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1. Sitting of political council of National Union "Our Ukraine" held in Kyiv today NRCU, 27 November 2007

According to Chief of the of the political party Vyacheslav Kyrylenko, on the agenda summing up election campaign, a democratic coalition with the BYUT and a prospects of a common party on the basis of the "Our Ukraine - People's Self-Defense".

Vyacheslav Kyrylenko noted that as many as seven MPs, who linger with signing up a coalition agreement are representatives of the "Our Ukraine ". These members of Parliament seem to forget about their election promises, he said. According to Vyacheslav Kyrylenko, he expects to exchange opinions on acute problems.

Text available on World Wide Web, URL:
<http://www.nrcu.gov.ua/index.php?id=148&listid=55995>

2. EU Slows Ukraine's Entry Into WTO By BRADLEY S. KLAPPER AP, 27 November 2007

GENEVA — The European Union has thrown a last-minute hurdle in Ukraine's path to enter the World Trade Organization, trade officials said Tuesday, but the former Soviet republic was still expected to join before neighboring Russia.

Ukraine seemed to have succeeded in introducing reforms needed to become the group's 152nd member, according to a WTO draft report obtained by The Associated Press _ but the EU has held firm on a demand that the nation scrap export taxes designed to make Ukrainian-made goods cheaper if they stay inside the country.

"We are in very regular contact with Ukraine to resolve the remaining bilateral issue of export duties," said Peter Power, a spokesman for EU Trade Commissioner Peter Mandelson. "This is a very important issue for us and must be resolved before the process can be concluded."

The Ukrainian economy, once the Soviet Union's breadbasket, shrank significantly after the fall of the Iron Curtain but has rebounded strongly since 2000. WTO membership could mean valuable new market opportunities for industrial exporters from the country of 47 million people, the third most-populous nation still outside the organization behind Russia and Iran.

Ukraine's pro-Western leader has made joining the WTO and attracting greater foreign investment top priorities. The nation is expected to see its economy grow by 7.6 percent this year and President Viktor Yushchenko hopes to steer the nation into NATO and the European Union as part of a platform that has caused friction with Russia.

A working party of diplomats involved in Kiev's negotiations with the WTO has "reviewed the economic policies and the foreign trade regime of Ukraine" and decided that the "Republic of Ukraine may accede to the WTO agreement," it said in a 290-page draft report.

Dated Oct. 11, it included just a couple of unresolved points, including the EU's complaint over export fees. Other issues relate to certain sanitary and technical standards, but are not believed to be difficult to resolve.

The EU has made WTO membership a condition for opening talks with Ukraine on free trade _ a step seen as essential to Ukraine's hopes of drawing closer to the 27-nation bloc.

The working group was expected to conclude its final meeting next month. But trade officials now believe it might have to wait until next year before recommending that the WTO's 151-member general council formally invite Ukraine to join.

The Ukrainian parliament would then have to ratify the agreement, which would initiate a 30-day waiting period before the country would wrap up its 14-year accession process.

Ukraine's acceptance into the trade body would effectively give it a veto over Russian membership as all WTO decisions are made by consensus. Georgia _ another West-leaning former Soviet republic that has battled Russia over gas surcharges and alleged meddling in internal affairs _ has used its power as a WTO member to block meetings aimed at easing Russia's entrance into the organization.

Ukraine and Russia had been locked in a race to join the Geneva-based organization setting the rules for global trade, with both wary about having the other join first. Yushchenko rejected a suggestion from Russia last year that Kiev "synchronize" its WTO accession process with Moscow's, which remains years from completion.

The neighbors have had chilly relations since 2004, when Moscow gave strong support to Yushchenko's rival Viktor Yanukovich in his fraud-riddled run for the presidency, which set off the massive "Orange Revolution" demonstrations.

Russia, the only major economy outside the WTO, has been claiming for over a decade that it is close to entering but has been frustrated by the slow pace of its negotiation, which like Ukraine's began in 1993. Putin has criticized the body as "archaic," but many negotiators say the fault is Russia's for failing to bring its trade rules in line with global standards.

Text available on World Wide Web, URL:
<http://www.chron.com/disp/story.mpl/ap/fn/5332493.html>

3. Ukraine delayed **The Star/AP, 27 November 2007**

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Text available on World Wide Web, URL:
<http://www.thestar.com/Business/article/280509>

4. EU border moves to the Ukraine **By Branislav Sobinkovič, Martina Pažitková** **Trend News Agency, 28 November 2007**

The preparation for the accession to the Schengen zone cost almost 64 million EUR

From December 21, the citizens of Slovakia will be able to cross the borders with all neighbouring countries except for the Ukraine at any place and without any checks. This is the result of an informal agreement reached two weeks ago by the EU Council of ministers, assessing the evaluation report on the preparedness of candidate countries for accession to the Schengen area. Though the final decision will be taken early in December, Slovakia is certain to become a member of the enlarged Schengen area before Christmas, along with Slovenia, Lithuania, Poland, Hungary, Estonia, Latvia, the Czech Republic and Malta. However, last year there was no reason for celebrations. Then, the European Commission announced that the enlargement of the pan-European border-free zone might be postponed to 2009 due to the insufficient preparedness of candidate countries and Slovakia was stated as the worst example.

In response to this criticism, the Slovak government established a team headed by Smer-SD nominee, **Jozef Buček**, Schengen commissioner and the State Secretary of the Ministry of Interior. This team prepared a crisis action plan for the solving of 169 problems, which was approved by Schengen member states early this year.

The change over the year in the evaluation of Slovakia's preparedness for Schengen indicates that the efforts of the crisis team were successful. But it should also be mentioned that the efforts would have had no effect if the old member states of the Schengen zone had not prepared for their new colleagues, as one year ago it was not only Slovakia and the Czech Republic that were behind in their preparations.

The preparation for the accession to the Schengen zone cost almost 64 million EUR, which represents two billion Slovak crowns at the current exchange rate. Four-fifths of the costs were covered by the Schengen Transition Fund and the reminder was paid from the state budget of the Slovak Republic.

Text available on World Wide Web, URL:
<http://english.etrend.sk/119732/news-summaries/eu-border-moves-to-the-ukraine>

**5. Yanukovich hopes parliament will begin work very soon
Interfax, 28 November 2007**

The Ukrainian government has advocated the swiftest possible start to the Verkhovna Rada's work and the formation of its working bodies, regardless of the results of talks on the creation of a coalition, Ukrainian Prime Minister Viktor Yanukovich said.

"It is very important for us to begin the work of the Verkhovna Rada," Yanukovich said opening a governmental meeting on Wednesday.

The Yulia Tymoshenko Bloc and the Our Ukraine-People's Self-Defense bloc might fail to create a coalition at a meeting of the Verkhovna Rada on Thursday, the prime minister said, adding that the issue of electing a speaker and forming working bodies will then arise. "I think that we should support this area, because it is very important that the parliament begins to work," Yanukovich said.

The government hopes discussions, in particular as to next year's budget, will be constructive in the new parliament, the prime minister said.

"If there is a parliament, there will be budget. If there is budget, the economy will develop, and then we will calm down not only Ukrainians, but also our international partners," Yanukovich said. ar rp

Text available on World Wide Web,
URL:http://www.interfax.ru/e/B/politics/28.html?id_issue=11919065

**6. Yushchenko promises aid to formation of democratic coalition
Itar-Tass, 27 November 2007**

DONETSK -- President Viktor Yushchenko has promised to help the formation of the democratic coalition at the Verkhovna Rada.

Yushchenko said in the Lugansk region on Tuesday that he would meet with deputies from Our Ukraine – People's Self Defense on Wednesday. "I will meet with every deputy, who has not signed the coalition agreement with the Yulia Timoshenko Bloc," he said.

The unsettled problem of the coalition agreement "may set off a virtual bomb when the Verkhovna Rada starts debate," Yushchenko said.

In his opinion, the ideological disagreements at Our Ukraine are not critical. Yushchenko promised that all deputies of Our Ukraine – People's Self Defense will sign the coalition agreement.

They must understand that we are forming this coalition with long-term prospect, he said.

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=12116582&PageNum=0>

**7. Timoshenko bloc to trigger new scandal in Ukrainian parliament
Itar-Tass, 27 November 2007**

Another scandal is brewing up in the Ukrainian parliament. Deputies from the Yulia Timoshenko bloc intend to come on Tuesday to the parliamentary session hall despite the fact that the next plenary meeting is scheduled for November 29.

Deputy from this bloc Andrei Shkil explained that a decision on holding a parliamentary meeting on Tuesday had been taken earlier by the working group on organising the work of the sixth parliament.

"All our deputies will be in parliament on Tuesday at 10.00," he said. Asked what actions deputies will take if the parliamentary building is closed, Shkil said: "We shall open it with our own keys."

Most deputies from the Our Ukraine-People's Self-Defence bloc (NU-NS) also voiced support for participating in a parliamentary meeting on Tuesday. If 226 deputies gather at the session hall, the meeting will be pronounced valid.

In the meantime, closing the parliamentary meeting on November 23, Raisa Bogatyreva of the Party of Regions who chaired the past meeting, set the date of the next meeting on Thursday, November 29.

True, Alexander Turchinov, a leader of the Timoshenko bloc, claimed that Bogatyreva had violated the Regulations of the legislature, failing to put to vote this question. Timoshenko personally explained this decision by Bogatyreva by an intention of "the regionals" to drag time so as to have time to bribe deputies from her bloc and the NU-NS bloc, forestalling formation of an "orange" coalition.

Deputies from the Party of Regions faction spurned down these accusations. For instance Taras Chornovil said that he "is not against forming an 'orange' coalition". Speaking of difficulties with forming an "orange" coalition, Chornovil assumed that some deputies from the NU-NS are scared of "Timoshenko's feverish desire to grab power".

Last Friday, seven deputies from the NU-NS, including ex-secretary of the Ukrainian Security Council Ivan Plyushch and ex-premier Yuri Yekhanurov, refused to sign an agreement on forming a "democratic" coalition, consisting of the Timoshenko bloc and the NU-NS.

Deputy from the Party of Regions and acting first vice-premier and Finance Minister Nikolai Azarov already stated against this background that he mulls over initiating early parliamentary elections provided the work of the sixth parliament is stymied.

"If the work of the legislature is sterile, and it does not fulfil its functions, we shall undoubtedly initiate early parliamentary polls and election of new political forces," he stressed.

In the meantime, political scientists also started talking that another legal collision is coming to a head in the country. Board chairman of the Centre of applied political studies Penta Vladimir Fesenko claimed that if a coalition is not formed, "a political and, what's the main thing, legal dilemma will pop up".

Fesenko noted that under a norm of the Constitution, the parliament is to be disbanded if a coalition is not created within a month. Another norm reads that following early elections, the parliament cannot be disbanded during one year.

In the opinion of the political scientist, a decision will be in the hands of the president who enjoys legal grounds to disband or not the national parliament. "He has formal grounds for this, but is not duty-bound to do this," Fesenko noted.

President Viktor Yushchenko said on Sunday in an interview with the 1+1 TV channel that he was ready "to take new tough measures if the national parliament does not start working".

The president emphasised that the country has been without workable parliament for eight months. "Ukraine will not live without a viable parliament. We shall find a way to ensure operation of this democratic institute," the president said. He called the political instability in Ukraine "problem No.1". "The Ukrainian parliament remains the prime source of this instability for the time being," Yushchenko stated.

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=12113375&PageNum=0>

8. Ukrainian Jewish activists meet JTA, 27 November 2007

Ukrainian Jewish activists met to discuss rising anti-Semitism and Ukrainian-Jewish relations.

More than 30 Jewish activists and experts from throughout Ukraine gathered Nov. 23-24 in Kiev for the annual meeting of the Coordinating Council of the Association of Jewish Communities and Organizations of Ukraine, or Vaad, together with the Zionist Federation of Ukraine.

Josef Zissels, a longtime Vaad and Zionist leader in Ukraine, told JTA that there has been a "reduction of [Zionist] activities" in Ukraine. Other participants complained that when Zionist activities did occur, there was little publicity.

"I did not get any information nor see any real action from Zionist organizations in Ukraine in the last two years," Valery Kontzevich, the Vaad and Zionist Federation representative in Sumy, told JTA.

This year the number of returning Ukrainian emigres decreased nearly 25 percent compared to the previous year, while remigration to Ukraine from Israel increased, the activists noted.

The meeting also addressed the problem of Ukrainian-Jewish relations, including the presentation of national awards to controversial Ukrainians such as Gen. Roman Shukhevich, politician Levko Lukyanenko and parliament member Ivan Spodarenko, as well as the glorifying of World War II nationalist combat units.

Text available on World Wide Web, URL:
<http://www.jta.org/cgi-bin/iowa/breaking/105513.html>

9. Yushchenko partisans balking at coalition Ukrainian Journal, 26 November 2007

Tensions rose sharply within Our Ukraine-People's Self-defense, President Viktor Yushchenko's group, on Monday after five of its lawmakers refused to sign an agreement aimed at creating the pro-Western government coalition.

Each of the five lawmakers, including Ivan Pliushch, Yushchenko's former top security advisor, and Yuri Yekhanurov, a former prime minister, slapped different reasoning behind their decisions.

But all came under fire from their fellow Our Ukraine-People's Self-defense lawmakers, who had been persistently calling for the creation of the coalition.

The tensions will probably further escalate on Tuesday when Our Ukraine, which controls a majority of seats in the Our Ukraine-People's Self-defense grouping, is due to hold an important political conference.

"I can't get rid of the feeling that those who have refused to sign the agreement talk about one thing, but in fact mean something else," Roman Zvarych, a senior Our Ukraine member, said.

Pliushch and Yekhanurov stated repeatedly that they would rather favor the creation of the grand coalition that would include Prime Minister Viktor Yanukovich's Regions Party, the largest single group in Parliament.

Zvarych argued that if Pliushch, Yekhanurov and other lawmakers refuse to join the coalition with the group led by former Prime Minister Yulia Tymoshenko, they should voluntarily quit Parliament.

"This would be an honest and courageous move," Zvarych said.

The pro-Western coalition would control the slim majority of 228 seats in the 450-seat Parliament, so the refusal of the five to sign the agreement makes the coalition impossible.

The developments come days after all 72 lawmakers from Our Ukraine-People's Self-defense, at a meeting with Yushchenko, pledged to support the pro-Western coalition.

Yekhanurov said Monday that he wanted to amend the coalition agreement with the Tymoshenko group.

Yekhanurov, who a liberal economist, said he was concerned about some of Tymoshenko's controversial and populist initiatives, such as the plan to pay out quickly billions of hryvnias in debts owed on Soviet-time bank deposits. He also objects to the plans for canceling the value added tax in Ukraine.

Yekhanurov argued that both measures may spur inflation and undermine state finances in the country.

Ihor Kril, a close ally of Viktor Baloha, the chief of staff at the Yushchenko office, and an Our Ukraine member, also refused to sign the coalition agreement with the Tymoshenko group.

Kril argued that Our Ukraine-People's Self-defense's nomination of Viacheslav Kyrylenko for the speaker of Parliament, was not transparent. He urged Kyrylenko, who he accused of seeking to post at any cost, to withdraw his nomination.

"Let Kyrylenko withdraw from the nomination," Kril said. "I am not against the democratic coalition, but I am against ripping out the posts." (tl/ez)

Text available on World Wide Web, URL:
<http://www.ukrainianjournal.com/index.php?w=article&id=5634>

10. Yatsenyuk called to create common European area ForUm, 28 November 2007

Foreign Minister of Ukraine Arseny Yatsenyuk stresses on necessity to activate work of Central European initiative that is a link between the EU and other European countries. Yatsenyuk said that on Tuesday at the plenary session of the meeting of governments heads of countries of Central European initiative, taken place in Sophia city.

Yatsenyuk paid attention to necessity to realize infrastructure projects and extend possibilities and sources of investments within Central European initiative.

Yatsenyuk noted that Central European initiative must react to biggest world challenges and threats, in particular problems of global warming.

Yatsenyuk focused attention of session participants on necessity to define courses for further functioning of Central European initiative, taking into consideration that all its members have perspective to join the EU in the near future. That's why it is necessary to concentrate on creation of common area for development of humanitarian, cultural, economic and political cooperation within this organization.

Within framework of the session, Arseny Yatsenyuk held meetings with representatives of Bulgaria, Czech republic and Hungary.

Text available on World Wide Web, URL:
<http://en.for-ua.com/news/2007/11/28/103011.html>

11. Yanukovich: Rada May Elect Speaker Without Forming Coalition Ukrainian News Agency, 28 November 2007

Acting Prime Minister Viktor Yanukovich allows for the Verkhovna Rada electing its chairperson in case of coalition not formed on Thursday, November 29.

Yanukovich announced this when opening a session on Wednesday.

"It may happen that tomorrow we first elect chairperson of the Verkhovna Rada. I do not rule this out, Tomorrow we'll have a look at results of the coalition talks," said Yanukovich.

He added that if coalition formation was not announced on Thursday, the parliament would proceed to the next question - election of the Rada leadership and formation of the parliament's working bodies.

"I think we have to support this move, as it is very important for the country that the parliament starts to work," told Yanukovich.

As Ukrainian News earlier reported, leader of the Ukrainian People's Party and Verkhovna Rada deputy Yuri Kostenko of the Our Ukraine People's Self-Defense Bloc faction forecasts that the voting for the parliamentary speaker will take place on November 29.

The Party of Regions does not intend to support Our Ukraine People's Self-Defense Bloc leader Viacheslav Kyrylenko as the candidate for the post of the Verkhovna Rada chairman.

The Yulia Tymoshenko Bloc leader, Yulia Tymoshenko, had reported on readiness of her political force to back Our Ukraine People's Self-Defense Bloc candidacy Viacheslav Kyrylenko for the post of the Verkhovna Rada chairman.

Parliamentary deputy of the Region Party Vasyl Kyseliov states the BYT and OU-PSD would not build coalition.

Our Ukraine People's Self-Defense parliamentary faction leader Viacheslav Kyrylenko is intending to achieve the formation of parliamentary coalition with the Bloc of Yulia Tymoshenko before Thursday, November 29.

As of November 27, seven OU-PSD deputies did not leave their hands under the coalition agreement between the BYT and OU-PSD.

Text available on World Wide Web, URL:
<http://www.ukranews.com/eng/article/83693.html>

12. Constitutional Court To Consider On Wednesday Submission By 46 Deputies Of Fifth Rada Challenging Constitutionality Of Holding Early Parliamentary Elections On September 30 Ukrainian News Agency, 28 November 2007

The Constitutional Court on Wednesday, November 28, will start written consideration of a constitutional submission by 46 deputies of the Verkhovna Rada of the fifth convocation that challenged a decree by President Viktor Yuschenko of June 5 appointing the early elections to the Verkhovna Rada for September 30.

Ukrainian News learned this from a statement by the Constitutional Court, the wording of which was made available to the agency.

The press service of the Constitutional Court said the court would assess the decree with taking into consideration amendments to it introduced by Yuschenko in his decree of October 31.

The Constitutional Court will be studying the materials of the case at the meeting without participants in the constitutional case.

As Ukrainian News earlier reported, on July 23, 46 MPs challenged at the Constitutional Court the constitutionality of President Viktor Yuschenko's decree of June 5.

Text available on World Wide Web, URL:
<http://www.ukranews.com/eng/article/83717.html>

13. Prosecutor's General Office to hold experiment on Gongadze case UNIAN, 28 November 2007

The Prosecutor's General Office will hold the second experiment within frames of the investigation into the Gongadze case in the Presidential Secretariat in the nearest weekends.

According to an UNIAN correspondent, Prosecutor General of Ukraine Oleksander Medvedko claimed this to a press conference in Kyiv today, answering questions of journalists.

According to him, the PGO turned to the Presidential Secretariat with a request to give it an opportunity to carry out another experiment in the cabinet of ex-President Leonid Kuchma.

Asked whether Mykola Melnychenko, ex-bodyguard of Kuchma, who made clandestine recordings of his conversations, will be present at the experiment, O.Medvedko stressed that he was in the Prosecutor's General Office for the last time on 14 November, when he was interrogated.

"If we need him, I guess, he will come", O.Medvedko said.

Constant URL of article:
<http://www.unian.net/eng/news/news-223818.html>

14. Fitch forecasts growth of Ukraine's GDP this year at 7% UNIAN, 27 November 2007

Fitch Ratings international agency forecasts the Ukraine's GDP growth this year at the level of 7%, and in 2008 – 6.5%.

According to an UNIAN correspondent, these data were distributed today at a conference, devoted to assessing risks of Ukrainian ratings after the parliamentary election.

Fitch also forecasts that the National Bank of Ukraine would grow gold-currency resources. Thus, by agency's forecasts, at the end of the current year, the volume of the NBU reserves will make 31.2 billion dollars, and at the end of the year 2008 – 32.6 billion dollars.

The nominal GDP will make 125.3 billion dollars by the end of the current year, and 146.8 billion dollars by the end of the year 2008.

Constant URL of article:
<http://www.unian.net/eng/news/news-223711.html>

15. Ukraine: RosUkrEnergo is taking back its control over Ukrainian gas pipelines
By Alessandro Savaris
Equilibri.net, 27 November 2007

That which Gazprom has done in Russia- that is to say the “re-conquest” of control over the sector of natural gas following the period of the rise of the “oilgarchs”- RosUkrEnergo, the joint venture involving the same Gazprom, intends to do in Ukraine. The Ukrainian system of transportation, through which the large part of Russian gas is transported directly to the EU, together with the country's open internal market, have been objects of interest for Moscow in recent years. The re-establishment of control over these therefore represents for Moscow an objective of fundamental importance in geo-political and strategic terms.

Ukrainian-Russian, Ukrainian-Central Asian agreements (2000-2005)

The main sources of Ukrainian gas around half-way through 2000 numbered three: Central Asia, which supplied between 35 and 37 bcm, Russia which provided between 20 and 25 bcm and finally internal gas production, which provided about 18-20 bcm. Relations between Kiev and the Central Asian suppliers didn't immediately overcome the halt, like remaining Russian-Ukrainian relations, however, due to purely economic factors, political factors soon took over. Around the end of the 1990's the prices in the ex-Soviet Republic corresponded to around 70-80% of the European price and after some up-turns, they were notably lowered reaching in recent years about a third of the European price, transit and transport prices excluded. The price applied by Russia to Ukraine and the other states of the CSI therefore corresponded in this period to almost half of that applied to Germany and Poland.

The first agreement relevant to the provision of gas destined for Ukraine and coming from both Russia and Central Asia, was however only signed in October 2001 and renovated, with eventual modifications, year by year. The transportation means set out by the agreement, stipulated in the attempt to regularise and monitor the flow of gas destined for or passing through Ukraine, weren't clearly revealed and they allowed for the presence of numerous “shadowed areas”. On the basis of this agreement, Russian gas acquired by Ukraine was paid for in the most part with “transit services”, that is to say, the transit through the Ukrainian territory of Russian gas destined for the EU and not with money. Turkmen gas destined for Kiev is instead acquired from Naftogaz Ukrainy, a Turkmenistan national company in charge of the distribution of gas on a national level, from Turkmenneftegaz, a Turkmenistan national company in charge of the extraction of hydrocarbons, on the border between Turkmenistan and Russia and transported into Ukraine by an independent company, Russian Itera until 2002 and Ukrainian ETG (EuroTransGas) between 2003 and 2004.

In 2004 however, the agreement was modified and established that:

- the transportation of Turkmen gas destined for Ukraine used to be in the hands of ETG was to be taken over by Naftogaz Ukrainy;
- this was then sold to ETG at the Turkmenistan-Kazakstan and Turkmenistan-Uzbekistan borders to then be re-bought by ETG from Naftogaz Ukrainy at the Russian-Ukrainian border;
- that the gas not re-bought from Naftogaz Ukrainy at the Russian-Ukrainian border, was stocked by ETG in the stock deposits owned by Naftogaz Ukrainy and maintained in storage in the case of urgent need.

The unclear part of this system was that there wasn't precise information over the real quantities of Turkmen gas re-sold to Naftogaz Ukrainy, largely because in some cases between the acquisition of gas by Naftogaz Ukrainy and the re-selling of the same gas to ETG, Russian Gazprom was also involved, which was occupied with the transit of gas through Russia, additionally complicating the possibility of monitoring this flow.

The birth of RosUkrEnergo

So between July and August in the same year, Naftogaz Ukrainy and Gazprom decided to regulate their own relations in the medium and long terms, creating a new joint venture, RosUkrEnergo, aimed at substituting ETG in the transportation of Turkmen gas to Ukraine from January 2005. If at first sight,

therefore, it seemed a mere commercial agreement, in reality it wasn't this, from the perspective that it introduced two new elements as regards the agreement previously established between Naftogaz Ukrainy and ETG. In fact, quite differently from this, entirely non-Russian property, RosUkrEnergO was and is still now controlled 50% by Gazprom and 50% by unknown beneficiaries since the date on which the company was created, and remained this way until April 2006.

In September 2005, Gazprom also established several commercial agreements both with Turkmenistan and Uzbekistan, meaning that relations with these countries were intensified. It also and above all extended in an indirect manner its own control over the production system and the transportation of hydrocarbons in these countries. In fact, with the first, Gazprom stipulated an agreement that would guarantee itself the use of the whole system of gas and oil pipelines for the period between 2006 and 2010; while in the second, it involved itself in acquiring the entire Turkmen gas production of 2007. A clause in the agreement stipulated with Asghatabat, fundamental to our analysis, also sets out the involvement on the part of Turkmenistan to suspend the direct sales of its own gas to Naftogaz Ukrainy, therefore leaving Gazprom the task of acquiring and re-selling part of this gas to RosUkrEnergO. In this way, Gazprom excludes Naftogaz Ukrainy as an intermediate in the relations between Turkmenneftegaz and RosUkrEnergO, as a consequence, preventing it from having any direct involvement with Turkmenistan. RosUkrEnergO was also favoured by Gazprom, as regards the transit tariffs, which in 2005, stood at about \$232 m, a price which was a lot lower than that previously paid by ETG.

The outbreak of the Orange Revolution

Previous political factors began to weigh on Russian-Ukrainian relations after the outbreak of the Orange Revolution and with the rise to power in Ukraine of the pro-Western Viktor Yushchenko. In response to this, Russia applied an un-foreseen growth which was defined by many as "provocative", to the tariffs on gas destined for Kiev, passing from \$50 to \$230 per mcm and interrupting, in January 2006, one of the coldest winters ever registered in the country, affecting the country's gas provision.

As well as the application of an increased tariff on the provision of gas, in fact, Gazprom profited on this occasion by functioning as mediator in the trade of gas between Ukraine and the republics of central Asia and to try to extend its own control both over the Ukrainian system of transporting gas and over the Ukrainian internal gas market. Then came the reaction of Kiev and in particular, of the then Ukrainian Premier Julia Tymoshenko, who in 2005 launched an aggressive campaign against RosUkrEnergO and took charge of the SBU, the Ukrainian secret services, then led by true ally, Aleksander Turchinov, to carry out a survey on the company and its commercial partners. The then Minister for Energy nominated by the ex-Ukrainian President Leonid Kuchma, Yuri Boiko, was also substituted by Oleksy Ivchenko.

Moscow instead accused Kiev of not wanting to reach an agreement over the price for the provision of Russian gas destined for Ukraine and of having deducted 7.8 bcm of Russian gas destined for the EU, at a commercial value of \$1.5 bn, from the storage deposits situated in Western Ukraine. The Orange Revolution therefore represented a turning point in Russian-Ukrainian relations, particularly in this sector and not least the rise to power of pro-Russian Viktor Yanukovic, nominated Premier in August 2006, by tempering the tone of the dispute, allowing the return of the past system.

Ukraine-Russian, Ukraine-Central Asian agreements (2006-2007)

The Russian-Ukrainian dispute in January 2006 involved the stipulation of an agreement between Gazprom, Naftogaz Ukrainy and RosUkrEnergO, which was signed on January 4th 2006 and which, favouring this in a definitive manner, led to Gazprom being strongly criticised by the majority of the political class and Ukrainian public opinion. Some new factors came into play as regards the previous agreement. Firstly, both RosUkrEnergO and a newly created joint venture, formed by Naftogaz Ukrainy and RosUkrEnergO, Ukgaz-EnergO were assigned new roles. At the beginning, in fact, Central Asia's role as principal purchaser of gas was recognised, while Ukgaz-EnergO was allowed to re-sell the gas on the Ukrainian internal market, finally putting an end to the Naftogaz Ukrainy monopoly on this market.

An additional and determined element instead regards the gas transit and storage tariffs that will be

largely frozen to the advantage of Gazprom and more so RosUkrEnergo, in which, as previously said, Gazprom controls 50% of the shares. This clause would in fact set out the fixing of the transit tariffs for a period of five years that those tariffs on storage until 2030, clearly moving against the principles of the market and sparking anger from the majority of the country, which accused Naftogaz Ukrainy and the then Minister for Energy, Ivan Plachkov of having made an enormous concession to Russia. Therefore allowing RosUkrEnergo and therefore, Gazprom to utilize the Ukrainian storage deposits, in which Russian gas destined for the EU, was stocked at advantageous prices.

The nomination as Prime Minister of pre-Russian Viktor Yanukovich, which took place in August 2006, led to the improvement of relations between the two countries and by not interrupting it, it cooled the growth in the price of Russian gas destined for the country, in growth, as already underlined, since the outbreak of the Orange Revolution. This is rendered possible through the creation of a gas "cocktail" created by Gazprom and through RosUkrEnergo, re-sold to Ukraine, made up by a mere 23% of costly Russian gas, 56% of Turkmenistani gas, 11% of Kazacstani gas and 10% of Uzbekistani gas. The prices of gas sold by Gazprom to RosUkrEnergo predicted for 2007, will also be fixed below the predictions of analysts, while the importation prices will be practically set to zero to the advantage of RosUkrEnergo.

Conclusion

The recent agreements stipulated by Gazprom with Ukraine and the Republics of Central Asia don't leave behind any doubts: the Kremlin is slowly re-acquiring control of the gas transport and distribution systems of the ex-Soviet Republics. This happened in a more evident way, like in the case of Central Asia or Belarus, forced to surrender in 2007, 50% of the shares of the state company in charge of the transportation and distribution of gas, or in a more veiled way, like in the case of Ukraine, through which, as is well noted, the most part of Russian gas destined for the EU is transported. From this point of view, the creation of RosUkrEnergo and the consequent Ukgaz-Energo, represents a fundamental step, allowing Moscow to not be exposed directly but to be instead progressively included in the Ukrainian gas transportation and distribution systems.

Text available on World Wide Web, URL:

http://uk.equilibri.net/article/8308/Ukraine__RosUkrEnergo_is_taking_back_its_control_over_Ukrainian_gas_pipelines

16. Gazprom okays 30% Turkmen gas price hike Ukrainian Journal, 28 November 2007

MOSCOW, Nov. 27 – Russian gas giant Gazprom on Tuesday accepted a 30% hike in the price it will pay Turkmenistan for natural gas next year, a move that will probably trigger a major gas price increase for Ukraine.

Gazprom buys gas from Turkmenistan and immediately resells it to RosUkrEnergo, a Swiss-based gas trader controlled by the Russian company, which later delivers and sells it to Ukraine.

Gazprom now pays \$100 per 1,000 cubic meters, but it has accepted the price of \$130/1,000 cu m to be charged in first half of 2008 and \$150/1,000 cu m in the second half of the year.

After adding transportation costs the price hike will probably boost prices that Ukraine will have to pay to at least \$160/1,000 cu m in the first six months and to at least \$180/1,000 cu m in the second half. The prices will be higher if gas transportation costs also accelerate.

The quoted prices are more than Ukraine has been prepared to pay for gas next year. At recent talks with Gazprom, Ukraine defended a price between \$150 and \$160 per 1,000 cu m for the entire year of 2008.

"We really hope that Gazprom and Turkmenistan would stand by their agreement keeping the price at \$100/1,000 cu m," Anatoliy Kinakh, the Ukrainian economy minister, said before the Gazprom-

Turkmenistan talks in Ashgabat had ended. "If not, problems will, of course, emerge for Ukraine in terms of price."

Alexei Miller, the CEO of Gazprom, said that starting from 2009 the Russian company will be buying gas from Turkmenistan at market LEVEL price that will be defined by a special formula.

"The price formula will start in 2009 and will be in effect through 2028," Miller said in a statement released by Gazprom.

The deal between Gazprom and Turkmenistan throws a monkey wrench into the 2-month long talks that Ukraine had been holding with Gazprom over gas prices to be charged next year.

Senior Ukrainian officials have suggested last week the parties have almost reached an agreement for gas supplies and prices, and had expected to sign contract this week. The Turkmen-Gazprom deal will probably delay the talks.

The development puts extra pressure on the Ukrainian government, which needs to know the price in order to incorporate state subsidies that will be required in the draft 2008 budget.

The government originally forecast the gas price will increase to \$145/1,000 cu m in 2008 from \$130/1,000 cu m in 2007, but last week it had been forced to revise the forecast to \$160/1,000 cu m. Now, the government will again have to change the draft, a month before the fiscal year actually begins.

The gas price hike by Turkmenistan may prompt other Central Asian gas producers, such as Kazakhstan and Uzbekistan, to also increase their prices.

Miller, who spent the past several days in Ashgabat, said Turkmenistan had first indicated on Nov. 23 that it wanted to hike its gas price in 2008. (sb/ez)

Text available on World Wide Web, URL:
<http://www.ukrainianjournal.com/index.php?w=article&id=5641>

17. Turkmenistan gas price rises 50% BBC News, 28 November 2007

Russia has agreed to pay Turkmenistan up to 50% more for its gas, Russia's gas export monopoly, Gazprom, has said.

Analysts say the increase will push up prices for Ukraine, which has had past disputes with Russia over gas supplies.

Gazprom buys almost all the gas exported by Turkmenistan and sells it on to other countries.

The higher price will help gas-rich Turkmenistan to speed up construction of a new Caspian Sea pipeline through Kazakhstan to Russia.

Ukrainian fears

The state-run Gazprom, which supplies 25% of Europe's gas, currently buys Turkmen gas for \$100 (£48) per 1,000 cubic metres.

The price will rise in 2008 to \$130, then rise again in the second half of the year to \$150, Gazprom said.

The giant gas company controls Turkmenistan's gas exports since the country relies on Gazprom's Soviet-era pipeline system.

Ukraine is currently negotiating prices with Gazprom and analysts say next year's prices could rise to \$190.

Ukraine's energy ministry said it was not yet clear how much a price increase Ukraine would be faced with.

The country's Economy Minister, Anatoly Kinakh, said a price of \$180 or more per 1,000 cubic metres would have an extremely negative impact on Ukraine.

Text available on World Wide Web, URL:
<http://news.bbc.co.uk/2/hi/europe/7116218.stm>

18. Ukraine may charge more for Russian gas transit Reuters, 28 November 2007

Ukraine told Russia on Wednesday it may charge more for Russian gas transit to Europe if Russia sharply increases gas prices for Kiev, raising the prospect of another major gas dispute between the two states.

"It is important for us to use our arguments as one of the top gas transit states during talks (with Moscow). The changes in gas prices should no doubt be linked to our arguments about the levels of transit fees via Ukraine," Economy Minister Anatoly Kinakh told reporters.

Russia's gas export monopoly Gazprom (GAZP.MM: [Quote](#), [Profile](#), [Research](#)) said on Tuesday it had agreed to pay 30 to 50 percent more for Turkmen gas imports next year, which is likely to result in tough negotiations on pricing between Russia and Ukraine, a major consumer of Turkmen gas. (Reporting by Pavel Polityuk, writing Dmitry Zhdannikov; editing by Christian Lowe)

Text available on World Wide Web, URL:
<http://uk.reuters.com/article/oilRpt/idUKL2844881420071128>

19. Yushchenko Orders Energy Saving Revisions Ukrainian Observer , 27 November 2007

ALCHEVSK, Luhansk Region – On a one-day visit to Luhansk region on Tuesday, President Victor Yushchenko took part at Alchevsk in a national conference on energy saving in the mining and machine-building industries.

Speaking to the media, Yushchenko said he thinks the state's energy saving program must be revised. "The goals of the economical resource use program stated in 1997 have very little reference to national interests. They don't meet the requirements of strengthening the competitive environment for national producers either. We must build a stricter approach towards energy saving," the president said.

Speaking about the current plan of energy saving, Yushchenko said that present indices to be met by 2030 must undoubtedly be revised. Accordingly, all regional and branch programs must be revised. This is particularly the case in such power-consuming industries as metallurgy, chemicals and machine building, and in municipal usage.

The president told conference participants that the event had resulted in a decision to work out in a seven-day period a new target plan for 2008 regarding energy saving. The plan is to focus primarily on the activity of the National Agency for Efficient Use of Energy Resources.

Yushchenko also said he believes the issue of fiscal incentives for enterprises in which energy saving technologies are actively implemented is just as important as any part of the plan. The president believes that some tax reductions for such enterprises are necessary.

The president also took part in the launching of an oxygen converter at OJSC Alchevsk Iron and Steel Works. The president personally launched the converter from its control console.

After the ceremony, President laid a memorial container at the place of future gas power plant construction. This modernization will improve Alchevsk's power supply system.

Founder Aleksey Kirillovich Alchevsky [1835-1901], a manufacturer and a banker, constructed the original steel plant near the Yurievka railway station and Vasilievka village in the late 1800's with the first blast furnace going into operation on May 26, 1896.

Today OJSC Alchevsk Iron and Steel Works, privatized into ownership of the Industrial Union of Donbass, exports its products to more than 60 countries of the world.

The plant's rolled steel plates and pig iron are in particular demand on the international market. Products manufactured by Alchevsk are widely used in shipbuilding, atomic and chemical machine building industries, for production of locomotives, tractors, gas pipelines, and the mining industry.

Text available on World Wide Web, URL:
<http://www.ukraine-observer.com/>

20. Vanco Head Predicts Black Sea Drilling Success Ukrainian Observer , 26 November 2007

Rugged wildcat drillers pioneered the oil industry, but now it is better known for large corporate entities rather than individualist entrepreneurs. There are, however, still some who eschew the corporate boardroom for the road less traveled – and Gene Van Dyke certainly qualifies among the latter.

Van Dyke first became known publicly in Ukraine in 2006 when he won the exclusive right to negotiate for rights to explore for oil and gas in offshore areas of the Black Sea under Ukrainian state control. He became better known on October 19 of this year when Deputy Prime Minister Andriy Klyuyev and Van Dyke signed a production sharing agreement to explore the Prykerchenska area of Ukraine's Black Sea shelf.

In an interview published in the November 26 issue of the *Houston Chronicle*, Van Dyke said that he is convinced that the Black Sea exploration program set to get underway in early 2008 will be successful and make a contribution to lessening Ukraine's dependence on foreign energy sources. "We don't know at this stage if we'll have oil or gas, but we're quite sure we'll have one or the other," Van Dyke told *Chronicle* reporter Tom Fowler.

Gene Van Dyke grew up in the old industry and along the way developed a reputation for fearlessness when it comes to taking on big challenges – and the big names in the oil business.

The "Leaders on Line" oil industry web site summarized the Van Dyke resume as follows: "Gene Van Dyke has more than 50 years' experience in the oil and gas industry. A graduate of the University of Oklahoma with a B.S. in geological engineering, his career began in 1951 as an independent producer and operator in Wichita Falls, Texas. From 1958 to 1973, he concentrated on exploration and production activities primarily in the Texas Gulf Coast and southern Louisiana. In 1973, he chose to devote his company exclusively to international offshore exploration, beginning with the North Sea, where he was responsible for many of the significant oil and gas discoveries offshore in The Netherlands. In 1996, Van Dyke turned his company's activities to deepwater exploration. Vanco acquired and evaluated large frontier blocks in several countries in West Africa, and the company now holds licenses in Morocco, Cote d'Ivoire, Ghana, Equatorial Guinea, and Gabon."

What makes the Van Dyke history so interesting is that in every case he won the offshore rights highlighted on the map seen below in competition with oil industry giants. “In getting that right [the right to hold negotiations exclusively with Ukraine] we beat Exxon, Shell, Hunt in Dallas and the Turkish national petroleum company,” Van Dyke told the *Chronicle* in regard to his Ukraine experience.



If Van Dyke has it right, and his company is able to use its offshore drilling expertise to bring large amounts of crude oil and natural gas out of the Black Sea, he will have opened an entirely new chapter in his resume and made a great contribution to the elusive goal of energy independence for Ukraine.

Text available on World Wide Web, URL:
<http://ukraine-observer.com/index.php?c=529>

21. Russian grain crisis as Ukraine boosts taxes Russia Today, 28 November 2007

Russian grain shipments through Black Sea ports could be in jeopardy after Ukraine's state railways imposed extra cargo payments. That's according to the Ukrainian Grain Traders' Union.

The railway is demanding payment for storing grain while it's waiting to be unloaded near Ukrainian ports. Ukrainian companies have stopped buying and shipping Russian grain as a result.

In June, Ukraine's government introduced sky-high grain export quotas, to conserve domestic stocks. That allowed Russia and Kazakhstan to boost shipments.

Grain transit through Ukrainian Black Sea ports increased by 11 percent in the first two weeks of November alone.

Text available on World Wide Web, URL:
<http://www.russiatoday.ru/business/news/17608>