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#### **1. New draft budget boosts social spending Ukrainian Journal, 27 December 2007**

Prime Minister Yulia Tymoshenko's government approved a revised draft 2008 budget on Wednesday, steeply cutting spending on business development projects and significantly boosting spending on social needs.

The approval ends eight days of frantic work by a team led by Finance Minister Viktor Pynzenyk for revising the draft and incorporating Tymoshenko's populist campaign spending initiatives.

The draft will be submitted to Parliament Thursday for debate and approval before the end of the year. Lawmakers have four days to debate and to approve the draft as Ukraine's fiscal year coincides with the calendar year.

"We believe it's not the budget's function to get involved in business [projects]," Tymoshenko said. "Its function is to provide social security for the country, so we have fixed this."

The cuts apparently include reducing or eliminating spending on projects such as building airports and other infrastructure projects that had been earlier promoted by the government of former Prime Minister Viktor Yanukovich.

Instead, Tymoshenko pledged to spend at least 20 billion hryvnias (\$4 billion) next year to clear some debts owned to millions of people on failed Soviet-era bank deposits.

Tymoshenko pledged to pay the debts, estimated at a total of UAH120 billion, within two years, heightening concern among business leaders that the move may trigger major inflation.

The government also increased transfers to the state-run Pension Fund by UAH10 billion in 2008, and set the increased payouts to parents on birth of children.

Now, the government will pay parents UAH12,000 (\$2,376) on the birth of a first baby, UAH25,000 on the birth of the second one and UAH50,000 on the birth of a third and each consecutive one, Tymoshenko said.

Such payouts were first introduced by President Viktor Yushchenko, at UAH8,500, in 2005 to encourage people to have more children as Ukraine's population has been steadily declining for years.

"I'm happy to inform the president that his idea has been decently continued," Tymoshenko said.

The draft sets the budget deficit at UAH18.5 billion in 2008, or about 2.1% of GDP, compared with UAH17.7 billion set by the previous government. Overall spending was set at UAH235.4 billion for 2008.

However, Pynzenyk said the revision of the draft had actually reduced the hidden budget deficit from an estimated UAH105 billion, or 12% of GDP, in 2008 after the government had incorporated higher gas prices in the budget.

"I don't even want to comment on that terrible number," Pynzenyk said.

Yushchenko, who attended the meeting of the government, said the budget deficit must be reduced to below 2%, but added the amendments to the budget can be made early next year.

This highlights a change in Yushchenko's position as two months ago he has been demanding the budget deficit to be between 1% and 1.5% of GDP.

Tymoshenko said that more changes to the budget will come next year.

"Taking into account recent appointments at the State Customs Committee and the State Tax Administration, I am confident that within couple months we will conduct massive de-shadowization of the economy," Tymoshenko said. "This will help us to seriously improve the budget revenue system."  
*(tl/ez)*

Text available on World Wide Web, URL:  
<http://www.ukrainianjournal.com/index.php?w=article&id=5804>

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## **2. Tymoshenko not opposed to Bohatyryova's appointment UNIAN, 27 December 2007**

Prime Minister of Ukraine Yulia Tymoshenko is aimed at a constructive collaboration with President of Ukraine Victor Yushchenko, and has no intent to protest against his staff decisions.

According to an UNIAN correspondent, she claimed this to journalists, commenting on the appointment of Party of Regions member Raisa Bohatyryova as the security chief.

The Prime Minister stressed she is ready to collaborate with all chiefs, appointed by the Ukrainian President.

"I want to stop any resistance between different power branches", she stressed.

Text available on World Wide Web, URL:  
<http://unian.net/eng/news/news-228482.html>

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### **3. Yushchenko expects Ukraine to join NATO membership action plan in April Interfax, 27 December 2007**

President Viktor Yushchenko hopes that Ukraine will be offered the NATO Membership Action Plan at the alliance's summit in April 2007.

"I hope that the Ukrainian consolidated position will allow Kyiv to join the membership action plan at the NATO summit in Bucharest. That would be a new step in our relationship and the creation of the common European security system," he said at a meeting dedicated to the 90th anniversary of the Ukrainian modern diplomatic service.

Text available on World Wide Web, URL:  
[http://www.interfax.ru/e/B/politics/28.html?id\\_issue=11938603](http://www.interfax.ru/e/B/politics/28.html?id_issue=11938603)

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### **4. Government approved Draft State Budget for 2008 UNIAN, 27 December 2007**

Cabinet of Ministers has unanimously approved a Draft State Budget for 2008. "The Budget is unanimously approved," Prime Minister of Ukraine Yulia Tymoshenko told after the Government sitting, according to the government's press-office.

The Head of Government noted that 2008 Draft Budget of Ukraine provides compensation of payouts to depositors of the Oshchadbank of the former USSR totalling nearly 20 billion UAH, 6 billion UAH of which intended to be directed at monetary payouts.

At that, Yulia Tymoshenko noted that deposit payouts would be financed in part at the expense of incomings from privatization: this part of funds to be aimed at monetary payouts, for calculations in the sphere of health, education and also, probably, for calculations of consumer goods.

"Possibly, we agree with some commercial networks which are selling domestic goods and give them an opportunity to sell their goods and the state will pay off through taxes then," the Head of Government said.

At the same time, the Prime Minister noted that in February while reconsidering the 2008 State Budget an issue on financing the extinction of obligations of depreciated savings would be discussed again.

According to Yulia Tymoshenko, the Oshchadbank of Ukraine has already started making an inventory of debts on Oshchadbank savings of the former USSR. "We should clearly make an inventory of debts, define how many people are claiming to repayment of savings," the Prime Minister said, adding that Government means to avoid queues when making an inventory and repaying deposits as well as considerable impact of payments on inflation. "Everyone will have a special number and appointed time in order to avoid queue line," Yulia Tymoshenko noted.

Text available on World Wide Web, URL:  
<http://unian.net/eng/news/news-228664.html>

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### **5. Yushchenko Explains Why He Appointed Bohatryova Ukrayinska Prawda/UNIAN, 27 December 2007**

President Viktor Yushchenko believes that the National Security and Defence Council (NSDC) will help establish national priorities.

He stated this on Thursday when presenting new NSDC Secretary Rayisa Bohatryova.

The President stressed that political stabilization is a top priority.

"It is hard to attract investors, businessmen and other individuals who are working for Ukraine's potential when the country is in a state of political war."

Mr. Yushchenko is aimed at consolidating the entire Ukrainian society.

He is certain that professionals should unite in order to insure stability in the country.

According to the President, Mrs. Bohatyryova is an example of how people from different political camps can take productive position while upholding national interests.

Text available on World Wide Web, URL:  
<http://www2.pravda.com.ua/en/news/2007/12/27/9664.htm>

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**6. Déjà Vu**  
**By Marina Pustelnik**  
**Moscow News, 20 December 2007**

*Yulia Tymoshenko is celebrating - the Supreme Rada of Ukraine has finally elected her the prime minister. Hours after her appointment Tymoshenko confirmed Gazprom's fears, recently voiced by the company's official representative Sergei Kupriyanov, and announced that she wants to review the gas price agreement signed earlier this month, to get rid of the intermediary companies (notable RosUkrEnergo) and to return the practice of intergovernmental agreements regarding gas prices. Now, does that remind us of something or what? I feel like I'm riding the time machine - even if it's only a couple of years back.*

Clearly, if there is anything to review about the price agreements, it has to be done now, because after January 1, 2008 the prices of Russian gas will be established de facto and it will be difficult to do anything to change them. But this really does seem like a bad joke already. Short on other tricks Tymoshenko keeps pulling the gas price card out of her sleeve on the eve of every New Year and it is getting tiresome. Only this time the situation may not be in her favor. Back in 2005 Tymoshenko was the "Orange Princess" with overwhelming popular support. Today she is prime minister-elect only because the members of her own Orange coalition were forced to vote openly in the Rada. It is no longer possible to accuse Russia of trying to strangle the freedom-loving Ukraine with high gas prices in order to punish it for the wrong vote. Tymoshenko is the head of an uneasy coalition government, not a princess of the majority, and Russia no longer needs to "punish" Ukraine for anything because it has established an uneasy but more or less stable truce with its President Viktor Yushchenko.

Moreover, Tymoshenko has very few instruments to actually influence this process. She has the populist rhetoric under her belt, but Yushchenko understands the values of realpolitik. He has tried to keep Tymoshenko out of gas price talks back in 2005 and had addressed the Ukrainian public with requests to refrain from politicizing the issue of gas prices after the agreement was reached several weeks ago. Starting in 2008, Ukraine has agreed to pay a price of \$179.50 per 1,000 cubic meters of Central Asian gas sold to it by Gazprom. The price formula includes \$145 price of the gas itself plus \$36-37 of transit fees and a 2 percent commission to GazpromExport and RosUkrEnergo. Even if Tymoshenko insists on removing the intermediary RosUkrEnergo, that won't decrease the gas price by a lot and there is nothing else to cut in this price formula.

What is more, Ukraine's neighbors may be paying as much as \$300 per 1,000 cubic meters starting next year, so Kiev should consider itself lucky to have such conditions. Tymoshenko could, of course, try to negotiate a separate agreement with Turkmenistan, but the country's President Gurbanguly Berdymukhammedov had demonstrated rather clearly that he prefers Russia as his partner, at least in the short-term.

The question is then, are we going to see the new iteration of the gas tap conflict this January? I believe that this is unlikely. President Yushchenko and Prime Minister Tymoshenko are no longer allies as they were back in 2005. Yushchenko will try to keep Tymoshenko away from gas negotiations.

He also can (in cooperation with Gazprom) let his new prime minister drive herself into a corner, trying to offer solid arguments why Ukraine should be paying a lower price for the natural gas it receives. Even if Tymoshenko insists on making the gas price issue into a full-blown conflict, most likely she will have to take up arms against Russia's new prime minister - Vladimir Putin - and Putin can be expected to give up no ground in this argument. So, this is a déjà vu of sorts, because we are seeing the escalation of prolonged conflict for the third year in a row. But the roles have changed and if the Russian gas monopoly and the Russian government play their cards correctly, it will be Tymoshenko and her irrepressible populism that will suffer from this situation.

Text available on World Wide Web, URL:  
<http://mnweekly.ru/columnists/20071220/55298366.html>

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#### **7. Moldovan president meets Ukraine's special representative for Transnistrian conflict settlement MOLDPRES, 25 December 2007**

Chisinau - President Vladimir Voronin today had a meeting with Ukraine's special representative for the Transnistrian conflict settlement, Andrey Veselovskiy, the presidential press service has said.

Voronin pointed out the positive evolution of events in Ukraine and expressed conviction that they will help it advance along the democratic reforms pathway as well as develop the Moldovan-Ukrainian dialogue in various sectors.

Veselovskiy reconfirmed Ukraine's position that the Transnistrian conflict should be solved based on Moldova's sovereignty and territorial integrity. He highlighted that the settlement of the Transnistrian issue is one of the three top priorities of Ukraine's foreign policy.

Veselovskiy underscored the importance the Ukrainian authorities attach to the implementation of the Moldovan president's initiatives to bolster confidence between Chisinau and Tiraspol. The diplomat reaffirmed Ukraine's intent to provide all support necessary to carry out concrete projects in this respect.

President Voronin thanked the Ukrainian side for its consistent and clear-cut position on the Transnistrian issue, which, he said, creates pre-conditions for the development of a sustainable political dialogue between the two sides both as concerns the bilateral relations and external issues.

Text available on World Wide Web, URL:  
<http://www.moldpres.md/default.asp?Lang=en&ID=79196>

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#### **8. Ukraine, Israel broaden cooperation UNIAN, 26 December 2007**

On December 25 at the Ministry of Foreign Affairs of Ukraine, the first session of the Work Group at the level of the deputy heads of the foreign policy offices of Ukraine and Israel on implementation of the agreements achieved during the Official Visit of President of Ukraine V.A.Yushchenko to Israel took place, according to MFA press-service.

In the course of the session headed by Deputy Minister for Foreign Affairs of Ukraine Yuriy Kostenko and Deputy Director-General of the Ministry of Foreign Affairs of Israel Pinkhas Avivi, the parties discussed a wide range of issues of bilateral cooperation in political, cultural, economic and cultural-humanitarian spheres as well as the urgent problems of the situation development at the Middle East after the Near-Eastern peace conference in Annapolis.

The parties adjusted the steps which will be made in the near future in the framework of implementation of the agreements achieved during the visit of President V.A.Yushchenko, in

particular, implementation of the presidential initiative "The Dialogue of Truth in the Name of the Future".

Text available on World Wide Web, URL:  
<http://unian.net/eng/news/news-228461.html>

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**9. Ukraine Battles Aging Population By Paying Parents For Each Baby  
By Vittorio Hernandez  
AHN, 27 December 2007**

The new government of Ukrainian Prime Minister Yulia Tymoshenko is shifting state focus from business development to social security. As part of this new approach to national governance, it will cut spending on infrastructure project, but will pay Ukrainian parents to have babies.

Under the plan, for their first baby, parents will receive from the state \$2,378 (12,000 hryvnia), \$4,955 (25,000 hryvnia) for the second child, and \$9,910 (50,000 hryvnia) for the third infant and every next baby, said Ms. Tymoshenko.

The payout plan is a strategy of Ukraine to battle aging population, one of the largest problems faced by prosperous western and European nations today. The payout scheme was first introduced by President Viktor Yushchenko in 2005, but the rate was only \$1,685 (8,500 hryvnia) per baby.

Prime Minister Tymoshenko and her new cabinet tackled the revised 2008 budget on Wednesday. The amended budget, which proposes a \$3.7 billion (18.5 billion hryvnia) deficit, will be submitted to the Ukrainian parliament on Thursday. The 450-member Parliament has only 4 days to debate and approve the national budget since Ukraine's fiscal year coincides with the calendar year.

President Yushchenko participated in the cabinet's budget deliberation. He pointed out the importance of continued political and economic stability to spur growth and development. "Without political stability, neither economic growth nor effective social and humanitarian policy may be conducted. We also cannot speak of any effective and balanced budget in time of political misunderstandings," Mr. Yuschenko said.

Text available on World Wide Web, URL:  
<http://www.allheadlinenews.com/articles/7009553288>

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**10. Ukraine to continue course European and Euro-Atlantic integration  
NRCU, 27 December 2007**

*This is what President Viktor Yushchenko noted, by way of instating Foreign Minister Volodymyr Ohryzko to the ministry staff and foreign diplomats accredited to Ukraine.*

He stated his conviction that a new enhanced agreement between Ukraine and the EU will be an ambitious success of Ukraine. The president stressed that Ukraine will enter a new level of cooperation with NATO. However, the Head of State stressed, the Ukrainian diplomacy should secure friendly partnership relations with all countries, in particular, with the Russian Federation.

Text available on World Wide Web, URL:  
<http://www.nrcu.gov.ua/index.php?id=148&listid=57872>

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## **11. Ukraine president orders speedy closure of Chernobyl reactor RIA Novosti, 27 December 2007**

The president of Ukraine ordered Thursday the country's Emergency Situations Ministry to present him with a plan for the closure of the Chernobyl nuclear power plant within 20 days.

In September Ukraine signed a contract with France's Novarka to build a cover over the damaged Chernobyl reactor, which exploded in 1986 in the world's worst nuclear disaster. The country also signed a deal to build a "dry storage" facility for spent nuclear fuel on the site of the plant with U.S. company Holtec International.

"I must have a concrete plan for decommissioning the Chernobyl NPP within 20 days," Viktor Yushchenko said as he introduced new minister Volodymyr Shandru.

The president also said that the construction of the cover for NPP should be started in the first quarter of next year to avoid anymore delays.

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

On July 17 the Assembly of Chernobyl Shelter Fund Donors gave its approval for the deal with Novarka to build a steel cover over the reactor at a preliminary cost of 490 million euros (about \$680 million).

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

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

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

Estimates by international bodies of the number of deaths caused by the world's worst nuclear disaster vary dramatically. Fifty-six people were reported to have been killed directly and another 4,000 to have died of thyroid cancer shortly after the accident. Several million more are believed to have been exposed to different degrees of radiation.

Vast areas, mainly in the three ex-Soviet states, were contaminated by the fallout of the explosion. More than 300,000 people were relocated after the accident. But 5 million people still live in areas of Belarus, Russia and Ukraine classified as "contaminated" with radioactive elements. An 18-mile zone around the reactor remains largely deserted to this day.

The amount of international aid to the affected territories is still to be calculated, but UN experts put the figure at hundreds of billions of dollars, some of which has been misappropriated.

Text available on World Wide Web, URL:  
<http://en.rian.ru/world/20071227/94403830.html>

## **12. Ukraine parliament holds minute silence at Bhutto killing** **Earthtimes.org, 27 December 2007**

The Ukrainian parliament on Thursday opened its afternoon session with a minute of silence to condemn the killing of Pakistan opposition leader Benazir Bhutto. The former Soviet republic's legislature "wished to extend its condolences to the family of the deceased (Bhutto), and to the Pakistani people for their loss," said Arseny Yatseniuk, parliament speaker.

The Kiev reaction coming less than an hour after Bhutto's death was remarkably rapid by the normal standards of Ukrainian officialdom, which traditionally waits a day or more to issue regrets over the death of a foreign leaders.

Yulia Tymoshenko, Ukraine's newly-elected Prime Minister, has been seen by many observers as similar to Bhutto for coming to political prominence as a woman criticising corrupt government.

Text available on World Wide Web, URL:  
<http://www.earthtimes.org/articles/show/165093.html>

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## **13. MFA delegation visits the Ukraine** **Izrael MFA, 27 December 2007**

The purpose of the visit was to follow-up on issues discussed during Ukrainian President Victor Yushchenko's visit to Israel last November regarding the battle against Anti-Semitism, Holocaust remembrance and preservation of Jewish heritage in the Ukraine.

A MFA delegation headed by Pinchas Avivi, Deputy Director-General and head of the Division for Central Europe and Eurasia, visited the Ukraine this week. The delegation participated in consultations regarding the promotion of understandings reached during the visit of Ukrainian President Victor Yushchenko to Israel last November, concerning the battle against Anti-Semitism, Holocaust remembrance and preservation of Jewish heritage in the Ukraine.

The delegation also visited the city of Uman to examine the authority's handling of the gravesite of Rabbi Nahman of Bratslev. It was agreed by Deputy D-G Avivi, the Ukrainian President's advisor, and the mayor of Uman, that free access for pilgrims to the gravesite would be preserved, and that it would be recognized as a holy Jewish site. The Ukrainians reported their intention to determine in law that the site forms part of the Jewish national history of the Ukraine, therefore defending it against all possible legal claims.

The members of the Israeli delegation held a prayer service at the site for the release and safety of all the abducted and missing soldiers. Rabbis and the entire congregation present at the time participated in the service.

In addition, the Ukrainian team reported that the Odessa municipality had been asked to commemorate the life of Ze'ev Jabotinsky, a native of the city.

Text available on World Wide Web, URL:  
<http://www.mfa.gov.il/MFA/About+the+Ministry/MFA+Spokesman/2007/MFA+delegation+visits+the+Ukraine+27-Dec-2007.htm>

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## **14. Yulia rated '07 person of the year** **By Mark Rachkevych** **Kyiv Post, 26 December 2007**

Newly elected Premier Yulia Tymoshenko was selected "Personality of the Year" by Korrespondent magazine. The fiery 47-year-old won the rating for the second time for "impacting events the most in Ukraine" said Vitaliy Sych, the magazine's editor-in-chief.

The Post's sister publication printed its sixth annual rating in its Dec. 22 issue.

"She convinced the president, for the first time in independent Ukraine's history, to dismiss the parliament and hold early elections," according to the magazine.

Korrespondent's editors and journalists named 10 people who "astonished or shocked Ukraine" in the past year. Ten non-Ukrainians were also selected, with Russian President Vladimir Putin earning the "Tsar of the Year" designation.

"I think Yulia is probably the most charismatic female politician in the world right now," said Ilko Kucheriv, director of the Democratic Initiatives think tank based in Kyiv.

"She's also an excellent organizer. Two months prior to the most recent parliamentary elections, her party Byut and [the pro-presidential] Our Ukraine were head-to-head with 17-18 percent ratings. Tymoshenko nearly doubled those figures on election day."

### **Superhuman powers**

The magazine attributed its choice to Tymoshenko's "superhuman persistence in achieving goals" and her ability "to combine things others are incapable of doing."

One example the weekly cited is Tymoshenko's extraordinary ability to live in a \$4 million dollar residence in an elite Kyiv suburb and satisfy her penchant for Louis Vuitton apparel and accessories on a modest income. According to her income statement, she earned only \$30,000 last year and does not actually own the high-end property where she resides. At the same time, she promises to adamantly fight corruption.

"When publications name persons of the year, they don't necessarily conduct them as popularity contests and they are not positive figures all the time," explained Mykhailo Mischenko, deputy director of sociological services at the Kyiv-based Razumkov Center.

### **Previous winners**

Selection criteria for "Personality of the Year" have remained the same from the outset: editorial staff takes into consideration the quantity and magnitude of events surrounding certain politicians, officials, businessmen and cultural figures.

Tymoshenko first won the nomination in 2005, shortly after her government was dismissed. Socialist Party leader Oleksandr Moroz was deemed the most influential personality in 2006 after he joined the Communist Party and Party of the Regions to form the anti-Orange "Anti-crisis Coalition."

President Viktor Yushchenko was named in 2004, the year the Orange Revolution swept him into the presidency. In 2003 the honor went to two Viktors: Medvedchuk (then head of the Presidential Administration) and Yushchenko. In 2002, the first year Korrespondent conducted the rating, President Leonid Kuchma was deemed to have the greatest impact on the country.

### **A close second**

"This was the first year we truly wanted to name somebody other than a politician. Hryhoriy Surkis, the president of the Football Federation of Ukraine, came in a close second for single-handedly bringing the 2012 UEFA European Soccer Championship to Ukraine," Sych said.

"But Tymoshenko tipped the scales because of her role in turning the political situation in the country head over heels within the course of a few months," Sych added. Instead, Surkis was named "Winner of the Year."

## **The good, the bad and the ugly**

Korrespondent also awarded laurels and darts to Presidential Secretariat Head Viktor Baloha, Kyiv city council secretary Oles Dovhiy, Byut billionaire Konstantin Zhevago, former parliament ary speaker Volodymyr Lytvyn, footballer Anatoliy Tymoshchuk, recently elected Rada speaker Arseniy Yatseniuk, Ukraine's 2007 entry for the Eurovision Song Contest Andriy Danylko (known better by his female stage name of Virka Serdiuchka), Kharkiv Mayor Mykhailo Dobkin and rich kid Serhiy Kalynovskiy, whose mother recently divorced billionaire Dmytri Firtash, a co-owner of the Rosukrenergo natural gas trader.

Kalynovskiy was included in the rating as the "Lawbreaker of the Year" because he disappeared from Ukraine after two people died in a car crash he allegedly caused. Interpol is still looking for him.

Text available on World Wide Web, URL:  
<http://www.kyivpost.com/nation/28088/>

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### **15. Yushchenko Asks Tymoshenko to Work Better Than Yanukovych Ukrayinska Pravda, 27 December 2007**

President Viktor Yushchenko emphasizes on personal responsibility of financial managers for preserving stability of macroeconomic situation.

As communicated by UNIAN's correspondent, he told it while giving a closing speech at an extended meeting of the Cabinet of Ministers.

Mr. Yushchenko emphasized that sphere of personal responsibility of Head of the National Bank of Ukraine, finance minister and economy minister was securing macroeconomic stability and securing development rates of such branches as machine building and many others.

The President also emphasized that it was necessary to consider growth budget in order to secure macroeconomic stability, and for that end the deficit might amount to over 2%. According to the President, it is also important to secure high rates of GDP growth.

Mr. Yushchenko called on all ministers not to criticize the previous government but to set to work and to work better than their predecessors.

Text available on World Wide Web, URL:  
<http://www2.pravda.com.ua/en/news/2007/12/26/9659.htm>

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### **16. Yushchenko is called to support UE sanctions against Lukashenka's regime Charter 97, 27 December 2007**

Ukrainian internet-editions "Ukrainska Pravda", "Glavred", "LIGAbiszneshinform" and "Korespondent" have announced a competition of questions titled "Ask President of Ukraine". Ukrainian President Viktor Yushchenko will answer the most interesting questions during his concluding press conference in the evening 27 December.

There are many questions concerning Belarus-Ukraine relations. One of the question is "Why hasn't Ukraine joined EU and US' sanctions forbidding the Belarusian officials, who are suspected by the international community to be involved into killing famous politicians and rigging the elections, to enter their territory?"

One can know this evening how president Yushchenko will answer this question.

The First National Channel of Ukraine, Fifth Channel and 24-th Channel, National Radiocompany and World Foreign Service of Ukraine "Ukraine and World" will broadcast live the press conference. The online-transmission on the Internet will also be organised.

Text available on World Wide Web, URL:  
<http://www.charter97.org/en/news/2007/12/27/2694/>

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### **17. New Ukrainian Govt reverses decree on forming Ukratomprom Interfax, 26 December 2007**

New Ukrainian government reversed the decrees of the previous government that created State Concern Ukratomprom comprising enterprises of the nuclear sector and power engineering.

Ukratomprom was registered in late March. Its participants, in addition to Ukratomprom [operator of all working nuclear power plants in Ukraine], are state enterprises VostGOK (Vostochny gornobogatitelny kombinat), Directorate of the Enterprise Formed on the Basis of Novokonstantinovsk Uranium Field, Smoly, Dneprovsky Zavod Pretsizionnykh Trub, as well as Ukrainian Industrial Technology Research Institute.

Ukrainian President Viktor Yushchenko ruled that governmental decrees No. 1,854 and 456 were unconstitutional, and suspended their effect with his decree No. 706 as of August 13, 2007, and filed the relevant presentation to the Constitutional Court of Ukraine.

Yushchenko said in support of this decree that creation of a state concern under the Cabinet decrees makes it possible to withdraw from the state property the property that is banned for privatization, and this property includes nuclear power plants.

The Constitutional Court refused to open proceedings following the president's presentation on the constitutional character of the Cabinet's decrees. mg sm

Text available on World Wide Web, URL:  
[http://www.interfax.ru/e/B/politics/28.html?id\\_issue=11938115](http://www.interfax.ru/e/B/politics/28.html?id_issue=11938115)

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### **18. Ukraine an increasingly important export market By M. Alkhazashvili The Messenger, 27 December 2007**

In 2007, Georgia's top trading partners were Turkey, Russia and Ukraine.

Russia fell from the top of the list after Moscow imposed a blanket trade embargo last year. Since then, Georgia has worked hard to increase exports to other countries, including Ukraine.

In the first eleven months of 2007, as exports to Russia fell slightly, exports to Ukraine grew nearly 60 percent over the same period of the year before.

Key exports include non-wine alcohol worth USD 20.3 million; mineral waters fetching USD 7.4 million; and wine valued at USD 2.3 million.

Georgian imports from Ukraine, meanwhile, were up 63 percent over 2006, reaching USD 471.2 million.

Text available on World Wide Web, URL:  
[http://www.messenger.com.ge/issues/1514\\_december\\_27\\_2007/1514\\_econ\\_one.html](http://www.messenger.com.ge/issues/1514_december_27_2007/1514_econ_one.html)

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## **19. Will Russia help Ukraine with vegetables? Agricultural Marketing Project, 26 December 2007**

According to the most recent estimations of "Agrooglyad: Vegetables and Fruits" weekly, the journal for fruit & vegetable business professionals in CIS, vegetable production declined 15% in 2007 in Ukraine. This fact has already led to the significantly increased prices for vegetables. The production of fresh vegetables for long-term storage reduced 13%. Potato production increased 7%.

The analysts of the periodical forecast, the prices for a most part of major vegetables (but for potato) will continue increasing in January-May 2008. The imports will be stimulated. Russia may become the most optimal supplier of major vegetables to Ukrainian market: this country had a rather good harvest of cabbage, potato, table beet and carrot. Also, there is no need to pay import tariff rates in case of vegetable imports from Russia.

At the same time, the prices for vegetables have been getting equal in Ukraine and Russia quite actively. In the beginning of the season cabbage and carrot were almost twice as cheap in Russia than in Ukraine; as of today, cabbage prices have already been 30-35% as high in this country than in Ukraine. Potato is just a little bit cheaper in Russia than in Ukraine (2%). That's why potato supplies are unfeasible at the present moment. The purchases of carrot and table beet in Russia may be of interest to Ukrainian wholesalers, because the prices for carrot are almost one third as lower in Russia than in Ukraine, and the prices for table beet are 15-20% lower.

We'd like to point out that past season Ukraine supplied around 25,000 tons of onion to Russian market; our country continued performing the active exports to Russia till October 2007. However, the supplies dramatically declined in November-December; as of today, onion exports have almost fully stopped. At the present moment the price for common onion is lower in Russia than in Ukraine due to onion supplies from Poland and Holland. At the same time, lettuce varieties of onion are still 30-40% as more expensive in Russia than in Ukraine.

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<http://www.lol.org.ua/eng/showart.php?id=53783>

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## **20. Airfares, airlines and the competition of flight on the Ukrainian market By Volodymyr BILOTKACH Kyiv Post, 26 December 2007**

When we decided to supplement a stay this summer in Kyiv with a trip to Prague, I booked our Kyiv-Prague-Kyiv flight two months in advance; I did a rather extensive search, and the best deal I found was \$340 roundtrip per person.

Incidentally, this was the same price I paid last year – also about two months in advance – booking a trip from Southern California to Boston, just going to the website of the airline flying there non-stop from the airport nearest to my house. Both trips involved non-stop flights, and in both cases tickets carried substantial cancellation penalties.

In both cases, flights were more or less on time, and the meals served on the Kyiv-Prague and Prague-Kyiv flights were so... well, sub-standard, that they were no different from small snacks provided by the US airline. The only real differences between the two trips were in how far I traveled and how much competition there is on the respective markets. The distance between Los Angeles and Boston is about 3.7 times that between Kyiv and Prague. This means (roughly, of course) that a coast-to-coast trip I took in the US was 3.7 times less expensive than my Kyiv-Prague-Kyiv trip.

Next year will mark the 30th anniversary of the first major liberalization of an airline market. In 1978, then US President Jimmy Carter signed the Airline Deregulation Act. Over the years that passed, air travel within the US turned from an expensive and luxurious way to get from point A to point B into a form of mass transport.

Last year, US airlines operated over 10 million flights. Per mile flown, Americans now pay (in inflation-adjusted prices) about half of what they did 30 years ago. It is also true that planes became more crowded (this is where part of cost-savings comes from), and in-flight meals (even on five-hour coast-to-coast flights) are a thing of the past; but then, you will never convince me that the food I got on my Kyiv-Prague-Kyiv flights is worth the \$170 I could have saved were there any real competition on this market. After all, \$170 is more than we spent on food (and beer) in Prague over three days.

In contrast to domestic markets, governments are very protective of their carriers when international routes are concerned. International air travel has long been governed by a complex web of restrictive bilateral agreements, limiting competition and keeping prices high.

The first changes on this front came about in the early 1990s, with deregulation of the European Union's market and the first liberal bilateral agreement between the US and the Netherlands.

This year, the EU and the US signed an open aviation area agreement (to come into force in May of next year), which will remove more of the few restrictions remaining on this huge transatlantic market, and is projected to bring in even more flights and even lower fares.

Where is Ukraine in all this? And, what does all this movement toward further liberalization imply for our country?

I guess the first two paragraphs answer the first question. International airfares from Ukraine are high, and lack of competition is to blame. The history of regulation in the airline industry suggests that pressure for liberalization will mount as more people travel (while the number of people traveling by air to/from/within Ukraine quadrupled from 2000 to 2006, the total volume is still about equal to that of Orange County airport – barely sufficient for getting into the list of the top 50 US airports by number of passengers), and it will be up to the Ukrainian government to decide whether to expose Ukraine's carriers to full-scale competition with foreign airlines.

Of course, my advice (after all, you cannot expect anything different from someone with an advanced degree in economics) is to liberalize the market and go for more competition, keeping safety, as is done throughout the world, tightly regulated. Yet, I give this advice not only as a passenger who thinks that \$340 for a roundtrip to Prague is too steep. I also believe liberalization will be good for Ukraine's airlines in the long term.

The funny thing about competition is that the only way you can learn playing this game is by playing it. You will have few incentives to try finding out how you can run your airline more efficiently if there is no direct competitor operating more efficiently, offering fares that allow it to make money, while you realize that, given your current way of doing your business, you will be seriously in the red if you choose to match your competitor's prices.

In the longer run, you either go out of business or find ways to cut costs (and fares) and still keep your service attractive to passengers. Open and fair competition is the only and ultimate test for whether a firm is fit to be in the business. The longer Ukraine waits to open up to international competition, and the more experienced EU airlines become in competing with each other, the harder it will be for Ukrainian carriers to compete with them in the future.

Another important implication of competition is that competitive markets tend to increase the attractiveness of a country's airports to transfer passengers, while putting neighboring countries into a less advantageous position.

For example, when the US and the Netherlands signed a liberal bilateral agreement in 1993, non-stop passenger traffic between the two countries increased by 13 percent over the next year. At the same time, US-Germany traffic went up by only 2 percent, while US-Belgium non-stop traffic fell by over 7 percent.

This basically means that some of the passengers who used to travel to Brussels non-stop now chose to fly to Amsterdam and then take a train to Brussels from there – all because competition brought

down airfares to Amsterdam, while fares to Brussels remained high under a restrictive air services agreement.

All this means that tight restrictions on competition on international markets from Ukraine will in the long term hurt Ukrainian carriers' chances of obtaining their share of the Europe-Asia market. Should that market open up for competition with Ukraine-Europe routes still subject to strict regulation, Kyiv's Boryspil International Airport will lose the transit passengers it recently started gaining: Ukrainian carriers' hands will be tied, while their competitors will be free to do whatever they please.

It is true that, shielded from any serious competition, Ukraine's airlines are profitable, and increasing demand for air travel ensures they can both remain profitable and grow their fleet and networks. Yet, the longer the Ukrainian government waits before exposing the country's carriers to competition on international markets, the less prepared the airlines become to meet this challenge when (or if) it comes. Not to mention that airfares will remain way higher than they should be.

*Volodymyr Bilotkach is a research fellow, Kyiv School of Economics, and an assistant professor at the University of California, Irvine.*

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**21. Ukrainians choose their 'greats'**  
**by Dariya Orlova**  
**Kyiv Post, 26 December 2007**

The first stage of voting for Inter TV Channel's large-scale "Great Ukrainians" project came to an end Dec. 21. Choosing the top 100 great Ukrainians, the TV show has already caught the public's eye, adding fuel to the flames of debates over Ukraine's contested history.

"Great Ukrainians," a homegrown version of the BBC-produced "Great Britons" project, has launched a nationwide social project while adding commercial value to the station, Inter-TV managers emphasized.

Ever since its inception in Great Britain in 2002, the project has enjoyed success in the USA, Germany, France, Canada, Spain and many other countries, generating public interest and fierce debates everywhere, and sometimes revealing chinks in a nation's identity.

In Belgium, for instance, two rival shows in Flemish and French-speaking regions of the country eventually resulted in two different top 10 lists of "Great Belgians."

In Ukraine, many observers noted, the project will only deepen discord within society and facilitate internal divides.

Vakhtang Kipiani, project chief editor, however, said that voting results show there are personalities, both from Ukraine's past and present, who in fact unite people.

Valeriy Khmelko, president of the Kyiv International Institute of Sociology (KMIS), said Ukrainian society needs this kind of a project because different surveys (including one recently conducted by KMIS) show "there are personalities who are indisputably perceived as 'Great Ukrainians' across Ukraine."

He continued that "awareness of this fact in different corners of the country can contribute to understanding that we have common values and should seek compromise over issues dividing us."

The next stage – after polling for 100 of Ukraine's "greats," during which the public put forward more than 4,000 names – will see Inter broadcast a short series about each of the 100 most mentioned

"Great Ukrainians" in reverse order. An episode about a collective hero, an unknown soldier, will also air, numbered as the 101st "great."

The top 10 personalities will be portrayed in documentary films narrated by notable Ukrainian figures, according to Kipiani. The special TV program will be televised in spring 2008.

"Voting results are still a secret, however, we can speak about trends," said Kipiani. "The public's historical memory extends back to the Kyivan-Rus era. It is perceived as Ukrainian history."

The Cossack period also evokes emotional reflection among Ukrainians. Next comes the second half of the 19th century, namely, Shevchenko's generation; intellectuals and public figures who contributed to the conceptual formation of the Ukrainian nation-state.

"There are indeed many representatives from this period in the top 100 list," noted Kipiani.

Activists during Ukraine's short-lived statehood of 1917-1920 are also on the list. A quarter of the top 100 is composed of Ukrainians alive today.

Unexpectedly, there are relatively few public Soviet figures, who only comprise 10 percent of the list, according to preliminary data, Kipiani said.

"It is surprising because it is recent history," he said. "It looks like the Soviet period has been driven out of Ukraine's consciousness. There are many plausible explanations for this. It may be due to discomfort and lack of freedom that was dominant during the Soviet times."

However, Khmelko said that such results may be explained by the survey sample of those who voted.

"I presume that nationally oriented or anti-Soviet-oriented people were more active in voting during the project," he said.

According to preliminary data, the top 100 list will likely include 27 politicians (four of them presently in government), 19 scientists, 19 literary figures, 11 musicians, nine figures from cinema and theater arts, eight athletes and three religious figures. Preliminary findings show that 17 out of 100 "greats" will most likely be women.

Overall, "the top 100 will be composed of well-deserving people with the exclusion of some personalities, like Lenin, whose presence on the list seems strange to me, but people voted for them," said Kipiani.

Lenin's candidacy for a "Great Ukrainian," first perceived as a joke by Ukraine's chief communist, Petro Symonenko, who nominated Lenin during the first program-discussion, found support among Ukrainians, generating criticism among nationally oriented Ukrainian intellectuals.

Some said that Symonenko, as well as Ukraine's other politicians, should be suspended from public discussions of Ukraine's "greats" on television.

Kipiani said they try to keep a balanced board of experts and politicians, adding that Symonenko represents a segment of the population and thus cannot be ignored.

"It is a problem for the country, not television," he said.

"In this regard, we are a much poorer nation than Russians, because for them it's not a problem to name 20 respected people who enjoy great prestige all over Russia, while for Ukraine it is problematic."

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