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June 28, 2013

# Media Grab

The purchase of one of Ukraine's largest media holdings by a young businessman from Kharkiv who was unknown a year ago has experts warning of severe media consolidation ahead of the 2015 presidential election.



(Kostyantyn Chernichkin)

## Ambassador of Croatia proud of EU accession, believes Ukraine can follow its lead

BY CHRISTOPHER J. MILLER  
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Hailing from sunny Split on the Adriatic coast, a popular tourist destination home to about 200,000 the harsh Ukrainian winter was a shock for Croatian Ambassador Tomislav Vidosevic, who began his posting in Kyiv on Sept. 15.

It wasn't the only difference. Language was one, another was the country's scale. Croatia, with roughly 4.4 million people, is about 10 times smaller than Ukraine. Moreover, with no prior East European experience, Ukraine was "a challenge," Tomislav said. Previously he was the ambassador to Italy.

Despite the diversity, however, the two countries have many things in common, the timeliest of which are their European aspirations. They also have a history of supporting each other.

Ukraine, along with Latvia, was the first country to recognize Croatian independence in early December 1991, before international recognition came in 1992. On July 1, a little more than 20 years later, the former Yugoslav republic is entering the European Union.

But Croatia's looming ascension to the 27-nation European Union wasn't easy. Four years of sporadic, but often intense, fighting between Croatia and Serbia followed independence, before a UN-brokered deal settled the situation. And it took a decade of negotiations with the EU, with many hurdles to get over. In April 2009, Croatia joined NATO, after which it signed the EU Accession Treaty in December 2011 and ratified the treaty in January 2012.

The latest was its economic situation, as the country is in the throes of its worst recession in two decades: high unemployment is driving youth out of the country, its credit rating was downgraded to "junk" late in 2012 by Standard and Poor's rating agency and both public and private debt has risen sharply.

Some experts believe this will make Croatia an additional burden on the already struggling EU nations.

This means many Croatians see little reason to celebrate. According to an early June poll by Zagreb-based researcher Ipsos Puls, just 7 percent of Croatians would like to mark the → 3

BY CHRISTOPHER J. MILLER  
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It appears that favorable media coverage for President Viktor Yanukovich's 2015 re-election campaign has been solidified following the June 21 announcement that one of Ukraine's largest media holdings was sold to a 27-year-old multimillionaire believed to be a front.

United Media Holdings (UMH) is believed to have been sold for an estimated \$400-\$500 million to Serhiy Kurchenko, whose meteoric rise to prominence started in 2012 when Forbes Ukraine – part of UMH – published a detailed investigation into the previously unknown businessman.

Now he owns it, including the nation's most read news magazine, Korrespondent, as well as four other publications, five radio networks, a cooking TV channel, and a retail chain

→ "(Kurchenko) is just a person who has been made the public face, a front for other people."  
– Vitali Klitschko

for print media.

In a recent interview with Korrespondent, Kurchenko denied that anyone close to Oleksandr Yanukovich had influenced his rise to success.

UMH says that combined, it leads the print business segment, and accounts for 27 percent of Ukraine's readership and leads on the advertising market. Online, the media group boasts 6 million monthly web visitors

as the nation's leader with more than 45 percent of the audience and 29 percent of the advertising market.

Only billionaire oligarch Viktor Pinchuk's StarLightMedia Group, which owns ICTV, STB, Noviy Kanal, among others, is larger, according to Russian market researcher RBC.

Still, an in-house Forbes valuation of UMH said the group is worth no more than \$224 million, and as low as \$100 million, based on a peer

comparison with what other media holdings made in the first quarter of 2013 in Poland, the U.S., the U.K., and elsewhere.

Prior to the sale, it was the only media group whose owner was not an oligarch with interests outside the media market.

The young petroleum product importer, whose fortune is estimated by Focus magazine to be no less than \$650 million, bought UMH from the former owner and its current CEO, Borys Lozhkin. Rumbles from industry experts alleged that Lozhkin was pressured into selling the media holding, an assumption that he denied.

"This is a business deal – all of the shareholders of UMH favored it, and no pressure was put on me during the talks," he said.

Kurchenko was a virtual unknown last autumn, when Forbes Ukraine ran a detailed profile of him. → 3

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Hr 8.15 to \$1

June 26 market rate



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# Ukraine's traditional multi-vector policy has reached its limits



LAURYNAS KASCIUNAS



DOVILE SUKYTE

Five years have passed since the Polish and Swedish foreign ministers proposed to create the Eastern Partnership Initiative in May 2008 to strengthen the European Union's cooperation with its six neighbours of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The program became official EU policy a year later. Fundamental changes in the EU's foreign relations triggered its creation. They were notably enlargement fatigue and the need for alternative options to existing European integration policies. The shift's central motto was: Less integration and more cooperation.

The EaP Initiative offers participation in the EU's internal market without EU membership. The other pillar was the prospect of visa-free travel. Although the idea of the EaP initiative emerged five years ago it is quite difficult to identify its major achievements. Therefore, Lithuania's EU presidency and its major event, the EU's Eastern Partnership Summit to be held in November is of special significance. A vital success story is needed.

Among all EaP countries, Ukraine's role is central and, for the moment, is facing an immense dilemma. Ukrainian President Viktor Yanukovich has chosen a rather controversial strategy at home and abroad: he aims to centralize presidential power and to strengthen his inner circle and administration-friendly business groups' economic and political positions, while at the same time he is seeking to proceed with Ukraine's European integration. However, the EU, being bound to its

posture of values, rejects Yanukovich's way of thinking and refuses to sign the Association and Deep and Comprehensive Free Trade (DCFTA) agreements before Ukraine deals with selective justice and implements electoral and Association Agenda reforms.

The EU position is difficult to alter since the DCFTA contains a so-called human rights clause. However, the EU realizes that EaP countries have at least one more option. The Russia-led Eurasian Customs Union is an emerging geopolitical actor in the region. Lastly, Ukraine's reluctance and inability to meet strict EU standards and regulations can lead towards its closer cooperation with Russia.

The other factor threatening Ukraine's shift towards the Customs Union is if the EU postpones the signing of the Association Agreement and DCFTA this November. So, what would such a geopolitical shift mean for Ukraine and the rest of the EaP partner countries? Firstly, by entering the Customs Union, member states are obliged to abolish the independent external trade policy. Customs Union members must not only agree on a common customs tariff, but also develop a joint free-trade regime with third countries.

Ukraine's involvement in the Eurasian project would prevent it from entering into a free trade agreement with the EU because any such agreements should become the matter of the whole Customs Union. Therefore, Russia would have leverage to control not only the external policies of Customs Union member states, but also of their relations with the EU. The only scenario that allows balance is the 3+1 format whereby cooperation between the Customs Union and Ukraine is done without complete integration. The proposed scenario would execute a standard free trade regime only without a common external tariff and the harmonization of the standards. Unfortunately, the proposal was rejected by Russia.

At the same time, a free trade agreement with the EU would conflict with its membership in the Customs Union. Mostly because of the different standards and regulations used



Ukrainian President Viktor Yanukovich and Lithuanian President Dalia Grybauskaitė arrive for a meeting on Feb. 6 in Vilnius, Lithuania (AFP)

by both integration spaces. Ultimately, Ukraine will inevitably have to choose whether to move closer to the EU or the Customs Union. It also means that the traditional multi-vector policy of Ukraine has reached its limits. In other words, signing the two agreements with the EU would be a point of no return.

On the other hand, signing the agreements with the EU does not guarantee complete adoption of European rules and norms. Ukrainian corporate business groups are seeking not only unlimited access to the European market, but also to preserve their positions on the internal market. This includes keeping existing monopolies in place, economic protectionism, and the current competitive field and public procurement policy. It is very likely that Ukraine would implement all off the rules in its own selective way.

On the eve of the EaP Summit in Vilnius, the main question is whether a postponement of signing the Association and DCFTA agreements could create a precedent, and could it send a wrong signal to Ukraine's political elite and also to the rest of the EaP partner countries. Moreover, if the agreements are not to be signed, would the results and achievements of Ukraine's European integration be jeopardized and could it even endan-

ger the future of the EU's EaP initiative. Finally, is there any alternative plan which could be offered to Ukraine in case the question of signing the Association and DCFTA agreements remains open?

There are no doubts that the Vilnius Summit will offer a breaking point to the EaP Initiative. If the agreements are not signed in Vilnius there will probably be no major decisions for another two years. Due to the European Parliament elections next year and the following change of the leadership at the European Commission, the bureaucratic apparatus of the EU will stop with very little attention to be left for Ukraine. Simultaneously, Ukraine will hold presidential elections in 2015. Such an anticipated pause in Ukraine's European integration would only benefit Russia which will continue pressuring Ukraine to join the Customs Union. However, it can be avoided and Ukraine's leadership is the one which has all the required information and instruments to achieve it. And they still have time, until Nov. 27.

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# Press on a tight leash

→1 The piece shed light on the mysterious rise of GazUkraina-2009, a company he founded, which in its first year became a leading importer of liquefied natural gas. Since then it has been renamed East European Fuel and Energy Company (VETEK).

His purchase of the Kharkiv Metalist soccer club in late 2012 further raised his profile, as did his recent acquisition of the Odesa oil refinery.

Stories by Forbes Ukraine have linked Kurchenko to Artem Pshonka, the son of Prosecutor General Viktor Pshonka and a part of "the Family," an interest group gathered around President Viktor Yanukovich's elder son Oleksandr. Artem Pshonka denied this connection.

An investigation by Dzerkalo Tyzhnya alleged Kurchenko was involved in oil smuggling, depriving the state of some Hr 3 billion in tax revenues. Kurchenko has repeatedly and strenuously denied these allegations.

But the young businessman's history of non-transparency worries media experts. More worrisome, they say, is a plan set in motion by members of "the Family" to monopolize the media market ahead of the 2015 presidential election in an attempt to quell stories critical of Yanukovich's ruling Party of Regions and stamp out investigations into those with ties to "the Family."

Proof of this, they say, can be found in the UMH deal.

"We understand that the position of the so-called 'Family' is further consolidating the country's media market. This will have a big impact on the political processes," said Viktoria Siumar, director of Kyiv-based watchdog Institute of Mass Information. "We've been witnessing this process since 2010, the attempts to trample all the existing media outlets down by either becoming their owners or creating new ones, and forcing out the old media outlets that can't be purchased."

Recently, world boxing champion turned opposition lawmaker Vitali Klitschko agreed that Kurchenko's sale was a political deal.

"According to the information I get, he is just a person who has been made the public face, a front for other people who are well known but they do not want to go public with this business," he said.

In a strange coincidence, just three days before the UMH deal was made public, MAKO, the business group led by Yanukovich's eldest son Oleksandr, issued a press release denying any plans to purchase UMH.

Taras Berezovets, director at Berta Communications, a political consultancy, adds that in the hands of associates close to the president, news magazines included in the deal, such as Forbes Ukraine and Korrespondent, could turn the tables and begin investigating opposition politicians after the ownership change in early 2014, and especially in the run-up to the presidential election.

"It would be possible to see investigations into Vitali Klitschko, for example," he told the Kyiv Post.

Moreover, Berezovets added that Pinchuk's media holding could be targeted next.

StarLight Media responded by saying "as any other business presupposes the possibility of being sold...we have been getting different offers from time to time, but currently we are not going to sell StarLight Media."

One of the last remaining independent news outlets, TVi, was all but silenced in April when Alexander Altman, a Ukraine-born U.S. businessman with constant debt problems, announced that he had taken over ownership of the station from Konstantin Kagalovsky. Prior to that, TVi had investigated corruption at top levels of government and been critical of Yanukovich.

Managers of the TV station who found themselves locked out of their offices on the day of the announcement said raiders had stolen the station. The dispute is still ongoing, but amid the opaque ownership change more than 30 prominent journalists quit TVi.

With UMH, there has been no mass exit. But editors at those news maga-

## Ukraine's media magnates

Chart by audience reach, based on estimations of Tyzhden magazine and Natalia Ligachova, head of Telekritika media watchdog.



### 1. Viktor Pinchuk

StarLightMedia TV group: STB, ICTV, Novy Channel, M1, M2, QTV (estimated total share of TV audience 34 percent), Fakty daily newspaper



### 2. Dmytro Firtash and Serhiy Liovochkin

Inter Media Group: Inter, NTN, K1, K2, Enter-film, Mega, Piksel, MTV-Ukraine, Inter+ (estimated total share of TV audience 18 percent), Ukrainski Novyny news agency



### 3. Ihor Kolomoisky

Studio 1+1 Group: 1+1, 1+1 International, 2+2, TET, Plus Plus, UNIAN TV (estimated share of TV audience about 18 percent) Glavred Media: UNIAN news agency and web-site, glavred.info web-site, Izvestia v Ukraine daily, Telekritika web-site



### 4. Rinat Akhmetov

Media Group Ukraina: TRK Ukraina, Football, Football+, Segodnia daily, tochka.net web-site (estimated total share of TV audience 12 percent)



### 5. Serhiy Kurchenko and Serhiy Arbuzov (so called Family media holding)

Kurchenko owns 98 percent of United Media Holding (UMH): Forbes Ukraine and Korrespondent magazines, forbes.ua and korrespondent.net, bigmir.net web-sites, Ukraine's editions of Komsomolskaya Pravda and Argumenty I Fakty daily newspapers, Menu TV channel and a number of radio stations. Arbuzov allegedly owns Ukrainian Business Group: Business, Ukrainian Fashion, A-One, Dobro-TV. He also allegedly controls TV channels Tonis, BTB, Kapital business daily, Vzgliad tabloid newspaper. Arbuzov has strenuously denied ownership or control over any media.



### 6. Petro Poroshenko

5 Channel (estimated total share of TV audience around 1 percent)

zines included in the deal reacted immediately on social networks.

Vladimir Fedorin, Forbes Ukraine chief editor, said on Facebook: "I think the sale of Forbes Ukraine marks the

end of the project in its current form. I am convinced that the buyer pursues one of the three goals (or all three at once): to shut the mouths of reporters before the presidential election (in 2015),

to rehabilitate his reputation, to use the publication to address issues that have nothing to do with the media business."

He said he would resign from the magazine on Oct. 1, before his contract expires on Dec. 1.

Following news of the sale, Kurchenko promised editorial policy would not change. "Editorial policy is the responsibility of the team and it is under the control of the main Forbes office in the U.S.," he said.

Korrespondent's Editor-in-Chief, Vitaliy Sych, found out about the sale while on vacation. In a statement he posted on his blog, Sych expressed worry over the deal, but noted the new owner could intervene once the deal is closed.

"Prior to the completion of the transaction (in the first quarter of 2014), the company remains in full force with the current leadership. Operational control remains with the current owner (Lozhkin)," he wrote.

Iuliia Chervonooka, public relations director at Vasil Kisil & Partners, which acted as counsel for UMH Group in the transaction, confirmed by email that the deal will be closed in the first quarter of 2014. Until then, the owners and management of UMH group will remain unchanged. Meanwhile, an independent English law firm is engaged as escrow agent to keep the shares of the holding company.

According to a UMH statement, Forbes Global Brand Manager Miguel Forbes blessed the sale of Forbes Ukraine and expressed hopes that the new management will bring new investments. Lozhkin said that under the deal, Kurchenko agreed to invest \$100 million in the magazine over three years.

The deal also binds Lozhkin to a non-competitive clause. Chervonooka said she could not disclose for how long Lozhkin cannot become a direct competitor of UMH.

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# Croatia's sometimes sidwinding, bumpy road toward EU membership well worth it

→1 country's entrance into the EU with fireworks, while 42 percent said no celebration at all was necessary.

Nevertheless, Croatia's EU entrance is a good thing, Vidosevic said.

"We are becoming a member of the strongest association of big nation states that exists today, with a huge market," he told the Kyiv Post. "I think this will provide huge advantages (for Croatia's economy) and for the EU."

Vidosevic believes Ukraine could reap similar benefits if it signs a much anticipated Association Agreement with the EU at a summit in Vilnius this fall.

On that front, Croatia will do everything it can to help Ukraine ink the deal, he said.

"Of course we would like to see our neighbors moving toward (the) EU, but they will need to pass through the same things as we did," the ambassador said. "I think (Ukraine) is going in the right direction, and I think Croatia can be a really good example for it."



Croatian Ambassador Tomislav Vidosevic discusses his country's EU entrance during an interview with the Kyiv Post at his Kyiv office. (Kostyantyn Chernichkin)

The messages coming from all levels of Ukraine's government "are very clear and pro European," he continued. "What you can understand from that is that the government is doing everything to meet (the expectations of the

EU) and get to that goal (of signing the Association Agreement with the EU)."

Shifting to the topic of bilateral relations, Vidosevic called the relationship between Croatia and Ukraine "very, very good" and said common positions

have strengthened ties over the years.

Among these are geopolitical issues, which he said will continue to be challenging, even as a part of the EU.

"The worst thing that can happen to a country is being on the border of something," he said. "We want to be an integrated society."

Ukraine signing the Association Agreement would mean it being less of a borderland, he added. Already, though, he feels as though Ukraine is a European country.

"I am here in Kyiv and I can say I feel like I am in Europe," he said.

One area in which he hopes to see improvement is trade. Total trade between Croatia and Ukraine amounted to just \$90 million in 2012, with no serious investment.

Specifically, he would like to see quality Croatian products brought to the Ukrainian market. "Another area where we need to talk and develop is the energy sector," he added. "Everyone needs alternative sources of energy."

Tourism is another potential driver of growth. More than 70,000 Ukrainians visited Croatia in 2012. He hopes this will grow after Croatia opens five new visa centers around Ukraine to make applications easier for Ukrainians not living in Kyiv.

But joining the EU will present another barrier, as the country is forced to apply the bloc's visa regime for all citizens of non-EU countries.

Circling back to the topic of EU integration, Vidosevic said he was hopeful that Ukraine would follow Croatia's lead, but it was on the country's government to do so.

For now, though, it is only Croatia joining the bloc – the second former Yugoslav country to do so after Slovenia. The ambassador will celebrate the ascension on July 1 in Kyiv, alongside Head of the EU Delegation to Ukraine Jan Tombinski.

Kyiv Post editor Christopher J. Miller can be reached at [miller@kyivpost.com](mailto:miller@kyivpost.com), and on Twitter at @ChristopherJM.

## Editorials

## Follow Croatia

On July 1, the European Union will get its 28th member state in Croatia, a country of less than 4.5 million people that stretches along the Adriatic's eastern coast.

The former Yugoslav republic saw its share of sidesteps and potholes along the road, including a bitter four-year war with Serbia that required supervision from the United Nations to return previously conquered land back to Croatia. Yet it applied for EU membership just 10 years ago, and the following year the European Commission recommended the nation for official candidacy, opening a lengthy negotiation process, which was by no means easy.

Croatia had a maritime border dispute with Slovenia as recently as 2008, and negotiations stalled for 10 months because of it. In the end, 66 percent of the nation's population supported accession in a 2012 referendum. But public opinion in the country about joining swung wildly, dipping as low as 26 percent as recently as 2011, according to one poll cited by BBC at the time.

But regardless of the struggle, the nation completed the accession process and will now be a member of the European family: A family that shares many common values and freedoms, as well as a common market, the biggest in the world based on purchasing power. Croatia will surely be better off as a part of it.

We would like to see Ukraine follow in its footsteps.

Ukraine now has a unique chance to sign an Association Agreement with Europe. It's not a promise of membership, but it is an unprecedented arrangement with a non-EU member state, which includes a Deep and Comprehensive Free Trade Agreement – the treaty that regulates how the European and Ukrainian markets will gradually open up to each other and play by the same rules.

Ukraine is badly pressed for time. The window of opportunity to sign will close in November if Ukraine fails to release Yulia Tymoshenko from prison and make progress on legislative and electoral reform. Many European politicians and diplomats have sent distress signals recently calling on Ukraine to step up the effort, which indicates that anxiety about Ukraine's performance is on the rise.

If Ukraine fails this time, a wave of bitter disappointment – the kind that followed the euphoria of the Orange Revolution – will inevitably swamp European nations, many of which are taking the Ukrainian accession process very seriously.

We hope the nation's leadership has the political will to avert this and follow Croatia on the path to Europe.

## Time to forgive

"We forgive and we ask for forgiveness," Polish bishops wrote to their German brothers in 1965. It was a bold move – asking personified evil for absolution just two decades after a bloody war – but it launched the healing process between the two nations, which are now among Europe's closest partners.

Bottled up during almost five to seven decades of communism, and one of chaos, the demons of World War II are being let loose in Ukraine. Each group has felt unfathomable pain: Russians starved to death in German war camps, Jews exterminated en masse, Poles massacred in Volyn, Ukrainians dead on every road and every warring side. The horrors of that war, more so in the blood lands of Eastern Europe than anywhere else, meant treason, fratricide and gratuitous violence were a common occurrence.

But while the Russians, Poles and Jews have had years to hone their historical narratives, and develop the institutions to spread their message, Ukrainians have not been afforded this chance. That they feel bullied by the propaganda that has regrettably seeped into the war's memory is understandable.

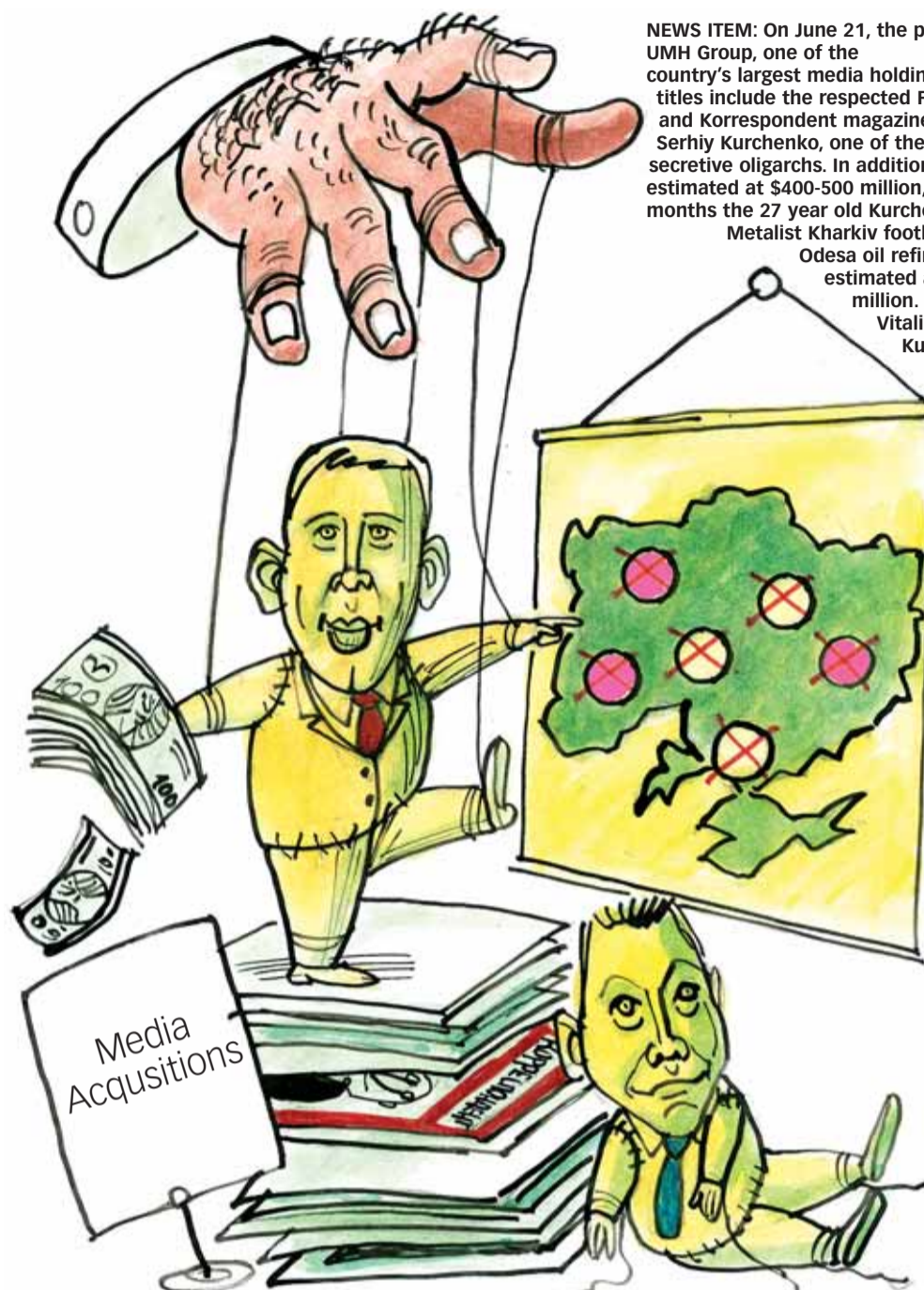
Recently revealed cases of former Ukrainian Nazi SS unit members living abroad have once again painted Ukrainians as opportunistic Nazi sympathizers. While some did collaborate and commit war crimes, it is also important to consider the desperate position of a people fighting for their nation's independence, free of Stalinist or Nazi rule. So some chose the enemy of my enemy is my friend principle, but all faced difficult decisions that cannot be comprehended today.

Ukraine needs its own history, one that is honest and does not gloss over the dark parts, but also has sympathy for the plight of a people who for centuries longed for their own country. It needs leaders to reconcile the different nations that have lived in Ukrainian lands, and not divide them to score political points.

James Temerty, a Canadian of Ukrainian descent is among the pioneers of this process. His Ukrainian Jewish Encounter initiative, designed to bring the two people together, find truth about the common path and reconcile, is one step in the right direction.

On June 24, Temerty received the inaugural Metropolitan Andrey Sheptytsky Medal of Honor, a special award established to mark those who work towards reconciliation and closer ties between the two peoples. It was symbolically awarded to him by Rabbi Jaakov dov Bleich and Archbishop of Ukraine's Greek Catholics Sviatoslav Shevchuk.

Ukraine needs peace and understanding within its peoples, and good relations with its neighbors. Those who work towards those goals deserve all the praise and recognition they can get.



**NEWS ITEM:** On June 21, the public learned that UMH Group, one of the country's largest media holdings, whose titles include the respected Forbes Ukraine and Korrespondent magazines, was sold to Serhiy Kurchenko, one of the country's most secretive oligarchs. In addition to the UMH deal, estimated at \$400-500 million, over the past 18 months the 27 year old Kurchenko has bought

Metalist Kharkiv football club and the Odesa oil refinery, cumulatively estimated at nearly \$700 million. UDAR party leader Vitali Klitschko called Kurchenko a front

for powerful interest groups who prefer to stay away from the spotlight. Meanwhile, the deal stipulates former majority owner Borys Lozhkin is barred from launching any publications that would compete with UMH titles for an undisclosed period of time. "I could launch a travel magazine," he said.

# Presumption of buyer's guilt



MYKHAYLO KUKHAR

The Ukrainian media market is young, like the country itself. All the major media deals that took place over the course of 21 years can be counted on one's fingers.

Naturally, Boris Lozhkin's sale of the United Media Holding, consisting of dozens of popular newspapers, magazines and radio stations to Serhiy Kurchenko's VETEK has resonated greatly within the journalistic community.

The deal was to be officially announced on June 21 but one day before the announcement, the details of the \$400-450 million deal, and – most importantly – the name of the buyer – were unexpectedly released by the chief editor of Ukrainian Forbes Vladimir Fedorin.

Moreover, his statement said the following: "I consider the sale of Forbes Ukraine to be the end of the project in its current state. I am convinced that the buyer is pursuing one of three goals (or all of them at once): 1) to silence journalists before the presidential election; 2) to whitewash his reputation; 3) to use the publication for purposes that have nothing to do with the media business.

→ We are not aware of facts that would suggest that UMH journalists will no longer be free

"Like any other person, I can be mistaken, but nothing that I know from open and non-public sources, allows me to interpret what's going on in any other way."

More than a week after that statement, the journalists working at UMH are still feeling the shakes. Many of them took those accusations so close to their hearts that they are ready to quit tomorrow.

Lozhkin's own assurances also haven't improved the mood. He said he will run UMH until March 2014, and promised editorial independence. The buyer's own → 5

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# The media are dead. Let's make new media



YEVHEN  
HLIBOVYTSKY

Last week's sale of UMH, Ukraine's biggest media holding, can be summed up with a single quote from Quentin Tarantino's *From Dusk Till Dawn*: "it might still look like a human, but it's already a vampire."

On June 20, it was announced that 27-year-old Serhiy Kurchenko bought UMH. Media reports, including *Forbes Ukraine* which he now owns, have often referred to him as being a front for a group of individuals close to Oleksandr Yanukovich, the elder son of President Viktor Yanukovich.

On this day, Ukraine's media world was turned on its head.

Most likely, in the next few months we will see the last big independent publications disappear, together with any hopes of resuscitating Ukraine's media market. The editors and journalists we still like will continue to conscientiously fulfill their duties, but they will look like the musicians on the sinking Titanic. In their tuxedos and bow ties they will stoically face the end.

Don't expect a miracle. The redistribution of the media market was the result of a silent (or even active) agreement with the public. News that entertains? Excellent! Lies instead of investigations? Bring them on! Primetime celebrities with secret instructions from their boss under the guise of truth-seekers? Sure!

There is no need to rescue the existing media market. There is no need to help it anymore. There is no need to even train journalists for it, regardless of how good the training is. The milestones of media owners can grind even the strongest of young spines.

In the short term, Ukrainians will have learn to do without the Ukrainian media – or those whose editorial policy is set in Ukraine – because they are poisonous. Where possible, the public will have to migrate into the higher quality foreign information spaces, and find other ways to stay informed.

Today, Facebook is our public television, and the bobtailed Ukrainian site of the BBC will have to become our nourishing meal – like those military biscuits distributed in natural disaster zones that allow you to stay alive and stave off starvation.

In the mid to long-term perspective, we have to understand that the existence of a healthy society is impossible without independent and professional media. That's why staying without proper media



American businessman of Ukrainian origin Alexander Altman at conference discussing TVi after he took over the channel earlier this year. Many believe the murky ownership transfers have irreparably damaged TVi's reputation. (Kostyantyn Chernichkin)

→ Without independent media, we cannot have a healthy society

in the longer term is disastrous for the nation. The general degradation, caused by a worsening education system, will speed up because of the absence of social reflection and debate that typically comes with a healthy media.

Instead of preparing journalists for the ritual sacrifices to dragon owners, we should be preparing citizens to become insightful and learn to differentiate between truth and likelihood, between scrutiny and

skepticism. Media literacy, or the ability to distinguish between what you can consume and what is going to be poisonous, becomes a skill necessary for the survival of people of any professions, conditions and classes, ethnicities and religious convictions.

A handful of journalists who are left adrift should be given management tools which will help them to become managers and businessmen if they're willing to be retrained. A modern, non-oligarchic business can do it – and this is something that is much more valuable than money.

New journalists should be trained to face the uncertainty and risks of true pioneers. They will have to know that there will be more poorly paid martyrs among them than rich stars. The job of the journalist has to be de-glamorized.

It's time to start thinking how an embryonic new market can be spawned. It will be born as soon as the first rays of the sun turn the new monster into a heap of ashes. If that new market is not created, the respite will be short, and will only last until the next sunset.

*Yevhen Hlibovytsky is a partner of Pro.mova, a strategy and communications consulting company, and a former journalist.*

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WITH  
ANNA SHAMANSKA



Kyiv Post asked five winners of the Viktor Pinchuk Foundation's WorldWideStudies scholarship how they will use the knowledge gained abroad once they return to Ukraine:



**Taras Shablii**  
*University of Pittsburgh;*  
*LL.M. for Foreign Law Graduates*  
I will study international taxation or international

trade, and that would be applicable here. I would also like to teach at the Kyiv Mohyla Academy, my alma mater.



**Aishe Memetova**  
*Bucerius Law School;*  
*Master in Law and Business*  
There are a million ways to apply this education,

because leadership is lacking in our country, as is a wise legislation. It is very important to see how other countries' experience could benefit us.



**Khrystyna Rybachok**  
*Central European University;*  
*MA in Political Science*  
I think that my future profession

will somehow be connected to the political education of civil servants. My global objective would be to contribute to the formation of new elite political leaders.



**Diana Zadorozhna**  
*Central European University;*  
*Environmental Sciences*  
My course is very young in Ukraine.

All our activities and plans are outdated and require modernization. I see myself as a project manager on renewable energy projects, and solving current environmental problems related to sewage water and waste utilization.



**Maksym Markevych**  
*University of Chicago;*  
*Master of Public Policy*  
I'm will study public policy, an interdisciplinary field which

Ukraine really needs. Solutions to our public policy problems should unite knowledge from law, economics, political science, anthropology.

## Kukhar: Give UMH new owner a chance

→4 statement furthermore didn't have a favorable effect.

In it Kurchenko not only assured that he will respect the work of newsrooms, including journalistic investigations – the most integral part of editorial – but also vowed to sign an agreement with the staff on non-intrusion into editorial policy and even a three-way deal with the Americans about the work of *Forbes*, handing over content management to the mother company.

But not even Miguel Forbes' statement that he was pleased that the new owner would invest more into the magazine could remove the after-taste left from the scandalous way that the deal's details were revealed.

The irony is that the Ukrainian *Forbes* was the first

to publish an investigation into Kurchenko, and it didn't shed much positive light on his business.

Any Western businessman or banker will tell you that spending close to half a billion dollars to buy a media holding just to ensure that another article won't appear about you is totally absurd. Yet this thought was firmly planted into the heads of Ukrainian journalists. Most of them believe that this was Kurchenko's main motive.

They're shooting puzzled looks towards the West. They sincerely think that the home-grown distaste for oligarchs has to be inherent among Western media capitalists. Most of the comments came down to the argument that Americans should not cooperate with Kurchenko because he is an oligarch.

At the same time, they fail to ask themselves

why the American *Forbes* should be worried about UMH's acquisition by VETEK if Bloomberg is cooperating with BTB, the National Bank's TV channel, while the *Financial Times* provides syndicated material to Kapital newspaper, both of which are usually tied to the name of former central banker and now First Deputy Prime Minister Serhiy Arbutov.

There are no facts that we're aware of as of today that would show us that freedom of speech is under threat at UMH. And those Ukrainian journalists who condemn big businessmen in the manner of medieval inquisitors in the 21st century without allowing them to have the presumption of innocence, are laughable to say the least.

*Mykhaylo Kukhar is editor-in-chief of MYSL magazine.*

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## Eurobond deals help state, firms survive the downturn

BY ANASTASIA FORINA  
FORINA@KYIVPOST.COM

Ukraine's biggest crop in the past 10 months has not been in the fields. Over this period, the nation has had 11 private and sovereign Eurobond issues of \$400 million and up, fetching more than \$11 billion altogether.

The government has made two sovereign placements this year, in February and in April, worth \$1 billion and \$1.25 billion, respectively. Because of the favorable markets, these placements were the cheapest in two years, allowing the finance ministry to cover current expenses, as well as service significant debt payments.

Ukraine's state railway monopoly Ukrzaliznytsia issued its debut \$500 million Eurobond without state support. Energy giant DTEK and biggest poultry producer Myronivsky Khliboproduct both issued \$750 million Eurobonds in April, which were popular with foreign investors.

"The first half-year and March, April, in particular were the most successful for Ukrainian Eurobond issuers," says Yuriy Tovstenko, a bond trading specialist at Concorde Capital. "That was mostly due to favorable environment on foreign markets which resulted in rising demand for risky assets, such as Ukrainian."

But in the last month, the markets have soured greatly due to plans of the U.S. Federal Reserve to slow the program of quantitative monetary easing, according to Tovstenko, who doesn't expect more Ukrainian new

placements this year, either sovereign or private.

"Right now the market is actually closed for new issues. That's why we do not expect activity in this direction till the end of the year," he says.

### Sovereign bonds

The Ukrainian government placed \$1 billion at 7.65 percent on the Eurobond market in February, which is, however, supposed to be consolidated with \$1.25 billion in 2022-notes, issued in November last year at 7.8 percent. The deal was followed by another placement of 10-year Eurobonds worth \$1.25 billion at 7.5 percent in April, which is the country's cheapest in the past two years, according to Yuriy Draganchuk, managing associate at Sayenko Kharenko law firm, which advised on the deal.

"These are Ukraine's largest Eurobond placements on international capital markets in 2013 so far," says Draganchuk. "Ukraine successfully tapped the international capital markets while hosting the IMF mission in Kyiv, which, obviously, positively affected Kyiv's negotiations with the IMF back in April," he adds.

His optimism, however, was clearly not shared by the delegation itself, which left Ukraine after issuing a lukewarm statement and without appointing a new date for a mission. By contrast, IMF loans come at a 3.5-4 percent interest rate.

### Ukrzaliznytsia

Ukrzaliznytsia placed \$500 million in 5-year Eurobonds at 9.5 percent in

### Eurobonds tapped by Ukraine since end of 2012

Eurobonds	Volume, million, \$	Interest rate	Issue date	Repayment date
Sovereign bonds	1,000	7.950	08/2012	06/2014
	2,600	9.250	07/2012	07/2017
	2,250	7.800	11/2012	11/2022
	1,250	7.500	04/2013	04/2023
Ukrinf (state institution on financing infrastructure projects)	550	9.000	12/2012	12/2017
Oschadbank	500	8.875	03/2013	03/2018
Eximbank	600	8.750	01/2013	01/2018
Mriya (agro holding)	400	9.450	04/2013	04/2018
Myronivsky Khliboproduct (poultry producer)	750	8.250	04/2013	04/2020
DTEK (energy company)	750	7.875	04/2013	04/2018
Ukrzaliznytsia (state railway administration)	500	9.500	05/2013	08/2018

Source: Investment Capital Ukraine

May, becoming the first state enterprise in Ukraine to issue Eurobonds not covered by state guarantees.

"We're the only state-run enterprise in Ukraine that has floated Eurobonds worth \$500 million without state support, and in 2-3 days Standard & Poor's assigned a sovereign rating to the company," Volodymyr Kozak, Ukraine's infrastructure minister said at recent business conference, according to Interfax-Ukraine. "Next year we'll again issue (Eurobonds)."

But it was a troublesome deal at the same time, due to the complicated structure of Ukrzaliznytsia, according to Olena Zubchenko, associate partner

at Lavrynovych & Partners law firm, which advised on it.

Zubchenko says the company is made up of six railways, all operating under the administration of the mother company.

A major development for Ukrzaliznytsia, the deal also plays a significant role for infrastructure-related industries as it could help attract more investors, according to Zubchenko.

"It (the deal) will make it possible for other similar enterprises (in Ukraine) as airports and ports to enter (the Eurobond market) without state guarantee," Zubchenko says. "It opens big

opportunities and at the same time removes obligations from the state."

### DTEK and MHP

Rinat Akhmetov's energy holding DTEK placed \$600 million in five-year Eurobonds at 7.8 percent in late March and another five-year Eurobond worth \$150 million at same rate to be consolidated with the previous ones in April. Meanwhile, poultry giant MHP placed seven-year Eurobonds worth \$750 million at 8.25 percent in April.

"(The deals) evidenced continuing interest of foreign investors in Ukrainian blue chips and their readiness to accept Ukrainian country risks despite the uneasy economic and political situation," says Glib Bondar, partner at Avellum Partners law firm which advised on both deals.

However, DTEK doesn't plan to issue more Eurobonds this year.

"We've had rather successful Eurobond issues... We don't plan to issue additional bonds this year," DTEK CEO Yuriy Ryzhenkov recently told Interfax-Ukraine. "I think that that's enough for just now."

MHP also has no plan to borrow more either in 2013 or 2014, according to Yuriy Kosiuk, MHP's major shareholder.

"We planned to repay the 2015-eurobonds and not to attract foreign money anymore," Kosiuk said in his recent interview with UNIAN news agency. "Though, being oriented on expansion and due to existing appetite for buying we issued 2020-Eurobonds and it will do for us for five years at least."

Kyiv Post staff writer Anastasia Forina can be reached at [forina@kyivpost.com](mailto:forina@kyivpost.com)

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# Political headache, energy also generates big deals for lawyers

BY KYIV POST STAFF

Ukraine's economy may be stagnating, but that doesn't mean the country's top law firms are out of work. This is particularly true in regards to the energy sector, which has been undergoing a substantial transformation over the past year.

Endless tensions with Russia, particularly revolving around the issue of gas prices and alternative supply routes that circumvent Ukraine, have finally spurred the nation to seek alternative sources of energy and develop new sources of natural gas. The trend is further supported by a drive to increase efficiency and modernize the country's aging energy infrastructure.

The biggest of the innovations in this regard is shale gas, an alternative technology to conventional sources that has been pioneered by the U.S. and has turned it into a net exporter. While it appears that Ukraine's potential in this regard was initially overestimated, the country is believed to have one of the biggest deposits in Europe.

Ukraine saw a groundbreaking production sharing agreement potentially worth \$10 billion between Dutch Royal Shell and the government signed on Jan. 24 on the sidelines of the World Economic Forum. The deal was overseen by CMS Cameron McKenna, which advised the Dutch energy giant.

"The Yuzivska PSA project was one

of the top priority projects for our office during the last few months. It underlines the strength of our energy expertise and the ability of our lawyers to integrate seamlessly with the legal and negotiations teams of Shell, our long-standing client in Ukraine," Vitaliy Radchenko, who led the legal team, commented at the time.

Further production sharing agreements are expected to be signed this summer with U.S. energy majors Chevron and ExxonMobil. Chevron has finished negotiations with the government, and its PSA has been sent on to two regional councils for approval.

ExxonMobil, on the other hand, continues to haggle with the government over the legal jurisdiction of the contract should any problems occur in the 50 years it covers. In contrast with Shell, which agreed to Ukrainian court jurisdiction, ExxonMobil insists on foreign jurisdiction, said a source familiar with negotiations who spoke on the condition of anonymity because talks are still in progress.

Renewable sources of energy have also seen considerable action, fueled by a generous green tariff that guarantees high prices for producers. The program is not without its problems, with foreign investors complaining that local content requirements are tailored to local players, who de facto become the only ones able to compete.

But this doesn't mean foreign play-

ers have steered clear of the market. One of the more significant deals in this regard was advised by Astapov Lawyers which helped French alternative energy group La Compagnie du Vent acquire and set up a wind farm in southern Ukraine worth \$200 million.

"Our work involved legal due diligence of the shortlisted projects and related transactional work. The projects of this scale test lawyers' ability to timely distinguish a flying legal vehicle from something that will not survive the first visit to the courtroom," Ivan Trofimenko, head of the law firm's real estate department, said. "But even more challenging are the different business environments of the parties involved. It is often the lawyer's job too to fuse the parties into the right alloy by creating solid ground for everybody."

Another significant deal came in for CMS Cameron McKenna, which advised the German division of the Danish wind turbine company Vestas Wind Systems AS, on the supply and installation of 33 megawatt wind turbines and equipment to DTEK energy holding.

DTEK, owned by Ukraine's richest man Rinat Akhmetov, has an ambitious plan to build Ukraine's largest wind farm, with a capacity of around 200 megawatts, in Botievo in Zaporizhia Oblast. On the Ukrainian side, DTEK was advised by Baker McKenzie.

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## BUSINESS ADVISER

### Specifics of case law on disputes about the invalidation of leasing contracts and financial lease agreements

Recognizing a lease as void cancels obligations, but it also has consequences which are determined by law. Therefore, the act of invalidating an agreement plays an important role in this process.

However, at present, there is no uniform approach to the invalidation of leasing and financial lease contracts. The void date could be in the future or on the date of their conclusion.

Even the higher courts show no consensus in resolving these disputes.

The Supreme Court of Ukraine, in its general conclusions "Case law on the hearing of civil cases on the recognition of the transaction void dated 24.11.08", points out that when it is impossible to invalidate from the conclusion date a transaction partially executed and containing a provision to terminate only in the future (e.g. contracts for services or labor, etc.), the court decided in favor of future-based terminations.

Case law was this way for a long time.

In passing a decision on disputes concerning the invalidation of leasing and financial lease contracts, the courts, including the Supreme Economic Court of Ukraine, proceed from Article 216 of the Civil Law of Ukraine. As such, the invalid transaction does not create legal consequences other than those related to its invalidity under Article 216. Each party is obliged to return to the other party everything in kind it had received to perform this transaction. If such a return is impossible, especially when it concerns property use, work done or services rendered, then the costs, valued as of the day of payment, must be reimbursed.

Clause 3 of Article 216 sets forth how to apply the legal consequences set forth in particular, in Article 216 Paragraph 1, unless the law stipulates specific conditions for their application or special legal consequences for certain types of invalidated transactions.

According to Clause 3 of Article 207 of the Civil Code of Ukraine, the obligations are recognized void and terminated in the future when they may be terminated only for the future by implication.

However, Paragraph 3.2 of the Interpretation of the Supreme Arbitration Court dated 12.03.99 # 02-5/111 "On some issues of the case law on the dispute resolution related to the recognition of transactions as void" states that according to general principles, a transaction shall be deemed void from the moment of its conclusion. The exception to this rule is agreements containing a provision about the termination only in the future since it is impossible to return all received hereunder. In this case, concurrently with the recognition of a transaction as invalid, the Commercial Court indicates in its decision the fact of its termination in the future.

The courts concluded that, when nullified, the actual use of property under leasing and financial lease contracts makes restitution between the parties impossible, as the property use is an irrevocable "thing". Since under contract the property use cannot be returned, it was recognized as invalid and terminated just for the future.

In cases where the validity of a contract under dispute expired or such contracts were terminated, i.e., there were no mutual obligations between the parties for the future, the courts simply came to a conclusion on the impossibility of recognizing a financial lease contract as invalid.

However, there is a parallel case law, including the Supreme Economic Court of Ukraine, according to which leasing and financial lease contracts should be recognized as invalid from the date of their conclusion.

In recognizing leasing and financial lease contracts void from date of their conclusion, the courts invoked Article 236 of the Civil Code of Ukraine as clearly setting out that a transaction recognized invalid by the court is invalid from the moment of its execution. Clause 3 of Article 207 of the Civil Code of Ukraine stipulates that the fulfillment of economic obligations recognized by the court as invalid terminates from the date a court decision enters into force and provides for the possibility of recognizing obligations invalid for the future, which is also contrary to Article 236 of the Civil Code of Ukraine. Article 207 of the Civil Code of Ukraine does not contain specifics on the regulation of economic relations, but it does contain general rules on the invalidity of economic obligations that contradicts the Civil Code of Ukraine both in terminology and in content. Therefore, given Article 207 of the Civil Code of Ukraine, in accordance with the first paragraph of Clause 2 of Article 4 of the Civil Code of Ukraine, the second paragraph of Clause 1 of Article 4 of the Civil Code of Ukraine cannot be applied.

It is also important to draw attention to an interesting case law example on restitution due to the invalidation of leasing and financial lease contracts, etc.

When the received under the invalidated transaction consists of property use, work done and services rendered, the value of the received should be reimbursed. The assessment of the value is made according to the prices existing at the time of reimbursement.

For example, a land lease contract is recognized as invalid. The lessor is obliged to return the rental payment received. The lessee is obliged to return the land and reimburse the amount of the rental payment for the usage period pursuant to the rent rate existing at the time of reimbursement. Since the allowance is awarded to both sides, the court holds the offset of mutual debts, the difference between the rent paid and the rent calculated at the date of reimbursement is subject to recovery.

Thus, as we can see from the analysis of the existing case law, at present, there are two parallel and completely opposite approaches of the courts to the dispute resolution concerning the invalidation of leasing and financial lease contracts: in some cases, these contracts are recognized invalid only for the future, while others start from the date of their conclusion.

There is no clear answer as to how to resolve disputes on the invalidation of leasing and financial lease contracts even in the regulation of the Plenum of the Supreme Court of Ukraine dated 06.11.09 # 9 "On case law concerning civil proceedings for recognition of transactions void."


While carefully reading and analyzing the provisions of the Regulation in terms of each other, we may assume that the Supreme Court of Ukraine is more inclined to invalidate agreements from the date of their conclusion.

However, this is just an assumption.

Hopefully in the near future the Supreme Court of Ukraine will notice the uneven application of the regulations of the Civil Code of Ukraine and express its clear position on this issue.



Andriy Balanchuk  
Senior Associate, Attorney

  
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**BUSINESS ADVISER****RECENT CHANGES  
IN UKRAINIAN ANTI-CORRUPTION LAWS**

Significant changes to take place in Ukraine with regard to fighting against corruption.

The Parliament of Ukraine has recently adopted a few anti-corruption laws with a view to bringing Ukrainian anti-corruption legislation in line with recommendations given by the Group of States Against Corruption (GRECO) meeting one of the key requests the European Union for signing of the EU-Ukraine association agreement.

In addition, the Ministry of Revenue and Taxation of Ukraine initiated formation of its anti-corruption strategy in cooperation with the leading international organizations, such as the World Bank, the EBRD, the OECD and Transparency International.

Considering the fact that the recent legal novelties toughen the liability for violation of anti-corruption laws and change the grounds for such a liability, we would like to draw your attention to the most formidable changes in the legislation which have already become effective in Ukraine.

The recent changes in Ukrainian anti-corruption law apply to every local company as well as local subsidiaries of international companies, carrying out business in Ukraine.

Thus, on May 18, 2013, the Law of Ukraine on Amendments to Certain Laws of Ukraine regarding Bringing National Legislation in Line with the Criminal Convention on Fighting Corruption no. 221-VII came into force, and on June 9, 2013, Law of Ukraine on Amendments to Certain Laws of Ukraine on Implementation of the State Anti-Corruption Policy came into force.



**Evgenia Paily**  
Ph.D. Associate  
of Gide Loyrette Nouel Kyiv

**THE MAIN IMPORTANT CHANGES****IN THE ANTI-CORRUPTION LAWS OF UKRAINE ARE THE FOLLOWING:****Criminalization of all corruption offences**

Corruption offences which previously were administrative offences were criminalized.

**The term "bribe" was replaced by the new term "illegal benefit" which covers not only material goods but also other intangible benefits.**

The previous term "bribe" covered only monies or other property or proprietary rights. The newly introduced term "illegal benefit" also covers intangible assets, which are offered, promised, granted or obtained without legal grounds.

**Liability for corruptive actions committed in the interest of a third party.**

From now on, granting an illegal benefit to a third party with an official's consent which will act in the interest of the briber is considered to be a crime. Also it is considered to be a crime when an official obtains an illegal benefit for a third party.

**Severe sanctions for corruptive actions**

**Granting** an illegal benefit to an official (or to a third party) can lead to criminal prosecution with harsh sanctions of up to 10 years in prison in the worst case scenario.

**Obtaining** of illegal benefit by an official may result in imprisonment for 8 to 12 years with deprivation of the right to occupy certain positions or carry on certain activity up to 3 years and with a property seizure.

**Criminalization of the offer or promise of illegal benefit**

Thus, the offer or promise of an illegal benefit to the official results in imposing a fine in the amount of 250 to 500 non-taxable minimum incomes (UAH 4,250–8,500).

**Criminalization of the corruptive actions of all public employees and not just officials**

The amendments criminalize an offer or a promise of illegal benefit as well as providing of such illegal benefit not only to an official but to any employee of a public enterprise, or organization.

Besides the abovementioned, the Verkhovna Rada of Ukraine has adopted several draft laws and the list anti-corruption initiatives and we would like to mention the major possible novelties in the legislation:

- The draft law introduces a procedure for confiscation of goods and monies obtained as a result of corruptive actions — all indirect profits and illegal profits of third parties (including relatives).
- The register of corruption offenders will be open for public use.
- It will be possible to prosecute, and impose criminal liability upon, legal entities for corruptive actions of its employees.

In view of the recent changes we recommend that each company, which is doing business in Ukraine, reviews its internal rules and policies in order to meet legal requirements and to comply with anti-corruption laws of Ukraine.



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# Lawyers: New bankruptcy law a step in the right direction

BY JESSE FLECK  
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Lawyers say the newest version of the insolvency law, which came into effect in January this year, creates a more streamlined and efficient insolvency process, especially compared to the previous version that focused on liquidating business entities.

While experts say it's still too early to determine all of the law's implications because of the protracted time for bankruptcy proceedings, a number of provisions signal this could be a significant step forward.

The biggest change is the focus on restoring a debtor's insolvency through a multitude of tools. The law provides debtors and creditors more opportunities to make settlements prior to court proceedings, which is helpful given the typically high costs and low chances of full debt repayment. Some provisions furthermore reduce the likelihood of corruption and generally facilitate the entire bankruptcy process.

This "is an attempt to... remedy some of the real and perceived defects in the current law," Clifford Chance law firm commented on the development in a statement.

Associate Vasyl Yurmanovych at the international law firm Beiten Burkhardt added that "generally the new law became less pro-debtor and provides new mechanisms for protecting the interests of creditors."

For example, the new law enables any creditor that holds 25 percent or more of claims to be included in the creditor's committee.

On the other hand, according to some lawyers, the status of a secured creditor in bankruptcy proceedings is diminishing. Associate Julia Kylchynska at Sayenko Kharenko said that creditors whose claims are secured by a property pledge by the debtor only have an advisory role in the creditor's committee.

Additionally, partner Alex Frishberg at Frishberg & Partners highlights another issue where a secured creditor's first priority status for compensation can be displaced by that of an unsecured creditor. Primarily, any creditor that has a claim against a debtor as a result of their transaction being invalidated will obtain first priority status irrespective of whether or not they had security.

Frishberg adamantly believes "this would in effect move an unsecured creditor onto an equal priority level with secured creditors."

One of the major issues resolved by the new law concerns notifying foreign creditors of bankruptcy proceedings. According to Frishberg, Ukrainian corporations were allowed to file their bankruptcy only in local Ukrainian newspapers, which meant that their international investors may not be aware of their company's situation. As a result, if the investor learned of the bankruptcy belatedly, a Ukrainian court would rule that the creditor had sufficient warning and their claims would become invalid in a future hearing. This oversight can be negated



Alex Frishberg

with a provision that allows parties to make a pre-bankruptcy rehabilitation procedure mandatory in the initial agreement, such that bankruptcy proceedings could not be initiated without their knowledge.

Another provision introduced to inform foreign investors is the required publication of a corporation's information on the website of the Supreme Economic Court. This requirement must occur throughout the entire procedure, which further ensures the likelihood of invested individuals to become aware of the situation. Kylchynska of Sayenko Kharenko believes that "it will provide creditors with prompt access to the information on bankruptcy cases and timely file claims to the debtors."

And since bankruptcy-related proceedings could become quite long, the new law has shortened or introduced "hardening periods" with specific dates. For example, previously, the rehabilitation phase lasted 12 months with the possibility of an additional six months. Now the rehabilitation phase is only six months with the possibility of an additional six months. In theory, most law firms see this as a positive change because it will speed up the process.

Also, according to Clifford Chance, the law "allows both shareholders and directors of the debtor to be liable in certain circumstances to creditors of the insolvent director." There's also an "any other person" which has control over a business clause, presumably to extend liability to those acting as nominal directors.

Stricter conditions and automated selection services for positions like the arbitration administrator should reduce corruption. Frishberg states that "these new requirements for 2013 were surely included to provide incentive for the arbitration administrator to perform their functions to the maximum extent."

Nevertheless, Yurmanovych said a loop hole still exists since a judge first determines the degree of difficulty of a case before a judge is randomly selected, allowing for a particular person to be chosen for a bankruptcy case.

While the new law has provided clarity in some areas, Yurmanovych states that "the procedures related to the sale of assets are not clear." Primarily he is concerned with the fact

**Law Firm Peer Review**

The ranking and averages compiled here are from a survey created by the Kyiv Post and distributed to the 31 law firms in the ranking. Each Law firm was asked to rank one another on a scale of 1 to 3 with one as excellent, two as good and three as fair. Afterward those numbers were compiled together for each firm and averaged (the number on the right). Finally, they were ranked based on the lowest to highest average (number on the left).

Rank	Law Firm	Average
1	Baker & McKenzie	1,417
2	Sayenko Kharenko	1,440
3	Asters	1,478
4	Vasil Kisil & Partners	1,500
5	CMS Cameron McKenna	1,750
6	Avellum Partners	1,810
7	Clifford Chance	1,870
8	Chadbourne & Parke	2,143
9	DLA Piper	2,158
10	Dentons	2,211
11	LCF Law Group	2,250
12	Egorov, Puginsky, Afanasiev & Partners	2,348
13	Ulysses	2,357
14	Ilyashev & Partners	2,389
15	Arzinger	2,409
16	Andriy Kravets & Partners	2,417
17	Beiten Burkhardt	2,444
17	Konnov & Sozanovsky	2,444
19	Grischenko & Partners	2,450
20	AstapovLawyers	2,500
20	Schoenherr	2,500
22	Gide Loyrette Nouel	2,563
23	Integrites	2,579
24	ILF	2,583
25	Gvozdiy & Oberkovych Law Firm	2,600
26	Lavrynovych & Partners	2,667
26	Jurimex	2,667
28	Salkom	2,714
29	Wolf Theiss	2,750
30	B.C. Toms & Co.	2,813
31	Frishberg & Partners	2,882

Source: Kyiv Post research

that assets of the bankrupt entity must be sold by a licensed auctioneer, but currently there is no licensing for that position under the law. Consequently, this position needs further definition in order to be applied to the process accurately.

Kyiv Post intern Jesse Fleck can be reached at [fleck@kyivpost.com](mailto:fleck@kyivpost.com).



# Kyiv Post: Top Law Firms of 2013

BY JESSE FLECK  
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When it comes to law firms in 2013, the best are still the best. The Kyiv Post brings our readers two comprehensive ranking systems of the Top Law Firms in Ukraine for 2013. One is created from three internationally respected ranking companies and the other is a peer ranking guide (see page 8), based on responses from the law firms themselves.

The former is comprised of Legal 500, Chambers Europe and International Financial Law Review 1000. The guide is divided into two areas of practice. One is corporate and mergers and acquisitions, and the other banking and finance. All of these rankings were compiled this year and can be found on each company's respective website.

This accumulation of data depicts only those law firms which were ranked in all three ratings. If a law firm was not found in one of these surveys, they were excluded. If a law firm was not found in one of the two categories within the survey's provided by the companies, then an artificial value was placed in the missing spot in order to balance the total. This artificial value is designated by an asterisk and is created from the average of the provided numbers from the other companies in that category. Consequently, if a law firm from last year does not appear this year in our ranking it may mean

## Top Law Firms in Ukraine 2013

Rank	Law Firm	Legal 500		IFLR 1000		Chambers Europe		Total
		Banking & Finance	Corporate/ M&A	Banking & Finance	Corporate/ M&A	Banking & Finance	Corporate/ M&A	
1	Baker & McKenzie	1	1	1	1	1	1	6
1	Sayenko Kharenko	1	1	1	1	1	1	6
2	Asters	2	1	2	2	1	2	10
3	Avellum Partners	1	1	4	3	2	2	13
4	DLA Piper Ukraine LLC	1	2	3	3	3	2	14
4	CMS Cameron McKenna	2	2	3	2	3	2	14
6	Clifford Chance LLP	{2}*	3	3	3	1	3	{15}*
6	Vasil Kisel & Partners	1	3	3	3	3	2	15
8	Chadbourne & Parke LLP	2	3	3	3	3	3	17
9	B.C. Toms & Co.	3	2	4	4	{3.5}*	4	{20.5}*
10	Andriy Kravets & Partners	2	4	4	{4}*	3	{4}*	{21}*
11	Gide Loyrette Nouel	3	4	4	4	4	{4}	{23}*
11	Beiten Burkhardt	3	4	4	4	4	4	23

The sources for these rankings are Legal 500, IFLR 1000 and Chambers Europe. We used two types of basic legal practices for our ranking from these ranking providers: Banking and Financing and Corporate/Mergers & Acquisitions. The asterisk denotes a rank inserted by the Kyiv Post to balance the scale. This does not necessarily accurately depict what they obtained because it was blank. When putting together the data we found that it was necessary to combine the ranking. This is because when separated into the categories of Banking and Finance and Corporate and Merger & Acquisitions, there were too many ties, which would make the ranking inefficient.

that it was not ranked in one of the three ratings but does not necessarily mean that the firm's quality has decreased.

Additionally, unlike last year, the law firm with the lowest score is the top ranked. This is derived from adding the numbers for each law firm from the surveys. The reason why the survey was not separated into two separate parts is because the difference in num-

bers would become insignificant.

Last year's ranking can be found at: <http://www.kyivpost.com/content/business/kyiv-post-reviews-ukraines-top-law-practices-in-20-308975.html>.

Succinctly, one can see that not much has changed in the past year. Baker & McKenzie and Sayenko Kharenko share the top spot, with Asters close behind in third position. Avellum has risen up from sixth place last year

to fourth place this year. There has been some slight shuffling with some of the higher ranked companies as well. Additionally, this year three new law firms, Andriy Kravets & Partners, Gide Loyrette Nouel and Chadbourne & Parke LLP, have entered the list in place of Egorov Puginsky, Afanasiev & Partners, and Ilyashev & Partners. Salans also disappeared, albeit due to an international merger, which

means it now operates under the name Dentons.

This year the Kyiv Post has also provided our readers with a peer review provided by the Law Firms. The Kyiv Post created a survey that was sent to 31 of the listed companies in the ranking guide provided by the ranking companies. We tried to pick not only the top law firms, but also those of international and local renown. Of those 31 law firms, 29 responded to the survey. The law firms were asked to rank each other on a scale of one to three: One represented excellent, two represented good and three represented fair. These numbers were based on how competent one law firm thought of another. The law firms did not always rank every single law firm on the list due to the fact that some have not worked with each other. To provide the fairest representation of the data, we took the average of the data provided. From that average, the law firms were ranked accordingly.

An analysis of the peer review in comparison with the accumulative survey created from the ranking companies shows some slight overlap. Baker & McKenzie comes in first, just as in the other survey. Likewise, the majority of the other top 10 in the peer review are also in the accumulative ranking, provided either this year or the last.

Kyiv Post Intern Jesse Fleck can be reached at [fleck@kyivpost.com](mailto:fleck@kyivpost.com).

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(Courtesy)



June 30

## Dance show at the Green Theater

A dance show will be held in the legendary Green Theater, an old amphitheatre turned into a nightclub near Arsenalna metro station. The open-air venue offers a choice of comfortable couches for a relaxing night and a special fan zone for those who want to dance with the performers.

The program features more than 30 participants performing jazz-funk, jazz-pop, contemporary, Broadway jazz, hip-hop, lyrical hip-hop, strip plastique, animation and vogue dance styles. Popular dance teams from Kyiv, including Street Movement, Rock the Beat and United Tomato Crew will make special appearances. Pop singer Yulia Vois, vocal and dance project Open Kids and jazz singer Nastya Markova will also perform.

After the show, Green Theater invites everyone to stay till morning.

**Dance Show "Neobyknovennost" ("Unusualness"). June 30. 8 p.m. Green Theater (2 Parkova Road). Hr 70-140**



June 27-29

## Ostrov Festival

(Courtesy)

The new Ostrov Festival is the only festival in Ukraine featuring exclusively independent dance music. The non-stop dance marathon will last 48 hours, with acts performing on three stages built on Trukhaniv Island. This event is the first of its kind in the country that features both worldwide and Ukrainian independent dance music acts, such as Ricardo Villalobos, Cassy, Guy Gerber, Rhadoo, Raresh, Petre Inspirescu, Matias Aguayo, Margaret Dygas, ARK, Dan Andrei, Cezar and Gescu. The festival begins at 9 p.m. on June 27. A main dance floor and a Big Boom Festival Dance Floor will be open each night, and an after-party stage and beach dance floor will be open during the day.

**Ostrov Festival. June 27-29. Trukhaniv Island. Hr 250-1,950**



July 2-4

## Retro Planes Festival

Some 27 planes from bygone eras will fly at the State Museum of Aviation on the first weekend of July. On display will be some of the best Allied fighters from World War II. They include: the Soviet Yak-3 and the Yak-11, the United State's North American P-51D Mustang, Britain's Royal Air Forces training plane, the DH-82 Tiger Moth and more. The oldest planes in the air will be those from the 1930s. Most are from the 1940s, 1970s and 1990s.

The Air Squadron pilots club from the United Kingdom will attend the event, along with Prince Michael of Kent, who is expected to pilot a Pilatus PC-12.

The exhibition will be open from 10 a.m. to 9 p.m. on July 2 and 4, and from 3 p.m. to 9 p.m. on July 3.

**Retro Planes Festival. July 2-4. Museum of Aviation, Zhuliany airport (1 Medova St.). Hr 50, free for students**

## Kronos Quartet

Kronos Quartet will perform in concert for the first time in Ukraine on July 5. The globally-known chamber collective, winner of a number of prestigious music awards (Grammy, Polar Music Prize, Avery Fisher Prize, Edison

Awards, ASCAP) has a repertoire that includes more than 800 works of modern composers – John Adams, Arvo Pärt, George Crumb, Henryk Górecki, Stephen Reich, Terry Riley and more.

The Kyiv concert will include compositions of Stephen Reich, Nicole Lise, Bruce Dessner, Omar Suleiman, Third String Quartet by Valentyn Sylvestrov and a premiere of Maryana Sadovska composition for voice and string quartet.

**Kronos Quartet. July 5. 7 p.m. Ivan Franko Kyiv Academic Theatre, 3 Ivan Franko Square. Hr 80-1000**



July 5

June 27-30



(photo)

## Trypilske Kolo 2013

The fourth International Eco-Cultural Festival Trypilske Kolo is dedicated to uniting modern tendencies in art and music with ethnic culture. Bands from Poland, Russia, Belarus, Estonia, Kazakhstan and Ukraine are set to create an incredible blend of music, dancing and singing on four festival stages. Different styles and genres will be united with ancient melodies and motifs. This year Trypilske Kolo will go digital. The festival will

broadcast its own online TV and radio channels, using them for announcements during Trypilske Kolo and for promoting the festival's ideas: ecology, environmental awareness, healthy lifestyles and creative living.

The festival territory will be free of cigarettes, alcohol and drugs.

**Trypilske Kolo 2013. June 27-30. Rzhyshev, Kyiv Oblast. Hr 120-220**



(Courtesy)

Through July 3

## Paintings of Rusudan Petviashvili

A collection of 30 works by the world famous Georgian artist Rusudan Petviashvili is on display in Ukraine for the first time. She is best known for her graphic works and silk paintings. Her works will be exhibited at the Kyiv Museum of Russian Art.

Petviashvili's works are highly appreciated around the globe. Some of them are in private collections of Georgian politicians Mykheil Saakashvili and Eduard Shevardnadze, Azerbaijan President Ilham Aliyev, Italian Ambassador to Ukraine Fabrizio Romano, American diplomat Richard Miles and Italian screenwriter Tonino Guerra.

**Paintings of Rusudan Petviashvili. Through July 3. Kyiv Museum of Russian Art (9 Tereshchenkivska St.). 11 a.m. - 7 p.m. (Tuesday, Friday), 10 a.m. - 6 p.m. (Wednesday, Saturday, Sunday, closed on Monday, Thursday). Hr 30**



## Oleh Skrypka, the man behind the music of VV



WITH ANASTASIA VLASOVA  
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### Lviv, a treasure chest for every traveler

**LVIV** – I first came to Lviv with college friends several years ago on a rainy October day. We were very short on money, so we stayed in a cold dormitory, split one portion of a meal between the two of us at the famous Kryivka Café, and made mulled wine in our neighbor's kettle. However, we felt happy and free. We climbed up the Vysokiy Zamok hill and enjoyed a panoramic nighttime view of Lviv, drinking Stariy Rynok (a local liquor) as the music of Goran Bregovic played in the background. Much has changed since, but my love for Lviv remains the same.

When visiting a city more than a few times, you normally start to feel like you know every corner, but you will never get this feeling in Lviv. Ask anyone who's been here at least once, and they'll quickly name the city's main attractions: Rynok Square, City Hall, the Opera Theater, and several favorite restaurants. But the treasure chest of Lviv's attractions offers much more. So don't fail to give some attention to exploring the less frequented parts of the city.

### Unlikely posters in the courtyard

On my most recent trip to Lviv I occasionally stopped at 2 Leva Street, and was astonished at what I saw. The building's walls here were covered with images of the Virgin Mary, paintings by Taras Shevchenko, and portraits of Soviet leaders Joseph Stalin and Leonid Brezhnev. The locals simply explained the images as demonstrating their "passion for history." They didn't forget about modern history, either. Pictures of imprisoned ex-Prime Minister Yulia Tymoshenko and posters from the 2012 soccer championship also adorned the walls.

### Favorite movie location

Lviv once served as a backdrop for Paris. In 1978 the city was the filming location for "d'Artagnan and the Three Musketeers," based on an Alexandre Dumas novel and probably the most popular costume drama film ever made in the USSR.

The scene in which Athos, Porthos, Aramis and d'Artagnan fight the guardsmen of Cardinal Richelieu was shot in the courtyard of the Armenian Cathedral of the Assumption of Mary on Virmenska Street. The cathedral is currently under repair and the courtyard is closed, but it is still visible through an iron fence.

Among other famous movies filmed in Lviv are "The House of Flying Daggers" (China, → 14



The front man of famous Ukrainian folk rock band Vopli Vidoplyasova (VV), Oleh Skrypka, is also the founder of several popular festivals, including Kraina Mriy and Rock'N'Sich. (Kostyantyn Chernichkin)

BY DARYNA SHEVCHENKO  
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Blond, not so tall, and looking middle-aged and tired, a man slips onto the chair of a fancy café in Kyiv. He sighs, keeps his voice low. The cheerful and lively Oleh Skrypka people see on stage is hardly recognizable, except for his memorable facial features.

As the front man of the enduring alternative-rock band Vopli Vidoplyasova – whose name draws inspiration from a Fyodor Dostoevsky character – Skrypka, 49, is often viewed as a hardcore Ukraine patriot. But he did not come dressed in a typical embroidered shirt.

"I am a patriot, but not a 'hurrah-

patriot' as people usually think," he smiles sadly, implying he is not someone who wears his patriotism on his sleeve. "I'm also not a revolutionary kind of guy. Revolutions add some drive to life and I don't need this – my drive is on stage."

Skrypka first encountered the world of stage music at four and has never left since. He went to music school at seven, but it took many years more to start a music career. VV was founded in 1986 when Skrypka was a senior at Kyiv Polytechnic University. After their first concert in 1987, the band's popularity grew with each day. A year later the first European tours started, and for five years the band lived in France recording albums. More than twenty

years later, the band's has made twenty albums. But Skrypka's has a much wider range of activities: he founded several popular festivals, owns a production studio and recently opened a restaurant.

Back in 2010 Skrypka started the Vyshyvanka Parade, an annual event in which people gather for a walk in the city dressed in embroidered shirts. He promotes Ukrainian folk symbols and ornaments in the hopes they will make their way into mainstream fashion. Kraina Mriy, an ethnic and folk festival of music and crafts, features a fashion corner for folk-oriented designers.

"The artist must see the potential of the public's interest. Something that doesn't have that potential can't be suc-

cessfully popularized," he says, explaining why embroidered garments have gained in popularity.

However, Skrypka himself doesn't wear them daily. "I actually do not have many embroidered shirts, maybe five. I was photographed wearing them a couple of times, and now these pictures are everywhere," he says.

Speaking of his ever growing and evolving Kraina Mriy, his pet project, Skrypka calls it a "construction of art and the creative world that every person and every artist dreams about."

He continues: "The problem is that there is no festival culture in Ukraine. People came to see the headliners at the end of the day and think this is what a festival atmosphere is, → 13

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# Soviet inspired string-bag coming back en vogue

BY OKSANA TORHAN  
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A mesh handbag popularized in the Soviet Union is staging a fashionable comeback.

Avoskas, string bags first made popular decades ago because of their light weight, compact size and ability to carry loads of up to 70 kilograms, were widely used as shopping bags.

The first avoska was invented in Czechoslovakia by Jaro Rousek in the early 20th century, according to Czech E15.cz, an online magazine. The enterprising Rousek began producing bags in place of hair nets, when sales of the latter fell sharply.

The handmade wares were typically manufactured from artificial silk yarn by people working from home to supplement their income. It wasn't uncommon for children also to make the bags. In the late 1920s, the string bags hit the streets of Austria, France, Germany, Italy, Switzerland, North Africa and even Canada.

Their first mention in the USSR was in the mid-1930s when highly popular comedian Arkady Raikin hit the stage with a monologue about the avoska. Performing his stand-up routine, he

wore a string bag around his hands and remarked: "Here's my maybe-bag. Maybe I'll bring something in it..." because the root word avos in Russian means "perhaps" or "maybe."

"(The avoska) is very comfortable; you can put it in your pocket," says Julia Nikishenko, a culture researcher, showing off her pale pink avoska. "In Soviet times shops didn't provide bags. It wasn't common to go shopping with a basket. Whenever you bought a lot of products, you should bring them home in something, avoskas filled this task the best from the first half of the 20th century. Then plastic handles were added in the 1970s for easier usage," she adds.

In the Soviet Union, people didn't just shop with avoskas but also used them for storage. Families who didn't own a refrigerator used to hang avoskas with products out of the window in cold weather. The bags were often produced by the blind or people with partially impaired vision.

"In the last third of the 20th century avoskas came to symbolize a second-rate person, because other good-looking bags appeared in shops. They were made from ground cloth, nylon or macramé. Around this time plastic

bags first appeared too. There were beautiful ones available at the Kyiv central department store before the (1980) Olympic Games. (Some) people didn't put anything in them because they were afraid to tear them. And the plastic bags were washed and reused," recalls Nikishenko.

More than 20 years after the collapse of the Soviet Union, a Russian project titled "Avoska Gives Hope" is reviving the mesh bags.

Evgeniy Rapoport, who heads the project, told the Kyiv Post that the endeavor was started to raise environmental awareness and encourage people to choose reusable, eco-friendly bags over plastic ones.

Nearly 15 million rubles (about \$471,500) was invested in the project to begin with, he said, and some 20 to 60 people, depending on orders, help with production. The organization also employs disabled persons.

"(We employ) not only blind people, but people with different disabilities to work in our factory. Those, who have problems with vision knit avoskas, while others make handles and (do finishing touches)," he said.

The group's first bag was made by famous Russian designer Denis Simachev. It was neon colored, unlike

the drab ones produced in the Soviet era. Now bags are offered in more than 50 different hues and are made from cotton, nylon or synthetic silk threads.

Popular fashion brand KamenskaKononova told the Kyiv Post it supports the idea of breathing new life into avoskas.

"Everything that is not from plastic is good," a KamenskaKononova written statement said. "Everybody knows that plastic doesn't begin to decompose for at least 300 years, so any alternative to bags are welcome."

What's more, the company believes avoskas could be this summer's new "it" item.

"While fashion is cyclical, it is quite possible that avoskas will return to our everyday life," the fashion designers said.



A young woman uses an avoska to carry books and fruits in Kyiv on June 22, 2013. (Anastasia Vlasova)

**Avoskas are available at:**  
Shtuki, 8 Velyka Vasylykivska St.,  
Metrograd, Home Block.  
www.ekosumka.com.ua  
www.avoska.kiev.ua

Kyiv Post intern Oksana Torhan can be reached at oksanaukma@gmail.com.

# From music festivals organizer to restaurateur

→ 12 but it's not. A festival is noon to 10 p.m. of high quality activities."

He doesn't allow lip synching at his festivals' performances, including his newest project, Rock'N'Sich, which took place in early June, and his ethnic-folk music festival on Andriivskiy Uzviz. These latest projects drew criticism because he organized them in cooperation with Kyiv city authorities. Accusations and mocking followed a news reports that Skrypka received \$37,500 for the Andriivskiy Uzviz festival, and \$150,000 for Rock'N'Sich from the city.

Responding to accusations, Skrypka said he was proud of this collaboration.

"Finally our authorities do what they were supposed to do a long time ago and I am sorry for people who don't understand that," he stated. Such misunderstandings are painful and offensive, he adds.

In his statements, Skrypka is sometimes controversial. He insists that anything that doesn't bring in money is a bad idea, but emphasizes that ideology comes before business.

To explain his latest last startup, a contemporary Ukrainian cuisine restaurant Kanapa (couch), Skrypka says he was irritated by the fact that there were no decent places to take his foreign friends for real Ukrainian cuisine.



Oleh Skrypka, the leader of Ukrainian folk-rock band Vopli Vidoplyasova and its former guitarist Yuriy Zdorenko perform during a concert devoted to the band's 25th anniversary in Kyiv on Nov. 20, 2011. (UNIAN)

He compares the existing ones to "mid-class cars that are not always authentic." The restaurant opened on 19 Andriivskiy Uzviz on May 25.

"I thought we would need to fight for customers, but we appeared to be very successful," Skrypka says, smiling proudly.

Despite a busy schedule Skrypka still has time to make TV appearances. For the last two years he's been one of four coaches for The Voice of Ukraine TV show. While many say Skrypka owes his recent popularity to the show, he claims his main achievement is promoting Ukrainian songs.

"I managed to increase the number of Ukrainian songs in the show by four times," he says.

Even though Skrypka treats the show as a chance to develop Ukraine's musical potential, he doesn't believe it has a successful international future.

"We have very high potential but very low ambitions and one drop can't get out of the fountain, we need to constantly move up," he explained. "We can change that, of course, but we should at least want the change and we don't."

Kyiv Post staff writer Daryna Shevchenko can be reached at shevchenko@kyivpost.com, and on Twitter at @Iskrynka.



Morning in Lviv, as seen from the tower at city hall. (Anastasia Vlasova)

# A taste of Europe awaits in Ukraine's western gem

→ **12** 2004), "Grandads-Robbers" (USSR, 1968) and other lesser known movies. Yet Paris remains the city's most popular "role."

## Statues, pavement, and gifts of royalty

Another thing that strikes the eye are the many small and large statues of the Virgin Mary. White and brightly painted, they can be found everywhere – at

building corners, in the reliefs of walls, in tiny chapels. The cult of the Virgin Mary came to Lviv in the 17th century, when the city belonged to Poland. In 1656 King John II Casimir named the Virgin Mary a special patroness of the Polish Crown, and promised to spread the practice of her worship. Half a century later, Tsar Peter the Great also contributed to the appearance of Lviv's streets: after his coach got stuck in the mud in Rynok Square, the streets of Lviv were paved.

## New dining experiences

Of course, a visit to the secretive nationalistic Kryivka Café is a mandatory Lviv experience, but the city has much more interesting venues to offer.

For instance, the Masonic Lodge, a restaurant at 14 Rynok Square, jokingly calls itself "the most expensive restaurant of Galicia." At first glance, prices here are extremely high. For example, beer costs Hr 100, and an average meal is Hr 1,000. But the

prices will be reduced ten times once you present a special pass that you're supposed to receive when entering the venue. Entering the place is itself an adventure, since everyone must pass through an old-fashioned apartment on the second floor of a building on Rynok Square. In the apartment one may meet its old dweller, wearing a robe and willing to tell stories about masons. Another quirk is that white gloves must be worn while eating here.

If you want to spend the evening among Lviv's artistic elite, you should visit Under the Klepsydra Café, located on Virnemska Street. Here, a cup of strong Lviv coffee is served with fortune cookies, and live jazz music plays in the evening. The café is in the same building as Dzyga, a famous association of artists, community leaders and entrepreneurs, so many of the clientele come from the local artistic community.

*Kyiv Post* photographer Anastasia Vlasova can be reached at [vlasova@kyivpost.com](mailto:vlasova@kyivpost.com).



A young woman in an old-fashioned Austrian dress sells sweets on Rynok Square, one of Lviv's most prominent features. (Anastasia Vlasova)



Lviv's biggest antique market is located near the monument to Ivan Fyodorov, the first printer in Ukraine and Russia. (Anastasia Vlasova)

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**Fixtures**

Date	Time	Team 1	Team 2
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		Friends XI	Istill
	2 pm	<b>Semifinal 2</b>	
		Ranbaxy	Seniors XI
29.06.2013	12 pm	<b>Final</b>	

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## Wooden churches make it to UNESCO heritage list

Located in the Carpathian regions of Poland and Ukraine, the wooden Tserkvas are Eastern Catholic and Orthodox shrines built in 16th to 19th centuries, though some trace their origins back even further.

In June 2013, they were included on the United Nations Educational, Scientific and Cultural Organization's (UNESCO) World Heritage Sites list. The list contains both natural and man-made wonders that are deemed humanity's heritage and thus deserve special care. At present, there are eight such sites in Ukraine, three of which are shared with neighboring countries.

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