

1. Turkey to pass over leadership in BSEC to Ukraine at 17th sitting of council of foreign ministers of BSEC countries (NRCU)
2. UKRAINE: Westwards, But Not Much More (IPS)
3. Yekhanurov Threatens to Leave Our Ukraine (UNIAN/Ukrayinska Prawda)
4. TYMOSHENKO THE REAL WINNER OF UKRAINE'S 2007 ELECTION (Eurasia Daily Monitor)
5. UPDATE 2-Ukraine refinery seeks crude amid row with Tatneft (Reuters)
6. Ukraine Infringed U.S. Laws (Kommersant)
7. Minister Of Defense Of Georgia Visits Ukraine (Prime News)
8. Polcolorit runs into delays in Ukraine (Polish Market)
9. Petrol rises in price in Ukraine (UNIAN)
10. Ukrainian president reaffirms NATO accession goal (RIA Novosti)
11. Ukraine will join world action "Light Candle" on November 24 in memory of Holodmor and political repression victims (NRCU)
12. 2008 will be declared year of memory of 1932 to 1933 Holodomor victims (NRCU)
13. Yushchenko declares 2008 year of memory of 1930's famine victims (Itar-Tass)
14. Southeast European Defense Ministerial Press Conference with Secretary Gates (US Department of Defense)
15. Russia: Stepping into the Ukrainian-Tatar Energy Scuffle (Stratford)
16. Ukrainians Want Return to Gas Barter (Kommersant)
17. Head of Ukrainian state property fund: Viktor Yushchenko is key obstacle on the way of privatization (REGNUM)
18. Yushchenko's Main Intrigue Goes on (Liga/Ukrayinska Pravda)
19. Socialists Found Out Who Benefits From Delaying Results (Ukrayinska Prawda)
20. President calls on democrats to act faster (ForUm)
21. Number Of Polish Residence Permits Issued To Ukrainians Increases 11% In January-September (Ukrainian News Agency)
22. GUAM Foreign Ministers to Meet in Madrid (Trend News Agency)
23. COALITION LATEST: DELAYS AND DEALS (Business Ukraine)
24. BORDERING ON ECONOMIC SUCCESS (Business Ukraine)
25. Democracies face great challenges (The Daily)
26. Ukrainian Maritime Agency joins GAC global agency network - UAE (MENAFN Press)

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**1. Turkey to pass over leadership in BSEC to Ukraine at 17th sitting of council of foreign ministers of BSEC countries  
NRCU, 23 October 2007**

*On October 25 Arseniy Yatseniuk will present Ukraine's priorities for the period of time, the Foreign Ministry's spokesperson Andriy Deshchytsia told a news briefing in Kyiv.*

According to him, Ukraine will seek to develop multivectoral economic cooperation in the Pontic region, improve financial opportunities of the organization, open departments of the BSEC bank and improve a cooperation among BSEC states. The programme envisages holding a bank forum in Ukraine during the following six months, meeting among foreign ministers, energy ministers, economics ministers, transport ministers, customs services leaders and rectors of universities. At the initiative of Arseniy Yatseniuk the international conference "Settlement of Frozen Conflicts in the Context of Security and Stability of the Pontic Region" will be held in November. The conference will launch a Kyiv security forum. The event will see participation of the foreign ministers and representatives of the OSCE, EU, NATO and USA.

Text available on World Wide Web, URL:  
<http://www.nrcu.gov.ua/index.php?id=148&listid=53911>

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**2. UKRAINE: Westwards, But Not Much More**  
**By Zoltán Dujisin**  
**IPS, 23 October 2007**

*PRAGUE, Oct 23 (IPS) - Ukraine's opposition forces have reached a coalition agreement that will give the populist Yuliya Timoshenko the post of Prime Minister. Foreign policy might change, but realism will prevail.*

The Party of the Regions won the Sep. 30 election with 34 percent of the vote but the 'orange' opposition -- the Yuliya Timoshenko bloc with 31 percent and the pro-presidential Our Ukraine-People's Self Defence bloc with 14 percent -- reached an agreement last week to form a new cabinet.

Ideas of a grand coalition have been rejected, and the governing Party of the Regions, often described as favourable to close ties with Russia, is headed for four years in opposition.

There are concerns over what implications the complete exclusion from governance of the Party of the Regions led by Viktor Yanukovich could have. Ukraine's most powerful business circles back Yanukovich's party, as does the overwhelming majority of the population in the South and East, Ukraine's industrial heartland.

President Viktor Yushchenko, albeit somewhat ambiguously, had tried to show initiative in forming a grand coalition. "Both the forces that represent western Ukraine and those that stand for the eastern part of our country must be wise and far-sighted -- and they must communicate," he had recently told the German press. But his calls were not entirely heeded.

The first steps of the fresh and purely 'orange' alliance will be to abolish MPs' immunity and privileges, to work on a new constitution, and to ban deputies from changing factions, which was at the root of the controversy that spurred the early election.

Yushchenko issued a decree calling for early elections Apr. 2 after a group of parliamentarians switched to the governing coalition in what the President termed as a "usurpation of power."

Yet even the relationship between the two pro-Western leaders, Yushchenko and Timoshenko, has been nothing short of turbulent: President Yushchenko fired Timoshenko from the post of prime minister in 2005 after a period of power infighting that culminated in mutual accusations of corruption.

But supporters of the 'orange' forces hope the fear instilled by the powerful and well-organised opposition will hold the coalition together.

Orange supporters also expect the state to function more smoothly with both President and Prime Minister belonging to the same 'camp', though small disagreements could cause the cabinet's collapse as the orange forces have collected only a thin majority in parliament.

No one in Ukraine doubts that the alliance is fragile, and personal ambitions strong. Only a few days after the coalition agreement was announced, pro-presidential forces were accusing Timoshenko's bloc of unrealistic goals and of interfering with the exclusive prerogatives of the president.

Timoshenko demands the end of conscription from 2008, but the proposal is opposed by men loyal to the president.

Moreover, Yushchenko's loyal men fear that Timoshenko will cause disarray in the country's budget, as she has vowed to strengthen the state's hand in the economy, increase social spending and even revise past privatisation deals which in her opinion were unfair.

Yushchenko leans towards a liberal approach to economics -- with the state interfering only when absolutely necessary.

Some of the policies expected from Timoshenko could have repercussions beyond borders, as the orange leader has made the revision of gas price deals with Russia's giant gas monopoly Gazprom one of her main campaign mottos.

The repercussion could be felt immediately after the elections. In a clinically timed statement, Gazprom warned Kiev it owed 1.3 billion dollars in gas. The gas giant later corrected the statement, and clarified that the debt had been incurred by intermediary companies based in Ukraine.

Ukrainian officials recognised that an intermediary Ukrainian gas company had accumulated gas in its storage facilities without paying Gazprom. An agreement has been reached, and gas is being returned to Russian territory from Ukrainian storage facilities.

The new coalition, which is suspicious of the existing gas scheme and the men behind it, has announced it will strive for a transparent gas market without intermediaries. But the government's concrete measures and their possible implications will have to be well measured.

"Gas deals might be revised, but once this happens it will be the result of a mutual compromise," Natalya Shapovalova, foreign policy analyst at the Kiev-based International Centre for Policy Studies told IPS.

The analyst believes the controversy is more of an economic than political nature. "Russia tries to put pressure through energy issues but it's mostly a question of business," she says. "Tensions with Russia don't depend on the composition of the Ukrainian government."

On the opposite front, the new coalition announced it intends to bring Ukraine closer to membership in the European Union (EU) and the North Atlantic Treaty Organisation (NATO) based on the results of referenda.

But the shift should not be overestimated, as even the nominally pro-Russian Party of the Regions had made membership of the EU, and cooperation with NATO its goals.

Analysts have pointed out that it is precisely the party's recent shift to a more pro-Western approach, abandoning the anti-NATO stances of their electorate, that cost them an election they expected to win.

"The previous cabinet was more careful with expressing such wishes due to coalition partners," Shapovalova says. "But now nothing will happen quickly, integration with NATO will continue, and maybe Ukraine could join the NATO membership action plan. But public opinion is negative and more consensus will be needed." (END/2007)

Text available on World Wide Web, URL:  
<http://www.ipsnews.net/news.asp?idnews=39764>

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### **3. Yekhanurov Threatens to Leave Our Ukraine UNIAN/Ukrayinska Prawda, 23 October 2007**

Our Ukraine – People's Self-Defense (NU-NS) parliamentary candidate Yuriy Yekhanurov is convinced that BYuT will support his initiatives expressed during the coalition formation process.

Mr. Yekhanurov announced this at his press conference in Dnipropetrovsk on Monday, *UNIAN* reports.

According to Mr. Yekhanurov, he has already held talks over his proposals with NU-NS council head Vyacheslav Kyrylenko and bloc leader Yuriy Lutsenko.

Mr. Yekhanurov informed that a meeting of the People's Union Our Ukraine (part of the NU-NS bloc) is scheduled for Tuesday, October 23.

Mr. Yekhanurov says that if the party presidium refuses to consider his position as for an agreed platform for a parliamentary coalition with BYuT he will take the floor at the party congress. If the congress fails to listen to him, he promises to leave the party.

"If my efforts at the congress fail, I do not have anything in common with the party. Then I will withdraw to say that it was my mistake to be member of the party which did not fulfill its platform," underscored Mr. Yekhanurov.

He is pressing for agreeing the two blocs' position concerning lifting of a moratorium on land sale, adoption of a new law on joint-stock companies, amendments to laws on state contracts and on the Cabinet of Ministers.

Mr. Yekhanurov states it is also necessary to agree on real terms of the army reform, future UAH (hryvna) revaluation as well as on the plans to discharge the USSR Savings Bank debt.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/23/9243.htm>

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#### **4. TYMOSHENKO THE REAL WINNER OF UKRAINE'S 2007 ELECTION** **By Taras Kuzio** **Eurasia Daily Monitor, 23 October 2007**

Ukraine officially announced its parliamentary election results on October 15. Unlike the 2006 elections, no political force has contested the results. The Party of Regions closed its makeshift camp in downtown Kyiv on October 18 after declaring that they would take their 175 seats, despite rumors to the contrary. Had they refused, they would have triggered another political crisis, as the constitutions requires dissolution if 150 deputies or more resign.

The elections again showed that Ukraine's regional diversity, which is routinely disparaged as a source of instability by Russian and Western commentators, is in reality a source of its democratic strength. Regional diversity thwarted former President Leonid Kuchma's attempts to establish autocratic parties of power in the 1998 and 2002 elections.

Since the Kuchma era, regional diversity has prevented any political force from establishing a monopoly of power, which makes it impossible to establish a one-party autocracy.

The major victor of the elections is unquestionably the Yulia Tymoshenko Bloc (BYuT), which finished second overall. BYuT is on a steady trajectory upward from 7% in 2002, to 23% in 2006, and 31% in September. BYuT received 1.5 million votes more than in 2006 and increased its seats from 129 to 156. Three-quarters of the new votes were from western-central Ukraine and the remaining quarter in eastern-southern Ukraine.

Of the additional 302,000 votes for BYuT in eastern-southern Ukraine, only one-sixth were from Party of Regions strongholds in the two Donbas oblasts, the Crimean autonomous republic, and the port of Sevastopol.

BYuT has proven itself capable of winning votes in eastern and southern Ukraine for seven reasons.

First, BYuT is by far Ukraine's best-organized election campaign machine. As the BBC wrote, BYuT is "one of the slickest image-making machines in Europe."

Second, Our Ukraine personnel on the ground in eastern Ukraine campaigned for BYuT rather than their own political force, because they had little hope that eastern Ukrainian voters would back Our Ukraine

Third, disillusioned Our Ukraine and some Party of Regions voters defected to BYuT.

Fourth, alone among the three original orange political forces, BYuT has a consistent position that attracts voters. President Viktor Yushchenko and Our Ukraine have wavered constantly between aligning with BYuT or with pro-Kuchma centrists (prior to 2004) or with the Party of Regions.

Fifth, BYuT's voters like its anti-elitist campaign rhetoric.

Sixth, BYuT's territorial nationalism can win votes in Russophone eastern Ukraine, unlike the ethno-cultural nationalism of Yushchenko and Our Ukraine. BYuT is not associated with promoting the Ukrainian language.

Seventh, BYuT is not associated with promoting NATO membership. BYuT has shied away from discussing NATO, which is unpopular in eastern Ukraine. Tymoshenko's May-June Foreign Affairs article "Containing Russia," on Ukraine's place in European security, never mentions NATO.

The only other political force that gained votes in this year's elections was the Communist Party (KPU), which jumped from 3.5% to 5.3%. Other left-wing forces collapsed in their support, notably the national Bolshevik Progressive Socialist Party and the Socialist Party.

The newly elected parliament will be the least left wing of any Ukrainian parliament since the disintegration of the USSR. During the 1990s the left controlled upwards of 40% of parliamentary seats and chairmanships.

Our Ukraine's vote decreased by 250,000 and its results were similar to 2006. A 14% result is only 4% less than Rukh obtained in 1998 and 10% less than Our Ukraine obtained in 2002.

Since the elections, senior Our Ukraine-People's Self Defense (NUNS) officials have declared that the president was mistaken in openly campaigning for Our Ukraine, unlike in 2006 when he remained neutral. Our Ukraine's poor results suggest that voter disillusionment with Yushchenko transferred to low voter support for his political force. As the Economist wrote after the 2007 elections, "That Mr. Yushchenko's support is now relatively weak reflects not a change of mood but his failure to live up to the orange revolution's promise."

NUNS's poor showing means it cannot act alone as party machine in Yushchenko's upcoming presidential campaign. NUNS needs to become a more united force.

Compared to 2006, NUNS lost the three Galician oblasts to BYuT. NUNS only won Trans-Carpathia oblast (in contrast to four oblasts in 2006).

The 2007 elections also showed a return to "normality," following two years of mass mobilization by orange and anti-orange political forces in 2004-2006. Turnout traditionally is lower in Ukraine's elections in eastern Ukraine, where civil society is weaker. The 2007 elections showed higher turnout in western than eastern Ukraine, which worked in favor of BYuT but against the Party of Regions.

The Party of Regions increased its vote by 2% but it lost eleven seats and obtained fewer votes overall. The Party of Regions was stunned by its near loss of first place in the election, as BYuT closed the gap from 10% last year to only 2% this year.

The subsequent panic that struck Party of Regions could be seen in two ways. First, rumors circulated that the U.S. public relations company Paul Manafort was sacked because of disagreements over how to run the Party of Regions campaign. Second, during times of political panic the Party of Regions has traditionally resorted to raising the status of the Russian language and NATO membership in an attempt to mobilize eastern Ukrainian voters.

The 2007 elections showed that Ukraine has two political machines: BYuT and the Party of Regions. Yushchenko can only win a second term in 2009 in an alliance with one of these machines.

The 2007 elections will be seen as a democratic watershed for Ukraine, returning to power an orange coalition and a Tymoshenko government. Democratic backsliding is unlikely, but the question remains will Ukraine now walk or run with reform.

(Ukrayinska pravda, Glavred, October 8; www.focus.in.ua, www.bbc.co.uk, October 5; Economist, October 4; New York Times, October 4)

Text available on World Wide Web, URL:  
[http://jamestown.org/edm/article.php?article\\_id=2372527](http://jamestown.org/edm/article.php?article_id=2372527)

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## **5. UPDATE 2-Ukraine refinery seeks crude amid row with Tatneft** **By Pavel Polityuk and Dmitry Zhdannikov** **Reuters, 23 October 2007**

KIEV/MOSCOW - Leading Ukrainian oil refinery Kremenchug has called tenders to buy crude from Russia and Ukraine as its stocks run low due to a dispute with Russia's Tatneft, managers in control of the plant said.

Pavel Ovcharenko, who used armed police last week to oust the previous head of the company running the refiner, Sergei Glushko, told a news briefing on Tuesday Kremenchug had enough oil stocks to run for another 12 days at reduced capacity.

Oil company Tatneft, the main supplier to the refinery, last week stopped delivering crude, saying it wanted the situation with the management to be clarified. Tatneft supported Glushko as the top manager.

"We are running a tender and want to buy some 200,000 tonnes of Ukrainian crude. We are also holding talks with (Russian firms) TNK-BP, LUKOIL, Surgut, Rosneft and Gazprom Neft for the delivery of around 300,000-350,000 tonnes in November," said Ovcharenko.

These volumes combined would cover 70 percent of requirements at Kremenchug, which usually processes 180,000 barrels per day of Russian crude. The plant has already stopped one of its two primary distillation units this week.

"We hope the issue will be solved within two to three days and we will get supplies from Tatneft or other firms, because there is no difference after all," he said.

Russia and Ukraine have had repeated disputes over energy supplies in recent years. These included a halt in Russian gas supplies in January 2006, which led to disruptions in gas deliveries to Europe via Ukraine.

Tensions peaked when pro-Western parties were coming to power in Ukraine and analysts expect relations between Moscow and Kiev to worsen again as Yulia Tymoshenko prepares to become prime minister after parliamentary elections this month.

She is likely to replace current Prime Minister Viktor Yanukovich, who is seen as more willing to work with the Kremlin. Relations between Moscow and Kiev plunged to their lowest during Tymoshenko's previous premiership in 2004.

### **POLITICAL MOTIVES**

Tatneft has said politics was behind the actions at the plant but gave no explanation. On Tuesday, it issued a statement accusing Ukraine's leadership of ignoring its calls, saying the plant was facing a "technological and financial crisis."

Russian Energy Minister Viktor Khristenko told reporters in Moscow: "We think the situation is absolutely abnormal and we will be holding an active dialogue to support Tatneft."

Ovcharenko, who ran Kremenchug before Glushko and says he has been reinstated to his position by a court ruling, has accused the previous management of accumulating heavy debts.

Analysts said it was difficult to understand the real reasons for the conflict, which will have a negative impact on Tatneft because Kremenchug is its only refining asset.

"Tatneft will have to direct approximately 400,000 tonnes per month to the domestic market," Alfa Bank said in a note, predicting a decline in domestic crude prices.

It added that Tatneft could not export these volumes as most of its 500,000 barrels per day output was heavy oil, which would depress the quality of Russia's crude export blend, Urals.

Traders at Russian oil firms said they had not yet seen any tender documents from Kremenchug.

"I doubt we will go there bypassing Tatneft anyway. It will first of all be very expensive for the Ukrainians. And secondly, Tatneft will likely ask us not to do it, to show our support," one trader said.

Tatneft has directly and indirectly owned over 30 percent of Kremenchug's managing firm, UkrTatNafta, since the 1990s and jointly managed the firm with Ukrainian state company Naftogas.

Tatneft has repeatedly accused Ukraine of diluting its stake in UkrTatNafta, while Ukrainian officials have questioned the way the refiner was privatised.

Text available on World Wide Web, URL:

<http://uk.reuters.com/article/oilRpt/idUKL2335679620071023?sp=true>

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## **6. Ukraine Infringed U.S. Laws Kommersant, 24 October 2007**

*Norwegian Telenor has lost another battle against Alfa Group for control over Ukrainian cellular operator Kyivstar. Well-known outside Ukraine, the Pechersky Court of Kiev, has refused to recognize the award of New York International Commercial Arbitration that upheld Telenor August 1, 2007. This refusal of Ukrainian court may draw the country into an international trial under the Washington Convention on the Settlement of Investment Disputes.*

The Pechersky District Court of Kiev refused October 5 to recognize and put into effect the award of New York International Commercial Arbitration that ruled August 1 that Storm had violated the agreement of Kyivstar holders.

Telenor owns 56.5 percent in Kyivstar, while Storm (that is controlled by Alfa Group's Altimo) has 43.5 percent in it via two offshore firms. The procedures for Kyivstar management are spelled out in the agreement that Telenor and Storm concluded January 30, 2004. Pursuant to that agreement, all disputes of the parties should be referred to the International Commercial Arbitration in New York and settled under the U.S. laws.

The conflict of Altimo and Telenor sparked in August 2005, once Storm attempted to expand in Kyivstar BOD. For this purpose, Storm challenged Telenor's right to nominate five of nine directors and to put forward the GD candidacy. Claiming that provision of Kyivstar Charter breaches Ukrainian legislation, Altimo initiated a few trials in the state courts of Ukraine and won the better part of them.

In the spring of 2006, a court in Ukraine invalidated the holders' agreement of Telenor and Storm, along with the arbitration clause about referring all disputes to the Arbitration in New York. Predictably, Telenor went to the U.S. courts and was upheld there.

Text available on World Wide Web, URL:  
[http://www.kommersant.com/p818279/Telenor\\_Kyivstar\\_Altimo/](http://www.kommersant.com/p818279/Telenor_Kyivstar_Altimo/)

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## **7. Minister Of Defense Of Georgia Visits Ukraine Prime News, 23 October 2007**

*David Kezerashvili, Minister of Defense of Georgia, pays a three-day official visit to Ukraine.*

Prime-News was told at the Ministry of Defense of Georgia that the Georgian Defense Minister attended the Annual Forum of Defense Ministers of Southeast Europe held in Kiev. David Kezerashvili delivered a speech at the plenary session of Defense Ministers' Forum after which the Defense Ministers held a joint news conference and answered the questions of Ukrainian and foreign journalists.

In the framework of the visit, David Kezerashvili met with his colleague Anatoliy Grytsenko. Bilateral meeting was held with the Defense Minister of Turkey as well.

At the meeting colleagues discussed bilateral defense cooperation between the partner countries and Georgia's support in Euro-Atlantic integration process.

Visit of the Georgian Defense Ministry's delegation is implemented in the framework of bilateral defense cooperation plan for 2007.

Text available on World Wide Web, URL:  
<http://eng.primenewsonline.com/news/121/ARTICLE/16283/2007-10-23.html>

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## **8. Polcolorit runs into delays in Ukraine Polish Market, 23 October 2007**

The GPW-listed tile producer **Polcolorit**, has shelved its plans to take over a company in Ukraine for the foreseeable future. The acquisition, which Polcolorit had been eyeing for some time, ran into difficulties after the parties failed to agree over the value of the Ukrainian firm.

The name of the company that Polcolorit is interested in buying (in exchange for its own shares) was to have been revealed in September. Initially **Korostenska Porcelana** was reported to be the target company, but recently Polcolorit suggested that it was actually involved in talks with another Ukrainian firm. Unfortunately, the price it is willing to pay for the company has become a bone of contention. The target company's owner has rejected the Poles' offer price, which was calculated on the basis of a due diligence, without so far submitting a counter offer.

Text available on World Wide Web, URL:  
<http://www.polishmarket.com/next.php?id=54191>

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## **9. Petrol rises in price in Ukraine UNIAN, 23 October 2007**

The last working week (from 15 to 19 of October) characterized by continuing of price growth on all kinds of oil products in Ukraine.

According to figures of UPECO company the price growth on low-octane sort of petrol made up +6 kopyok. The biggest rising in price touched the Crimean Region. Here the low-octane was for sale by 4.10-hryvnias litre, Liga reports.

The prices more than 4 hryvnias was in the Donetsk Oblast (4.07 hryvnias/ litre) and the Kyiv Oblast (4.01 hryvnias/ litre). The cheapest price for this sort of petrol could be found in the Kharkiv Oblast (3.68 hryvnias/ litre) and the Poltava Oblast (3.79 hryvnias/ litre).

At the same time the prices for big wholesale batches of low-octane rose from 4.589 to 4.697 thousand hryvnias for ton.

The petrol of A-92 sort changed a little bit, which rose in price by 1 kopyka, from 4.32 hryvnias./litre to 4.33 hryvnias./litre.

The highest price of this sort of petrol was in Crimea (4.73 hryvnias/ litre), and also in the Donetsk and Kyiv Oblasts (4.36 hryvnias/ litre). The cheapest price for A-92 could be found in the Kharkiv Oblast (4.17 hryvnias/ litre) and Poltava Oblast (4.21 hryvnias/ litre).

The prices rose from 4.701 to 4.771 thousand hryvnias for ton for the wholesale batches of A-92 petrol.

The price growth continues also on popular sort of petrol A-95. In a whole, at the average, the price growth in Ukraine for high-octane made up 3 kopyky.

Moreover, the highest price for high-octane was in the Dnipropetrovsk Oblast (4.72 hryvnias/ litre) and Kyiv Oblast (4.71 hryvnias/ litre). The high-octane could be bought by (4.58 hryvnias/ litre) in the Kharkiv Oblast and by (4.59 hryvnias/ litre) in the Cherkassy Oblast.

The price growth for diesel fuel became slower, having risen from 4.16-hryvnias/ litre to 4.19 hryvnias/ litre. At the same time, the week ago the price growth for diesel fuel made up 8 kopyok.

Constant URL of article:

<http://www.unian.net/eng/news/news-218376.html>

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#### **10. Ukrainian president reaffirms NATO accession goal RIA Novosti, 22 October 2007**

Ukraine's President Viktor Yushchenko said Monday he hoped the issue of the country's accession to NATO would be considered at the alliance's summit in April 2008.

Ukraine is currently hosting for the first time a session of the Council of Southeast European Defense Ministers, which is reviewing reports on the activities of the Council's coordinating committee for 2007 and discussing peacekeeping operations of the South East Europe Brigade (SEEBRIG).

"I urge all Ukraine's European partners to support our aspirations to join the action plan on Ukraine's accession to NATO," Yushchenko said addressing the session.

The Ukrainian "orange" coalition, consisting of the Yulia Tymoshenko bloc and the Our Ukraine - People's Self-Defense bloc, announced last Thursday that it intended to continue a policy aimed at integration into NATO and the EU.

The September 30 snap parliamentary elections were won by the pro-Russian Party of Regions, which gained 34.32% of the votes, but the two opposition blocs signed an agreement on October 15 to establish a coalition, which gave them 228 seats, two more seats than required for a majority in the 450-seat Supreme Rada.

The 20th NATO Summit will be held in Bucharest, Romania in early April, 2008.

Text available on World Wide Web, URL:  
<http://en.rian.ru/world/20071022/84935364.html>

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**11. Ukraine will join world action "Light Candle" on November 24 in memory of Holodomor and political repression victims  
NRCU, 23 October 2007**

*President Viktor Yushchenko disclosed this in Kharkiv today at a sitting of the coordination council on gearing up to the 75th anniversary of Holodomor.*

According to the Head of State, he appealed to heads of churches in Ukraine to join the commemorating event. He also stressed that some memorial plaques and monuments should be inaugurated in the entire Ukraine to commemorate the victims. Viktor Yushchenko also stressed a necessity to draft regional books of memory to form the National Book of Memory. I would like every region to do its part in this activity, he said. Local authorities should do their best to form full registers of documentary sources on the 1932 - 1933 Holodomor, the President stressed.

Text available on World Wide Web, URL:  
<http://www.nrcu.gov.ua/index.php?id=148&listid=53913>

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**12. 2008 will be declared year of memory of 1932 to 1933 Holodomor victims  
NRCU, 23 October 2007**

*President Viktor Yushchenko told this a sitting of the coordination council on gearing up to the 75th anniversary of the Holodomor.*

The President believes that chiefs of regional and district administrations and local self-development bodies should clear their position on paying tribute to the Holodomor victims. He was surprised that only 44 monuments to victims of the Holodomor have been inaugurated in the Kharkiv region, as two million people died here starving. Mr Yushchenko said he will commission governors of those regions, seeming not to care about this event. Within a year memorial complexes will be built in Kyiv and Kharkiv and the first museum of victims of the Holodomor will open in Kyiv. Viktor Yushchenko read out documentary testimonies of a citizen of the Kharkiv region Tamara Polishchuk in the books "Black Harvest" and "Capital of Despair". Regional governors will report the President on measures taken in their regions on gearing up to the 75th anniversary of the Holodomor in Ukraine.

Text available on World Wide Web, URL:  
<http://www.nrcu.gov.ua/index.php?id=148&listid=53915>

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**13. Yushchenko declares 2008 year of memory of 1930's famine victims  
Itar-Tass, 23 October 2007**

Ukraine's President Viktor Yushchenko has declared 2008 the Year of Memory of victims of the famine that struck Ukraine and many other parts of the former USSR in 1930's in the wake of Stalinist policy of sweep collectivization.

"Next year we will commemorate the memory of those who fell during the famine of 1932 and 1933," he said Tuesday in the northeast industrialized city of Kharkov.

Yushchenko voiced the confidence that memorials dedicated those victims will be opened in Kiev and Kharkov in 2008, the first museum of famine will open, and various research conferences will be held.

He criticized the authorities of all levels for what he described as 'insufficient preparations' for commemorating the famine victims.

Yushchenko signed into law the parliamentary bill on the famine of 1932 and 1933 in November 2006. A total of 233 MPs voted in favor of the law then versus 226 votes needed for this.

All the MPs representing the Communist Party voted against it.

The law recognizes the famine of 1932 and 1933 as an act of genocide of the Ukrainian people, and declares any public denial of it as "an outrage on the memory of millions of victims" that is outlawed.

Ukraine lived through three major famines in the 20th century – the first one from 1921 through 1923, the second in 1932 and 1933, and the third in 1946 and 1947.

The famine of 1932 began in the eastern regions of the then Ukrainian Soviet Socialist Republic and carried away from five million to ten million human lives, depending on the system of assessment one uses.

Parliaments of more than ten countries have already recognized the famine of 1932 and 1933 as ethnic genocide of Ukrainians.

The UN has declared it a tragedy of the Ukrainians and other peoples of the former USSR.

Text available on World Wide Web, URL:  
<http://www.itar-tass.com/eng/level2.html?NewsID=11997526&PageNum=0>

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**14. Southeast European Defense Ministerial Press Conference with Secretary Gates, Minister Hrytsenko, and Minister Gonul from Kiev, Ukraine  
US Department of Defense, 23 October 2007**

*Presenter: Secretary of Defense Robert Gates, Defense Minister Anatoly Hrytsenko, and Defense Minister Vecdi Gonul*

(Note: Minister Hrytsenko's remarks are provided through interpreter.)

MR.: (Through interpreter.) Ladies and gentlemen and Generals, may I have your attention, please? We're going to start the press conference -- (inaudible) -- conference of the Southeastern Europe Defense Ministerial. We don't have much time, so we will ask you to be -- (inaudible) -- in your questions and restrict your comments -- give also a chance to ask questions, please.

We would like to welcome the minister of Ukraine, Mr. Hrytsenko.

MIN. HRYTSENKO: Good afternoon. It's a pleasure for me to note that this Defense ministerial in Ukraine is the first event of this kind that is taking place in Ukraine. Representatives of 21 countries participated. These are the countries of the council of Defense ministers of Southeast Europe, as well as invited ministers from (inaudible word) countries and Visegrad Group countries.

Generally speaking, in the history of these meetings is the largest meeting in a number of -- (inaudible).

At this meeting, Ukraine has joined the agreement on joint peacekeeping forces. In the next stage, we will submit this agreement for certification in the Ukraine parliament and also will decide with the command of the peacekeeping brigade and with the general staff of Ukraine the specific -- (inaudible) -- of Ukraine's participation in the peacekeeping activities.

And Ukraine assisted the peacekeeping forces last year. In particular, it assisted in airlift of forces from Romania into Afghanistan and in the return direction.

Today, in the morning, the president of Ukraine and the minister of Defense of Ukraine, on behalf of the president, confirmed the priority for Ukraine of making the contribution to the joint peacekeeping activities. And all of our partners noted with pleasure that Ukraine is the only partner that takes part in all four peacekeeping operations of NATO, including KFOR in the Balkans, (Operation) Active Endeavor in the Mediterranean, ISAF in Afghanistan and training missions in Iraq.

Thank you very much.

MR.: Mr. (inaudible name), the head of the Coordination Committee, is asked to -- (inaudible).

MS. (chairperson, Southeast Europe Defense Ministerial Coordination Committee): (Inaudible) -- speech of Minister of Defense of Ukraine Hrytsenko. Today this event was held in Kiev.

(Sixty-one ?) ministers were present on the meeting, and -- (inaudible) -- minister for the first time it shows this interest for forces in the region and beyond. The presence of President Yushchenko also shows -- (inaudible) -- Ukraine is right way to join us.

Besides ordinary issues we have discussed, I'd like to underline three main outcomes from the meeting.

The first one is enlargement of the SEDM process. Ukraine was welcomed by the minister of defense in the SEDM process and became the full-fledged member of SEDM process.

MS.: (Inaudible.)

MR.: (Through interpreter.) The SEDM conference is enlarging, and we are happy for it. Within SEDM, strongly supported by the United States of America, nations that in the past have been -- (off mike) -- today act in an orderly manner and share same (off mike) and thoughts. Through the SEDM mechanism, the member nations -- (off mike) -- cooperation in the fields of security, defense and integration into Euroatlantic -- (off mike).

The second outcome I would like to emphasize is that SEDM ministers emphasize that the enlargement of NATO has been -- (off mike) -- success in -- (off mike) -- ministers of defense strongly supported the ongoing support of -- (off mike) -- NATO membership. As well, they encouraged all nations to contribute to the enhancement of SEDM process and to prepare themselves for their NATO integration. Thank you.

MR.: (Through interpreter.) (Off mike) -- whether the issue of Ukraine's participation in the operation -- (off mike). This question was not discussed directly during the meeting. The issue was discussed in a different fashion, and Ukraine now can join the peacekeeping forces. At the next stage, we will decide, together with partners, the continued forum of their participation. And as options, it could be staff, engineer, or medical units.

So this would be an international unit ready for action, and where and in which manner -- will be decided in consensus by all participating parties and by each individual nation according to its national legislation. In the case of Ukraine, this would be a decision taken jointly by the president, the National Council on Security and Defense of Ukraine, and government of Ukraine.

MR.: Next question.

Q Mr. Secretary, we heard today about -- (off mike) -- for additional forces in Afghanistan. We know that you came here to talk a little about what more these nations could do in Afghanistan and the need to potentially deploy -- (off mike). Did you receive any commitments on these issues?

SEC. GATES: Several countries indicated their intent to increase their commitment in Afghanistan and Iraq, principally in Afghanistan. They still have certain hurdles to clear at home, so they're not prepared to make those commitments public at this time. This will clearly be a principal theme of the NATO defense ministers' meeting in the Netherlands later this week.

I am not satisfied that an alliance whose members have over 2 million soldiers, sailors, Marines and airmen cannot find the modest additional resources that have been committed for Afghanistan.

And I intend to pursue this in our meetings in the Netherlands.

MR.: Next question, please.

Q (Through interpreter.) Channel 24 Television. The question is about the process of Ukrainian membership in NATO. Today in the morning President Yushchenko asked for facilitation of the (Ukraine concerning ?) the membership action plan. So what is the reaction to his request? And this question is for (NATO ministers ?).

MIN.: Well, I think that first of all we have to hear that officially, even the NATO countries -- (off mike.) And then, of course, NATO will have to decide by consensus as always. And we will have a decision (fairly quickly ?).

MR.: Next question, please.

Q Bob Burns with AP. I have a question for Secretary Gates. Sir --

SEC. GATES: My understanding is, under the ground rules established last year, this is my second-to-the-last question. (Laughter.)

Q Mr. Secretary, do you think that the outcome of the elections in Poland will complicate your efforts to complete a missile basing agreement there? And also, will it make it harder to maintain the current coalition force levels in Iraq?

SEC. GATES: I think it's too early to say. I think that the relationship between the United States and Poland is a very close one, and regardless of the composition of the government, I expect that cooperation to continue. But obviously, we will have to have discussions with the new government in Poland in terms of their specific future plans. But we clearly are hopeful that the kind of cooperation we've enjoyed recently, both in Iraq and Afghanistan, on the one hand, and in moving forward negotiations and an agreement on missile defense, will continue as before.

MR.: Next question.

Q (Through interpreter.) A question from Oonian (ph) Wire Service to -- (off mike) -- ministers, primarily -- (off mike). What were the discussions yesterday?

And at what the stage is the creation of the -- (inaudible) -- peacekeeping force at?

MIN./MR.: I hope my colleagues will -- and as to what I say, yes, yesterday we had working consultations starting with the defense plans -- (inaudible) -- earlier political issues of interest to all of them.

We did not discuss the specifically the operation of a giant peacekeeping force at this point, but in the future we will have consultations -- (off mike).

Q A question for the minister -- (inaudible). What about the argument Macedonia should get the invitation for membership in NATO-- (inaudible)?

MIN./MR.: (Inaudible) -- very much and very important is that -- (inaudible) -- nations and countries -- (inaudible) -- permit very, very good and also -- (inaudible) -- contributed -- (inaudible) -- very, very, very much in the beginning and a general -- (inaudible) -- a performance-based organization. We are speaking about fulfilling the other -- (inaudible) -- on the society.

Q (Off mike) -- Macedonia -- (inaudible)?

MIN./MR.: (Inaudible) -- it's very important that -- (inaudible) -- (belong ?) to Europe -- (inaudible) -- European nations, and our future and our status -- (inaudible).

Q (Off mike.)

MIN./MR.: (Off mike.)

MR.: One more question, because we still have ministers who didn't answer and journalists who didn't ask questions. If there are no more questions -- thank you very much.

Text available on World Wide Web, URL:

<http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4069>

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## **15. Russia: Stepping into the Ukrainian-Tatar Energy Scuffle Stratford, 23 October 2007**

### **Summary**

The battle between Ukraine and Tatarstan over some important energy assets has put Russia in the peculiar position of having to choose which of the two strategic regions it is more interested in controlling.

### **Analysis**

Ukraine and the government of Russia's Tatarstan region have been battling for control of an unusual company called UkrTatNafta for more than a year. The company, created in 1994, controls Ukraine's largest refinery -- Kremenchug -- and accounts for one-third of Ukraine's oil production. Ownership of the company is split; Ukrainian state energy company Naftogaz Ukrainy holds 43 percent, Tatarstan holds 38 percent and a handful of small companies have miniscule shares.

Kiev's -- and Moscow's -- problem was that the Tatars controlled UkrTatNafta's operations. Tatarstan is Russia's largest autonomous region, with a population of 1 million Muslim Tatars. It also is fiercely independent and oil-rich. The region is somewhat contained because the Kremlin leaves it alone and it is geographically surrounded by Russia proper. But Russia loathes Tatarstan's receiving funds from projects outside Russia.

In May, Ukraine's then-prime minister, Viktor Yanukovich, attempted to usurp the Tatar government's influence and placed Naftogaz Ukrainy's 43 percent of UkrTatNafta directly under the premiership's control. Afterward, he banned all Ukrainian administrators from meetings and began "reorganizing" UkrTatNafta to favor the pro-Russian premier and his faction's interests. He named a Russian, Vladimir Fedotov, as UkrTatNafta's director. Naturally, Yanukovich's moves incensed the Tatar shareholders, who have also faced fraud cases that started popping up in recent months.

But things have changed in Ukraine; Yanukovich and his faction lost the Sept. 30 elections and the pro-Western Orange Coalition returned to power -- and control over UkrTatNafta now is up in the air. It is not known whether ownership of the crucial company falls to the outgoing Yanukovich, the incoming premier Yulia Timoshenko or the original consortium of Naftogaz Ukrainy and Tatarstan. Moreover, on Oct. 19, armed men seized the refinery -- though it is unclear whether they belong to Timoshenko or Yanukovich.

What *is* clear is that Yanukovich's changes mean that the office of Ukraine's prime minister will have

the most say, and the anti-Russian Timoshenko will almost certainly hold that office.

Though this seems like a mere property squabble, it has put Russia in a unique position. Russia has geopolitically significant interest in making sure that neither Tatarstan nor Ukraine under Timoshenko holds UkrTatNafta and its assets.

Yanukovich's moves against Tatarstan most likely were spurred by the Russians, who have a strategic interest in denying Tatarstan access to money -- especially from energy -- from outside Russia. Moscow planned on preventing the situation by using the pro-Russian Ukrainian government to usurp control of UkrTatNafta.

However, Russia now has a strategic interest in not allowing Ukraine's pro-Western Orange Coalition to control large energy assets that also give Ukraine more independence from Russian energy.

In the midst of Russia's internal consolidation and international resurgence, it must choose whether to aid Ukraine or Tatarstan in the squabble. Moscow will have to choose between allowing one of its most self-determining regions (and a Muslim one at that) access to funds from outside Russia and allowing its most vital periphery states access to further energy independence.

Text available on World Wide Web, URL:

[http://www.stratfor.com/products/premium/read\\_article.php?id=297232](http://www.stratfor.com/products/premium/read_article.php?id=297232)

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#### **16. Ukrainians Want Return to Gas Barter Kommersant, 23 October 2007**

*Representatives of the Yulia Timoshenko Bloc, which will receive the economic portfolio in the new government in Ukraine, are preparing to reexamine natural gas supplies from Russia. "Gazprom, the supplier of gas to Ukraine, is a monopolist, and Ukraine, which provides transit services, is also a monopolist. What market are we talking about?" asked Sergey Terekhin, member of the new Supreme Rada and economics minister in Timoshenko's 2005 government.*

Terekhin suggests "trading gas for transit services." Timoshenko Bloc member and Rada Heating and Energy Committee member Mikhail Volynets stated that that will be the country's position in negotiations with Gazprom. Specifically, he said that the country's transit services would be offered in exchange for 30 billion cu. m. of natural gas.

Russia supplied Ukraine with 30 billion cu. m. of gas in exchange for the transit of 120 billion cu. m. until February 2005, when Ukrainian President Viktor Yushchenko okayed Gazprom's demand that their dealings be based on "market prices." Gazprom expressed its willingness to discuss gas prices yesterday, but not to return to the barter system. Changes made unilaterally in the agreement are disputable in international arbitration court.

Ukrainian law requires that changes to gas prices be approved by the president, and Ukrainian Minister of Fuel and Energy Yury Boiko began negotiations with Gazprom CEO Alexey Miller yesterday. That does not guarantee that the results of those negotiations will be valid after the new government is formed, however. It is not known whether a price for gas in 2008 is being discussed. Ukrainian Economics Minister Anatoly Kinakh has stated that the Ukrainian economy can withstand a 15-percent price increase, that is, to \$115 per 1000 cu. m.

Text available on World Wide Web, URL:

[http://www.kommersant.com/p817824/hydrocarbon\\_supplies/](http://www.kommersant.com/p817824/hydrocarbon_supplies/)

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**17. Head of Ukrainian state property fund: Viktor Yushchenko is key obstacle on the way of privatization  
REGNUM, 23 October 2007**

It is impossible to fulfill the privatization plan this year in Ukraine, as Ukrainian President Viktor Yushchenko imposed a moratorium by his decree on the list of enterprises to be privatized, Chair of the Ukrainian State Property Fund Valentina Semenyuk announced at a news conference today, a REGNUM correspondent informs.

According to Semenyuk, starting from April 2, 2007, fulfillment of the privatization plan has become a problem, because the president's decrees suspended the privatization process. "Privatization of all the 226 companies on the list is suspended. ... A strange situation occurs: we have something to sell, but cannot do it," Semenyuk said.

Besides, according to the State Property Fund chair, as soon a company is put on auction, a new decree comes out, or a resolution, or a court verdict that prevent from the auction. "I do not know who does it, but it is a good way of dumping prices and presenting Ukraine as a country unattractive for investments," Valentina Semenyuk points out.

Permanent news address: [www.regnum.ru/english/903910.html](http://www.regnum.ru/english/903910.html)

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**18. Yushchenko's Main Intrigue Goes on  
Liga/Ukrayinska Pravda, 23 October 2007**

According to political analyst Dmytro Vydrin, all the political forces in Ukraine are interested in delaying the announcement of the final poll results.

He stated this at his press conference on Monday, *Liga* reports.

"Some are not prepared to handle their victory, others are frustrated by their defeat. Therefore, the pause is necessary to look back, reshuffle their political forces and shape a new political layout," mentioned Mr. Vydrin.

The analyst is sure that the interim will allow the politicians to take a more consistent decision on the parliamentary coalition.

Answering the question whether it would be better for BYuT leader Yulia Tymoshenko to work in the opposition or as a PM regarding a forthcoming presidential election, Mr. Vydrin said that the society would most benefit from Mrs. Tymoshenko as PM.

"Mrs. Tymoshenko bears a very important mission to make people more cautious of political miracles," underscored Mr. Vydrin.

He considers, though, that the PM post will not gain Mrs. Tymoshenko many advantages as she will not be able to fulfill all her platform promises.

At the same time, in a long prospect if Mrs. Tymoshenko resigns in some time, it will give her a nice boost for the presidential poll.

On the other hand, Mr. Vydrin recommends the President to make a decision himself without listening to his advisers but treating equally winners and alleged losers of the ballot.

According to him, when Mr. Yushchenko relies mainly on his advisers, he shows features of a weak president.

"I would recommend the President to instruct his bodyguards not to allow his advisors in his suite," he said.

Mr. Vydrin maintains that all the President's personal decisions are very much efficient and adequate.

As for formation of a coalition, the Head of State is able to present 'the most unexpected sensation to be later talked about in Europe and throughout Ukraine'.

The analyst predicts that the main intrigue enrolls around the President, not the potential coalition.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/23/9242.htm>

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### **19. Socialists Found Out Who Benefits From Delaying Results Ukrayinska Pravda, 23 October 2007**

The situation with delaying publication of early election results is beneficial for Our Ukraine, believes the first secretary of Socialist Party Kyiv city committee Mykola Danilin.

He announced it on air of 5 Kanal, reports SPU press service.

In particular, Mr. Danilin expressed his concern that situation of 2006 "will be now reflected in some aspects."

"That is why Lytvyn doesn't hurry with taking this or that side of political forces because he understands he can end up in the same situation as SPU," he believes.

"A certain political force, and this is Our Ukraine, doesn't want to let Tymoshenko become prime minister today and wants to make somebody else guilty of it," noted Mr. Danilin.

At the same time, when Higher Administrative Court was reviewing the case on publishing results of early parliamentary elections by CEC, SPU representatives submitted the biggest number of petitions.

Most of them were rejected by the court, which explained these decisions by claiming that SPU representatives were trying to prolong court proceedings.

Permanent Link: <http://www.pravda.com.ua/en/news/2007/10/23/9239.htm>

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### **20. President calls on democrats to act faster ForUm, 24 October 2007**

President Viktor Yushchenko believes coalition talks involving Ukraine's democratic forces should be "careful and open," president's press office reported.

"I have officially instructed Yulia Tymoshenko and Vyacheslav Kyrylenko to assume responsibility together with negotiating groups as soon as possible and form a democratic coalition," he said, adding that this process "is, of course, not easy."

"I understand that their three-vote lead means that we must speak more carefully and openly about the nuances in the relationship between these two political forces, but I demand today that they form a democratic coalition more actively," he said. "Ukraine's democracy must use this chance."

The president reiterated his demand that the democratic forces must give more rights and powers to the opposition.

Text available on World Wide Web, URL:  
<http://en.for-ua.com/news/2007/10/24/101704.html>

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**21. Number Of Polish Residence Permits Issued To Ukrainians Increases 11% In January-September**  
**Ukrainian News Agency, 24 October 2007**

Poland issued almost 1,200 residence permits to Ukrainian citizens during the January-September period of 2007, an 11% increase over the number it issued to Ukrainian citizens in the corresponding period of last year.

Tomasz Lipski, the director of the department of legalization of foreigners at Poland's Administration for Affairs of Foreigners, announced this to Ukrainian News.

According to him, over 7,500 Ukrainian citizens have been issued Polish residence permits since 1998.

Lipski said that this constituted one-third of all the residence permits issued to foreigners.

According to statistics provided by the administration, 90% of applications for residence permits are approved.

Lipski also said that Poland has granted 731 Ukrainian citizens long-term residency (from 5 to 10 years) in European Union countries since 2005 in accordance with the procedures established by the European Union.

According to him, this figure constitutes over 40% of such permits granted by Poland.

According to statistics, 70% of Ukrainian citizens' applications for such permits are approved.

He also said that 2,685 Ukrainian citizens have gained Polish citizenship since 1998, including 14 in 1998 and 312 in 2006.

The number of Ukrainian citizens gaining Polish citizenship peaked in 2005 (746).

More than 340 Ukrainian citizens were granted Polish citizenship in the January-September period of this year.

As Ukrainian News earlier reported, Poland has said that it has not noticed a rush by Ukrainian citizens to legalize their stays in the country in connection with Poland's plan to enter the Schengen zone in 2008.

Text available on World Wide Web, URL:  
<http://www.ukranews.com/eng/article/75108.html>

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**22. GUAM Foreign Ministers to Meet in Madrid**  
**Trend News Agency, 23 October 2007**

Azerbaijan, Baku / Trend corr S. Aghayeva / The next meeting of the Foreign Ministries of the member-countries to the Organization for Democracy and Economic Development – GUAM will take place in Madrid on 28 to 29 November. According to the Secretariat of the organization, the Ministers will meet within the framework of participation in the annual meeting of OSCE countries' Foreign Ministers to take place in the capital of Spain this year.

The agenda of the GUAM meeting to involve Georgia, Ukrainian, Azerbaijani, and Moldovan Foreign Ministers will include the draft agreement on privileges and immunities of the organization. The Ministers will explore the issues regarding intensification of intra-state ratification of the GUAM Charter.

The meeting to be also attended by Azerbaijani Foreign Minister, Elmar Mammadyarov, will discuss work commencing of GUAM Secretariat.

As an alternative to CIS the four post-Soviet republics Georgia, Ukraine, Azerbaijan and Moldova, established the GUAM format in 1997 during the summit of the presidents of the European Union countries in Strasbourg. In 1999, Uzbekistan joined the organization and left it in 4 years. In 2006, at the first summit of the organization in Kiev it was decided to announce GUAM an international organization with a new name of the Organization for Democracy and Economic Development – GUAM.

Text available on World Wide Web, URL:  
<http://news.trend.az/cgi-bin/readnews2.pl?newsId=1054069&lang=EN>

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### **23. COALITION LATEST: DELAYS AND DEALS**

**By Paul Johnson**

**Business Ukraine, 22 October 2007**

Official elections results released last week appeared to confirm the victory of the country's Orange coalition, but a court challenge from the Communist Party is delaying the final publication of the vote count

Ukrainians are almost as used to coalition horse-trading as they are to electioneering. Last year saw a marathon four months of backroom talks before the so-called Anti-Crisis Coalition was eventually announced, paving the way for an unlikely return to power for Viktor Yanukovich.

#### **No need for prolonged negotiation**

In light of last year's delays it was considered crucial that a coalition was announced and confirmed as quickly as possible following the September 30 vote, and the leaders of the winning BYUT and Our Ukraine-People's Self-Defence blocs rushed to announce a coalition agreement last week.

With 228 seats in the new parliament, they would have the slimmest of majorities, but at the unveiling of the new coalition Our Ukraine leader Vyacheslav Kyrylenko was at pains to stress that the internal divides that previously dogged the Orange government of 2005 would no longer be an issue, stating that "100% of deputies" in his bloc would be supporting the candidacy and policy direction of Yulia Tymoshenko, who is expected to be named prime minister of the new administration.

#### **Tymoshenko poised for PM return**

According to the pre-election pact signed by both parties BYUT now has the right to appoint the prime minister, while OU/PSD will name the new parliamentary speaker, who is expected to be Kyrylenko himself. The ministries, meanwhile, will be split 50/50 between the two winning blocs, with further possible divisions should Volodymyr Lytvyn and his eponymous bloc reach agreement to join the coalition and add their 20 seats to the overall majority.

Lytvyn is seen as the middle man in Ukrainian politics, showing no particular inclination to back either side of the country's political factions, but it is thought that the bloc leader's demands are out of step with Orange officials' estimations of his true worth to the coalition.

European Commission officials last week welcomed the apparent victory of the Orange coalition and the boost this gives to the country's reform and Euro integration efforts. External relations

commissioner Benita Ferrero-Waldner reflected, "The future government has important challenges ahead as Ukraine continues down the path of constitutional, political and economic reforms.

### **Court battle delays results**

As the Orange coalition prepared to take power they were thwarted by a court challenge which prevents the election results being published. Delays now seem inevitable, and it is not clear whether the court case could eventually call into question the overall results of the election. The challenge has been registered at the High Administrative Court and comes from Ukraine's Communist Party, which has questioned the election results due to alleged irregularities concerning voting by Ukrainians abroad.

It is not clear how long the court case could take to reach a conclusion, nor is it apparent whether the findings of their investigation could have serious implications for the Ukrainian election results, but whatever the outcome, nothing will now be decided officially until the court proceedings conclude.

Text available on World Wide Web, URL:  
<http://www.businessukraine.com.ua/coalition-latest-delays-and>

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## **24. BORDERING ON ECONOMIC SUCCESS** **By Anna Melnichuk** **Business Ukraine, 22 October 2007**

Lviv is an ancient city with a history as a crossroads of international trade. Can it keep pace *with the global economy of the new millennium?*

Lviv's Chamber of Commerce is the oldest in Ukraine, founded over a hundred and fifty years ago by decree of Franz Joseph, the emperor of Austro-Hungarian Empire. The Lviv Trade and Industrial Chamber was established in 1850, together with similar chambers in Krakow, Prague, Vienna, Budapest and other regional capitals of the Habsburg domains. Today it is at the fore of a burgeoning Lviv business community looking to expand on EU cross-border trade and benefit from the investment boost provided by preparations for the Euro 2012 football championships. We recently met Dmitry Aftanas of the Lviv Chamber of Commerce for an outline of the region's business and economic perspectives.

### **Overview of Lviv commerce**

Like the rest of Ukraine, Lviv is witnessing a construction boom, and this is one of the main areas of international economic activity in the region. "Tourism and recreation are very important for us, and the region has huge potential," Aftanas says. "Lviv in particular has everything it needs to be a tourism centre, while Truskavets and the Carpathian mountains have recreational potential."

Other focuses include the timber industry and the agricultural sphere. "Large numbers of international investors are currently renting land in Lviv region for agricultural use. One example is the German companies which are growing rapeseed for use in bio fuel production."

The political instability of the past three years has not managed to slow down the growth of regional commerce and like many business-oriented Ukrainians, Aftanas is an advocate of staying out of politics as much as possible. "Our 290 members are all company directors and they all have their own personal political orientations. Our region has a traditionally more positive attitude towards Orange forces because they favour closer ties with the West. It's very natural for a population that has always felt close to Europe and feels almost as much at home in Poland as in Lviv."

However, Aftanas appreciates the need for dialogue with the government to improve the business environment, and sees judiciary reform as the most pressing concern facing the country. "This country needs to redress the problems with the court system as a priority. In general the reform process should be geared towards the liberalisation of the economic sphere. We need more economic

freedoms. Small and medium-sized businesses are developing, but they still face a lot of obstacles. A new, more liberal tax code should be adopted to present more opportunities to local business.”

Beyond the political transformation the country is going through, Ukrainian businesses are also excited about the opportunities presented by the Euro 2012 football championships. Aftanas sees the tournament as a once in a lifetime chance to radically improve Lviv in every way from its infrastructure to its ties with the region’s European neighbours.

“Euro 2012 is the kind of chance for Lviv and the whole Ukraine which will not be repeated for decades. At the moment preparations remain stuck at the theoretical level, with the search for sponsors ongoing and plans being drawn up, but I am confident the work will proceed at good pace. The planned new stadium will be built by 2010, and Lviv will also see huge road reconstruction to resolve our growing transport problems.

“Everyone knows that we also don’t have nearly enough quality hotels, but this is the chance to radically update our entire infrastructure and there is a general consensus among the authorities at every level that this chance must be seized. We have a special department in the city administration working to prepare Lviv for Euro 2012. The team is young and already experienced. I know them and think they will cope well with the challenges they face because they have different mentality and different approach compared to older generations. They do not engage in time-consuming meditation, but try to solve everything very quickly.”

### **Relying on foreign expertise**

Budgeting estimates for Lviv’s role in Euro 2012 vary significantly, with anything from USD 4 billion to USD 9 billion stated as the likely overall cost of preparations. Aftanas confirms that the current situation remains unclear owing to legislative inconsistencies and pending government decisions, and says that the biggest infrastructure projects will likely be handled by foreign companies with the requisite expertise.

“At the moment 50% of investment needed is expected from the state budget and 50% should come from private investors. Our local authorities are working to offer tax breaks, while the Cabinet of Ministers is considering a decree the will keep more regional taxes here in Lviv deductions to the state budget and remain them here.

Regardless of legislative changes the biggest individual projects such as the planned new stadium have not so far involved Ukrainian companies.”

“I think that local investors will be contractors and subcontractors and will do some work because there is quite simply a lot of work to do. People seem to think that there are a huge number of cafes and restaurants in Lviv, but given the number of tourists we are expecting we will need to increase the amount of leisure facilities three- or four-fold. Our guests will be interested in more than football, and in theory at least Lviv has more than enough to entertain them. I have recently been impressed by our museums myself.”

### **Lviv as international transport hub**

The reconstruction of Lviv airport may well prove to be the biggest single long-term result of Euro 2012, and is also likely to be handled by international companies. Lviv has huge potential as a regional air travel hub, because Kyiv is too far away and people from all western Ukraine already come to Lviv to fly to Europe. “The prospects for Lviv airport are good,” says Aftanas. “Talks are currently underway to link the existing airport with the neighbouring military base, which would make it possible to receive the largest categories of plane for long distance flights. Turning Lviv into an international hub airport is actually a long term project that has been under consideration for years. At present Lviv-based travellers often fly to Warsaw or Vienna for transit. We recently received a delegation from the neighbouring Polish town of Zheshiv which is in 200 kilometres from Lviv. They already have airport much smaller than Lviv’s but offer flights to London, Dublin, New York and Chicago. If Lviv fails to grasp the air travel potential it currently has, everything will be shifted to

Krakow or Zheshiv. We have already received offers to initiate flights from budget airlines,” he confirms.

Even after the excitement of Euro 2012 has subsided, Aftanas says he will remain upbeat about the long-term prospects for Lviv region. “Here it is quite possible to start any sort of manufacturing process from scratch. There are already plenty of manufacturing facilities and land available not far from the border. We are regularly being asked to find land within a 30-50 kilometre radius of Lviv because in the city itself land and real estate are getting more and more expensive. We already have a group of people who have up-to-date databases of available potential plots and who accompany investors as they search for the right spot, helping them to build relationships with the local authorities and develop contacts.”

Aftanas also sees a bright future for Lviv as a host for regional trade fairs and conferences, with its ancient European heritage and geographical location both making it an obvious choice for such events. “Lviv could be promoted as an exhibition centre because it is about 500 kilometres to the nearest exhibition centres in Kyiv and Poznan. There is simply nothing closer. The first big trade fair is expected to open here in the beginning of December this year. We may not have heavy industry like in the east of Ukraine, and many of our more well-known production plants, like the legendary Lviv Bus Factory, are currently operating at a fraction of capacity. But while this is not immediately encouraging, it represents room for growth. Assembly plants for household goods can be quickly established in Lviv. Many locals have left Lviv to find work elsewhere in Europe but I think we still have the potential labour force to power an increase in the manufacturing industry. Lviv is a big student centre and we receive thousands of applications from graduates every year, so it is clear that we have serious intellectual potential as well.”

Text available on World Wide Web, URL:

<http://www.businessukraine.com.ua/bordering-on-economic-success>

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## **25. Democracies face great challenges**

**By Sandley Chou**

**The Daily, 23 October 2007**

Democracy is dying.

If you go to The New York Times archive online and search “Ukrainian elections,” you get a pretty good idea of the modern challenges to young democracies.

Ten articles will appear, and all of them discuss crises, political battles and the possibility of controlling the ballot boxes. The picture that is painted is bleak — only three years ago in the last Ukrainian prime minister election, the winning candidate was poisoned before Election Day.

Let’s look at Thailand next. Last fall, the King of Thailand allowed a military junta to take over their civilian and elected government. The King placed a retired military general in charge of an interim government that had the power to fire all civilian officials as necessary.

The King took such drastic steps after the former Prime Minister, Mr. Thaksin Shinawatra, had blatantly attempted to promote his own personal allies.

The New York Times wrote of the former civilian regime: “Some analysts saw this as a final step in Mr. Thaksin’s attempt to secure personal control over the workings of government, having already co-opted the Senate, much of the judiciary and the independent agencies that were intended under a new constitution as a check on executive power.”

So the military coup was an attempt to save democracy. Well, that makes sense then.

If we turn our attention to Zimbabwe, the black sheep of all young “democracies,” we see an even more troubled election history. Brig. Gen. Armstrong P. Gunda was crushed by a train when whispers of dissatisfaction with President Mugabe’s regime surfaced.

The Mugabe rule has lasted so long, so corruptly, so economically detrimental and so rigged that the Western powers have banned Mugabe from traveling to Western countries.

The elections are not remotely fair anymore — it has become common knowledge that election boxes are stolen and votes are changed.

However, many people point out that Zimbabwe, Thailand and Ukraine are countries that are haunted by the legacies of colonial or satellite rule. They are countries where democracy has never flourished.

Some even argue that countries like Zimbabwe are truly dictatorships masked in democracy. So it is somewhat understandable that democracy is struggling in the developing and emerging world.

But the truth is that the pillars of democracy seem to be weakening in the developed world, too.

Right wing support is gaining support in Western Europe.

Switzerland is holding 2008 elections, and the most recent protests have been sparked by the Swiss People’s Party (SVP). The SVP is the most powerful part in Switzerland’s federal parliament, and they recently taped posters at a political rally depicting three white sheep kicking away a single black sheep.

Political parties demanding a stronger line on immigration in Western Europe have recently become increasingly blatant. The rejection is not only for immigrants, but also for political refugees from places like Rwanda and Kosovo.

Many of the Swiss are tired of being a haven for foreigners. And on the eve of an election, the SVP is on the verge of seizing greater control of the Parliament. The SVP has drawn comparisons to the Nazis of Germany.

These problems are not simply isolated to Western Europe.

In the United States, the Congress passed Senate Bill 1927. The bill permits wiretapping of all U.S. communications as long as the destination of the communication is outside of the United States. Voter turnout by the American public has steadily decreased nearly every single election year in the past four decades.

According to Reuter’s latest poll, Congress approval ratings are roughly at 11 percent, well below the president’s already sunk approval rating.

Democracy is struggling. The pillars of a good republic, civic participation, fair and equal voting, minority rights and separation of powers are all deteriorating in different parts of the world, in both mature democracies and infant democracies.

We are living in a time where people are disenchanted with the world around them — there is rampant dissatisfaction at the performance of politicians, corruption of a democracy is even worse than a military junta and people are searching for answers.

Why have we lost so much faith in democracy? Is it outdated? Do we feel like our votes don’t matter anymore?

It’s unlikely that democracy in the United States will ever fail. Democracy has survived despite challenges greater than the ones we see today. It was liberal democracy that proved to be just during the World War II.

It was liberal democracy that triumphed in the Cold War. The continued commitment to the foundations of democracy has helped see it through the Great Depression, two world wars and a bi-powered world. But democracy needs our help again.

It's time to revive the civic engagement we owe this century. The time to be apathetic for politics and all matters of government is past. The 2008 elections are right around the corner. Rally, feel conviction, protest and above all, vote.

Text available on World Wide Web, URL:

<http://thedaily.washington.edu/article/2007/10/23/democraciesFaceGreatChallenges>

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## **26. Ukrainian Maritime Agency joins GAC global agency network - UAE MENAFN Press, 23 October 2007**

The GAC Shipping global agency network has expanded to Eastern Europe through an alliance agreement with leading ship agent, Ukrainian Maritime Agency Ltd. (UMA). The GAC-UMA collaboration covers all Ukrainian ports across the Black Sea, Azov Sea and River Ukrainian.

Established in Ukraine in 1996, UMA operates from its head office in Odessa and branches in Izmail, Nikolaev and Kerch seaports. It specialises in providing ship agency services to all types of dry bulk carriers, tankers and other tramp vessels.

Lars Heisselberg, GAC Group Vice President, Shipping Services, says the GAC-UMA alliance is a natural development as the two companies have been working together for the last nine years, and share a commitment to providing cost efficient ship agency services which comply with Health, Safety, Security and Environment (HSSE) practices.

"UMA has been acting as our sub-agent at the oil terminals in Odessa and Yuzhny ports in the Black Sea region," he adds. "Now our closer ties will enable us to jointly look after the interests of our clients by combining the strengths of UMA's local knowledge with GAC's business principles, marketing resources and global network."

UMA's Managing Director Capt Boris Khrebtov says the combined network and resources of GAC-UMA will put it in a stronger position to meet the demand for port and ship agency services in diverse sectors such as coal, steel as well as oil and gas.

GAC's global principal Chevron Shipping Company will be a direct beneficiary of the alliance, as it will use the set-up to transport crude oil from Ukraine to ports around the world.

Capt Kjell Landin, Chevron's Marine Manager, EBU M&T based in Istanbul, Turkey believes the partnership between GAC and UMA will streamline and enhance communication between key internal and external stakeholders.

"Maybe more importantly, this development and formal introduction of professional and transparent processes in Ukrainian ports will more effectively support and promote an understanding of business values that is fundamental to Chevron and, I trust, also to GAC-UMA," he adds.

The GAC global agency network is an important growth model for the GAC Group to enhance its position as a more integrated and diversified service provider with in-depth local expertise. GAC has rapidly expanded its global agency network through strategic tie-ups with suitable partners in its target geographical expansion areas over the last four years.

The company's global network agents today include Alstons (Trinidad & Tobago), Aarus (Spain), OBC Shipping (United Kingdom), Unipros (Republic of Korea), Kudrat Maritime (Malaysia), Wilford & McKay (Panama), Vensport (Venezuela), Ultramar Network (Argentina, Chile, Peru and Uruguay), Wilson & Sons (Brazil) and Seaforth (East Africa).

Rice, Unruh, Reynolds & Co (US East and Gulf Coast), once a member of the global agency network, was acquired by GAC 1 February 2005. Earlier this year, GAC has also acquired a majority stake in Ole R Olsen AS (ORO), Norway's oldest shipping agency, following a strong and positive half-year strategic alliance.

Text available on World Wide Web,

URL:[http://www.menafn.com/qn\\_news\\_story\\_s.asp?StoryId=1093171056](http://www.menafn.com/qn_news_story_s.asp?StoryId=1093171056)

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