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1. Who Lost Ukraine? It's not too soon to start asking.

By Reuben F. Johnson

The Daily Standard, 30 January 2008

UNLESS YOU'VE BEEN hiding in a cave somewhere or posted to a UN humanitarian assistance project site in North Korea, you know that the latest contest in the U.S. election is over who can come up with the sexiest stimulus package for the economy. Both Obama and Clinton have put forth their own plans as part of campaign one-upmanship. Meanwhile, the Congress has proposed a bipartisan plan that would send checks to taxpayers to encourage extra spending and pump up the economy.

Increasing worries about the state of the U.S. economy dominated the sidebar conversations and media coverage of the annual World Economic Forum in Davos, Switzerland. The Davos event is this odd combination of a media free-for-all that includes appearances by Hollywood luminaries and famous musicians, speeches by world leaders, and--of course--the politician-turned-movie-maker and global warming doomsayer, Al Gore.

The usual coterie of Russian oligarchs were also at Davos this year, with about 2,000 different political and business leaders taking part in this year's event. Even since Soviet times the Russian presence at Davos was for the sole purpose of proving how much that

country matters to the world economic community. This year the Russian delegation's specific mission was to inundate the attendees with statistics and slick presentations demonstrating the increasing control the Kremlin has over all major business in Russia and insisting that the lack of any real free market reforms is nothing for the West to be bothered about.

If Western capitals are not bothered, one of the nations that *has*

to worry about Russia is its neighboring former republic, Ukraine. Russia has done its best to try and keep Ukraine from spinning out of Moscow's orbit and has a long history of engaging in dirty tricks in order to make sure the now-independent nation remains a vassal state.

Under Putin some rather extreme measures were taken to keep the current pro-western Ukrainian President, Viktor Yushchenko, from coming to power. This included an attempt to kill him during the 2004 election campaign with a highly concentrated (and normally fatal) dose of dioxin poisoning--a case that has yet to be solved.

Some questions remain as to who was the actual culprit--a Ukrainian agent acting on behalf of Moscow or the Russian Federal Security Service (FSB) itself. In any event the fact that the attempt failed is probably why the Russian secret services moved on to the much more lethal and radioactive material Polonium 210 when it came time to eliminate the London-based Putin critic Aleksandr Litvinenko.

What is Moscow's defense for murdering political candidates and its critics abroad? At the Davos forum First Deputy Prime Minister Dmitri Medvedev, heir-apparent to Russian President Putin, told the assembled delegates that "We are not trying to push anyone to love Russia. But we will not allow anyone to hurt Russia."

If actions as of late are any indicator, "hurting" Russia means anything that diminishes its influence in the post-Soviet space. This includes making sure that Russian troops remain on the soil of former republics even though they are now independent nations. In 1999 President Boris Yeltsin promised at an OSCE summit in Istanbul that all Russian troops would be withdrawn from their two bases in the Republic of Georgia by January 2004.

When this 2004 deadline finally arrived, the then-Russian Defense Minister, Sergei Ivanov, was offered by the Georgians another three years beyond the deadline to complete the withdrawal. Ivanov responded with the traditional spirit of accommodation and generosity Russia has historically demonstrated in these matters and stated he needed not three more years but 11.

The reason for Ivanov having demanded more than a decade to move was a complete mystery. The total number of troops at these two bases was just 4,500 men, and most were local contract soldiers who would have no reason to leave their homes in Georgia to relocate to Russia. The non-Georgian contingent that would actually have to move back to Mother Russia totaled no more than 200. In the meantime, Moscow was doing its best to try and move military equipment on those bases back to Russia even though by the terms of the treaty dissolving the USSR most of the equipment belonged to the Georgians.

The last Russian troops were finally removed in November 2007, but Russian peacekeeping troops still remain on the ground in the Georgian breakaway provinces of Abkhazia and South Ossetia. Russian Air Force aircraft also continue to violate Georgian air space and one occasion even dropped an unexploded Raduga Kh-58 (AS-11 Kilter) missile that landed near a village some 60km northwest of the capital Tbilisi.

The perils of Ukraine are even greater than in Georgia, but more subtle. The stakes have now become higher with the accession to the Prime Minister's job of the controversial

politician Yulia Tymoshenko. When Yushchenko first took office in Kiev in January 2005, Tymoshenko was his choice as PM. It seemed a logical choice at the time since she and her party had been his stalwart partners in the Orange Revolution that brought him to power.

Seven months later she was dismissed after a mixed record in the position that included some dubious economic measures, the most famous of which was an overnight change in the exchange rates in Ukraine that raised the value of the local currency, the Hyrvna, against all foreign currencies by 15 percent. This was a great "gift" for the population, which now had more buying power, but a disaster for the country's ability to attract foreign investment. If you were a multinational preparing to invest \$5 million in a business project you now needed \$6.5 million.

This and other ill-advised decisions sent prices for most commodities in Ukraine--especially real estate--soaring. No one wanted to use the "h" word (hyperinflation), but in 2006--according to the world cities cost of living index compiled by Mercer Consulting--Kiev jumped 33 positions from 54th most expensive city in the world in 2005 to the 21st--one of the largest one-year increases in the scale's history.

Now Tymoshenko is back in the PM's job with a slim two-vote majority in the Ukrainian parliament, the Rada. In the interim period, continuous creeping inflation made Kiev one of the most expensive cities in all of Europe. This, combined with a carnivorous Customs Service that makes some African kleptocracies appear tame by comparison, has made prices in Kiev for a bottle of imported red wine, a jar of Barilla pasta sauce, or most other foreign commodities, equivalent to "robbery without a gun." This is all about to get worse as Tymoshenko has just decided to do her best to discourage foreign business and tourism by telling the customs service and tax police that they need to triple their income in the next 6 months. This is like telling these two institutions that they now have a green light to steal, rob and otherwise make off with whatever they can from those trying to import goods into the country or run a business inside of its borders.

But there is more. Earlier this month the new PM began a program to compensate Ukrainian citizens for the losses they incurred when the USSR dissolved and the fall in the value of their Soviet-era rouble-denominated bank accounts evaporated. Many people had bank balances of 10,000 roubles or more (which had about the same value as \$10,000 in the economy of that day) and saw these life savings wiped out in the 1990's.

Now many Ukrainians will receive payments from the central government to supposedly recoup some of these losses, but the amounts are little more than symbolic. The maximum that Ukrainians can receive is 1000 Hyrvna (about \$200), but the program will pay out \$26 billion over the next several years, with \$1.2 billion being distributed this year.

Anton Struchenevsky, an economic analyst from Troika Dialog, criticised this as a populist move that "can destabilise the economy and lead to hyperinflation." Official Ukrainian state budget estimates (which are known to downplay any negative forecasts) have projected that 2008 inflation will be 9.6 percent, but independent analysts state that 15 percent or more is far more realistic. At a time when most of the rest of the world is trying to stimulate its economies and keep a lid on inflation, Ukraine seems to be doing the complete opposite.

The real fear is that if prices rise much higher beyond their already stratospheric levels, support for Yushchenko and Tymoshenko's pro-western policies could evaporate. If so, when the presidential election in Ukraine takes place in early 2009 the candidate favored by

Moscow in the 2004 election, Party of the Regions leader Viktor Yanukovich, can waltz into the president's job and Russia will have achieved complete proxy control neighbor.

Some would argue that this takeover may already be under way. On January 17, Aleksandr Galaka, the head of the Ukraine Military Intelligence Service, was removed from his position without so much as a by-your-leave. Galaka was one of the real heroes of the Orange Revolution and was instrumental in making sure the popular revolt did not turn into a Tiananmen Square-type massacre.

Removing Galaka, a pro-western military official who has done more than perhaps any one of his colleagues to move Ukraine closer to NATO cooperation and keep Russian influences from turning his country into a puppet state, seems ill-advised in the extreme given the situation at present.

About this time next year people may very well be asking "who lost Ukraine," by which time the train will have left the station a long time back, so to speak. American and EU officials need to be spending time worrying about--and acting on--this issue now, rather than listening to the happy talk of the Russian delegation from Davos.

Reuben F. Johnson is a regular contributor to THE DAILY STANDARD.

Text available on World Wide Web, URL:

<http://www.weeklystandard.com/Content/Public/Articles/000/000/014/661ijuog.asp>

2. Ukraine, NATO agree to boost cooperation - Yulia Timoshenko Itar-Tass, 30 January 2008

Ukraine and NATO agreed to step up cooperation, Prime Minister Yulia Timoshenko said on Wednesday after a meeting with the alliance's secretary-general, Jaap de Hoop Scheffer.

"This has been a conceptual meeting on stronger cooperation that translates into life the idea of an intensified dialogue," she said.

During the meeting it was noted that NATO-Ukraine cooperation slowed down over the past seven months and should be boosted, Timoshenko said.

According to Kiev's Channel Five that quotes NATO spokesman James Appathurai, the secretary-general supports Ukraine's Euroatlantic integration aspirations.

He said Scheffer and Timoshenko discussed the letter signed by Ukraine's top three leaders (president Viktor Yushchenko, prime minister Yulia Timoshenko and parliamentary speaker Arseny Yatsenyuk – Itar-Tass) declaring Ukraine's readiness to join NATO's Membership Action Plan.

Timoshenko visited Brussels on January 28-29.

Text available on World Wide Web, URL:

<http://www.itar-tass.com/eng/level2.html?NewsID=12309915&PageNum=0>

3. Ukraine NSC chief to arrive in Russia Tuesday Itar-Tass, 29 January 2008

Raisa Bogatryyova, Secretary of the National Security Council of Ukraine (NSCU), arrives in Russia on Tuesday for a two-day visit. The main purpose of the trip is to prepare a second summit-level session of the Ukrainian-Russian interstate commission. The session is planned for the first half of February, the NSCU press service has announced.

While in Moscow, the NSCU chief is to hold a series of meetings with the officials of the Russian Federation. In particular, during Bogatryyova's meeting with Valentin Sobolev, acting Secretary of the Security Council of the Russian Federation, the sides are to discuss a scenario of the panel's second session, finally to fix and sign a 2008 plan for cooperation between the staff of the Security Councils of Ukraine and Russia, and determine ways for interaction in efforts to settle the Trans-Dniester Region issue.

The visit also envisages Bogatryyova's meeting with Russian Minister of Foreign Affairs Sergei Lavrov. During the meeting the sides are to discuss matters of current importance concerning Ukraine-Russia relations, as well as promising areas of bilateral cooperation.

Text available on World Wide Web, URL:

<http://www.itar-tass.com/eng/level2.html?NewsID=12305057&PageNum=0>

4. Ukraine PM, keen on EU, cautious about NATO ties EUbusiness, 29 January 2008

(BRUSSELS) - Ukraine's Prime Minister Yulia Tymoshenko has sought to boost ties with the European Union this week but has trod a cautious line on NATO membership, which many Ukrainians and neighbouring Russia oppose.

Amid a period of political turmoil in Ukraine, the leader of the Orange Revolution said she wants "to make up for lost time" on progress in Europe, but told AFP that future NATO membership was an entirely different matter.

"Accession to NATO is one of the key issues that divides Ukraine," she said, ahead of a visit to alliance headquarters Tuesday for talks with NATO Secretary General Jaap de Hoop Scheffer.

"This question is particularly delicate. We can't move forward with a revolution. It will be a step-by-step approach, gradual," she told members of the European Parliament Monday.

Tymoshenko's visit, her first foreign trip since the formation of her new government in December, is highly symbolic in that Brussels is both the capital of the EU and home to NATO headquarters.

She will travel to Ukraine's big neighbour Russia next month.

Tymoshenko and Ukrainian President Viktor Yushchenko rose to fame when they led the Orange Revolution protests, forcing a re-run of a rigged presidential election victory by Moscow-backed rival Viktor Yanukovich, now in opposition.

They have both pledged to hold a national referendum before making any final decision on joining the western military alliance, a move which Russia has said would "seriously complicate relations" between Moscow and Kiev.

Her visit comes after hundreds of people gathered in the capital Kiev Friday to protest against her government's plans to join NATO, while opposition deputies paralysed the work of the national parliament.

But the public opposition runs much deeper.

According to an opinion poll published last week 53 percent of Ukrainians would vote against joining NATO, with only 32 percent in favour, highlighting the country's division between allegiance to Russia and a European future.

"We must all understand the internal political situation inside Ukraine and the mood of Ukrainian citizens," Tymoshenko told AFP. "This question is one of the most controversial issues for preserving Ukraine's integrity and unity."

"We must find, step by step, the right way to the processes of Ukraine's integration into NATO," she said, adding that it was vital to preserve her country's integrity and independence.

Ukraine's giant neighbour Russia, concerned about its old Cold War foe moving ever closer to its borders, poses a particular problem.

Earlier this month, Ukraine asked to be allowed to join the alliance's Membership Action Plan (MAP) -- a precursor to membership -- at the next NATO summit, which will take place in Bucharest on April 2-4.

It sparked a warning from Russia's new NATO ambassador Dmitry Rogozin about the possibility of tit-for-tat visa restrictions being imposed that could affect millions of Ukrainians working in Russia.

Rapprochement with the European Union appears to pose fewer problems.

The opinion poll showed that 64 percent of Ukrainians would vote to join the 27-nation bloc in a referendum.

EU accession is not on the cards yet -- Brussels and Kiev do have a cooperation and partnership agreement -- but European Commission chief Jose Manuel Barroso said Monday that talks could soon begin on a free-trade deal.

"It's a question of weeks," he said, adding: "Ukraine is getting closer and closer to the EU," and is "a country that has a great future in Europe."

Text available on World Wide Web, URL:
<http://www.eubusiness.com/news-eu/1201613522.51>

5. Successful Start to Ukraine's New Government

By Anders Aslund
The Moscow Times, 30 January 2008

After Ukraine's extraordinary parliamentary elections on Sept. 30, it took no less than 2 1/2 months to form a government, and it was confirmed by the slightest of parliamentary margins. The new coalition government headed by Yulia Tymoshenko, however, has started ambitiously and auspiciously.

The Ukrainian economy is in good shape with a growth rate of 7.3 percent last year. The stock market surged by no less than 120 percent last year, and it has barely fallen during the January turmoil.

The new government's biggest achievement is to make Ukraine ready to join the World Trade Organization at a February 5 meeting of the WTO General Council. One month after the parliament ratifies the accession, Ukraine will become a full-fledged member of the WTO. This could boost the country's growth by one percentage point a year.

Ukraine's WTO accession is a joint accomplishment of the four last governments. The very last obstacle was a European Union complaint about the country's export tariffs, primarily on steel scrap. It has been relegated to the negotiations about a free-trade agreement with the EU, which are likely to be concluded before the end of 2008.

As elsewhere in the region, the greatest economic concern is the high and rising inflation, as consumer prices rose by 16.6 percent last year. As a consequence, experienced Finance Minister Viktor Pynzenyk immediately tightened the budget by balancing it. Fortunately, no price controls or export controls are being discussed. Tymoshenko says that she has learned not to do so from her tenure in 2005.

Tymoshenko's most worrisome campaign promise was to compensate Ukrainians who lost their bank savings in the early 1990s because of hyperinflation and to do so in the course of two years. Fortunately, the government has capped this compensation program at \$1.2 billion, which is less than one percent of gross domestic product, and it has distributed the money swiftly and equally.

As in all democratic post-communist countries, corruption was the biggest concern during the election campaign. Wisely, Tymoshenko made it her key theme. In order to substantiate her promises to combat corruption, she has moved quickly on three fronts.

The most obnoxious and conspicuous corruption was the previous government's practice of selling value-added tax refunds for exporters at a "commission" of 20 percent to 30 percent. Tymoshenko has appointed a competent former economy minister, Valery Khoroshkovsky, to head the tax administration and to sort that problem out.

The customs problem, which Tymoshenko cleaned up in 2005, has again become one of her focal points of corruption, and she is set to repeat her prior success.

The most intricate corruption is persistently in gas trade, which Tymoshenko is very knowledgeable about from her old business. The intermediary RosUkrEnergo does not appear to have any reason to exist. Nor does its half-owned Ukrainian subsidiary, UkrGazEnergo. The apparent purpose of these two nontransparent joint ventures is to siphon off money to a number of prominent Russians and Ukrainians. The costs of this

boondoggle are so large that the Ukrainian state oil and gas corporation, Naftogaz Ukrainy, is on the verge of bankruptcy.

We do not need to know the details to understand that something has to be done. Tymoshenko has moved to exclude these dysfunctional structures from Ukraine's gas trade. Fortunately, Gazprom chairman and Russia's president-in-waiting Dmitry Medvedev expresses the same view.

In the last two years, Ukraine has carried out minimal privatization. On Jan. 18, the new Ukrainian government published a list of 19 state-owned companies slated for privatization this year. The total value of the stakes to be sold is assessed at some \$5 billion. Sensibly, the new government has abandoned its predecessor's tactic of selling very small posts, instead offering large majority posts in three major companies, including Ukrtelecom, Ukraine's old fixed-line monopoly.

Year after year, Ukraine has prolonged a moratorium on the sale of private agricultural land, benefiting only large businessmen who have bought up tens of thousands of hectares. The new government has let this moratorium lapse, and it is intent on swiftly adopting the necessary legislation to facilitate land trade.

President Viktor Yushchenko, Tymoshenko and parliamentary Speaker Arseniy Yatseniuk have signed an application for a Membership Action Plan to NATO in advance of the alliance's summit in Bucharest in April. This was somewhat surprising because Tymoshenko has avoided the topic. Together with WTO membership and a free trade agreement with the EU, the MAP, which may or may not lead to NATO membership, defines Ukraine's firm Western-oriented foreign policy.

The worst policy that Tymoshenko pursued in 2005 was reprivatization, but she seems to have learned that lesson as well, so far staying away from such a destabilizing policy.

The new Ukrainian government has delivered a very impressive start, and there is strong hope that much more is to come. One outcome of the last parliamentary elections was that the three dominant parties share a broad market economic consensus. All three are democratic, center-right parties that are financed by big businessmen, most of whom are quickly gentrifying because the market values of their corporations surge with transparency and orderliness.

Several of the biggest Ukrainian businessmen have voluntarily abandoned transfer pricing and started paying taxes in full. They are also devoting large resources to charitable donations, mainly in education and health. Yet, as a consequence of scandals with big businessmen-cum-ministers, they are almost absent from the new Cabinet.

Ukraine has all along suffered from constitutional disorder. Although the constitution has not changed, improved practices are apparent. The dominant opposition party, the Party of the Regions, has set up a shadow government. The two coalition partners, the Yulia Tymoshenko Bloc and Yushchenko's Our Ukraine, have divided the Cabinet posts so that Tymoshenko controls all economic appointments while Our Ukraine controls foreign policy, security and culture. An orderly balance of power between the president and the prime minister seems to be emerging out of their persistent power struggle.

Obviously, one month is far too early to pass any judgment on a government, but its start has been truly impressive.

Ukraine sets an illustrative example for how Russia could have evolved if it had developed its democracy and market economy through competition among the oligarchs instead of abandoning democracy. Because of its more radical, market-based economic reforms in the 1990s, Russia still benefits from better legislation. Even so, property rights appear more secure in Ukraine now because of democracy's greater transparency and checks and balances.

Anders Aslund, a senior fellow of the Peterson Institute for International Economics, is the author of "Russia's Capitalist Revolution: Why Market Reform Succeeded and Democracy Failed."

Text available on World Wide Web, URL:
<http://www.themoscowtimes.com/stories/2008/01/30/008.html>

6. Tymoshenko Enlists EU Help on Gas Bloomberg / MT / AP /The Moscow Times, 30 January 2008

The European Union supports Ukraine's attempt to revise its natural gas agreement with Russia, which would allow the country to sign a long-term accord, Ukrainian Prime Minister Yulia Tymoshenko said Tuesday.

Tymoshenko, who took office Dec. 18, wants to scrap the country's natural gas accord with Russia, raise transit fees for Russian fuel exports to Europe and fees for Ukraine's gas storage and drop gas-trader RosUkrEnergo. She will visit Moscow Feb. 21 to revise the agreement.

"We propose building a formula approach" to determine the gas price, Tymoshenko told a group of journalists in Brussels on Monday. "I have heard the support for this kind of negotiation here today. The EU is interested in forming a long-term pricing policy."

Tymoshenko also used the visit to stress the need for an alternative to the Nabucco project to deliver Central Asian gas to Europe and an EU donor group to help fund the modernization of Ukraine's pipelines, Interfax reported.

Tymoshenko also said she wanted to diversify energy supplies to Ukraine. "For 17 years we have not built any diversified projects," Tymoshenko said. "We would like to have new transit Caspian-Black Sea corridor together with investors."

She requested that the EU consider participation in the so-called White Stream gas project, which would pass the Caspian and Black seas through Ukraine to Europe, Interfax reported.

"This project could be considerably cheaper and more effective, and we want Ukraine and the European Union to be partners in this project," Tymoshenko said, Interfax reported.

Russia supplies one-quarter of Europe's gas, of which about four-fifths travels through Ukrainian pipelines. In 2006, Russia sought to quadruple Ukraine's gas price, and Gazprom cut supplies in the first days of January 2006 after Ukraine rejected the demand. This resulted in shortages in countries including Hungary, Italy and Germany.

"The market has to regulate everything," Tymoshenko said. "It has to be the market, not a political discussion."

Russia doubled the gas price for Ukraine in 2006 and raised it by 37 percent last year and 38 percent this year. Ukraine increased the transit fee for Russia to \$1.70 per 1,000 cubic meters of gas per 100 kilometers this year, compared with \$1.60 in 2007 and 2006.

"Starting in 2006, Russia has been raising prices of natural gas," Tymoshenko said. "On the other hand, the cost of transit remained almost unchanged."

At a news conference Tuesday in Brussels, EU Trade Commissioner Peter Mandelson said the bloc was planning to negotiate a free trade agreement with Ukraine, calling the accord a high priority. Mandelson said talks would start in the weeks after Ukraine joins the World Trade Organization. Ukraine on Jan. 25 received approval to become the WTO's 153rd member.

Appearing at the same news conference, Tymoshenko asked EU officials to start work on allowing Ukraine to join the EU's electronic customs declarations in the fight against smuggling. Ukraine borders EU members Poland, Slovakia, Hungary and Romania.

"I say 'yes' ... to the question of whether Ukraine is capable of forming solid, long-term and reliable stability," Tymoshenko told reporters after talks with EU foreign policy chief Javier Solana. "'Yes' to harmonious relations between the president, parliament and government and 'yes' to stability."

Text available on World Wide Web, URL:
<http://www.moscowtimes.ru/stories/2008/01/30/041.html>

7. Tymoshenko Sees New Transparency

By Anatoly Medetsky

The Moscow Times, 28 January 2008

Ukrainian Prime Minister Yulia Tymoshenko on Monday linked the recent arrest of suspected crime boss Semyon Mogilevich to the need to rid the gas trade between the two countries of murky middlemen.

The arrest comes ahead of planned talks between Tymoshenko and Russian officials in Moscow next month, in which she is expected to demand a better price for Ukraine's gas imports that arrive through a chain of intermediaries. Ukrainian President Viktor Yushchenko will also hold talks in Moscow on Feb. 12.

"We don't need any shadowy intermediaries," Tymoshenko told reporters after talks with European Commission President Jose Manuel Barroso in Brussels when asked about Mogilevich's arrest in Moscow last week. "There will be transparency in our government and society. It also concerns energy policy," she said.

Ukraine imports Central Asian gas via Russia through RosUkrEnergO, a joint company between Gazprom and Ukrainian businessmen Dmytro Firtash and Ivan Kursin. Tymoshenko has been advocating a removal of the gas trader from the supply chain, saying Ukraine should buy gas directly from Gazprom.

The Ukrainian Security Service, or SBU, in 2005 investigated RosUkrEnergO and its possible links to Mogilevich but was unable to complete the probe after Tymoshenko was fired as prime minister later that year.

Ukrainian First Deputy Prime Minister Oleksandr Turchinov, who headed the SBU at the time, on Monday stopped short of linking Mogilevich to RosUkrEnergo but said the company copied its "opaque" business style from the gas trader that it replaced as intermediary between Russia and Ukraine, Eural Trans Gas.

Asked if Mogilevich could have been arrested because of his possible links with RosUkrEnergo, Turchinov said in e-mailed comments sent by his spokeswoman that Ukraine sought transparency in energy relations with Russia but that he did not think the arrest was politically motivated.

"I am confident that the Russian special services have just done their duty," Turchinov said.

RosUkrEnergo last week strongly denied that it had anything to do with Mogilevich, who was arrested on charges of tax evasion with the owner of the Arbat Prestige cosmetics chain, Vladimir Nekrasov.

Marina Ostapenko, a spokeswoman for the SBU, said Monday that the agency had never filed a criminal case against Mogilevich.

Gazprom spokesman Sergei Kupriyanov said the company had no information about Mogilevich's possible involvement in RosUkrEnergo.

Gazprom's contracts with RosUkrEnergo, including the prices, were fixed for this year, Kupriyanov said. Ukraine has not formally sought any changes in the contracts, he said.

Tymoshenko has said she wants to scrap an agreement reached two weeks before she became prime minister in December, which set the gas price at \$179.50 per 1,000 cubic meters. She is also seeking to raise transit fees for Gazprom exports through Ukraine.

Yushchenko, however, has opposed higher transit fees.

Tymoshenko first planned to come to Moscow on Wednesday, but delayed her visit on instructions from Yushchenko, who is hoping to hammer out a road map with Russia first for both governments to follow, Yushchenko's press service said last week.

Tymoshenko told a Kiev news conference last week that she had yet to talk to Prime Minister Viktor Zubkov to fix a date for her Moscow visit next month.

Yushchenko sent the chief of his National Security Council, Raisa Bogatryova, to Moscow on Monday through Wednesday to prepare his trip.

RosUkrEnergo and Ukraine's state oil and gas company, Naftogaz Ukrainy, on Monday resumed talks on Naftogaz's gas debts, after halting them Friday.

Ukraine owes \$598 million for fuel deliveries, RosUkrEnergo spokesman Andrei Knutov said Friday. He accused Naftogaz of unwillingness to conduct a "civilized dialogue," but Naftogaz said it considered the gas trader's demands "energy blackmail designed to discredit Ukraine's oil and gas policy."

Text available on World Wide Web, URL:
<http://www.themoscowtimes.com/stories/2008/01/29/001.html>

8. Talks on creation of free tra NRCU, 29 January 2008

The statement to the effect has been made by the European Commissioner during a joint news conference with Ukrainian Prime Minister Yuliya Tymoshenko. "I'm very glad that we have been invited to visit Kyiv and after February 5 I will go to have talks," he stressed.

European Commissioner Peter Mandelson will pay a visit to Kyiv to negotiate on the creation of a free trade zone between Ukraine and the European Union right after Ukraine joins the World Trade Organization (WTO) to be likely happened on February 5. For her part, Yuliya Tymoshenko noted that she and Peter Mandelson also discussed all elements of the future negotiation process to create the free trade areas between Ukraine and the European Union. "We have reached agreement on all details of our cooperation," she stressed.

Text available on World Wide Web, URL:
<http://www.nrcu.gov.ua/index.php?id=148&listid=59560>

9. Ukraine, Poland, pledge to resolve border situation UNIAN, 29 January 2008

President Victor Yushchenko met today with the Minister of Foreign affairs of Poland Radosław Sikorski, according to the President's press-office.

During the meeting sides discussed boundary cooperation between the two states.

V. Yushchenko informed R. Sikorski that the work on border checkpoints is well in hand. He also reminded of the agreement between Ukraine and Poland on joint customs and boundary control and appealed to Mr. Sikorski to supervise organization of talks on the control in person.

Foreign Minister that 2008 shall be very productive in terms of cooperation as the sides have many common projects and incentives.

V. Yushchenko also reaffirmed to R. Sikorski Ukraine's course on European and Euro-Atlantic integration and expressed gratitude to Polish side for its continuous and substantial support in this area.

From his part R. Sikorski thanked V. Yushchenko for the opportunity to hold the meeting and assured that the roadmap of Ukrainian-Polish bilateral relations, which had been signed by the Presidents of the two countries shall no doubt be brought into life. He also promised to make his personal efforts in signing the agreement on local cross-border movement between the countries.

Participants of the meeting from Ukrainian side along with President were Minister of Foreign Affairs Volodymyr Ohryzko, State Customs Service head Valeriy Khoroshkovsky, deputy head of the President's Secretariat Oleksandr Chalyy and Ukrainian Ambassador to Poland Oleksandr Mocyk.

Text available on World Wide Web, URL:
<http://unian.net/eng/news/news-233386.html>

10. Ukraine's Entry to NATO not to Pose Threat Its Sovereignty: expert
By Z. Novosvitski
Trend News, 29 January 2008

The entry of Ukraine to NATO does not pose threat to its sovereignty; on the contrary it will strengthen it. Grigory Perepelisa, the director of the Foreign Policy Institute of the Diplomatic Academy at the Ministry of Foreign Affairs of Ukraine said to Trend commenting on the statement of Dmitry Rogozin, Russia's permanent representative at NATO, which says that by entering NATO Ukraine will lose its neutral and independent state and part of its sovereignty as well.

"The countries join NATO to strengthen and secure its sovereignty," said Peepelisa. "NATO is an international organization and does not infringe on the sovereignty of its members," he said.

Ukraine can lose its sovereignty only in case it joins the geopolitical alliances with Russia, for instance, Common Economic Space, Eurasian Union and others, the expert said.

"Ukraine has never been neutral, because there are military basis of Russia in Ukraine's territory. If Ukraine were neutral, then Russia would have withdrawn its Black Sea fleet from Ukraine's territory and stopped the exploitation of the other military establishments," Perepelisa said.

In the early 2008 Victor Yushenko, the President of Ukraine, Yuli Tymoshenko, the prime minister and Arseni Yasenyuk, the speaker of the parliament wrote a letter to Yap de Hoop Seffer, the general secretary of NATO expressing their hope that Ukraine would join the action plan concerning the membership to the alliance in the summit to be held in April 2008.

Text available on World Wide Web, URL:
<http://news.trendaz.com/index.shtml?show=news&newsid=1122444&lang=EN>

11. Ukraine's WTO membership not to become instrument of pressure on Russia
The Financial, 29 January 2008

According to an UNIAN, the Ukraine's membership in WTO will not become an instrument of pressure on other countries.

According to an UNIAN correspondent, Prime Minister of Ukraine Yulia Tymoshenko claimed this in Brussels, answering question of journalists about whether Ukraine will use its WTO membership to put pressure on Russia in order to defend its interests.

"Joining WTO is a perfect way of Ukraine's integration with the world trading space, and not a certain instrument to press other countries. I think Ukraine should collaborate at its territory with practically all enterprises of all economic branches, so that we be competitive in WTO", Yulia Tymoshenko said.

Text available on World Wide Web, URL:
http://finchannel.com/index.php?option=com_content&task=view&id=5187&Itemid=51

12. Russia: Gazprom-Ukraine Gas Dispute
By ANDREW M. KRAMER
New York Times, 29 January 2008

The prime minister of Ukraine, Yulia Tymoshenko, below, demanded that Gazprom, the Russian natural gas monopoly, deal directly with the Ukrainian state oil and gas company rather than through an intermediary as it does now. The demand could unravel a natural gas trade agreement that settled a dispute between Ukraine and Gazprom two years ago. That agreement set up the intermediary, RosUkrEnergo, to buy gas from Gazprom and sell it at a loss to Ukraine and then recover the loss by selling gas in Europe at a higher price or blending gas with lower-cost gas from central Asia. Europe buys about 25 percent of its gas from Gazprom, and about 25 percent of it is shipped through Ukraine. In another sign that the deal may be unwinding, the Russian police last week arrested Semyon Mogilevich, a reputed organized-crime figure with ties to RosUkrEnergo, though on tax-evasion charges unrelated to the Ukrainian gas business.

Text available on World Wide Web, URL:

http://www.nytimes.com/2008/01/29/business/worldbusiness/29fobriefs-GAZPROMUKRAI_BRF.html?_r=1&ref=worldbusiness&oref=slogin

13. Ukraine's PM to visit Russia for gas talks on Feb. 21-22
RIA Novosti, 30 January 2008

Ukraine's outspoken pro-Western prime minister said on Wednesday she will visit Moscow on February 21-22 to discuss Russian natural gas supplies to the country.

Yulia Tymoshenko, who was reelected as premier by parliament in December, has repeatedly pledged to review gas deals with Russia, remove intermediary firms trading gas on the border, and raise Ukraine's transit fee.

"My visit to Russia will take place on February 21-22 at the invitation of Prime Minister [Viktor] Zubkov," Tymoshenko told a news briefing. "We will discuss a wide range of issues, including uninterrupted gas supplies to Ukraine."

Tymoshenko said the Ukrainian government is looking into the possibility of switching to European-level prices for natural gas, but added that Russia should also heed Ukraine's demands for a transit fee rise.

Earlier reports said Russia's ex-Soviet neighbor plans to raise its transit fee to over \$9 per 1,000 cubic meters per 100 kilometers from the current \$1.7.

The bulk of Russia's gas supplies to the European Union, which account for one quarter of the 27-nation bloc's consumption, runs through Ukraine. A gas pricing dispute with Ukraine at the start of 2006 prompted Russia to briefly cut off supplies to the country. Europe-bound exports were also affected.

RosUkrEnergo, which is the sole supplier of gas to Ukraine and is half-owned by Russian energy giant Gazprom, said earlier this month that Ukraine owed it \$719 million. Debt talks with the Ukraine's state oil and gas company Naftogaz failed to produce any agreement on Friday as a Naftogaz top manager stormed out of the negotiations.

In December, Gazprom and Ukraine agreed that a mixture of Russian and cheaper Turkmen gas sold via the intermediary firm will cost \$179.5 per 1,000 cu m in 2008. But RosUkrEnergo later said it will sell Russian gas to Ukraine in January-March for \$314 per 1,000 cu m to cover a shortfall in Central Asian supplies.

Text available on World Wide Web, URL:
<http://en.rian.ru/world/20080130/98036046.html>

14. Ukraine leader says her nation a reliable partner for EU AP, 30 January 2008

BRUSSELS, Belgium - Ukraine's prime minister, Yulia Tymoshenko, told European Union officials Tuesday that instability and political turmoil was a thing of the past in her country, adding the EU should see the former Soviet republic as a reliable partner.

"I say 'yes' ... to the question of whether Ukraine is capable of forming solid, long-term and reliable stability," Tymoshenko told reporters after talks with EU foreign policy chief Javier Solana. "'Yes' to harmonious relations between the president, parliament and government and 'yes' to stability."

Tymoshenko, on a two-day visit to Brussels, has been keen to stress her pro-Western government's wish to forge closer ties with the 27-nation EU and the NATO alliance.

Solana said the EU hoped Tymoshenko and her government would pursue much-needed economic and political reforms. EU nations have been critical of Kyiv for failing to resolve political infighting over what direction the country should take. "The ball is in the camp ... of Ukraine," Solana said.

Her talks at EU headquarters also prepared for the opening of negotiations on a free trade pact between the EU and Ukraine, which are set to begin next month after Ukraine joins the World Trade Organization, which is expected next week.

EU Trade Commissioner Peter Mandelson said he aimed to negotiate a trade pact with Ukraine, including investment issues.

The EU is Ukraine's largest trading partner and its largest market. In 2006, it absorbed 25 percent of Ukraine's exports, worth \$12.9 billion and accounted for 42 percent of Ukrainian imports, worth \$26.3 billion.

Ukraine is also an important transit route for western Europe's oil and gas supplies from Russia and the Caspian Sea region.

Text available on World Wide Web, URL:
<http://www.kyivpost.com/top/28257/>

15. Ukraine to restart sale of Odessa chemical plant Reuters /Guardian, 30 January 2008

Ukraine will try again to privatise the Odessa Pre-Port chemicals plant and hopes it will fetch \$1 billion, the country's privatisation authority said on Wednesday.

Dmytro Parfyonenko, deputy head of the State Property Fund, said a starting price would be set at 3 billion hryvnias (about \$600,000) at an auction due April 21-22, with authorities hoping to raise 5 billion hryvnias from the sale.

President Viktor Yushchenko last year suspended the sale of the plant, one of Ukraine's largest chemical producers, on the grounds that a buyer of the plant and a nearby loading facility could gain a monopoly and raise commodity export prices.

Ukrainian media had reported that Yushchenko was expected not to voice concern again because a new government, in place since December and led by his ally Yulia Tymoshenko, would alter the conditions of sale.

The chemicals firm was to have been sold last October, and the State Property Fund then said about eight buyers were interested, including Russia's Evrokhim and Akron, Ukraine's Azot, Dneprazot, Chernihivske Khimvolokno and a Canadian party.

The plant, at Yuzhnyi on the Black Sea coast, sends most of its output to Asian and Latin American countries, as well as other ex-Soviet states. It made \$32 million in net profit on revenues of \$225 million in the first half of last year.

This sell-off is part of the government's privatisation plans for the year, announced this month, including the sale of the dominant fixed-line operator Ukrtelekom, which has been on the block for 10 years.

It is not unusual for sell-offs to be announced then scrapped or contested in court in the former Soviet state where the post-Communist privatisation process has been opaque at best.

Tymoshenko and Yushchenko had both promised a cleaner and more open process, a pledge going back to 2004 when they stood side by side during the 2004 "Orange Revolution" street protests that brought the president to power.

But squabbling between the president and the previous cabinet run by his arch rival, Viktor Yanukovich, reduced privatisations to a minimum last year, earning the treasury just \$475 million, instead of the anticipated \$2.1 billion.

This year, the government is targeting \$1.6 billion and says it can comfortably achieve that. The cash is needed to fulfil Tymoshenko's social spending promises, including \$4 billion in compensation for people who lost Soviet-era savings. (Reporting by Natalya Zinets, writing by Sabina Zawadzki, editing by Will Waterman)

Text available on World Wide Web, URL:
<http://www.guardian.co.uk/feedarticle?id=7267774>

16. Barack Obama Statement on Ukraine's Commitment to Join NATO All American Patriots, 28 January 2008

WASHINGTON, D.C. - U.S. Senator Barack Obama (D-IL) today released the following statement on Ukraine's readiness to advance a Membership Action Plan (MAP) with NATO:

"I welcome the decision by President Viktor Yushchenko, Prime Minister Yulia Tymoshenko, and Parliament Chairman Arseny Yatsenyuk to declare Ukraine's readiness to advance a Membership Action Plan (MAP) with NATO.

"The extension of NATO membership to new democracies in Europe has helped create a zone of peace and prosperity across Europe and enhanced NATO's military capability by facilitating contributions from new members. I therefore applaud the Ukrainian leaders' commitment to deepening the democratic reforms required of all NATO members and to undertaking new responsibilities in their relationship with the Alliance. The Ukrainian leadership's determination to foster national unity and consult the Ukrainian people on the question of Ukraine's future in NATO demonstrates the importance they place on national unity and open, democratic debate.

"NATO's upcoming summit in Bucharest in April 2008 is a critical opportunity to continue to build the Europe "whole and free" that has been the goal of all recent U.S. presidents. I call on President Bush and all of NATO's leaders to seize that opportunity."

Text available on World Wide Web, URL:

http://www.allamericanpatriots.com/48741741_barack-obama-statement-ukraines-commitment-join-na

17. Ukraine: yes to sales, no to purchase of agricultural lands Agricultural Marketing Project, 30 January 2008

Verkhovna Rada of Ukraine waived the extension of the moratorium for agricultural lands sale till 2010. It means that the trade of agricultural lands may start any time, as soon as the Parliament adopts two draft Laws able to make the land market of the country work, www.1k.com.ua informs.

The term of 10 year moratorium for the sales of Ukrainian agricultural land has been extended several times; although, the time was up on the 1st of January 2008. There was a feeling on the eve of this date that the moratorium was likely to be extended again. Julia Tymoshenko, the Prime Minister is unalterably opposed to this decision despite of Victor Yushchenko, the President of Ukraine, who stands for free trade of agricultural hectares. Prime Minister announces this is not the time to put land to the free commercial turnover because the land market has not been created in the country yet.

As a result, the Rada did not extend the moratorium; but, the start of the sales of agricultural land plots is postponed till the moment when the market legislation is regulated.

So, nobody trades land in Ukraine, and no trade will be possible until the Laws "About State Land Cadastre" and "About Land Market" are adopted, Vladimir Dmitrusenko, the Deputy Chief of Republican Committee on Land Resources informed.

Ukraine is the state with a great land potential which amounts to 5.7% of the territory of Europe. Out of 60.3 mln. hectares of Ukrainian lands almost 70% are agricultural lands with the highest fertility index on the Earth. According to the experts' estimations, the land of Ukraine costs around \$64.7 trillions in total.

Text available on World Wide Web, URL:

<http://www.lol.org.ua/eng/showart.php?id=54769>

18. Ukraine, Poland, to broaden collaboration in energy sphere UNIAN, 30 January 2008

First Vice Prime Minister of Ukraine Oleksandr Turchynov held a meeting with Minister for Foreign Affairs of Poland Radoslav Sikorskyi, according to the government's press-office.

The issues on bilateral cooperation in the economic sphere and energy security were discussed.

Special attention the sides focused on solving a problem at the Ukrainian-Polish border resulted from the Polish customs officials' strike. The participants of the meeting stressed that it is necessary to resume a common border and customs control at the Ukrainian-Polish frontier.

The sides raised a question of investment cooperation between Ukraine and Poland. Oleksandr Turchynov noted that one of the priorities of the Government's activity is the struggle against corruption.

During talks the sides touched upon implementation of the Odesa-Brody-Plotsk-Gdansk project. "This project concerns not only energy security of Ukraine but of Europe as well," Oleksandr Turchynov said. In response, Radoslav Sikorskyi noted that the Polish side would support energy sources diversification in every way.

The Polish side suggested honoring the memory of the Ukrainian writer of Polish origin who wrote in English, Joseph Conrad, by creating a museum in his native town Berdychiv.

Discussing the signing of the Ukrainian-Polish Agreement on cooperation in organization of a final tournament of the European Football Championship Euro-2012 the sides expressed hope that Agreement can be signed during the official visit of the Prime Minister of Poland to Ukraine in February.

Text available on World Wide Web, URL:
<http://unian.net/eng/news/news-233488.html>

19. U.N. Holocaust discussion in Ukraine JTA, 30 January 2008

The United Nations in Ukraine hosted a public discussion on the Holocaust.

Researchers, teachers, government authorities and representatives of the international community met Monday in Kiev for a program aimed at encouraging discussion on Holocaust education and remembrance in Ukraine.

"Memory of the Holocaust and Ukrainian Society: Educational Perspective" also addressed the problem of how the Holocaust is taught in the republic's schools and universities.

The event was organized by the United Nations in Ukraine in partnership with the Ukrainian Center for Holocaust Studies, the Ministry of Foreign Affairs and the Ministry of Education and Science of Ukraine.

"The Holocaust will forever be a warning to all people of the dangers of hatred, racism and prejudice," said Francis O'Donnell, the U.N. resident coordinator in Ukraine.

O'Donnell hoped that Ukraine would join the 25 member countries of the Task Force for International Cooperation on Holocaust Education, Remembrance and Research.

"The total extermination of Jewry during the Nazi rule in Ukraine must be considered not just as a part of Jewish history but also as an integral part of the history of Ukraine, and that is why this tragedy must be studied and commemorated in Ukrainian society," said Anatoly Podolsky, the director of the Ukrainian Center for Holocaust Studies.

Text available on World Wide Web, URL:
<http://www.jta.org/cgi-bin/iowa/breaking/106703.html>

20. Soccer-Poland and Ukraine pledge to get Euro plans back on track

By Zoran Milosavljevic

Reuters, 30 January 2008

The FA presidents of Euro 2012 co-hosts Poland and Ukraine promised to get preparations for the tournament back on track on Wednesday after acknowledging they had fallen behind.

The two hosts pledged to UEFA's executive committee in Zagreb that with political stability restored in both eastern European countries following elections last year, there was no danger of them failing to stage the event in four years time.

"The situation is very clear now and we have new authorities which are determined to fulfil all obligations," Michal Listkiewicz, president of the Polish FA, told Reuters after addressing executive committee members.

"UEFA are aware, as we are, that it will not be possible to complete some of the stadiums by the mid-2010 deadline as planned but there is no reason to panic and we have asked the soccer body to extend the deadline by six to eight months.

"The situation has improved in the last few months and there is no danger of not meeting all the requirements on time."

UEFA President Michel Platini warned Listkiewicz and his Ukraine counterpart Grigoriy Surkis, himself a member of the UEFA executive, to speed up preparations although he stopped short of saying the two countries risked losing the tournament.

Both countries need to build new roads, hotels and stadiums and Surkis acknowledged it was a mammoth task.

"It's like building an entirely new house in our circumstances whereas Switzerland and Austria, for example, only needed to adapt their present capacities for the Euro 2008 finals."

"Political stability is crucial and it's now showing in both countries, which gives us a great opportunity to catch up."

Last year's election in Ukraine produced a pro-Western government with a slim majority after political instability followed president Viktor Yushchenko's 2004 rise to power resting on pledges to move the country closer to the West.

The country was jolted last year by a confrontation between the president and parliament over a division of powers, and a snap election produced a narrow majority underpinning the country's pro-Western "orange" leaders.

Authorities also moved to remove doubts over preparations for Euro 2012 by ordering a halt to the construction of a shopping centre next to the Kiev stadium which had threatened to jeopardise its bid to host the final.

However, the issue of whether the stadium can be used is not yet settled.

Poland elected a centre-right government in November after the previous conservative-led one collapsed in the wake of a corruption scandal involving its deputy prime minister.

Surkis was confident that "massive enthusiasm" in both countries would ensure they were ready for the event.

"We have created a favourable climate for investments and my optimism is based on the political will of all parties involved to accumulate and use all resources available to get the job done," he said. (Additional reporting by Mike Collett in Zagreb, Ron Popeski in Kiev and Chris Borowski in Warsaw; Editing by Alison Wildey)

Text available on World Wide Web, URL:

<http://uk.reuters.com/article/worldFootballNews/idUKL3045452620080130?sp=true>

21. Ukraine PM welcomes Mogilevich arrest

By Roman Olearchuk in Brussels

Reuters, 28 January 2008

Yulia Tymoshenko, the Ukrainian prime minister who is keen to clean up the murky natural gas trade between her country, Russia and central Asia, on Monday said Moscow's arrest of a reputed crime boss was a sign that the days were numbered for "corrupt" intermediaries.

Ms Tymoshenko was referring to the arrest of the 61-year old mobster Semyon Mogilevich, who has alleged links to Swiss-registered RosUkrEnergo, a company half owned by Gazprom and 50 per cent controlled by two Ukrainian businessmen.

"We don't need any shadowy intermediaries," Ms Tymoshenko told reporters in Brussels while on her first foreign visit after regaining the premier post last year.

Mr Mogilevich was detained by Russian officials last week on tax evasion charges that did not appear to directly involve his alleged role in the gas business. But analysts in Kiev and Moscow have claimed that his arrest signals a shift in Moscow's support for gas trading intermediaries.

Since regaining the premiership last month, Ms Tymoshenko has resumed a campaign against RosUkrEnergo, which won its monopoly in January 2006 after a price dispute that led Russia to shut off gas to Ukraine in mid-winter. The dispute triggered supply shortages in Europe, which receives most of its Russian gas via Ukraine's pipeline system.

Ms Tymoshenko told the BBC's Panorama programme in 2006 that she had "no doubts whatsoever" that Mogilevich was behind RosUkrEnergo, according to a transcript on the BBC website.

Ms Tymoshenko on Monday refrained from repeating those earlier claims, but insisted that such intermediaries posed an energy security risk to: Ukraine, a key transit country; Europe, a consumer; and Russia, a producer.

A lawyer for Mogilevich has denied his client's involvement in RosUkrEnergo. Dmytro Firtash, a Ukrainian billionaire who owns 45 per cent of RosUkrEnergo, has also denied having business relations with Mr Mogilevich.

Ms Tymoshenko's Brussels visit comes at a critical time in relations between Ukraine, the European Union and Russia.

Kiev's western integration drive, originally set in motion after the pro-democracy Orange Revolution of 2004, has received a fresh start after pro-western forces backing Ms Tymoshenko and Viktor Yushchenko, Ukraine's president, reunited to win a snap parliamentary poll last autumn.

Ms Tymoshenko stressed in Brussels that her country was dedicated to a free trade pact with the European Union. Formal negotiations are to kick off after Kiev joins the World Trade Organisation, a long-delayed feat that is expected to happen in February.

"Ukraine is getting closer and closer to the European Union," José Manuel Barroso, European Commission president, said after with his meeting with Ms Tymoshenko on Monday.

Text available on World Wide Web, URL:

<http://www.ft.com/cms/s/0/32be3316-cde2-11dc-9e4e-000077b07658.html>