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### **1. Chernomyrdin Let Ukraine Set the Tone Ukrayinska Pravda, 19 September 2007**

Russian Federation Ambassador to Ukraine Viktor Chernomyrdin believes that upcoming Ukrainian and Russian elections will unlikely affect the collaboration of both countries in energy field.

"I do not think that elections will have an impact on gas pricing. It is a very serious issue which is to be decided at the negotiation table," he said in an interview with Profil magazine which was published on the website of the Foreign Ministry of Russia.

"Ukraine will set the tone of negotiations depending of the composition of the next government," added the Ambassador.

He re-assured that Russia uses the same approach towards all gas consumers: "We came to the market relations with all gas consuming countries."

Mr. Chernomyrdin hopes that RosUkrEnergo Company will continue performing its intermediary functions in the Ukrainian market, according to Interfax-Ukraine news agency.

"It is an organization where Ukraine and Russia are equally represented. It is Gazprom from the Russian side and whomever Ukraine will empower this time," he remarked.

In regards to trade and economic relations between neighboring countries, the Russian Ambassador complained of their low level. "We are only the seventh largest investor in Ukraine's economy and I am discontented with this."

He is certain it is because of obstacles put to Russian companies in Ukraine.

"Why is Ukraine not very attractive to our investors? It is because they face huge unsolvable problems. There are some other reasons. Ukraine itself does not welcome the Russian business."

Speaking about the upcoming parliamentary elections in Ukraine, Mr. Chernomyrdin expressed hope that their results will not have a negative impact on friendly relations between Ukraine and Russia.

"Russia will collaborate with any government regardless of its 'political color'," promised the Ambassador.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/9/19/8930.htm>

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## **2. China's AVIC II unit signs airplane engineering JV with Ukraine's Antonov AFX News Limited, 19 September 2007**

BEIJING (XFN-ASIA) - Shaanxi Aircraft Industry (Group) Co Ltd, a unit of the China Aviation Industry Corp II (AVIC II), has signed a framework agreement with Ukraine's state-owned aircraft manufacturer Antonov to form an engineering joint venture in Beijing.

The venture, which will be responsible for research and development of new air freighters, is scheduled to begin operations by the end of this year, said Shaanxi Aircraft at a media briefing.

No financial details were provided.

AVIC II, one of China's two largest state-owned aircraft manufacturers, produces planes for both military and civil use.

Text available on World Wide Web, URL:

<http://www.forbes.com/markets/feeds/afx/2007/09/19/afx4133384.html>

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## **3. Grain Traders look beyond painful export restrictions By John Marone Kyiv Post, 19 September 2007**

It was only a few months ago that critics of the government's grain export quotas were gnashing their teeth at the announcement of a virtual ban on grain exports. President Viktor Yushchenko's Secretariat said the stiffening of the export quotas on this year's harvest would hurt Ukraine's bid to join the World Trade Organization. Farmers and traders recalled hundreds of millions of dollars in losses from last year's quotas, which the government had imposed without warning. The country's future as an international breadbasket was under threat, agricultural organizations warned.

But, now, as the country reaps another low harvest, agro-industry players are silently acknowledging the rectitude of the Cabinet's June decision to all but halt foreign grain sales this year. And although grain traders aren't expecting much of a relaxation of the quotas from an upcoming government review, that hasn't dampened hopes of future profits, as global demand for grain looks to keep climbing sharply, and Ukraine's rich soil continues to promise double the size of recent harvests.

Some international grain companies are not just waiting for better times, but advancing and expanding into Ukraine in anticipation of larger harvests.

France's largest grain trader, Soufflet, recently announced it was setting up a 50-50 joint venture with Australia's top barley exporter, ABB, to extend its operations in Ukraine.

"Our decision was taken with a vision of the middle and long-term basis, as we both believe Ukraine will be an important exporter in coming years," General Director of Soufflet Ukraine Ltd. Jean-Marc Philouze told the Post.

Ukraine ranked as the world's sixth largest grain exporter in 2005, when it harvested a bumper crop of 38 million metric tons. But last year, this figure dropped to 34 million metric tons. This year, it should be around 29 million.

But experts say the country has the potential to produce almost twice as much grain.

The Ukrainian Grain Association has floated potential harvest figures for Ukraine as high as 58 million tons, citing similar numbers from Soviet-era harvests.

Such possibilities are attractive for companies like Soufflet, which operates malting operations in Ukraine but is not currently one of the top grain players operating in the country. For ABB, the joint venture means a foothold on the market.

Together, the two companies can split the risk," said Philouze.

"Soufflet group doesn't intend to develop international trading operations alone but, through this deal, wants to reach a significant size on the Ukrainian market...and limit climate-related and political risks in the country," reads a statement released by the French company.

This year's bad harvest is due to a climate-related drought that Ukraine experienced in May. However, the grain export quotas introduced and raised by the government in the last year are the result of lower-than-expected harvests as well as soaring world grain prices, which threatened to raise the cost of bread at home.

After a decent harvest, Ukraine exports on average around 10 million tons of grain. Last fall, the government introduced export caps of around one million tons, citing the need to guarantee the country's food security.

Grain traders, who had already stored their grain in port for shipment, cried foul.

The Ukrainian media ran reports of grain being dumped into the sea to avoid crippling storage costs. The ambassadors of the US, Germany and the Netherlands, where top Ukrainian grain traders are headquartered, harshly criticized the Ukrainian government in public statements. Ukrainian farmers were hit the worst, with farmers associations reporting losses as high as \$200 million.

Both traders and farmers said the unexpected introduction of the quotas was worse than the quotas themselves. By June of this year, with an even lower harvest being predicted, the government introduced tighter quota limits of only 3,000 tons for each type of grain. Traders, diplomats and farmers questioned the move but the response was much less vociferous than last fall. Unlike last year, the government gave traders advance notice.

As for farmers, the government approved a modest compensation of Hr 95 million (around \$24 million) in drought relief. Moreover, according to industry insiders, although farmers could have made more money on their grain without the quotas, they still reported record earnings from sales on the domestic market this year.

Nevertheless, critics at home and abroad warned that the new quotas would hurt Ukraine's reputation as a reliable supplier and lead farmers to plant non-food crops. President Yushchenko's Secretariat, a fierce political opponent of Prime Minister Viktor Yanukovich, said the government restrictions might hurt the country's chances of being accepted into the WTO.

Now, only three months later, traders and analysts are more optimistic about Ukraine's future grain trade.

Soufflet's Philouze said his company hopes to be exporting as much as two times more than last year's entire market quota within three years.

"Our target is to achieve between 1 and 2 millions [metric tons] of grain per year within 3 years," he said.

However, despite a government review of the quotas expected before the end of this month, Philouze doesn't foresee any changes in Ukraine's export policy until the political situation settles down.

"Unfortunately, we do not expect anything before 1 or 2 months after the elections," said Philouze.

Other grain traders interviewed by the Post said they expect the government to free up no more than 1.2 million tons of grain by December 31.

In anticipation of an impending government decision, the market has already reported a rise of around a three percent rise in the price of grain.

Citing the danger of a sharp price rise, Deputy Prime Minister Viktor Slauta has spoken out against any changes in the government's quotas before the end of the year.

"I am inclined to maintain the quotas and licensing until January 1, 2008," he said on Sep 18.

However, market watchers like Radion Rybchinsky, chief analyst at Dnipropetrovsk-based APK Inform, don't see the government's restrictions as a permanent obstacle to the country's grain trade.

"Sooner or later these quotas will be lifted - it's just a matter of when," he said.

With the use of agricultural land for bio-fuel and growing populations in India and China, the demand is not going to decrease, and Ukraine has the potential to meet this demand, he added.

Ukraine's Ministry of Agricultural Policy has put the country's domestic grain needs at 27 million tons, which means anything harvested above this figure can go towards export.

Yushchenko has already signed a decree ordering the government to secure the country's position on the grain market between by 2015. The decree set Ukraine's export goal at 50 million tons of grain.

In the mean time, companies like Soufflet and ABB will continue to try and expand their operations in Ukraine in anticipation of greater export opportunities.

Text available on World Wide Web, URL:  
<http://www.kyivpost.com/business/general/27402/>

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#### **4. Privat group ups ante in Aussie bid** **By Nazar Kudrevsky** **Kyiv Post, 19 September 2007**

One of Ukraine's biggest and aggressive business groups is embroiled in a three-week bidding war against a western investment group for control of a leading Australian mining company.

Palmary Enterprises, an offshore vehicle that represents the interests of Ukrainian billionaires Igor Kolomoisky and Gennady Bogolyubov, majority owners of Ukraine's so-called Privat business group, upped the ante last week in their bid for Consolidated Minerals with an \$860 million offer, or \$72 million dollars more than last offered by London-based Pallinghurst Resources. The Privat group had offered \$736 million for the company in late August.

The board of directors at Consolidated Minerals expressed their preference for Palmary Enterprises' bid a second time. Shareholders are laying back and watching as bids rise up higher and higher.

The bidding war for Consolidated Minerals started in February, but Privat only entered the game in late August. The fight for ConsMin comes at a time of increasing demand for natural resources and a flurry of takeover activity for mining groups. All indications suggest that competition for the prized Australian mining company, a leading producer of manganese ore and nickel, will continue to be fierce.

According to market analysts, Consolidated Minerals mines about 10 percent of the world's manganese, an alloy used in steel production.

Palmary is currently Consolidated Minerals' largest shareholder with a stake of 14.4 percent.

If Privat gains control of Consolidated Minerals, the Ukrainian group will double its control over the worldwide ferroalloy market to 20 percent.

The Privat group currently controls much of Ukraine's ore and ferroalloy business and holds interests in factories in Russia, Poland, Romania and the US.

Reportedly, Privat has ownership interests in US-based Highlanders Alloys, Russia's Alapayevskiy metallurgical factory, Romania's Tulcha factory, Zestafonskiy ferroalloy factory in Georgia and Chiaturmanganets, Georgia's largest producer of manganese. In addition to owning Ukraine's largest privately-owned bank, Privatbank, Kolomoisky and Bogolyubov also control a broad portfolio of assets in metallurgy, telecommunications, media and oil production. The wealth of each has been estimated at more than \$3 billion.

Territory Resources, another Australian mining company initially bid for ConsMin on its own, but later teamed up with Privat.

Michael Kiernan, chairman of Territory, said that negotiations with Palmary had provided positive results. Palmary would be willing to operate Consolidated Minerals as a joint venture once they secure a deal gaining control of a majority stake in the potentially lucrative Australian miner. Global demand for manganese has steadily increased in recent years. Prices for this mineral on world markets have skyrocketed.

Text available on World Wide Web, URL:  
<http://www.kyivpost.com/business/general/27401/>

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**5. GM, Ukraine's Ukravto in talks over Polish plant**  
**By Nazar Kudrevsky**  
**Kyiv Post, 19 September 2007**

General Motors is in talks to buy a 40 per cent stake in a Polish carmaker from Ukraine's leading auto manufacturer AvtoZAZ. The US and Ukrainian car companies are negotiating for a share of the Warsaw-based Fabryka Samochodow Osobowych (FSO) car manufacturer, according to a Sept. 10 Financial Times report.

Analysts speculated that the value of the deal, the details of which the Ukrainian side would not disclose, could be about \$252 million.

AvtoZAZ admitted to holding talks with GM over a partnership but remained tight-lipped on the details.

Zaporizhya-based AvtoZAZ, Ukraine's leading auto manufacturer acquired FSO in 2005. AvtoZAZ is 80 percent owned by Kyiv-based Ukravto Corporation, which is allegedly controlled by Ukrainian legislator Taniel Vasadze, honorary chairman of the corporation.

Ukravto officials said their corporation is "conducting negotiations about a partnership with General Motors Corporation...But since the negotiation process is not over yet, as for now we would like to refrain from official statements."

The deal is centered on GM's plans to launch a brand new Chevrolet assembly line at the Polish plant. It remains unclear, however, if GM will take an interest in either the FSO plant, or Ukravto's assets in Ukraine. Neither side would discuss this possible aspect of the agreement.

Ukravto officials said their company planned to launch the assembly of Chevrolet Aveo cars at FSO in November of this year.

"We hope that by that date we [Ukravto] will reach final agreements and will publicly unveil them when this happens," an Ukravto representative said.

At a press conference on Sept. 14 in Kyiv, Taniel Vasadze said that FSO has the capacity to manufacture up to 300,000 vehicles per year.

"This year the plant will manufacture more than 80,000 vehicles and next year it will produce 160,000 vehicles and already in a year we will reach full production capacity," he added.

According to Vasadze, the assembly of Chevrolet Aveos would be situated at the FSO plant.

Mark Kempe, director of communications for GM Central and Eastern Europe, confirmed in a telephone interview with the Post that "GM has a contract with Ukravto and they will start manufacturing Chevrolet Aveo cars for GM... at [the] FSO plant in Warsaw in the next two months."

The GM official said the Chevrolet Aveo cars to be assembled by FSO would be the first to be produced in the EU region. This year, up to 7,000 cars would be assembled; production would skyrocket to 60,000 next year, he added.

GM has in recent years boosted efforts to produce and sell cars in former Soviet countries, where car sales have swelled. The auto giant is currently mulling the possibility of launching additional production capacity in Russia, where its car sale volumes are reaching European market levels.

This year, GM expects to sell about 250,000 vehicles in Russia.

The corporation has been operating joint ventures for car assembly with AvtoZAZ in Ukraine and AvtoVAZ in Russia. GM said that it plans to launch the operation of a Greenfield plant in St. Petersburg in the second half of 2008.

Text available on World Wide Web, URL:  
<http://www.kyivpost.com/business/general/27399/>

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## **6. Moscow to send poison to Ukraine for Yushchenko inquiry AFP, 20 September 2007**

KIEV: Russia has agreed to send dioxin samples to Ukraine to aid the inquiry into the poisoning in 2004 of President Viktor Yushchenko, Ukraine's prosecutor general said on Wednesday.

Yushchenko, who at the time of the poisoning was a presidential candidate locked in a struggle with Moscow-backed opponent Viktor Yanukovich, had recently accused Moscow of failing to cooperate in the investigation.

"The Ukrainian prosecutor has received a response from the Russian prosecutor (agreeing) to send samples of dioxin," as well as inviting Ukrainian investigators to Moscow, prosecutorial spokesman Yuri Boychenko told reporters.

The pro-Western Yushchenko fell seriously ill on September 6, 2004, two months before presidential elections hotly contested by Yanukovych, due to what doctors later diagnosed as a near-fatal dose of dioxin.

The Ukrainian president told French daily *Le Monde* that he believed the dioxin had come from a Russian factory.

"Three laboratories in the world produce that type of dioxin ... Two laboratories have sent samples, the Russian one hasn't. That's hampering the inquiry," he said.

Three years later, Yushchenko's face remains seriously disfigured from the poisoning, and he makes regular trips to a Swiss clinic to have the dioxin removed from his body.

Text available on World Wide Web, URL:

[http://timesofindia.indiatimes.com/World/Rest\\_of\\_World/Moscow\\_to\\_send\\_poison\\_to\\_Ukraine\\_for\\_Yushchenko\\_inquiry/articleshow/2384931.cms](http://timesofindia.indiatimes.com/World/Rest_of_World/Moscow_to_send_poison_to_Ukraine_for_Yushchenko_inquiry/articleshow/2384931.cms)

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## **7. Ukraine rejects Russian proposal in Yushchenko poisoning investigation The Associated Press, 19 September 2007**

Ukraine has rejected a Russian proposal on how to determine the origin of the poison that sickened President Viktor Yushchenko three years ago, officials said Wednesday.

Yushchenko, who was a leader of the political opposition at the time, was poisoned with dioxin during the 2004 presidential election campaign, disfiguring his face. No arrests have been made, but suspicions of Russian involvement persist — both because Yushchenko was running against a Kremlin-backed candidate and because Russia is one of four countries that produces the specific formula of dioxin used against him.

Although the dioxin from all four countries is chemically identical, differences in the manufacturing process yield various byproducts; testing samples from each country for these byproducts could determine the origin of the dioxin found in Yushchenko.

Three countries that produce this type of dioxin — Britain, Canada and the United States — have submitted samples to Ukraine for testing, investigators say, but Russia has refused. This month it offered to test samples of its dioxin in Russia and report the results to Ukraine.

The Ukrainian Prosecutor General's office rejected that offer this week, and again asked Russia to let the test be conducted in Ukraine, a spokesman said.

"Under Ukrainian law, the tests will only be valid if they are conducted on Ukrainian territory," spokesman Yuriy Boychenko said.

Yushchenko has complained that Russia was stalling the investigation by refusing to provide the dioxin samples and hand over key suspects. Ukrainian authorities have not named any suspects, but Yushchenko has said the suspects are hiding out in Russia.

On Wednesday, he said prosecutors would travel soon to Russia to meet with their counterparts, a visit he said he hoped would solve the stalemate.

"Maybe in the course of that dialogue negotiations will be concluded concerning the tests of dioxin which is produced in the Russian Federation and holding accountable those people who are hiding in the Russian Federation," he told reporters.

The Kremlin strongly backed Yushchenko's rival, Viktor Yanukovych, in the bitterly contested 2004 presidential election, which deepened rifts between Moscow and the West. Yanukovych was initially

declared the winner. Massive street protests — dubbed the Orange Revolution — broke out, and the Supreme Court threw out the results on grounds of fraud. Yushchenko won a court-ordered repeat vote.

Yushchenko has hinted that he knows those responsible for the poisoning. While refraining from naming the alleged culprits until the investigation is over, he has hinted that the poisoning could have been masterminded from outside the country.

Text available on World Wide Web, URL:

<http://www.iht.com/articles/ap/2007/09/19/europe/EU-GEN-Ukraine-Yushchenko-Poisoning.php>

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#### **8. Russian Prosecutor General's Office sends reply to Kyiv on Yushchenko poisoning inquiry Interfax, 19 September 2007**

The Russian Prosecutor General's Office has forwarded a reply to Kyiv to a request for legal assistance in the investigation into President Viktor Yushchenko's poisoning during the presidential election campaign.

"Strictly in line with international and Russian laws, the Russian Prosecutor General's Office forwarded a reply on the case to the Ukrainian partners," a high-ranking source with the Russian Prosecutor General's Office told Interfax on Wednesday.

The source declined to disclose the essence of the document sent to Kyiv.

Text available on World Wide Web, URL:

[http://www.interfax.ru/e/B/politics/28.html?id\\_issue=11860485](http://www.interfax.ru/e/B/politics/28.html?id_issue=11860485)

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#### **9. WILL RUSSIA HELP INVESTIGATE YUSHCHENKO POISONING?**

**By Pavel Korduban**

**Eurasia Daily Monitor, 19 September 2007**

Ukrainian President Viktor Yushchenko has accused Moscow of hindering the investigation into his poisoning in 2004. What's more, he hinted that Russia might actually have been behind the poisoning. An indignant Viktor Chernomyrdin, Russian ambassador to Ukraine, said that Russia was not involved and suggested that Ukraine should solve the crime on its own. Somewhat later, however, Ukrainian officials said that Russian investigators had signaled a readiness to cooperate.

Three years ago this month Yushchenko was rushed to a private clinic in Austria in grave condition. He had to spend several weeks there at the height of a presidential election campaign that he eventually won. Doctors found that Yushchenko had been poisoned with dioxin, and a criminal case was launched almost immediately. Yushchenko had to take painkillers for months after that, and his face still bears scars caused by the poison.

In the presidential election race, Russia openly backed Yushchenko's rival, Viktor Yanukovich, who was also the choice of the then Ukrainian president, Leonid Kuchma. Yanukovich was prime minister under Kuchma, and he returned to that position last year, when his allies formed a majority in the Ukrainian parliament.

Upon his election as president, Yushchenko pledged to personally supervise the investigation. Since then, the chiefs of the Prosecutor General's Office -- the body that deals with high-profile crime in Ukraine -- have been replaced several times. The mystery of Yushchenko's poisoning, however, has not been resolved to this day, just like another sensational crime -- the murder of investigative journalist Georgy Gongadze in 2000.

On September 10, Yushchenko gave a startling interview to several leading European newspapers, including The Times, Le Figaro, and La Repubblica. He said that Russia has failed to provide Ukrainian investigators with samples of dioxin produced in Russia. Yushchenko said that only three laboratories could make the type of dioxin he had been poisoned with. Two laboratories, based in the United States and Great Britain, have provided samples, but the Russian one did not, he said.

The Russian Prosecutor General's Office also ignored requests to extradite three Ukrainians who are suspected of involvement in the poisoning, Yushchenko said. Nothing changed in this respect, even though he had personally asked President Vladimir Putin for assistance last December, Yushchenko reported. Asked whether the Russian state could possibly have been involved in the attempt on his life, Yushchenko replied, "This was not a private act."

Yushchenko repeated the same accusations on September 11, speaking at an improvised press conference in the Ukrainian town of Dnipropetrovsk. "Those three people who are most wanted by the investigation are currently in Russia," he insisted. A former Ukrainian ambassador to Russia, Volodymyr Kryzhanivsky, opined in an interview with Channel 5 that Yushchenko must have had serious reasons to say what he said, as the accusations he leveled against Russia were quite grave.

Chernomyrdin's reaction was very emotional. "Why suddenly such serious accusations?" he wondered. "Why should we investigate it? Settle it on your own. Someone always hinders you," he told a group of Ukrainian journalists in Kyiv. A high-placed source at the Ukrainian Foreign Ministry told Kommersant Ukraina that Chernomyrdin "should be punished for his arrogance" by the Kremlin or even replaced. Yushchenko's secretariat accused Chernomyrdin of incompetence. "The Ukrainian president believes that Mr. Chernomyrdin's statement was his own opinion, not reflecting the official position of the Russian Federation," the deputy head of the secretariat, Oleksandr Chaly, said on September 12.

Chaly, who supervises foreign policy and relations with Russia in particular in Yushchenko's team, otherwise sounded conciliatory. He announced that, following Yushchenko's statements, Russia had promised to facilitate the investigation, and that a joint Ukrainian-Russian group of investigators would soon start to work in Russia. Chaly also said that Yushchenko's statements were not aimed to accuse anybody, but they were rather aimed to draw attention to a problem in bilateral relations. Yushchenko achieved this aim, Chaly noted.

Kommersant-Ukraina reported, quoting a source close to the investigation, that the three individuals who Yushchenko wants extradited from Russia are a former deputy chief of the Security Service of Ukraine, Oleksandr Satsiuk, and two former aides to Satsiuk. Yushchenko insists that he was poisoned on September 5, 2004, during a dinner at Satsiuk's dacha. Satsiuk flatly denied his involvement on several occasions in the past, and his lawyer told Kommersant-Ukraina that, as far as he knew, there had been no legal claims against Satsiuk.

The same newspaper reported, quoting Deputy Prosecutor General Mykola Holomsha, that the head of the group of Ukrainian investigators studying the case was replaced on September 10. The new head, Halyna Klymovych, previously dealt with a Ukrainian criminal gang that, as former interior minister Yuriy Lutsenko once suggested, could be somehow involved in Yushchenko's poisoning.

(UNIAN, The Times, September 11; Channel 5, Rosbalt, September 11, 12; Kommersant Ukraina, September 11, 13)

Text available on World Wide Web, URL:  
[http://jamestown.org/edm/article.php?article\\_id=2372434](http://jamestown.org/edm/article.php?article_id=2372434)

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**10. EU-Ukraine summit successful, joint free trade deal still hangs on WTO**  
**By Dariya Orlova**  
**Kyiv Post, 19 September 2007**

Ukrainian leaders and top-level EU officials met in Kyiv on Sept. 14 for the annual EU-Ukraine summit just two weeks before the early parliamentary elections.

While high-ranking EU officials urged Kyiv to hold democratic elections and quickly form a coalition, the timing of the summit was not related to the imminent poll, according to analysts. They said that the EU will be watching the Sept. 30 vote closely, but that the next major hurdle Ukraine needs to clear in order to realize its aspirations of inking a free trade agreement with the EU, and eventual membership, is the country's WTO accession.

The annual bilateral meetings between the presidents of Ukraine and the EU were established by the Partnership and Cooperation Agreement that was ratified in 1998. That agreement is expected to be replaced by a "new enhanced agreement" after Ukraine joins the WTO.

The European side was represented by European Commission President Jose Manuel Barroso, Portuguese Prime Minister Jose Socrates, External Relations and European Neighborhood Policy Commissioner Benita Ferrero-Waldner, and High Representative Javier Solana, a familiar face for Ukrainians because of his active involvement in resolving the political crisis during the 2004 Orange Revolution.

The meeting was hosted by President Viktor Yushchenko, but European leaders took the time to meet all of the country's major political leaders.

"The fact that we are here ... is real proof of our relationship, our trust in the development of your country, in the future of your country, in free and fair elections and the possibility of having a government as soon as possible," Solana said after the summit.

**Summit as stepping stone**

"Summits do not necessarily result in the signing of some long-term documents" explained Valeriy Chaly, deputy director of the Razumkov Centre, a Kyiv-based think tank. He said that the Sept. 14 meeting served more as a forum for communication at the highest level.

"The very fact that [the] summit was conducted on the eve of the elections is evidence of the EU's attention and hope for advancing reforms in Ukraine," Chaly said.

"We didn't expect any breakthroughs from the summit," confessed Oleksandr Sushko, director of the Center for Peace, Conversion and Foreign Policy of Ukraine, a Kyiv-based NGO.

"The meeting was necessary to discuss issues of potential concern regarding a new enhanced agreement [between Ukraine and the EU] before the fifth round of negotiations takes place. That was accomplished," Sushko said.

"Secondly, ratification and full implementation of visa facilitation and readmission agreements were discussed. We can see that the political will is in place for these agreements to begin working on Jan. 1 of next year."

In a joint summit statement, EU and Ukrainian leaders reaffirmed their intentions "to embark upon negotiations on a comprehensive Free Trade Area as a core element of the new enhanced agreement."

## WTO hurdle

According to Sushko, four rounds of negotiations on the new enhanced agreement have already been conducted. The fifth round is expected to take place in October.

“Yet, the process is irregular, because we haven’t started the official negotiations on the free trade area, which is an indispensable part of the new enhanced agreement. The European side is waiting for Ukraine’s accession to the WTO to start negotiations,” Sushko explained.

Ukraine announced plans to join WTO by the end of this year. The target date, however, has changed many times resulting in undermined confidence in Ukraine’s WTO declarations.

Ukraine has been negotiating WTO entry for 13 years.

After the EU and US granted Ukraine market economy status in 2005 and 2006 respectively, many Ukrainian politicians said that the issue of WTO membership would be resolved very soon.

In May 2007, First Deputy Prime Minister and Finance Minister Mykola Azarov announced that “formally, Ukraine has fulfilled all its obligations to the working party on joining the WTO.”

Ukraine has signed bilateral agreements with all necessary WTO-member countries except for Kyrgyzstan which remains a potential obstacle. The Central Asian republic claims that Ukraine owes it a Soviet-era debt worth \$28 million.

Meanwhile, experts argue that internal opposition to WTO entry among Ukrainian leaders is the real reason why the issue has yet to be resolved. Some have suggested that Russia is not keen on seeing Ukraine join the transnational trade body before the mighty northern neighbor; and that the current government was delaying WTO membership in order to synchronize it with Russia.

Some have suggested legislation passed by Ukraine for WTO membership still needs to be revised. If so, it will be up to the newly-elected parliament to fix the legislation. Ukraine’s working group is then expected to submit a draft final report to the WTO’s General Council for a final decision. According to the WTO website, meetings of the transnational trade body’s General Council are scheduled for Oct. 9-10 and Dec. 19-20 of this year.

Text available on World Wide Web, URL:  
<http://www.kyivpost.com/nation/27394/>

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### **11. Commerzbank Pays Big For Ukraine Firm By Lionel Laurent Forbes, 19 September 2007**

LONDON - German bank **Commerzbank's** decision to acquire 60% of the privately-held Ukrainian Forum Bank for \$600 million was treated with mixed feelings by analysts on Wednesday. Mainly the analysts questioned the value of the purchase, but still saw it as a sign that the bank was coping well with current liquidity problems in the financial markets.

Shares in Commerzbank (other-otc: CRZBY - news - people ) rose 1.11 euros (\$1.55), or 4.1%, to 28.51 euros (\$39.83) during midday trading on Wednesday in Frankfurt. The positive effects of the U.S Federal Reserve's 0.50% cut to the discount borrowing rate on Tuesday also spread to Deutsche Bank (nyse: DB - news - people ), which rose 3.25 euros (\$4.54), or 3.6%, to 93.56 euros (\$130.70). The benchmark DAX index rose 129.77 points, or 1.7%, to 7,704.98 points.

On Tuesday Commerzbank said the \$600 million transaction would strengthen its position in Eastern Europe, through a 60% stake bought from majority Forum Bank investor Leonid Yurushev. The German bank has also secured the option to buy a further 25% of the Ukrainian bank after 3 years.

"Ukraine could be a further growth area for this world, however they are entering very late and at relatively high multiples," said an analyst covering Commerzbank who did not wish to be named. The analyst said the deal valued the whole of Forum Bank at \$1 billion, five times more than its market worth of \$197.3 million.

Forum Bank had profits of \$5.6 million in 2006, and its assets were valued at \$1.9 billion in July of this year.

But the positive side to the story is that Commerzbank is able to do deals at a time of great uncertainty in the financial markets and the European banking sector. Inter-bank lending has faced an intense lack of liquidity as banks worry about credit lines, which took a hit from investments in the American mortgage-backed securities market.

Commerzbank will nonetheless be forced to write off 80 million euros (\$111.8 million) in losses related to investments in the U.S. subprime loan market, it said Tuesday.

In August, Commerzbank and Deutsche Postbank (other-otc: DEUPF - news - people ) said it had exposure to over \$1 billion each in subprime mortgage securities. Deutsche Postbank said this was largely due to investments in fellow lender IKB (other-otc: IKBDF - news - people )'s collapsing U.S. vehicle Rhineland Funding. (See "Germany's Banks Come Clean" )

Text available on World Wide Web, URL:

[http://www.forbes.com/markets/2007/09/19/commerzbank-ukraine-europe-markets-equity-cx\\_II\\_0919markets08.html](http://www.forbes.com/markets/2007/09/19/commerzbank-ukraine-europe-markets-equity-cx_II_0919markets08.html)

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## **12. Ukraine should stop large companies from buying up land – Yanukovych Interfax, 18 September 2007**

Ukrainian Prime Minister and leader of the Party of Regions Viktor Yanukovych has called for creating legal barriers to prevent large companies, especially foreign ones, from continuing to buy up land en-masse in Ukraine.

"We should pass a law that would make it impossible for both Ukrainian and foreign large corporations to buy up land," Yanukovych said in live remarks on the Vinnytsia TV and radio station on Tuesday.

This concerns primarily foreign capital, because "foreign capital is stronger than Ukrainian capital," he said.

The prime minister also zeroed in on the corruption accompanying the sale of land in Ukraine. "We cannot afford officials enriching themselves at the expense of the state and the people," the premier said, stressing the necessity of public control over land sales.

"We should not allow officials to tackle the issue during the land reform. Everything should be under public scrutiny," Yanukovych said. ar md

Text available on World Wide Web, URL:

[http://www.interfax.ru/e/B/finances/26.html?id\\_issue=11859963](http://www.interfax.ru/e/B/finances/26.html?id_issue=11859963)

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## **13. President predicts democratic victory ForUm, 19 September 2007**

President Viktor Yushchenko is convinced Ukraine's democratic forces will win this month's parliamentary election and will then form a coalition, president's press office reported.

"I am deeply convinced, I have no doubt that the democratic coalition will win. The current tendencies say that the orange coalition, the democratic coalition, will win," he told a press conference on Wednesday and added that he wanted to "constructively" cooperate with the country's future opposition.

Yushchenko said the September 30 election "demonstrates democratic changes in our state." "I want to demonstrate that Ukraine has adopted democratic political principles. ... We have democratic instruments which show this is not an Asian country and that it can defend democratic gains even after that colossal usurpation masterminded by Yanukovych and Moroz in the Verkhovna Rada. Such things will never happen again," he said.

He said that early elections were the "key democratic method" of resolving parliamentary or political crises and added that his mission was "to ensure together with the executive branch and political forces that the September poll is honest and transparent."

Text available on World Wide Web, URL:  
<http://en.for-ua.com/news/2007/09/19/175558.html>

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#### **14. Bogatyryova commented on future coalition ForUm, 20 September 2007**

Today Head of PR faction Raisa Bogatyryova pays visit to Zaporizhzhya region within the election campaign. The ForUm informs referring to PR press office.

Answering the journalists question on possible variants of formation of new coalition, Bogatyryova said: "Next composition of the parliamentary coalition will consist of People's deputies from CPU, SPU and Party of regions."

"We also predict that Lytvyn bloc can join our coalition in case it manages to get to the parliament. Such coalition will have a perspective and possibility to work stable for interests of the country," she noted.

Text available on World Wide Web, URL:  
<http://en.for-ua.com/news/2007/09/20/112954.html>

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#### **15. Tymoshenko Goes Hard on Akhmetov's Heirs By Viktor Chyvokunya Ukrayinska Prawda, 20 September 2007**

*Yulia Tymoshenko acquired the latest modern trends of the 2007 election. A helicopter took her to the rally held on Sunday in Kremenchug.*

The helicopter belongs to Kostyantyn Zhevago, the richest BYuT member who received the fifth position in the top-100 influential people in Ukraine with \$2.7 billion, according to Korrespondent ratings.

Mr. Zhevago accompanied Yulia Tymoshenko aboard. Mrs. Tymoshenko started her tour with visiting Kremenchug Automobile Enterprise owned by Mr. Zhevago.

Poltava region is considered the 'expansion area' where Yanukovych's campaign headquarters intend to improve the election results as compared to the previous election. Besides, traditionally Poltava region was the Socialist region where, Mr. Moroz's party received almost 13%. Now, the Orange and the blue-and-white are fighting over the regional electorate.

According to one of the regional officials, the Party of Regions that put agitation on a wide scale, having their agitators almost in every village, turned out more successful due to unlimited financing. Mrs. Tymoshenko went to Poltava to correct the situation using her traditional methods.

"They are coming," reported employees of the BYuT local headquarters to Andriy Verevsky. According to some estimate, this man controls one fourth of Ukrainian refined oil market. It is his second election campaign in the office of the BYuT campaign headquarters in Poltava.

Italian helicopter Agusta landed on the territory of AutoKraz Automobile Enterprise. Armored Mercedes that had come from Kyiv was waiting for the BYuT leader there. But Mrs. Tymoshenko did not like such an idea.

"She says she get very tired of such trips. She wants to fly from Kremenchug to Poltava by helicopter," the head of the BYuT local headquarters addressed Mr. Zhevago.

"Be my guest! It takes an hour by car and only 15 minutes by helicopter," answered a young billionaire who failed to have Mrs. Tymoshenko visit his meat packing enterprise.

Yulia Tymoshenko's visit began with a meeting with representatives of small and mid-sized business who gathered in AutoKraz to discuss touchy issues. In order not to break 'the rules of weight categories' Mr. Zhevago did not even enter the hall.

"I know from my own experience that it is hard to run business in this country!" complained Mrs. Tymoshenko.

"I have four private entrepreneurs in my family: my sister, my immediate family... They tell me how state officials humble you," she went on.

Mrs. Tymoshenko's statement that the number of private entrepreneurs in her family has increased was rather surprising. Previously, it was known that her husband ran a poultry farm. The BYuT leader refused to share information about occupation of her immediate family or at least her daughter Evgenia.

"She learns how to take a banking loan to start her own small business," Yulia Tymoshenko avoided a direct answer.

The BYuT leader promised Kremenchug businessmen (and even those who do not know yet they will run business) her assistance.

"There are thousands of people who do not know what business is profitable and promising. We will create database and registry of businesses available on the Internet," Mr. Tymoshenko promised an original start of a business career.

Also, Yulia Tymoshenko stated that she would resolve the problem of the initial capital for such people:

"Defects of the credit system will be eliminated. Businessmen will be offered a 3-6% basic lending rate. It is now a standard rate in Europe."

The audience kept silent.

There was a group of people among representative of the 'small and mid-sized business' who were brought to the meeting by bus. These people looked like street vendors. Yulia Tymoshenko had a message for them as well.

"I know the state fights against street vendors and market places to build supermarkets there. They must not do it because street vendors have a better education than some government members. I do not want to offend the PM. Some ministers have the same problem," she cheered up the audience.

Yulia Tymoshenko promised to cancel the VAT by introducing a new tax: "If a person buys bread and water or yachts and mansions only they must pay different taxes. In such a case none of them will feel the tax burden."

But corruption is the main problem of business.

"We will develop a website with the registry of services for which state officials demand bribes. You will be able to anonymously file complaints so that we will be able to fight against the corruption," she said.

Besides, Mrs. Tymoshenko stated that she would decrease influence of state officials on private business. She said that she had cancelled about five thousand normative acts causing corruption in the office of the PM.

"But it was state officials who cancelled all those normative acts! Can you imagine that they cancelled all those resolutions which were not critical for them! This vertical corrupt scheme was headed by the ministers. When, for example, we inspected fire prevention systems, the Minister for Emergency Situation was the first to oppose us. The Agrarian Minister fought against inspection of the veterinary service," said the BYuT leader.

According to Mrs. Tymoshenko, future opposition will be the main fighter against the corruption:

"I hope Yanukovych will be in the opposition with powers to control authority. We will give him knife and fork they will use to check the breakfast menu of a state official."

For example, Mrs. Tymoshenko offered the opposition powers of a new law-enforcement structure able to act "bypassing the Prosecutor General's Office through parliamentary committees of investigation."

Mrs. Tymoshenko proposed her most radical means of fighting against the corruption. According to her, it is life sentence.

"But I think this norm will never be used because everybody will be afraid. There are no death sentences for corruption in China because there is no corruption there!" said Yulia Tymoshenko.

When Mrs. Tymoshenko finished her speech she offered to ask her questions. But the audience and the BYuT leader were keeping silent. When this pause became rather awkward one man raised his hand. He did not want to ask any questions. The man handed over his written proposals to Yulia Tymoshenko. She took them but advised to use the BYuT website for such purposes.

"We are living in the 21st century," she said.

Her monologue ended in Mrs. Tymoshenko's signing a unilateral agreement with the small business. It is one of the BYuT methods in this election campaign. Yulia Tymoshenko signs agreements with doctors, teachers or businessmen.

The Victory Square was Mrs. Tymoshenko's next destination. The rally gathered about four thousand people and several huge Kraz trucks decorated with the BYuT slogans.

Mrs. Tymoshenko said that she was offered to join the broad coalition for the sake of saving the dissolved parliament.

"I was offered the Speaker's office and half of ministerial offices. When I refused they asked me: "What else do you want? Do you want a dozen of enterprises?" But I will never join the broad coalition! I will not! This coalition will tie us down with seeking compromise," she explained.

According to Yulia Tymoshenko, Yanukovych's government would try to make her consent to share of state property.

"On September 1 children go to school...Some parents present their child with a schoolbag, some children receive daybooks. But Rynat Akhmetov presented his son with the DniproEnergo Company. From now on you will receive electricity bills not from the state but from Mr. Akhmetov or his son. In 20 years his grandson will run the family business," Mrs. Tymoshenko chose her favorite topic.

Then Yulia Tymoshenko started agitating the audience to be active at the early election.

"They will say that "your participation in election will not change anything and the parliament will be all the same," she said.

"But it is not true. Moroz will not enter parliament. Moroz has had enough authority. It is high time he retired" she sent Mr. Moroz her regards.

Having said this, Mrs. Tymoshenko took a pause and made a typical fisherman's gesture stretching her arms as if boasting of a great take of fish.

"Moroz will not just retire but he will R-E-T-I-R-E," said Tymoshenko in such a voice as if there will be as many zeros in Moroz's retired pay as letters in this word.

Communists were Mrs. Tymoshenko's next target:

"It is 50/50 that they will enter parliament. What did they expect? They collaborated with the wild capitalism!"

To humiliate Petro Symonenko, Mrs. Tymoshenko recalled her student years.

"I had an "A" in Science of Communism that is why I know what a true communism is. I can even make a bet – if anyone of you finds communism in Symonenko's party I will vote for him," she offered.

"If you decided to vote for the Party of Regions I ask you to go to church and kill the hoodoo," said Yulia Tymoshenko.

"Ha-ha-ha," the audience burst in laughter.

In fact, it is quite clear why Mrs. Tymoshenko keeps saying at every rally that only three political forces will enter parliament. Only in such a case the BYuT and Our Ukraine –People's Self-Defense will altogether have more seats than the Party of Regions. In the event the Communists or Lytvyn's Bloc are elected to parliament the situation becomes unpredictable.

According to Mrs. Tymoshenko, there are four reasons why people vote for Viktor Yanukovych.

"They say: "Yanukovych will give chance for the Russian language to become the second state language. But Leonid Kuchma has twice used this initiative to win the presidential election. The language issue is a screen. This issue distracts people from real problems!" she said.

NATO is the second populist issue promoted by Mr. Yanukovych.

"In 2004 the Party of Regions headed by Mr. Yanukovych voted to send our soldiers to Iraq. It is not just NATO membership it is war together with NATO," she expressed her indignation.

According to Mrs. Tymoshenko, relations with Russia is the third reason why people support PM Yanukovich.

"What is he talking about? My friendship with Russia was manifested by the gas price of \$50 per 1000 cubic meters, Yekhanurov's friendship – \$95, while Yanukovich's friendship brought us the price of \$130," she touched upon gas relations between the two countries.

Yulia Tymoshenko heard the fourth reason during her visit to Luhansk:

"Several elderly women came up to me saying: "Why do you scold Yanukovich. You have been in power for ten years. Yanukovich is a young promising politician. Why cannot you leave him in peace?"

This maneuver was very skilful. Mrs. Tymoshenko 'passed the ball to herself and it was a goal pass'.

"Indeed, Yanukovich was the governor of Donetsk region. But he left scorched earth behind him. There are many empty blocks of flats there in which no one wants to live even for free," said the BYuT leader.

"Who was the PM during the last years of Kuchma's reign? The Pope? No, it was Viktor Yanukovich! The three of them (there was also Kuchma's son-in-law in the team) shared the entire country having stolen every strategic enterprise," Yulia Tymoshenko went on.

However, it was not the end of Yanukovich's criminal record.

"When Yanukovich became the PM for the second time his first resolution restored Leonid Kuchma's privileges, his 2 000 square meter dacha with waitresses, masseurs and a swimming pool. He exempted the poor ex-president communal fees!"

"U-u-u-u," people responded.

According to Tymoshenko, dissolution of parliament was the only way out.

"There is no tragedy here. Americans hold election every two years. If one gathers 100 000 signatures in support of the early election in Israel then the early election is inevitable," said Yulia Tymoshenko.

Despite strong criticism of Viktor Yanukovich this rally ended peacefully taking into account that several supporters of the Party of Regions with the blue-and-white flags were also present there.

Poltava became the next destination in Mrs. Tymoshenko's tour. About 10 000 people gathered to listen to the Orange lady.

Mrs. Tymoshenko's speech was almost the same. She even made identical statements.

"They will say that your participation in election will not change anything and the parliament will be the same. But it is not true. Will Moroz enter parliament?" she asked the audience.

"No-o-o-o!" people responded.

"Do the communist ideology and the Communist Party of Ukraine have anything in common? If Lenin saw what Petro Symonenko is doing now, he would spin in his coffin at the speed of 60 rpm!" she said.

Then she made public the four reasons why people vote for Yanukovich. Yulia Tymoshenko really enjoyed finishing off Yanukovich with NATO issue:

"When Mr. Yanukovych became the PM he gave interview to German periodical *Frankfurter Allgemeine Zeitung*". I understand you do not know anything about it. But this interview is available on the Internet. The journalist asked Yanukovych: "You have agreed with President Yushchenko that NATO membership will be decided at the referendum. How would you vote?" Viktor Yanukovych responded: "Joining NATO remains our strategic goal." The journalists asked again: "Does this mean NATO membership?" He answered: "Yes. No one gave up this goal."

Yulia Tymoshenko savored every Yanukovych's answer. However, when *Ukrayinska Pravda* addressed Mrs. Tymoshenko herself with the same question she avoided a direct answer.

As the rally in Poltava was the highlight of her visit to Poltava region Mrs. Tymoshenko made a longer speech.

In particular, she tried to respond to accusations that she raised salaries for state officials. Some of Mrs. Tymoshenko's arguments were the figment of her mind.

"When I became the PM the minister's salary was UAH 500 (\$100). How did state officials support their families? For instance, there were special grants for agricultural development in budget. But not a single cow received this grant. Two-legged animals stole this money. That is why I raised their salaries having closed all holes in budget," she explained.

This answer contradicts her confession made during the meeting with representatives of small and mid-sized business that she did not manage to eradicate the most developed corruption schemes.

According to Yulia Tymoshenko, discharge from the PM's office prevented her from completing this job. During the meeting she never mentioned President Yushchenko in the negative context. Unlike the previous election campaign, she made a hint on Viktor Yushchenko only once.

"Corruption scandal broke out in their team, but they decided to get rid of me. They were not strong enough to work with such PM... I was in opposition to both pre- and post-revolution authorities," confessed Mrs. Tymoshenko refusing to name her employers, Kuchma and Yushchenko.

At the end of the rally, Yulia Tymoshenko warned people of the election fraud.

"They offer people in Zhytomyr region to write an application with the request to vote at home in exchange for UAH 150. These votes will be counted somewhere in the dark corner," the BYuT leader stated.

"Why does the Party of Regions have 20% in Poltava region? Raise your hand those who will persuade 10 his friends to vote for the BYuT during the time left before the election?" Mrs. Tymoshenko addressed the people.

"I will! I will!" they responded.

"What about 15 people?" she laughed.

This time less people expressed their readiness.

According to Mrs. Tymoshenko, only 'people's telegraph' can save the situation. Her election campaigns of 2002 and 2006 went on according to the identical scenario.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/9/20/8939.htm>

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## **16. Yushchenko Against Referendum Initiatives Ukrayinska Pravda, 20 September 2007**

President Viktor Yushchenko wants to bar any political forces' speculations on a referendum to adopt amendments to the Constitution.

This was stated by deputy Head of the President's Secretariat Ihor Pukshyn at his Tuesday briefing.

"The President reiterates that referendum, being one of the most powerful means of the people's will expression, is potent to amend the Constitution. But he has never supported any speculations on the issue, any provocations and attempts to engender social cleavage," he underlined.

At the same time, Mr. Pukshyn mentioned that during the election campaign politicians taking part in the political race did speculate on the referendum issue.

"They have headed for collecting signatures to realize the people's initiative. But none has regarded a matter of the subject," he said.

"Analyzing the issues suggested by the political forces, it seems to me they are cozening people into the idea. September 30 is probably their single aim. They do not think of the day to come after it," added Mr. Pukshyn.

He explained that according to the Constitutional Court ruling dating back to 2000 and 2005 on the issue of referendum, only a draft act may be submitted for adoption through the procedure.

"Elections are held to form the authorities, and referendums to adopt laws. If the issues are not formulated into a draft act, there can be no referendum, but a public poll (consultative referendum)," stated Mr. Pukshyn.

He pointed out that the majority of issues suggested by BYuT and the Party of Regions required amendments to the Constitution which lay within the legislature's authority.

Commenting on the PRU initiative to adopt Russian as the second state language, Mr. Pukshyn specified that it needed amendments to Chapter 1 of the Constitution.

"In order to amend provisions of the chapter, five stages are to be undergone. First of all, the President or 150 MPs are to introduce the associated draft law. Then comes the Constitutional Court ruling. Then the bill is to be voted for by 226 MPs at one session and by 300 at the next. And only after that the issue is to be submitted for an all-Ukrainian referendum," amplified Mr. Pukshyn.

In connection with this, the issues proposed by the political forces for referendum are of no legal basis.

However, Mr. Pukshyn claimed that in mid-October after the elections the President intended to announce composition of the constitutional commission to be charged with formulating issues for an all-Ukrainian referendum.

BYuT initiates a referendum on the form of government, general elections of judges, and MP immunity and other benefit abolition.

PRU suggests holding a referendum to establish the second state language and Ukraine's non-alignment status.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/9/20/8936.htm>

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**17. Waiting for Northern Neighbor**  
**By Yuriy Korohodsky**  
**Ukrayinska Prawda, 19 September 2007**

The appointment of Viktor Zubkov for the post of head of Russian government triggered numerous comments on political future of Russia. The expected change of power in Kremlin may provoke a revision of Russian-Ukrainian relations as well.

Will Ukraine lose because of this? How can conflicting groups in Russia use “Ukrainian” factor in their own arguments? And how can Ukraine counteract it?

**Convenient irritant**

Ukraine has long become a certain irritant of national feelings among Russians. It is not as strong as Chechnya, Georgia or the United States but it is still one.

The harassment of Ukrainian communities in Moscow streets is a part of behavioral ritual of every Russian militiaman. National TV channels shape the image of chauvinist Kyiv where Russian language is destroyed right in the streets, everything Russian is persecuted and it is forbidden to watch ORT (a major Russian TV channel).

That is why realistic views of Ukraine are held only by those who are over forty now. They still remember Soviet Union and Ukraine as one of its main components.

The situation is trickier with those who went to school in 1992. For them Ukraine is like a ghost from far abroad, somewhere between Turkmenistan and Southern Osetia, Badakhshan region and Tibet mountains.

Russian leaders have learned to play on chauvinist feelings of grassroot Russians, and Ukraine is a convenient adversary in this respect. No one expects terrorist attacks from Moscow Ukrainians, armed riot from Tumen Ukrainians and declarations of autonomy from Ukrainians leaving in the Far East. It is much more complicated and dangerous to fight with Chechens.

In 2004 Russia suffered a painful failure in Ukraine. This failure was symbolic in many respects; nevertheless, it significantly impacted the processes of auto-isolation of Russia from “poor” post-Soviet republics.

Then President Putin was saying contentedly that his country switched to market relations and European prices with Ukraine. If you want to get in Europe the day after tomorrow then pay European prices for gas today!

In many aspects “independent” position of Yanukovich’s government has increased the willingness to show the “guys from Ukraine” their place. And now the cold Russia sees change of power.

**Race of successors**

Traditionally political correspondents name several politicians capable of becoming Putin’s successors.

In general, there are two leaders from Putin’s entourage in this race – head federal law enforcement official Sergey Ivanov and first Vice Prime Minister Dmitriy Medvedev.

Among candidates for succession there are also such names as President’s representative in Southern federal district Mr. Kozak, head of Russian railroad administration Mr. Yakunin and... Mr. Zubkov, head of government from now on.

Putin himself talked about five names. However, he didn't point to specific persons and exacerbated even more the mysterious character of the situation. Political correspondents even started to consider civil war among successors as an option.

Ivanov is considered a representative of the "war party" and Medvedev, on the contrary, is believed to be a liberal. Stereotypical beliefs about external policy of possible successors are the following.

Ivanov and Kozak are law enforcement officials. In case of their victory Ukraine should expect enhancing the presence of the Black Sea fleet in Sevastopol, refusal from its gradual withdrawal, Ukraine prevented from entering NATO and other misfortunes. Even a war is possible.

Medvedev and Yakunin are economists. They know how to negotiate and count money; therefore, we are to expect struggle for presence of big Russian business in Ukraine.

Economic pressure can be severe and the talks on the pipe and who it should belong to are likely to start again. In an extreme case Russians may even cut off gas supplies.

There haven't been any forecasts on Zubkov's policy so far, as this personality similarly to that of Putin appeared all of a sudden. Who is Mr. Zubkov? We'll wait and see.

### **Comedy of stereotypes**

The division of two Kremlin groups into "hawks" and "liberals" reminds one of the view on peculiarities of political struggle in Iran popularized by American press.

American analysts really like to invent tales about reform activists Khatami and Rafsanjani and their adversaries, enemies of progressive humanity Akhmadinedzhad and Khameneya.

Nevertheless, those knowledgeable in Middle East issues know that these analysts are talking about practically one and the same elite formed after Islamic revolution in 1979. The conflicts among the groups belonging to the elite may exist but they are not ideological. They change roles and cheat the analysts just like vendors cheat buyers at an oriental bazaar.

One can say practically the same about Putin's entourage. Russia is a Eurasian country with a huge heritage of Mongol totalitarian governing elements. It is hard to look for liberals there, especially with regard to Putin's HR policy.

The remnants of Yeltsin's entourage were liquidated before his second presidential term. The most known right liberal politicians were either removed from state governance (Nemtsov, Yavlinsky, Khakamada) or recruited for the new Putin elite (Chubays, Kiriyyenko).

The people left in Kremlin are in fact a "party of St. Petersburg Cheka members". The policy on Ukraine pursued by this party is extremely pragmatic and it will be fulfilled no matter who the president is. Whether it is Ivanov or Medvedev, Kozak or Yakunin or maybe Zubkov, there will be no difference.

Economical pressure, informational war, persecution of foreign workers in Moscow will all be on the menu. There will be no war (Russia itself is not interested in it) but it won't be better because of that. Postmodern political world doesn't always demand shooting to win.

That is why we'll need to search for our own external policy. We'll need to pursue our own line of conduct which won't depend on the name of head Russian Cheka member. However, the provincial style of Ukrainian diplomacy does not allow it to compete with the descendants of nobility officials.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/9/19/8929.htm>

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**18. Yanukovich expects to remain in office for five years**  
**By Zenon Zawada, Kyiv Press Bureau**  
**The Ukrainian Weekly, 16 September 2007**

Prime Minister Viktor Yanukovich told a September 10 press conference he expects to remain in his post after the elections because the Party of the Regions will form the coalition government again.

The Yulia Tymoshenko Bloc and the Our Ukraine – People's Self-Defense bloc aren't capable of reviving an Orange coalition, he said. "Let me remind you that President (Viktor) Yushchenko dismissed Yulia Tymoshenko from the prime minister post for incompetence and corruption," Mr. Yanukovich said.

"That's why the question of whether voters believe the Orange forces can work together has an exclusively rhetorical character."

The Party of the Regions is ready to hold coalition-forming negotiations with all the qualifying political forces, but only on a constructive and pragmatic basis to improve the lives of people and the nation's future, "not the ambitions of individual leaders," Mr. Yanukovich said.

The party will also do everything to ensure the coalition is formed quickly, he said, and any attempts to drag out the negotiations can be interpreted as a betrayal of national interests.

Mr. Yanukovich said he hopes the next coalition will be in place until the 2011 parliamentary elections. "Undoubtedly, I have a great desire to work as Ukraine's prime minister not less than five years, in order to implement those plans that exist," he said.

Virtually all polls expect the Party of the Regions will win the most votes in the September 30 elections. Projections of its vote share range anywhere between 26 percent and 38 percent.

The Party of the Regions won 32 percent of votes in the March 26 parliamentary elections last year.

Text available on World Wide Web, URL:  
<http://www.ukrweekly.com/Archive/2007/370704.shtml>

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**19. Regions Party Might Not Participate Rada Elections**  
**Ukrainian News Agency, 20 September 2007**

The Regions Party says there is a possibility of its not participating the Verkhovna Rada elections.

The party press service disclosed this in a statement, text of which was made available to Ukrainian News.

According to the statement, the Regions Party states provocations against it are prepared.

"The Regions Party warns: if our opponents proceed with cynical provocations... the Regions Party is ready to revise its participation in the early parliamentary elections," tells the statement.

Although the party assumes rigging of the Rada elections with subsequent court approval of the ballot.

"We would not take part in the affaire called "Elections 2007", in which Bankova [Street, the President's residence] representatives can assign the ballot and then the courts, which are also under their control, 'confirm' it," reads the statement.

In particular, the Regions Party forecasts sabotage by oppositional election commissions' members aimed at the oppositional commissions' members not to undersign district poll deeds, nullify elections in these districts and then arouse proceedings.

At that, the Regions Party claims that the information on commissions' members preparing sabotage mostly comes from Crimea, Zaporizhia, Dnipropetrovsk, Mykolaiv and Odesa regions.

"We require law enforcers to put an end to such attempts!" reads the statement.

In particular, the Regions Party thinks that it necessary to check each fact members of district and other election commissions sabotaging their duties.

As Ukrainian News earlier reported, the Our Ukraine - People's Self-Defense bloc doubts authenticity of electoral rolls in Luhansk.

The Yulia Tymoshenko Bloc predicts possible ballot rigging at the Verkhovna Rada elections because of errors in voters' lists.

The Committee of Voters of Ukraine is forecasting that 1 million citizens will be unable to vote in this year's early parliamentary elections because of errors in voter lists.

Previously the parliament speaker Oleksandr Moroz asked the Prosecutor General's Office to check compilation of voters' lists for the Verkhovna Rada elections.

The elections are scheduled for September 30.

Text available on World Wide Web, URL:  
<http://www.ukranews.com/eng/article/67349.html>

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## **20. Our Ukraine People's Self-Defense Doubts Voters Lists In Luhansk Correct Ukrainian News Agency, 20 September 2007**

The Our Ukraine People's Self-Defense Bloc has doubts that voters lists in Luhansk are correct.

Ukrainian News learned this from its report.

According to the bloc's press office, the regional headquarters of the Our Ukraine People's Self-Defense Bloc have uncovered a number of violations when implementing the «Phantom - Checking Voters Lists» project.

Specifically, the bloc representatives found on the lists 435 names of people aged 114 and 122.

Fifty-seven voters of 108 years of age were stated to be born on one day, December 31, 1899, and live in constituencies No.102 and No.103.

More than 65,000 names on the lists were duplicated.

The regional headquarters take it as preparations for election fraud.

Olha Mykhailiuk, an authorized representative of the bloc in constituency No.103, said there is a tendency in the region that the number of polling stations is increasing.

«Today the number of special stations has been increased by 4 and ordinary stations by 5,» the press office quoted Mykhailiuk as saying.

Data reports on 40 polling stations in constituencies No.102 and No.103 have disappeared, she added.

As Ukrainian News earlier reported, the Yulia Tymoshenko Bloc fears rigging at the Verkhovna Rada elections because of errors in the voters lists.

The Committee of Voters of Ukraine predicts that over 1 million citizens will not vote at the Verkhovna Rada elections because of incorrect lists of voters.

Earlier, Parliament Speaker Oleksandr Moroz asked the Prosecutor General's Office to check the compilation of voters lists.

The elections are scheduled for September 30.

Text available on World Wide Web, URL:  
<http://www.ukranews.com/eng/article/67337.html>

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