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**1. Ukraine energy firm DTEK plans Eurobond in Nov
Reuters, 24 September 2007**

Ukraine's Donbass Fuel & Energy Company (DTEK), owned by the country's richest man Rinat Akhmetov, plans to issue a Eurobond in November depending on market conditions, a company spokesman said on Monday.

He did not specify the amount but said the company plans to borrow a total of about \$550 million on foreign markets this year. At the beginning of the year, the company talked of issuing a Eurobond worth \$200 million.

DTEK is one of the largest coal producers in the country. It is part of the network of holdings of Akhmetov's System Capital Management that also includes businesses in the metals, financial and telecommunication sectors.

Text available on World Wide Web, URL:
<http://uk.reuters.com/article/oilRpt/idUKL2487434320070924>

**2. Ukraine: No gas price rise in cards
United Press International, 26 September 2007**

Ukrainian Energy Minister Yuriy Boyko says he does not expect a sharp rise in fuel prices in the near term.

"Speaking of gas for industry, today we are receiving the cheapest gas in comparison with our neighbors, not to speak of Europe, and we don't see any price cataclysms in the future," he said. "Our partners have managed to keep the gas price in Turkmenistan at a certain level," he said, and so there won't be jumps in the price.

The comments were reported by the UNIAN news agency.

He also said price spikes were not interested in 2008.

"The price for the public is fixed for a year, and it will not change this year. What's more, we are not planning any sharp changes in the price of gas for the public next year either," he said.

Text available on World Wide Web, URL:

http://www.upi.com/International_Security/Energy/Briefing/2007/09/26/ukraine_no_gas_price_rise_in_cards/6572/

3. Telenor, Alfa end Ukraine acquisition battle: paper Reuters, 26 September 2007

Norwegian telecoms group Telenor (TEL.OL: Quote, Profile, Research) and Alfa Group, the main owners of Russia's No.2 mobile operator Vimpelcom (VIP.N: Quote, Profile, Research), have ended a legal battle over an acquisition in Ukraine, the Vedomosti daily said on Wednesday.

Telenor and Alfa, one of Russia's biggest financial groups, had battled for two years over Vimpelcom's acquisition of Ukrainian RadioSystems (URS).

Telenor, which owns 29.9 percent of Vimpelcom's voting shares, opposed Vimpelcom's purchase of URS, partly because it brought Vimpelcom into competition with Ukrainian operator Kyivstar, which Telenor also co-owns with Alfa.

But Russia's Supreme Arbitration Court has upheld Vimpelcom's acquisition of URS, ruling against a motion by Telenor.

"We are not happy about it, but this story is in the past," Vedomosti quoted Telenor's Russia head Kjell-Marten Johnsen as saying.

Vedomosti also quoted Telenor's representative on Vimpelcom's board, Fridtjof Rusten, as saying the row was now over.

"I respect court decisions, including the decision of Russia's Supreme Arbitration court, therefore the conflict over the URS deal is over," Vedomosti quoted him as saying.

Text available on World Wide Web, URL:

<http://uk.reuters.com/article/partiesNews/idUKL2665485320070926>

4. Ukraine's poll returns not to affect RF gas export price – envoy Itar-Tass, 26 September 2007

Russia will cooperate with any coalition to be formed soon after the parliamentary polls in Ukraine, Russian Ambassador to Ukraine Viktor Chernomyrdin told journalists on Thursday.

He admitted that the formation of a new coalition and the Cabinet structure will depend on the outcome of the September 30 elections.

"There is no new name in Ukraine's policy for Russia," he said.

"Interstate relations with Ukraine are important for Russia, while the parliamentary elections are the country's domestic affair," he said.

He believes Ukraine should begin to take steps to unite the country and not to debate the election returns.

“Time is ripe to think about the country and its unification. There has been much talk about future trials and retrials, recognition and non-recognition of the election returns. All this is very bad for Ukraine,” Chernomyrdin said.

He pointed out that it is wrong to speak about non-recognition of the election before the election campaign is over.

“On the contrary, they should say that the elections will be valid for people to come and cast their ballots,” the diplomat said.

He said he is confident that the election returns would not affect a Russian gas export price for Ukraine in 2008. Everything will depend on the talks.

“Much will depend on what government is formed and how it will conduct these talks,” he said.

“Russia has a common approach in the price policy formation – transition to market relations with all countries,” he said.

Earlier in the interview with Profil magazine, Chernomyrdin expressed doubt that configuration of political forces in Ukraine will hardly change after the polls. He believes that the same political parties will take parliamentary seats in a new parliament.

He admitted that in the run-up to elections Ukraine witnesses “no election heat.”

Chernomyrdin expressed confidence that RosUkrEnergo (a Russian gas trader) will remain on the Ukrainian market.

“This company created on the fifty-to-fifty principle is very clear for us. Russia is represented by Gazprom. As for Ukraine, let it decide for itself, if it does not like something,” he said.

“A commercial organization has much more opportunities for manoeuvring than the state one. It buys gas in several countries, which creates a manoeuvre for price reduction. In Ukraine it is always hard to say who is angry and at what. There is an impression that someone is simply not to one’s liking,” Chernomyrdin said.

Text available on World Wide Web, URL:
<http://www.itar-tass.com/eng/level2.html?NewsID=11911759&PageNum=0>

5. Ukraine government puts under control gas debt problem **Itar-Tass, 3 October**

The Ukrainian government put under control the payments for imported gas, First Deputy Minister of Fuel and Energy Vadim Chuprun told journalists before a government meeting on Wednesday.

According to Chuprun, the state does not have the gas debt. “These debts exist between economic entities,” he said, noting that “now after a Gazprom statement the government put this question under absolutely strict control.”

“The debt sum was divided into several parts, now it is necessary to decide who owed these parts,” Chuprun said. He emphasized that the situation in the gas sphere does not pose a threat to national security. “We are keeping about 32 billion cubic meters of gas in underground gasholders,” he pointed out.

On October 2, the Russian gas giant Gazprom expressed concerns over Ukraine's gas debt exceeding 1.3 billion dollars.

Text available on World Wide Web, URL:

<http://www.itar-tass.com/eng/level2.html?NewsID=11929670&PageNum=0>

6. Andre Kurkov on the European idea in Ukraine die tageszeitung, 28 September 2007

In an interview with Barbara Oertel, Ukrainian author Andre Kurkov lashes out against the politicians who fronted the "Orange Revolution" and says his country is not yet ready for EU membership. "Europe has enough problems of its own. What's important is that Poland and Lithuania continue to act as advocates for Ukraine. This will suffice to keep the European idea alive in Ukraine. It will be at least another 15 years before Ukraine is ready for EU membership anyway. We must be patient and wait and see what the EU looks like fifteen years from now. Then we will know whether EU membership is worthwhile for Ukraine."

Full text available in German on World Wide Web, URL:

http://www.taz.de/index.php?id=digitaz-artikel&ressort=me&dig=2007/09/28/a0124&no_cache=1&src=GI

7. Ukraine's Sevastopol Braces for Exit of Russian Fleet By Sebastian Alison Bloomberg, 28 September 2007

For more than 200 years, Russia's Black Sea fleet has set sail from the Crimean port of Sevastopol to battle the motherland's adversaries -- Turkish, British, French and German.

There's just one problem: Since the collapse of the Soviet Union, Sevastopol has been a part of an independent Ukraine whose president, Viktor Yushchenko, wants to join the North Atlantic Treaty Organization. The issue is central to parliamentary elections on Sept. 30.

The 2017 expiration of the fleet's lease on its Sevastopol base has implications for Russian President Vladimir Putin, who has been reasserting his nation's military might. While Russia encourages support for Ukrainian Prime Minister Viktor Yanukovich, who is seeking closer ties with Moscow, it is also planning for a new warm-water home for the pride of its navy at Novorossiisk, an oil terminal.

Politicians aren't the only ones grappling with the reverberations. So are local residents. "It would definitely be a tragedy" if the fleet leaves, said Vladimir Klyuyev, a retired naval captain who runs the Black Sea Fleet's museum in Sevastopol. "People have spent their whole lives here in the service of the motherland." Russia's national pride will suffer if the fleet goes, he said.

"We're Russians, the fleet's Russian, of course we feel badly," said Irina Vaskovskaya, who works at the museum and whose father served in naval bases across Russia before settling in Sevastopol.

Buffer Zone

Throughout the communist years, the Black Sea was a buffer between NATO and the Soviet-dominated Warsaw Pact. The politics of the countries bordering the sea have been transformed since the Soviet Union broke up in 1991. Romania and Bulgaria are members of NATO and the European Union; Georgia wants to join both; Turkey, a NATO member since 1952, is a candidate for EU membership.

With Ukraine and its Black Sea coast of 1,400 kilometers (875 miles) possibly off-limits too, Russia might be relegated to its own 400-kilometer coastline in a sea it once dominated.

The Russian presence is "fundamental both to security and economic stability," said Andrei Krylov, the Russian Defense Ministry's spokesman for the Black Sea Fleet. There are about 5,000 Russian naval personnel in the port and Russia pays Ukraine \$98 million a year in rent. "Twenty percent of Sevastopol's budget comes from the fleet," he said.

Tourist Draw

The fleet is a tourist attraction: Owners of small boats vie to persuade visitors to cruise around the port, where more than 20 naval vessels including destroyers, hospital ships and submarines were moored on a recent visit.

A different bay houses the Ukrainian navy, which that day was hosting a U.S. vessel. NATO's presence in the Russian fleet's home port isn't a source of tension, said NATO spokesman James Appathurai. "We cooperate just as well with the Russian navy as with the Ukrainian one," he said by telephone.

The fleet figures in the Ukrainian campaign. Defense Minister Anatoliy Hrytsenko, loyal to Yushchenko, said Sept. 18 that the constitution bans foreign forces on Ukrainian territory. "The exception is only for the Russian fleet, but only until 2017," he said.

Pro-Yanukovich Transport Minister Mykola Rudkovsky countered on Sept. 17 that "if we have a new president after the 2009 elections, it will be possible to prolong the agreement."

The fleet's military effectiveness won't be much affected by a move, said Jonathan Eyal, director of International Security Studies at the Royal United Services Institute in London. "The strength of the Russian navy should not be compromised," he said.

Military Clout

The same may not be true for issues of Russian prestige and influence. Putin, seeking to show Russia's economic success is matched by political and military clout, on Aug. 17 ordered the resumption of regular patrols by strategic bombers, a practice halted in 1992.

Russia this month also tested what it called the world's most powerful air-delivered vacuum bomb. The weapon is four times more powerful than the Massive Ordnance Air Blast bomb tested by the U.S. military and known as the "Mother of All Bombs," according to a report by Russian state broadcaster Perviy Kanal. This prompted the Russian designers to call their device "the Father of All Bombs," it said.

Russia's commitment to the Black Sea is evident at the ancient, nearby harbor of Balaklava. Here, in 1957, the Soviet Union built an underground terminal, carved into rock and all but invisible from outside, as the main base for the fleet's submarines.

Secret Project

A 600-meter long tunnel runs from inside the harbor, allowing submarines to sail straight in for maintenance and repairs. Seven submarines could be accommodated there. So secret was the project, Balaklava disappeared from official Soviet maps.

"In the case of a nuclear attack, the base could stand a direct hit by a nuclear bomb," reads a guide to the site. It's now the Balaklava Naval Museum Complex, for tourists who want to examine gigantic steel doors and bulkheads designed to protect against fallout.

If tourism is all that remains of the fleet's presence, neither the port nor the nation where it's located will be better off, museum director Klyuyev said.

"Practically all inhabitants of Sevastopol, and a very big proportion of Ukrainians, hope common sense will prevail," he said.

Text available on World Wide Web, URL:

<http://www.bloomberg.com/apps/news?pid=20601085&sid=ajz03m2oxPR0&refer=europe>

8. AKHMETOV EXPANDS STEEL AND IRON HOLDINGS ON THE EVE OF UKRAINE'S ELECTIONS

By Vladimir Socor

Eurasia Daily Monitor, 28 September 2007

Ukrainian steel manufacturer Renat Akhmetov and Russian businessman Vadim Novinsky, principal owner of Smart Group in Ukraine, have announced a merger agreement amounting to a takeover of Smart by Akhmetov. This move should position Akhmetov clearly as the dominant force from now on among Ukraine's steel producers. Final political and regulatory approval of the deal may hinge on the outcome of the September 30 parliamentary elections.

Economic and political competition among the main steel producers in Ukraine has long been a contest among peers, with Akhmetov slowly, but not decisively, pulling ahead. With the absorption of Smart, however, Akhmetov should no longer have peer competitors in Ukraine. Through this move his Systems Capital Management (SCM) gains not only additional production capacities but, crucially, direct access to greater iron ore resources, as well as a steel plant in Bulgaria on European Union territory.

Signed and made public on September 25, this agreement overtakes and supersedes earlier intentions to merge Smart's most attractive Ukrainian assets with Russian magnate Alisher Usmanov's Metalloinvest holding. Ukraine's State Property Fund (SPF) had prepared this transaction with a view to completing the construction of the Kryvyi Rih ore enrichment complex. Usmanov has close financial links with Gazprom and political links with the Kremlin.

The SPF announced as late as September 21 that the formation of a Smart-Metalloinvest joint venture was still on track and the signing was only being postponed due to illness of the Socialist-appointed SPF chief Valentyna Semenyuk. As it turned out, this rearguard action fell flat against Akhmetov's move. The Socialist Party has had a strong influence on the SPF since 2005, but that influence is now vanishing along with the party's electoral fortunes.

Under the September 25 agreement, Smart is being merged into Akhmetov's Metinvest (not to be confused with Usmanov's Metalloinvest) holding. Akhmetov's SCM is the principal stakeholder in Metinvest. The Metinvest and Smart combined market value is estimated at \$16 billion. Akhmetov and Novinsky hope that the merger could raise that value to \$20 billion. It is unofficially reported that Akhmetov shall hold 75% and Novinsky 25% of Metinvest following the absorption of Smart.

The Smart group brings the Makiivka steel making plant, the Inhulets iron ore enrichment complex, and the Bulgarian Promet rolled goods plant to the Metinvest holding. The acquisition of Promet should give SCM a foothold from which to export its production within the EU market.

Inhulets, situated in the Kryvyi Rih iron ore basin, is the most attractive asset passing from Smart to Metinvest and thus in practice to SCM control. Thus far, the breakdown of enriched iron ore production in Ukraine was as follows: Akhmetov's Metinvest 36.1%, Novinsky's Smart group 33.5%, Kostyantyn Zhevago's Ferrexpo company 12.5%, Mittal-Arcelor's Kryvyi Rih plant 10%, and Ihor Kolomoyski's Pryvat conglomerate 7.5%, according to the statistics for 2006.

The absorption of Smart gives Akhmetov control of 70% of the existing production of enriched iron ore in Ukraine. This means that Akhmetov's SCM steel making plants will enjoy privileged or exclusive

access to larger iron ore resources and that his competitors will have to buy a large portion of the iron ore for their steel plants from Akhmetov. He should thus be able to shape the pricing of iron ore used by his competitors and also to undercut the sale prices of his competitors' steel on the market.

Akhmetov is a key factor in the Party of Regions. The tycoons Zhevago and Kolomoyski are connected politically in one way or another with Yulia Tymoshenko and her BYuT bloc. Another significant steel-making competitor is Volodymyr Boyko, owner of the Maryupol "Ilich" (still so named) combined steel plant. Boyko as well as representatives of the Industrial Union of Donbas (IUD) are complaining publicly against Akhmetov's absorption of Smart and expansion in the iron ore production base.

IUD, the steel-making conglomerate owned by Vytalyi Hayduk and Serhyi Taruta on a parity basis, is the main competitor to SCM. The IUD is affected by the competitive disadvantage of lacking iron ore mining and enrichment assets of its own.

Last year, IUD aligned itself politically with President Viktor Yushchenko and delegated some key figures to fill top posts in the presidential administration. That alignment was intended to counterbalance the powerful combination of Akhmetov and Prime Minister Viktor Yanukovich's Party of Regions. At that stage, IUD negotiated toward a merger with Usmanov's Metallinvest in hopes of gaining direct access to the latter's iron ore resources in Russia (see EDM, February 23). That agreement did not materialize, but the attempt seemed to demonstrate that business interests in Russia could possibly trump some businessmen's political alignment with Yushchenko.

The timing of Akhmetov's acquisition of Inhulets is especially significant. Iron ore prices are projected to grow worldwide dramatically by the end of this year and next year due to global shortfalls in equipment, port capacities for export, and personnel in the iron-mining branch. Thus, Akhmetov's Ukrainian rivals would have to pay more for imported iron ore and to buy some ore from Akhmetov at his prices, as SCM expands its own base of enriched iron ore.

While those rivals complain of "monopolism," the consolidation process driven by Akhmetov corresponds with similar processes in Europe -- e.g., the Mittal-Arcelor merger, following Mittal's acquisition of Ukraine's Kryvyi Rih steel plant. The SCM-driven consolidation should enable the Ukrainian steel industry, which generates nearly 40% of the country's hard currency revenue, to hold its own in international competition, particularly after investing in energy-saving equipment.

(Interfax-Ukraine, September 21, 25-27; Delo [Kyiv], September 26)

Text available on World Wide Web, URL:
http://jamestown.org/edm/article.php?article_id=2372460

9. Ukraine marks 66th anniversary of Nazi massacre at Babi Yar ravine International Herald Tribune/AP, 29 September 2007

Ukraine on Saturday marked the 66th anniversary of the Nazi massacre of tens of thousands of Jews and others at a Kiev ravine called Babi Yar, with President Viktor Yushchenko vowing to promote tolerance and stem xenophobia.

The Babi Yar massacre has come to epitomize the decimation of Ukraine's Jews and be seen as a precursor to the gas chambers of the Holocaust.

The Nazis began the killings on Sept. 29, 1941, and in the course of just two days they machine-gunned at least 33,771 people, according to their own records. Bodies of victims choked the ravine. In the ensuing months, the number of people killed at Babi Yar grew to more than 100,000, and included Roma, or Gypsies, as well as other Kiev residents and Red Army prisoners.

A somber Yushchenko, flanked by other senior officials, laid a bouquet of scarlet roses at the foot of a massive bronze monument commemorating the victims.

"Ukraine will forever preserve the memory of the Babi Yar tragedy," Yushchenko said in an address posted on his Web site. "In our country there is not and will not be a place for ethnic intolerance and enmity, and the lawlessness of totalitarian regimes will never be repeated."

Babi Yar was also a symbol of Soviet-enforced silence. For decades the Soviet Union kept quiet about what happened, and a monument put up after poet Yevgeny Yevtushenko drew international attention to the massacre with his 1961 poem "Babi Yar" made no mention of Jews. It was not until 1991, as the Soviet Union began to crumble, that Jews were allowed to erect a memorial at the ravine.

Ukraine was once home to a thriving Jewish community; about 20 percent of Kiev's population of 875,000 was Jewish before the war. Today, there are 103,000 Jews in all of Ukraine, according to official data, although the number is believed to be several times higher.

Text available on World Wide Web, URL:

<http://www.iht.com/articles/ap/2007/09/29/europe/EU-GEN-Ukraine-Babi-Yar.php>

10. Thugs assault rabbi in Ukraine
By Yael Branovsky
Yewish World, September 2007

Chief Rabbi of Sebastopol suffers broken nose and concussion as a result of assault; police ignore incident because of national elections

Rabbi Binyamin Wolf, the head of the Jewish community in Sebastopol, Ukraine, was hospitalized with a broken nose and concussion after four thugs taunted him with anti-Semitic slurs and then severely beat him on his way to synagogue Friday night. The police have yet to arrest the perpetrators despite the fact that they know who they are.

As he was on his way to Friday-night services, two thugs began shouting anti-Semitic slurs at him and, when he attempted to silence them, they began to physically assault him as two of their friends looked on and laughed, the rabbi told Ynet.

"He hit me in the back of the head and my hat flew off and when I bent over to pick it up, he punched me in the face and broke my nose," continued the rabbi.

Two of the thugs fled the scene before the police arrived but their two friends who watched the beating were taken into custody.

Rabbi Wolf said he gave the police descriptions of his assailants but they requested that he refrain from making public any information about the attack in order not to affect the national elections in Ukraine that are being held Sunday. The local TV networks did not broadcast news of the attack and the police claimed that, because of the elections, they would not be able to arrest the suspects behind the assault.

The Jewish Agency envoy to the Ukraine Haim Kaplinokov, said that besides the increase in anti-Semitic incidents in the Ukraine, there had also been an increase in overall physical assaults as well.

Text available on World Wide Web, URL:

<http://www.ynetnews.com/articles/0,7340,L-3454857,00.html>

11. Kremlin threatens to cut off Ukraine's gas again this winter
By Tony Halpin
Times Online, 2 October 2007

The Kremlin reacted today to the prospect of Yuliya Tymoshenko becoming Prime Minister of Ukraine by threatening to reduce winter gas supplies.

Gazprom, the state-controlled monopoly, issued a warning that deliveries would be cut unless Ukraine paid a \$1.3 billion debt by the end of this month. It accused RosUkrEnergo, the Ukrainian company that receives Russian gas, of breaching the terms of a supply contract.

But the timing of the announcement raised immediate suspicions that Russia was using energy as a political weapon to punish Ukrainians for backing Ms Tymoshenko, its pro-Western adversary in the Orange revolution.

The conflict threatened a re-run of the gas war between Ukraine and Russia in January last year, when Gazprom briefly halted supplies completely. The move sparked panic in the European Union, which gets a quarter of its gas from Russia and recorded an immediate drop in supplies.

A Gazprom spokesman said that it had complied fully with its obligations to Ukraine but RosUkrEnergo had ignored repeated demands to pay its debt. He said: "With the onset of autumn and winter when gas consumption traditionally rises, we are mindful of the need to resolve this issue urgently.

"Given the continued unwillingness of RosUkrEnergo to respect the terms of the contract, Gazprom will be forced to start reducing natural gas deliveries to consumers in Ukraine in case the debt is not settled by the end of October."

The gas dispute flared as Ms Tymoshenko's Orange revolution alliance continued to lead her pro-Russian rival Viktor Yanukovich in the elections with more than 97 per cent of votes counted.

Her Bloc Yuliya Tymoshenko (BYuT) and its coalition ally Our Ukraine held 45.1 per cent of the vote, well ahead of Mr Yanukovich's Party of Regions, with 34.2 per cent.

The Party of Regions was expected to be the largest single party in the parliament, the Rada. But a key coalition ally, the Socialists, fell below the minimum 3 per cent threshold of votes to win seats, leaving Mr Yanukovich with insufficient support to form a government.

BYuT and Our Ukraine, which backs President Viktor Yushchenko, accused their rivals of ballot fraud in eastern and southern Ukraine, the Russian-speaking regions that are the heartland of Mr Yanukovich's support.

Mykola Tomenko, a Tymoshenko aide, claimed that results were being forged in 11 districts to boost the Socialists' tally and allow the party to squeeze into parliament to support Mr Yanukovich. The Socialists were at 2.9 per cent, just a few thousand votes short of crossing the threshold.

"The delay is not only a cynical attempt to break the law, but a desire to completely change election results," Mr Tomenko said.

Ms Tymoshenko's return to power marks a remarkable political comeback since Mr Yushchenko, her estranged ally in the Orange revolution, fired her as Prime Minister in 2005.

Mr Yanukovich has refused to concede defeat, insisting that he will be Prime Minister again at the head of a broad coalition with smaller parties. A period of intense horse-trading between the parties is likely but the electoral arithmetic looks against him.

12. Gazprom Grows as Kiev Counts Votes
By Anatoly Medetsky and Natalya Krainova
The Moscow Times, 3 October 2004

Gazprom on Tuesday threatened to reduce gas supplies to Ukraine if it did not receive \$1.3 billion it is owed, just as it was looking more likely that Western-leaning Yulia Tymoshenko would become Ukraine's next prime minister.

Gazprom said in a statement released late Tuesday that it had repeatedly asked Kiev to pay the bill, without any success.

"Gazprom will have to begin reducing natural gas supplies to consumers in Ukraine if the debt isn't settled in October," the statement said.

Ukraine's Naftogaz, which imports the gas, was caught off guard by the statement, company spokesman Dmitry Marunich said.

"We are studying the situation and why this figure arose in the statement by Gazprom," he said by telephone from Kiev.

Either Naftogaz or Ukraine's Fuel and Energy Ministry will issue a statement on the situation Wednesday, he said.

UkrGazEnergo, one of the companies involved in the transit chain, confirmed Tuesday that there was an outstanding debt from Naftogaz, although it did not name figures, Interfax reported.

By late Tuesday, election results in Ukraine were pointing toward a narrow victory for the Orange parties led by Tymoshenko and President Viktor Yushchenko.

Gazprom, however, said the timing of the announcement was not related to the election results.

"The debt that has been accrued is an objective fact and doesn't depend on who wins in the [elections] or heads the government," said company spokesman Sergei Kupriyanov.

Ilya Kochevrin, a spokesman for Gazprom's export arm, said in a conference call that the company did not raise the debt issue before or during Sunday's elections, in an effort to avoid accusations of attempting to influence the outcome.

Any reduction in shipments to Ukraine must not influence the flow of gas through Ukraine to Europe, Kochevrin said.

Gazprom said it had warned its European customers about the problem. The company accused Ukraine of siphoning off gas and causing gas supplies to European countries to fall for a few days in January 2006 after deliveries to Ukraine were halted over a pricing dispute.

The European Commission on Tuesday called on the two sides to resolve the dispute speedily.

Tymoshenko and Yushchenko cut a deal ahead of the vote that, in the case of an Orange victory, she would be named to replace Viktor Yanukovich as prime minister. The issue over the Gazprom debt would be the first problem she is faced with tackling.

It would also serve as an impetus for Tymoshenko to try to renegotiate the current gas supply deal, which she has long criticized because it involves an intermediary company, RosUkrEnergo, working between Naftogaz and Gazprom.

RosUkrEnergo, a joint venture between Gazprom and Ukrainian businessman Dmytro Firtash, ships the gas Gazprom buys in Turkmenistan to Ukraine. Yanukovich, the Russia-leaning leader of the Party of the Regions, has not questioned the arrangement, created after a 2005 pricing dispute.

Tymoshenko vowed Tuesday to prevent gas cuts this time around.

"We will do all it takes to cooperate with Russia in order to have no gas cuts," she told reporters in Kiev.

Tymoshenko blamed Yanukovich and Fuel and Energy Minister Yuriy Boyko for the problem and promised a criminal investigation into how the debt appeared.

She also said Ukraine would look to buy gas from Gazprom without intermediaries.

Former Russian Deputy Prime Minister Boris Nemtsov, who worked as an adviser to Yushchenko on Russian relations until October 2006, said a structure closer to Tymoshenko would replace RosUkrEnergo but that this would not influence Gazprom price targets for Ukraine.

A spokesperson for Group DF, the holding company that controls RosUkrEnergo, was unable to comment Tuesday, the company said in an e-mail.

Volodymyr Bronnikov, a parliament member with the Party of the Regions, said a price hike from Gazprom could come in response to an attempt by Tymoshenko to move Ukraine closer to the West.

"If Ukraine is an ordinary European country, then it must pay ordinary European prices for gas," Bronnikov said.

Ukraine now pays \$130 per 1,000 cubic meters for gas from RosUkrEnergo. The country expects the price to go up to \$145 per 1,000 cubic meters, in line with inflation, Economy Minister Anatoliy Kinakh said last week.

Gazprom's Kupriyanov said price talks had not yet begun but that they had to be completed before the end of November. He added that it was still too early to name the price Gazprom would seek.

Kupriyanov also said the talks would not be affected if Tymoshenko were appointed prime minister.

Russia's ambassador to Kiev, Viktor Chernomyrdin, said last week, however, that the price would depend on the Ukrainian government. He did not elaborate.

Alfa Bank Ukraine said in a research note Tuesday that Gazprom would likely raise the gas price for next year by more than 10 percent if Tymoshenko took over as prime minister. Alfa Bank's strategist in Kiev, Sergiy Kulpinski, said one Russian company with assets in Ukraine, locomotive maker Transmashholding, could lose government support if Tymoshenko becomes prime minister. The company bought 76 percent of Ukrainian locomotive maker Luganskteplovoz last year, but a Kiev court overturned the deal. Ukraine's State Property Fund, which answers to the prime minister, has filed an appeal.

A Transmashholding spokesman in Moscow, Artyom Ledenyov, declined to comment on the case.

In what might be a sign of things to come, Yushchenko on Tuesday suspended a joint venture with Russian businessman Alisher Usmanov to build an ore processing plant in Ukraine, the presidential press service said. Ukraine's State Property Fund was about to approve creation of the venture.

As prime minister, Tymoshenko would also likely seek closer cooperation with NATO. This could ultimately harm Ukrainian defense contractors by reducing cooperation with Russian defense and space technology companies, which place a lot of orders, said Bronnikov, of the Party of the Regions.

A harder pull toward the European Union is also likely. Ukraine's partnership and cooperation agreement with the EU runs out in March, and Tymoshenko will work to extend the pact, said Kostyantyn Kuznetsov, an analyst at the Razumkov Center for Economic and Political Studies. He said Tymoshenko would also try to speed up Ukraine's accession to the World Trade Organization.

Text available on World Wide Web, URL:
<http://www.themoscowtimes.com/stories/2007/10/03/001.html>

13. Yulia Tymoshenko's adviser: Gazprom's statement is tough pressure upon Ukraine REGNUM, 3 October 2007

Gazprom's statement about possible cutting down deliveries of natural gas can be assessed as nothing but tough pressure upon Ukraine from Russia. The statement was made today to a REGNUM correspondent by Yulia Tymoshenko's aide for energy policy, candidate to the parliament Alexander Gudyma.

"I think that apart from political essence of Gazprom's statement all the rest is nonsense. The thing is that a debt between economic agents, which are RosUkrEnerg and Gazprom, is normal practice and it cannot be the reason for suspending gas supplies to Ukraine," Alexander Gudyma believes. Yulia Tymoshenko's aide believes that such statement is in favor of a single force in Ukraine – Viktor Yanukovich's government. "It was the Viktor Yanukovich government, the Russian government and Russian leadership in general that were the strongest supporters of the current scheme of gas delivery to Ukraine with mediation of RosUkrEnerg as well as lending the Ukrainian gas-transporting system to Gazprom. It turns out that a week ago everything was fine and now we have a debt, doesn't it?" he asks.

Answering a question about how the event will develop further, the expert says that "Ukraine's prime minister Yulia Tymoshenko will fulfill her pledge and with support of President Viktor Yushchenko will seek suspension of activity of RosUkrEnerg." A new government, according to him, will propose a new transparent scheme of gas supplies to Ukraine, where a joint venture will be established by the state-run companies of Ukraine (Naftogaz Ukraine) and Russia (Gazprom).

Earlier, the Russian gas monopolist announced in a special statement that "Ukraine's debt for the gas delivery is over \$1.3bn" and if the debt is not settled in October, "the gas concern will have to start cutting down the gas delivery to Ukrainian consumers."

Text available on World Wide Web, URL:
<http://www.regnum.ru/english/893980.html>

14. Our Ukraine nominates candidate for post of speaker of Ukrainian parliament REGNUM, 3 October 2007

Presidium of Our Ukraine Party political council addressed the political council of Our Ukraine – People's Defense Bloc with an initiative to consider the candidature of Vyacheslav Kirilenko for the post of the next Ukrainian Supreme Rada while forming a coalition with Tymoshenko's Bloc. The decision was made yesterday at a session of Our Ukraine presidium, a REGNUM correspondent is told at press office of Our Ukraine.

Our Ukraine Party presidium confirmed his position about sticking to the agreement with BYT signed in February and stressed the intention to form the coalition on the first day of the new parliament functioning.

Text available on World Wide Web, URL:
<http://www.regnum.ru/english/893895.html>

15. Gazprom to cut gas supply to Ukraine if debt not cleared by end of October
Interfax, 2 October 2007

Gazprom is determined to reduce the gas supply to Ukrainian consumers if Kyiv fails to clear its debt for already supplied gas by the end of October, Gazprom spokesman Sergei Kupriyanov has said.

"Taking into account the approach of the fall and winter season of maximum gas consumption and Ukraine's systematic failure to comply with the contract obligations, Gazprom will have to reduce gas supply to Ukrainian consumers if the debt problem is not settled by the end of October," Kupriyanov said on the Rossiya television channel

Text available on World Wide Web, URL:
http://www.interfax.ru/e/B/politics/28.html?id_issue=11868963

16. Russia issues gas ultimatum to Ukraine
By Luke Harding in Kiev
The Guardian, 3 October 2007

Russia threatened yesterday to cut gas supplies to Ukraine again in a move that appears to reflect its displeasure at the prospect of a new orange government in Kiev.

Gazprom, the state-controlled monopoly, said it would reduce supplies to Ukraine next month unless it settled a bill of more than £6.6bn.

The threat raised the spectre of a renewed dispute between Russia and Ukraine that could affect supplies to western Europe. Russia cut off gas to Ukraine in early 2006.

Yesterday Gazprom said it had told its European clients about the dispute. It claimed that Ukraine had taken no action despite repeated requests for payment and said unless the debt was settled it would slash supplies.

But the timing of the announcement raised suspicions. It follows the apparent narrow victory of pro-western parties in Ukraine's general election. According to the latest results, Yulia Tymoshenko is likely to form a new coalition government with the party of Ukraine's pro-western president, Viktor Yushchenko.

Ms Tymoshenko infuriated the Kremlin on Sunday night by accepting a phone call of congratulation from Georgia's pro-western president, Mikheil Saakashvili.

Critics have accused the Kremlin of using energy supplies as a geopolitical weapon - and as a way of bullying its neighbours. The Kremlin insists prices are determined purely by market forces.

Yesterday's announcement triggered memories of a price dispute that saw gas supplies to the EU drop briefly in 2006 when Gazprom halted direct shipments to Ukraine.

The dispute took place when Ukraine was ruled by the orange coalition. Viktor Yanukovich, who enjoys friendly relations with the Kremlin, took over as prime minister last year.

In an interview with the Guardian last month, Mr Yanukovich said that Ukraine had stockpiled more than 26bn cubic metres of gas - thanks to its "clear, steady and predictable" relations with Moscow. He said nothing about unpaid bills.

Text available on World Wide Web, URL:
<http://www.guardian.co.uk/russia/article/0,,2182463,00.html>

17. Greece's NBG eyes Ukraine, Russian, Egyptian markets Reuters, 2 October 2007

National Bank (NBGr.AT: Quote, Profile, Research) (NBG.N: Quote, Profile, Research), Greece's largest lender, is interested in expanding its activities to the Ukrainian, Russian and Egyptian markets, its CEO told financial daily Naftemboriki on Tuesday.

"The Ukrainian market has been monitored for a long time and is our first choice under the right conditions," Takis Arapoglou was quoted as saying. "We are equally scrutinising the Egyptian and Russian markets in case banks come up for sale which meet our criteria."

National Bank, with a current market capitalisation of 21.2 billion euros, had attempted to buy a small Ukrainian bank earlier this year. It has a presence in Romania, Bulgaria, Turkey and Albania.

The group, which derives about 40 percent of its core profit from southeast Europe and Turkish operations, last year acquired Turkey's Finansbank (FINBN.IS: Quote, Profile, Research).

(Writing by Karolos Grohmann, editing by Will Waterman; Reuters Messaging: karolos.grohmann.reuters.com@reuters.net) Keywords: GREECE NBG/

Text available on World Wide Web, URL:
<http://www.reuters.com/article/bankingfinancial-SP/idUSL0241853720071002>

18. Democracy upsets Vladimir Putin Telegraph.co.uk, 2 October 2007

Vladimir Putin's greatest international humiliation was visited on him three years ago when his placeman for the presidency of the Ukraine, Viktor Yanukovych, was driven out of office by the Orange Revolution.

Mr Putin's tormentors are now back with a vengeance. Preliminary results from Sunday's parliamentary elections suggest that the opposition leader - and heroine of the Orange Revolution - Yulia Tymoshenko has triumphed at the expense of the hapless Mr Yanukovych. If the result is confirmed, the orange coalition could shortly be back in control.

Mr Putin is unlikely to respond with equanimity to this turn of events.

When Mrs Tymoshenko was last in power, in 2005, Mr Putin punished Ukraine by cutting off gas supplies. This was no little local difficulty.

Given that Ukraine is the conduit for most of Europe's natural gas, it threw the EU into a panic and caused energy disruption in a number of countries. It would be foolish not to expect more of the same from Mr Putin, highlighting once again Europe's unhealthy reliance on Russian gas.

For the Russian leader is once again flexing his well-toned muscles.

He indicated yesterday that he intends to stand as prime minister when his term as president ends next March.

From that position he will doubtless appoint a puppet president and continue to exert precisely the same authority as he does now. He can then return for a further term as president in 2012 when the relative roles will once again be reversed.

We should not be surprised at the contempt Mr Putin displays for the democratic process in Russia.

He has already turned the parliament into his plaything; trampling over the constitution will come as second nature.

Mr Putin is a dangerous man who has for too long been pandered to by a timid international community.

Is the formidable Mrs Tymoshenko made of sterner stuff? It looks as if we will soon find out.

Text available on World Wide Web, URL:

<http://www.telegraph.co.uk/opinion/main.jhtml?xml=/opinion/2007/10/02/dl0202.xml>

19. Gazprom announces Ukraine gas deal
By Catherine Belton in Moscow and Roman Olearchyk in Kiev
The Financial Times, 3 October 2007

Ukraine's current government has pledged to pay off a \$1.3bn natural gas supply debt by November 1 to avoid a cut back in deliveries, Gazprom said on Wednesday.

Russia's state-controlled gas giant warned Europe on Tuesday it could reduce supplies to Ukraine unless it redeemed this month a \$1.3bn debt for unpaid gas. The public notification sparked fears that the cutbacks could trigger shortages in Europe as in a price dispute last year.

The timing of Tuesday's announcement prompted accusations that Moscow was meddling in Ukrainian politics, just two days after parliamentary elections that looked set to return a pro-western coalition to power and oust of Viktor Yanukovich, the pro-Russian prime minister.

But Gazprom said on Wednesday that Yury Boyko and Gazprom, Ukraine's current fuel and energy minister, and Alexei Miller, the gas group's chief executive, had agreed during a meeting in Moscow that the current Ukrainian government would "take control" of the situation to pay off the debt by November 1.

Analysts said, however, the outcome of the debt dispute was still under question while it remained unclear who would lead Ukraine's next government. The arrival of Mr Boyko in Moscow on Wednesday looked like an attempt by Mr Yanukovich and his government to seize the initiative in the gas debt talks in an attempt to hold on to power, they said.

Mr Yanukovich has told reporters he could soon join his fuel and energy minister in Moscow for talks.

"The situation is not clear," said Valery Nesterov, oil and gas analyst at Troika Dialog, of the gas debt agreement. "The question of who will be prime minister has not yet been decided. It seems Mr Yanukovich is going to fight to the end."

President Viktor Yushchenko had looked poised to resurrect his partnership with opposition leader Yulia Tymoshenko in forming a coalition that would see a return of the "Orange Revolution" partnership that toppled Mr Yanukovich's bid for power in 2004.

Such a coalition would have probably have seen Ms Tymoshenko replace Mr Yanukovich as prime minister. Ms Tymoshenko has pledged to clean up what she describes as the shadowy involvement of intermediaries in the gas trade between Ukraine-Russia and central Asia.

But on Wednesday, Mr Yushchenko called in a televised address to the nation for Kiev's leading politicians to put "national interests" above political ambitions.

Mr Yanukovich interpreted the president's words as a signal that he favoured a broad coalition government including his faction. Ms Tymoshenko's bloc, meanwhile, said it would not enter into a coalition with Mr Yanukovich's Regions party. Formal coalition talks are expected to start later this week, after the election counts are complete.

Meanwhile, Nikolai Azarov, Ukraine's finance minister, in the meantime disputed the debt, telling reporters in Kiev that its size was "out of the question".

"The debt figure about which [Gazprom] is talking is out of the question, absolutely out of the question. With such huge volumes of deliveries – 32 billion cubic metres [a year] – with such huge volumes, some issues in accounts may have arisen," he was quoted as saying by the Interfax news agency.

The intermediary in charge of supplying Ukraine with gas and making payment, Swiss-registered Rosukrenergo, is owned on parity terms by Gazprom and a Dmitry Firtash, a Ukrainian businessman. Rosukrenergo said on Tuesday the debts started mounting in June.

Gazprom shut off gas supplies to Ukraine in the first three days of 2006 over a dispute over an enormous increase in the price it charged for gas supplies. The shutdown sent shivers throughout Europe, leading to shortfalls of gas in the continent. Eighty per cent of Europe's gas supplies from Russia are pumped through

Text available on World Wide Web, URL:

<http://www.ft.com/cms/s/0/3a1579e4-71b2-11dc-8960-0000779fd2ac.html>

20. US says prepared to work with any government in Ukraine AFP, 2 October 2007

WASHINGTON — The United States said Monday that it was prepared to work with any government in Ukraine following closely-contested elections in the ex-Soviet republic.

The elections hung on a knife-edge late Monday as preliminary results threatened a dead heat, with pro-Western President Viktor Yushchenko and Yulia Tymoshenko, his partner in the 2004 pro-democracy Orange Revolution, seeing their slim lead diminish rapidly as late results came in.

Their arch rival, Moscow-backed Prime Minister Viktor Yanukovich, scored steady gains, threatening the Orange alliance's plans to remove Yanukovich from power and replace him with the fiery reformer Tymoshenko, setting the nation of 47 million people on a firmer Western course.

The United States hopes "that this election will result in a government in Ukraine that can be effective and can serve the needs of the people," said Tom Casey, a State Department spokesman.

"And we stand ready to work with whatever government results from these elections," he said.

Sunday's election in Ukraine was called early to try to resolve a power struggle between Yushchenko and Yanukovich.

Yushchenko has ordered a police probe into the vote count in eastern and southern Ukraine, traditionally pro-Russian strongholds of Yanukovich.

He said that results were being released too slowly and ordered "law-enforcement agencies immediately to begin an investigation."

Citing the main Western monitoring group, the OSCE, which gave the election a clean bill of health, Casey said, "We're pleased to see that these elections have moved forward."

"I think we would still, of course, need to see the votes actually be counted and official results released before we can start recognizing any individual winners and before we can have a full assessment of the process itself," he said.

Washington, the European Union and an increasingly assertive Kremlin are all vying for influence in strategically placed Ukraine, which has expressed interest in joining both the European Union and NATO.

Ukraine straddles key Russian gas export routes to energy-hungry EU clients.

Text available on World Wide Web, URL:

<http://afp.google.com/article/ALeqM5hJg61W9mvyLAfSMDHb5IHBhcbXSA>
