent fuel storage facility in Chernobyl, the Ukrainian presidential office announced Monday.

A contract to build the shelter over the damaged Chernobyl reactor, which exploded in 1986 in the world's worst nuclear disaster, has been signed with France's Novarka. A contract to build a "dry storage" facility for spent nuclear fuel on the site of the plant has been signed with U.S. company Holtec International.

Ukrainian President Viktor Yushchenko said during the signing ceremony: "Ukraine has completed the conservation of the facility and has ensured for 15 years its safe existence and normal conditions for the work of international and national specialists."

The plant's reactor No. 4 has been protected by a concrete Soviet-designed "sarcophagus" since the disaster occurred 21 years ago. The replacement of the crumbling structure, now long overdue, has been repeatedly put off over funding difficulties.

On July 17 the Assembly of Chernobyl Shelter Fund Donors decided to give its approval to the contract with Novarka to build the shelter, at a preliminary cost of 490 million euros (about \$680 million).

The decision came after numerous delays since the fund, which comprises 28 countries including the G8 nations and is run by the European Bank for Reconstruction and Development (EBRD), pledged in 2005 to allocate only \$200 million for a new vault to contain radioactive material still inside reactor No. 4.

In August EBRD signed a contract with the Ukrainian Ministry for Emergency Situations and the state company overseeing the plant, granting Ukraine 330 million euros (about \$460 mln) to secure the exploded reactor.

The project is fraught with engineering difficulties, due to the high radiation threat. A huge steel vault, which will be made away from the reactor site and will then be slid into place on rails, will seal the plant for 100 years, and further measures are expected to reduce the radiation threat or remove radioactive material from the plant.

According to estimates by international bodies, the Chernobyl disaster directly killed 56 people, caused another 4,000 to die of thyroid cancer, and exposed several million more to radiation.

Vast areas, above all in present-day Ukraine, Belarus and Russia, were contaminated by the fallout of the explosion. An 18-mile zone, from which about 135,000 people were evacuated after the disaster, remains largely deserted to this day.

Text available on World Wide Web, URL:

<http://www.globalsecurity.org/wmd/library/news/ukraine/2007/ukraine-070917-rianovosti01.htm>

10. Left parties are ready to support CPU ForUm, 17 September 2007

Left parties are ready to support leader of the Communist party of Ukraine Petro Symonenko at the early elections on September 30. ForUm's reports, referring to the press service of the SPU.

"The address of Ukrainian communists' leader Petro Symonenko to the left parties and the followers of the left idea to vote for the CPU at the early parliamentary elections and thereby to provide considerable and strong representation of the left forces in the parliament finds the response," the statement says.

In particular, the Council of the "Justice" party has taken the decision to support the party of Petro Symonenko at the early elections, and to assist the election campaign holding of the CPU party.

As earlier reported, according to the Kyiv international institute of Sociology, the Party of Regions, Yulia Tymoshenko bloc, "Our Ukraine – People's Self-Defense" bloc, and the Communist party will be elected in the VRU.

Text available on World Wide Web, URL:

<http://eng.for-ua.com/news/2007/09/17/171540.html>

11. Russia's Black Sea Fleet Guarantees Stability, Order in Crimea Kommersant, 17 September 2007

As long as the Black Sea Fleet of Russia is in Sevastopol, stability and order is guaranteed in Crimea, Ukrainian Transport Minister Nikolay Rudkovsky announced in live air of Sevastopol Regional State TV and Radio Co., UNIAN reported.

Although it may displease "someone amid nationalists," but once the Russian Fleet is withdrawn from Crimea, "the processes may immediately emerge that we haven't foreseen," Rudkovsky cautioned.

According to Rudkovsky, Sevastopol generates bigger dividend from the Russian fleet than anyone else. It relates to high salaries and Russia's investments in the city's infrastructure. Rudkovsky said he committed subordinates "to push aside" all issues related to "disputed territories and the like."

"I think the number of tasks that we may efficiently solve together is bigger by an order of magnitude if compared to holding comical exercise because of three lighthouses.

Under the intergovernmental agreements, the Black Sea Fleet will remain in Ukraine till 2017. Russia annually writes \$97.75 million off Ukraine's state debt in settlement for Black Sea Fleet's staying in Ukraine. Kiev, however, continuously advocates revision of agreement, pressing for the higher amount.

Text available on World Wide Web, URL:

http://www.kommersant.com/p-11395/Black_Sea_Fleet/

12. Rybachuk takes part in Visby conference ForUm, 17 September 2007

President Victor Yushchenko's advisor Oleh Rybachuk has taken part in an international conference on the development of Northern and Eastern Europe in the Swedish city of Visby, President's press office reports.

Rybachuk said after the conference Ukraine's democratic and transparent parliamentary elections on September 30 may become "another consistent step taken by his country on its path to EU integration." He said the European community expressed support for Ukraine's European aspirations.

Rybachuk said last year's parliamentary vote had shown "Ukraine's ability to act in accordance with European rules" while this year's elections would show the "consistency and effectiveness of Ukraine's political reforms and the progress that has been made in promoting European standards and the rule of law." He said support for Ukraine's European path was high in the country. The conference focused on the EU's constitutional process and neighborhood policy, its relations with Russia and the United States and was attended by officials representing Sweden, Great Britain, Austria, Belarus, Estonia, Lithuania, Germany, Norway, Russia, the USA, and Finland.

Text available on World Wide Web, URL:
<http://eng.for-ua.com/news/2007/09/17/144241.html>

13. Construction of spent fuel nuclear storage facility to be started in Ukraine without permission of Supreme Rada Regnum, 17 September 2007

Ukrainian Fuel and Energy Minister Yuri Boyko and US Secretary of Energy Samuel Bodman discussed the Ukraine-US cooperation in the energy sphere during their meeting in Vienna on September 16, a REGNUM correspondent is told at the Ukrainian Fuel and Energy ministry press office.

The Ukrainian minister is quoted as saying during the meeting that, in terms of energy safety, the project of construction of a central spent fuel nuclear storage facility, a tender for which was won by Holtec Company (USA), is strategically important for Ukraine. He noted that implementation of the project will allow Ukraine save \$10bn within ten years. According to him, to speed up the works on the project, a supplementary agreement was signed this year on possibility of carrying out limited amount of works before the Ukrainian parliament passes a bill about construction of the storage facility.

US energy secretary appreciated combined effort of the two countries in giving qualification to nuclear fuel. He also stressed necessity of securing transparent procedures and interaction in implementing a project of joint research and bidding by Naftogaz Ukraine and Marathon International Petroleum Ltd (USA) for a license for exploring developing in the north-western part of the Dnepropetrovsk-Donetsk Hollow.

Text available on World Wide Web, URL:
<http://www.regnum.ru/english/885752.html>

14. CEC has registered 880 observers ForUm, 17 September 2007

To date the Central Election Commission has registered 880 official observers from 7 countries and 10 international organizations for early parliamentary elections on September 30, 2007.

According to information of CEC secretariat, there are 88 observers from 7 countries: Indonesia -3 persons, the USA -4 persons, Great Britain -3 persons, Russia -52 persons, Poland -19, Belarus -4, Sweden -3 persons.

There are 792 observers registered from 10 international organizations.

The CEC has still been considering documents of more 7 international organizations and 6 foreign countries.

Text available on World Wide Web, URL:
<http://eng.for-ua.com/news/2007/09/17/134553.html>

15. Ukraine to extend stay of Black Sea fleet of RF in Crimea? ForUm, 17 September 2007

Minister of Transport of Ukraine Mykola Rudkovsky considers that until the Black Sea fleet of the Russian Federation is in Sevastopol, there will be stability and tranquility in Crimea, in spite some nationalists will not like this. Rudkovsky stated on air on Sevastopol regional State TV channel on Sunday.

That's why Rudkovsky thinks that if newly elected President at the future presidential elections supports such course, "the contract on Russian fleet stay in Sevastopol will be extended".

According to Rudkovsky, Sevastopol gets many dividends from Russian fleet: high salary, investments of Russia to infrastructure.

Text available on World Wide Web, URL:
<http://eng.for-ua.com/news/2007/09/17/121226.html>

16. Yanukovich calls not to trust politicians and populists ForUm, 17 September 2007

Making speech during meeting in Simferopol, leader of Party of Regions Viktor Yanukovich called Crimea citizens not to be indifferent to future of the State and called to express trust by means of their votes to political force that just and gradually stands for interests of Ukraine. The ForUm's correspondent informs, referring to PR press service.

"Party of Regions is a party one should trust. Program of PR is a program of economic growth and increase of social standards. We do not carry out politicking," Yanukovich said.

Yanukovich expressed hope that at least 80% of Crimea citizens will come to elections and vote. "I believe that you will make a right choice during elections on September 30. We and the State need your votes. Let's say "NO" to politicians and populists," Yanukovich said during the meeting.

Text available on World Wide Web, URL:
<http://eng.for-ua.com/news/2007/09/17/123016.html>

17. Ukraine's Chernobyl nuclear plant, French Novarka ink new containment shell deal for reactor Interfax, 17 September 2007

Ukraine's Chernobyl nuclear power plant state company and France's Novarka have signed a contract to design and erect a new safe shell for the damaged fourth reactor unit.

Chernobyl Director General Ihor Hramotkin and Novarka representative Pierre Berge signed the deal in Kiev on Monday in the presence of Ukrainian President Viktor Yuschenko and European Bank for Reconstruction and Development (EBRD) President Jean Lemierre.

The five-year contract costs USD 505 mln, deputy chief of the presidential secretariat Oleksandr Chaly said.

Ukraine's Ukrenergobud, Fundament, Ukrenergomontazh, Ukrstalkonstruksiya, Centrostalkonstruksiya and Proyektstalkonstruksiya may be hired as sub-contractors.

The EBRD announced the shell tender in March 2004. The contract was awarded to Novarka in August.

The EBRD and Chernobyl signed a contract in early August 2007, which assigned EUR 330 mln euros for building the new shell.

For the next 100 years, the shell will provide protection to power plant personnel, local residents and the environment from the ionizing emissions coming from the damaged unit. This is designed to transform the unit into an environmentally friendly system.

It will be made up of life-sustaining and controlling systems, as well as instruments for dismantling and scrapping radioactive equipment and construction litter, sanitary chambers for personnel, and centers for decontaminating equipment and transport.

An international consortium that includes U.S. firms Bechtel and Batelle along with France's EDF drafted the project's feasibility study. Additional assistance came from the Kiev-based Energoprojekt Research Institute, the State Construction Research Institute, the Shelter Scientific and Technical Center and the National Academy of Sciences.

The Ukrainian government approved the document last July.

The official exchange rate for September 17 is UAH 5.05 to the dollar.

Text available on World Wide Web, URL:

<http://gielada.wp.pl/POD,6,a,1,b,1,c,11,index.html?P%5Bnumer%5D=9217351&P%5Bobr%5D=ifx&ticaid=147c2>

18. Ukraine to Preserve Chernobyl Prensa Latina, 17 September 2007

Ukraine signed a \$505 million contract with French Novarka and US Holtec International consortia to build a new sarcophagus and a radioactive residue storage facility at Chernobyl Nuclear Plant.

Igor Gramotkin, general director of the plant that had a catastrophic accident in 1986, Novarka representative Ib Tibo de Silg and Holtec International rep Chris Sing signed the agreement.

Jean Lember, president of the European Bank of Development and Reconstruction, and Ukrainian President Viktor Yuschenko were present at the ceremony.

Yuschenko said the agreement places Ukraine on the list of active cooperation to exploit nuclear energy.

The residue storage facility (SVIAR-2) will be built in the central area where a sarcophagus sealed damaged Block 4 after the disaster.

While Prime Minister Viktor Yanukovich called the signing a step forward, Nestor Shufrich, Minister for Emergency Situations, questions the companies' good intentions.

Text available on World Wide Web, URL:

<http://www.plenglish.com/Article.asp?ID=%7B742A6354-03AB-4A13-AA16-2897D7F060B2%7D&language=EN>

19. President opens business forum in Kyiv UNIAN, 17 September 2007

President Victor Yushchenko opened a business forum in Kyiv on Monday and said in his speech Ukrainian business people should form a group to draft laws aimed at improving the country's business climate, according to the President's press-office. He said he was ready to propose their package as soon as Ukraine reelected its parliament. "We are formulating an action plan which could become a list of urgent measures for the government and parliament," he said.

The forum is expected to focus on how to improve permit and license procedures, remove technical barriers for business and reform the national tax system.

Yushchenko said business was becoming "immune to political collisions in Ukraine" and added that the national economy was robust despite the country's long-lasting political crisis. However, there quite a few problems preventing Ukrainian business people from using their potential, he said. "It is very important to see the logic of economic process and the basics of an economic strategy that would be welcomed by different political forces alike," he said.

Yushchenko expressed hopes Ukraine would soon have a new democratic majority which would adopt a 2008 economic development plan. "I am convinced we will have serious progress in this direction," he said.

The president asked those present to concentrate on practical measures aimed at improving the business climate in Ukraine. "I would like us to mobilize today and propose those legal changes which can radically change the situation in 2008 and help us to achieve economic results next year."

Constant URL of article:

<http://www.unian.net/eng/news/news-212585.html>

20. Ukraine`s Quest for Mature Nation Statehood Roundtable to take place in Washington UNIAN, 17 September 2007

The eighth annual roundtable of the Ukraine`s Quest for Mature Nation Statehood series will be held at the Ronald Reagan International Trade Center in Washington, DC on Tuesday/Wednesday, Oct 16-17, 2007, according to the Steering Committee of the roundtable. This year, the forum will be entitled "Ukraine-EU Relations". The Steering Committee includes William Miller, Co-Chair, Bob Schaffer, Co-Chair, Oleh Shamshur, Co-Chair, Walter Zaryckyj, Program Coordinator.

The two day conference will bring together government and key non-government representatives of Ukraine, the EU and the US, as well as experts from the world of academia to examine and evaluate Ukraine`s capacity to "thrive alongside" its great Western neighbor as well as its readiness, if asked to join, to eventually "thrive inside" the European Union.

To facilitate the said examination, the event will run four regular sessions featuring eight panels, six highlight focus sessions, two working lunches and two conference receptions. In total, nearly seventy speakers are expected to address the conference proceedings.

The list of invited speakers includes: Bob Schaffer (AFMC), Paula Dobriansky (US Under Secretary of State), Oleh Shamshur (UA Ambassador to the United States), Andrii Veselovski (Dep. Minister of Foreign Affairs of Ukraine), Orest Deychakivsky (CSCE), Hryhoriy Nemyria (BUT), Ellen Bos (Andrassy University), Nelson Ledsky (NDI), Steven Nix (IRI), Fred Kempe (Atlantic Council), Kostyantyn Hryshchenko (RPU/APM), Borys Tarasyuk (OU/IEAC), Pawel Zalewski (FRC/Sejm), David Kramer (DAS/EEA/DOS), Adrian Karatnycky (Orange Circle), Oleksandr Todiyshuk (MOU/UA-EC), Igor Chalupec (PKN-Orlen/Fmr. Pres.), Friedemann Muller (Inst. for Int'l & Sec. Affairs), Keith Smith (CSIS), Tom Spellman (Halliburton), John Micgiel (Columbia University), Janusz Reiter (PL Ambassador to the US), Morgan Williams (SigmaBleyzer, US-Ukraine Business Council), Yuri Yekhanurov (Fmr. UA Prime Minister), David Sweere (Kyiv-Atlantic Farms), Urszula Gacek (Senat Rzeczpospolitej), Anders Aslund (Peterson Institute), Nadia McConnell (USUF), Mykhajlo Volynets (CITU/UA), Robert Fielding (AFL-CIO/UA), Marek Matraszek (CEC), Keith Crane (RAND), Jan Bugajski (CSIS), Klaus Scharioth (DE Ambassador to the US), Vitkor Nikityuk (UA DCM to the US), Ilko Kucheriv (DIF), Joao De Vallera (Ambassador of Portugal to the United States), Jan Pieklo (PAUCI), Yuri Sergejev (UA Ambassador to the UN), Audrius Bruzga (Lithuanian Amb. to the US), Steve Pifer (CSIS), Nico Lange (Konrad Adenauer Stiftung), Roman Shpek (UA Delegation to EU), Michael Gahler (FRC/Euro-Parliament), Ariel Cohen (Heritage Foundation), Herman Pirchner (AFPC), Zbigniew Brzezinski (Senior Counselor/CSIS), F. Steven Larrabee (RAND), Oleksandr Biletsky (European Movement/UA), Oleksandr Sushko (CPCFPU), Volodymyr Dubovyk (CIS/ONU), Yuri Scherbak (Kyiv Mohylian University), Hryhoriy Perepylytysa (Dipl. Academy/UA), Lewis Madanick (Open World/LOC), Bohdan Sokolovski (State Secretariat), Bogdan Klich (Euro-Parliament), Steven Sestanovich (Columbia University), Ilan Berman (AFPC), Yevhen Kaminsky (IWE/NASU), James Sherr (Sandhurst), Celeste Wallander (Georgetown Univ.), William Courtney (CSC/Dyncorp.), Angelos Pangratis (Dep. Head of the EC Delegation to the US), William Miller (WWIC), Senator Joseph Biden (D-DE), Robert Bensch (Cardinal Resources).

The sponsors of the roundtable are the American Foreign Policy Council, Atlantic Council of the United States, Center For US-Ukrainian Relations, Congressional Ukrainian Caucus, Columbia University/ECEC, Democratic Initiatives Foundation, Embassy of Ukraine to the United States, Harvard University/BSSP, International Republican Institute, Johns Hopkins University/SAIS, National Democratic Institute, New York University /LAP, UA Center for Strategic Studies, U.S.-Ukraine Business Council, US-Ukraine Foundation.

Fill out the online registration and submit online or print out registration form and fax to 212 473 2180 or print-out registration form and mail.

All completed registration forms [and donations] need to be sent online, by fax or by mail to:

Center for US Ukrainian Relations, 43 St. Mark's Place, New York, NY 10003.

For further information, kindly contact Marta Kostyk, UA Quest RTS Technical Coordinator, by phone: (212) 473 0839, fax: (212) 473 2180, or e-mail: cusur1014@gmail.com, at your convenience.

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<http://www.unian.net/eng/news/news-212584.html>

21. EU hopes to discuss Free Trade Zone issue with Ukraine in October Agroglyad: Vegetables and Fruits, 17 September 2007

The issue of free trade zone creation between EU and Ukraine will be considered during the second round of negotiations in October. Jose-Manuel Barozzu shared this information during the joint press-conference of the summit participants, the correspondent of ProAPK informs.

Mr. Barozzu said EU would be ready to start the negotiations about the creation of free trade zone after Ukraine entered World Trade Organization. He hoped Ukraine was able to finish this process soon.

In his turn, Arseniy Yatsenyuk, the Minister of Foreign Affairs of Ukraine did not mention even the approximate date of Ukraine's entrance to WTO in his Friday's interview. "We will enter WTO when we enter WTO. At the present moment the report of the working group is in the final stage of signing and approval. This document is 99.9% finalized by all members of the working group", he said.

Topic materials:

How we to effectively protect fruit orchard form frosts?

Russian and Ukrainian fruit&vegetable producers will see a unique and inexpensive technology of fruit&vegetable quality storage and transportation

Auchan Group negotiates "Ramstor" purchase

"Velyka Kyshenya" created "Hit Product"

Carrot juice production may significantly decrease, the prices may increase in a new season in Ukraine

Text available on World Wide Web, URL:
<http://www.lol.org.ua/eng/showart.php?id=49959>

22. Trends and opinion polls reveal shifting voter preferences in Ukraine

By Taras Kuzio

Eurasia Daily Monitor, 17 September 2007

Ukraine's parliamentary elections on September 30 are unlikely to bring overwhelming victories for either the "orange" camp of Our Ukraine-Self Defense and the Yulia Tymoshenko Bloc or the "blue" camp of the Party of Regions. Ukraine's regional and linguistic divide makes such a landslide unlikely; instead, both camps will remain in the 45-55% range. Nevertheless, there are trends that do reflect changes in electoral geography and voter intentions.

Ukraine's regionalism means that no political force has country-wide support. Thus the winning side in a Ukrainian election is unable to put the other side out of business, making it impossible to institute an autocracy.

A narrow win for either camp precludes the formation of a huge parliamentary majority. In addition, the defeated camp will be in a position to establish a powerful opposition bloc with, at a minimum, 45% of the seats in parliament.

As thresholds make it more difficult for many parties to win seats in parliament, the political field has consolidated into a limited number of parties and blocs. Twenty parties and blocs are registered this year, down from 45 in 2006. Ukraine's 3% threshold for parties and blocs to enter parliament is the lowest in Europe and Eurasia. Nevertheless, it has not led to a large influx of small parties into parliament. Eight groups received seats in 1998, six groups in 2002, and only five last year.

Left-leaning parties, which dominated politics in the 1990s, have dwindled and only the Communist Party (KPU) is likely enter parliament this fall. The Socialist Party (SPU), won four parliamentary elections between 1994-2006, but its current popularity stands at 1-2%. The KPU has fallen from 24.65% in the 1998 to 3.66% last year. Support for the far-left Progressive Socialist Party, which last won a seat 1998, has declined to less than 2%.

The 2007 elections are also changing Ukraine's electoral geography. The Yulia Tymoshenko bloc (BYuT), which came second in a majority of eastern and southern Ukrainian districts in 2006, is replacing the left as a viable alternative to the Party of Regions in these districts.

The Party of Regions will likely still take first place in eastern and southern Ukrainian districts, but by a smaller margin and therefore taking fewer seats than in last year's elections. BYuT is particularly growing in Kharkiv, Dnipropetrovsk, and even the Crimea. After Tymoshenko's rally in Kharkiv earlier this month, one poll gave BYuT a narrow lead over the Party of Regions in that key oblast.

Our Ukraine-Self Defense (NUNS) remains unable to break out of its western Ukrainian base, and polls show that it has barely improved on last year's poor performance of 14%.

The Party of Regions leads in all polls, but this does not guarantee that it will head a majority coalition and government. Three out of four recent polls show the two orange forces beating the Party of Regions. Still-undecided voters tend to be from the orange camp and they could still improve orange results.

Polls show a narrowing gap between the Party of Regions and BYuT, which finished first and second last year, respectively. The Kyiv-based Concorde Capital reported that the Party of Regions has 26-28% and BYuT 20-26%. The gap between them last year was 10% and is now narrowing to 5-7%. A poll by the T. Shevchenko Political and Sociological Institute gave only a 1% lead to the Party of Regions over BYuT. Therefore, Ukrainian analysts believe Yulia Tymoshenko is poised to head of the next government.

Polls show that three political forces will enter parliament: Party of Regions, NUNS, and BYuT. They may be joined by the KPU and former speaker Volodymyr Lytvyn's bloc.

But should a fifth political force enter parliament it would prevent the Party of Regions from increasing from its current 186 seats to half of the seats (225) available. It would be in the Party of Regions' interest for fewer parties and blocs to enter parliament, leaving more seats to be distributed via the proportional system.

The Lytvyn bloc and BYuT are likely to pick up disaffected SPU voters in central Ukraine. The SPU has lost voters after it defected from the orange camp in summer 2006 and joined the Party of Regions and KPU in the Anti-Crisis coalition and the government of Prime Minister Viktor Yanukovych.

After the 2006 elections the SPU held a swing vote, enabling the creation of a coalition not dominated by the orange (Our Ukraine, BYuT) or blue (Party of Regions, KPU) camps.

The Lytvyn bloc could again be the spoiler this year. The bloc's allegiances remain unclear. Lytvyn was head of the presidential administration from 1999-2002 and headed the pro-Leonid Kuchma "For a United Ukraine bloc" in 2002. During the 2004 elections and Orange Revolution Lytvyn sat on the fence and maintained good relations with both the orange and blue camps. As speaker, Lytvyn kept parliament open and facilitated the motion that declared Yanukovych the winner. While President Viktor Yushchenko and his business allies have always had good relations with Lytvyn, relations with BYuT are poor. Therefore, the Lytvyn bloc could be courted by both the Party of Regions and NUNS.

This year's elections are likely to give the orange camp its second slim majority. Time will tell if they again fail to use it, as they did last year.

(Kyiv Post, July 12, August 23; Kyiv Weekly, July 26-August 8; bbc.co.uk/Ukrainian, August 3; *Ukrayinska pravda*, August 27, 28, September 3, 9, 12; tymoshenko.com.ua, August 16)

Text available on World Wide Web, URL:
http://jamestown.org/edm/article.php?article_id=2372426

23. Lutsenko Declared the 'Star Wars'
By Viktor Chyvokunya
Ukrayinska Prawda, 18 September 2007

Yuriy Lutsenko has started his election campaign for the office of Kyiv's mayor.

As for now, he is the favorite in the possible early election of Kyiv's mayor if he receives votes of Oleksandr Omelchenko's supporters. They say that is the reason why Yuriy Lutsenko included Kyiv's ex-mayor on Our Ukraine – People's Self-Defense election list.

However, Yulia Tymoshenko's reaction is still unknown. According to the sources, the BYuT may nominate Oleksandr Turchynov or simply back Vitaliy Klitschko's nomination. Nomination with the BYuT support will automatically become one of the leaders, taking into account popularity of the BYuT in the capital.

Despite the fact that Mr. Chenovetsky's discharge remains very doubtful, last week People's Self-Defense leader made public his initiatives which he promised to implement having seized power in the capital. The rally took place in Kyiv, but those who had not heard ads on the radio did not know about it. The meeting took place not in the centre of the city but in an exotic place, in front of Florence movie house in Troyeshchyna.

"Dear friends, obsessed by the truth Yuriy Lutsenko is coming!" declared the showman, addressing 3-4 thousand of people.

"Today, we came to ordinary people to Troyeshchyna," said Mr. Lutsenko having made his way through the crowd.

"Here, in the dormitory suburbs live the people who contribute to the budget. Whatever small apartments you might have, whatever petty jobs you might go to everyday, you are the authority. And you should know that!" he went on.

Election tours have one serious blunder – they look all the same. Rally by the rally, Mr. Lutsenko repeats the same things, using identical statements. His speech now consists of traditional clichés. He makes public several statements during every rally.

Firstly, "the Orange mega-bloc consists of people who remained loyal to Maidan values."

Secondly, it is a parable about Moroz "Judas did not hang himself but went to work as the Verkhovna Rada Speaker."

Thirdly, it is an appeal to "buy meat for UAH 12." "It is time to take responsibility for your words, Mr. Yanukovych. If there is no improvement of our living standards, go back to Donetsk as a pensioner!" said Mr. Lutsenko.

Fourthly, Mr. Lutsenko stages up a short episode when someone from the crown supposedly calls him to keep fighting. Normally Mr. Lutsenko says this: "I would like to thank the woman who yelled: "Hold on, Yura!" Thank you, I do not stagger!"

Mr. Lutsenko repeats this at every rally in every region of Ukraine. He did so in Troyeshchyna, having forgotten to say that "Communists changed Marx's Capital for Rynat's (Akhmetov) capital."

Changes in the Orange team are a separate section of his performance. Yuriy Lutsenko denies his relations with the 'dear friends'.

"I visited over 260 cities and towns. People used to say at every rally: "Goddamn it! Can you finally unite?" And nine parties united into one bloc Our Ukraine – People's Self-Defense," stated Mr. Lutsenko, almost losing his voice.

"The second demand from the people was: "Purify the party because we will never forgive those who sold Maidan ideals." We did it. We are a purified party now," he went on.

"There are no 'dear friends' who discredited the Orange in our election list. They do not run the party any more," promised Mr. Lutsenko.

In actuality, out of the entire 'dear friends list' only Petro Poroshenko was excluded from the party election list. Tretyakov kept his 59th position, Zhvania received the 21st position while Mr. Chevonenko, who has not been included both on the previous and current party lists, has no serious influence on the party.

That is why Mr. Lutsenko's words are an attack against Petro Poroshenko who became the only victim of the "witch-hunt". It is Petro Poroshenko who personally filled in the column "Interior Minister" with Mr. Lutsenko's name to prevent Oleksandr Turchynov from receiving this office. Yuriy Lutsenko has been keeping silent about betrayal of Maidan ideals. And it is now that he recalled it.

"My friends! We must do everything possible to get socialists and communists out of parliament," Mr. Lutsenko called the audience. "It is time to finish those red liars!" he went on.

Then he recalled Viktor Yanukovych under whose command he had worked in government for four months despite all promises not to do so:

"I hope you will be tempted neither by these blue big-boards nor by Yanukovych's 'blue' promises! Why did Yanukovych who received only 30% at the previous election become the PM? It is betrayal! This betrayal is going to bring to life the entire Kuchma's 'dream-team'..."

Then Yuriy Lutsenko told the story "Judas did not hang himself."

The rally in this district is not only an attempt to agitate inhabitants of the most distant Kyiv district. It was also an attempt to raise Mr. Lutsenko's popularity with Kyiv inhabitants in the context of his possible running for the office of Kyiv mayor. He does not hide his ambitions.

"One of the first laws which the newly elected Verkhovna Rada will adopt is re-election of the 'cosmic' authority in Kyiv. I do not promise it but I guarantee," he said. Mr. Lutsenko has already made this statement public which was broadcast on the radio.

"They reproach me with Omelchenko in my election list... Today, he is the most influential politician in Kyiv. But I do not offer to elect him the mayor again. We cannot scatter votes and keep this greedy alien in the mayor's office," Mr. Lutsenko juggled with epithets to Mr. Chernovetsky.

Then the Orange leader started telling weird stories.

"The water price in Kyiv is higher than in Hungary and only 5% lower than in London. But if running water is worse than the water in the bottle from the supermarket they pay you back! But here, they deposit your money in off-shore banks..." he said.

This is the five items of the "The plan for Kyiv" presented by Yuriy Lutsenko.

"First and utmost, let's fight against Chernovetsky to free Kyiv from the cosmic mayor and his cosmic appetites," traditionally stated Mr. Lutsenko.

"Secondly, we will adopt a special law on use of the natural gas produced in Ukraine which costs \$20. Volumes of this gas are sufficient to save family budgets in Troyeshchyna," he said.

Here, Mr. Lutsenko overcomplicated things because such norm already exists. If it is not executed and Mr. Lutsenko wants to punish those officials who violate it, he does not have to look for them far away. State company UkrNafta run by Ihor Palytsya included on NU-NS election list is responsible for such matters. Besides, Yuriy Lutsenko promised to make this man the main man fighter against corruption and shadow deals in parliament.

The next Lutsenko's promise is rather strange.

“Thirdly, we will introduce transparent land sale auctions. But these auctions will have the maximum price limit that will keep lower the price for 1 square meter as compared with other European capitals,” promised Mr. Lutsenko.

In this case it is not clear how an auction can have the price limit? The auction principle implies that the one who offers the highest price receives the land. Consequently, he will compensate the high land price with the high prices for real estate.

Intention to adopt the Law on Municipal Police was Mr. Lutsenko's fourth promise, installing cameras on the roads being the fifth one.

Besides, Mr. Lutsenko promised to resolve a local problem in Troyeshchyna by prohibiting construction of the combustion plant.

“The alien that does not live here cannot understand that the combustion plant must be located outside the city. He does not live here that is why he cannot smell it,” said Yuriy Lutsenko.

“I address young people. Kyiv is the city of youth. Will we keep peacefully watching Chernovetsky who can only fire salutes and waste millions?” he started.

Mr. Lutsenko got carried away having acquired modern slang:

“If we do not want to be gudgeons such politicians as Chernovetsky and Yanukovych must go away!”

Unlike President Yushchenko, Yuriy Lutsenko understands that long speeches will not benefit his public image. That is why after half an hour he left the rally. Popular rock band VV continued it. They backed the cosmic theme with their song “Yura”. However, this song is about Yuriy Gagarin, not Lutsenko.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/9/18/8907.htm>

24. Germany's Commerzbank Acquires Majority Interest in Ukraine's Bank Forum Ukrainian Observer Online, 18 September 2007

Germany's second largest bank, Commerzbank, located in the country's financial center of Frankfurt, has made a major move into the Ukrainian market with the acquisition of control of Ukraine's privately-controlled Bank Forum for \$600 million. In announcing the move, Commerzbank said its acquisition of over 60 percent of Bank Forum's shares considerably strengthens its position in its target growth regions of Central and Eastern Europe.

Commerzbank has also secured options to purchase a further up to 25 percent of Bank Forum after 36 months. In both cases the bank will be purchasing shares from majority investor Leonid Yurushev and his family. The agreement is subject to the customary regulatory approvals. Commerzbank will finance the transaction through existing financial resources.

Martin Blessing, member of the Commerzbank Board of Managing Directors responsible for Mittelstand banking (SME customers), expressed his pleasure at the conclusion of the exclusive negotiations: “After an intensive search, we have found an ideal complement for our network of operational outlets in the booming region of Central and Eastern Europe in the form of Bank Forum, the tenth largest bank in Ukraine by total assets. This represents another step in our strategy of selective acquisitions to grow within our target regions. With approximately 12,000 corporate customers, of which 9,500 are small and medium-sized enterprises, Bank Forum is already making an important contribution to strengthening our Mittelstand business. In addition, we plan to expand Bank Forum's retail customer business considerably in the coming years.”

Bank Forum was founded in 1994 and, after rapid expansion, now has assets totaling the equivalent of EUR 1.4 billion and a market share of 2.3 percent. Its initial focus has been on developing its business with SME customers, which constitute approximately two-thirds of assets. Bank Forum serves around 230,000 retail customers across Ukraine through approximately 3,100 employees in 230 branches. The Bank plans to increase the number of branches to 400 in the next four years, whilst doubling its market share. The Yurushev family holds 84.5% of the Bank's shares.

Commerzbank with a share of 26 percent has the leading position in the settlement of German-Ukrainian foreign trade transactions and with this acquisition becomes the first German bank with an operational presence in Ukraine. The Ukrainian banking market has experienced strong growth rates in recent years, with bank assets rising at an average rate of more than 50 percent over the past five years. However, market penetration of banking services is still comparatively low leading to significant growth potential. One of the special characteristics of the Ukrainian banking system is that – unlike most other countries in the region – the proportion owned by foreign shareholders is still relatively low (29 percent).

Central and Eastern Europe has been a core market for Commerzbank for many years. In Ukraine, it has so far been represented by an office in Kyiv. Its operational outlets in other Central and Eastern European cities include subsidiaries in Moscow and Budapest, plus branches in Bratislava, Brno and Prague, as well as its subsidiary BRE Bank in Poland. In addition, Commerzbank holds a 15.3 percent stake in Russia's Promsvyazbank. In the region's smaller countries, notably the Balkan states, it holds stakes in the local ProCredit Banks.

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